



Annual Management Report of Fund Performance

for the financial year ended December 31, 2008

All figures are reported in Canadian dollars unless otherwise noted.

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. If you have not received a copy of the annual financial statements with this annual management report of fund performance, you can get a copy of the annual financial statements at your request, and at no cost, by calling us toll-free at 1-800-465-3863, by writing to us at CIBC, 5650 Yonge Street, 20th Floor, Toronto, Ontario, M2M 4G3, or by visiting www.cibc.com/mutualfunds or the SEDAR website at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Investment Objective and Strategies

- The investment objective of CIBC Financial Companies Fund (the *Fund*) is to provide long-term growth through capital appreciation by investing primarily in companies involved in the Canadian financial services industry.
- The investment strategy involves identifying the stocks and sub-sectors of the financial services industry that can be expected to outperform over upcoming periods based on assessment of macroeconomic trends and themes. Stock specific research is based on identifying firms with strong earnings growth potential that trade at reasonable value in the market.

Risk

- The Fund is a financial services equity fund that is suitable for long-term investors who can tolerate moderate investment risk.
- Global capital markets experienced high levels of volatility over the period as a result of the ongoing credit crisis and weakening global economic environment. The third quarter was marked, in particular, by the sudden collapse of several large U.S. financial institutions that resulted in mergers, bankruptcy, or the sale of a substantial number of shares to the U.S. government and other investors. The credit markets were hit hard by the substantial selling that has resulted from the unwinding of many leveraged investors such as hedge funds, Structured Investment Vehicles, and various banks. The implications of these failures not only intensified this trend but also led to an erosion of investor confidence and a temporary seizing of credit and money markets. As confidence in global financial markets diminished, governments around the world responded with frequent cash infusions to add temporary liquidity and work to unlock credit markets. These events had a direct impact on global equity and fixed income markets and, as a result, the potential general market risk to the Fund was increased over the period.
- Over the 12-month period ended December 31, 2008, the above-mentioned risk factor did not significantly impact the overall risk

level of the Fund. The risks of investing in the Fund remain as discussed in the Fund's simplified prospectus.

Results of Operations

The portfolio sub-advisor of the Fund is CIBC Global Asset Management Inc. (the *sub-advisor*). The commentary that follows reflects the views of the sub-advisor and provides a summary of the results of operations of the Fund for the period ended December 31, 2008. All dollar figures are expressed in thousands.

- The Fund's net asset value decreased by 31% during the period, from \$253,304 on December 31, 2007 to \$175,559 on December 31, 2008. Negative investment performance contributed to this decrease, which was partially offset by net sales of \$31,373.
- Canadian financial stocks outperformed non-Canadian financial stocks despite the appreciation of the U.S. dollar.
- The Fund's relative outperformance compared to its blended benchmark (see the *Past Performance* section for details) was a result of its underweight position in U.S. financial stocks, and stock selection that had a strong bias toward selecting defensive companies.
- The Canadian equity portion of the Fund performed well relative to the S&P/TSX Financials Index, due to its overweight positions in Canadian financial stocks that had less direct exposure to the U.S. credit derivative markets, such as Royal Bank of Canada and ING Canada Inc.
- The sub-advisor continues to hold high-quality, dividend-paying bank and insurance companies. The capital ratios of Canadian financial companies are deemed to be well above recommended levels. Although they are not immune to the current financial crisis, Canadian financial services stocks appear to be more resilient than their peers in other countries.
- The non-Canadian equity portion of the Fund performed well relative to the S&P 500 Financials Index, due to its overweight positions in high quality franchises with stronger capital resilience and more sustainable earnings, such as Aflac Inc., Bank of New York Mellon Corp., and Prudential PLC. The sub-advisor exited positions in companies more affected by credit quality

deterioration, such as American International Group Inc. (AIG), Royal Bank of Scotland PLC, and Merrill Lynch & Co.

- The sub-advisor remains cautious on the near term. While they still favour defensive stocks with resilient earnings, the challenge will be to take advantage of the expected volatility in the equity markets to add long-term value to the Fund.

Recent Developments

Accounting Policy Change

The Canadian Institute of Chartered Accountants (CICA) issued CICA Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*, effective for fiscal years beginning on or after October 1, 2007. These policies provide comprehensive disclosure and presentation requirements for financial instruments. Section 3862 replaces the disclosure portion of Section 3861, *Financial Instruments – Disclosure and Presentation*, and introduces new requirements for specific qualitative and quantitative disclosure about risks. This includes the requirements to quantify exposures for certain risks and provide sensitivity analysis on some risks. The objective of these policies is to enable investors to evaluate the significance of financial instruments, the nature and extent of risks involved, and how the risks are managed. On January 1, 2008, the Fund adopted these standards retroactively without restatement of prior period financial statements in accordance with their transitional provisions. The adoption of these standards did not have an impact on net assets, increase (decrease) in net assets from operations, or increase (decrease) in net assets from operations per unit of the Fund.

Related Party Transactions

Canadian Imperial Bank of Commerce (CIBC) and its affiliates have the following roles and responsibilities with respect to the Fund, and receive the fees described below in connection with their roles and responsibilities:

Manager

CIBC is the manager (the *Manager*) of the Fund. CIBC will receive management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of the units of the Fund, as described in the section entitled *Management Fees*. The Manager will also compensate its wholesalers in connection with their marketing activities regarding the Fund. From time to time, CIBC may provide seed capital to the Fund.

Trustee

CIBC Trust Corporation, a wholly-owned subsidiary of CIBC, is the trustee (the *Trustee*) of the Fund. The Trustee holds title to the property (cash and securities) of the Fund on behalf of its unitholders.

Portfolio Advisor

CIBC Asset Management Inc. (CAMI), a wholly-owned subsidiary of CIBC, is the portfolio advisor of the Fund. As portfolio advisor, CAMI

provides, or arranges to provide, investment advice and portfolio management services to the Fund.

Sub-advisor

CAMI has retained CIBC Global Asset Management Inc. (*CIBC Global*), a wholly-owned subsidiary of CIBC, as the sub-advisor of the Fund, to provide investment advice and portfolio management services to the Fund. CAMI will pay a fee to CIBC Global.

Distributor

Dealers and other firms will sell the units of the Fund to investors. These dealers and other firms will include CIBC's related dealers such as the principal distributor, CIBC Securities Inc. (*CIBC SI*), the CIBC Investor's Edge discount brokerage division of CIBC Investor Services Inc. (*CIBC ISI*), the CIBC Imperial Service division of CIBC ISI, and the CIBC Wood Gundy division of CIBC World Markets Inc. (*CIBC WM*). CIBC SI, CIBC ISI, and CIBC WM are wholly-owned subsidiaries of CIBC.

CIBC may pay trailing commissions to these dealers and firms in connection with the sale of units of the Fund. These dealers and other firms may pay a portion of these trailing commissions to their advisors who sell units of the Fund to investors.

Brokerage Arrangements and Soft Dollars

Sub-advisors make decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities and the execution of portfolio transactions. Brokerage business may be allocated by sub-advisors, including CIBC Global, to CIBC WM and CIBC World Markets Corp., each a subsidiary of CIBC. CIBC WM and CIBC World Markets Corp. may also earn spreads on the sale of fixed income and other securities to the Fund. A spread is the difference between the bid and ask prices for a security in the applicable marketplace, with respect to the execution of portfolio transactions. The spread will differ based upon various factors such as the nature and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may furnish research, statistical, and other services to sub-advisors, including CIBC Global, that process trades through them (referred to in the industry as "soft dollar" arrangements). These services assist sub-advisors, including CIBC Global, with investment decision-making services to the Fund. As per the terms of the sub-advisory agreements, such soft dollar arrangements are in compliance with applicable laws. In addition, the Manager may enter into commission recapture arrangements with certain dealers with respect to the Fund. Any commission recaptured will be paid to the Fund.

During the period, brokerage commissions and other fees of \$2,451 were paid by the Fund to CIBC WM. Spreads associated with fixed income securities are not ascertainable and, for that reason, are not included in the dollar values. No brokerage commissions or other fees were paid by the Fund to CIBC World Markets Corp.

Fund Transactions

The Fund may purchase and sell securities of CIBC. The Fund may also, from time to time, purchase securities underwritten by a related dealer, such as CIBC WM or CIBC World Markets Corp., each an affiliate of the Manager. Such transactions are currently made pursuant to standing instructions rendered by the Independent Review Committee.

Custodian

CIBC Mellon Trust Company is the custodian (the *Custodian*) that holds all cash and securities for the Fund and ensures that those assets are kept separate from any other cash or securities that it

may be holding. The Custodian may hire sub-custodians for the Fund. The fees for the services of the Custodian are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC owns a fifty percent interest in the Custodian.

Service Provider

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Fund, including fund accounting and reporting, securities lending, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC indirectly owns a fifty percent interest in CIBC GSS.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods ended December 31.

The Fund's Net Assets per Unit¹

	2008	2007	2006	2005	2004
Net Assets, beginning of period	\$21.22	\$25.07	\$22.72	\$19.74	\$18.17
Increase (decrease) from operations:					
Total revenue	\$ 0.27	\$ 1.20	\$ 0.35	\$ 0.50	\$ 0.43
Total expenses	(0.45)	(0.64)	(0.63)	(0.54)	(0.50)
Realized gains (losses) for the period	(2.03)	1.36	3.13	0.80	1.46
Unrealized gains (losses) for the period	(6.30)	(4.85)	1.02	2.15	0.55
Total increase (decrease) from operations²	\$ (8.51)	\$ (2.93)	\$ 3.87	\$ 2.91	\$ 1.94
Distributions:					
From income (excluding dividends)	\$ –	\$ –	\$ –	\$ –	\$ –
From dividends	0.04	–	–	–	–
From capital gains	–	0.89	1.54	–	0.35
Return of capital	–	–	–	–	–
Total Distributions³	\$ 0.04	\$ 0.89	\$ 1.54	\$ –	\$ 0.35
Net Assets, end of period	\$12.72	\$21.22	\$25.08	\$22.72	\$19.74

¹This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

²Net assets and distributions are based on the actual number of units outstanding at the relevant time. The total increase (decrease) from operations is based on the weighted average number of units outstanding during the period.

³Distributions were paid in cash, reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

	2008	2007	2006	2005	2004
Total Net Asset Value (000s)⁴	\$175,559	\$253,304	\$293,843	\$259,952	\$251,829
Number of Units Outstanding⁴	13,761,881	11,922,388	11,713,272	11,444,004	12,754,454
Management Expense Ratio⁵	2.61%	2.61%	2.66%	2.61%	2.62%
Management Expense Ratio before waivers or absorptions⁶	2.63%	2.63%	2.66%	2.66%	2.66%
Trading Expense Ratio⁷	0.09%	0.06%	0.10%	0.08%	0.07%
Portfolio Turnover Rate⁸	23.58%	25.11%	36.27%	28.84%	26.43%
Net Asset Value per Unit	\$ 12.76	\$ 21.25	\$ 25.08	\$ 22.72	\$ 19.74

⁴This information is provided as at December 31 of the period shown.

⁵Management expense ratio is based on the total expenses of the Fund (excluding commissions and other portfolio transaction costs) for the period shown and is expressed as an annualized percentage of the daily average net asset value during the period.

⁶The decision to waive and/or absorb management fees and operating expenses is at the discretion of the Manager. The practice of waiving and/or absorbing management fees and operating expenses may continue indefinitely or may be terminated at any time without notice to unitholders.

⁷The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the daily average net asset value during the period. Spreads associated with fixed income securities trading are not ascertainable and, for that reason, are not included in the trading expense ratio calculation.

⁸The portfolio turnover rate indicates how actively the portfolio sub-advisor manages the portfolio investments. A portfolio turnover rate of 100% is equivalent to a fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a portfolio turnover rate in a period, the greater the trading costs payable by a fund in the period, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

The Fund, either directly or indirectly, pays an annual management fee to the Manager in consideration for the provision of, or arranging for the provision of, management, distribution, and portfolio advisory services. This fee is calculated as a percentage of the Fund's net asset value and is calculated and credited daily, and paid monthly. The Fund is required to pay Goods and Services Tax (GST) on the management fee.

The following table shows a breakdown of the services received in consideration of the management fees, as a percentage of the management fees collected from the Fund for the period ended December 31, 2008. These amounts do not include waived fees or absorbed expenses.

Sales and trailing commissions paid to dealers	27.97%
General administration, investment advice, and profit	72.03%

Past Performance

The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Fund's primary benchmark is the S&P/TSX Composite Index. The S&P/TSX Composite Index is intended to represent the Canadian equity market. It includes the largest companies listed on the Toronto Stock Exchange (TSX). It includes common stock and income trust units and serves as the benchmark for the majority of Canadian pension funds and equity market mutual funds.

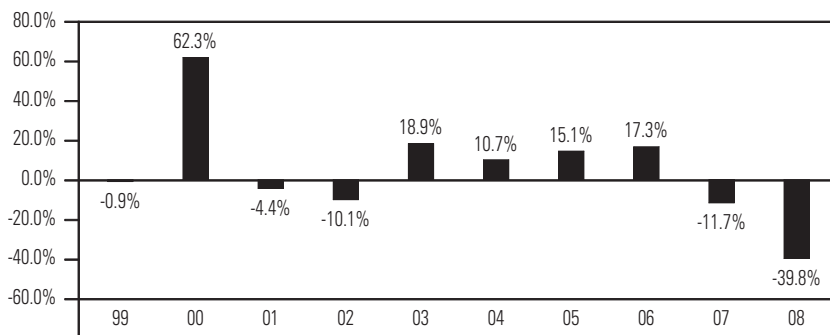
The Fund's secondary benchmark is a blended index consisting of 60% S&P/TSX Financials Index, 20% S&P 500 Financials Index, and 20% S&P 500 Financials Index (US\$ hedged) (*Blended Benchmark*). The S&P/TSX Financials Index is intended to represent the Canadian financial services sector. It primarily includes banks and insurance companies that are listed on the TSX. The S&P 500 Financials Index is a capitalization weighted index designed to track the performance of the financial sector of the U.S. economy. The S&P 500 Financials Index (US\$ hedged) is hedged against the U.S. dollar currency.

For the period, the Fund returned -39.8% . The Fund underperformed the S&P/TSX Composite Index return of -33.0% , and outperformed the Blended Benchmark return of -41.7% for the same period.

The Fund's return is after the deduction of fees and expenses. See the section entitled *Financial Highlights* for the management expense ratio.

Year-by-Year Returns

The bar chart shows the annual performance of the Fund for each of the periods shown and illustrates how the performance has changed from period to period. The bar chart shows, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31, unless otherwise indicated.



Annual Compound Returns

The table shows the annual compound total return of the Fund for each indicated period ended December 31, 2008. The annual compound total return is also compared to the Fund's applicable benchmark(s).

	Fund	S&P/TSX Composite Index	Blended Benchmark
1 Year	-39.8%	-33.0%	-41.7%
3 Years	-14.6%	-4.8%	-14.7%
5 Years	-4.5%	4.2%	-3.8%
10 Years	2.7%	5.3%	1.7%

Summary of Investment Portfolio (as at December 31, 2008)

The summary of investment portfolio may change due to ongoing portfolio transactions of the investment fund. A quarterly update is available by visiting www.cibc.com/mutualfunds. The Top Positions table includes a fund's 25 largest positions. For funds with fewer than 25 positions in total, all positions are shown. Cash and cash equivalents are shown in total as one position.

Portfolio Breakdown	% of Net Asset Value
Commercial Banks	44.66%
Insurance	30.48%
Capital Markets	16.21%
Diversified Financial Services	5.90%
Financials	1.78%
Cash & Cash Equivalents	1.58%
Forward & Spot Contracts	-0.18%
Other Assets, Less Liabilities	-0.43%

Top Positions	% of Net Asset Value
Bank of Nova Scotia	9.20%
Royal Bank of Canada	8.89%
Toronto-Dominion Bank (The)	8.42%
Manulife Financial Corp.	8.00%
Bank of New York Mellon Corp.	5.31%
Canadian Imperial Bank of Commerce	5.06%
JPMorgan Chase & Co.	4.47%
Sun Life Financial Inc.	4.26%
Northern Trust Corp.	3.94%
Power Corp. of Canada	3.56%
Great-West Lifeco Inc.	3.39%
Wells Fargo & Co.	3.15%
Allianz AG, Registered	2.57%
Aflac Inc.	2.48%
Industrial Alliance Insurance and Financial Services Inc.	2.34%
IGM Financial Inc.	2.25%
Prudential PLC	2.16%
UniCredit SPA	1.88%
ING Groep NV	1.79%
National Bank of Canada	1.76%
Banco Bilbao Vizcaya Argentaria SA	1.74%
ING Canada Inc.	1.72%
BNP Paribas SA	1.64%
Société Générale	1.62%
Cash & Cash Equivalents	1.58%

This document may contain forward-looking statements. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, or other similar wording. In addition, any statements that may be made concerning future performance, strategies, or prospects, and possible future actions taken by the Fund, are also forward-looking statements. These statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results and achievements of the Fund to differ materially from those expressed or implied by such statements. Such factors include, but are not limited to: general economic; market and business conditions; fluctuations in securities prices, interest rates, and foreign currency exchange rates; changes in government regulations; and catastrophic events. We do not undertake, and specifically disclaim, any obligation to update or revise any forward-looking statements, whether as a result of new information, future developments, or otherwise.



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