



## Annual Management Report of Fund Performance

for the financial year ended December 31, 2016

*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, 18 York Street, Suite 1300, Toronto, Ontario, M5J 2T8, or by visiting [www.cibc.com/mutualfunds](http://www.cibc.com/mutualfunds) or the SEDAR website at [www.sedar.com](http://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

**Investment Objective:** CIBC Dividend Income Fund (the *Fund*) seeks to maximize returns with a conservative investment philosophy by investing primarily in a diversified portfolio of Canadian income generating equity and debt securities.

**Investment Strategies:** The Fund uses a fundamental approach to invest mainly in income trusts, dividend producing equity securities, and Canadian fixed income securities, with varying exposures to these areas depending on their relative potential at a particular time.

#### Risk

The Fund is a Canadian neutral balanced fund that is suitable for medium- to long-term investors who can tolerate low to medium investment risk.

For the period ended December 31, 2016, the Fund's overall level of risk remains as discussed in the simplified prospectus.

#### Results of Operations

The portfolio advisor of the Fund is CIBC Asset Management Inc. (CAMI or the *Portfolio Advisor*). The commentary that follows provides a summary of the results of operations for the period ended December 31, 2016. All dollar figures are expressed in thousands, unless otherwise indicated.

The Fund's net asset value was nearly unchanged during the period, increasing from \$474,898 as at December 31, 2015 to \$477,208 as at December 31, 2016. Positive investment performance was partially offset by net redemptions of \$69,435, resulting in an overall increase in net asset value.

Class A units of the Fund posted a return of 15.1% for the period. The Fund's primary benchmarks are the S&P/TSX Composite Dividend Index and the FTSE TMX Canada Universe Bond Index (the *benchmarks*), which returned 24.0% and 1.7%, respectively, for the same period. The Fund's return is after the deduction of fees and expenses, unlike the benchmarks. See *Past Performance* for the returns of other classes of units offered by the Fund.

Early in the period, as the global economic outlook worsened, the expectation for higher interest rates gave way to a low-to-negative interest-rate environment in a number of major financial markets. This resulted in a weaker U.S. dollar through most of 2016. As a result, gold prices climbed over most of the year, and gold equities outperformed.

However, following the unexpected election of Donald Trump as U.S. president in November, there were expectations for higher U.S. economic growth, inflation, interest rates and government fiscal spending, along with lower corporate taxes. Consequently, the U.S. dollar appreciated and markets began to favour cyclical stocks over gold and other defensive and interest-sensitive stocks.

Also late in the year, the Organization of the Petroleum Exporting Countries (OPEC) struck an agreement, along with some non-OPEC producers, to cut oil production for the first time in eight years, causing energy prices to recover from early-year lows.

As a result of these events, Canada had the best-performing equity market among the developed economies in 2016, led primarily by the materials and energy sectors. As Canadian bond yields rose, corporate bonds outperformed as investors sought higher-yielding alternatives to government bonds.

A large underweight allocation in the outperforming materials sector detracted from performance. Large overweight allocations in the information technology and health care sectors also detracted as those sectors underperformed.

Significant individual equity detractors included Valeant Pharmaceuticals International Inc., DH Corp. and Element Financial Corp. Valeant had a weaker-than-expected revenue and earnings growth outlook, and was making slow progress to reduce debt. The holding was eliminated in March after the departure of the chief executive officer. The share price of DH fell as the company released successive disappointing financial results, which led to concerns about its high debt levels and dividend sustainability. Towards year-end, DH announced that it had formed an independent committee to evaluate

potential buyout offers. Element released stagnant earnings results and disappointing earnings guidance. The holding is under review.

As longer-term bond yields increased, holdings in longer-term bonds detracted from performance. Significant individual fixed income detractors included holdings in Government of Canada (3.50%, 2045/12/01), Government of Canada (4.00%, 2041/06/01) and United Mexican States (10.00%, 2024/12/05).

Modest overweight allocations in the outperforming energy and financials sectors contributed to performance over the period.

Significant individual equity contributors included Labrador Iron Ore Royalty Corp., Pembina Pipeline Corp. and Vermilion Energy Inc. Labrador Iron's share price rebounded from low 2015 levels as iron ore and related commodity prices increased over 2016. The company has no debt and a sustainable dividend at current commodity prices. Pembina and Vermilion benefited from the stronger energy price outlook. The Portfolio Advisor believes Pembina is well placed to develop midstream projects and increase volumes as a result of its exposure to the Montney and Duvernay basins in western Canada. Vermilion's recent operational results were above expectations, and production at the Corrib gas field is ramping up on schedule.

A significant overweight allocation in corporate bonds, including both investment-grade and high-yield, contributed to performance. In addition, the Fund's yield curve positioning, specifically a modest overweight allocation in mid-term bonds, contributed to performance as the yield curve remained steep (meaning longer-term yields were higher than shorter-term yields).

The most significant individual fixed income contributors included FMG Resources (August 2006) Pty Ltd. (6.88%, 2022/04/01), Sprint Corp. (7.88%, 2023/09/15) and Paramount Resources Ltd. (6.88%, 2023/06/30). FMG Resources benefited from a recovery in iron ore prices and an improved balance sheet, Sprint Corp. increased its market share and Paramount Resources benefited from rising oil prices.

During the period, Gildan Activewear Inc. was added for its attractive long-term valuation, market price leadership, strong balance sheet and cash flow profile. The Portfolio Advisor added Granite REIT after it solidified some key operational leases with Magna International Inc., securing its position to execute acquisitions, buy back shares or increase dividends. Franco-Nevada Corp. was added on price weakness as gold prices fell late in the year. The company has an attractive royalty business model, with no debt and a strong operational outlook. The Portfolio Advisor introduced a new holding in The Toronto-Dominion Bank (4.86%, 2031/03/04), which has a high yield because it is subordinated.

Several existing holdings were increased. The Fund participated in TransCanada Corp.'s equity issue to help fund the acquisition of Columbia Pipeline Group Inc., and the Portfolio Advisor expects further dividend growth. Suncor Energy Inc. was increased for its visible long-term production profile, strong financial position and free cash flow profile post-2018. Agrium Inc. was increased for its significant market share in agricultural retail outlets in North America, attractive valuation and above-average dividend yield. The Portfolio

Advisor increased Goldcorp Inc. on the expectation of operational improvements and improved financial results as the company's new CEO implements a new corporate strategy. The Portfolio Advisor expects operational results from Boardwalk REIT to improve by mid-2017. The Fund's holding in Province of Quebec (2.50%, 2026/09/01) was increased because the credit spread is attractive given the province is improving its fiscal position.

Potash Corp. of Saskatchewan Inc. was eliminated as a result of weak demand and excess industry capacity. The outlook for the price of potash is lower and there is a risk that the company's dividend will be cut. Empire Co. Ltd. was sold from the Fund as a result of a weak operational and profitability outlook given intensified competition and exposure to western Canada. Capital Power Corp. was eliminated on concerns that power prices in Alberta will remain low due to weak demand and overcapacity, as well as changes in the regulatory landscape. The holding in Industrial Alliance Insurance and Financial Services Inc. was gradually sold off over the period on concerns that a lower interest-rate environment might negatively impact financial results. The Portfolio Advisor also eliminated the holding in Fresenius Medical Care US Finance II Inc. (5.88%, 2022/01/31) because the bond was fully valued after the credit spread declined.

The Portfolio Advisor trimmed the existing holding in Brookfield Asset Management Inc. amid concerns about its fee-revenue business and the growth of assets under management in a low interest-rate environment. The Fund took some profits on Cineplex Inc., on the view that capital appreciation is limited as the company diversifies away from box-office revenues and into other media businesses. The holdings in Saputo Inc. and Open Text Corp. were reduced after strong share price performance. The holding in Canada Housing Trust No. 1 (1.15%, 2021/12/15) was reduced in order to purchase a new issue from Royal Bank with a higher yield.

### **Recent Developments**

Effective September 6, 2016, the maximum annual trailing commission was reduced from 1.25% to 1.00% for Class A units of the Fund.

Effective April 27, 2016, the composition of the Independent Review Committee (*IRC*) changed. John Crow resigned his position as member and Chair. Marcia Lewis Brown was appointed as member and Don Hunter was appointed as Chair.

### **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 of the Fund. CIBC receives management fees with respect to the day-to-day business and operations of the Fund, calculated based on the net asset value of each respective class of units of the Fund as described in the section entitled *Management Fees*. The Manager also compensates 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*

The portfolio advisor provides, or arranges to provide, investment advice and portfolio management services to the Fund. CAMI, a wholly-owned subsidiary of CIBC, is the portfolio advisor of the Fund.

#### *Distributor*

Dealers and other firms sell the units of the Fund to investors. These dealers and other firms 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*

The Portfolio Advisor makes decisions, including the selection of markets and dealers and the negotiation of commissions, with respect to the purchase and sale of portfolio securities, certain derivative products and the execution of portfolio transactions. Brokerage business may be allocated by the Portfolio Advisor 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 securities and other securities and certain derivative products 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 type and liquidity of the security.

Dealers, including CIBC WM and CIBC World Markets Corp., may furnish goods and services, other than order execution, to the Portfolio Advisor in partial exchange for processing trades through them (referred to in the industry as "soft dollar" arrangements). These goods and services are paid for with a portion of the brokerage commissions and assist the Portfolio Advisor with investment decision-making services for the Fund or relate directly to the execution of portfolio transactions on behalf of the Fund.

In addition, CIBC 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, the Fund did not pay any brokerage commissions or other fees to CIBC WM or CIBC World Markets Corp. Spreads

associated with fixed income and other securities are not ascertainable and, for that reason, cannot be included when determining these amounts.

#### *Fund Transactions*

The Fund may enter into one or more of the following transactions (the *Related Party Transactions*) in reliance on the standing instructions issued by the IRC:

- invest in or hold equity securities of CIBC or issuers related to a portfolio sub-advisor;
- invest in or hold non-exchange-traded debt securities of CIBC or an issuer related to CIBC in a primary offering and in the secondary market;
- make an investment in the securities of an issuer for which CIBC WM, CIBC World Markets Corp., or any affiliate of CIBC (a *Related Dealer*) acts as an underwriter during the offering of the securities at any time during the 60-day period following the completion of the offering of such securities (in the case of a "private placement" offering, in accordance with the exemptive relief order granted by the Canadian securities regulatory authorities and in accordance with the policies and procedures relating to such investment);
- purchase equity or debt securities from or sell them to a Related Dealer, where it is acting as principal;
- undertake currency and currency derivative transactions where a Related Dealer is the counterparty; and
- purchase securities from or sell securities to another investment fund or a managed account managed by the Manager or an affiliate of the Manager.

At least annually, the IRC reviews the Related Party Transactions for which they have issued standing instructions. The IRC is required to advise the Canadian securities regulatory authorities, after a matter has been referred or reported to the IRC by the Manager, if it determines that an investment decision was not made in accordance with conditions of its approval.

#### *Custodian*

CIBC Mellon Trust Company is the custodian of the Fund (the *Custodian*). The Custodian holds all cash and securities for the Fund and ensures that those assets are kept separate from any other cash or securities that the Custodian might be holding. The Custodian also provides other services to the Fund including record-keeping and processing of foreign exchange transactions. The Custodian may hire sub-custodians for the Fund. The fees and spreads for services of the Custodian directly related to the execution of portfolio transactions by the Fund are paid by CAMI and/or dealer(s) directed by CAMI, up to the amount of the credits generated under soft dollar arrangements from trading on behalf of the Fund during that month. All other fees and spreads for the services of the Custodian are paid by the Manager and charged to the Fund on a recoverable basis. CIBC owns a 50% interest in the Custodian.

*Service Provider*

CIBC Mellon Global Securities Services Company (*CIBC GSS*) provides certain services to the Fund, including securities lending, fund accounting and reporting, and portfolio valuation. Such servicing fees are paid by the Manager, and charged to the Fund on a recoverable basis. CIBC indirectly owns a 50% 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 period ended December 31.

### The Fund's Net Assets per Unit<sup>1</sup> - Class A Units

	2016	2015	2014	2013	2012
<b>Net Assets, beginning of period</b>	\$ 9.14	\$ 10.44	\$ 10.08	\$ 9.72	\$ 9.53
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.34	\$ 0.31	\$ 0.33	\$ 0.33	\$ 0.35
Total expenses	(0.19)	(0.20)	(0.21)	(0.20)	(0.20)
Realized gains (losses) for the period	0.18	(0.29)	0.11	0.03	0.06
Unrealized gains (losses) for the period	1.00	(0.63)	0.59	0.68	0.43
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ 1.33	\$ (0.81)	\$ 0.82	\$ 0.84	\$ 0.64
<b>Distributions:</b>					
From income (excluding dividends)	\$ 0.01	\$ —	\$ —	\$ —	\$ 0.03
From dividends	0.14	0.10	0.12	0.13	0.12
From capital gains	—	—	—	—	—
Return of capital	0.33	0.38	0.36	0.35	0.33
<b>Total Distributions<sup>3</sup></b>	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48
<b>Net Assets, end of period</b>	\$ 10.00	\$ 9.14	\$ 10.44	\$ 10.08	\$ 9.70

<sup>1</sup> This information is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards (*IFRS*) on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (*GAAP*) as defined in Part V of the CPA Canada Handbook. Under Canadian GAAP, the Fund measured fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. As such, the net assets per unit figure presented in the financial statements may differ 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 issued prior to January 1, 2014. Upon adoption of IFRS, the Fund measures the fair value of its investments by using the close market prices, where the close market price falls within the bid-ask spread. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are consistent with those used in measuring the net asset value for transactions with unitholders. Accordingly, the opening net asset figure as at January 1, 2013 was restated to reflect accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 were prepared in accordance with Canadian GAAP and subsequent thereto were prepared in accordance with IFRS.

<sup>2</sup> Net 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.

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

### Ratios and Supplemental Data - Class A Units

	2016	2015	2014	2013	2012
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$ 167,557	\$ 173,082	\$ 213,329	\$ 193,910	\$ 168,732
<b>Number of Units Outstanding<sup>4</sup></b>	16,752,901	18,937,565	20,426,579	19,236,015	17,361,643
<b>Management Expense Ratio<sup>5</sup></b>	2.02%	2.02%	2.02%	2.04%	2.06%
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	2.03%	2.02%	2.02%	2.04%	2.06%
<b>Trading Expense Ratio<sup>7</sup></b>	0.01%	0.01%	0.01%	0.02%	0.01%
<b>Portfolio Turnover Rate<sup>8</sup></b>	22.58%	21.04%	25.72%	37.96%	38.33%
<b>Net Asset Value per Unit</b>	\$ 10.00	\$ 9.14	\$ 10.44	\$ 10.08	\$ 9.72

<sup>4</sup> This information is presented as at December 31 of the period(s) shown.

<sup>5</sup> Management expense ratio is based on the total expenses of the fund (excluding commissions and other portfolio transaction costs), incurred by or allocated to a class of units for the period shown, expressed as an annualized percentage of the daily average net asset value of that class during the period.

<sup>6</sup> The 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.

<sup>7</sup> The trading expense ratio represents total commissions and other portfolio transaction costs before income taxes 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.

<sup>8</sup> The portfolio turnover rate indicates how actively the portfolio advisor and/or 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.

## CIBC Dividend Income Fund

### The Fund's Net Assets per Unit<sup>1</sup> - Class O Units

	2016	2015	2014	2013	2012
<b>Net Assets, beginning of period</b>	\$ 11.40	\$ 12.65	\$ 11.88	\$ 11.15	\$ 10.65
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.43	\$ 0.38	\$ 0.40	\$ 0.39	\$ 0.40
Total expenses	—	—	—	—	—
Realized gains (losses) for the period	0.23	(0.37)	0.14	0.04	0.07
Unrealized gains (losses) for the period	1.29	(0.77)	0.72	0.80	0.49
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ 1.95	\$ (0.76)	\$ 1.26	\$ 1.23	\$ 0.96
<b>Distributions:</b>					
From income (excluding dividends)	\$ 0.04	\$ —	\$ —	\$ 0.05	\$ 0.08
From dividends	0.39	0.36	0.40	0.33	0.29
From capital gains	—	—	—	—	—
Return of capital	0.05	0.12	0.08	0.10	0.11
<b>Total Distributions<sup>3</sup></b>	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48	\$ 0.48
<b>Net Assets, end of period</b>	\$ 12.87	\$ 11.40	\$ 12.65	\$ 11.88	\$ 11.13

<sup>1</sup> This information is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards (*IFRS*) on January 1, 2014. Previously, the Fund prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles (*GAAP*) as defined in Part V of the CPA Canada Handbook. Under Canadian GAAP, the Fund measured fair values of its investments in accordance with CICA Handbook Section 3855 which required the use of bid prices for long positions and ask prices for short positions. As such, the net assets per unit figure presented in the financial statements may differ 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 issued prior to January 1, 2014. Upon adoption of IFRS, the Fund measures the fair value of its investments by using the close market prices, where the close market price falls within the bid-ask spread. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are consistent with those used in measuring the net asset value for transactions with unitholders. Accordingly, the opening net asset figure as at January 1, 2013 was restated to reflect accounting policy adjustments made in accordance with IFRS. All figures presented for periods prior to January 1, 2013 were prepared in accordance with Canadian GAAP and subsequent thereto were prepared in accordance with IFRS.

<sup>2</sup> Net 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.

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

### Ratios and Supplemental Data - Class O Units

	2016	2015	2014	2013	2012
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$ 309,651	\$ 301,816	\$ 324,240	\$ 278,101	\$ 233,714
<b>Number of Units Outstanding<sup>4</sup></b>	24,063,885	26,470,597	25,624,373	23,408,116	20,969,220
<b>Management Expense Ratio<sup>5</sup></b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Trading Expense Ratio<sup>7</sup></b>	0.01%	0.01%	0.01%	0.02%	0.01%
<b>Portfolio Turnover Rate<sup>8</sup></b>	22.58%	21.04%	25.72%	37.96%	38.33%
<b>Net Asset Value per Unit</b>	\$ 12.87	\$ 11.40	\$ 12.65	\$ 11.88	\$ 11.15

<sup>4</sup> This information is presented as at December 31 of the period(s) shown.

<sup>5</sup> Management expense ratio is based on the total expenses of the fund (excluding commissions and other portfolio transaction costs), incurred by or allocated to a class of units for the period shown, expressed as an annualized percentage of the daily average net asset value of that class during the period.

<sup>6</sup> The 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.

<sup>7</sup> The trading expense ratio represents total commissions and other portfolio transaction costs before income taxes 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.

<sup>8</sup> The portfolio turnover rate indicates how actively the portfolio advisor and/or 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 CIBC to cover the costs of managing the Fund. Management fees are based on the net asset value of the Fund and are calculated daily and paid monthly. Management fees are paid to CIBC in consideration for providing, or arranging for the provision of, management, distribution, and portfolio advisory services. Advertising and promotional expenses, office overhead expenses, trailing commissions, and the fees of the portfolio sub-advisor(s) are paid by CIBC out of the management fees received from the Fund. The Fund is required to pay applicable taxes on the management fees paid to CIBC. Refer to the Simplified Prospectus for the maximum annual management fee rate for each class of units. For Class O units, the management fee is negotiated with and paid by, or as directed by, unitholders or dealers and discretionary managers on behalf of unitholders. Such Class O management fee will not exceed the Class A unit management fee rate.

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, 2016. These amounts do not include waived fees or absorbed expenses.

	Class A Units
Sales and trailing commissions paid to dealers	53.77%
General administration, investment advice, and profit	46.23%

## Past Performance

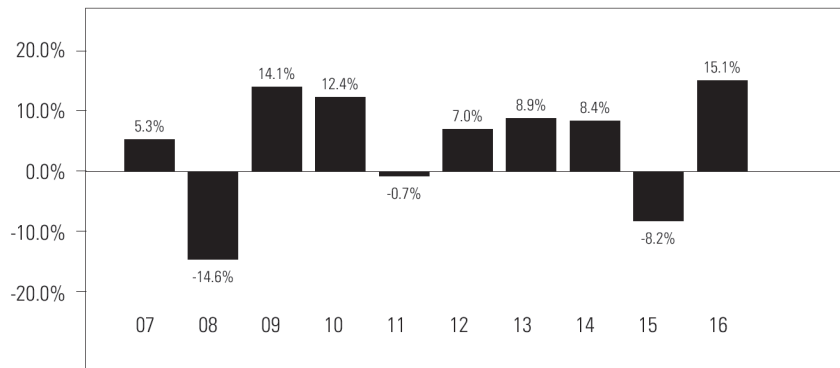
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Fund's returns are after the deduction of fees and expenses, and the difference in returns between classes of units is primarily due to differences in the management expense ratio. See the section entitled *Financial Highlights* for the management expense ratio.

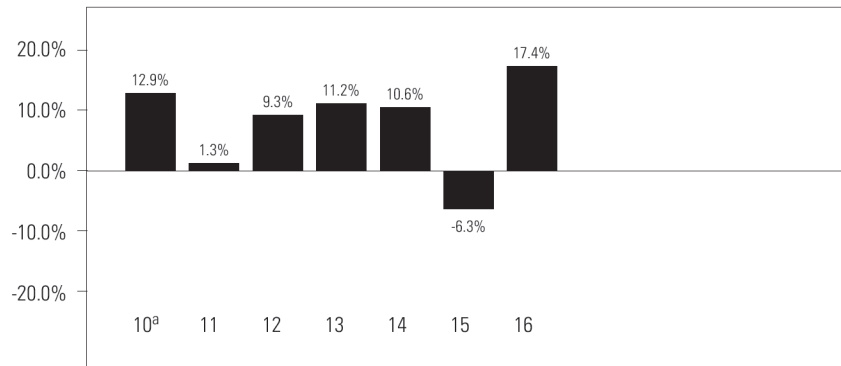
## Year-by-Year Returns

These bar charts show the annual performance of each class of units of the Fund for each of the periods shown, and illustrate how the performance has changed from period to period. These bar charts show, in percentage terms, how an investment made on January 1 would have increased or decreased by December 31, unless otherwise indicated.

Class A Units



## Class O Units



<sup>a</sup> 2010 return is for the period from June 1, 2010 to December 31, 2010.

## Annual Compound Returns

This table shows the annual compound return of each class of units of the Fund for each indicated period ended on December 31, 2016. The annual compound total return is also compared to the Fund's benchmark(s).

The Fund's primary benchmarks are the S&P/TSX Composite Dividend Index and the FTSE TMX Canada Universe Bond Index.

The Fund's blended benchmark (*Blended Benchmark*) is comprised of the following:

- 80% S&P/TSX Composite Dividend Index
- 20% FTSE TMX Canada Universe Bond Index

	1 Year	3 Years	5 Years	10 Years*	or	Since Inception*	Inception Date
Class A units	15.1%	4.6%	6.0%	4.4%			June 20, 2005
S&P/TSX Composite Dividend Index	24.0%	8.3%	9.3%	5.5%			
FTSE TMX Canada Universe Bond Index	1.7%	4.6%	3.2%	4.8%			
Blended Benchmark	19.3%	7.6%	8.1%	5.5%			
Class O units	17.4%	6.8%	8.1%			8.3%	June 1, 2010
S&P/TSX Composite Dividend Index	24.0%	8.3%	9.3%			8.2%	
FTSE TMX Canada Universe Bond Index	1.7%	4.6%	3.2%			4.5%	
Blended Benchmark	19.3%	7.6%	8.1%			7.6%	

\* If a class of units has been outstanding for less than 10 years, the annual compound return since inception is shown.

**FTSE TMX Canada Universe Bond Index** is comprised of marketable Canadian bonds intended to reflect the performance of the broad Canadian investment-grade bond market. Returns are calculated daily and are weighted by market capitalization.

**S&P/TSX Composite Dividend Index** aims to provide a broad-based benchmark of Canadian dividend-paying stocks. It includes all stocks in the S&P/TSX Composite Index with positive annual dividend yields as of the latest rebalancing of the S&P/TSX Composite Index.

A discussion of the relative performance of the Fund compared to its primary benchmark(s) can be found in *Results of Operations*.



**Summary of Investment Portfolio** (as at December 31, 2016)

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](http://www.cibc.com/mutualfunds). The Top Positions table shows 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.

<i>Portfolio Breakdown</i>	<i>% of Net Asset Value</i>
Financials	31.0
Energy	18.7
Corporate Bonds	11.8
Other Bonds	8.7
Other Equities	7.0
Telecommunication Services	5.2
Materials	4.9
Industrials	4.3
Real Estate	3.9
Consumer Staples	3.8
Cash & Cash Equivalents	0.8
Other Assets, less Liabilities	-0.1

<i>Top Positions</i>	<i>% of Net Asset Value</i>
Toronto-Dominion Bank (The)	6.1
Royal Bank of Canada	5.2
Bank of Nova Scotia	4.2
Canadian National Railway Co.	3.9
Canadian Imperial Bank of Commerce	3.4
Bank of Montreal	3.2
Enbridge Inc.	2.9
Suncor Energy Inc.	2.8
Manulife Financial Corp.	2.5
BCE Inc.	2.5
TransCanada Corp.	2.4
Sun Life Financial Inc.	2.1
Pembina Pipeline Corp.	2.0
TELUS Corp.	2.0
Canadian Natural Resources Ltd.	2.0
Agrium Inc.	1.8
Alimentation Couche-Tard Inc., Class 'B'	1.7
Magna International Inc.	1.5
Keyera Corp.	1.4
Intact Financial Corp.	1.4
AltaGas Ltd.	1.3
RioCan REIT	1.3
Canada Housing Trust No. 1, 1.90%, 2026/09/15	1.3
Open Text Corp.	1.3
Canadian Apartment Properties REIT	1.2

The management report of fund performance 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 prior to the release of the next management report of fund performance.

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