



## Annual Management Report of Fund Performance

for the financial year ended December 31, 2022

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. You can get a copy of the annual financial statements at your request, and at no cost, by calling toll-free at 1-888-357-8777, by writing to us at CIBC, CIBC Square, 81 Bay Street, 20th floor, Toronto, Ontario, M5J 0E7, or by visiting our website at [www.cibc.com/mutualfunds](http://www.cibc.com/mutualfunds) or SEDAR 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 interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

### Management Discussion of Fund Performance

#### Investment Objective and Strategies

**Investment Objective:** Imperial Canadian Diversified Income Pool (referred to as the *Pool*) seeks to generate income and potential capital growth by investing primarily in Canadian income-generating equity securities and debt securities.

**Investment Strategies:** The Pool employs a bottom-up approach to investing with a focus on the fundamental characteristics of individual securities.

#### Risk

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

For the period ended December 31, 2022, the Pool's overall level of risk remained as discussed in the simplified prospectus.

#### Results of Operations

The Pool's portfolio advisor is CIBC Asset Management Inc. (referred to as *CAMI* or the *Portfolio Advisor*). The commentary that follows provides a summary of the results of operations for the period ended December 31, 2022. All dollar figures are expressed in thousands, unless otherwise indicated.

The Pool's net asset value decreased by 5% during the period, from \$858,783 as at December 31, 2021 to \$811,775 as at December 31, 2022. Net redemptions of \$258 and negative investment performance resulted in an overall decrease in net asset value.

Class A units of the Pool posted a return of -5.4% for the period. The Pool's primary benchmark, the S&P/TSX Composite Dividend Index (referred to as the *primary benchmark*), returned -0.1% for the same period. The Pool's return is after the deduction of fees and expenses, unlike the primary benchmark's return.

Canadian equity markets declined over the period, pressured by rising interest rates and concerns that aggressive policy tightening by central banks could lead to a recession.

Russia's invasion of Ukraine in February was answered by severe economic and financial sanctions from the West, heightening

geopolitical uncertainty. The war further disrupted global supply chains already affected by the COVID-19 pandemic, particularly for commodity supplies related to agriculture and energy. The resulting sharp rise in prices contributed to strong inflationary pressures in most countries.

In response to continued inflationary pressures from tight labour markets and supply-chain disruptions, global central banks moved to sharply raise interest rates and reduce their respective balance sheets in an effort to suppress demand and ultimately bring inflation back within target ranges. This central bank action slowed economic growth, and the U.S. reported negative gross domestic product in the first half of 2022.

Market expectations were for both the U.S. Federal Reserve Board and the Bank of Canada to continue increasing their policy rates in the first half of 2023, albeit at a slower pace than originally anticipated, as they move closer to the end of their cycle of raising interest rates.

Commodity prices rose significantly in the first half of the year before falling in response to fears of a recession. The price of crude oil rose to a high of \$120 USD per barrel before declining to end the year at \$80 USD per barrel, up 6%, while the price of gold remained flat despite high inflation.

Despite high inflation and rising interest rates, corporate operating results remained strong. As the economy reopened following pandemic-related shutdowns, consumer spending rebounded.

Moderate underweight exposure to the information technology sector contributed to the Pool's performance. The Pool had underweight exposure to the information technology sector based on valuations, and rising interest rates negatively affected information technology stocks and growth stocks in general. Stock selection in the energy sector also contributed to performance.

Individual contributors to the Pool's performance included overweight holdings in Restaurant Brands International Inc., Canadian Natural Resources Ltd. and Suncor Energy Inc. The stock of Restaurant Brands revalued as economic reopening contributed to increased same-store sales and cash flows. Canadian Natural Resources and

Suncor outperformed in response to higher oil and gas prices and increased cash flows.

Overweight exposure to the real estate and financials sectors detracted from the Pool's performance. Real estate valuations were negatively affected as interest rates rose, while the financials sector generally declined amid concerns about the effects of a potential recession on loan growth rates and mortgage risks. Individual detractors included Magna International as short-term supply chain issues continued to negatively effect the industry.

The Portfolio Advisor took advantage of market volatility to increase the Pool's existing holdings in Canadian Pacific Railway Ltd., Magna International Inc. and RioCan REIT, all of which the Portfolio Advisor believes to be strong businesses with improving valuations.

The Pool's holdings in Intact Financial Corp. and H&R REIT were eliminated in favour of stocks with risk-reward profiles that the Portfolio Advisor considers more attractive.

The Portfolio Advisor reduced the Pool's holding in Nutrien Ltd. as its share price rose, reducing its future return potential, in the Portfolio Advisor's view.

### Recent Developments

Effective July 1, 2022, CIBC, as Manager of the Pool, pays for certain costs that were previously categorized as operating expenses. Previously, the Pool was responsible for its proportionate share of common fund expenses, in addition to its own operating expenses.

The COVID-19 pandemic and the Russia-Ukraine war have disrupted the global economy and financial markets in unprecedented and unpredictable ways. This has resulted in significant volatility and uncertainty in financial markets. It is unclear what further actions may be taken by governments and the resulting impact on global economies, businesses and financial markets. Inflation has increased in many markets across the globe, leading central banks to raise interest rates in order to counter rapidly rising prices. These factors may adversely affect the performance of the Pool. The Manager continues to monitor ongoing developments and the impact to investment strategies.

### Related Party Transactions

Canadian Imperial Bank of Commerce (referred to as *CIBC*) and its affiliates have the following roles and responsibilities with respect to the Pool, and receive the fees described below in connection with their roles and responsibilities.

#### Manager

CIBC is the Pool's manager (referred to as the *Manager*). CIBC receives management fees with respect to the Pool's day-to-day business and operations, calculated based on the Pool's net asset value as described in the section entitled *Management Fees*.

#### Trustee

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

#### Portfolio Advisor

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

#### Discretionary Managers

As at the date of this report, units of the Pool are offered through discretionary investment management services provided by certain subsidiaries of CIBC (collectively, referred to as the *Discretionary Managers*). The Discretionary Managers may include CIBC Trust and CAMI. The Discretionary Managers arrange to purchase, convert, switch and redeem units of the Pool on behalf of their clients who have entered into discretionary investment management agreements with one of the Discretionary Managers. The Discretionary Managers are the registered unitholders of the Pools for the purposes of receiving all unitholder materials and having the right to vote all proxies with respect to units of the Pool. Units of the Pool are also offered to investors in connection with certain products offered by affiliated dealers pursuant to the terms of the account agreements governing such products. There are no compensation arrangements with these dealers in respect of the sale of units of the Pool. However, CIBC Trust receives fees from its clients for offering discretionary management services and, from these fees, CIBC Trust may pay affiliated dealers and other CIBC members for services provided in connection with the client's discretionary investment managed account, which may hold units of the Pool.

CIBC receives fees from CIBC Trust for the services of CIBC advisors that assist investors with opening discretionary investment management accounts where CIBC Trust acts as the Discretionary Manager and for acting as the investors' ongoing relationship manager. CIBC is responsible for the remuneration of the CIBC advisors and may pay the CIBC advisors out of such fees. Further details of the arrangement between CIBC and CIBC Trust may be found in the discretionary investment management agreement between CIBC Trust and investors. CAMI receives fees from their clients for offering discretionary investment managed accounts, which may hold units of the Pool, and may pay a portion of such fees to their investment counsellors.

#### 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 World Markets Inc. (referred to as *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 and certain derivative products to the Pool. 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 Pool or relate directly to the execution of portfolio transactions on behalf of the Pool.

During the period, the Pool paid brokerage commissions and other fees of \$3,856 to CIBC WM; the Pool did not pay any brokerage commissions or other fees to 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.

#### *Pool Transactions*

The Pool may enter into one or more of the following transactions (referred to as 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, with terms-to-maturity of 365 days or more, issued in a primary offering and in the secondary market;
- invest in or hold debt securities of CIBC or issuers related to a portfolio sub-advisor purchased 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 (referred to as a *Related Dealer* or the *Related Dealers*) acts as an underwriter during the offering of the securities or 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;
- purchase securities from or sell securities to another investment fund or a managed account managed by the Manager or an affiliate; and
- engage in in-specie transfers by receiving portfolio securities from, or delivering portfolio securities to, a managed account or another investment fund managed by the Manager or an affiliate, in respect of a purchase or redemption of units in the fund, subject to certain conditions.

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 a condition imposed by securities legislation or the IRC in any Related Party Transactions requiring its approval.

#### *Custodian*

CIBC Mellon Trust Company is the Pool's custodian (referred to as the *Custodian*). The Custodian holds all cash and securities for the Pool 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 Pool including record-keeping and processing of foreign exchange transactions. The Custodian may hire sub-custodians for the Pool. The fees and spreads for services of the Custodian directly related to the execution of portfolio transactions by the Pool 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 Pool during that month. All other fees and spreads for the services of the Custodian are paid by the Manager and charged to the Pool on a recoverable basis. CIBC owns a 50% interest in the Custodian.

#### *Service Provider*

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

## Imperial Canadian Diversified Income Pool

### Financial Highlights

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

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

	2022	2021	2020	2019	2018
<b>Net Assets, beginning of period</b>	\$ 27.42	\$ 24.23	\$ 23.99	\$ 21.87	\$ 23.91
<b>Increase (decrease) from operations:</b>					
Total revenue	\$ 0.91	\$ 0.84	\$ 0.87	\$ 0.83	\$ 0.79
Total expenses	(0.05)	(0.05)	(0.04)	(0.04)	(0.04)
Realized gains (losses) for the period	0.34	1.03	0.57	0.58	0.80
Unrealized gains (losses) for the period	(2.66)	2.35	(0.39)	1.60	(2.72)
<b>Total increase (decrease) from operations<sup>2</sup></b>	\$ (1.46)	\$ 4.17	\$ 1.01	\$ 2.97	\$ (1.17)
<b>Distributions:</b>					
From income (excluding dividends)	\$ 0.22	\$ 0.19	\$ 0.23	\$ 0.21	\$ 0.19
From dividends	0.65	0.60	0.61	0.59	0.56
From capital gains	—	0.18	0.01	—	0.10
Return of capital	—	—	—	—	—
<b>Total Distributions<sup>3</sup></b>	\$ 0.87	\$ 0.97	\$ 0.85	\$ 0.80	\$ 0.85
<b>Net Assets, end of period</b>	\$ 25.09	\$ 27.42	\$ 24.23	\$ 23.99	\$ 21.87

<sup>1</sup> This information is derived from the Pool's audited annual financial statements.

<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 Pool, or both.

#### Ratios and Supplemental Data - Class A Units

	2022	2021	2020	2019	2018
<b>Total Net Asset Value (000s)<sup>4</sup></b>	\$ 811,775	\$ 858,783	\$ 778,395	\$ 802,728	\$ 772,827
<b>Number of Units Outstanding<sup>4</sup></b>	32,351,638	31,323,147	32,124,806	33,455,245	35,344,986
<b>Management Expense Ratio<sup>5</sup></b>	0.17%	0.17%	0.17%	0.16%	0.16%
<b>Management Expense Ratio before waivers or absorptions<sup>6</sup></b>	0.27%	0.28%	0.29%	0.29%	0.29%
<b>Trading Expense Ratio<sup>7</sup></b>	0.01%	0.01%	0.02%	0.02%	0.02%
<b>Portfolio Turnover Rate<sup>8</sup></b>	9.02%	13.20%	16.88%	21.27%	22.76%
<b>Net Asset Value per Unit</b>	\$ 25.09	\$ 27.42	\$ 24.23	\$ 23.99	\$ 21.87

<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 pool (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 management fees is at the discretion of the Manager. The practice of waiving management fees 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 Pool, either directly or indirectly, pays CIBC an annual management fee to cover the costs of managing the Pool. Management fees are based on the Pool's net asset value 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 and trailing commissions are paid by CIBC out of the management fees received from the Pool. The Pool is required to pay applicable taxes on the management fees paid to CIBC. Refer to the Simplified Prospectus for the annual management fee rate.

For the period ended December 31, 2022, 100% of the management fees collected from the Pool was attributable to general administration and investment advice.

## Past Performance

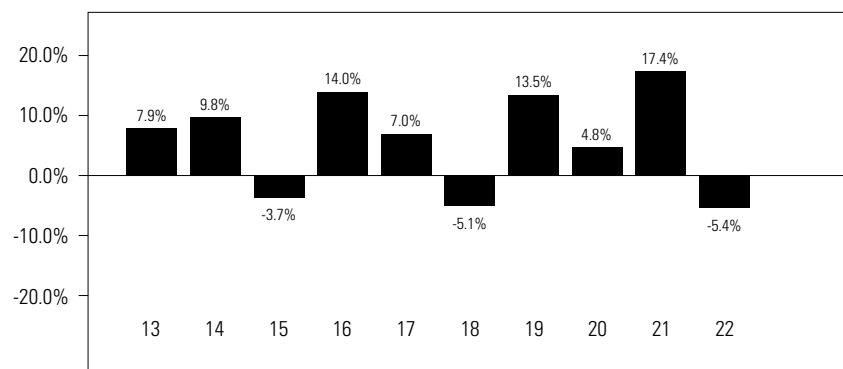
The performance data provided assumes reinvestment of distributions only and does not take into account sales, redemption, distribution, or other optional charges payable by any unitholder that would have reduced returns. Past performance does not necessarily indicate how a fund will perform in the future.

The Pool's returns are after the deduction of fees and expenses. See the *Financial Highlights* section for the management expense ratio.

## Year-by-Year Returns

The bar chart shows the Pool's annual performance 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.

Class A Units



## Annual Compound Returns

This table shows the annual compound return of each class of units of the Pool for each indicated period ended on December 31, 2022. The annual compound total return is also compared to the Pool's benchmarks.

The Pool's primary benchmark is the S&P/TSX Composite Dividend Index.

The Pool's blended benchmark (referred to as *Blended Benchmark*) is comprised of the following:

- 45% S&P/TSX Composite Dividend Index
- 20% FTSE Canada Mid Term Bond Index
- 20% FTSE Canada Short Term Overall Bond Index
- 15% S&P/TSX Preferred Share Index

## Imperial Canadian Diversified Income Pool

	1 Year	3 Years	5 Years	10 Years	or	Since Inception	Inception Date
Class A units	-5.4%	5.2%	4.6%	5.7%			November 24, 2003
S&P/TSX Composite Dividend Index	-0.1%	8.9%	7.5%	8.5%			
Blended Benchmark	-5.6%	4.3%	4.0%	4.7%			

**FTSE Canada Mid Term Bond Index** is comprised of Canadian Investment-grade bonds with remaining terms greater than 5 years and less than or equal to 10 years. Returns are calculated daily and are weighted by market capitalization.

**FTSE Canada Short Term Overall Bond Index** is intended to represent the Canadian short-term bond market. It contains bonds with remaining effective terms greater than or equal to one year and less than or equal to 5 years.

**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.

**S&P/TSX Preferred Share Index** is comprised of preferred shares trading on the Toronto Stock Exchange that meet criteria relating to minimum size, liquidity, issuer rating, and exchange listing.

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

### Summary of Investment Portfolio (as at December 31, 2022)

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. If the fund holds 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	Top Positions	% of Net Asset Value
Financials	27.4	Cash & Cash Equivalents	5.3
Corporate Bonds	16.2	Royal Bank of Canada	4.8
Energy	11.0	Toronto-Dominion Bank (The)	4.7
Government of Canada & Guaranteed Bonds	9.1	Canada Housing Trust No. 1, 1.40%, 2031/03/15	3.9
Other Equities	8.0	Enbridge Inc.	2.9
Industrials	5.4	Canadian National Railway Co.	2.8
Cash & Cash Equivalents	5.3	Bank of Montreal	2.6
Provincial Government & Guaranteed Bonds	4.6	Canadian Pacific Railway Ltd.	2.6
Utilities	4.3	Brookfield Corp., Class 'A'	1.9
Materials	4.0	Canadian Natural Resources Ltd.	1.8
Real Estate	3.9	Canadian Imperial Bank of Commerce	1.8
Foreign Currency Bonds	0.8	Franco-Nevada Corp.	1.8
		Province of Ontario, 2.70%, 2029/06/02	1.7
		Canada Housing Trust No. 1, 1.90%, 2026/09/15	1.6
		Province of Ontario, 3.75%, 2032/06/02	1.6
		Canada Housing Trust No. 1, 1.95%, 2025/12/15	1.6
		TC Energy Corp.	1.5
		Bank of Nova Scotia	1.5
		TELUS Corp.	1.5
		Manulife Financial Corp.	1.4
		George Weston Ltd.	1.4
		Nutrien Ltd.	1.3
		Province of Quebec, 1.90%, 2030/09/01	1.3
		Suncor Energy Inc.	1.3
		RioCan REIT	1.2

**A note on forward-looking statements**

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. Forward-looking statements are not guarantees of future performance. 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.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. CIBC does not undertake, and specifically disclaims, 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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**Imperial Pools  
Income Generation Portfolios**

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