

2011

Annual Report December 31, 2011

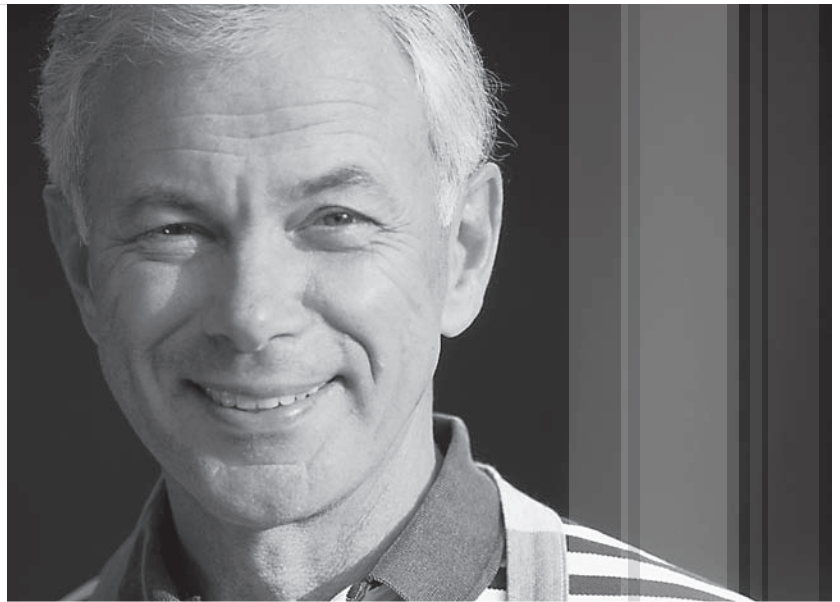
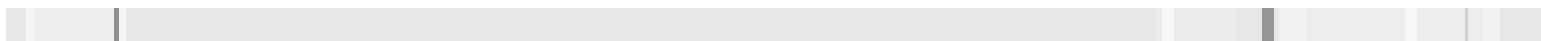


Table of Contents

Financial Highlights	2
Letter to Shareholders	4
Ten-Year Historical Financial Highlights	16
Subsidiary Profiles	18
Management's Discussion and Analysis	20
Financial Statements	47
Management's Report to Shareholders	48
Independent Auditors' Report	49
Notes to Consolidated Financial Statements	54
Corporate Directory	88
Corporate Information	89





CI Financial Corp. is a diversified wealth management firm and Canada's third-largest investment fund company. Independent and Canadian-owned, CI provides a comprehensive selection of top-quality investment products and services. CI has two million clients and approximately \$96 billion in assets (at February 29, 2012). CI operates primarily through subsidiaries CI Investments Inc. and Assante Wealth Management (Canada) Ltd.

CI Investments offers the industry's broadest selection of investment funds under the CI, Black Creek, Cambridge, Castlerock, Harbour, Signature, Synergy, Portfolio Series, Portfolio Select Series and Sun *Wise* Essential Series banners.

Assante Wealth Management provides financial advisory services through a national network of 750 professional financial advisors. Stonegate Private Counsel, a division of CI Private Counsel LP, provides wealth planning services to high net worth individuals and families.

CI's other businesses include Perimeter Markets Inc., which operates alternative marketplaces for trading Canadian fixed-income products under the CBID brand. CI also owns interests in Altrinsic Global Advisors, LLC, a global investment manager based in Greenwich, Connecticut, and in Toronto-based alternative asset managers Red Sky Capital Management Ltd. and Lawrence Park Capital Partners Ltd.

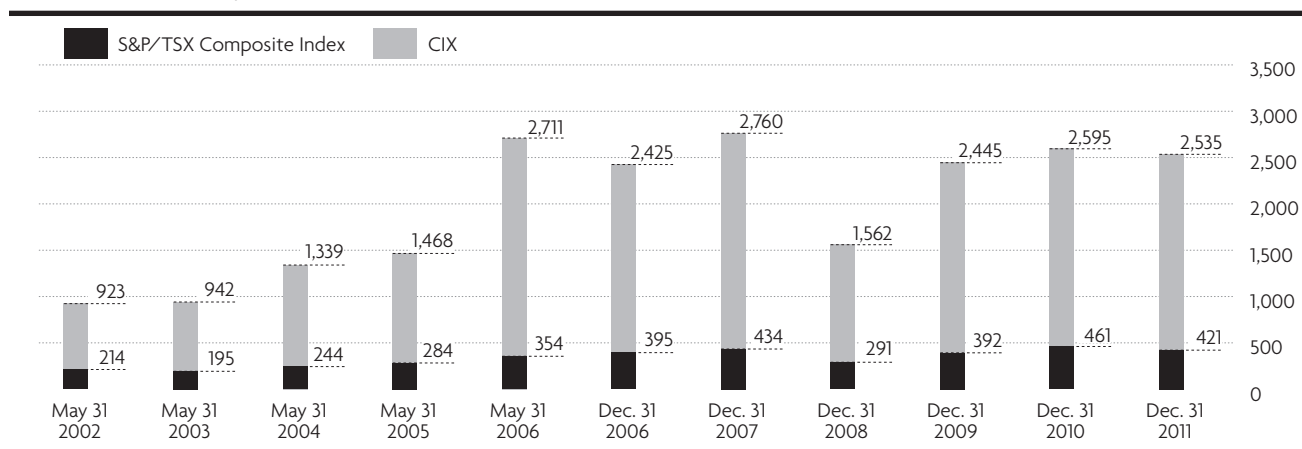
Financial Highlights

<i>(in millions of dollars, except share amounts)</i>	As at December 31, 2011	As at December 31, 2010	% change
Assets under management	69,558	72,825	-4%
Total assets	91,102	95,322	-4%
Shares outstanding	283,567,039	287,434,257	-1%

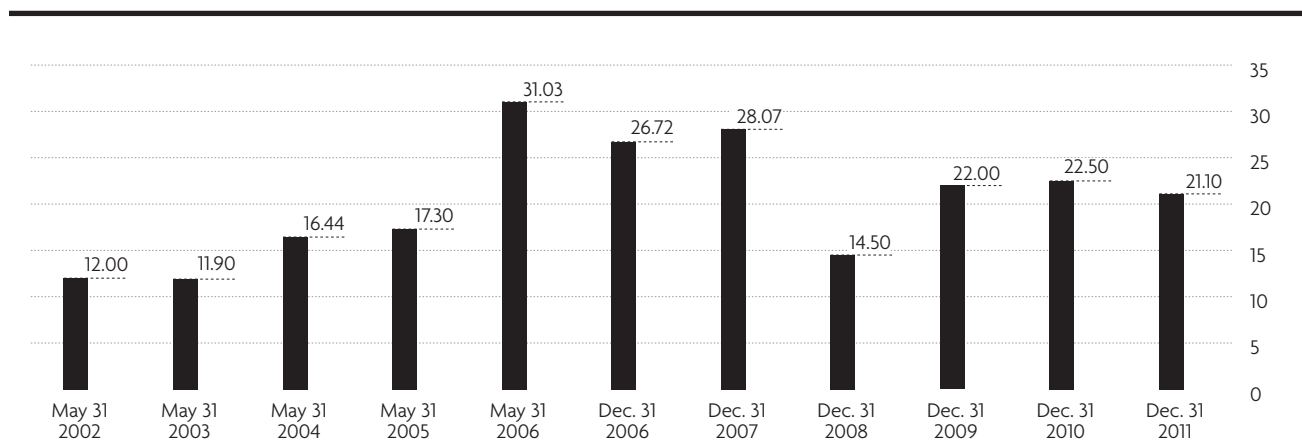
<i>(in millions of dollars, except share amounts)</i>	For the year ended December 31, 2011	For the year ended December 31, 2010	% change
Average assets under management	72,186	65,719	10%
Management fees	1,302.8	1,193.0	9%
Total revenues	1,496.3	1,379.7	8%
SG&A	290.8	263.6	10%
Trailer fees	379.5	346.2	10%
Net income	376.9	328.6	15%
Earnings per share	1.31	1.14	15%
EBITDA*	726.2	669.7	8%
EBITDA* per share	2.53	2.32	9%
Dividends recorded per share	0.89	0.77	16%
Average shares outstanding	286,997,604	289,069,167	-1%

*EBITDA (earnings before interest, taxes, depreciation and amortization) is not a standardized earnings measure prescribed by IFRS; however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this performance measure in analyzing CI's results. CI's method of calculating this measure may not be comparable to similar measures presented by other companies.

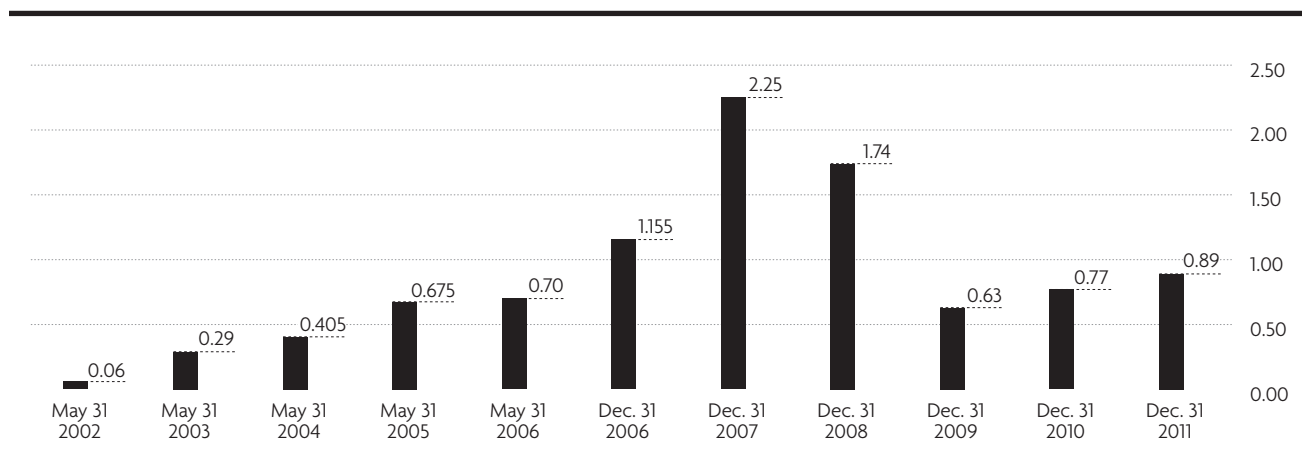
CIX vs S&P/TSX Composite Index Cumulative Total Return Since IPO (June 1994 = 100)



CIX Share Price (as at fiscal year-end, in \$)



Dividends Recorded Per Share (for the fiscal year, in \$)



Letter to Shareholders

Dear Shareholders,

Two thousand and eleven was another successful year for your company. Our net income rose 15% from the prior year, our average assets under management were up 10% to reach a fiscal year record, free cash flow increased 26%, and we boosted annual dividends paid per share by over 15% to \$0.89.

We took a number of significant steps to enhance CI's competitiveness, including strengthening two in-house portfolio management teams, bolstering key distribution relationships and launching new products such as our CI Private Investment Management platform aimed at higher net worth investors. Overall, our portfolio managers performed well, delivering strong fund returns relative to their peers.

The fact that these achievements were made in the face of another challenging year on financial markets demonstrates the strengths of your firm.

After posting solid gains in the first quarter, global equity markets gradually succumbed to a number of developments, starting with the devastating tsunami and nuclear meltdown that hit Japan. This was followed by concerns about the pace of growth in the United States and China, and the massive and unsustainable debts of Greece and other European Union countries. These issues derailed investor confidence and sent stock indexes sharply lower in the third and fourth quarters.

Canada's S&P/TSX Composite Index ended the year with a decline of 8.7% and underperformed the U.S. market for the first time in eight years. In fact, the American indexes were among the few to make gains in 2011, with the S&P 500 Index recording a 4.4% increase. The MSCI World Index was down 2.9%, and the MSCI EAFE Index, which represents the world outside North America, fell 9.7%. (All indexes are reported in Canadian dollars.) The turmoil prompted a flight to safety and investors turned to fixed-income investments, notably North American government bonds. Canada's DEX Universe Bond Index rose 9.7% for the year.

Not surprisingly, the volatile market conditions had an impact on our asset and sales levels in the latter part of the year. However, CI remains very profitable, successful and poised for continued growth as market conditions improve. We accomplish this by focusing on those elements of our business that we have the power to control, and by adhering to the strategic principles that have guided our progress for nearly two decades.

Strategy

- ***Product diversity.*** By providing a broad selection of high-quality products and services to Canadian investors, we reduce our dependence on any single market sector, product or portfolio manager and ensure we are well positioned to respond to the changing needs of investors. More importantly, it enhances our relationships with advisors by allowing them to meet their clients' needs through a single supplier.
- ***Talented and experienced investment managers.*** CI has significant assets under management, and we use this size and scale to attract the best investment managers in the industry. We select portfolio managers based on a reputation for skilled investment management and their long-term track records.
- ***Operational and performance excellence.*** This includes the prudent and efficient management of our funds and our company, the development of high-quality products and a well-known brand.
- ***Superior service.*** By exceeding the service expectations of our investors and our multiple distribution networks, we aim to solidify these relationships and maintain a reputation for sound management.
- ***Skill and knowledge.*** CI's managers and employees possess the specialized knowledge and experience to anticipate client needs, develop appropriate products and market those products effectively.

Financial Results

Assets under management at December 31, 2011, were \$69.6 billion, down 4% from a year earlier. Total assets, which include assets under management, as well as assets under administration at Assante Wealth Management, were also down 4% to \$91.1 billion. While this decline is to be expected given the downturn on financial markets in the second half of the year, we are pleased to note it was significantly less than the drop experienced by the S&P/TSX Composite Index.

Average assets under management, which reflects our performance over the entire year and is more relevant in explaining our results, tells a different story. CI's average assets under management for fiscal 2011 rose by 10% or \$6.5 billion to \$72.2 billion, which, as we noted earlier, is a record for the company.

Subsequently, global equity markets rallied in the first two months of 2012, as concerns over European sovereign debt subsided and U.S. economic indicators strengthened. CI's assets under management benefited, reaching \$73.3 billion at February 29, 2012. This represents an impressive gain of \$3.9 billion or 5.6% over our average assets under management for the fourth quarter of 2011.

The asset growth in fiscal 2011 drove our revenues to \$1.5 billion, up 8%, and our net income to \$376.9 million, or \$1.31 per share, an increase of 15%.

Earnings before taxes, interest, depreciation and amortization (EBITDA), which helps to measure CI's underlying earnings power, rose 8% to \$726.2 million, a record for our company. Expressed as a percentage of revenue, our EBITDA margin was flat year over year at 48.5% – highlighting the stability of our business, its operating efficiency and ongoing profitability, as we earned the same profit for each dollar of revenue.

If you are familiar with our company, you know that one of the essential elements in maintaining CI's profitability is our relentless focus on controlling expenses. As a rule of thumb, we seek to keep expenses in line with assets and this was the case in 2011. Selling, general and administrative or "SG&A" spending rose 10% year over year to \$290.8 million, the same rate of increase as average assets under management. As a percentage of average assets under management, SG&A expenses were 0.40%, unchanged from the year before.

It's notable that we maintained this ratio while making significant investments in our portfolio management and our sales and marketing operations during the year. These investments are designed to foster CI's long-term growth and are described later in this letter.

The growth in assets contributed to a substantial expansion in CI's free cash flow in 2011, as it grew by 26% to \$433.5 million. This robust free cash flow position allowed us to pay down debt and – in keeping with our commitment to return excess cash to shareholders – buy back shares and increase our dividend.

During the year, CI reduced its debt by \$90 million, including the repayment of \$100 million in debentures that matured in December. As a result, our net debt stood at \$731 million at the end of 2011, and our debt-to-EBITDA ratio was 1.1:1, just slightly above our long-term target of 1:1. We are comfortable with this level of debt, which carries a very favourable average interest rate of 3.19%.

The dividend was increased in April, from \$0.07 to \$0.075 per share per month, resulting in a total dividend for the year of \$0.89 per share, a 16% increase over 2010. As our assets grew in early 2012, we followed this with another increase in the monthly dividend to \$0.08 per share or \$0.96 a year. This represents a payout ratio of 65% to 70% of earnings. CI has steadily increased its dividend since 2009, when we converted back to a corporation from an income trust. In fact, our dividend has grown at annual rate of 17% in the past three years, including the latest increase.

In 2011, with a total dividend payment of \$254.2 million and the repurchase of 4.7 million shares worth \$95.2 million, CI returned \$349.4 million to shareholders. This continues CI's extraordinary record of wealth creation over the long term. Since CI's initial public offering in 1994, the company has returned \$3.8 billion to shareholders in dividends, distributions and share repurchases.

CI finished 2011 with a share price of \$21.10, down 6% from a year earlier. With dividends, the total return was negative 2%. Again, over the long term, CI stock has performed exceptionally well, especially in relation to the index and peer group. From the IPO to December 31, 2011, CI shares have posted a total return of 2,435%, compared to 321% for the S&P/TSX Composite Index and 908% for the financial services sub-index.

Operating Results

Net sales – positive in a volatile year

Volatile capital market conditions had an impact on CI's sales, particularly as the European sovereign debt crisis intensified in the second half of the year. Gross sales for the year totalled \$9.1 billion, a decline of 7% from the year before. However, CI still achieved positive net sales of \$323 million.

One product line in particular dominated redemptions. Our legacy segregated fund products, which are closed to new investors, experienced redemptions as many contracts reached maturity. It's important to note that we had very strong net sales in our core mutual fund lineup and our current segregated fund offering, SunWise Essential Series. In addition, our most important distribution channels, which include Sun Life Advisors, Assante Wealth Management, and Edward Jones, turned in significant net sales – indicating the success and strength of these relationships.

Product development – emphasizing quality

A cornerstone of CI's strategy is to offer a broad lineup of high-quality products, representing the talent of some of the best portfolio managers available. In 2011, the quality of our products and fund managers continued to be recognized through industry rankings and awards.

In 2011, CI led its competitors with the most four and five-star-rated funds (including multiple versions) as ranked by Morningstar Canada, a leading independent investment research organization.

CI was the recipient of two Morningstar Canadian Investment Awards in 2011, bringing our total to 45 since 1998. Notably, in 2011, CI's Portfolio Series was the winner of the inaugural Canadian Investment Award for best fund of funds. This product segment has experienced tremendous growth in recent years and this award shows that CI is one of the leaders in the managed solutions category with Portfolio Series, Portfolio Select Series, Evolution Private Managed Accounts and others.

CI funds also received nine Lipper Fund Awards in 2011, and were awarded another eight Lipper trophies for 2012. Since the program's inception in Canada in 2007, CI has won 39 Lipper Fund Awards, which honour funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers.

Over the years, CI has remained responsive to the needs of Canadian investors, refining our product lineup to meet the changing marketplace. Our new products in 2011 included:

- CI Private Investment Management (PIM), a program designed to meet the needs of the growing “mass affluent” market. PIM offers access to CI's portfolio management teams through a tax-efficient and flexible structure.

- Three Black Creek-branded funds, which brought the award-winning Black Creek Investment Management team to the CI mutual fund platform. Black Creek is led by Bill Kanko and Richard Jenkins, industry veterans and global investment specialists. The new funds are modelled on the three funds that Black Creek manages for CI's Castlerock Investments division.
- Harbour Voyageur Corporate Class, a fund managed by the award-winning Harbour Advisors team that's designed to capture investment opportunities in a wide range of market capitalizations.

Low interest rates and high stock market volatility have continued to encourage high demand for income investments and CI added to its extensive lineup of income solutions with the launch of two funds in January 2012: Cambridge Income Fund, a global diversified income solution managed by Cambridge Advisors, and Signature High Yield Bond Fund, which taps into the fixed-income expertise at Signature Global Advisors.

Portfolio management – building on excellence

The quality and skill of CI's investment managers has been crucial to CI's success. Our strategy has been to retain and develop portfolio management teams that operate independently of one another and offer distinct approaches to investing – giving investors a choice of managers and investment styles within the CI lineup. The degree of choice is highlighted by our practice of using sub-brands for fund families managed by certain teams, including Black Creek, Cambridge, Harbour, Signature and Synergy. CI uses both internal investment teams (Cambridge Advisors, Signature Advisors and Harbour Advisors) and external sub-advisors.

Our in-house teams have posted excellent long-term returns and are responsible for about three-quarters of our assets. Signature, under the leadership of Eric Bushell, manages \$35 billion; Harbour, which is led by industry veteran Gerry Coleman, manages \$15 billion, and Cambridge, led by Alan Radlo, manages \$3 billion. In 2011, we expanded the depth of talent and expertise at Cambridge and Signature to support the growth of their mandates.

At Cambridge, we hired award-winning Portfolio Managers Robert Swanson and Brandon Snow, reuniting them with Mr. Radlo, who worked with them at their former firm. Mr. Swanson in particular is well known within the Canadian advisor community and both are first-rate additions to CI's roster of money managers. The Cambridge team was also augmented with the hiring of two additional research analysts.

Under Mr. Radlo, Cambridge has recorded outstanding results since its founding in 2008. The new hires have allowed for the launch of Cambridge Income Fund and the assignment of other mandates to the Cambridge team – and have laid the foundation for further growth. Cambridge Advisors has the capacity and the potential to manage significantly more assets in the coming years.

Signature Global Advisors is CI's largest and most diversified in-house portfolio management team, with a broad range of Canadian and global equity and income funds. Over the years, Mr. Bushell has focused on developing specialized sector and asset class expertise on a global basis. In 2011, this expertise was bolstered with the addition of several research analysts and an emerging markets strategist.

The changes at Cambridge and Signature facilitated the streamlining of our portfolio management lineup during the year. In June, we ended our relationships with sub-advisors Legg Mason Capital Management and Trilogy Global Advisors and transferred the portfolio management of 26 U.S. and global equity, balanced and income funds to the Signature and Cambridge teams. These moves were made to enhance the funds' performance and to attain increased operating efficiencies.

As part of our growth strategy, we have developed relationships with selected alternative asset managers. In 2010, we invested in Red Sky Capital Management Ltd., led by President Timothy Lazaris. The Red Sky equity hedge fund has performed well since inception in September 2010, outpacing the S&P/TSX Composite Index by over 7% (to February 29, 2012). In February 2012, we took a significant minority stake in Lawrence Park Capital Partners, an alternative asset manager with a unique fixed-income strategy.

Our investments have helped to support these firms and promote their development, while positioning CI to participate in their growth and profitability. We also see the potential to work with these firms to develop unique products that would appeal to the high net worth segment of our existing client base.

Castlerock Investments – a successful acquisition

In December 2010, CI purchased Hartford Investments Canada Corp., with approximately \$1.8 billion in assets in 17 mutual funds. It was a small acquisition relative to CI's overall asset base; however, results in 2011 demonstrated the value of the transaction.

The corporate operations were quickly integrated into CI, providing immediate cost savings. In February 2011, we renamed the firm Castlerock Investments, positioning it as a distinct division of CI with a focused lineup of funds. We replaced three of the firm's five sub-advisors with CI portfolio managers, and launched four funds to provide additional choice to unitholders. In total, the Castlerock funds had impressive net sales of \$65 million in 2011.

We expect to move the administration of the Castlerock funds to CI's platform later in 2012, which will lead to increased operating efficiencies to the benefit of the funds' unitholders. We will also be looking at opportunities to merge similar funds and simplify our overall fund lineup.

Distribution – developing solid relationships

Developing and maintaining productive relationships with the networks of financial professionals who distribute our funds is a cornerstone of CI's success and a vital part of our long-term strategy.

The key distribution networks for CI's asset management products include our own Assante Wealth Management, as well as Sun Life Financial advisors. In 2011, we established a closer and more beneficial relationship with Edward Jones, which named CI a preferred partner for mutual funds.

Assante performed well in 2011, reinforcing its status as one of Canada's pre-eminent financial advisory firm. Assets under administration declined by 4% over the year to \$21.5 billion, reflecting the decline of financial markets. In this environment, however, Assante's advisors maintained their focus on the conservative management of the financial affairs of Canadian families. Net new assets under administration remained positive as Canadians continue to seek out holistic financial advice. Assante clients were well served through the volatile environment of the past few years by our emphasis on investing discipline and patience. Our advisors provide diversified portfolio solutions, backed by the expertise of leading money managers, including the portfolio management teams of CI Investments.

Assante continues a comprehensive communications program for advisors and clients that provides timely insights from portfolio managers on market developments and the positioning of their investments, as well as relevant information on issues such as income, estate and succession planning. Through initiatives such as the Wealth Matters series, Assante continues to demonstrate its leadership and focus on delivering valued advice to Canadians. It also demonstrates our commitment to an integrated approach to wealth management that incorporates all aspects of managing a client's finances – risk management, estate planning and tax planning, in addition to sound investment management. We assist our advisors in providing this advanced level of service through a large in-house staff that includes tax, insurance, estate planning and other experts.

Our recruiting efforts consist of a two-pronged focus on attracting experienced advisors who embrace our philosophy of wealth management, as well as younger advisors who will provide ongoing relationship continuity for our clients as part of existing advisory teams. In 2011, we added 17 new advisors.

In today's environment, sound advice coupled with financial stability and operating efficiency is critical in fostering trusting relationships with clients. Assante's competitive advantages include the security of CI's financial strength, the benefits of CI's experience and support in operations, technology, client services and sales, as well as its portfolio management expertise and products. With this solid foundation, Assante is pursuing a growth strategy based on continuing recruitment and fostering the growth of our advisors' practices through the provision of wealth planning expertise, enhanced systems support and sophisticated portfolio solutions.

CI's institutional division, CI Institutional Asset Management (CIAM), is a crucial part of our efforts to expand our distribution. CIAM, which oversees \$10.5 billion in assets, has been very successful over the long term in attracting assets from other financial institutions, typically as part of their fund-of-fund products. We call this the Alliance part of our institutional operations and it remains a significant, though maturing business for CI.

In recent years, CIAM has put increased emphasis on penetrating the traditional institutional investment markets – pensions and endowments – and is building momentum in this segment. In 2011, our pension and endowment assets increased by 13%, and we gained 14 new clients and investment commitments of more than \$300 million. This success has not gone unnoticed by the industry. CI was named the “Fastest Growing Endowment and Foundation Assets Money Manager” in its category at the 2011 Benefits Canada Pension and Investment Awards. To accelerate our growth in this area, we have added new mandates to appeal to institutional clients, including a core Canadian equity mandate managed by Cambridge Advisors.

Sales and marketing – Canada's Investment Company

As we noted previously, an important component of CI's business strategy is to provide superior service to investors and to advisors and other financial professionals who make the decision to recommend our funds to their clients. We do this through our administration and client services departments, and through our sales and marketing group, which is our primary point of contact for most advisors.

In 2011, we undertook several notable initiatives within sales and marketing aimed at building the CI brand and strengthening our ties with investors and advisors, including:

- Expanding our sales team and implementing a new contact management system to ensure the highest level of service.
- Holding our first-ever “digital roadshow” in September 2011, which allowed more than 1,600 advisors to hear the latest views of several portfolio management teams without having to leave their offices. We held our second digital roadshow in January 2012.
- Hosting a three-day educational conference in Las Vegas – called the Leadership Forum – that provided more than 600 financial advisors with enhanced access to our portfolio management teams and extensive information about our products. The event was so well received that we are holding a second conference in 2012 that will be longer and include more advisors.
- Developing CI Mobile, a new app for the iPad that offers convenient mobile access to information about CI Investments and its products, including up-to-date prices, performance and portfolio manager commentary. In March 2012, CI Mobile was named best investment mobile application at the 2012 Internet Advertising Competition.

And, in early 2012, we launched one of our first national advertising campaigns in several years with the goal of raising the profile of CI Investments among Canadian investors during the RRSP sales season. The radio, television and Web-based advertising highlighted CI Investments’ portfolio management expertise and experience, our broad product lineup and our leadership as one of Canada’s largest and most trusted independent financial services companies. Emphasizing our message was the tagline Canada’s Investment Company.

In addition, we purchased rink board advertising for CI Investments and Assante in several National Hockey League arenas across Canada – highly visible ad space as a number of teams made exciting runs at qualifying for the playoffs.

Outlook

Since CI went public in 1994, the competitive landscape in our industry has changed dramatically. Consolidation has extinguished more than 20 independent firms, while the big five banks increased their market share of long-term assets to approximately 40%. Unlike many of our independent competitors, CI experienced tremendous growth in assets, market share and market capitalization over this period.

Today, the environment is even more challenging and competitive. Two major market declines in just over a decade have left many Canadians wary of the markets, even as their need for professional financial advice remains pressing. Nevertheless, your company is well positioned to continue to grow and prosper. CI is the third-largest investment fund company in Canada, with an impressive 9% market share. Our financial strength and profitability affirms our independence and allows us to move quickly to take advantage of any potential strategic transaction.

CI is not standing still as the competition intensifies. As we have outlined in this letter, we are leveraging our competitive advantages of size, scale, distribution, portfolio management expertise, efficiency of operations and a trusted brand to achieve continued growth. At the same time, we are maintaining our financial discipline.

CI is a large, yet entrepreneurial asset manager, and we see many opportunities ahead for such a company. We continue our commitment to offering the highest standard of products to our investors, adhering to sound management principles and rewarding our shareholders.

In closing, we thank our employees, our clients, our advisors, our sub-advisors and our shareholders for their support.

Sincerely,



William T. Holland
Chairman



Stephen A. MacPhail
President and Chief Executive Officer

March 26, 2012

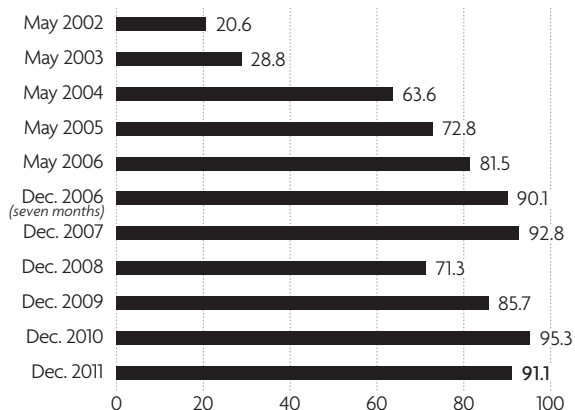
Ten-Year Historical Financial Highlights

(millions of dollars, except per share amounts)

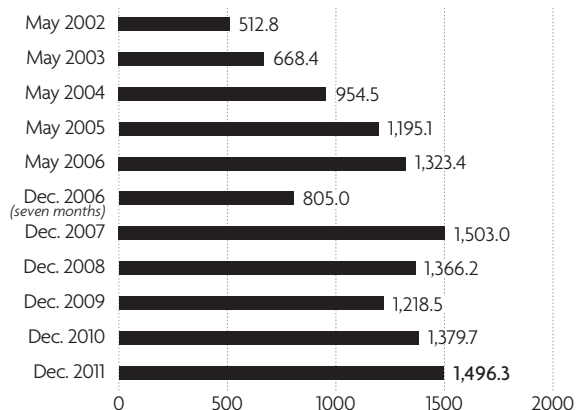
(from continuing operations)	Years Ended Dec. 31			
	2011	2010	2009	2008
Assets under management, end of year	69,558	72,825	64,226	52,801
Assets under administration	21,544	22,497	21,489	18,449
Total assets	91,102	95,322	85,715	71,250
Net sales of funds	323	1,059	1,451	1,740
Management fees	1,302.8	1,193.0	1,041.5	1,163.8
Other income	193.5	186.7	177.0	202.4
Total revenues	1,496.3	1,379.7	1,218.5	1,366.2
Selling, general and administrative	290.8	263.6	278.9	256.4
Trailer fees	379.5	346.2	299.7	336.1
Other expenses	304.9	295.4	298.4	340.0
Total expenses	975.2	905.2	877.0	932.5
Income taxes	144.2	146.0	45.3	(17.5)
Net income before amortization of goodwill	376.9	328.6	296.2	451.2
Net income	376.9	328.6	296.2	451.2
EBITDA*	726.2	669.7	539.3	638.6
Earnings per share	1.31	1.14	1.01	1.62
EBITDA* per share	2.53	2.32	1.84	2.29
Dividends per share	0.89	0.77	0.63	1.74
Shareholders' equity, end of year	1,620.2	1,566.1	1,610.9	1,601.7
Shares outstanding, end of year	283,567,039	287,434,257	291,821,114	292,492,805

*EBITDA (earnings before interest, taxes, depreciation and amortization) is not a standardized earnings measure prescribed by IFRS; however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this performance measure in analyzing CI's results. CI's method of calculating this measure may not be comparable to similar measures presented by other companies.

Total Client Assets
\$billions

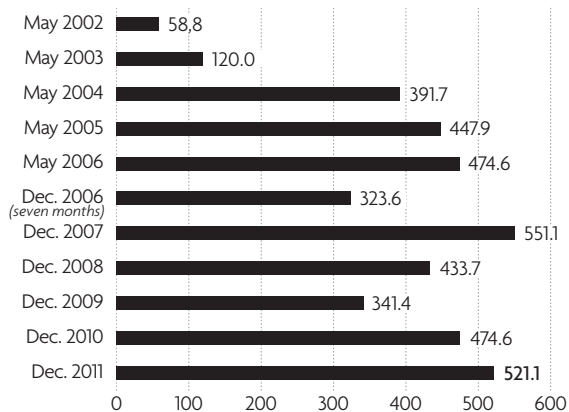


Total Revenues
\$millions

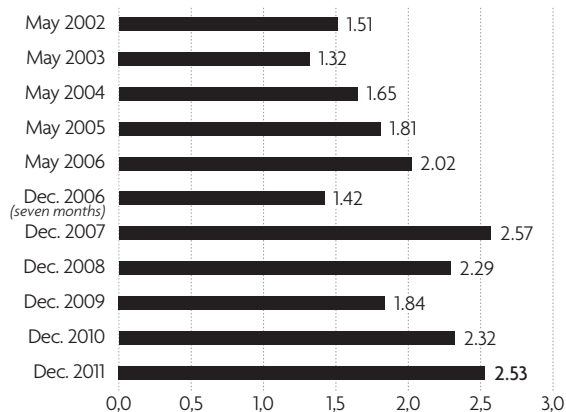


Years Ended Dec. 31 2007	Seven Months Ended Dec. 31, 2006	Years Ended May 31				
		2006	2005	2004	2003	2002
67,171	62,737	56,905	49,055	44,223	28,773	20,619
25,657	27,319	24,563	23,751	19,349	-	-
92,828	90,056	81,468	72,806	63,572	28,773	20,619
1,898	437	3,111	1,717	898	(596)	481
1,292.7	693.8	1,110.0	994.6	820.7	595.8	446.5
210.3	111.2	213.4	200.5	133.8	72.6	66.3
1,503.0	805.0	1,323.4	1,195.1	954.5	668.4	512.8
291.1	147.8	353.6	328.1	256.8	203.3	119.8
369.1	193.3	291.0	250.7	197.8	147.4	97.8
291.7	140.3	204.2	168.3	108.1	197.8	236.4
951.9	481.4	848.8	747.1	562.7	548.5	454.0
(54.4)	(31.1)	165.6	163.2	170.7	49.0	22.0
605.5	354.7	309.0	284.7	221.0	71.0	36.8
605.5	354.7	309.0	284.7	221.0	71.0	(61.4)
724.3	403.5	577.4	529.5	442.2	297.4	265.5
2.15	1.25	1.08	0.97	0.82	0.32	(0.35)
2.57	1.42	2.02	1.81	1.65	1.32	1.51
2.25	1.155	0.70	0.675	0.405	0.29	0.06
1,450.7	1,371.1	1,545.0	1,472.8	1,533.9	632.7	56.8
281,514,003	280,132,687	285,680,519	286,643,091	295,199,027	235,525,648	170,785,428

Income Before Income Taxes
\$millions



EBITDA* Per Share
\$



Subsidiary Profiles



CI Investments Inc.

CI Investments is one of Canada's largest investment management companies, with approximately \$73 billion in assets under management (at February 29, 2012) on behalf of two million Canadians. We are known for our comprehensive and high-quality selection of investment products and services, operational excellence and efficiency, and a broad lineup of leading portfolio management teams. CI Investments has demonstrated a record of innovation and an ability to adapt to meet the changing demands of the marketplace and its clients.

We partner with independent financial advisors and third-party institutions in the distribution of our products and services, which include mutual funds, segregated funds, managed solutions, structured products and alternative investments. Our brands include CI, Harbour, Signature, Synergy, Cambridge, Black Creek, Lakeview, Skylon, Portfolio Series, Portfolio Select Series, and Sun*Wise* Essential Series. We also market a lineup of 21 mutual funds under the Castlerock brand through our Castlerock Investments division. In addition, we manage portfolio solutions under the United Financial brand, which are available through advisors with Assante Wealth Management. We service the institutional marketplace through a dedicated division, CI Institutional Asset Management.

CI's strength is founded on the expertise and experience of its portfolio managers. Our managers, a mix of in-house teams and sub-advisors, represent the full spectrum of investment disciplines, from value to growth. Our in-house investment managers include: Signature Global Advisors, led by Eric Bushell; Harbour Advisors, led by Gerry Coleman; and Cambridge Advisors, led by Alan Radlo. CI and its managers have been recognized through 45 Morningstar Canadian Investment Awards over the past 14 years, including the prestigious Analysts' Choice Investment Fund Company of the Year in 2006, 2007 and 2009, as well as Morningstar Fund Manager of the Decade in 2010 and Morningstar Fund Manager of the Year in 2009 for Mr. Bushell. Mr. Coleman is a two-time Fund Manager of the Year, receiving the award in 2001 and 2008.



Assante Wealth Management (Canada) Limited

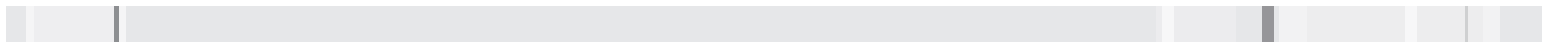
Assante Wealth Management is a leading provider of fully integrated wealth management solutions for affluent Canadians. With 750 advisors across Canada, our independent advisory network is one of the largest in the country. We serve over 300,000 clients nationwide, administering \$22.7 billion in assets (at February 29, 2012) on their behalf.

The success of Assante is closely linked to our advisors and the strong partnership we have developed with them. Backed by a wealth of resources, including investment analysts, portfolio managers, tax lawyers, accountants, estate planning and insurance specialists and wealth planners, Assante advisors provide a comprehensive and integrated approach to wealth management.

We also support our advisors by providing an industry-leading suite of products and solutions. This includes the United Financial brand of solutions, Evolution Private Managed Accounts and Optima Strategy, which are managed by CI Investments Inc. and are available exclusively through Assante advisors. For high net worth clients with more complex wealth planning needs, Assante offers the Private Client Managed Portfolios through the United Financial division of CI Private Counsel LP.

Our services are offered through **Assante Capital Management**, an investment dealer, and **Assante Financial Management**, a mutual fund dealer, which together operate under the brand name Assante Wealth Management. **Stonegate Private Counsel**, a division of CI Private Counsel LP, is a group of experienced professionals who provide wealth planning and inter-generational financial services to high net worth individuals and families.

Management's Discussion and Analysis



This Management's Discussion and Analysis ("MD&A") dated February 16, 2012, presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2011, compared with December 31, 2010, and the results of operations for the year ended and quarter ended December 31, 2011, compared with the year ended and quarter ended December 31, 2010 and the quarter ended September 30, 2011.

On January 1, 2011, CI adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the three months and year ended December 31, 2011, including required comparative information, have been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Prior to the adoption of IFRS, CI prepared its Interim and Annual Consolidated Financial Statements in accordance with Canadian generally accepted accounting principles ("GAAP").

The adoption of IFRS has not had an impact on CI's operations, strategic decisions and cash flow. Information on the transition to IFRS is provided in the Notes to Consolidated Financial Statements for the year ended December 31, 2011.

The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") and Assante Wealth Management (Canada) Ltd. ("AWM"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and its subsidiaries, including Castlerock Investments Inc. ("Castlerock") and CI Private Counsel LP ("CIPC"). The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, changes in government regulations or in tax laws, industry competition, technological developments and other factors described under "Risk Factors" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements. For a more complete discussion of the risk factors that may impact actual results, please refer to the "Risk Factors" section of this MD&A and to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. These non-IFRS measures and reconciliations to IFRS, where necessary, are shown as highlighted footnotes to the discussion throughout the document.

TABLE 1: SELECTED ANNUAL INFORMATION

<i>(millions, except per share amounts)</i>	FISCAL YEARS ENDING DECEMBER 31		
	2011	2010	2009(GAAP)
Total revenue	\$1,496.3	\$1,379.7	\$1,218.5
Total expenses	\$975.2	\$905.1	\$877.0
Income before income taxes	\$521.1	\$474.6	\$341.5
Income taxes	\$144.2	\$146.0	\$45.3
Net income	\$376.9	\$328.6	\$296.2
Earnings per share from continuing operations	\$1.31	\$1.14	\$1.01
Diluted earnings per share from continuing operations	\$1.31	\$1.13	\$1.01
Dividends recorded per share	\$0.89	\$0.77	\$0.63
EBITDA	\$726.2	\$669.7	\$539.3
Total assets	\$3,085.0	\$3,206.4	\$3,006.4
Gross debt	\$780.4	\$870.4	\$676.5
Net debt (gross debt less excess cash)	\$730.7	\$789.1	\$672.9
Average shares outstanding	287.0	289.1	292.5
Shares outstanding	283.6	287.4	291.8
Share price	\$21.10	\$22.50	\$22.00
Market capitalization	\$5,983.3	\$6,467.3	\$6,420.1

TABLE 2: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)

	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	312.1	321.4	337.3	332.0	315.3	294.0	294.0	289.7
Administration fees	30.6	31.6	33.2	36.8	33.7	29.6	30.4	33.2
Other revenues	14.0	14.4	15.0	17.9	19.6	12.7	14.4	13.1
Total revenues	356.7	367.4	385.5	386.7	368.6	336.3	338.8	336.0
Selling, general & administrative	70.2	72.2	75.1	73.3	73.0	67.3	56.3	67.1
Trailer fees	90.8	93.7	98.3	96.6	91.3	85.1	85.9	83.9
Investment dealer fees	23.8	24.8	26.0	29.1	25.8	22.9	23.8	25.8
Amortization of deferred sales commissions	40.5	41.1	41.3	41.4	42.3	41.6	41.4	41.0
Interest expense	6.8	7.0	6.7	7.0	5.4	4.1	4.2	4.3
Other expenses	1.6	3.0	2.4	2.5	3.5	2.2	2.2	4.8
Total expenses	233.7	241.8	249.8	249.9	241.3	223.2	213.8	226.9
Income before income taxes	123.0	125.6	135.7	136.8	127.3	113.1	125.0	109.1
Income taxes	35.2	34.8	37.4	36.7	39.9	37.2	35.5	33.4
Net income	87.8	90.8	98.3	100.1	87.4	75.9	89.5	75.7
Earnings per share	0.31	0.32	0.34	0.35	0.30	0.26	0.31	0.26
Diluted earnings per share	0.31	0.31	0.34	0.35	0.30	0.26	0.31	0.26
Dividends recorded per share	0.225	0.225	0.225	0.215	0.205	0.195	0.190	0.180

Business Overview

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM and AFM financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenue principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

Business Strategy

CI maximizes shareholder value by increasing and retaining assets under management and assets under administration on which it earns an acceptable margin. Management believes this can be achieved by focusing on the following factors: diversity of products offered by CI; experience and depth of investment managers; performance of the funds; service levels provided to dealers and investors; and the skill and knowledge of its employees.

CI offers investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM and Sun Life Financial. Several acquisitions of fund management companies have allowed CI to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry, including the largest lineup of segregated funds.

CI uses three teams of in-house and 14 external investment managers to provide investment advice regarding the portfolios of the funds. These investment managers typically have long careers in the industry as well as extensive track records with CI. This lineup of investment managers provides a wide selection of styles and areas of expertise for CI's funds.

CI selects managers with a reputation for skilled investment management. CI has significantly sized mandates available to attract the top talent in this field. Many of CI's investment managers have provided excellent long-term performance for our largest funds. However, CI can and will make changes to its investment managers when unsatisfactory investment performance has occurred.

CI is the manager of the funds and provides services that include managing or arranging for the management of investment portfolios, marketing of the funds, maintaining securityholders' records and accounts, reporting to the securityholders and processing transactions relating to securities of the funds. CI has invested in information systems and internal training of staff to an extent which ensures it provides accurate and timely service to dealers and agents selling CI's products and to investors.

Management of CI has the specialized skills and knowledge to focus on several key objectives. These include meeting the needs of its clients, developing new products, enhancing investor awareness and increasing market share by marketing to investment dealers, mutual fund dealers and life insurance agents.

Key Performance Drivers

CI's results are driven primarily by the level of its assets under management, which are in turn driven by the returns earned by its funds and the net sales of its funds. The margin earned on these assets under management determines, to a large extent, CI's profitability.

The returns of each fund reflect the returns of equities and bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the outperformance or underperformance of the investment manager of each fund. In years when markets decline (such as 2008), CI's assets will decline. Conversely, CI's assets will appreciate in years when markets perform well. For a particular period, the average assets under management will drive CI's results as CI receives the majority of its fees on a daily basis.

Fund sales and acquisitions also affect CI's assets under management. While sales results help increase assets under management, they are also an indicator of the level of demand for CI's products and our success in delivering attractive products.

CI uses several performance indicators to assess its results. These are described throughout the results of operations and the discussion of the two operating segments and include the following: net income, earnings per share, pre-tax operating earnings, EBITDA, EBITDA margin, and dealer gross margin.

2011 Overview

CI's average assets under management for 2011 increased 10% from 2010. This increase was primarily a result of strong market performance of the funds as well as \$323 million in net sales of CI's funds. Net income was up 15% to \$376.9 million in 2011.

Primarily as a result of the change in average assets under management, CI's revenues and pre-tax operating earnings increased 8% year over year. While some expenses, such as trailer fees, vary directly with the level of assets under management, most of CI's expenses are fixed in nature. This point is illustrated by the 8% increase in SG&A excluding equity-based compensation, which is lower than the increase in average assets under management.

Stock markets around the world were volatile in 2011. The European debt crisis and risks to the U.S. and Chinese economies weighed heavily on investors' minds with the result that market gains experienced in the first six months of 2011 were completely erased by early October. Industry gross sales also slowed considerably in the latter half of the year, and CI's gross sales declined 7% year over year. This, coupled with some large Class I fund redemptions caused CI's net sales to fall below \$1 billion for the first time since 2003.

CI continued to be the third-largest investment fund company in Canada with total assets under management of \$69.6 billion at December 31, 2011. CI's market share is approximately 9%.

According to Morningstar, CI led the entire industry with the most Four and Five-star rated funds (including multiple versions) for all of 2011 and has ranked either first or second place for the past 10 years. In addition, CI has won 45 Canadian Investment Awards since 1998 and 31 Lipper Awards since 2007.

Key Events

In May, CI held a very successful three-day sales conference, attended by over 500 leading investment advisors. The presentations and discussion focused on the world economy and financial markets in general, and CI's investment products in particular. CI's sales team, senior management and several portfolio managers presented their outlooks, opinions and strategies to these key distributors of CI's funds.

CI continues to introduce new products as part of its strategy to provide superior service to its clients and their financial advisors. In August, CI added three Black Creek-branded funds to its Corporate Class structure to offer the portfolio management expertise of the Black Creek Investment Management team to investors in CI's funds. Black Creek is also a sub-advisor to three Castlerock funds. In early October, CI launched the CI Private Investment Management program, which offers tax-efficient access to CI's leading portfolio managers and product platforms at preferred pricing for larger accounts.

CI also launched CI Mobile, an iPad app that offers convenient on-the-go access to key facts about the company's products, including the following: daily fund prices, fund codes and performance; the latest commentary from CI's portfolio management teams; profiles of CI's funds and portfolio management teams; and illustration tools and financial calculators. The app also allows investors to view their CI account information through secure access to CI's InvestorOnline, while advisors have access to their CI accounts through AdvisorOnline.

CI expanded its in-house portfolio management teams, including the hiring of Robert Swanson, who joined the Cambridge Advisors investment team. At Cambridge, Mr. Swanson is working with a team led by Chief Investment Officer Alan Radlo and Portfolio Manager Brandon Snow. This move reunites the three managers, who worked together at another fund company as key members of its Canadian investment team.

CI also streamlined its portfolio management lineup by bringing 26 mandates in-house during the year. These changes will improve the performance of the funds as well as reduce SG&A expenses over the long term.

At its annual meeting in June 2011, CI's shareholders voted by an overwhelming margin to continue the company's shareholder protection plan until its expiry date of 2014. CI's Shareholder Rights Plan was approved by shareholders in 2008 and, under the terms of the plan, independent shareholders must ratify its continuance after three years.

CI's Shareholder Rights Plan does not prevent a takeover of CI but ensures that any change of control transaction is conducted in a manner that is fair and in the best interests of all shareholders. The Plan's objective is that all shareholders be offered an opportunity to tender their shares and receive a premium in the event of a change of control. Therefore, the Plan prevents a "creeping takeover" of CI or a transfer of control in which only certain shareholders are paid a premium for their shares.

Assets and Sales

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were \$91.1 billion at December 31, 2011, a decrease of 4% from \$95.3 billion at December 31, 2010. The decline in year-over-year ending assets is due to the volatility of global stock markets caused by the European debt crisis and the perception of slowing growth in the world's largest economies. As shown in Table 3, these assets consisted of \$69.6 billion in assets under management and \$21.5 billion in assets under administration at December 31, 2011.

TABLE 3: TOTAL ASSETS

<i>(in billions)</i>	As at Dec. 31, 2011	As at Dec. 31, 2010	% change
Assets under management	\$69.6	\$72.8	(4)
Assets under administration*	21.5	22.5	(4)
Total assets under management	\$91.1	\$95.3	(4)

*Includes \$9.8 billion and \$10.2 billion of managed assets in CI and United funds in 2011 and 2010, respectively.

Assets under management form the majority of CI's total assets and provide most of its revenue and net income. The change in assets under management during each of the past two years is detailed in Table 4. The \$3.2 billion drop in assets under management in 2011 was due to a \$3.5 billion decline in market performance partially offset by \$0.3 billion in net sales.

TABLE 4: CHANGE IN ASSETS UNDER MANAGEMENT

<i>(in billions)</i>	2011	2010
Assets under management at January 1	\$72.8	\$64.2
Gross sales	9.1	9.8
Redemptions	8.8	8.7
Net sales	0.3	1.1
Market performance	(3.5)	7.5
Assets under management at December 31	\$69.6	\$72.8

Table 5 sets out the levels and changes in CI's average assets under management and the gross and net sales for the relevant periods. CI's average assets in the fourth quarter of 2011 were relatively unchanged from the same period in 2010 and down 2% from the prior quarter. This decline was caused by stock market volatility in the latter half of 2011. As most of CI's revenues and expenses are based on assets throughout the year, average asset levels are critical to the analysis of CI's financial results.

TABLE 5: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

<i>(in billions)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010
Average assets under management	\$69.349	\$70.823	\$69.297
Change to December 31, 2011		(2.1%)	0.1%
Gross sales	\$1.7	\$1.8	\$2.3
Net sales	(\$0.4)	(\$0.1)	(\$0.2)

Results of Operations

Year ended December 31, 2011

For the year ended December 31, 2011, CI reported net income of \$376.9 million (\$1.31 per share) versus \$328.6 million (\$1.14 per share) for the year ended December 31, 2010. The increase of 15% was primarily due to the 10% growth in average assets under management.

In 2011, CI recorded \$144.2 million in income tax expense for an effective tax rate of 27.7%, compared to an effective tax rate of 30.8% in 2010. The change in CI's statutory tax rate from 30.9% in 2010 to 28.2% in 2011 was the main reason for the drop in the effective rate.

In 2011, CI generated total revenues of \$1,496.3 million, an increase of 8% from 2010. The increase in average assets under management was the main contributor to this change.

For the year ended December 31, 2011, redemption fee revenue was \$28.6 million compared with \$30.9 million for the year ended December 31, 2010. The decrease is a result of a decline in redemptions of deferred load funds that are subject to redemption fees.

Other income for the year ended December 31, 2011 was \$33.1 million compared to \$29.1 million in the prior year. The change was due to an additional \$1.6 million in income from strategic investments and an increase of \$1.0 million in interest income.

Sales, general and administrative ("SG&A") expenses increased 10% year-over-year from \$263.6 million for 2010 to \$290.8 million in 2011. This change relates to investments in sales and marketing initiatives, variable expenses tied to the increase in average assets under management and a \$6.5 million increase in equity-based compensation as CI changed its accounting methodology in July 2010.

Amortization of deferred sales commissions and fund contracts was \$166.7 million in 2011, a decrease from \$169.7 million in 2010. This represents the average amount of deferred sales commissions paid in the last seven years plus a small amount of accelerated amortization as deferred load units are redeemed ahead of their seven-year scheduled term. The level of spending on deferred sales commissions has declined from that of the prior year.

Interest expense of \$27.5 million was recorded for the year ended December 31, 2011 compared with \$18.0 million for the year ended December 31, 2010. The increase in interest expense reflected higher average debt levels and higher average borrowing costs, as discussed under “Liquidity and Capital Resources.”

Other expenses for the year ended December 31, 2011 were \$6.9 million compared to \$8.9 million in the prior year. The prior year included Castlerock acquisition costs.

CI’s pre-tax operating earnings, as set out in Table 6, adjust for the impact of equity-based compensation, gains and losses on marketable securities, performance fees and non-recurring items. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are netted out to remove the impact of financing back-end assets under management.

Pre-tax operating earnings were \$661.8 million in 2011, an increase of 8% from 2010. This change reflects the 10% change in average assets under management.

TABLE 6: PRE-TAX OPERATING EARNINGS

CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as income before income taxes less redemption fee revenue, non-recurring items, performance fees and investment gains, plus amortization of deferred sales commissions and fund contracts, and equity-based compensation expense.

<i>(in millions, except per share amounts)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Income before income taxes	\$123.0	\$125.6	\$127.3	\$521.1	\$474.6
Less:					
Redemption fees	6.9	6.9	8.4	28.6	30.9
Non-recurring item(s)	–	–	3.7	4.9	3.7
Gain (loss) on marketable securities	(0.1)	0.7	-	(0.5)	(0.1)
Add:					
Amortization of DSC and fund contracts	41.1	41.7	42.9	166.7	169.7
Equity-based compensation expense	1.7	1.8	2.8	7.0	0.5
Pre-tax operating earnings	\$159.0	\$161.5	\$160.9	\$661.8	\$610.3
per share	\$0.56	\$0.56	\$0.56	\$2.31	\$2.11

As illustrated in Table 7, EBITDA for the year ended December 31, 2011 was \$726.2 million (\$2.53 per share) compared with \$669.7 million (\$2.32 per share) for the year ended December 31, 2010. The 8% year-over-year increase in EBITDA was primarily due to the 10% increase in average assets under management offset by a \$6.5 million increase in equity-based compensation. EBITDA as a percentage of total revenues (EBITDA margin) for 2011 was 48.5%, unchanged from 2010. This metric indicates that CI is earning the same amount of profits for every dollar of revenue earned.

Quarter ended December 31, 2011

For the quarter ended December 31, 2011, CI reported net income of \$87.8 million (\$0.31 per share) versus \$87.4 million (\$0.30 per share) for the quarter ended December 31, 2010 and \$90.8 million (\$0.32 per share) for the quarter ended September 30, 2011.

For the fourth quarter of 2011, CI recorded \$35.2 million in income tax expense for an effective tax rate of 28.6%, compared to \$39.9 million in the fourth quarter of 2010 for an effective tax rate of 31.4%. The third quarter of 2011 included \$34.8 million in income tax expense, for an effective tax rate of 27.7%. The decrease in the year-over-year effective tax rates was a result of the decrease in both federal and provincial corporate income tax rates.

Total revenues declined 3% in the fourth quarter of 2011 compared with the same period in 2010. The main contributor to this change was a \$4.1 million decline in other income. The fourth quarter of 2010 included a non-recurring fee of \$5.0 million (\$3.7 million net of expenses).

For the quarter ended December 31, 2011, redemption fee revenue was \$6.9 million compared with \$8.4 million for the quarter ended December 31, 2010 and unchanged from the quarter ended September 30, 2011. The decrease from 2010 related to a decrease in redemptions from deferred load funds.

TABLE 7: EBITDA AND EBITDA MARGIN

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions, fund contracts and capital assets. This also permits comparisons of companies within the industry, before any distortion caused by different financing methods, levels of taxation and mix of business between front-end and back-end sales commission assets under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

<i>(in millions, except per share amounts)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Net income	\$87.8	\$90.8	\$87.4	\$376.9	\$328.6
Add (deduct):					
Interest expense	6.8	7.0	5.4	27.5	18.0
Income tax expense	35.2	34.8	39.9	144.2	146.0
Amortization of DSC and fund contracts	41.1	41.7	42.9	166.7	169.7
Amortization of other items	2.7	2.5	1.9	10.9	7.4
EBITDA	\$173.6	\$176.8	\$177.5	\$726.2	\$669.7
per share	\$0.61	\$0.61	\$0.62	\$2.53	\$2.32
EBITDA margin (as a % of revenue)	48.7%	48.1%	48.2%	48.5%	48.5%

The fourth quarter of 2011 included SG&A expenses of \$70.2 million. This 4% decline from the fourth quarter of 2010 relates to a 2% decline in average assets under management and a \$1.1 million decline in equity-based compensation.

Amortization of deferred sales commissions and fund contracts was \$41.1 million in the fourth quarter of 2011, a decrease from \$42.9 million in the fourth quarter of 2010 and from \$41.7 million in the third quarter of 2011. This decline is consistent with the drop in the level of spending on deferred sales commissions over the past year.

Interest expense of \$6.8 million was recorded for the quarter ended December 31, 2011 compared with \$5.4 million for the quarter ended December 31, 2010 and \$7.0 million for the quarter ended September 30, 2011. As mentioned earlier, the increase in interest expense from the prior-year period reflected higher average debt levels at higher average rates, as discussed under “Liquidity and Capital Resources.”

Pre-tax operating earnings were \$159.0 million in the fourth quarter of 2011, a decrease of 1% from the fourth quarter of 2010 and 2% from the prior quarter. These changes primarily reflect the change in average assets under management, which were unchanged from the fourth quarter of 2010 and down 2% from the prior quarter.

As illustrated in Table 7, EBITDA for the quarter ended December 31, 2011 was \$173.6 million (\$0.61 per share) compared with \$177.5 million (\$0.62 per share) for the quarter ended December 31, 2010 and \$176.8 million (\$0.61 per share) for the quarter ended September 30, 2011. The 2% year-over-year decrease in quarterly EBITDA reflects the change in average assets under management as well as the \$5.0 million (\$3.7 million net of expenses) non-recurring item mentioned earlier.

EBITDA as a percentage of total revenues (EBITDA margin) for the fourth quarter of 2011 was 48.7%, up from 48.2% in the last quarter of 2010 and 48.1% in the prior quarter. This indicates that CI is earning more profit for every dollar of revenue earned.

Asset Management Segment

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments, Castlerock and CIPC.

TABLE 8: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

<i>(in millions)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Management fees	\$312.1	\$321.4	\$315.3	\$1,302.8	\$1,193.0
Other revenue	10.2	10.3	15.8	45.5	44.5
Total revenue	\$322.3	\$331.7	\$331.1	\$1,348.3	\$1,237.5
Selling, general and administrative	\$57.3	\$58.6	\$59.1	\$235.9	\$210.5
Trailer fees	94.3	97.3	95.0	394.1	360.3
Amortization of deferred sales commissions and fund contracts	41.8	42.4	43.6	169.7	172.6
Other expenses	0.8	1.7	2.2	4.1	5.4
Total expenses	\$194.2	\$200.0	\$199.9	\$803.8	\$748.8
Income before taxes and non-segmented items	\$128.1	\$131.7	\$131.2	\$544.5	\$488.7

Year ended December 31, 2011

Revenues

Revenues from management fees were \$1,302.8 million for the year ended December 31, 2011, an increase of 9% from the year ended December 31, 2010. The change was mainly attributable to the change in average assets under management, which was up 10% from 2010.

For the year ended December 31, 2011, other revenue was \$45.5 million versus \$44.5 million for the year ended December 31, 2010. The largest component of other revenue is redemption fees. Redemption fees were \$28.6 million for 2011 compared with \$30.9 million for 2010. While total redemptions were up slightly, redemptions of deferred load funds declined.

Expenses

Selling, general and administrative (“SG&A”) expenses for the Asset Management segment were \$235.9 million for the year ended December 31, 2011, an increase from \$210.5 million for the year ended December 31, 2010. Included in SG&A are expenses relating to CI's equity-based compensation plan. The year ended December 31, 2011 included an equity-based compensation expense of \$7.0 million compared with an expense of \$0.5 million in the year ended December 31, 2010.

On July 1, 2010, CI modified its equity-based compensation plan. This affected CI's reporting by changing the fair value of outstanding options at that date as well as the expense related to the amortization of that fair value over the options' remaining life. Equity-based compensation expense has been a volatile component of compensation that is tied to the performance of CI's share price, and so the financial results presented hereinafter exclude the expense to aid the reader in conducting a comparative analysis.

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were \$228.9 million for 2011, up 9% from \$210.0 million for 2010. This increase reflects items within CI's SG&A that fluctuate with asset levels, including the cost of external investment managers, as well as the cost of sales and marketing initiatives launched in 2011.

As a percentage of average assets under management, net SG&A expenses were 0.317% for the year ended December 31, 2011, down from 0.319% for the year ended December 31, 2010. Although spending increased, a large proportion of CI's costs are fixed, which is why SG&A decreased as a percentage of average assets.

Trailer fees were \$394.1 million for 2011 compared with \$360.3 million for 2010. Net of inter-segment amounts, this expense was \$379.5 million for the year ended December 31, 2011 versus \$346.2 million for the year ended December 31, 2010. The 10% increase in trailer fees from the prior year is consistent with the 10% increase in average assets under management from 2010.

Amortization of deferred sales commissions and fund contracts was \$169.7 million for 2011, down from \$172.6 million for the prior year. This change is consistent with the change in deferred sales commissions paid in the past several years.

Other expenses were \$4.1 million for the year ended December 31, 2011 compared to \$5.4 million for the year ended December 31, 2010. The decrease from the prior year is due to acquisition expenses in 2010.

Income before income taxes and interest expense for CI's principal segment was \$544.5 million for 2011 compared with \$488.7 million in 2010. The 11% increase from last year is primarily due to the increase in average assets under management.

Quarter ended December 31, 2011

Revenues

Revenues from management fees were \$312.1 million for the quarter ended December 31, 2011, a decrease of 1% from the quarter ended December 31, 2010 and 3% from \$321.4 million for the quarter ended September 30, 2011. The changes were mainly attributable to changes in average assets under management, which were unchanged and down 2% from the quarters ended December 31, 2010 and September 30, 2011, respectively.

For the quarter ended December 31, 2011, other revenue was \$10.2 million versus \$15.8 million and \$10.3 million for the quarters ended December 31, 2010 and September 30, 2011, respectively. The fourth quarter of 2010 included a non-recurring fee of \$5.0 million (\$3.7 million net of expenses). Redemption fees were \$6.9 million for the quarter ended December 31, 2011 compared with \$8.4 million and \$6.9 million for the quarters ended December 31, 2010 and September 30, 2011, respectively.

Expenses

Selling, general and administrative (“SG&A”) expenses for the Asset Management segment were \$57.3 million for the quarter ended December 31, 2011, a decrease from \$59.1 million for the fourth quarter in 2010 and from \$58.6 million for the quarter ended September 30, 2011. As mentioned earlier, included in SG&A are expenses relating to CI’s equity-based compensation plan. The quarter ended December 31, 2011 included an equity-based compensation expense of \$1.7 million compared with an expense of \$2.8 million in the quarter ended December 31, 2010. The quarter ended September 30, 2011 had an equity-based compensation expense of \$1.8 million.

SG&A expenses, net of the amount related to equity-based compensation (“net SG&A”), were \$55.6 million for the quarter ended December 31, 2011, down from \$56.3 million for the comparable quarter in 2010 and down from \$56.8 million for the prior quarter.

As a percentage of average assets under management, net SG&A expenses were 0.318% for the quarter ended December 31, 2011, down from 0.322% for the quarter ended December 31, 2010 and unchanged from 0.318% for the quarter ended September 30, 2011. As mentioned earlier, the decrease is a result of a large proportion of CI’s costs being fixed expenses.

Trailer fees were \$94.3 million for the quarter ended December 31, 2011 compared with \$95.0 million for the quarter ended December 31, 2010 and \$97.3 million for the quarter ended September 30, 2011. Net of inter-segment amounts, this expense was \$90.8 million for the quarter ended December 31, 2011 versus \$91.3 million for the fourth quarter of 2010 and \$93.7 million for the third quarter of 2011. The decrease from the comparable periods is primarily due to the changes in average assets under management.

Amortization of deferred sales commissions and fund contracts was \$41.8 million for the quarter ended December 31, 2011, down from \$43.6 million in the same quarter last year and from \$42.4 million in the previous quarter. This decrease is consistent with the decrease in deferred sales commissions paid in the recent years.

Other expenses were \$0.8 million for the quarter ended December 31, 2011 compared to \$2.2 million in the quarter ended December 31, 2010 and \$1.7 million in the prior quarter. The decrease from the prior year period related to acquisition expenses in 2010.

Income before income taxes and interest expense for CI’s principal segment was \$128.1 million for the quarter ended December 31, 2011 compared with \$131.2 million in the same period in 2010 and \$131.7 million in the previous quarter. The decrease from the comparable periods is primarily due to the changes in average assets under management.

Asset Administration Segment

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries.

TABLE 9: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

The table that follows presents the operating results for the Asset Administration segment:

<i>(in millions)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Administration fees	\$52.5	\$54.3	\$56.9	\$226.2	\$219.3
Other revenue	3.8	4.0	3.8	15.6	15.4
Total revenue	\$56.3	\$58.3	\$60.7	\$241.8	\$234.7
Selling, general and administrative	\$12.9	\$13.6	\$13.9	\$54.8	\$53.1
Investment dealer fees	41.5	43.1	44.5	179.5	172.5
Amortization of fund contracts	0.4	0.4	0.4	1.5	1.5
Other expenses	0.2	0.8	0.5	2.8	3.6
Total expenses	\$55.0	\$57.9	\$59.3	\$238.6	\$230.7
Income before taxes and non-segmented items	\$1.3	\$0.4	\$1.4	\$3.2	\$4.0

Year ended December 31, 2011

Revenues

Administration fees are earned on assets under administration in the AWM business. These fees were \$226.2 million for the year ended December 31, 2011, an increase of 3% from \$219.3 million for the same period last year. Net of inter-segment amounts, administration fee revenue was \$132.3 million for the year ended December 31, 2011, up from \$126.9 million for the year ended December 31, 2010. The increase from the prior year was mainly attributable to a 5% improvement in average assets under administration. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

TABLE 10: DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring the dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the margin remaining after the payout to advisors.

<i>(in millions)</i>	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Administration fees	\$52.5	\$54.3	\$56.9	\$226.2	\$219.3
Less:					
Investment dealer fees	41.5	43.1	44.5	179.5	172.5
	\$11.0	\$11.2	\$12.4	\$46.7	\$46.8
Dealer gross margin	21.0%	20.6%	21.8%	20.6%	21.3%

Other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, and foreign exchange gains and losses. For 2011, other revenues were \$15.6 million, increasing slightly from \$15.4 million for 2010.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were \$179.5 million for the year ended December 31, 2011, compared to \$172.5 million for the year ended December 31, 2010. This increase relates to the increase in administration fees discussed earlier.

As detailed in Table 10, dealer gross margin was \$46.7 million or 20.6% of administration fee revenue for 2011, compared to \$46.8 million or 21.3% for 2010. The change in gross margin from the prior period relates to the change in average investment dealer fees paid out to financial advisors on their administration fees. Generally, as an advisor's assets under administration and administration fee revenues grow, the payout rates to the respective advisor will correspondingly increase up to a maximum payout rate.

Selling, general and administrative ("SG&A") expenses for the segment were \$54.8 million for the year ended December 31, 2011 compared to \$53.1 million in the year ended December 31, 2010.

The Asset Administration segment had income before income taxes and non-segmented items of \$3.2 million for 2011, down from \$4.0 million in 2010. The year-over-year decrease is due primarily to the decrease in dealer gross margin.

Quarter ended December 31, 2011

Revenues

Administration fees were \$52.5 million for the quarter ended December 31, 2011, a decrease of 8% from \$56.9 million for the same period last year and a decrease of 3% from the prior quarter. Net of inter-segment amounts, administration fee revenue was \$30.6 million for the quarter ended December 31, 2011, down from \$33.7 million for the quarter ended December 31, 2010 and from \$31.6 million in the previous quarter. The decrease from the prior year was mainly attributable to a decrease in sales commissions received.

As mentioned earlier, other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, and foreign exchange gains and losses. For the quarter ended December 31, 2011, other revenues were \$3.8 million, unchanged from \$3.8 million for the fourth quarter of last year and down from \$4.0 million in the third quarter of 2011.

Expenses

Investment dealer fees were \$41.5 million for the quarter ended December 31, 2011 compared to \$44.5 million for the fourth quarter last year and \$43.1 million for the quarter ended September 30, 2011.

As detailed in Table 10, dealer gross margin was \$11.0 million or 21.0% of administration fee revenue for the quarter ended December 31, 2011 compared to \$12.4 million or 21.8% for the fourth quarter of 2010 and \$11.2 million or 20.6% for the previous quarter. The decrease in gross margin from the prior year period relates to financial advisors earning a higher average investment dealer fee rate on their administration fees.

Selling, general and administrative (“SG&A”) expenses for the segment were \$12.9 million for the quarter ended December 31, 2011 compared to \$13.9 million in the fourth quarter in 2010 and \$13.6 million in the third quarter of 2011.

The Asset Administration segment had income before income taxes and non-segmented items of \$1.3 million for the quarter ended December 31, 2011, down slightly from \$1.4 million for the fourth quarter in 2010 and up from \$0.4 million for the prior quarter.

Liquidity and Capital Resources

CI generated \$574.7 million of operating cash flow in the year ended December 31, 2011 up \$73.3 million from \$501.4 million in 2010. CI measures its operating cash flow before the change in working capital and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Working capital is affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual. CI’s main uses of capital are the financing of deferred sales commissions, the payment of dividends on its shares, the funding of capital expenditures and the repurchase of shares through its normal course issuer bid program. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations and pay down debt.

CI paid sales commissions of \$141.2 million in 2011. This compares to \$157.8 million in 2010. The decrease in sales commissions from the prior year is consistent with the trend in lower gross sales for 2011.

CI invested \$43.7 million in marketable securities in 2011. During the same period, CI received proceeds of \$32.1 million from the disposition of marketable securities, resulting in a realized loss of \$0.5 million. The fair value of marketable securities at December 31, 2011 was \$42.1 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the year ended December 31, 2011, CI incurred capital expenditures of \$21.5 million of which \$15.2 million related to leasehold improvements. The improvements should be viewed in conjunction with leasehold inducements of \$21.1 million provided in the prior year. The remaining capital expenditures related to the purchase of new technology systems and upgrades and office equipment.

The statement of financial position for CI at December 31, 2011 reflects total assets of \$3.085 billion, a decrease of \$121.0 million from \$3.206 billion at December 31, 2010. This change can be attributed to a decrease in current assets of \$93.9 million and a decrease in long-term assets of \$27.6 million.

CI’s cash and cash equivalents decreased by \$94.0 million in 2011 primarily due to the payment of \$100 million of floating rate debentures that matured on December 16, 2011. Accounts receivable and prepaid expenses decreased to \$70.2 million at December 31, 2011 from \$95.1 million at December 31, 2010. The decrease primarily related to a \$14.0 million leasehold inducement receivable at December 31, 2010 which was received during the first quarter of 2011.

Deferred sales commissions decreased \$23.2 million to \$491.2 million as a result of the \$164.4 million in amortization expense offset by the \$141.2 million in sales commissions paid. Capital assets increased \$11.7 million during the year.

Total liabilities decreased by \$175.6 million during 2011 to \$1.465 billion at December 31, 2011. The primary contributors to this change were a \$90.0 million decrease in long-term debt and a \$82.1 million decrease in income taxes payable.

At December 31, 2011, CI had \$750 million in outstanding debentures at an average interest rate of 3.24% with a carrying value of \$747.4 million. In addition, CI had \$33.0 million drawn against its credit facility at an average rate of 2.17%. At December 31, 2010, CI had \$870.4 million of debt outstanding at an average rate of 3.14%. Net of cash and marketable securities, debt was \$615.7 million at December 31, 2011, down from \$620.5 million at December 31, 2010. The average debt level for the year ended December 31, 2011 was approximately \$848 million, compared to \$693 million for 2010.

As mentioned earlier, at December 31, 2011 CI had drawn \$33.0 million against its \$150 million credit facility. Principal repayments on CI's credit facility are only required under the facility should the bank decide not to renew the facility on its anniversary, in which case 6.25% of the principal would be repaid at each calendar quarter-end, with the balance payable at the end of the credit facility term (March 17, 2014). These payments would be payable beginning March 31, 2012 should the bank not renew the facility. CI has requested the renewal and extension of its credit facility.

CI's current ratio of debt (net of excess cash) to EBITDA is at 1.1 to 1, just above CI's long-term target of 1 to 1. CI expects that, absent acquisitions in which debt is increased, the amount of excess cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. CI is within its financial covenants with respect to its credit facility, which requires that the debt-to-EBITDA ratio remain below 2.5 to 1, and assets under management not fall below \$40 billion, based on a rolling 30-day average.

Shareholders' equity increased by \$54.1 million in 2011 to \$1.620 billion at December 31, 2011. During the same period, CI repurchased 4.7 million shares at a cost of \$95.2 million under its normal course issuer bid. CI declared dividends of \$236.4 million (\$254.2 million paid), which was less than net income for the year by \$140.5 million. CI's current dividend payments are \$0.075 per share per month, or approximately \$255 million per fiscal year.

On December 17, 2012, \$250 million in outstanding debentures will mature. CI intends to use available cash on hand and its credit facility to repay this amount. To the extent that these sources of funds are insufficient at that time, CI will be required to issue equity or public debt, or increase the size of its credit facility.

Risk Management

There is risk inherent in the conduct of a wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are by their nature outside of direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives. It requires management to identify and anticipate risks in order to development strategies and procedures which minimize or avoid the negative consequences. Management has developed an approach to risk management which involves executives in each core business unit and operating area of CI. These executives identify and evaluate risks, applying both a quantitative and a qualitative analysis and then they assess the likelihood of occurrence of a particular risk. The final step in the process is to identify mitigating factors or strategies and a process for implementing mitigation processes.

The disclosures below provide a summary of the key risks and uncertainties that affect CI's financial performance. For a more complete discussion of the risk factors which may adversely impact CI's business, please refer to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity and commodity prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

CI's financial performance is exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, management fees and revenues, which would reduce cash flow to CI and ultimately impact CI's dividends.

Asset Management Segment

CI is subject to market risk throughout its Asset Management business segment. The following is a description of how CI mitigates the impact this risk has on its financial position and operating earnings.

Management of market risk within CI's assets under management is the responsibility of the Chief Operating Officer, with the assistance of the Chief Compliance Officer. CI has a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At December 31, 2011, approximately 22% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 50 basis point change in interest rates would cause a change of about \$1 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2011, about 82% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, at the same time, approximately 15% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of about \$13 million in the Asset Management segment's annual pre-tax earnings.

About 65% of CI's assets under management were held in equity securities at December 31, 2011, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of about \$54 million in annual pre-tax earnings.

Asset Administration Segment

CI's Asset Administration business is exposed to market risk. The following is a description of how CI mitigates the impact this risk has on its financial position and results of operations.

Risk management for administered assets is the responsibility of the Chief Compliance Officer and senior management. Responsibilities include ensuring policies, processes and internal controls are in place and in accordance with regulatory requirements. CI's internal audit department reviews CI's adherence to these policies and procedures.

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 1% of the total income before non-segmented items (this segment had income of \$3.2 million before income taxes and non-segmented items for the year ended December 31, 2011). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than \$1 million to the Asset Administration segment's pre-tax earnings.

Credit Risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries, as well as issuers whose securities are held by CI. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties. CI has concluded that current economic and credit conditions have not significantly impacted its financial assets.

Liquidity Risk

Liquidity risk is the risk that CI may not be able to generate sufficient funds within the time required in order to meet its obligations as they come due. While CI monitors its liquidity risk through a daily cash management process, access to financing may be negatively impacted by unprecedented market volatility and the European debt crisis. These factors may affect the ability of CI to obtain funds or make other arrangements on terms favourable to CI.

Strategic Risks

Strategic risks are risks that directly impact the overall direction of CI and ability of CI to successfully implement proposed strategies. The key strategic risk is the risk that management fails to anticipate, and respond to changes in the business environment including demographic and competitive changes. CI's performance is directly affected by financial market and business conditions, including the legislation and policies of the governments and regulatory authorities having jurisdiction over CI's operations. These are beyond the control of CI however, an important part of the risk management process is the on-going review and assessment of industry and economic trends and changes. Strategies are then designed to mitigate the impact of any anticipated changes, including the introduction of new products and cost control strategies.

Distribution Risk

CI distributes its investment products through a number of distribution channels including brokers, independent financial planners and insurance advisors. CI's access to these distribution channels is impacted by the strength of the relationship with certain business partners and the level of competition faced from the financial institutions that own those channels. While CI continues to develop and enhance existing relationships, there can be no assurance that CI will continue to enjoy the level of access that it has in the past, which would adversely affect its sales of investment products.

Operational Risks

Operational risks are risks related to the actions, or failure in the processes, that support the business including administration, information technology, product development and marketing. The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of CI to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of CI. There can be no assurances that CI's systems will operate or that CI will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster, or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of CI could have a material adverse effect on its business, financial condition and operating results. CI may also experience losses in connection with employee errors. Although CI has implemented a system of internal controls to mitigate potential losses due to system failure or employee errors, there can be no assurance that these losses will not be incurred in the future.

Competition

CI operates in a highly competitive environment, with competition based on a variety of factors, including the range of products offered, brand recognition, investment performance, business reputation, financing strength, the strength and continuity of institutional, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid. CI competes with a large number of mutual fund companies and other

providers of investment products, investment management firms, broker-dealers, banks, insurance companies and other financial institutions. Some of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants have resulted in increased competition. CI's competitors seek to expand market share by offering different products and services than those offered by CI. While CI continues to develop and market new products and services, there can be no assurance that CI will maintain its current standing or market share, and that may adversely affect the business, financial condition or operating results of CI.

Regulatory and Legal Risk

Certain subsidiaries of CI are heavily regulated in all jurisdictions where they carry on business. Laws and regulations applied at the national and provincial level generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of CI, including the power to limit or restrict business activities as well as impose additional disclosure requirements on CI products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of CI's business segments or its key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a subsidiary's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to CI. To the extent that existing or future regulations affecting the sale or offering of CI's product or services or CI's investment strategies cause or contribute to reduced sales of CI's products or lower margins or impair the investment performance of CI's products, CI's aggregate assets under management and its revenues may be adversely affected.

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require CI to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of CI to expand or even maintain its present level of business, which could have a material adverse effect on CI's business, results of operations, financial condition and prospects.

Given the nature of CI's business, CI may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing CI, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or expulsion from a self-regulatory organization or the suspension or revocation of CI's subsidiaries' right to carry on their existing business. CI may incur significant costs in connection with such potential liabilities.

Commitment of Financial Advisors and Other Key Personnel

The market for financial advisors is extremely competitive and is increasingly characterized by frequent movement by financial advisors among different firms. Individual financial advisors of AWM have regular direct contact with clients, which can lead to a strong and personal client relationship based on the client's trust in the individual financial advisor. The loss of a significant number of financial advisors could lead to the loss of client accounts which could have a material adverse effect on the results of operations and prospects of AWM, and, in turn, CI. Although AWM uses or has used a combination of competitive compensation structures and equity with vesting provisions as a means of seeking to retain financial advisors, there can be no assurance that financial advisors will remain with AWM.

The success of CI is also dependent upon, among other things, the skills and expertise of its human resources including the management and investment personnel and its personnel with skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These individuals play an important role in developing, implementing, operating, managing and distributing CI's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to CI's performance. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products have increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increase observed in other industries and the rest of the labour market. CI believes that it has the resources necessary for the operation of CI's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could adversely affect CI's business.

Information Regarding Guarantors

The following tables provide unaudited consolidated financial information for CI, CI Investments and non-guarantor subsidiaries for the periods identified below, presented with a separate column for: (i) CI; (ii) CI Investments, (iii) the non-guarantor subsidiaries of CI on a combined basis (the "Other Subsidiaries"); (iv) consolidating adjustments; and (v) the total consolidated amounts.

STATEMENT OF INCOME DATA FOR THE YEAR ENDED DECEMBER 31*

<i>(in millions of dollars)</i>	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	669.8	12.7	1,358.4	1,211.2	395.7	373.8	(927.6)	(217.9)	1,496.3	1,379.8
Net income	654.4	(4.9)	379.7	283.6	37.1	38.1	(694.3)	11.8	376.9	328.6

STATEMENT OF FINANCIAL POSITION DATA AS AT DECEMBER 31*

<i>(in millions of dollars)</i>	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Current assets	486.8	262.4	172.5	278.2	199.9	192.3	(499.4)	(279.2)	359.8	453.7
Non-current assets	1,699.9	1,837.8	2,936.1	3,360.4	137.4	157.7	(2,048.2)	(2,603.2)	2,725.2	2,752.7
Current liabilities	301.9	164.1	106.9	202.4	150.4	172.8	(3.2)	(43.6)	556.0	495.7
Non-current liabilities	222.1	467.7	1,302.0	1,486.1	0.2	19.0	(615.4)	(828.2)	908.9	1,144.6

*Some comparative figures have been reclassified to conform to the presentation in the current year.

Related Party Transactions

The Bank of Nova Scotia (“Scotiabank”) owns approximately 37% of the common shares of CI, and is therefore considered a related party. CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank and its related parties. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the three and twelve months ended December 31, 2011, CI incurred charges for deferred sales commissions of \$1.0 million and \$4.9 million, respectively [three and twelve months ended December 31, 2010 – \$0.5 million and \$2.5 million, respectively] and trailer fees of \$5.0 million and \$20.0 million, respectively [three and twelve months ended December 31, 2010 – \$1.8 million and \$7.0 million, respectively] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at December 31, 2011 of \$1.7 million [December 31, 2010 – \$0.6 million] is included in accounts payable and accrued liabilities.

Share Capital

As at December 31, 2011, CI had 283,567,039 shares outstanding.

At December 31, 2011, 6.0 million options to purchase shares were outstanding, of which 1.6 million options were exercisable.

Contractual Obligations

The table that follows summarizes CI’s contractual obligations at December 31, 2011.

PAYMENTS DUE BY YEAR

<i>(millions)</i>	Total	Less than					5 or more years
		1 year	1 – 2	2 – 3	3 – 4	4 – 5	
Credit facility	\$33.0	\$8.3	\$8.2	\$16.5	\$-	\$-	\$-
Debentures	750.0	250.0	-	200.0	-	300.0	-
Operating leases	110.7	11.3	9.6	8.9	8.3	8.3	64.3
Total	\$893.7	\$269.6	\$17.8	\$225.4	\$8.3	\$308.3	\$64.3

Significant Accounting Estimates

The December 31, 2011 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the Notes to the Consolidated Financial Statements. Included in the Notes to the Consolidated Financial Statements is Note 4 which provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

CI carries significant goodwill and intangible assets on its statement of financial position. CI uses valuation models that use estimates of future market returns and sales and redemptions of investment products as the primary determinants of fair value. CI also uses a valuation approach based on a multiple of assets under management and assets under administration for each of CI's operating segments. The multiple used by CI reflects recent transactions and research reports by independent equity research analysts. CI has reviewed these key variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate, whereas estimates of future market returns are less likely to do so. The models are most sensitive to current levels of assets under management and administration as well as estimates of future market returns. While these balances are not currently impaired, a decline of 20% in the fair value of certain models may result in an impairment of goodwill or other intangibles recorded on the statement of financial position.

Adoption of International Financial Reporting Standards

CI adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. The adoption of IFRS has not had an impact on CI's operations, strategic decisions and cash flow. CI's IFRS accounting policies are provided in Note 1 of the Notes to the Consolidated Financial Statements. In addition, Note 19 to the Consolidated Financial Statements presents reconciliations between CI's 2010 GAAP results and the 2010 IFRS results and explanations of the adjustments to transition to IFRS. The reconciliations include the Consolidated Net Income, Comprehensive Income and Cash Flows for the year ended December 31, 2010 as well as a reconciliation of Shareholder's Equity as at December 31, 2010 and January 1, 2010.

Highlights of the Impact of IFRS

Deferred sales commissions

Net income and earnings per share under IFRS will generally be slightly higher than under GAAP for the next six years due to the \$59.2 million reduction in deferred sales commissions on the statement of financial position on January 1, 2010. This reduces the amount to be amortized over the next six years. This effect will be most pronounced in the first year under IFRS and will subside each year. The pre-tax effect was approximately \$4 million in 2010.

EBITDA will not be impacted by the change to deferred sales commissions, as this measure reports income before this type of charge.

Legal provisions

CI recorded legal provisions of \$12.1 million upon the adoption of IFRS, and, as these obligations are settled or reversed, net income and earnings per share will be greater than they would have been under GAAP by the after-tax amount of the reduction to this balance. The timing of this is not certain and could take many years to be realized.

EBITDA will also be positively impacted by the legal provisions, eventually in the full amount of the initial provision as this is a pre-tax measure of income.

Impact of IFRS on earnings volatility

In periods where redemptions of CI's funds fluctuate significantly, CI's earnings will become less volatile under IFRS than under GAAP, as any increase (decrease) in redemption fee revenue will be substantially offset by an increase (decrease) in the amortization of deferred sales commissions.

In periods where CI faces an increase in legal claims or litigation, CI's earnings will become more volatile. This is primarily as a result of recording changes to contingent liabilities each quarter, where IFRS has a lower probability threshold for recording a provision.

Alternatives and policy choices under IFRS

CI elected to use certain optional exemptions from full retrospective application of IFRS for business combinations and share-based payments. CI did not restate the purchase equations for acquisitions that occurred prior to January 1, 2010 as the amount of goodwill and intangibles recorded would not have materially changed. Similarly, CI did not revalue vested options under IFRS methodology as at the January 1, 2010 transition date, but instead only revalued unvested options. As CI used the intrinsic value method prior to July 1, 2010, an appropriate amount had already been expensed with respect to these vested options.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, is responsible for the design of CI's disclosure controls and procedures. Management has evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures as at December 31, 2011. Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these Disclosure Controls and Procedures were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. The COSO framework was used to assist management, along with the CEO and CFO, in the evaluation of these internal control systems. Management, under the direction of the CEO and CFO, have concluded that the internal controls over financial reporting are effective. Management used various tools to evaluate internal controls over financial reporting which included interaction with key control systems, review of policy and procedure documentation, observation or reperformance of control procedures to evaluate the effectiveness of controls and concluded that these controls are effective. For the year ended December 31, 2011, there have been no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to affect, internal controls over financial reporting.

Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form are available on SEDAR at www.sedar.com.

Consolidated Financial Statements

Year-ended December 31, 2011



CI Financial Corp.

Management's Report to Shareholders

Management of CI Financial Corp. ["CI"] is responsible for the integrity and objectivity of the consolidated financial statements and all other information contained in this document. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and are based on management's best information and judgment.

In fulfilling its responsibilities, management has developed internal control systems and procedures designed to provide reasonable assurance that CI's assets are safeguarded, that transactions are executed in accordance with appropriate authorization, and that accounting records may be relied upon to properly reflect CI's business transactions.

The Audit Committee of the Board of Directors is composed of outside directors who meet periodically and independently with management and the auditors to discuss CI's financial reporting and internal control. The Audit Committee reviews the financial information prepared by management and the results of the audit by the auditors prior to recommending the consolidated financial statements to the Board of Directors for approval. The external auditors have unrestricted access to the Audit Committee.

Management recognizes its responsibility to conduct CI's affairs in the best interests of its shareholders.



Stephen A. MacPhail
Chief Executive Officer



Douglas J. Jamieson
Chief Financial Officer

Independent Auditors' Report

To the shareholders of CI Financial Corp.

We have audited the accompanying consolidated financial statements of **CI Financial Corp.** ["CI"], which comprise the consolidated statements of financial position as at December 31, 2011 and 2010 and January 1, 2010, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years ended December 31, 2011 and 2010, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CI as at December 31, 2011 and 2010 and January 1, 2010, and the results of its operations and its cash flows for the years ended December 31, 2011 and 2010 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Toronto, Canada
February 16, 2012

Ernst + Young LLP
Chartered Accountants
Licensed Public Accountants

Consolidated Statements of Financial Position

<i>[in thousands of Canadian dollars]</i>	As at December 31, 2011 \$	As at December 31, 2010 \$	As at January 1, 2010 \$
ASSETS			
Current			
Cash and cash equivalents	122,550	216,537	77,120
Client and trust funds on deposit	124,978	108,726	109,004
Marketable securities	42,099	33,300	6,460
Accounts receivable and prepaid expenses	70,168	95,137	93,358
Total current assets	359,795	453,700	285,942
Capital assets, net <i>[note 3]</i>	49,634	37,933	17,573
Deferred sales commissions, net of accumulated amortization of \$718,122 <i>[December 31, 2010 – \$678,789, January 1, 2010 – \$649,999]</i>	491,216	514,415	522,971
Intangibles <i>[note 4]</i>	2,156,433	2,158,818	2,062,027
Other assets <i>[note 5]</i>	27,904	41,568	47,760
Deferred income taxes <i>[note 11]</i>	—	—	4,669
	3,084,982	3,206,434	2,940,942
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities <i>[note 5]</i>	120,797	131,917	111,046
Provision for other liabilities <i>[note 7]</i>	2,417	2,275	16,918
Dividends payable <i>[note 10]</i>	42,526	60,320	35,096
Client and trust funds payable	123,745	107,673	108,004
Income taxes payable <i>[note 11]</i>	8,736	90,813	8,727
Equity-based compensation <i>[note 9(b)]</i>	—	—	35,104
Preferred shares issued by subsidiary <i>[note 8]</i>	—	—	20,662
Current portion of long-term debt <i>[notes 6 and 16]</i>	257,763	102,747	8,062
Total current liabilities	555,984	495,745	343,619
Deferred lease inducement	18,489	19,072	—
Long-term debt <i>[notes 6 and 16]</i>	522,592	767,615	668,462
Provision for other liabilities <i>[note 7]</i>	6,530	9,153	9,675
Deferred income taxes <i>[note 11]</i>	361,202	348,775	359,270
Total liabilities	1,464,797	1,640,360	1,381,026
Shareholders' equity			
Share capital <i>[note 9(a)]</i>	1,964,334	1,984,488	2,008,846
Contributed surplus	20,059	21,846	11,445
Deficit	(362,377)	(440,404)	(460,105)
Accumulated other comprehensive income (loss)	(1,831)	144	(270)
Total shareholders' equity	1,620,185	1,566,074	1,559,916
	3,084,982	3,206,434	2,940,942

(see accompanying notes)

On behalf of the Board of Directors:



William T. Holland
Director



G. Raymond Chang
Director

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31

	2011	2010
	\$	\$
<i>[in thousands of Canadian dollars, except per share amounts]</i>		
REVENUE		
Management fees	1,302,773	1,192,991
Administration fees	132,272	126,861
Redemption fees	28,629	30,895
Loss on marketable securities	(489)	(149)
Other income	33,108	29,149
	1,496,293	1,379,747
EXPENSES		
Selling, general and administrative	290,776	263,640
Trailer fees <i>[note 16]</i>	379,454	346,233
Investment dealer fees	103,753	98,244
Amortization of deferred sales commissions	164,431	166,310
Amortization of intangibles	2,386	3,851
Interest <i>[notes 6 and 16]</i>	27,496	18,011
Other <i>[note 5]</i>	6,927	8,895
	975,223	905,184
Income before income taxes	521,070	474,563
Provision for income taxes <i>[note 11]</i>		
Current	131,420	139,533
Deferred	12,751	6,462
	144,171	145,995
Net income for the year	376,899	328,568
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on available-for-sale financial assets, net of income taxes of (\$449) [2010 – \$58]	(2,656)	315
Reversal of losses to net income on available-for-sale financial assets, net of income taxes of \$125 [2010 – \$17]	681	99
Total other comprehensive income (loss), net of tax	(1,975)	414
Comprehensive income	374,924	328,982
Basic earnings per share <i>[note 9(c)]</i>	\$1.31	\$1.14
Diluted earnings per share <i>[note 9(c)]</i>	\$1.31	\$1.13

(see accompanying notes)

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31

	Share capital [note 9(a)]	Contributed surplus [note 9(b)]	Deficit	Accumulated other comprehensive income (loss)	Total
<i>[in thousands of Canadian dollars]</i>	\$	\$	\$	\$	\$
Balance, January 1, 2011	1,984,488	21,846	(440,404)	144	1,566,074
Comprehensive income	—	—	376,899	(1,975)	374,924
Dividends declared [note 10]	—	—	(236,407)	—	(236,407)
Shares repurchased	(32,729)	—	(62,465)	—	(95,194)
Issuance of share capital on exercise of options and vesting of deferred equity units	12,575	(8,787)	—	—	3,788
Compensation expense for equity-based plans	—	7,000	—	—	7,000
Change during the year	(20,154)	(1,787)	78,027	(1,975)	54,111
Balance, December 31, 2011	1,964,334	20,059	(362,377)	(1,831)	1,620,185
Balance, January 1, 2010	2,008,846	11,445	(460,105)	(270)	1,559,916
Comprehensive income	—	—	328,568	414	328,982
Dividends declared [note 10]	—	—	(245,253)	—	(245,253)
Shares repurchased	(33,351)	—	(63,614)	—	(96,965)
Issuance of share capital on exercise of options and vesting of deferred equity units	8,993	(13,755)	—	—	(4,762)
Modification of option plan	—	17,050	—	—	17,050
Compensation expense for equity-based plans	—	7,106	—	—	7,106
Change during the year	(24,358)	10,401	19,701	414	6,158
Balance, December 31, 2010	1,984,488	21,846	(440,404)	144	1,566,074

(see accompanying notes)

Consolidated Statements of Cash Flows

For the years ended December 31

	2011	2010
	\$	\$
<i>[in thousands of Canadian dollars]</i>		
OPERATING ACTIVITIES		
Net income	376,899	328,568
Add (deduct) items not involving cash		
Loss on marketable securities	489	149
Equity-based compensation	7,000	(10,896)
Amortization of deferred sales commissions	164,431	166,310
Amortization of intangibles	2,386	3,851
Amortization of other	10,773	6,963
Deferred income taxes	12,751	6,462
Cash provided by operating activities before changes in operating assets and liabilities	574,729	501,407
Net change in non-cash working capital balances	177,154	148,133
Income taxes paid	(213,326)	(57,403)
Interest paid	(27,507)	(15,520)
Cash provided by operating activities	511,050	576,617
INVESTING ACTIVITIES		
Purchase of marketable securities	(43,740)	(28,121)
Proceeds on sale of marketable securities	32,082	1,651
Additions to capital assets	(21,477)	(26,735)
Deferred sales commissions paid	(141,232)	(157,753)
Decrease in other assets	5,821	6,192
Purchase of subsidiary, net of cash and cash equivalents acquired	—	(109,076)
Cash used in investing activities	(168,546)	(313,842)
FINANCING ACTIVITIES		
Increase (decrease) in long-term debt	9,092	(105,000)
Issuance (repayment) of debentures	(100,000)	298,250
Repurchase of share capital <i>[note 9(a)]</i>	(95,194)	(96,965)
Issuance of share capital <i>[note 9(a)]</i>	3,812	386
Dividends paid to shareholders <i>[note 10]</i>	(254,201)	(220,029)
Cash used in financing activities	(436,491)	(123,358)
Net increase (decrease) in cash and cash equivalents during the year	(93,987)	139,417
Cash and cash equivalents, beginning of year	216,537	77,120
Cash and cash equivalents, end of year	122,550	216,537

(see accompanying notes)

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

CI Financial Corp. ["CI"] is incorporated under the laws of the Province of Ontario. CI's primary business is the management and distribution of a broad range of financial products and services, including mutual funds, segregated funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements represent the first annual financial statements of CI prepared in accordance with International Financial Reporting Standards ["IFRS"], as issued by the International Accounting Standards Board ["IASB"]. CI adopted IFRS in accordance with IFRS 1, *First-time Adoption of International Reporting Standards* ["IFRS 1"] as discussed in Note 19.

These audited consolidated financial statements were authorized for issuance by the Board of Directors of CI on February 16, 2012.

Basis of presentation

The consolidated financial statements of CI have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. CI's presentation currency is the Canadian dollar. The functional currency of CI and its subsidiaries is also the Canadian dollar.

Basis of consolidation

The consolidated financial statements include the accounts of CI, CI Investments Inc. ["CI Investments"] and Assante Wealth Management (Canada) Ltd. ["AWM"] and their subsidiaries, which are entities over which CI has control. Control exists when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Hereinafter, CI and its subsidiaries are referred to as CI.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to CI and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, CI applies the following specific revenue recognition policies:

Management fees are based upon the net asset value of the funds managed by CI and are recognized on an accrual basis.

Administration fees and other income are recognized as services are provided under contractual arrangements. Administration fees include commission revenue, which is recorded on a trade date basis and advisory fees, which are recorded when the services related to the underlying engagements are completed.

Redemption fees payable by securityholders of deferred sales charge mutual funds, the sales commission of which was financed by CI, are recognized as revenue on the trade date of the redemption of the applicable mutual fund securities.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Financial instruments

Financial assets are classified as fair value through profit or loss ["FVPL"], available-for-sale ["AFS"] or loans and receivables. Financial liabilities are classified as FVPL or other.

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than as FVPL are added to the carrying amount of the asset or liability. The fair value of financial instruments is generally determined by reference to quoted market bid prices where an active market exists. Where there is no active market, the fair value is determined using valuation techniques.

Financial instruments classified as FVPL are carried at fair value in the statement of financial position and any gains or losses are recorded in net income in the period in which they arise. Financial instruments classified as FVPL include cash and cash equivalents as well as an amount included in accounts payable and other liabilities.

Financial assets classified as AFS are carried at fair value in the statement of financial position. Movements in the fair value are recorded in other comprehensive income (loss) until disposed, at which time the cumulative amount recorded in other comprehensive income (loss) is recognized in net income. Where there is objective evidence that an AFS asset is impaired, the cumulative impairment loss is reclassified from other comprehensive income (loss) to net income with subsequent movements also recognized in net income. Financial assets classified as AFS include marketable securities.

Loans and receivables and other financial liabilities are recognized at amortized cost using the effective interest rate method. Such accounts include client and trust funds on deposits, accounts receivable, accounts payable and accrued liabilities, dividends payable, client and trust funds payable and long-term debt.

All financial instruments recognized at fair value in the consolidated statement of financial position are classified into three fair value hierarchy levels as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

Derivatives and hedging

CI may enter into interest rate swap agreements to reduce its exposure to interest rate risk on its long-term debt. CI does not enter into derivative financial instruments for trading or speculative purposes. At the inception of the swap agreement, CI formally documents the hedging relationship, detailing the risk management objective and the hedging strategy of the hedge. The documentation specifies the asset, liability or cash flows being hedged, the related hedging item, the nature of the specific risk exposure or exposures being hedged, the intended term of the hedging relationship, the method for assessing the effectiveness of the hedging relationship, and the method for measuring the ineffectiveness of the hedging relationship. Derivative financial instruments that have been designated and qualify for hedge accounting are classified as either cash flow or fair value hedges.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Changes in the fair value of the interest rate swaps are recognized in the consolidated statement of income and comprehensive income as other income. Similarly, changes in the fair value of the hedged item attributable to the hedged risk are also recognized in the consolidated statement of income and comprehensive income as other income, with a corresponding adjustment to the long-term debt in the consolidated statement of financial position. Hedge accounting is discontinued prospectively if the hedging relationship no longer qualifies as an effective hedge or if the hedging item is settled. The hedged item is no longer adjusted to reflect changes in fair value. Amounts previously recorded as cumulative adjustments to the effective portion of gains and losses attributable to the hedged risk are amortized using the effective interest rate method and recognized in the consolidated statement of income and comprehensive income over the remaining useful life of the hedged item. Hedge accounting is also discontinued if the hedged item is sold or terminated before maturity. In such a situation, the cumulative adjustments with respect to the effective portion of gains and losses attributable to the hedged risk are immediately recorded in the consolidated statement of income and comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, highly liquid investments and interest bearing deposits with original maturities of 90 days or less.

Client and trust funds

Client and trust funds on deposit include amounts representing cash held in trust with Canadian financial institutions for clients in respect of self-administered Registered Retirement Savings Plans and Registered Retirement Income Funds, and amounts received from clients for which the settlement date on the purchase of securities has not occurred or accounts in which the clients maintain a cash balance. Client and trust funds on deposit also include amounts for client transactions that are entered into on either a cash or margin basis and recorded on the trade date of the transaction. Amounts are due from clients on the settlement date of the transaction for cash accounts. For margin accounts, CI extends credit to a client for the purchase of securities, collateralized by the financial instruments in the client's account. Amounts loaned are limited by margin regulations of the Investment Industry Regulatory Organization of Canada ["IIROC"] and other regulatory authorities, and are subject to CI's credit review and daily monitoring procedures.

The corresponding liabilities related to the above accounts and transactions are included in client and trust funds payable.

Marketable securities

Marketable securities consist of investments in mutual fund securities and publicly traded companies. Marketable securities are measured at fair value and recognized on the trade date. Mutual fund securities are valued using the net asset value per unit of each fund. The fair value of publicly traded companies is determined using quoted market prices. Realized and unrealized gains and losses are recognized using average cost. Except for impairment losses, gains and losses in the fair value of marketable securities are recorded as other comprehensive income (loss) until disposed of, at which time any gain or loss is recorded in net income. When a decline in fair value is other than temporary and there is objective evidence of impairment, the cumulative loss that had been recognized directly in other comprehensive income (loss) is removed and recognized in net income, even though the financial asset has not been derecognized. Distributions from mutual fund securities are recorded as other income. Distributions that are reinvested increase the cost base of the marketable securities.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Capital assets

Capital assets are recorded at cost less accumulated amortization. These assets are amortized over their estimated useful lives as follows:

Computer hardware	Straight-line over three years
Office equipment	Straight-line over five years
Leasehold improvements	Straight-line over the term of the lease

Deferred sales commissions

Commissions paid on sales of deferred sales charge mutual funds represent commissions paid by CI to brokers and dealers, and are recorded on the trade date of the sale of the applicable mutual fund product. Deferred sales commissions are amortized over the expected investment period of 36 to 84 months on a straight-line basis from the date recorded. When redemptions occur, the actual investment period is shorter than expected, and the unamortized deferred sales commission related to the original investment in the mutual funds is charged to net income and included in the amortization of deferred sales commissions.

Intangibles

Fund contracts

Fund administration contracts and fund management contracts [collectively, “fund contracts”] are recorded net of any write-down for impairment. CI evaluates the carrying value of fund contracts for potential impairment by comparing the recoverable amount with their carrying value. These evaluations are performed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment would be written off to income.

Fund administration contracts are amortized on a straight-line basis over 25 years. Fund management contracts with a finite life are amortized on a straight-line basis over a period of up to 20 years, depending on the contractual terms of such agreements and management’s best estimate of their useful lives. Fund management contracts with an indefinite life are not amortized.

Goodwill

Goodwill is recorded as the excess of purchase price over identifiable assets acquired. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is evaluated for impairment at least annually and any impairment is recognized immediately in income and not subsequently reversed. Goodwill is allocated to the appropriate cash-generating unit for the purpose of impairment testing.

Other intangibles

Other intangibles include the cost of trademarks and computer software, capitalized where it is probable that future economic benefits that are attributable to the assets will flow to CI and the cost of the assets can be measured reliably. Computer software is recorded initially at cost and amortized over its expected useful life of two years on a straight-line basis. Trademarks have an indefinite life and are not amortized.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Equity-based compensation

CI uses the fair value method to account for equity-settled employee incentive share options. The value of the equity-based compensation, as at the date of grant, is recognized over the applicable vesting period as compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received, together with the amount in contributed surplus, are credited to share capital.

Employee incentive share options that include a cash-settlement option are recognized as compensation expense and recorded as a liability based upon the fair value of outstanding share options at the statement of financial position date and the proportion of the expired vesting period. On the exercise of these share options for cash, the liability recorded with respect to the options is reduced for settlement. If these options are settled with shares, the liability recorded with respect to the options and consideration paid by the option holders are credited to share capital.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

Deferred lease inducements

Lease inducements are deferred and amortized on a straight-line basis over the term of the lease.

Income taxes

Current income tax liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the statement of financial position date.

The liability method of tax allocation is used in accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying amount and the tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Deferred income tax liabilities are generally recognized for all taxable temporary differences.

Deferred income tax liabilities are recognized for taxable temporary differences arising from investments in subsidiaries and joint ventures, except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred income tax liabilities are not recognized on temporary differences that arise from goodwill which is not deductible for tax purposes. Deferred income tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than for a business combination.

Provision for other liabilities

A provision for other liabilities is recognized if, as a result of a past event, CI has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. In the event that the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment of the time value of money and the risks specific to the liability.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated into Canadian dollars using historical exchange rates. Revenue and expenses are translated at average rates prevailing during the month. Other foreign currency transactions are translated into Canadian dollars using the exchange rate in effect on the transaction date. Translation exchange gains and losses are included in other income in the month in which they occur.

Critical accounting estimates and judgements

In the process of applying CI's accounting policies, management has made significant judgements involving estimates and assumptions which are summarized as follows:

[i] Impairment of intangible assets

Indefinite life intangible assets are reviewed for impairment annually or more frequently if changes in circumstances indicate that the carrying value may be impaired. The values associated with intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates require significant judgement regarding market growth rates, fund flow assumptions, expected margins and costs which could affect CI's future results if the current estimates of future performance and fair values change. These determinations also affect the amount of amortization expense on fund contracts with finite lives recognized in future periods.

[ii] Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable income together with future tax planning strategies.

[iii] Provision for other liabilities

Due to the nature of provisions, a considerable part of their determination is based on estimates and judgements, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Further details are provided in Note 7.

[iv] Share-based payments

The cost of employee services received (compensation expense) in exchange for awards of equity instruments recognized is estimated using a Black-Scholes option valuation model which requires the use of assumptions. Further details regarding the assumptions used in the option pricing model are provided in Note 9 [b].

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

2. BUSINESS ACQUISITION

On December 15, 2010, CI acquired control of Hartford Investments Canada Corp., a mutual fund company, for cash consideration of \$115,000. In January 2011, the name was changed to Castlerock Investments Inc. ["Castlerock"] and on June 30, 2011 Castlerock amalgamated with CI Investments. CI accounted for the acquisition using the purchase method and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired, at fair value, are as follows:

	\$
Cash and cash equivalents	5,947
Other assets	132
Deferred income taxes	12,362
Fund management contracts	32,000
Accounts payable and accrued liabilities	(4,082)
Goodwill on acquisition	68,641

	115,000

The acquired fund management contracts with a fair value of \$32,000 have an indefinite life. The goodwill acquired of \$68,641, which is not tax deductible, has been allocated to the asset management segment of CI and relates to the expected synergies and/or intangible assets that do not qualify for separate recognition.

For the period January 1, 2010 to December 15, 2010, prior to the acquisition date, Castlerock recorded a net loss of \$8,897. Due to the synergies between Castlerock and CI, it is impracticable for management to estimate what CI's reported net income would have been if the acquisition of Castlerock occurred on January 1, 2010.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

3. CAPITAL ASSETS

Capital assets consist of the following:

	Computer hardware \$	Office equipment \$	Leasehold improvements \$	Total \$
Cost				
Balance, January 1, 2010	17,050	9,096	26,460	52,606
Additions	1,822	3,305	21,608	26,735
Balance, December 31, 2010	18,872	12,401	48,068	79,341
Additions	4,371	1,880	15,226	21,477
Retired	(11,444)	(4,888)	(9,832)	(26,164)
Balance, December 31, 2011	11,799	9,393	53,462	74,654
Accumulated depreciation				
Balance, January 1, 2010	14,108	8,089	12,836	35,033
Depreciation	1,785	727	3,863	6,375
Balance, December 31, 2010	15,893	8,816	16,699	41,408
Depreciation	2,805	1,177	5,794	9,776
Retired	(11,444)	(4,888)	(9,832)	(26,164)
Balance, December 31, 2011	7,254	5,105	12,661	25,020
Carrying value				
At January 1, 2010	2,942	1,007	13,624	17,573
At December 31, 2010	2,979	3,585	31,369	37,933
At December 31, 2011	4,545	4,288	40,801	49,634

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

4. INTANGIBLES

Intangibles consist of the following:

	Goodwill	Fund administration contracts	Fund management contracts finite life	Fund management contracts indefinite life	Other intangibles	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance, January 1, 2010	1,051,285	37,600	27,500	967,082	16,657	2,100,124
Business combination	68,641	—	—	32,000	—	100,641
Balance, December 31, 2010	1,119,926	37,600	27,500	999,082	16,657	2,200,765
Balance, December 31, 2011	1,119,926	37,600	27,500	999,082	16,657	2,200,765
Accumulated amortization						
Balance, January 1, 2010	—	9,048	13,056	—	15,993	38,097
Amortization	—	1,504	1,850	—	496	3,850
Balance, December 31, 2010	—	10,552	14,906	—	16,489	41,947
Amortization	—	1,504	775	—	106	2,385
Balance, December 31, 2011	—	12,056	15,681	—	16,595	44,332
Carrying value						
At January 1, 2010	1,051,285	28,552	14,444	967,082	664	2,062,027
At December 31, 2010	1,119,926	27,048	12,594	999,082	168	2,158,818
At December 31, 2011	1,119,926	25,544	11,819	999,082	62	2,156,433
Remaining term	N/A 16.9 – 17.4 yrs		15.3 yrs	N/A	N/A	

[a] Cash-generating units

CI has two cash-generating units ["CGU"] for the purpose of assessing the carrying value of the allocated goodwill and intangible assets, being the asset management and asset administration operating segments as described in Note 17.

[b] Impairment testing of goodwill

As at December 31, 2011 and 2010, CI had goodwill of \$927,344 and \$192,582 for the asset management and asset administration operating segments, respectively [January 1, 2010 – \$858,703 and \$192,582, respectively]. The recoverable amount of goodwill for the asset management and asset administration operating segments as at December 31, 2011 and 2010 and as at January 1, 2010 has been calculated at fair value less costs to sell, using a valuation multiple applied to assets under management and assets under administration, respectively. This methodology is commonly used in the marketplace by independent equity research analysts.

The calculation of the recoverable amounts exceeds the carrying amount of goodwill for both the asset management and the asset administration operating segments. Recent equity market performance, recent market transactions and CI's current market capitalization provide additional evidence that the recoverable amount of goodwill is in excess of the carrying amount.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[c] Impairment testing of fund contracts

As at December 31, 2011 and 2010, CI had indefinite life fund management contracts within the asset management CGU of \$999,082 [January 1, 2010 – \$967,082]. These are contracts for the management of open end funds which have no expiry or termination provisions. The recoverable amount of indefinite life intangibles for the asset management operating segment as at December 31, 2011 and 2010 and as at January 1, 2010 has been determined from a value in use calculation, using 10-year forecasts and a terminal value for the period thereafter. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. The terminal value has been calculated assuming a long-term growth rate of 2% per annum in perpetuity [January 1 and December 31, 2010 – 2%], based on a long-term real GDP growth rate. A discount rate of 8.05% per annum [December 31, 2010 – 9.14% and January 1, 2010 – 9.77%] has been applied to the recoverable amount calculation.

The calculation of the recoverable amount exceeds the carrying amount of indefinite life management contracts as at December 31, 2011 and 2010 and as at January 1, 2010. Recent equity market performance provides additional evidence that the recoverable amount of indefinite life intangibles is in excess of the carrying amount.

5. OTHER ASSETS, INCOME AND EXPENSES

Other assets consists mainly of an investment in a limited partnership, long-term accounts receivable, deferred charges and loans advanced to employees, shareholders and investment advisors.

CI has an employee share purchase loan program for key employees. These loans are renewable yearly and bear interest at prescribed rates. As at December 31, 2011, the carrying amount of employee share purchase loans is \$10,450 [December 31, 2010 – \$13,902 and January 1, 2010 – \$15,846] and is included in other assets. These loans become due immediately upon termination of employment or sale of the shares that are held as collateral. As at December 31, 2011, the shares held as collateral have a market value of approximately \$16,941 [December 31, 2010 – \$26,300 and January 1, 2010 – \$29,030].

Other assets include shareholder loans in the amount of \$3,185 as at December 31, 2011 [December 31, 2010 – \$10,368 and January 1, 2010 – \$11,303] issued primarily to investment advisors. These amounts are secured primarily by common shares of CI that are held as collateral. These loans become due immediately either on termination of the advisor relationship or upon the sale of CI shares that are held as collateral. As at December 31, 2011, the shares held as collateral have a market value of approximately \$3,190 [December 31, 2010 – \$18,656 and January 1, 2010 – \$17,352].

CI has a hiring and retention incentive program whereby loans are extended to current investment advisors. These loans are initially recorded at their fair value, may bear interest at prescribed rates and are contractually forgiven on a straight-line basis over the applicable contractual period, which varies in length from three to seven years. CI utilizes the effective interest rate method to amortize the forgiven amount. The forgiven amount is included in selling, general and administrative expenses. As at December 31, 2011, loans to investment advisors of \$1,576 [December 31, 2010 – \$3,646 and January 1, 2010 – \$5,826] are included in other assets. These loans become due on demand upon termination or breach in the terms of the agreements.

Other income consists mainly of fees received for the administration of third party mutual funds, custody fees, equity income, foreign exchange gains (losses) and interest income. Other expenses consists mainly of distribution fees to limited partnerships, legal settlements, amortization of debenture transaction costs and capital taxes.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

6. LONG-TERM DEBT

Long-term debt consists of the following:

	As at December 31, 2011 \$	As at December 31, 2010 \$	As at January 1, 2010 \$
Credit facility			
Bankers' acceptances	26,000	24,025	129,025
Prime rate loan	7,000	—	—
	33,000	24,025	129,025
Debentures			
\$100 million, floating rate, due December 16, 2011	—	99,748	99,640
\$250 million, 3.30%, due December 17, 2012	249,514	249,179	248,960
\$200 million, 4.19%, due December 16, 2014	199,258	199,042	198,899
\$300 million, 3.94% until December 13, 2015 and floating rate until December 14, 2016	298,583	298,368	—
	747,355	846,337	547,499
	780,355	870,362	676,524
Current portion of long-term debt	257,763	102,747	8,062

Credit facility

Effective March 17, 2011, CI entered into a new revolving credit facility with two Canadian chartered banks, terminating the credit facility that existed prior to this date. The amount that may be borrowed under this facility is \$150,000. Amounts may be borrowed under the facilities in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate and the Canadian Deposit Offering Rate plus 1.00%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 0.75%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the bank's reference rate for loans made by it in Canada in U.S. funds and the federal funds effective rate plus 1.00%, or LIBOR loans which bear interest at LIBOR plus 0.75%.

CI may also borrow under this facility in the form of letters of credit, which bear a fee of 0.75% on any undrawn portion. As at December 31, 2011, CI had accessed nil [December 31, 2010 – \$360 and January 1, 2010 – \$480] by way of letters of credit.

Loans are made by the bank under a 364-day revolving credit facility, the term of which may be extended annually at the bank's option. If the bank elects not to extend the term, 50% of the outstanding principal amount shall be repaid in equal quarterly instalments over the following two years, with the remaining 50% of the outstanding principal balance due two years following the first quarter-end payment.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

The credit facility is fully and unconditionally guaranteed by CI Investments, a wholly owned subsidiary of CI, and may be guaranteed by certain other subsidiaries of CI. The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. CI is within its financial covenants with respect to its credit facility, which require that the funded debt to annualized earnings before interest, taxes, depreciation and amortization ratio remain below 2.5:1 and that CI's assets under management not fall below \$40 billion, calculated based on a rolling 30-day average. There can be no assurance that future borrowings or equity financing will be available to CI or available on acceptable terms.

Debentures

On December 14, 2010, CI's subsidiary, CI Investments, completed an offering pursuant to which it issued \$300 million principal amount of debentures due December 14, 2016 [the "2016 Debentures"]. The Debentures issued in 2010 were issued for gross proceeds of \$299,919 or a price of 99.97. The net proceeds of the 2016 Debentures were used to repay amounts owed on CI's revolving credit facility and for the acquisition of Castlerock. Interest on the 2016 Debentures is paid semi-annually in arrears at a rate of 3.94% until December 14, 2015 and will pay a floating rate based on the three-month bankers' acceptance rate plus 3.00% paid quarterly in arrears during the period December 15, 2015 thru to December 14, 2016. Interest expense attributable to the 2016 Debentures was \$11,885 for the year ended December 31, 2011 [period December 14 to December 31, 2010 – \$486].

On December 16, 2009, CI entered into interest rate swap agreements with a Canadian chartered bank to swap the semi-annual fixed rate payments on the \$250 million debentures due December 17, 2012 [the "2012 Debentures"] and the \$200 million debentures due December 16, 2014 [the "2014 Debentures"] for floating rate payments. Based on the terms of the agreements, CI pays a rate equivalent to the three-month Canadian bankers' acceptance rate CDOR plus a spread of 142.4 basis points on the 2012 Debentures and a spread of 157.6 basis points on the 2014 Debentures. The rates are reset quarterly and paid semi-annually to match the fixed payment obligations of the Debentures. The swap agreements terminate on the maturity date of the respective Debentures unless terminated by CI at an earlier date. As at December 31, 2011, the fair value of the interest rate swap was an unrealized gain of \$9,899 [December 31, 2010 – unrealized gain of \$2,467 and January 1, 2010 – unrealized loss of \$3,680] and is included in long-term debt in the consolidated statement of financial position. For the year ended December 31, 2011, interest expense attributable to the 2012 Debentures and the 2014 Debentures was \$6,799 and \$5,740 respectively [2010 – \$5,563 and \$4,759 respectively]

On December 16, 2011, CI repaid \$100 million of floating rate debentures which were issued on December 15, 2009 [the "Floating Rate Debentures"]. Interest on the Floating Rate Debentures was paid at the average three-month bankers' acceptance rate, of quotes shown on the Reuters Screen CDOR plus 1.20%, in arrears commencing March 16, 2010. Interest expense attributable to the Floating Rate Debentures was \$2,385 for the year ended December 31, 2011 [2010 – \$2,003].

Issuance costs and the issuance discount are amortized over the term of the Debentures using the effective interest rate method. The amortization expense related to the discount and transaction costs for CI's issued Debentures for the year ended December 31, 2011 were \$998 [2010 – \$588] which is included in other expenses.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

CI may, at its option, redeem the 2012 Debentures or the 2014 Debentures, and CI Investments may, at its option, redeem the 2016 Debentures, in whole or in part, from time to time, on not less than 30 nor more than 60 days' prior notice to the registered holder, at a redemption price which is equal to the greater of par or the Government of Canada yield, plus 36 basis points in the case of the 2012 Debentures, 41 basis points in the case of the 2014 Debentures and 37.5 basis points in the case of the 2016 Debentures. CI considers this embedded prepayment option to be closely related to the Debentures and, as such, does not account for it separately as a derivative.

In the event that both a change of control occurs and the rating of the Debentures is lowered to below investment grade, defined as below BBB- by Standard & Poors and BBB (low) by DBRS Limited, CI will be required to make an offer to repurchase all or, at the option of each holder, any part of each holder's Debentures at a purchase price payable in cash equivalent to 101% of the outstanding principal amount of the Debentures together with accrued and unpaid interest, to the date of purchase.

When determining the carrying value of the Debentures, CI has considered the likelihood of a change in control event and the likelihood of exercising the prepayment option.

The 2012 Debentures and 2014 Debentures are fully and unconditionally guaranteed by CI Investments and may be guaranteed by certain other subsidiaries of CI. The 2016 Debentures are fully and unconditionally guaranteed by CI.

7. PROVISION FOR OTHER LIABILITIES

CI is engaged in litigation arising in the ordinary course of business. CI has made provisions based on current information and the probable resolution of any such proceedings and claims. The movement in amounts provided for legal litigation and related expenses during the year ended December 31, 2011 and 2010 are as follows:

	2011	2010
	\$	\$
Provision for other liabilities, beginning of year	11,428	26,593
Additions	1,417	737
Amounts used	(1,597)	(15,310)
Unused amounts reversed	(2,301)	(592)
Provision for other liabilities, end of year	8,947	11,428
Current portion of provision for other liabilities	2,417	2,275

During 2010, CI settled claims of \$15,310 related primarily to matters that arose in acquired subsidiaries. CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the year ended December 31, 2011, CI received insurance proceeds of \$16,004 related to the settlement of legal claims for 2011 and prior [2010 – nil]. As at December 31, 2011, included in accounts receivable and prepaid expenses, is an amount of \$40 [January 1, 2010 and December 31, 2010 – nil] to be received under insurance policies.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

8. PREFERRED SHARES ISSUED BY SUBSIDIARY

As at January 1, 2010, there were 20,662,500 preferred shares issued and outstanding. On January 22, 2010, the preferred shareholders sold their interests to CI in exchange for cash of \$20,662.

9. SHARE CAPITAL

A summary of the changes to CI's share capital is as follows:

[a] Authorized and issued

	Number of shares [in thousands]	Stated value
Common Shares	#	\$
Authorized		
An unlimited number of common shares of CI		
Issued		
Common shares, balance, January 1, 2010	291,821	2,008,846
Issuance of share capital on vesting of deferred equity units and exercise of share options	455	8,993
Share repurchase	(4,842)	(33,351)
Common shares, balance, December 31, 2010	287,434	1,984,488
Issuance of share capital on vesting of deferred equity units and exercise of share options	863	12,575
Share repurchase	(4,730)	(32,729)
Common shares, balance, December 31, 2011	283,567	1,964,334

During the year ended December 31, 2011, 4,729,800 shares [2010 – 4,842,451 shares] were repurchased under a normal course issuer bid at an average cost of \$20.13 per share [2010 – \$20.02 per share] for total consideration of \$95,194 [2010 – \$96,965]. Deficit was increased by \$62,465 [2010 – \$63,614] for the cost of the shares repurchased in excess of their stated value.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[b] Employee incentive share option plan

CI has an employee incentive share option plan [the “Share Option Plan”], as amended and restated, for the executives and key employees of CI.

During the year ended December 31, 2011, CI granted 1,577,170 options to employees. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 0% to 1%, with an offset to contributed surplus. The fair value of the 2011 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of Grant	2011	2011
# of options grants [in thousands]	370	1,207
Vesting terms	1/3 at end of each year following the grant date	1/3 at end of each year following the grant date
Dividend yield	4.514% – 4.833%	4.702% – 5.035%
Expected volatility (*)	20.00%	20.00%
Risk-free interest rate	2.276% – 2.637%	2.202% – 2.592%
Expected life [years]	3.0 – 4.2	3.0 – 4.2
Fair value per stock option	\$2.40 – \$2.71	\$2.26 – \$2.54
Exercise price	\$22.45	\$21.55

(*) Based on the historical volatility of CI's share price

The March 2010 federal budget, which was enacted in December 2010, included changes designed to restrict the tax deductibility of cash payments to employees made upon exercise of stock options. In response to these changes, the Share Option Plan was amended effective July 1, 2010 such that CI revoked the employee's right to demand cash settlement.

As a result of this modification, all outstanding options granted prior to 2010 that were previously accounted for as a liability are accounted for using the fair value method on the modification date. As a result of this change, \$17,050 was transferred to contributed surplus. The remaining modification date fair value of \$7,738 will be recognized as an expense over the remaining vesting period of the respective options. The fair value of the modified options was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2005	2006	2008	2009
# of options outstanding at modification date [in thousands]	177	8	792	3,819
Dividend yield	4.40%	4.40%	4.70%	4.7% – 5.1%
Expected volatility (*)	20.00%	20.00%	20.00%	20.00%
Risk-free interest rate	0.55% – 0.94%	1.00% – 1.29%	1.71%	1.75% – 1.85%
Expected life [years]	0 – 0.5	0.6 – 1.3	2.3	2.4 – 2.6
Fair value per stock option	\$0.10 – \$0.47	\$0.05 – \$0.21	\$5.23	\$1.53 – \$6.20
Exercise price	\$18.15 – \$18.94	\$23.06 – \$23.09	\$12.57	\$11.60 – \$18.20

(*) Based on the historical volatility of CI's share price

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

During the year ended December 31, 2010, CI granted 2,147,538 options to employees. The fair value method of accounting is used for the valuation of the 2010 share option grants. Compensation expense is recognized over the three-year vesting period, assuming a 0.75% forfeiture rate, with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to share capital. The fair value of the 2010 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2010	2010	2010
# of options grants [in thousands]	1,823	130	194
Vesting terms	1/3 at end of each year following the grant date	100% at the end of 3 years	1/3 at end of each year following the grant date
Dividend yield	4.20%	4.20%	4.70%
Expected volatility (*)	20.00%	20.00%	20.00%
Risk-free interest rate	2.22%	2.38%	2.62%
Expected life [years]	3.5	3.8	3.5
Fair value per stock option	\$2.44	\$2.39	\$2.22
Exercise price	\$21.27	\$21.27	\$19.48

(*) Based on the historical volatility of CI's share price

The maximum number of shares that may be issued under the Share Option Plan is 14,000,000 shares. As at December 31, 2011, there are 6,018,092 shares [2010 – 6,270,204 shares] reserved for issuance on the exercise of share options. These options vest over periods of up to five years, may be exercised at prices ranging from \$11.60 to \$22.45 per share and expire at dates up to 2016.

A summary of the changes in the Share Option Plan is as follows:

	Number of options [in thousands] #	Weighted average exercise price \$
Options outstanding, January 1, 2010	6,394	13.11
Options exercisable, January 1, 2010	1,067	16.52
Options granted	2,148	21.11
Options exercised (*)	(2,198)	14.06
Options cancelled	(74)	14.65
Options outstanding, December 31, 2010	6,270	15.50
Options exercisable, December 31, 2010	727	13.52
Options granted	1,577	21.76
Options exercised (*)	(1,665)	12.90
Options cancelled	(164)	18.02
Options outstanding, December 31, 2011	6,018	17.80
Options exercisable, December 31, 2011	1,585	15.96

(*) Weighted-average share price of exercises was \$21.68 during the year 2011 [2010 – \$21.18]

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

The equity-based compensation expense under the Share Option Plan for the year ended December 31, 2011 of \$7,000 [2010- \$1,914] has been included in selling, general and administrative expenses.

Options outstanding and exercisable as at December 31, 2011 are as follows:

Exercise price \$	Number of options outstanding [in thousands] #	Weighted average remaining contractual life [years]	Number of options exercisable [in thousands] #
11.60	1,725	2.2	484
12.57	345	1.9	345
15.59	202	2.3	87
18.10	20	2.5	13
18.20	144	2.4	30
19.48	189	3.4	60
21.27	1,855	3.2	566
21.55	1,168	4.1	—
22.45	370	4.2	—
11.60 to 22.45	6,018	3.0	1,585

[c] Basic and diluted earnings per share

The following table presents the calculation of basic and diluted earnings per common share for the years ended December 31:

[in thousands]	2011	2010
Numerator:		
Net income – basic and diluted	\$376,899	\$328,568
Denominator:		
Weighted average number of common shares - basic	286,998	289,069
Weighted average effect of dilutive stock options and deferred equity units (*)	1,202	1,283
Weighted average number of common shares - diluted	288,200	290,352
Net earnings per common share		
Basic	\$1.31	\$1.14
Diluted	\$1.31	\$1.13

(*) The determination of the weighted average number of common shares – diluted excludes 3,393,000 shares related to stock options that were anti-dilutive for the year ended December 31, 2011 [and 2,137,000 shares for the year ended December 31, 2010].

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[d] Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at January 31, 2012 were exercised and outstanding:

[in thousands]

Shares outstanding at January 31, 2012	283,633
Options to purchase shares	5,349
	288,982

10. DIVIDENDS

The following dividends were paid by CI during the year ended December 31, 2011:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2010	January 14, 2011	0.07	20,146
January 31, 2011	February 15, 2011	0.07	20,179
February 28, 2011	March 15, 2011	0.07	20,183
March 31, 2011	April 15, 2011	0.075	21,615
April 30, 2011	May 13, 2011	0.075	21,620
May 31, 2011	June 15, 2011	0.075	21,632
June 30, 2011	July 15, 2011	0.075	21,634
July 31, 2011	August 15, 2011	0.075	21,501
August 31, 2011	September 15, 2011	0.075	21,569
September 30, 2011	October 14, 2011	0.075	21,500
October 31, 2011	November 15, 2011	0.075	21,324
November 30, 2011	December 15, 2011	0.075	21,298
Paid during the year ended December 31, 2011			254,201

The following dividends were declared but not paid by CI during the year ended December 31, 2011:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2011	January 13, 2012	0.075	21,263
January 31, 2012	February 15, 2012	0.075	21,263
Declared and accrued as at December 31, 2011			42,526

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

The following dividends were paid by CI during the year ended December 31, 2010:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2009	January 15, 2010	0.06	17,548
January 31, 2010	February 15, 2010	0.06	17,530
March 2, 2010	March 15, 2010	0.06	17,480
March 31, 2010	April 15, 2010	0.06	17,503
April 30, 2010	May 14, 2010	0.06	17,460
May 31, 2010	June 15, 2010	0.065	18,759
June 30, 2010	July 15, 2010	0.065	18,771
July 31, 2010	August 13, 2010	0.065	18,742
August 31, 2010	September 15, 2010	0.065	18,683
September 30, 2010	October 15, 2010	0.065	18,719
October 31, 2010	November 15, 2010	0.065	18,719
November 30, 2010	December 15, 2010	0.07	20,115
Paid during the year ended December 31, 2010			220,029

The following dividends were declared but not paid by CI during the year ended December 31, 2010:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2010	January 14, 2011	0.07	20,107
January 31, 2011	February 15, 2011	0.07	20,107
February 28, 2011	March 15, 2011	0.07	20,106
Declared and accrued as at December 31, 2010			60,320

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

11. INCOME TAXES

[a] The following are the major components of income tax expense for the years ended December 31:

	2011	2010
	\$	\$
Income Statement		
Current income taxes		
Based on taxable income of the current year	132,387	140,582
Adjustments in respect of prior years	(967)	(1,049)
	131,420	139,533
Deferred income taxes		
Origination and reversal of temporary differences	12,203	6,462
Other	548	—
	12,751	6,462
Income tax expense recognized in net income	144,171	145,995
Statement of Other Comprehensive Income (Loss)		
Deferred income taxes		
Unrealized gain (loss) on available-for-sale financial assets	(449)	58
Reversal of losses to net income on available-for-sale financial assets	125	17
Income tax expense (recovery) recognized in other comprehensive income (loss)	(324)	75

[b] The following is a reconciliation of CI's statutory and effective income tax rates for the years ended December 31:

	2011	2010
	%	%
Combined Canadian federal and provincial income tax rate	28.2	30.9
Increase (decrease) in income taxes resulting from		
Impact of rate changes on deferred income taxes	(1.0)	(1.2)
Recovery of prior years' provisions for settled tax items	0.4	0.2
Other, net	0.1	1.3
	27.7	30.8

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[c] Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2011:

	As at January 1, 2011	Recognized in net income	Recognized in other comprehensive income (loss)	As at December 31, 2011
	\$	\$	\$	\$
Deferred income tax liabilities				
Fund contracts	264,831	(3,099)	—	261,732
Deferred sales commissions	132,874	(10,020)	—	122,854
Total deferred income tax liabilities	397,705	(13,119)	—	384,586
Deferred income tax assets				
Equity-based compensation	6,576	(472)	—	6,104
Non-capital loss carryforwards	32,652	(24,512)	—	8,140
Provision for other liabilities	2,609	(435)	—	2,174
Other	7,093	(451)	324	6,966
Total deferred income tax assets	48,930	(25,870)	324	23,384
Net deferred income tax liabilities	348,775	12,751	(324)	361,202

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2010:

	As at January 1, 2010	Recognized in net income	Recognized in other comprehensive income (loss)	Business combination	As at December 31, 2010
	\$	\$	\$	\$	\$
Deferred income tax liabilities					
Fund contracts	255,662	1,169	—	8,000	264,831
Deferred sales commissions	142,817	(9,943)	—	—	132,874
Total deferred income tax liabilities	398,479	(8,774)	—	8,000	397,705
Deferred income tax assets					
Equity-based compensation	14,444	(7,868)	—	—	6,576
Non-capital loss carryforwards	17,481	(5,192)	—	20,363	32,652
Provision for other liabilities	3,073	(464)	—	—	2,609
Other	8,880	(1,712)	(75)	—	7,093
Total deferred income tax assets	43,878	(15,236)	(75)	20,363	48,930
Net deferred income tax liabilities	354,601	6,462	75	(12,363)	348,775

The ultimate realization of deferred income tax assets is dependent upon future taxable income during the periods in which those temporary differences become deductible. Management considers the expected reversal of deferred income tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes it is probable that CI will realize the benefits of these deductible differences.

12. FINANCIAL INSTRUMENTS

Financial assets are classified into three categories, FVPL, loans and receivables and AFS. As at December 31, 2011, FVPL assets include cash and cash equivalents carried at fair value and classified in the Level 1 fair value hierarchy of \$122,550 [December 31, 2010 – \$216,537 and January 1, 2010 – \$77,120]. The carrying amount of loans and receivables include client and trust funds on deposit of \$124,978 [December 31, 2010 – \$108,726 and January 1, 2010 – \$109,004], accounts receivable of \$63,300 [December 31, 2010 – \$82,121 and January 1, 2010 – \$85,323] and other assets of \$27,904 [December 31, 2010 – 41,568 and January 1, 2010 – \$47,760]. AFS assets as at December 31, 2011 include CI's marketable securities of \$42,099 carried at fair value of which \$25,798 have been classified in the Level 1 fair value hierarchy and \$16,301 in the Level 2 fair value hierarchy [December 31, 2010 – \$16,773 and \$16,527 in the Level 1 fair value hierarchy and Level 2 fair value hierarchy, respectively and January 1, 2010 – \$1,109 and \$5,351 in the Level 1 fair value hierarchy and Level 2 fair value hierarchy, respectively].

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Financial liabilities are classified into two categories, FVPL and other liabilities. Included in accounts payable and accrued liabilities as at December 31, 2011 is \$460 classified in the Level 1 fair value hierarchy [January 1, 2010 and December 31, 2010 – nil]. Other liabilities include accounts payable and accrued liabilities of \$120,337 [December 31, 2010 – \$131,917 and January 1, 2010 – \$111,046], dividends payable of \$42,526 [December 31, 2010 – \$60,320 and January 1, 2010 – \$35,096] and long-term debt of \$780,355 [December 31, 2010 – \$870,362 and January 1, 2010 – \$676,524].

For all other financial assets and financial liabilities, the carrying value approximates fair value due to the short-term nature of these instruments.

13. RISK MANAGEMENT

Risk management is an integrated process with independent oversight. CI's management and compliance group has established a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's senior management takes an active role in the risk management process by reviewing policies and procedures within each business segment and assessing and mitigating the various financial risks that could impact CI's financial position and results of operations.

CI's financial instruments bear the following financial risks:

[a] Market risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity prices. Management of CI's market risk is the responsibility of the Chief Financial Officer. The corporate finance group reviews the exposure to interest rate risk, foreign exchange risk and equity risk by identifying, monitoring and reporting potential market risks to the Chief Financial Officer. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange risk is the risk of gain or loss due to the volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in the prices and the volatility of individual equity instruments and equity indexes.

CI's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in the performance and may adversely affect CI's assets under management and financial results.

[i] Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Fluctuations in interest rates have a direct impact on the interest payments CI makes on its long-term debt.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Debt outstanding on CI's credit facility of \$33,000 [December 31, 2010 – \$24,025 and January 1, 2010 – \$129,025] is borrowed at a floating interest rate. The existing credit facility provides CI with the option of fixing interest rates, should CI change its view on its exposure to rising interest rates. As at December 31, 2011, CI also has \$750,000 fixed interest rate Debentures [January 1 and December 31, 2010 – \$850,000 of which \$100,000 is based on a floating interest rate and the remaining \$750,000 is based on fixed interest rates]. In 2009 CI entered into interest rate swap agreements with a Canadian chartered bank to convert the fixed interest rates on \$250,000 of the 2012 Debentures and \$200,000 of the 2014 Debentures to floating interest rates.

Based on the amount borrowed under the credit facility and Debentures outstanding as at December 31, 2011, each 0.50% increase or decrease in interest rates would result in annual interest expense increasing or decreasing by \$2.4 million [December 31, 2010 – \$2.8 million and January 1, 2010 – \$3.4 million], respectively.

[ii] Foreign exchange risk

As at December 31, 2011, net financial assets of \$7 million [December 31, 2010 – \$5 million and January 1, 2010 – \$4 million] were denominated in U.S. currency. A 10% increase or decrease in U.S. exchange rates would result in a foreign exchange gain or loss of \$0.7 million [December 31, 2010 – \$0.5 million and January 1, 2010 – \$0.4 million], respectively. CI may enter into forward contracts to manage its foreign exchange exposure.

[iii] Equity risk

CI's marketable securities as at December 31, 2011 of \$42,099 [December 31, 2010 – \$33,300 and January 1, 2010 – \$6,460] are exposed to equity risk. Based on the carrying amount of these assets, an increase or decrease in equity market prices by 10% would result in estimated gains or losses of \$4.2 million [December 31, 2010 – \$3.3 million and January 1, 2010 – \$0.6 million], respectively.

[b] Liquidity risk

Liquidity risk arises from the possibility that CI will encounter difficulties in meeting its financial obligations as they fall due. CI manages its liquidity risk through a combination of cash received from operations as well as borrowings under its revolving credit facility. Liquidity is monitored through a daily cash management process that includes the projection of cash flows to ensure CI meets its funding obligations.

CI's liabilities have contractual maturities, excluding interest payments, as follows:

	Total	2012	2013	2014	2015	2016
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	120,797	120,797	—	—	—	—
Dividends payable	42,526	42,526	—	—	—	—
Client and trust funds payable	123,745	123,745	—	—	—	—
Long-term debt	783,000	258,250	8,250	216,500	—	300,000
Total	1,070,068	545,318	8,250	216,500	—	300,000

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[c] Credit risk

Credit risk arises from the potential that investors, clients or counterparties fail to satisfy their obligations.

As at December 31, 2011, financial assets of \$216,181 [December 31, 2010 – \$232,415 and January 1, 2010 – \$242,087], represented by client and trust funds on deposit of \$124,978 [December 31, 2010 – \$108,726 and January 1, 2010 – \$109,004], accounts receivable of \$63,300 [December 31, 2010 – \$82,121 and January 1, 2010 – \$85,323] and other assets of \$27,904 [December 31, 2010 – \$41,568 and January 1, 2010 – \$47,760], were exposed to credit risk. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral, where appropriate.

Client and trust funds on deposit consist mainly of cash deposits or unsettled trade receivables. CI may also extend amounts to clients on a margin basis for security purchases. Collateral is provided in margin accounts by each client in the form of securities purchased and/or other securities and cash balances. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties.

Credit risk associated with accounts receivable is limited as the balance primarily consists of trade receivables that are outstanding for less than 90 days.

Other assets primarily represent loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program. Employee loans are collateralized by CI shares and become due immediately upon termination of the employee or upon the sale of the shares held as collateral. Commissions may be used to offset loan amounts made to investment advisors in the event of default. Credit risk associated with other assets is limited given the nature of the relationship with the counterparties.

14. CAPITAL MANAGEMENT

CI's objectives in managing capital are to maintain a capital structure that allows CI to meet its growth strategies and build long-term shareholder value, while satisfying its financial obligations and meeting its long-term debt covenants.

CI's capital is comprised of shareholders' equity and long-term debt [including current portion of long-term debt] and preferred shares issued by subsidiary. CI's senior management is responsible for the management of capital. CI's Board of Directors is responsible for reviewing and approving CI's capital policy and management.

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. As at December 31, 2011 and 2010 and as at January 1, 2010, CI met its capital requirements.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

CI's capital consists of the following:

	December 31, 2011	December 31, 2010	January 1, 2010
	\$	\$	\$
Shareholders' equity	1,620,185	1,566,074	1,559,916
Long-term debt	780,355	870,362	676,524
Preferred shares issued by subsidiary	—	—	20,662
Total capital	2,400,540	2,436,436	2,257,102

15. COMMITMENTS AND CONTINGENCIES

Lease commitments

CI has entered into leases relating to the rental of office premises and computer equipment. CI has the option to renew certain leases. The approximate future minimum annual rental payments under such leases are as follows:

	\$
2012	11,264
2013	9,621
2014	8,913
2015	8,338
2016	8,273
2017 and thereafter	64,259

Shareholder advisor agreements

CI is a party to shareholder advisor agreements, which provide that the shareholder advisor has the option to require CI to purchase a practice that cannot otherwise be transitioned to a qualified buyer. The purchase price would be in accordance with a pre-determined formula contained in the shareholder advisor agreements.

Indemnities

CI has agreed to indemnify its directors and officers, and certain of its employees in accordance with its by-laws. CI maintains insurance policies that may provide coverage against certain claims.

Litigation

CI is engaged in litigation arising in the ordinary course of business. CI has made provisions for the probable resolution of any such proceedings and claims [Note 7]. Outside of these provisions, litigation is not expected to have a material effect on the financial position or results of operations of CI.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

16. RELATED PARTY TRANSACTIONS

The Bank of Nova Scotia ["Scotiabank"] owns approximately 36.5% of the common shares of CI, and is therefore considered a related party. CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank and its related parties. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the year ended December 31, 2011, CI incurred charges for deferred sales commissions of \$4,896 and trailer fees of \$19,978 [2010 – \$2,514 and \$6,960, respectively] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at December 31, 2011 of \$1,681 [December 31, 2010 – \$640 and January 1, 2010 – \$602] is included in accounts payable and accrued liabilities.

Scotiabank was the provider of and administrative agent for CI's revolving credit facility during the period January 1, 2011 to March 17, 2011 and for the year ended December 31, 2010. As at December 31, 2010, CI had drawn long-term debt of \$24,025 in the form of bankers' acceptances [January 1, 2010 – \$129,025]. During the period January 1, 2011 to March 17, 2011, interest and stamping fees of \$389 [2010 – \$2,782] were recorded as interest expense.

During 2010, Scotiabank acted as an agent in offering CI's Debentures for sale and received \$263. This amount has been netted against long-term debt and will be amortized using the effective interest rate method over the term of the Debentures. Also, on December 16, 2009, CI entered into an interest rate swap agreement with Scotiabank as described in Note 6.

17. SEGMENTED INFORMATION

CI has two reportable segments: Asset Management and Asset Administration. These segments reflect CI's internal financial reporting and performance measurement.

The Asset Management segment includes the operating results and financial position of CI Investments, Castlerock which amalgamated with CI Investments on June 30, 2011 and CI Private Counsel LP which derive their revenues principally from the fees earned on the management of several families of mutual and segregated funds.

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. and Assante Financial Management Ltd. These companies derive their revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Segmented information as at and for the year ended December 31, 2011 is as follows:

	Asset management \$	Asset administration \$	Intersegment eliminations \$	Total \$
Management fees	1,302,773	—	—	1,302,773
Administration fees	—	226,179	(93,907)	132,272
Other revenue	45,558	15,690	—	61,248
Total revenue	1,348,331	241,869	(93,907)	1,496,293
Selling, general and administrative	235,938	54,838	—	290,776
Trailer fees	394,059	—	(14,605)	379,454
Investment dealer fees	—	179,529	(75,776)	103,753
Amortization of deferred sales commissions and intangibles	169,665	1,504	(4,352)	166,817
Other expenses	4,178	2,749	—	6,927
Total expenses	803,840	238,620	(94,733)	947,727
Income before income taxes and non-segmented items	544,491	3,249	826	548,566
Interest expense				(27,496)
Provision for income taxes				(144,171)
Net income for the year				376,899
Identifiable assets	731,810	246,536	(12,372)	965,974
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,658,236	439,118	(12,372)	3,084,982

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Segmented information as at and for the year ended December 31, 2010 is as follows:

	Asset management \$	Asset administration \$	Intersegment eliminations \$	Total \$
Management fees	1,192,991	—	—	1,192,991
Administration fees	—	219,255	(92,394)	126,861
Other revenue	44,481	15,414	—	59,895
Total revenue	1,237,472	234,669	(92,394)	1,379,747
Selling, general and administrative	210,492	53,148	—	263,640
Trailer fees	360,325	—	(14,092)	346,233
Investment dealer fees	—	172,505	(74,261)	98,244
Amortization of deferred sales commissions and intangibles	172,608	1,504	(3,951)	170,161
Other expenses	5,358	3,537	—	8,895
Total expenses	748,783	230,694	(92,304)	887,173
Income before income taxes and non-segmented items	488,689	3,975	(90)	492,574
Interest expense				(18,011)
Provision for income taxes				(145,995)
Net income for the year				328,568
Identifiable assets	902,782	199,186	(14,542)	1,087,426
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,829,208	391,768	(14,542)	3,206,434

18. COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key executive personnel of CI during the year ended December 31, is as follows:

	2011 \$	2010 \$
Salaries	9,230	9,050
Equity-based compensation	1,365	1,362
	10,595	10,412

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

19. TRANSITION TO IFRS

CI adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. Prior to the adoption of IFRS, CI prepared its financial statements in accordance with Canadian Generally Accepted Accounting Principles ["Canadian GAAP"]. CI's financial statements for the year ending December 31, 2011 is the first annual financial statements that comply with IFRS. CI has prepared its opening statement of financial position and financial statements for 2010 and 2011 by applying existing IFRS with an effective date of December 31, 2011 or prior.

[a] Elected exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards* ["IFRS 1"], CI has applied certain of the optional exemptions from full retrospective application of IFRS. The optional exemptions applied are described as follows:

[i] Business combinations

CI has applied the business combinations exemption in IFRS 1 to not apply IFRS 3, *Business Combinations*, retrospectively to past business combinations. Accordingly, CI has not restated business combinations that took place prior to the transition date.

[ii] Share-based payment transactions

CI has elected to apply IFRS 2, *Share-based payments* ["IFRS 2"] to equity instruments granted after November 7, 2002 that had not vested by the transition date. CI applied IFRS 2 for all liabilities arising from share-based payment transactions that existed at the transition date.

[b] Mandatory exemptions from full retrospective application

In preparing these consolidated financial statements in accordance with IFRS 1, CI has applied certain mandatory exemptions from full retrospective application of IFRS. The mandatory exemptions applied from full retrospective application of IFRS are described as follows:

[i] Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in IAS 39, *Financial Instruments: Recognition and Measurement*, at that date. CI's swap arrangements satisfied the hedge accounting criteria as of the transition date.

[ii] Estimates

Hindsight was not used to create or revise estimates and accordingly, the estimates made by CI under Canadian GAAP are consistent with their application under IFRS.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

[c] Reconciliations of Canadian GAAP to IFRS

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. IFRS 1 requires a reconciliation of equity, comprehensive income and cash flows for prior periods. These reconciliations along with the explanation of the differences are presented as follows:

Reconciliation of equity as reported under Canadian GAAP to IFRS:

	As at December 31, 2010 \$	As at January 1, 2010 \$
Shareholders' equity under Canadian GAAP	1,613,640	1,610,935
Differences increasing (decreasing) reported shareholders' equity:		
[i] Deferred sales commissions	(54,675)	(59,156)
[ii] Equity-based compensation	(2,346)	(3,886)
[iii] Provision for other liabilities	(9,954)	(12,098)
[iv] Business combinations	6,733	14,461
[v] Income taxes	12,676	9,660
Shareholders' equity under IFRS	1,566,074	1,559,916

Reconciliation of net income as reported under Canadian GAAP to IFRS:

	Year ended December 31, 2010 \$
Net income under Canadian GAAP	330,815
Differences increasing (decreasing) reported net income:	
[i] Deferred sales commissions	4,481
[ii] Equity-based compensation	1,540
[iii] Provision for other liabilities	2,144
[iv] Business combinations	(7,728)
[v] Income taxes	(2,684)
	(2,247)
Net income under IFRS	328,568

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Reconciliation of comprehensive income as reported under Canadian GAAP to IFRS:

	Year ended December 31, 2010 \$
Comprehensive income under Canadian GAAP	331,229
Differences in net income	(2,247)
Comprehensive income under IFRS	328,982

Reconciliation of cash flow activities as reported under Canadian GAAP to IFRS:

	As reported under Canadian GAAP	IFRS adjustments	As reported under IFRS
For the year ended December 31, 2010	Ref \$	\$	\$
Cash flow from operating activities	[i] 576,685	(68)	576,617
Cash flow from investing activities	[ii] (313,910)	68	(313,842)
Cash flow from financing activities	(123,358)	—	(123,358)

[i] *Deferred sales commissions*

Under both IFRS and Canadian GAAP, deferred sales commissions have been amortized on a straight-line basis over the expected investment period of 36 to 84 months. Under IFRS, the unamortized deferred sales commissions related to redemptions occurring prior to the end of the expected investment period are immediately charged to net income and included in the amortization of deferred sales commissions. Under Canadian GAAP, the amortization of deferred sales commissions was not adjusted for redemptions. Accordingly, the transition to IFRS has resulted in a general acceleration to the amortization of deferred sales commissions.

[ii] *Equity-based compensation*

Share option plan

Prior to July 1, 2010, CI's share option plan included a cash settlement option and the related awards were reflected on the statement of financial position as a liability. Under Canadian GAAP, the liability was measured based upon the intrinsic value of the outstanding share options with changes in intrinsic value recorded through earnings. Under IFRS, the liability has been measured based upon the fair value of the outstanding share options with changes in fair value recorded through earnings.

Deferred equity plans

Awards granted under the deferred equity plans vest in instalments. Such vesting conditions are often referred to as graded-vesting. IFRS requires that each instalment be treated as a separate award for purposes of calculating fair value and amortizing the expense into income. Under Canadian GAAP, CI treated the entire award as a single pool and determined fair value using the average life of the instrument, recognizing compensation expense on a straight-line basis.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

Additionally, under IFRS, a non-compete condition is considered to be a non-vesting condition and awards of equity having only non-vesting conditions must be expensed immediately at grant date with no reversal of the expense for forfeitures. Under Canadian GAAP, CI recognized compensation expense straight-line over the vesting period of 36 months.

These differences have resulted in a general acceleration of the recognition of compensation expense upon transition to IFRS.

[iii] Provision for other liabilities

Under IFRS, a provision is recognized when it is probable (50% certain) that an outflow of resources will be required to settle the obligation, whereas, under Canadian GAAP a provision was recognized when it was more likely than not (75% certain) that an outflow of resources would be required to settle the obligation. CI has several litigation related matters where the probability of loss was assessed at between 50 and 70 percent as at the transition date, therefore some additional amounts have been recognized upon adoption of IFRS. The provision for other liabilities accrual has also increased due to certain measurement differences between Canadian GAAP and IFRS.

[iv] Income taxes

Deferred income taxes are impacted by the change in temporary differences resulting from the effect of the IFRS reconciling items described in [i] to [iii] above.

Under IFRS, when an entity acquires another entity whose primary asset is a loss carry-forward, IAS 12, *Income taxes*, requires a deferred income tax asset be recognized to the extent probable that future taxable income will be available against which the unused tax losses and tax credits can be utilized. Canadian GAAP required that a deferred income tax asset be set up with a corresponding deferred credit for the excess of the future tax asset over its cost. CI reversed a deferred credit related to acquired tax losses to deficit on transition to IFRS.

[v] Presentation reclassifications

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP as follows:

Deferred income taxes

Under IFRS, deferred income tax assets and liabilities must be classified as non-current whereas under Canadian GAAP, deferred income tax assets and liabilities were classified as current or non-current as appropriate.

Provision for other liabilities

Under IFRS, provisions are presented as a separate line item under current and non-current liabilities. Under Canadian GAAP, CI presented provisions under accounts payable and accrued liabilities.

Other intangibles

Under IFRS, acquired software and trademarks are presented as an intangible asset, whereas under Canadian GAAP, software and trademarks were included as part of capital assets.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2011 and 2010

20. FUTURE ACCOUNTING CHANGES

CI is currently evaluating the impact the following new standards issued or amended by the IASB will have on its financial statements. CI has not yet determined whether to early adopt any of the new or amended standards.

International Accounting Standard	Issue Date /Amendment Date	Effective Date
IAS 1 – Presentation of Financial Statements	June 16, 2011	July 1, 2012
IFRS 10 – Consolidated Financial Statements	May 12, 2011	January 1, 2013
IFRS 12 – Disclosures of Interests in Other Entities	May 12, 2011	January 1, 2013
IFRS 13 – Fair Value Measurement	May 12, 2011	January 1, 2013
IFRS 9 – Financial Instruments	November 12, 2009	January 1, 2015

IAS 1, *Presentation of Financial Statements*, was amended to require entities to group together items within other comprehensive income (loss) that may be reclassified to net income (loss).

IFRS 10, *Consolidated Financial Statements* [“IFRS 10”], replaces the consolidation requirements in SIC-12, *Consolidation – Special Purpose Entities* and IAS 27, *Consolidated and Separate Financial Statements*. IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company.

IFRS 12, *Disclosures of Interests in Other Entities*, establishes disclosure requirements for interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interest in other entities.

IFRS 13, *Fair Value Measurements*, establishes the definition of fair value and sets out a single IFRS framework for measuring fair value and the required disclosures.

IFRS 9, *Financial Instruments* [“IFRS 9”], will replace IAS 39, *Financial Instruments: Recognition and Measurement* [“IAS 39”]. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules presently in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

This Report contains forward-looking statements with respect to CI, including its business operations and strategy and financial performance and condition. Although management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time.

Corporate Directory

CI Financial

DIRECTORS

Ronald D. Besse
President,
Besseco Holdings Inc.;
Lead Director
Toronto, Ontario

G. Raymond Chang
President,
G. Raymond Chang Ltd.;
Director
Toronto, Ontario

Paul W. Derksen
Corporate Director;
Director
Clarksburg, Ontario

William T. Holland
Chairman;
Director
Toronto, Ontario

Clay Horner
Partner,
Osler, Hoskin & Harcourt
LLP;
Director
Toronto, Ontario

Stephen A. MacPhail
President and
Chief Executive Officer,
CI Financial;
Director
Toronto, Ontario

Stephen T. Moore
Managing Director,
Newhaven Asset
Management Inc.;
Director
Toronto, Ontario

Tom P. Muir
Co-Managing Director,
Muir Detlefsen &
Associates Limited;
Director
Toronto, Ontario

A. Winn Oughtred
Corporate Director;
Director
Toronto, Ontario

David J. Riddle
President,
C-Max Capital Inc.;
Director
Vancouver, B.C.

OFFICERS

Stephen A. MacPhail
President and
Chief Executive Officer

Peter W. Anderson
Executive Vice-President
and Chief Investment
Officer

Sheila A. Murray
Executive Vice-President,
General Counsel and
Secretary

Douglas J. Jamieson
Senior Vice-President and
Chief Financial Officer

David C. Pauli
Executive Vice-President
and Chief Operating
Officer

CI Investments

EXECUTIVES

Derek J. Green
President

Douglas J. Jamieson
Senior Vice-President and
Chief Financial Officer

David C. Pauli
Executive Vice-President
and
Chief Operating Officer

Chris von Boetticher
Vice-President,
General Counsel and
Secretary

Assante Wealth Management

EXECUTIVES

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James E. Ross
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Corporate Information

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Trading Symbol

CI Financial trades on the Toronto Stock Exchange under the
symbol "CIX".

Auditors

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Chartered Accountants
Toronto-Dominion Centre
P.O. Box 251
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Registrar and Transfer Agent

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E-mail: caregistry@computershare.com

Normal Course Issuer Bid

Effective May 29, 2011, the Toronto Stock Exchange accepted CI's notice of intention to commence a normal course issuer bid (the "Notice") through the facilities of the Toronto Stock Exchange. Under the bid, which was amended on November 24, 2011, CI may purchase up to 10,000,000 Shares at the prevailing market price. Purchases under the bid will terminate no later than May 28, 2012. As of March 31, 2012, CI has acquired an aggregate of 5,030,700 Shares under the normal course issuer bid at an average price of \$20.21 per Share. Shareholders may obtain a copy of the Notice, without charge, by contacting the Corporate Secretary of CI. The Corporation intends to renew its Normal Course Issuer Bid effective May 29, 2012, subject to receipt of approval from the Toronto Stock Exchange.

Shareholder rights plan

The Corporation entered into an agreement (the "Rights Plan Agreement") dated as of January 1, 2009 with Computershare Investor Services Inc., as rights agent, in connection with the adoption of a shareholder rights plan (the "Rights Plan"). The Rights Plan Agreement supersedes and replaces the rights plan agreement dated as of October 28, 2008 and was ratified and approved at a meeting of voting unitholders of the Fund held December 19, 2008. The Rights Plan required that the Independent Shareholders (as that term is defined in the Rights Plan) of the Corporation be asked to ratify the continuation of the Rights Plan at the annual meeting of the shareholders held in 2011. The Corporation obtained the approval to continue the Rights Plan for a further term of three years, at the annual and special meeting of shareholders held on June 1, 2011. Accordingly, the Rights Plan will terminate at the close of the annual meeting of shareholders in 2013. The Notice of Meeting and Management Information Circular of the Corporation dated May 2, 2011 includes a summary of the Amended and Restated Rights Plan approved by the shareholders. The complete text may be found on SEDAR at www.sedar.com.

Digital Report

This Annual Report can be downloaded from CI's website at www.cifinancial.com under "Reports".

