CI Financial

Annual | Financial Report

December 31, 2016

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CI Financial

CI Financial Corp. is a diversified wealth management firm and one of Canada's largest investment managers. Independent and Canadian-owned, CI provides a comprehensive selection of investment products and services. CI has $118 billion in assets under management and $38 billion in assets under advisement (at December 31, 2016).

CI operates primarily through subsidiaries CI Investments Inc., Assante Wealth Management (Canada) Ltd., Stonegate Private Counsel LP, and First Asset Investment Management Inc., all of Toronto, and Grant Samuel Funds Management of Australia.

CI Investments is one of the country's largest investment managers and offers a wide selection of investment solutions and leading portfolio management teams. CI Institutional Asset Management serves the institutional marketplace.

Assante Wealth Management provides financial advisory services through 750 professional advisors across Canada. Stonegate Private Counsel, a division of CI Private Counsel LP, provides wealth planning services to high net worth individuals and families. First Asset is a leader in providing actively managed and factor-based ETFs to the Canadian marketplace.

Grant Samuel Funds Management (GSFM) manages and distributes investment strategies and products to Australian institutional and retail investors. GSFM partners with high-calibre local and international investment managers to offer differentiated mandates.

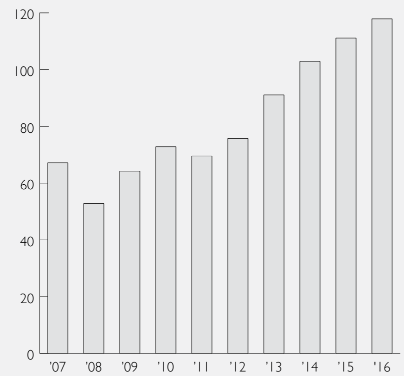
CI also owns a majority stake in Marret Asset Management Inc., a Toronto-based fixed-income investment manager, and minority interests in Altrinsic Global Advisors, LLC, a global asset manager based in Greenwich, Connecticut, and Lawrence Park Capital Partners Ltd. of Toronto, an alternative asset manager specializing in fixed-income strategies.

TEN-YEAR HISTORICAL FINANCIAL HIGHLIGHTS

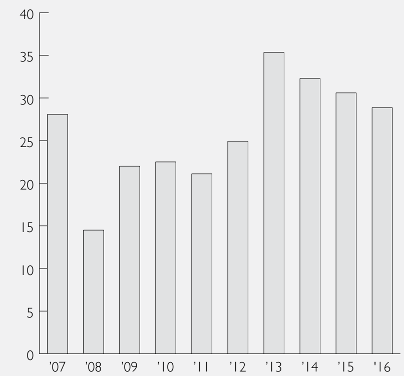
[In millions of dollars, except per share amounts]

(from continuing operations)	2016	2015	2014	2013	2012
	Years Ended Dec. 31				
Assets under management, end of year	**117,889**	111,124	102,886	91,090	75,723
Assets under advisement†	**38,235**	34,552	31,874	28,766	24,586
Total assets	**156,124**	145,676	134,761	119,856	100,309
Net sales of funds	**(5,916)**	3,431	3,928	3,686	973
Management fees	**1,748.7**	1,787.9	1,669.1	1,432.6	1,277.7
Other income	**199.6**	209.8	206.8	184.1	180.1
Total revenues	**1,948.3**	1,997.6	1,875.9	1,616.7	1,457.8
Selling, general and administrative	**396.8**	372.5	341.8	314.5	286.0
Trailer fees	**540.2**	553.6	511.6	429.2	374.0
Other expenses	**321.1**	313.1	305.0	290.7	294.0
Total expenses	**1,258.0**	1,239.2	1,158.4	1,034.4	954.0
Income taxes	**187.3**	204.9	192.5	155.9	151.6
Net income attributable to shareholders	**503.0**	553.5	525.0	426.4	352.2
Adjusted EBITDA*	**879.0**	940.4	894.5	769.6	703.6
Earnings per share	**1.86**	1.99	1.85	1.50	1.24
Adjusted EBITDA* per share	**3.24**	3.37	3.15	2.71	2.48
Dividends per share	**1.36**	1.30	1.19	1.07	0.96
Share price, end of year	**28.87**	30.60	32.29	35.35	24.93
Shares outstanding, end of year	**265,302,141**	276,026,778	281,708,663	284,396,101	282,914,642

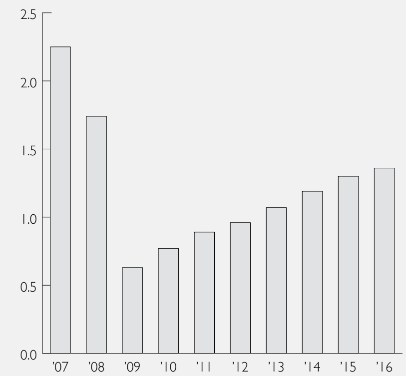
ASSETS UNDER MANAGEMENT
(AS AT FISCAL YEAR-END IN $ BILLIONS)



CIX SHARE PRICE
(AS AT FISCAL YEAR-END IN $)



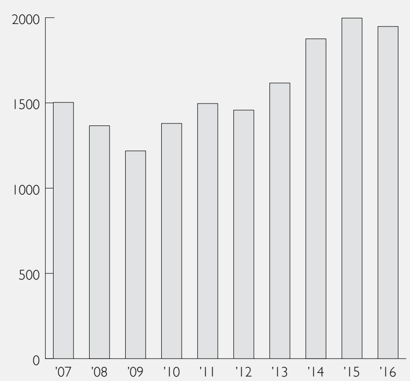
DIVIDENDS PER SHARE
(FOR THE FISCAL YEAR IN $)



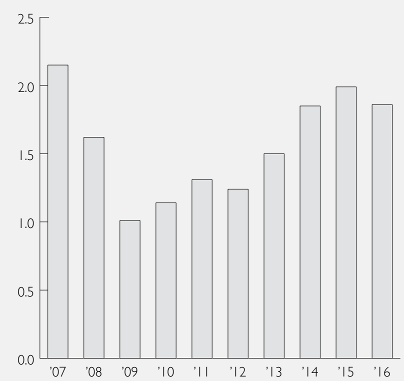
† Includes assets in CI and United funds and held by clients of advisors with Assante and Stonegate.
*Adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) is not a standardized earnings measure prescribed by IFRS. A description of this non-IFRS measure and a reconciliation to IFRS is provided in the "Non-IFRS Measures" section on page 30 of this report.

Years Ended Dec. 31					Seven Months Ended	Year Ended
2011	2010	2009	2008	2007	Dec. 31, 2006	May 31, 2006
69,558	72,825	64,226	52,801	67,171	62,737	56,905
22,698	23,645	22,414	19,236	26,538	28,176	25,425
92,257	96,470	86,640	72,037	93,709	90,913	82,330
323	1,059	1,451	1,740	1,898	437	3,111
1,302.8	1,193.0	1,041.5	1,163.8	1,292.7	693.8	1,110.0
193.5	186.7	177.0	202.4	210.3	111.2	213.4
1,496.3	1,379.7	1,218.5	1,366.2	1,503.0	805.0	1,323.4
290.8	263.6	278.9	256.4	291.1	147.8	353.6
379.5	346.2	299.7	336.1	369.1	193.3	291.0
304.9	295.4	298.4	340.0	291.7	140.3	204.2
975.2	905.2	877.0	932.5	951.9	481.4	848.8
144.2	146.0	45.3	(17.5)	(54.4)	(31.1)	165.6
376.9	328.6	296.2	451.2	605.5	354.7	309.0
726.2	669.7	539.3	638.6	724.3	403.5	577.4
1.31	1.14	1.01	1.62	2.15	1.25	1.08
2.53	2.32	1.84	2.29	2.57	1.42	2.02
0.89	0.77	0.63	1.74	2.25	1.16	0.70
21.10	22.50	22.00	14.50	28.07	26.72	31.03
283,567,039	287,434,257	291,821,114	292,492,805	281,514,003	280,132,687	285,680,519

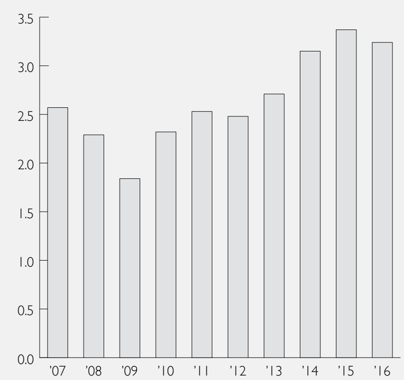
TOTAL REVENUES
(FOR THE FISCAL YEAR IN $ MILLIONS)



EARNINGS PER SHARE
(FOR THE FISCAL YEAR IN $)



EBITDA PER SHARE
(FOR THE FISCAL YEAR IN $)



DEAR SHAREHOLDERS,

Your company recorded many successes in 2016. Assets under management reached an all-time high, free cash flow was at near-record levels, we significantly increased the cash returned to shareholders through dividends and share buybacks, and we acquired a fast-growing Australian fund company. In addition to these highlights, we made numerous improvements across our operations.

All of this was done in the face of an increasingly challenging and competitive environment. Headwinds during the year included: ongoing regulatory changes; a surprise decision by the federal government to end a longstanding tax benefit of corporate class mutual funds; slowing industry sales; intensifying pressure on fees; and the growth of passive investment strategies and robo-advisors.

It's a long list of challenges. But if you know CI, you know that much of our success results from our ability to anticipate change and willingness to take the steps necessary to adapt while prudently managing the finances of the company. We recognize that an accelerated pace of change is the "new normal" for today. In 2016, we undertook to reposition our strategy and our company to ensure that CI continues to be a leader in our industry and in creating value for you, our shareholders.

We are re-examining all aspects of how we operate our business to achieve efficiencies and make it easier for our clients to do business with us. We are reinvesting in our business in areas such as portfolio management, sales, marketing, product development, and technology. Some of these initiatives will be described later in this letter.

We have focused our corporate strategy on continuing to build CI as a global asset manager based in Canada. To achieve this, we will build and strengthen our Canadian franchise while taking advantage of attractive foreign opportunities. Our purchase of Grant Samuel Funds Management (GSFM) of Australia in November 2016 was part of this strategy. We see exceptional potential in GSFM, and continue to seek acquisitions outside of Canada.

CI is well positioned to take advantage of evolving opportunities in Canada and globally. We have the benefit of scale and financial strength, an exceptional lineup of portfolio management teams, a diverse lineup of businesses and products, and a deep presence in multiple distribution channels. These advantages are solid foundations for the continued development and growth of CI.

FINANCIAL HIGHLIGHTS

CI set new records for assets under management and average assets under management during the year. Assets under management at December 31, 2016 were $117.9 billion, up $6.8 billion or 6% from a year earlier. Average assets under management for the year were $110.9 billion, up 2% from 2015. The growth in average assets was due to fund performance and the acquisition of GSFM.

Assets under advisement, which represent the assets held by clients of Assante Wealth Management and Stonegate Private Counsel, also reached a new high in 2016 and were $38.2 billion as of December 31. This was a year-over-year increase of $3.7 billion or 11%, a rate of growth that significantly outperformed the overall industry and Assante's competitors.

Gross sales of funds in 2016 were $13.0 billion and net redemptions were $5.9 billion. This compares to gross and net sales of $15.4 billion and $3.4 billion, respectively, during the previous year. The downturn took place in an environment of heightened market volatility and uncertainty that affected fund flows. As reported by the Investment Funds Institute of Canada, industry net sales of mutual funds were down 50% over 2015. Furthermore, a significant portion of our redemptions resulted from decisions by three large institutional clients to move accounts, primarily to their own in-house portfolio management teams. Despite the size of these accounts, their low fees meant that the redemptions did not have a material impact on our results.

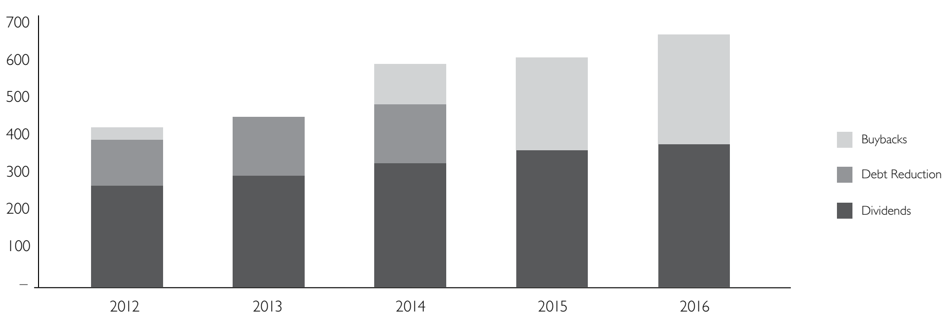
Net income was $503.0 million, down 9% from $553.5 million in the previous year. Earnings per share were $1.86, a decline of 7% from $1.99 in the previous year. After adjusting for various items (as described later in Management's Discussion and Analysis), net income was $532.1 million, a decline of 6%, while adjusted earnings per share were $1.96 per share, representing a decline of 3%. Selling, general and administrative (SG&A) expenses increased in 2016, reflecting the addition of First Asset's SG&A for a full year, as well as strategic investments made to enhance our competitiveness and grow our business. As always, we continue to closely monitor our spending. SG&A expenses as a percentage of average assets under administration were 35.5 basis points in the fourth quarter of 2016, approximately the same level as in the third quarter of 2016 and the fourth quarter of 2015.

CI continues to generate high levels of cash, with free cash flow of $604.7 million in 2016, compared $606.4 million in the previous year. CI returned more than 100% of free cash flow to shareholders in 2016 through the payment of $368.7 million in dividends and $290.9 million in share repurchases. This compares to dividend payments of $362.2 million and share buybacks of $243.6 million in 2015. We increased the dividend per share by 5% during 2016 to $0.115 per month, or $1.38 per year.

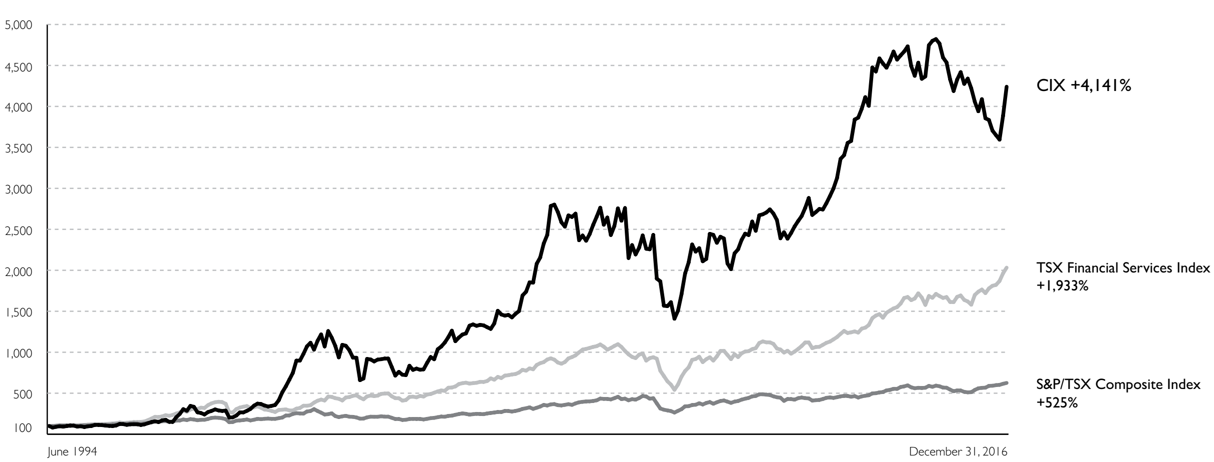
We increased CI's net debt by $140 million during the year to finance the higher payout as well as the acquisition of GSFM. CI's net debt of $572.9 million as of December 31, 2016 amounts to 63% of adjusted earnings before interest, tax, depreciation and amortization (EBITDA), a level that leaves CI with the capacity for further debt financing.

CI remains committed to returning free cash to shareholders. From our initial public offering in June 1994 to December 31, 2016, CI has returned a total of $6.1 billion to shareholders, consisting of $4.3 billion in dividends and distributions and $1.8 billion in share repurchases. Over the same period, CI shares have provided a cumulative total return of 4,141%, for a compound annual growth rate of 18% – dramatically outperforming the broad Canadian stock market, as well as its financial services sub-index.

Uses of Free Cash Flow ($Millions)



CI Financial Historical Performance – Total Returns From IPO To December 31, 2016



INVESTING IN GROWTH

CI Investments

In 2016, CI made further investments to foster growth and development in all aspects of our operations. At CI Investments, we bolstered our support for advisors through the appointment of new leadership for our retail sales team and by increasing the number of wholesalers and sales support staff across Canada. One of CI's strengths is the solid partnerships we have built with advisors over the years and we continue to build on and expand those relationships. In addition to day-to-day support, we provide advisors with added value through our specialized Strategic Business Development and Tax, Retirement and Estate Planning teams, and through numerous professional development events. These included our flagship conference, the Leadership Forum, a three-day educational conference for advisors that CI has held for six consecutive years.

A strong brand is crucial in supporting confidence in our company and investment solutions among advisors and investors. CI Investments built its brand awareness through a national advertising campaign in 2016, delivered through television, radio and online media.

CI Investments continued to enhance its portfolio management capabilities by adding staff to its four in-house portfolio management teams. CI operates a "multi-boutique" portfolio management model, under which it retains the services of 18 investment teams representing a diverse selection of investment styles and mandates, each operating independently of one another. CI's in-house teams are Signature Global Asset Management, Cambridge Global Asset Management, Harbour Advisors, and CI Multi-Asset Management. CI also owns a majority interest in Marret Asset Management and minority interests in Altrinsic Global Advisors and Lawrence Park Asset Management. CI seeks to provide investors with consistent above-average risk-adjusted returns over the long term. As of December 31, 2016, more than 60% of CI Investments' assets under management were in the top two quartiles for 10-year returns, according to Morningstar.

CI INVESTMENTS – BOUTIQUE MULTI-MANAGER APPROACH

CI employs other sub-advisors not listed above.

CI Institutional Asset Management

CI Institutional Asset Management (CIIAM), a division of CI Investments that serves pensions, foundations and endowments and other institutional investors, secured 20 new mandates in 2016 representing over $1 billion in new business. The team has put additional resources into business development and is participating in a significant number of new business opportunities.

CIIAM offers a diverse multi-manager, multi-product lineup that includes balanced, equity and bond mandates, as well as a family of target-date and target-risk funds. CIIAM continues to develop its lineup and in December 2016 launched a global private real estate fund, which indirectly invests in an open-ended fund managed by CBRE Global Investment Partners Limited with direct investments in over 1,900 properties in North America, Europe and the Asia-Pacific region. The new fund fills a unique niche in the Canadian market by providing Canadian high net worth and institutional investors with exposure to a global property portfolio managed by one of the world's leading real estate services and investment companies.

AWARD-WINNING EXPERTISE

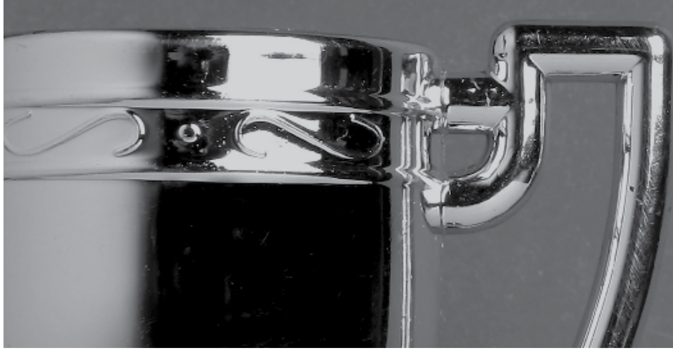
CI's portfolio managers received the following industry recognition for their performance and expertise for 2016.

Lipper Fund Awards

- Two awards to funds managed by Cambridge Global Asset Management and CI Multi-Asset Management

FundGrade A+ Awards

- Five funds managed by Cambridge Global Asset Management
- Three funds managed by First Asset Investment Management
- One fund managed by CI Multi-Asset Management
- Seventeen segregated funds managed by CI Investments



Assante and Stonegate

Our Assante business includes our full-service investment and mutual fund dealers, operating as Assante Wealth Management, and our high net worth discretionary investment platform, Stonegate Private Counsel. These businesses posted exceptional net sales in 2016, outpacing the industry and contributing to 11% growth in assets under advisement, which reached $38.2 billion as of year-end.

This growth is being driven by our focus on expanding our presence in the mass affluent and high net worth markets, our continued investment in building a robust dealer platform, and our commitment to offering comprehensive wealth planning that integrates all aspects of clients' financial lives, including investment management, risk management and estate, tax and insurance planning. This approach is supported by an in-house team of accountants, lawyers and other specialists and is designed to meet the needs of Canadians with increasingly complex financial circumstances.

TopGun Investment Minds
(Brendan Wood International survey)

- Signature Global Asset Management: Stephane Champagne, Malcolm White, Hoa Hong, and Jeremy Yeung
- Cambridge Global Asset Management: Brandon Snow, Greg Dean, and Stephen Groff
- First Asset Investment Management: Manash Goswami
- CI Investments was also ranked as the number two TopGun Investment Team of the year

We continue to be successful in attracting high net worth investors, as clients who have invested $500,000 or more now account for $24.7 billion or 65% of assets, up from 62% a year ago. Our growth was supported in 2016 through a national advertising campaign that created awareness of the Assante brand and value proposition. The campaign centred on Assante's ability to offer complete financial advice.

Investments in technology and digital services are key to strengthening our dealer platform and safeguarding client information. In 2016, our initiatives included the launch of an enhanced investor website (InvestorOnline), a new corporate website (Assante.com), new client reporting tools, a streamlined new account opening process, and an online client portal that allows clients to send documents to advisors safely and securely.

Assante has put an increased emphasis on attracting new advisors in recent years and 2016 was our best year for recruitment since 2008. Our investment in technology, branding and integrated wealth planning is appealing to many established advisors who are seeking a stable partner that will support the growth of their businesses.

As the advisory business adjusts to ongoing regulatory changes, Assante and its advisors are well positioned to benefit due to our leadership in fee disclosure and delivering value to clients through our complete approach to wealth management.

First Asset

First Asset, which was acquired by CI in November 2015, posted growth in assets under management of 14% to $3.4 billion in 2016. First Asset's exchange-traded fund (ETF) business expanded by 35% year over year, outperforming the asset growth rate of the overall Canadian ETF industry.

During the year, First Asset added 15 ETFs to its lineup, including five corporate class ETFs, four smart beta ETFs and six actively managed ETFs. As part of our efforts to achieve synergies between First Asset and other CI companies, the portfolio managers selected for the new actively managed ETFs included CI Investments teams Signature Global Asset Management, Cambridge Global Asset Management and Marret Asset Management.

First Asset has expanded its reach into the IIROC (Investment Industry Regulatory Organization of Canada) channel of advisors, steadily growing its client base over the year. Expertise in ETFs and portfolio construction are highly valued by advisors, and First Asset is well positioned to deliver both. Marketing efforts continue to focus on the opportunities and benefits available to advisors through ETFs.

Grant Samuel Funds Management (GSFM)

In November 2016, CI acquired an 80% stake in Australia-based GSFM, a manager and distributor of investment products in the Australian and New Zealand markets with A$6.5 billion in assets under management. A 20% share was retained by GSFM management. The firm distributes a diverse lineup of domestic and global mandates managed by boutique investment teams based in Australia and the United States. GSFM owns a minority stake in one of those teams, Tribeca Investment Partners.

The purchase is part of our strategy of expanding our global asset management operations and allows us to partner with experienced and highly regarded managers who are remaining invested in the business. GSFM has posted rapid growth since its founding in 2007, and has developed national distribution in both retail and institutional markets.

Although Australia is a very competitive market, it offers exceptional potential for growth partly because of its mandatory retirement savings plan. Australia is the world's fifth-largest pension market and has the second-highest growth rate among the top 10 markets over the last 10 years, according to a 2016 study by Willis Towers Watson. CI is supporting GSFM in pursuing its strategies for growth, with options such as new products being considered for 2017.

OUTLOOK

As we enter a new year, U.S. and Canadian stock markets have hit record highs in response to prospects for improved global growth and pro-business policies by the new U.S. administration. At the same time, political developments in the United States and Europe have led to elevated uncertainty for the global business community and, potentially, financial markets.

As we said at the start of this letter, we understand that the pace of change today is accelerating and only those businesses that are willing and able to evolve and adapt will continue to thrive. In 2016, your company undertook a strategic review with the goals of addressing short-term challenges and positioning the company for continued long-term success. CI's advantages include an exceptional lineup of portfolio management teams with solid track records, as well as deep expertise in product development, with several new products planned for 2017 to meet the changing needs of our clients. We have multiple distribution platforms, starting with CI Investments and its excellent relationships with retail advisors across Canada. Assante and Stonegate are performing very well and constitute one of Canada's pre-eminent advisory businesses for high net worth families and business owners. CIIAM has an experienced team and the product lineup to drive further growth. We have entered the fast-growing ETF market with an established leader in factor-based and actively managed ETFs. We are positioning the company to take advantage of the growth opportunities in global markets through the acquisition of GSFM of Australia.

Finally, CI's financial strength and our longstanding commitment to the efficient operation of the company provide us with the resources to invest in the growth of the firm and the continued creation of value for shareholders. We are very excited about the future of the company and firmly believe that the asset management business offers exciting opportunities for growth and CI is well positioned to exploit them.

We thank our shareholders for their trust in our firm, and we are grateful to our business partners for their support and our employees for their hard work.

Sincerely,

William T. Holland
Executive Chairman

Peter W. Anderson
Chief Executive Officer

FEBRUARY 15, 2017

CORPORATE SOCIAL RESPONSIBILITY

CI Financial strives to operate with responsibility and integrity, from the management of our funds to the conduct of all aspects of our business. We are committed to treating our employees and business partners with respect and consideration, to supporting communities across Canada, and to reducing our impact on the environment. This section highlights some of CI's efforts and achievements in these areas.

CORPORATE GOVERNANCE

- CI Financial believes that it is important that a substantial majority of its Board of Directors be independent of management. All members of the CI Board are independent, other than CI's Chief Executive Officer and Executive Chairman.
- All directors, officers and employees of CI Financial and its subsidiaries and affiliates are governed by the **CI Code of Business Conduct and Ethics**, which requires them to follow the highest standards of integrity and ethical business conduct.
- The Board of Directors pays special attention to the issue of governance and risk management at CI through the board's **Governance and Risk Committee**. The committee's mandate is to develop the company's approach to governance issues and oversee the corporate governance process, including risk management policies and procedures.
- CI also upholds principles, policies and procedures that **promote integrity and ensure compliance** with applicable laws and regulations in specialized areas of the company. These include policies addressing money laundering, bribery and corruption, personal trading by portfolio managers and other employees, and sales practices.
- CI also maintains a **whistleblower policy** under which employees may anonymously submit complaints or concerns to senior management or to the Board's Lead Director.

Signatory of:

RESPONSIBLE INVESTING

- In February 2017, CI Investments finalized a **Responsible Investment Policy** that addresses the integration of environmental, social and corporate governance (ESG) factors into its investment decision-making process. As part of this initiative, CI Investments became a signatory to the **United Nations-supported Principles for Responsible Investing (UNPRI)**.
- CI Investments is dedicated to achieving the best possible risk-adjusted returns for our funds and believes that responsible investing can play an important role in achieving that goal. CI Investments' in-house portfolio management teams, which include Signature Global Asset Management, Cambridge Global Asset Management, Harbour Advisors, and CI Multi-Asset Management, are implementing the principles.
- The Responsible Investment Policy does not specifically prohibit our portfolio managers from investing in any particular company or sector – with one exception. In recognition of the broad-based international consensus concerning anti-personnel landmines and cluster munitions, CI Investments will not knowingly directly invest in companies associated with the production, use or distribution of anti-personnel land mines or cluster munitions.

In-house portfolio management teams implementing the principles:

ENVIRONMENT

- CI has significantly **reduced the amount of printed materials** in its client communications and we continue to pursue opportunities to further reduce the volume of paper we use. These initiatives include the electronic delivery of statements, transaction confirmations and tax documents, and approximately 20% of CI Investments and Assante clients who receive these documents have opted for this service. In another example, CI Investments' fund disclosure documents (financial statements and management reports of fund performance) are sent only to those clients who have requested a paper copy.
- CI Financial utilizes the notice and access mechanism which allows CI to post electronic versions of proxy-related materials online, rather than mailing paper copies of such materials to its shareholders.
- CI promotes **recycling** throughout its operations. In co-operation with building management and suppliers, we recycle waste paper, plastics and other materials, including computers, monitors and other electronic equipment, and the one-use capsules used in our coffee machines. In 2016, we recycled over 237,000 capsules, resulting in the recovery of 483 kilograms of aluminum. We also switched to paper coffee cups that are both recyclable and compostable.
- In 2016, CI undertook a retrofit program in which we are **replacing lightbulbs** throughout our offices with more energy-efficient LED lights.
- Also in 2016, CI established the **CI Green Committee**, an employee group with a mandate to foster a more sustainable workplace through initiatives in the areas of waste reduction, energy use, transportation and education. Accomplishments during the year included a survey of employees about their environmental concerns, the implementation of a used battery collection program, and an end to the purchase of single-use plastic water bottles for use by staff.

EMPLOYEE DEVELOPMENT

- CI provides extensive training and learning opportunities to its employees, as well as supporting employees who pursue education and training on their own initiative.
- Our training initiatives include the **Management Development Program**, which provides front-line managers with an assessment, development plan, and a core curriculum of six courses that support CI's management competencies. Online refresher courses are also available to these employees.
- To assist senior managers in supporting their front-line managers, CI provides a program called **Reinforcing Leadership Development**.
- We continue to expand our **Women's Mentorship Program**, which is designed to identify and foster future leadership potential as well as support the exchange of valuable information and experiences among the mentors and their mentees. The program also provides an important opportunity for networking and continuing education to a large group of female employees. Since its launch in 2012 to the end of the 2016, the program has matched 59 women employees with mentors. For 2017, 26 new mentees and 14 new mentors were added to the program.
- To build on the success of that program, CI will launch a broader-based mentoring program in 2017 that will be available to both men and women.
- CI has received **Great Place to Work®** Certification, which recognizes organizations with high-performing workplace cultures. Certification is based on an independent and credible evaluation methodology that takes actual employee feedback into account.
- To recognize the contributions of long-serving employees, CI introduced the **Service Recognition Program** in 2016. Employees are awarded "milestone days" – additional paid time off – once they reach certain anniversaries of employment with the company.
- We provide opportunities for students to gain experience and exposure to the working world. CI maintains a strong **summer student program** and hired over 60 students for the summer of 2016. Activities included an "innovation challenge" in which the students were allotted time to work in teams on business cases. The student teams presented their recommendations to senior executives at the end of the summer. CI also has a formal **Grade Nine Take Your Kids to Work Day program**.

COMMUNITY SUPPORT

- CI provides extensive support to Canadian charitable organizations. In 2016, CI directly donated $202,000 to causes that included the OneWalk to Conquer Cancer, Holland Bloorview Kids Rehabilitation Hospital, SickKids Foundation, Toronto Symphony Orchestra, Juvenile Diabetes Research Foundation, KidSport Ontario, Camp Quality Canada, and Motionball.
- Our employees enthusiastically devote their time to numerous worthy causes, with company support. In addition to the charities noted above, CI employees raised money for organizations that included the Canadian Red Cross (Alberta wildfire relief), Camp Oochigeas, the Heart and Stroke Foundation of Canada, Operation Christmas Child, and Unicef (Syrian crisis).
- CI donated another $283,000 in 2016 to charities supported by our business partners, who include advisors working across Canada.
- In 2017, CI launched the Ray Day Program, in which eligible employees are allowed to use one workday per year to volunteer at a registered charity. The program is named in honour of the late G. Raymond Chang, who was known for his generosity and philanthropy. Mr. Chang served as CEO and Chairman during his three decades at CI.

CI INVESTMENTS INC.

CI Investments is one of Canada's largest investment management companies, with approximately $108 billion in assets under management (at December 31, 2016) on behalf of two million Canadians. We are known for our comprehensive and high-quality selection of investment products and services and a diverse 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 investment solutions and services. Our brands include CI, Black Creek, Cambridge, Harbour, Lawrence Park, Marret, Signature, Synergy, Portfolio Series, Portfolio Select Series, CI LifeCycle Portfolios, and CI Private Investment Management. In addition, we manage the Evolution Private Managed Accounts investment program, which is 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, which include 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 Asset Management, Harbour Advisors, Cambridge Global Asset Management, and CI Multi-Asset Management. CI and its managers have been recognized through 43 Morningstar Awards over the past 15 years, as well as 56 Lipper Fund Awards and 135 FundGrade A+ Awards.

ASSANTE WEALTH MANAGEMENT (CANADA) LIMITED

Assante Wealth Management is one of Canada's largest professional services firms in wealth management, supporting 750 advisors who oversee approximately $38 billion in assets (at December 31, 2016) for 300,000 clients and their families nationwide.

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 sophisticated solutions, including Evolution Private Managed Accounts. This program is managed by CI Investments and available exclusively through Assante advisors. For high net worth clients with more complex wealth planning needs, Assante offers the Private Client Managed Portfolios.

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 is a group of experienced professionals who provide wealth planning and intergenerational financial services to high net worth individuals and families.

FIRST ASSET
EXCHANGE TRADED FUNDS
A CI Financial Company

FIRST ASSET INVESTMENT MANAGEMENT INC.

First Asset is an established leader in exchange-traded funds in the Canadian marketplace with $3.4 billion in assets under management in ETFs, as well as closed-end funds and mutual funds (at December 31, 2016).

First Asset's focus is on delivering better risk-adjusted returns than the broad market through a comprehensive suite of smart beta and actively managed ETF solutions. First Asset has a track record of introducing market-leading investment methodologies and was one of the first firms to offer broad, comprehensive factor-based investing to Canada, beginning with single-factor strategies focused on value and momentum and extending into multi-factor ETF solutions.

The First Asset team works closely with index providers and our portfolio managers to support financial advisors. First Asset provides information about the firm's products and offers bespoke support and solutions in portfolio construction that integrates ETFs. First Asset uses best-in-class portfolio software and analytics to assist advisors in optimizing their portfolios to help achieve their clients' financial goals.

An increasingly competitive landscape – including a growing number of providers and products, and record asset levels – demonstrates the interest in ETFs by advisors and their clients. First Asset is well positioned as an expert in ETFs and for continued growth and leadership in the industry.

GRANT SAMUEL
FUNDS MANAGEMENT

GRANT SAMUEL FUNDS MANAGEMENT

Grant Samuel Funds Management (GSFM) is a leading manager and distributor of investment funds to Australian and New Zealand institutional and Australian retail investors. Since its founding in 2007, the firm has experienced rapid growth and today manages approximately A$6.5 billion in assets (as of December 31, 2016).

GSFM partners with high-calibre investment managers in Australia and overseas to offer unique investment strategies to the Australian market. We have formed relationships with four investment managers – Epoch Investment Partners of New York, Payden & Rygel of Los Angeles, and Australian-based managers Tribeca Investment Partners and Triple3 Partners. Each offers a differentiated investment strategy in their specialist asset classes. These mandates span Australian equities, global equities, global macro, fixed income and volatility. GSFM holds a minority interest in Tribeca Investment Partners, a boutique manager that has been investing clients' funds since 1999.

CI Financial holds 80% of GSFM, and GSFM management owns 20%.

MANAGEMENT'S DISCUSSION & ANALYSIS | December 31, 2016

CI FINANCIAL CORP.

FINANCIAL HIGHLIGHTS

[millions of dollars, except share amounts]	As at and for the quarters ended Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	% change quarter-over-quarter	% change year-over-year
Assets under management	117,889	112,513	109,594	108,715	111,124	5	6
Assets under advisement	38,235	37,214	35,465	34,566	34,552	3	11
Total assets	156,124	149,727	145,059	143,281	145,676	4	7
Average assets under management	114,780	112,256	108,994	107,321	108,688	2	6
Management fees	448.6	446.1	429.3	424.8	444.8	1	1
Total revenues	506.3	495.4	475.9	470.6	493.5	2	3
Selling, general & administrative	102.4	99.9	98.1	96.4	96.9	3	6
Trailer fees	138.3	138.1	132.7	131.1	137.7	—	—
Net income attributable to shareholders	121.0	136.8	128.6	116.6	127.2	(12)	(5)
Adjusted net income[1]	140.6	136.8	128.6	126.1	137.0	3	3
Basic earnings per share	0.45	0.51	0.47	0.42	0.46	(12)	(2)
Adjusted earnings per share[1]	0.53	0.51	0.47	0.46	0.50	4	6
Diluted earnings per share	0.45	0.51	0.47	0.42	0.46	(12)	(2)
Adjusted EBITDA[1]	226.9	225.3	214.1	212.7	228.2	1	(1)
Adjusted EBITDA[1] per share	0.85	0.83	0.79	0.77	0.83	2	2
Return on equity[2]	27.9%	27.7%	27.7%	28.0%	29.2%	1	(4)
Dividends recorded per share	0.345	0.345	0.340	0.330	0.330	—	5
Dividend yield	4.8%	5.5%	5.1%	4.6%	4.3%		
Average shares outstanding	266,522,492	270,112,737	272,729,344	275,228,783	276,031,411		
Shares outstanding	265,302,141	267,712,433	271,181,255	273,853,707	276,026,778		
Share price							
High	29.94	27.84	29.13	30.99	32.44		
Low	23.52	24.51	26.02	25.76	29.48		
Close	28.87	25.17	26.95	28.70	30.60		
Increase (decrease) in share price	14.7%	(6.6%)	(6.1%)	(6.2%)	1.0%		
Total shareholder return	16.2%	(5.3%)	(4.9%)	(5.1%)	2.1%		
Market capitalization	7,659	6,738	7,308	7,860	8,446		
P/E Ratio (adjusted earnings)[2]	14.7	13.0	13.9	14.5	15.1		
Long-term debt (including the current portion)	758.7	675.7	623.6	613.5	559.3	12	36
Net debt[1]	572.9	520.7	510.4	493.1	433.1	10	32
Net debt to adjusted EBITDA[1]	0.63	0.58	0.59	0.58	0.48	9	31

[1] *Adjusted net income, EBITDA, adjusted EBITDA and net debt are not standardized earnings measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to the nearest IFRS measure, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.*

[2] *Trailing 12 months*

This Management's Discussion and Analysis ("MD&A") dated February 16, 2017 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2016, compared with December 31, 2015, and the results of operations for the quarter and year ended December 31, 2016, compared with the quarter and year ended December 31, 2015 and the quarter ended September 30, 2016.

CI's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") and Assante Wealth Management (Canada) Ltd. ("AWM" or "Assante"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and its subsidiaries, including CI Private Counsel LP ("CIPC"), as well as the operating results and financial position of First Asset Capital Corp. ("First Asset") and Grant Samuel Funds Management Pty Limited ("GSFM"). 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. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". 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 Management" 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.

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. CI believes that these financial measures provide information that is useful to investors in understanding CI's performance and facilitate a comparison of quarterly and full year results from period to period. Descriptions of these non-IFRS measures and reconciliations to the nearest IFRS measure, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

Note that figures in tables may not add due to rounding.

TABLE 1: SELECTED ANNUAL INFORMATION

	Fiscal Years Ending December 31		
[millions, except per share amounts]	**2016**	**2015**	**2014**
Total revenue	$1,948.3	$1,997.6	$1,875.9
Total expenses	1,258.3	1,240.1	1,158.0
Income before income taxes	$690.0	$757.6	$717.9
Income taxes	187.3	204.9	192.5
Non-controlling interest	(0.2)	(0.9)	0.3
Net income available to shareholders	$503.0	$553.5	$525.0
Adjusted net income[1]	$532.1	$563.7	$520.0
Basic earnings per share	$1.86	$1.99	$1.85
Adjusted earnings per share[1]	$1.96	$2.02	$1.83
Diluted earnings per share	$1.85	$1.98	$1.84
Dividends recorded per share	$1.36	$1.30	$1.19
Adjusted EBITDA[1]	$879.0	$940.4	$894.5
Total assets	$3,458.7	$3,297.4	$3,016.0
Gross debt	$758.7	$559.3	$307.4
Net debt[1]	$572.9	$433.1	$185.2
Average shares outstanding	271.1	278.8	283.7
Shares outstanding	265.3	276.0	281.7
Share price	$28.87	$30.60	$32.29
Market capitalization	$7,659	$8,446	$9,096

[1] *Adjusted net income, adjusted earnings per share, adjusted EBITDA and net debt are not standardized earnings measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.*

TABLE 2: SUMMARY OF QUARTERLY RESULTS

[millions of dollars, except per share amounts]	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	448.6	446.1	429.3	424.8	444.8	449.4	453.8	439.9
Administration fees	43.2	38.8	37.7	36.6	36.6	36.0	37.8	36.2
Other revenues	14.5	10.5	8.9	9.2	12.1	13.6	12.6	24.9
Total revenues	506.3	495.4	475.9	470.6	493.5	499.0	504.2	501.0
Selling, general & administrative	102.4	99.9	98.1	96.4	96.9	92.9	91.8	90.8
Trailer fees	138.3	138.1	132.7	131.1	137.7	139.6	140.5	135.8
Investment dealer fees	35.6	31.9	30.7	29.9	29.9	29.4	30.9	29.4
Amortization of deferred sales commissions	28.4	30.0	31.5	32.9	33.6	34.8	36.0	36.7
Interest expense	4.6	4.0	3.7	3.8	4.0	3.5	3.4	3.2
Other expenses	32.2	2.8	2.8	16.4	14.8	3.2	9.0	12.3
Total expenses	341.4	306.7	299.6	310.5	316.9	303.5	311.6	308.1
Income before income taxes	164.9	188.7	176.3	160.1	176.6	195.5	192.7	192.9
Income taxes	43.7	51.9	47.8	43.8	49.6	52.7	53.5	49.2
Non-controlling interest	0.2	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)	0.2	(0.9)
Net income attributable to shareholders	121.0	136.8	128.6	116.6	127.2	142.8	138.9	144.5
Earnings per share	0.45	0.51	0.47	0.42	0.46	0.51	0.50	0.51
Diluted earnings per share	0.45	0.51	0.47	0.42	0.46	0.51	0.50	0.51
Dividends recorded per share	0.345	0.345	0.340	0.330	0.330	0.330	0.325	0.315

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, exchange-traded funds, structured products and other fee-earning investment products for Canadian investors. CI also has asset management operations in Australia and New Zealand through its subsidiary GSFM. CI's products 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, exchange-traded 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 earns fee revenue on its assets under management ("AUM") and assets under administration ("AUA") and strives to maximize the growth of those assets on which it earns an acceptable margin. Management believes this can be achieved by focusing on the following factors: quality and 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 global investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM. Several acquisitions of fund management companies and years of product innovation and development have allowed CI to offer investors a broad selection of investment funds.

CI uses in-house teams and 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 and has the size and scale to attract the top talent in this field. Many of CI's investment managers have excellent long-term fund performance. 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 provide more 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 fund performance 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, bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the over or underperformance of the investment manager of each fund. In years when markets generally decline, CI's assets will likely decline. Conversely, CI's assets will likely 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, which help determine longer-term trends for CI's market share.

CI uses several performance indicators to assess its results. These indicators are described throughout the results of operations and the discussion of the two operating segments and include the following measures prescribed by IFRS: net income and earnings per share; and measures not prescribed by IFRS: adjusted net income, adjusted earnings per share, pre-tax operating earnings, EBITDA, adjusted EBITDA, EBITDA margin, adjusted EBITDA margin, dealer gross margin, net debt, operating cash flow, free cash flow, asset management margin, and SG&A efficiency margin. Descriptions of these non-IFRS measures and reconciliations to IFRS are provided below.

NON-IFRS MEASURES

CI reports certain financial information using non-IFRS measures as CI believes that these financial measures provide information that is useful to investors in understanding CI's performance and facilitate a comparison of quarterly and full-year results from period to period.

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

CI defines adjusted net income as net income net of non-controlling interest and other provisions and adjustments. CI uses adjusted net income and adjusted earnings per share to compare underlying profitability for different periods.

TABLE 3: ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Net Income	121.2	136.7	127.0	502.8	552.6
Add:					
Provisions for compensation, legal and tax costs	19.6	—	9.8	29.1	16.2
Write-down of fund management contracts	—	—	—	—	1.4
Less:					
Fair value adjustment to contingent consideration	—	—	—	—	7.5
Non-controlling interest	0.2	(0.1)	(0.2)	(0.2)	(0.9)
Adjusted net income	**140.6**	**136.8**	**137.0**	**532.1**	**563.7**
Adjusted earnings per share	**0.53**	**0.51**	**0.50**	**1.96**	**2.02**

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) and adjusted EBITDA, which it defines as EBITDA net of non-controlling interest and other provisions and adjustments, to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions ("DSC") and other items. This permits comparisons of companies within the industry, normalizing for different financing methods, levels of taxation and mix of business between front-end load funds and deferred load funds under management. Adjusted EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow. Adjusted EBITDA margin expresses adjusted EBITDA as a percentage of total revenue.

TABLE 4: EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Net Income	121.2	136.7	127.0	502.8	552.6
Add:					
Interest expense	4.6	4.0	4.0	16.0	14.1
Provision for income taxes	43.7	51.9	49.6	187.3	204.9
Amortization of deferred sales commissions	28.4	30.0	33.6	122.8	141.0
Amortization of intangibles and other	2.8	2.6	3.2	10.5	15.7
EBITDA	**200.6**	**225.2**	**217.4**	**839.3**	**928.4**
EBITDA per share	**0.75**	**0.83**	**0.79**	**3.10**	**3.33**
Add:					
Provisions for compensation, legal and tax costs	26.6	—	10.8	39.6	19.6
Less:					
Fair value adjustment to contingent consideration	—	—	—	—	7.5
Non-controlling interest	0.3	—	(0.1)	(0.1)	—
Adjusted EBITDA	**226.9**	**225.3**	**228.2**	**879.0**	**940.4**
Adjusted EBITDA per share	**0.85**	**0.83**	**0.83**	**3.24**	**3.37**
Total revenue	506.3	495.4	493.5	1,948.3	1,997.6
Less:					
Fair value adjustment to contingent consideration	—	—	—	—	7.5
	506.3	495.4	493.5	1,948.3	1,990.1
Adjusted EBITDA margin	**44.8%**	**45.5%**	**46.3%**	**45.1%**	**47.3%**

NET DEBT

CI calculates net debt as long-term debt (including the current portion) less cash and marketable securities, net of cash required for regulatory purposes and non-controlling interests. Net debt is a measure of leverage and CI uses this measure to assess its financial flexibility.

TABLE 5: NET DEBT

[millions of dollars]	As at Dec. 31, 2016	As at Dec. 31, 2015
Current portion of long-term debt	—	2.0
Long-term debt	758.7	557.3
	758.7	559.3
Less:		
Cash and short-term investments	117.9	56.6
Marketable securities	85.0	78.7
Add:		
Regulatory capital and non-controlling interests	17.1	9.1
Net Debt	**572.9**	**433.1**

PRE-TAX OPERATING EARNINGS

CI defines pre-tax operating earnings as net income plus amortization of deferred sales commissions and intangibles, income taxes, and other provisions and adjustments less redemption fee revenue and non-core items, such as performance fees, investment gains and non-controlling interest. This also removes the impact of financing deferred load AUM. CI uses pre-tax operating earnings to assess its underlying profitability.

TABLE 6: PRE-TAX OPERATING EARNINGS

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Net Income	121.2	136.7	127.0	502.8	552.6
Add:					
Amortization of deferred sales commissions	28.4	30.0	33.6	122.8	141.0
Amortization of intangibles	1.1	1.0	1.1	4.1	7.4
Provision for income taxes	43.7	51.9	49.6	187.3	204.9
Provisions for compensation, legal and tax costs	26.6	—	10.8	39.6	19.6
Less:					
Redemption fees	3.8	4.5	4.2	18.0	19.0
Performance fees	—	—	—	—	0.2
Fair value adjustment to contingent consideration	—	—	—	—	7.5
Gain on marketable securities	0.8	0.4	0.4	1.2	5.9
Non-controlling interest	0.3	—	(0.1)	(0.1)	(0.1)
Pre-tax operating earnings	**216.1**	**214.8**	**217.5**	**837.4**	**892.9**
Pre-tax operating earnings per share	**0.81**	**0.80**	**0.79**	**3.09**	**3.20**

DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring its 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 profitability of the Asset Administration segment before SG&A expenses.

TABLE 7: DEALER GROSS MARGIN

[millions of dollars]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Administration fees	82.3	77.6	74.1	307.7	296.9
Less:					
Investment dealer fees	67.7	63.8	60.6	252.5	242.9
	14.6	13.8	13.5	55.2	54.0
Dealer gross margin	**17.7%**	**17.8%**	**18.2%**	**17.9%**	**18.2%**

OPERATING CASH FLOW AND FREE CASH FLOW

CI measures its operating cash flow before the change in operating assets and liabilities, and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Operating assets and liabilities are affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual.

Free cash flow is calculated as operating cash flow less sales commissions paid, and adjusted for other provisions. CI uses this measure, among others, when determining how to deploy capital.

TABLE 8: OPERATING CASH FLOW AND FREE CASH FLOW

[millions of dollars]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Cash provided by operating activities	199.2	178.3	146.8	654.7	647.4
Add:					
Income taxes paid	36.3	55.0	52.6	214.1	244.1
Interest paid	7.1	0.9	6.9	15.5	14.0
Less:					
Net change in non-cash working capital	100.4	66.4	48.1	264.6	217.8
Operating cash flow	**142.2**	**167.9**	**158.2**	**619.6**	**687.7**
Less:					
Sales commissions paid	7.8	8.3	16.5	44.1	91.1
Add:					
Provisions for compensation, legal and tax costs	19.6	—	9.8	29.1	9.8
Free cash flow	**154.0**	**159.6**	**151.4**	**604.7**	**606.4**

ASSET MANAGEMENT MARGIN

CI assesses the overall performance of the asset management segment using a trailing 12-month asset management margin, where amortization of DSC, trailer fees, and SG&A expenses are deducted from management fees and measured as a percentage of management fees. This margin removes any distortion caused by other revenues and expenses, eliminates the financing impact of back-end load funds because it is net of trailer fees and DSC, and it also eliminates revenue mix variances because it is measured as a percentage of management fees and not average AUM. Using a trailing 12-month margin eliminates any seasonality associated with SG&A expenses.

TABLE 9: ASSET MANAGEMENT MARGIN

[millions of dollars – trailing 12 months]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Jun. 30, 2016	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015
Management fees	**1,748.7**	**1,744.8**	**1,748.2**	**1,772.7**	**1,787.9**
Less:					
Amortization of DSC	126.2	131.5	136.4	140.8	144.7
Trailer fees	565.5	564.4	565.5	573.3	577.9
Net management fees	1,057.0	1,049.0	1,046.3	1,058.6	1,065.3
Less:					
SG&A	327.2	322.6	316.3	311.0	305.6
	729.8	726.4	730.0	747.7	759.7
Asset management margin	**41.7%**	**41.6%**	**41.8%**	**42.2%**	**42.5%**

SG&A EFFICIENCY MARGIN

CI uses a trailing 12-month SG&A efficiency margin to assess its costs relative to management fees earned, net of amortization of DSC and trailer fees, which are not controllable by CI. SG&A expenses are subtracted from these net management fees and measured as a percentage of net management fees. Using a trailing 12-month margin eliminates any seasonality associated with SG&A expenses.

TABLE 10: SG&A EFFICIENCY MARGIN

[millions of dollars – trailing 12 months]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Jun. 30, 2016	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015
Management fees	1,748.7	1,744.8	1,748.2	1,772.7	1,787.9
Less:					
Amortization of DSC	126.2	131.5	136.4	140.8	144.7
Trailer fees	565.5	564.4	565.5	573.3	577.9
Net management fees	**1,057.0**	**1,049.0**	**1,046.3**	**1,058.6**	**1,065.3**
Less:					
SG&A	327.2	322.6	316.3	311.0	305.6
	729.8	726.4	730.0	747.7	759.7
SG&A efficiency margin	**69.0%**	**69.2%**	**69.8%**	**70.6%**	**71.3%**

ASSETS AND SALES

CI is one of Canada's largest independent investment fund companies with assets under management of $117.9 billion and assets under advisement of $38.2 billion at December 31, 2016, as shown in Table 11. Assets under advisement are comprised of AUA and assets held by clients of advisors with Stonegate Private Counsel. The change in AUM from last year was a function of market performance, net redemptions of funds and CI's acquisition of GSFM. The increase in AUA from last year was due to market performance and net sales. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, exchange-traded funds, pooled funds and assets under advisement, were $156.1 billion at December 31, 2016, up $10.4 billion from $145.7 billion at December 31, 2015.

TABLE 11: TOTAL ASSETS

[billions of dollars]	As at December 31, 2016	As at December 31, 2015	% change
Assets under management	117.9	111.1	6
Assets under advisement[1]	38.2	34.6	10
Total assets	**156.1**	**145.7**	**7**

[1] *Includes $23.0 billion and $20.7 billion of assets managed by CI and held by clients of advisors with Assante and Stonegate in 2016 and 2015, respectively.*

The change in AUM during each of the past five quarters is detailed in Table 12. Fund performance has been strong in four of the past five quarters while net sales have declined. The decline in net sales is primarily due to net redemptions in the institutional channel as well as net redemptions in the IIROC-licensed advisor's channel. During the year, three institutional clients proceeded with portfolio management changes, which were the primary causes of net redemptions in this channel. CI continues to focus on improving IIROC and institutional channel sales, including investing additional resources to service these channels.

TABLE 12: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

[billions of dollars]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Jun. 30, 2016	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015
Assets under management, beginning	112.513	109.594	108.715	111.124	105.296
Gross sales	3.543	3.255	2.599	3.603	3.646
Redemptions	6.141	4.754	4.089	3.933	3.348
Net sales	(2.597)	(1.500)	(1.489)	(0.330)	0.299
Acquisitions	6.145	—	—	—	3.028
Fund performance	1.828	4.419	2.368	(2.079)	2.501
Assets under management, ending	117.889	112.513	109.594	108.715	111.124
Average assets under management for the quarter	114.780	112.256	108.994	107.321	108.688

RESULTS OF OPERATIONS

Year Ended December 31, 2016

CI reported net income attributable to shareholders of $503.0 million ($1.86 per share) for the year ended December 31, 2016, compared with $553.5 million ($1.99 per share) for the year ended December 31, 2015. Excluding provisions for compensation, legal and tax costs of $39.6 million ($29.1 million after tax), the year ended December 31, 2016 had net income attributable to shareholders of $532.1 million ($1.96 per share). This compares to $563.7 million ($2.02 per share) for the year ended December 31, 2015, after adjusting for a $7.5 million fair value adjustment to contingent consideration, $19.6 million ($16.2 million after tax) in provisions for compensation, legal and tax costs, and a $3.0 million ($1.4 million after tax and non-controlling interest) acceleration in the amortization of fund management contracts.

The decrease in CI's year-over-year net income is primarily due to a decrease in management fee revenue as well as an increase in SG&A expenses. Management fee revenues are directly impacted by average AUM as well as the management fee rate earned on those assets. CI's average AUM increased by 2.3% year over year; however, the management fee rate declined. The decline in the management fee rate was a result of a number of factors that changed CI's asset mix, which is discussed in detail in the Asset Management segment below. SG&A expenses increased year over year primarily as a result of the increase in CI's average AUM, the addition of First Asset's SG&A for a full year, the addition of GSFM as of November 16, 2016, as well as CI realizing the full impact of strategic investments in CI's business that were made partway through 2015.

Total revenues decreased by $49.3 million from the prior year to $1,948.3 million for the year ended December 31, 2016. The decrease in revenues was primarily caused by the decrease in management fees discussed earlier.

Other income decreased by $14.2 million from the prior year mainly due to the $7.5 million fair value adjustment to contingent consideration that was included in 2015, as well as due to lower fees earned from subsidiaries and other companies in which CI has an interest.

Administration fee revenue from third-party fund companies grew 6.6% year over year, representing the growth in Assante's revenues net of intercompany eliminations.

For the year ended December 31, 2016, redemption fee revenue declined by $1.0 million to end the year at $18.0 million. The decrease is a result of a decline in redemptions of deferred load funds that are subject to redemption fees.

In 2016, SG&A expenses were $396.8 million, a 6.5% increase from $372.5 million for 2015. This change was above the 2.3% increase in average AUM. Included in SG&A expenses are portfolio management fees, which are largely driven by the level of average AUM. The cause of the increase in SG&A expenses above the increase in average AUM was primarily due to the addition of First Asset's SG&A for a full year as well as CI realizing the full impact of strategic investments in CI's business that were made partway through 2015.

Amortization of deferred sales commissions was $122.8 million in 2016, a decrease from $141.0 million in 2015. This represented 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 three or seven-year scheduled term. The level of spending on deferred sales commissions has generally declined over the past several years as a smaller proportion of sales have been invested in deferred load funds versus front-end load funds.

Interest expense of $16.0 million was recorded for the year ended December 31, 2016 compared with $14.1 million for the year ended December 31, 2015. The increase in interest expense reflected higher average debt levels as discussed under "Liquidity and Capital Resources."

Other expenses for the year ended December 31, 2016 were $50.2 million compared to $31.9 million in the prior year. The increase in other expenses from the prior year was primarily a result of the provisions discussed earlier.

In 2016, CI recorded $187.3 million in income tax expense for an effective tax rate of 27.1% compared to CI's statutory rate of 26.5%. For the prior year, the effective tax rate was 27.1% compared with a statutory rate of 26.5%. CI's effective tax rate will generally exceed the statutory tax rate as a result of some expenses being non-deductible or partially deductible.

CI's pre-tax operating earnings, as discussed in the "Non-IFRS Measures" section and as set out in Table 6, adjust for the impact of gains and losses on marketable securities, performance fees and other provisions and adjustments. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are netted out to remove the impact of financing assets under management in deferred load funds. Pre-tax operating earnings were $837.4 million in 2016, a decrease from $892.9 million in 2015, reflecting the decline in average margin earned on CI's assets, as discussed below in the Asset Management Segment.

As discussed in the "Non-IFRS Measures" section and as illustrated in Table 4, adjusted EBITDA for the year ended December 31, 2016 was $879.0 million ($3.24 per share) compared with $940.4 million ($3.37 per share) for the year ended December 31, 2015. Adjusted EBITDA margin for 2016 was 45.1%, down from 47.3% in 2015.

Quarter Ended December 31, 2016

For the quarter ended December 31, 2016, CI reported net income attributable to shareholders of $121.0 million ($0.45 per share) versus $127.2 million ($0.46 per share) for the quarter ended December 31, 2015 and $136.8 million ($0.51 per share) for the quarter ended September 30, 2016. The fourth quarter of 2016 included $26.6 million ($19.6 million after tax) in provisions for compensation, legal and tax costs and the fourth quarter of 2015 included $10.8 million ($9.8 million after tax) in provisions. Net income attributable to shareholders adjusted for these items was $140.6 million ($0.53 per share) for the quarter ended December 31, 2016, up 2.6% from $137.0 million ($0.50 per share) for the quarter ended December 31, 2015. The increase in net income from the same period last year was primarily a result of the 5.6% increase in Average AUM, mitigated by the decline in the management fee rate, which is discussed in detail in the Asset Management Segment below.

Total revenues increased 2.6% in the fourth quarter of 2016 to $506.3 million compared to revenue of $493.5 million in the same period in 2015. The main contributors to this change were an increase in management fees and increase in administration fees. On a consecutive quarter basis, total revenues increased 2.2% from $495.4 million in the third quarter of 2016 due to increases in management fee revenue, administration fee revenue and other income, while average AUM increased 2.2%. Assante administration fee revenues, net of intercompany eliminations, increased 11.2% from the prior quarter due in part to an increase in AUA as well as an increase in insurance-related revenues.

SG&A expenses for the fourth quarter of 2016 were $102.4 million compared to $99.9 million in the prior quarter and $96.9 million in the same quarter of 2015. The fourth quarter of 2016 included $2.1 million in SG&A expenses related to GSFM's operations. Excluding this amount, SG&A expenses were $100.3 million for the fourth quarter of 2016, relatively flat from the prior quarter. As an annualized percentage of average AUM, SG&A expenses were 0.355%, in line with 0.354% for the prior quarter and for the fourth quarter of last year.

Amortization of deferred sales commissions was $28.4 million in the fourth quarter of 2016, a decrease from $33.6 million in the fourth quarter of 2015 and a decrease from $30.0 million in the prior quarter. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been in deferred load funds versus front-end load funds.

Interest expense of $4.6 million was recorded for the quarter ended December 31, 2016 compared with $4.0 million for the quarter ended December 31, 2015 and $4.0 million for the quarter ended September 30, 2016. The changes in interest expense primarily reflect the changes in average debt levels, as discussed under "Liquidity and Capital Resources."

For the fourth quarter of 2016, CI recorded $43.7 million in income tax expense for an effective tax rate of 26.5% compared to $49.6 million in the fourth quarter of 2015 for an effective tax rate of 28.1%. The higher effective tax rate for the fourth quarter of 2015 reflected the non-deductible nature of a large component of the provisions for compensation, legal and tax costs. Income tax expense in the third quarter of 2016 was $51.9 million, for an effective tax rate of 27.5%.

As discussed in the "Non-IFRS Measures" section and as set out in Table 6, pre-tax operating earnings were $216.1 million ($0.81 per share) in the fourth quarter of 2016, a decrease of 0.6% from the same quarter of 2015 and up 0.6% from the prior quarter. Adjusted EBITDA for the quarter ended December 31, 2016 was $226.9 million ($0.85 per share), down from $228.2 million ($0.83 per share) for the quarter ended December 31, 2015 and up from $225.3 million ($0.83 per share) for the quarter ended September 30, 2016. Similar to the change in net income, the changes to pre-tax operating earnings and adjusted EBITDA from the prior-year period were primarily a result of the change in average AUM in combination with a decline in the management fee rate earned on CI's AUM, which is discussed in detail in the Asset Management Segment below. Adjusted EBITDA margin for the fourth quarter of 2016 was 44.8%, down from 46.3% in the fourth quarter of 2015 and from 45.5% in the prior quarter. For detailed calculations and reconciliations of net income to EBITDA, refer to the "Non-IFRS Measures" section and Table 3.

ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments, CIPC, First Asset and GSFM. Table 13 presents the operating results for the Asset Management segment.

TABLE 13: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

[millions of dollars]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Management fees	448.6	446.1	444.8	1,748.7	1,787.9
Other revenue	8.6	4.7	6.8	20.0	41.2
Total revenue	457.2	450.7	451.6	1,768.7	1,829.1
Selling, general and administrative	84.4	82.7	79.7	327.2	305.6
Trailer fees	145.0	144.6	143.8	565.5	577.9
Amortization of deferred sales commissions and intangibles	29.8	31.3	35.0	128.1	149.8
Other expenses	26.3	1.8	13.3	45.4	23.8
Total expenses	285.4	260.3	271.8	1,066.2	1,057.2
Non-controlling interest	0.3	(0.1)	(0.2)	(0.3)	(1.4)
Income before taxes and non-segmented items	171.5	190.5	179.9	702.8	773.3

YEAR ENDED DECEMBER 31, 2016

Revenues

Revenues from management fees were $1,748.7 million for the year ended December 31, 2016, a decrease of 2.2% from $1,787.9 million for the year ended December 31, 2015. While average assets under management were up 2.3% year over year, the average management fee rate in 2016 dropped to 1.577% from 1.650% in 2015.

CI's average management fee rate has been declining for three reasons: 1) Financial advisors continue to transition their clients to fee-based accounts that hold fund classes without a trailer fee, which results in CI both receiving lower management fees (as less fees are required to fund trailer fee payments) and paying less trailer fees; 2) CI and its distribution partners have been attracting mass affluent and high net worth clients who generally pay a lower management fee; and 3) 2016 was the first full year to include First Asset's results and the majority of its assets are in exchange-traded funds, which generally charge a lower management fee than mutual funds.

For the year ended December 31, 2016, other revenue was $20.0 million versus $41.2 million for the year ended December 31, 2015. The largest single component of other revenue is redemption fees. Redemption fees were $18.0 million for 2016 compared with $19.0 million for 2015 as the level of CI's deferred load business continues to decline and there are fewer deferred load redemptions. Other revenue was also lower year over year as 2015 included $5.9 million in gains on the sale of marketable securities and a $7.5 million fair value adjustment to contingent consideration.

Expenses

SG&A expenses for the Asset Management segment were $327.2 million for the year ended December 31, 2016, an increase from $305.6 million for the year ended December 31, 2015. As a percentage of average assets under management, asset management SG&A expenses increased to 0.295% in 2016 from 0.282% in 2015, as spending increased 7.1% and average assets were up 2.3%. The cause of the increase in SG&A expenses above the increase in average AUM was primarily due to higher average levels of staff in the sales and portfolio management teams in 2016 as well as the addition of First Asset's SG&A for a full year.

Trailer fees were $565.5 million for 2016, down 2.1% from $577.9 million for 2015. Net of inter-segment amounts, this expense was $540.2 million for the year ended December 31, 2016 versus $553.6 million for the year ended December 31, 2015. The change in trailer fee expense was a function of the change in average AUM as well as the change in CI's asset mix. A higher percentage of CI's average AUM was made up of specific classes of funds that do not pay trailer fees; however, a greater percentage of front–end load funds that carry higher trailer fees were sold relative to deferred load funds, which has mitigated the decline.

Amortization of deferred sales commissions and intangibles was $128.1 million for 2016, down from $149.8 million for the prior year. This change is consistent with the decline in deferred sales commissions paid over the past several years and the amount of accelerated amortization related to redemptions of deferred load funds.

Other expenses were $45.4 million for the year ended December 31, 2016 compared to $23.8 million in the year ended December 31, 2015. The increase in other expenses from the prior year is primarily a result of the provisions for compensation, legal and tax costs discussed earlier.

Income before income taxes and interest expense for CI's principal segment was $702.8 million for 2016 compared with $773.3 million in 2015. The 9.1% decrease from the prior year was due to the lower average management fee rate, higher SG&A expense rate and the provisions discussed earlier. Net of provisions for compensation, legal and tax costs, income before taxes and non-segmented items was down 6.4% from the prior year.

QUARTER ENDED DECEMBER 31, 2016

Revenues

Revenues from management fees were $448.6 million for the quarter ended December 31, 2016, an increase of 0.9% from $444.8 million for the quarter ended December 31, 2015 and an increase of 0.6% from $446.1 million for the quarter ended September 30, 2016. The average management fee rate, as a percentage of average AUM, declined from 1.623% in the fourth quarter of 2015 and 1.581% in the prior quarter to 1.555% in the fourth quarter of 2016. The decline in the management fee rate from the prior-year period was a result of the same factors discussed above as well as the inclusion of GSFM beginning on November 15, 2016.

For the quarter ended December 31, 2016, other revenue was $8.6 million versus $6.8 million and $4.7 million for the quarters ended December 31, 2015 and September 30, 2016, respectively. Redemption fees are generally the largest single component of other revenue, which decreased from the comparable periods. The increase in other revenue from the prior quarters is mainly due to higher fees earned from subsidiaries and other companies in which CI has an interest.

The asset management margin for the 12-month period ended December 31, 2016 was 41.7%, compared with 42.5% and 41.6% in the 12-month periods ended December 31, 2015 and September 30, 2016, respectively. The asset management margin for the fourth quarter of 2016 was 42.4% compared to 42.0% in the fourth quarter of 2015 and 42.1% in the prior quarter. The increase in margin from the prior periods was a result of lower amortization of deferred sales commissions. The calculations and definitions of asset management margin can be found in the "Non-IFRS Measures" section and in Table 8.

Expenses

SG&A expenses for the Asset Management segment were $84.4 million for the quarter ended December 31, 2016, compared with $79.7 million for the fourth quarter in 2015 and $82.7 million for the prior quarter. The fourth quarter of 2016 included $2.1 million in SG&A expenses associated with GSFM's operations. Excluding this amount, SG&A expenses were down 0.5% from the prior quarter. As a percentage of average AUM, SG&A expenses were 0.292% for the quarter ended December 31, 2016, up slightly from 0.291% for the quarter ended December 31, 2015, and down slightly from 0.293% in the quarter ended September 30, 2016.

Another measure that CI uses to assess its costs is the SG&A efficiency margin, as discussed in the "Non-IFRS Measures" section and as set out in Table 10. The 12-month SG&A efficiency margin for the quarter ended December 31, 2016 of 69.0% decreased from 71.3% in the same period one year ago primarily due to higher average levels of staff in the sales and portfolio management teams in 2016 as well as the addition of First Asset's SG&A for a full year. CI's current quarter SG&A efficiency margin decreased to 69.3% from 70.1% in the fourth quarter of last year and 69.5% for the prior quarter.

Trailer fees were $145.0 million for the quarter ended December 31, 2016, up 0.8% from $143.8 million for the quarter ended December 31, 2015 and up 0.3% from $144.6 million for the prior quarter. Net of inter-segment amounts, this expense was $138.3 million for the quarter ended December 31, 2016 versus $137.7 million for the fourth quarter of 2015 and $138.1 million for the third quarter of 2016. While trailer fees increased in absolute dollars, they decreased as a percentage of average AUM. CI, and the industry as a whole, have been experiencing a trend towards the sale of investment products which do not pay trailer fees.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $29.8 million for the quarter ended December 31, 2016, down from $35.0 million in the same quarter a year ago and down from $31.3 million in the previous quarter. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years. Other expenses for the quarter ended December 31, 2016 were $26.3 million, compared to $1.8 million in the previous quarter and $13.3 million in the same quarter of last year. The increase in other expenses reflects the provisions for compensation, legal and tax costs discussed earlier.

Income before taxes and non-segmented items for CI's principal segment was $171.5 million for the quarter ended December 31, 2016, down 4.7% from $179.9 million in the same period in 2015 and down 10.0% from $190.5 million in the previous quarter. Net of provisions for compensation, legal and tax costs, income before taxes and non-segmented items was up $3.2 million from the prior quarter and up $3.0 million from the same quarter in 2015.

ASSET ADMINISTRATION SEGMENT

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. Table 14 presents the operating results for the Asset Administration segment.

TABLE 14: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

[millions of dollars]	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Dec. 31, 2015	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Administration fees	82.3	77.6	74.1	307.7	296.9
Other revenue	6.0	5.8	5.3	23.3	21.9
Total revenue	88.2	83.4	79.3	331.0	318.8
Selling, general and administrative	18.0	17.3	17.2	69.6	66.8
Investment dealer fees	67.7	63.8	60.6	252.5	242.9
Amortization of intangibles	0.6	0.6	0.6	2.2	2.2
Other expenses	4.8	—	0.4	4.9	8.1
Total expenses	91.0	81.6	78.8	329.1	320.0
Income before taxes and non-segmented items	(2.8)	1.8	0.6	1.9	(1.1)

YEAR ENDED DECEMBER 31, 2016

Revenues

Administration fees were $307.7 million for the year ended December 31, 2016, an increase of 3.6% from $296.9 million in 2015. Net of inter-segment amounts, administration fee revenue was $156.3 million for the year ended December 31, 2016, up from $146.6 million for the year ended December 31, 2015. The increase in administration fees from the prior year is mainly a result of higher asset-based revenues such as trailer fees earned from higher average assets under administration. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

Other revenues earned by the Asset Administration segment are generally derived from non-advisor related activities. For 2016, other revenues were $23.3 million, increasing from $21.9 million for 2015.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were $252.5 million for the year ended December 31, 2016, compared to $242.9 million for the year ended December 31, 2015. The increase in these fees relates directly to the increase in administration fee revenues discussed above.

As discussed in the "Non-IFRS Measures" section and as set out in Table 7, dealer gross margin was $55.2 million or 17.9% of administration fee revenue for 2016, compared to $54.0 million or 18.2% for 2015. 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 corresponding fee revenues grow, the payout rate to the advisor will increase up to a maximum payout rate.

SG&A expenses for the segment were $69.6 million for the year ended December 31, 2016 compared to $66.8 million in the year ended December 31, 2015. The 4.2% increase was largely due to an increase in the level of discretionary spending.

For the year ended December 31, 2016, other expenses were $4.9 million compared with $8.1 million in 2015. 2016 included $4.5 million in provisions for compensation, legal and tax costs and 2015 included $4.8 million in provisions for compensation, legal and tax costs.

The Asset Administration segment had a gain before income taxes and non-segmented items of $1.9 million for 2016, up from a loss of $1.1 million in 2015. This increase was primarily due to the increase in dealer gross margin discussed earlier and a reduction in other expenses.

QUARTER ENDED DECEMBER 31, 2016

Revenues

Administration fees were $82.3 million for the quarter ended December 31, 2016, an increase of 11.1% from $74.1 million for the same period a year ago and an increase of 6.1% from $77.6 million for the prior quarter. The increase in administration fees from the comparable quarters is primarily attributable to the increase in assets under administration as well as an increase in insurance-related revenues. Net of inter-segment amounts, administration fee revenue was $43.2 million for the quarter ended December 31, 2016, up from $36.6 million for the quarter ended December 31, 2015 and from $38.8 million in the previous quarter.

Other revenues earned by the Asset Administration segment are mainly comprised of non-advisor-related activities. For the quarter ended December 31, 2016, other revenues were $6.0 million, up from $5.3 million in the same quarter of 2015 and up from $5.8 million in the third quarter of this year.

Expenses

Investment dealer fees were $67.7 million for the quarter ended December 31, 2016 compared to $60.6 million for the fourth quarter of 2015 and $63.8 million for the quarter ended September 30, 2016. Similar to administration fees, the increase is primarily due to the increase in assets under administration.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 7, dealer gross margin was $14.6 million or 17.7% of administration fee revenue for the quarter ended December 31, 2016 compared to $13.5 million or 18.2% for the fourth quarter of 2015 and $13.8 million or 17.8% for the previous quarter. The decrease in gross margin from the prior-year period corresponds to the change in the level of payout to financial advisors, which generally increases as their 12-month rolling administration fee revenue increases.

SG&A expenses for the segment were $18.0 million for the quarter ended December 31, 2016 compared to $17.2 million in the fourth quarter of 2015 and $17.3 million in the third quarter of 2016. The change in SG&A expenses is largely attributable to the change in the level of discretionary spend each quarter.

For the quarter ended December 31, 2016, other expenses were $4.8 million compared with $0.4 million for the same quarter in 2015. The fourth quarter of 2016 included $4.5 million in provisions for compensation, legal and tax costs.

The Asset Administration segment had a loss before taxes and non-segmented items of $2.8 million for the quarter ended December 31, 2016, compared to income of $0.6 million for the fourth quarter of 2015 and income of $1.8 million for the prior quarter. Excluding provisions for compensation, legal and tax costs, this segment had a gain before taxes and non-segmented items of $1.7 million.

LIQUIDITY AND CAPITAL RESOURCES

CI generated $619.6 million of operating cash flow in 2016, down $68.0 million from $687.7 million for 2015. As detailed in Table 15, free cash flow was $604.7 million in 2016, down 0.3% from $606.4 million in 2015. Calculations of both measures and reconciliations to cash flow from operations are provided in the "Non-IFRS Measures" section and set out in Table 8.

CI primarily uses cash flow to finance deferred sales commissions, pay dividends on its shares, fund capital expenditures, fund acquisitions, and repurchase shares through its normal course issuer bid. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations, pay down debt and to support CI's planned business operations for at least the next 12 months.

CI's cash flows experience two forms of seasonality: 1) one-third of deferred sales commissions are typically paid out in the first quarter; and 2) the balance of cash income taxes and incentive compensation are paid at the end of February. These factors may cause cash flow fluctuations from quarter to quarter of up to $75 million.

TABLE 15: SUMMARY OF CASH FLOWS

[millions of dollars]	Year ended Dec. 31, 2016	Year ended Dec. 31, 2015
Operating Cash Flow	619.6	687.7
Less:		
Deferred sales commissions paid	44.1	91.1
Add:		
Provisions for compensation, legal and tax costs	29.1	9.8
Free cash flow	604.7	606.4
Less:		
Marketable securities, net	(0.1)	(9.0)
Capital expenditures	7.4	3.0
Share repurchases, net	290.8	243.5
Dividends paid	368.7	362.2
Debt repaid / (drawn)	(198.8)	(249.3)
Working capital and other items	75.4	250.7
	543.4	601.1
Net change in cash	61.3	5.4
Cash at January 1	56.6	51.2
Cash at December 31	117.9	56.6

CI paid deferred sales commissions of $44.1 million in 2016 compared to $91.1 million in 2015. The decrease in deferred sales commissions paid compared to the prior year is a result of the trend towards lower sales of deferred load funds.

CI invested $7.1 million in marketable securities in 2016. During the same period, CI received proceeds of $7.2 million from the disposition of marketable securities, the sale of which resulted in a $1.2 million gain. The fair value of marketable securities at December 31, 2016 was $85.0 million. Marketable securities are comprised of seed capital investments in CI funds and strategic investments.

During the year ended December 31, 2016, CI invested $7.4 million in capital expenditures, up from $3.0 million in the year ended 2015. These investments related primarily to technology and leasehold improvements.

During 2016, CI repurchased 10.8 million shares under its normal course issuer bid at a total cost of $290.9 million or $26.93 per share. CI paid dividends of $368.7 million, which represented 69% of adjusted net income and 61% of free cash flow for the period. CI's most recent dividend payment was $0.115 per share per month, or $366 million per fiscal year.

CI's working capital and other items increased $75.4 million in 2016, compared to an increase of $250.7 million in 2015. The increase in 2016 was primarily a result of an increase in CI's cash balance.

The statement of financial position for CI at December 31, 2016 reflected total assets of $3.459 billion, an increase of $161.3 million from $3.297 billion at December 31, 2015. This change was a result of an increase in cash as well as an increase in fund management contracts, due primarily to the acquisition of GSFM.

CI's cash and cash equivalents increased by $61.3 million in 2016, as free cash flow and an increase in debt exceeded cash outflows, primarily consisting of share repurchases and dividends. Marketable securities increased by $6.3 million during 2016 primarily due to market appreciation. Accounts receivable and prepaid expenses increased by $25.8 million to $148.2 million as of December 31, 2016.

Deferred sales commissions decreased by $78.7 million to $272.7 million as a result of the $122.8 million in amortization expense partially offset by the $44.1 million in sales commissions paid. Capital assets increased by $1.6 million during the year as a result of $7.4 million in capital additions partially offset by $5.9 million in amortization.

Total liabilities increased by $310.3 million during 2016 to $1.711 billion at December 31, 2016. This change was primarily caused by a $199.3 million increase in long-term debt and $54.5 million increase in accounts payable.

At December 31, 2016, CI was in a positive working capital position, which, in addition to the availability of CI's credit facility, reflects the ability of CI to meet its cash flow requirements.

During the fourth quarter CI increased its credit facility from $350 million to $500 million. As of December 31, 2016, CI had drawn $112.0 million against its credit facility. Principal repayments on any drawn amounts are only required at the maturity of the facility, which is December 11, 2018.

During the fourth quarter CI issued $200 million debentures with a maturity date of November 25, 2021 bearing interest at a rate of 2.775%. This issuance brought CI's total outstanding debentures to $650 million at December 31, 2016, with an average interest rate of 2.685% and a carrying value of $646.7 million. Net debt, as discussed in the "Non-IFRS Measures" section and as set out in Table 5, was $572.9 million at December 31, 2016, up from $433.1 million at December 31, 2015. This increase was primarily due to the increase in working capital and other items discussed earlier as well as CI spending more on dividends and share repurchases relative to the amount of free cash flow that was generated for the period. The average debt level for the year ended December 31, 2016 was approximately $653 million compared to $401 million for the same period last year.

CI's ratio of debt to adjusted EBITDA and net debt to adjusted EBITDA were 0.8 to 1 and 0.6 to 1, respectively, which provides CI with significant financial flexibility for future debt financing. CI is within its financial covenants with respect to its credit facility, which requires that the debt to adjusted EBITDA ratio remain below 2.5 to 1, and assets under management not fall below $60 billion, based on a rolling 30-day average.

Shareholders' equity was $1.745 billion at December 31, 2016, a decrease of $148.7 million during 2016, which approximates net income less dividends and share repurchases.

RISK MANAGEMENT

CI is exposed to a number of risks that are inherent in the wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are, by their nature, outside of CI's direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives and protecting company and client assets. It is an ongoing process involving the Board of Directors, the company's Risk Management Committee, comprised of senior executives representing CI's business units, and the company's Risk Management Team, comprised of the Chief Risk Officer and the Vice-President, Risk Management and Corporate Responsibility. The Board has delegated primary responsibility for oversight of risk management to the Governance and Risk Committee of the Board of Directors.

Monitoring, evaluating and managing risk is a shared responsibility at CI. The Risk Management Committee and Risk Management Team work together to manage risk and ensure that business strategies and activities are consistent with CI's risk appetite. Regular reports are provided to the Governance and Risk Committee of CI's Board.

As noted above, the Risk Management Committee is comprised of senior executives from each core business unit and operating area at CI. CI has developed an enterprise-wide approach to monitoring, evaluating and managing risk. The members of the Risk Management Committee identify and evaluate specific and material risks, applying both a quantitative and a qualitative analysis and then assess the likelihood of occurrence of a particular risk event. Once risks have been identified and rated, strategies and procedures are developed to minimize or avoid negative consequences and these risk mitigation processes are implemented and monitored with each business unit to bring risks to an acceptable risk level.

The risks described below are not the only risks facing CI. The risks set out below are risks and uncertainties that the Risk Management Committee currently believe could materially affect CI's future financial performance. The reader should carefully consider the risks described below, and the other information contained in this MD&A, including under the heading "Forward-Looking Statements" before making an investment decision.

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 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 of CI's mutual funds 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 ability to pay dividends.

MARKET RISK FOR THE ASSET MANAGEMENT SEGMENT

At December 31, 2016, approximately 29% 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 $7 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2016, about 49% of CI's assets under management were based in Canadian currency. While CI's concentration in Canadian currency assets reduces its exposure to foreign exchange risk, approximately 29% 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. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of about $29 million in the Asset Management segment's annual pre-tax earnings.

About 58% of CI's assets under management were held in equity securities at December 31, 2016, 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 $64 million in annual pre-tax earnings.

CI has a control environment that ensures market risks are reviewed regularly. CI's compliance group reviews and monitors CI's fund and portfolio investments are in compliance with investment policies and regulations. CI also reviews investment processes, portfolio positioning and attribution of results of its investment teams on a regular basis.

MARKET RISK FOR THE ASSET ADMINISTRATION SEGMENT

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 reported a loss of $3 million before income taxes and non-segmented items for the quarter ended December 31, 2016). 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 approximately $2 million to the Asset Administration segment's annual pre-tax earnings.

POLITICAL AND MARKET RISK

CI's performance is directly affected by financial markets and political conditions, including any political change and uncertainty in the United States, Europe and abroad. These changes may cause significant volatility and decline in the global economy or specific international, regional and domestic financial markets which are beyond the control of CI. There can be no assurance that financial market performance will be favourable in the future. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance, which could negatively impact CI's business and impede the growth of CI's assets under management and revenue.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems. The operational risk that CI is exposed to may arise from, technology failures, business disruption, theft and fraud, failure of key third parties, employee errors, processing and execution errors, and inaccurate or incomplete client information. Operational risk may result in a financial loss but can also lead to regulatory sanctions and harm to CI's reputation. Operational risk driven by people and processes are mitigated through human resources policies and practices, and a strong internal control environment. Operational risks driven by systems and services are managed through controls over technology development and change management as well as enhanced procedures for oversight of third-party service providers. While CI continuously monitors its operational risks, there can be no assurances that CI's internal control procedures can mitigate all operational risks.

STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and the ability of CI to successfully identify growth opportunities and implement proposed solutions. The key strategic risk is the risk that management fails to anticipate, and respond to, changes in the business environment, including demographic, regulatory and competitive changes. CI's performance is directly affected by the 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 ongoing review and assessment of industry and economic trends and changes. Strategies are then designed to effectively respond to any anticipated changes, including the introduction of new products and cost control strategies.

REPUTATION RISK

Reputation risk is the potential negative impact of a deterioration of CI's image or lower public confidence in the CI brand, its senior management or its products and services. Operational errors, poor performance, regulatory investigation or sanctions, litigation or employee misconduct could result in reputational harm to CI. Through its Codes of Conduct, governance practices, risk management programs, policies, procedures and training, CI attempts to prevent and detect any activities by CI officers, directors, and employees that would harm CI's reputation. While all employees, directors and officers are expected to protect the reputation of CI, there can be no assurances that unauthorized or unsuccessful activities may result in damage to CI's reputation, which could adversely affect CI's business and profitability.

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, and potential future competitors may have, greater technical, financial, marketing, distribution or other resources than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. CI's competitors seek to expand market share by offering different products and services and more competitive pricing than those offered by CI. While CI continues to develop and market new products and services and remain competitive with respect to fees, there can be no assurance that CI will maintain its current standing or market share or investment performance relative to its competitors, which may adversely affect the business, financial condition or operating results of CI.

In addition, there are uncertainties involved in the introduction of new products and services, including technical requirements, operational controls and procedures, compliance with regulatory requirements and shifting market preferences. The development and introduction of new products and services may require ongoing support and investment. A failure to manage the risks involved in the implementation of new products and services may lead to operational lapses, increased capital requirements, and competitive alternatives, which could adversely affect CI's standing, market share or investment performance relative to its competitors and negatively impact the business, financial condition or operating results of CI.

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, in the future, enjoy the level of access that it has in the past, which would adversely affect its sales of investment products.

REGULATORY AND LEGAL RISK

CI's business is dependent upon compliance with and continued registration under securities laws in all jurisdictions in which CI and its subsidiaries 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. In addition, the constant rate of change in the securities regulatory environment governing CI's business may require additional human resources and operations which will increase costs.

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 corporate laws, securities laws, stock exchange rules and misuse of investors' funds. Some violations of corporate laws, securities laws or stock exchange rules 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.

TAXATION RISK

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. CI Investments is considered a large case file by the Canada Revenue Agency and, as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustments. While CI regularly assesses the likely outcome of these audits in order to determine the appropriateness of its tax provision, there can be no assurance that CI will accurately predict the outcomes of these audits. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected.

INFORMATION TECHNOLOGY RISK

CI uses information technology and the internet to streamline business operations and to improve the client and advisor experience. However, with the use of information technology and the internet, email messaging and other online capabilities, CI is exposed to information security risk that could potentially have an adverse impact on its business. CI is dependent on its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that it transmits through its information technology systems. Any information technology event, such as a hacker attack or virus, or internal issue, such as the failure to implement sufficient controls, could result in unauthorized access to sensitive or confidential information, theft, operational disruption, regulatory actions, legal liability or reputational harm. CI actively monitors this risk and continues to develop controls to protect against cyber threats that are becoming more sophisticated and pervasive. In addition, CI has and will continue to implement safeguards to control access to sensitive information, through password protection, encryption of confidential information and other means. Notwithstanding these measures, CI cannot fully mitigate the risk associated with information technology security. If mobile electronic devices, such as laptops or smart phones, are stolen, lost or left unattended, such devices may become exposed to hacking or other unauthorized use. As well, CI is dependent on the efficiency and effectiveness of the technology it uses. Malfunctioning of any of the technologies used by CI could disrupt the company's business and negatively impact CI's financial position and reputation.

CI's business is dependent on the physical integrity of its infrastructure, including its office space, storage centers and other facilities. CI has taken precautions to protect the physical security of its infrastructure, and the sensitive information contained therein, through passkey protection, limited after-hours access and clean desk policies. However, a breach of the physical integrity of CI infrastructure may leave sensitive information vulnerable to unauthorized access and use, increasing a possible security risk, which could negatively impact CI's business and reputation.

REDEMPTION RISK

CI earns revenue primarily from management fees earned for advising and managing mutual fund assets. The level of these mutual fund assets is dependent on (i) sales; (ii) redemptions; and (iii) investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors.

Significant mutual fund redemptions could adversely impact the returns of investors in the affected funds by impacting market values and increasing transaction costs or taxable distributions. Continued large redemptions could negatively impact the prospects and operating results of CI.

KEY PERSONNEL RISK

The success of CI is dependent on a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel, could adversely affect CI's business. The retention of these key managers and the identification and development of the next generation of managers is an area of focus for CI. CI has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

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 with specialized skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These highly skilled and often highly specialized individuals play an important role in developing, implementing, operating, managing and distributing CI's products and services. Accordingly, the recruitment and retention of skilled personnel, continuous training and transfer of knowledge are key activities that are essential to CI's performance. CI has taken, and will continue to take, steps to encourage our key employees to remain employed at CI, including the implementation of long-service awards, employee engagement strategies and enhanced transparency measures with respect to compensation. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products has 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. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could result in a loss of clients and a decline in sales and adversely affect CI's business.

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.

INSURANCE RISK

CI maintains various types of insurance which include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, agents' insurance and general commercial liability insurance. Management evaluates the adequacy of CI's insurance coverage on an ongoing basis. However, there can be no assurance that a claim or claims will not exceed the limits of available insurance coverage, that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost or that any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgment against CI in excess of available coverage could have a material adverse effect on CI both in terms of damages awarded and the impact on the reputation of CI.

CAPITAL RISK

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.

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 significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of individual counterparties 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.

LIQUIDITY RISK

Liquidity risk is the risk that CI may not be able to generate sufficient funds and within the time required in order to meet its obligations as they come due. While CI currently has access to financing, unfavourable market conditions may affect the ability of CI to obtain loans or make other arrangements on terms acceptable to CI.

SHARE CAPITAL

As at December 31, 2016, CI had 265,302,141 shares outstanding.

At December 31, 2016, 8.6 million options to purchase shares were outstanding, of which 3.7 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at December 31, 2016.

PAYMENTS DUE BY YEAR

[millions of dollars]	Total	1 year or less	2	3	4	5	More than 5 years
Long-term debt	762.0	—	112.0	—	450.0	200.0	—
Operating leases	90.7	11.8	11.2	10.8	10.1	9.8	37.0
Total	852.7	11.8	123.2	10.8	460.1	209.8	37.0

SIGNIFICANT ACCOUNTING ESTIMATES

The December 31, 2016 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. Note 2 to the Consolidated Financial Statements provides a discussion regarding the methodology used for business acquisitions. Note 4 to the Consolidated Financial Statements provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, are responsible for the design of CI's disclosure controls and procedures as defined in National Instrument 52-109 (NI 52-109). Management evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures (as at December 31, 2016). Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these disclosure controls and procedures were effective as at December 31, 2016 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 as defined in NI 52-109 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, concluded that the internal controls over financial reporting were effective as at December 31, 2016. 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 quarter ended December 31, 2016, 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 annual financial statements, management information circular and annual information form, is available on SEDAR at www.sedar.com and on CI's website at www.cifinancial.com. Information contained in or otherwise accessible through the websites mentioned in this MD&A does not form part of, and is not incorporated by reference into, this MD&A.

CONSOLIDATED FINANCIAL STATEMENTS | December 31, 2016

CI FINANCIAL CORP.

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, 2016 and 2015, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, 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, 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, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 16, 2017

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of Canadian dollars]	As at December 31, 2016 $	As at December 31, 2015 $
ASSETS		
Current		
Cash and cash equivalents	**117,899**	56,598
Client and trust funds on deposit	**185,424**	158,891
Marketable securities	**85,013**	78,700
Accounts receivable and prepaid expenses	**148,218**	122,459
Total current assets	**536,554**	416,648
Capital assets, net *[note 3]*	**34,741**	33,166
Deferred sales commissions, net of accumulated amortization of $388,244 [December 31, 2015 – $428,274]	**272,699**	351,414
Intangibles *[note 4]*	**2,407,966**	2,295,985
Other assets *[notes 5 and 7]*	**206,735**	200,154
Total assets	**3,458,695**	3,297,367
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**222,742**	168,257
Provision for other liabilities *[note 7]*	**37,246**	23,043
Dividends payable *[note 9]*	**61,015**	60,728
Client and trust funds payable	**183,148**	156,164
Income taxes payable *[note 10]*	**8,836**	14,188
Current portion of long-term debt *[note 6]*	**—**	2,000
Total current liabilities	**512,987**	424,380
Deferred lease inducement	**11,770**	12,907
Long-term debt *[note 6]*	**758,658**	557,347
Provision for other liabilities *[note 7]*	**48,063**	29,554
Deferred income taxes *[note 10]*	**379,186**	376,214
Total liabilities	**1,710,664**	1,400,402
Equity		
Share capital *[note 8(a)]*	**1,885,066**	1,960,622
Contributed surplus	**18,062**	13,615
Deficit	**(166,878)**	(86,827)
Accumulated other comprehensive income	**9,148**	6,690
Total equity attributable to the shareholders of the Company	**1,745,398**	1,894,100
Non-controlling interests	**2,633**	2,865
Total equity	**1,748,031**	1,896,965
Total liabilities and equity	**3,458,695**	3,297,367

(see accompanying notes)

On behalf of the Board of Directors:

William T. Holland
Director

Paul Derksen
Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended December 31

[in thousands of Canadian dollars, except per share amounts]	2016 $	2015 $
REVENUE		
Management fees	**1,748,691**	1,787,854
Administration fees	**156,323**	146,648
Redemption fees	**18,033**	19,011
Gain on sale of marketable securities	**1,189**	5,869
Other income *[note 5]*	**24,064**	38,265
	1,948,300	1,997,647
EXPENSES		
Selling, general and administrative *[note 17]*	**396,761**	372,456
Trailer fees	**540,214**	553,622
Investment dealer fees	**128,166**	119,638
Amortization of deferred sales commissions	**122,771**	141,033
Amortization of intangibles *[note 4]*	**4,100**	7,350
Interest *[note 6]*	**16,014**	14,078
Other *[note 5]*	**50,247**	31,904
	1,258,273	1,240,081
Income before income taxes	**690,027**	757,566
Provision for income taxes ***[note 10]***		
Current	**208,036**	219,487
Deferred	**(20,779)**	(14,539)
	187,257	204,948
Net income for the year	**502,770**	552,618
Net loss attributable to non-controlling interests	**(232)**	(876)
Net income attributable to shareholders	**503,002**	553,494
Other comprehensive income (loss), net of tax		
Unrealized gain on available-for-sale financial assets, net of income taxes of $511 [2015 – $221]	**3,297**	1,448
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of ($50) [2015 – ($468)]	**(327)**	(3,069)
Exchange differences on translation of foreign operations	**(512)**	—
Total other comprehensive income (loss), net of tax	**2,458**	(1,621)
Comprehensive income for the year	**505,228**	550,997
Comprehensive loss attributable to non-controlling interests	**(232)**	(876)
Comprehensive income attributable to shareholders	**505,460**	551,873
Basic earnings per share attributable to shareholders ***[note 8(c)]***	**$1.86**	$1.99
Diluted earnings per share attributable to shareholders ***[note 8(c)]***	**$1.85**	$1.98

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31

[in thousands of Canadian dollars]	Share capital [note 8(a)] $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total shareholders' equity $	Non-controlling interests $	Total equity $
Balance, January 1, 2016	**1,960,622**	**13,615**	**(86,827)**	**6,690**	**1,894,100**	**2,865**	**1,896,965**
Comprehensive income	**—**	**—**	**503,002**	**2,458**	**505,460**	**(232)**	**505,228**
Dividends declared [note 9]	**—**	**—**	**(368,943)**	**—**	**(368,943)**	**—**	**(368,943)**
Shares repurchased	**(76,836)**	**—**	**(214,110)**	**—**	**(290,946)**	**—**	**(290,946)**
Issuance of share capital on exercise of options	**1,280**	**(1,122)**	**—**	**—**	**158**	**—**	**158**
Compensation expense for equity-based plans	**—**	**5,569**	**—**	**—**	**5,569**	**—**	**5,569**
Change during the year	**(75,556)**	**4,447**	**(80,051)**	**2,458**	**(148,702)**	**(232)**	**(148,934)**
Balance, December 31, 2016	**1,885,066**	**18,062**	**(166,878)**	**9,148**	**1,745,398**	**2,633**	**1,748,031**
Balance, January 1, 2015	1,968,692	10,386	(84,692)	8,311	1,902,697	3,741	1,906,438
Comprehensive income	—	—	553,494	(1,621)	551,873	(876)	550,997
Dividends declared [note 9]	—	—	(363,751)	—	(363,751)	—	(363,751)
Shares repurchased	(51,708)	—	(191,878)	—	(243,586)	—	(243,586)
Business combination [note 2]	40,576	—	—	—	40,576	—	40,576
Issuance of share capital on exercise of options	3,062	(2,992)	—	—	70	—	70
Compensation expense for equity-based plans	—	6,221	—	—	6,221	—	6,221
Change during the year	(8,070)	3,229	(2,135)	(1,621)	(8,597)	(876)	(9,473)
Balance, December 31, 2015	1,960,622	13,615	(86,827)	6,690	1,894,100	2,865	1,896,965

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

[in thousands of Canadian dollars]	2016 $	2015 $
OPERATING ACTIVITIES (*)		
Net income	**502,770**	552,618
Add (deduct) items not involving cash		
Gain on sale of marketable securities	**(1,189)**	(5,869)
Fair value adjustment to contingent consideration	**—**	(7,500)
Equity-based compensation	**5,569**	6,221
Amortization of deferred sales commissions	**122,771**	141,033
Amortization of intangibles	**4,100**	7,350
Amortization and depreciation of other	**6,401**	8,375
Deferred income taxes	**(20,779)**	(14,539)
Cash provided by operating activities before changes in operating assets and liabilities	**619,643**	687,689
Net change in operating assets and liabilities	**35,067**	(40,248)
Cash provided by operating activities	**654,710**	647,441
INVESTING ACTIVITIES		
Purchase of marketable securities	**(7,124)**	(18,389)
Proceeds on sale of marketable securities	**7,227**	27,408
Additions to capital assets	**(7,426)**	(2,981)
Deferred sales commissions paid	**(44,056)**	(91,126)
Increase in other assets	**(2,658)**	(177,061)
Additions to intangibles	**(4,767)**	(1,130)
Acquisition of subsidiary, net of cash acquired *[note 2]*	**(73,952)**	(22,457)
Cash used in investing activities	**(132,756)**	(285,736)
FINANCING ACTIVITIES		
Increase in long-term debt	**—**	102,000
Issuance of debentures	**198,790**	447,347
Repayment of debentures	**—**	(300,000)
Repurchase of share capital	**(290,946)**	(243,586)
Issuance of share capital	**158**	70
Dividends paid to shareholders	**(368,655)**	(362,184)
Cash used in financing activities	**(460,653)**	(356,353)
Net increase in cash and cash equivalents during the year	**61,301**	5,352
Cash and cash equivalents, beginning of year	**56,598**	51,246
Cash and cash equivalents, end of year	**117,899**	56,598
(*) Included in operating activities are the following:		
Interest paid	**15,466**	14,020
Income taxes paid	**214,062**	244,056

(see accompanying notes)

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, exchange traded funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of CI have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

These consolidated financial statements were authorized for issuance by the Board of Directors of CI on February 16, 2017.

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. The consolidated financial statements have been prepared on a going concern basis. CI's presentation currency is the Canadian dollar, which is CI's functional currency.

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, is exposed to variable returns from its activities, and is able to use its power to affect such variable returns to which it is exposed. Hereinafter, CI and its subsidiaries are referred to as CI.

CI holds a controlling 65% interest in Marret Asset Management Inc. ["Marret"]. A non-controlling interest is recorded in the consolidated statements of income and comprehensive income to reflect the non-controlling interest's share of the income and comprehensive income, and a non-controlling interest is recorded within equity in the consolidated statement of financial position to reflect the non-controlling interest's share of the net assets of Marret.

CI holds a controlling 80% interest in Grant Samuel Funds Management ["GSFM"] and granted a put option to shareholders for the remaining 20% minority interest. [Note 2]. CI considers the non-controlling interest in GSFM to have already been acquired and consolidates 100% of the the income and comprehensive income in the consolidated statement of income and comprehensive income.

CI manages a range of mutual funds, segregated funds, structured products and other funds that meet the definition of structured entities under IFRS. CI earns fees for providing management and administrative services to these investment funds. Fees are calculated on assets under management in these funds which totaled $117.9 billion as at December 31, 2016 [2015 – $111.1 billion]. CI does not consolidate these investment funds because the form of fees and ownership interest are not significant enough to meet the definition of control under IFRS. CI provides no guarantees against the risk of financial loss to the investors of these investment funds.

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.

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 at FVPL are added to the carrying amount of the asset or liability. 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 contingent consideration included in provision for 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 until disposed, at which time the cumulative amount recorded in other comprehensive income 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 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, provision for other liabilities and long-term debt.

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. 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. 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 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 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.

FAIR VALUE MEASUREMENT

CI uses valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. CI maximizes the use of observable data when developing estimates and assumptions but this is not always available. In that case management uses the best information available.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, CI determines whether transfers have occurred between levels in the hierarchy by reassessing the categorization at the end of each reporting period.

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

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for the acquisition of subsidiaries by CI, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date, with retroactive restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date.

CI elects on a transaction-by-transaction basis whether to measure any non-controlling interest at fair value, or at the proportionate share of the recognized amount of the identifiable net assets of the acquired subsidiary, at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred and equity interests issued by CI. Consideration also includes the fair value of any put option or contingent consideration. Subsequent to the acquisition, the put option and contingent consideration that is based on an earnings measurement and classified as a liability is measured at fair value with any resulting gain or loss recognized in net income. Acquisition-related costs are expensed as incurred.

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 amounts of fund contracts for potential impairment by comparing the recoverable amount with their carrying amounts. 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 costs 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 to ten years on a straight-line basis. Trademarks have an indefinite life and are not amortized.

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 24 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.

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.

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 consolidated 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 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 tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences arising in 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 tax liabilities are not recognized on temporary differences that arise from the initial recognition of goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in 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.

FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions that are denominated in a currency other than the functional currency of the entity are translated as follows: Monetary assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the consolidated 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 period. 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 period in which they occur.

(ii) Foreign currency operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at the exchange rate in effect at the consolidated statement of financial position date. Revenue and expenses are translated at average rates prevailing during the period. Translation exchange gains and losses are recognized as other comprehensive income and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The consolidated statements of cash flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate in effect at the consolidated statement of financial position date.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(i) Impairment of intangible assets

Finite life intangible assets, including deferred sales commissions, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite life intangible assets, including goodwill, are tested for impairment annually or more frequently if changes in circumstances indicate that the carrying amount 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 judgment 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 intangible assets 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 profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits 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 judgments, 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 8[b].

(v) Business combinations

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired and liabilities, put option and contingent consideration liabilities incurred or assumed.

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

2. BUSINESS ACQUISITION

(i) Grant Samuel Funds Management

On November 15, 2016, CI acquired 80% of GSFM and its subsidiary, an Australian based investment management company, for cash consideration of $78,306. The agreement included an option for the minority shareholders to sell their remaining 20% interest in GSFM to CI. The acquisition was accounted for using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at November 15, 2016, at fair value, are as follows:

	$
Cash and cash equivalents	4,354
Accounts receivable and prepaid expenses	2,828
Marketable securities	1,795
Management contracts	83,969
Other assets	3,954
Accounts payable and accrued liabilities	(3,297)
Income taxes payable	(936
Deferred tax liability	(24,410)
Fair value of identifiable net assets	**68,257**
Goodwill on acquisition	28,044
Total acquired cost	**96,301**

The acquired fund management contracts with a fair value of $83,969 include $80,825 that have an indefinite life and $3,144 with a finite life. The goodwill on acquisition is not deductible for income tax purposes. Goodwill of $28,044 relates to the Asset Management segment.

Details of the consideration as at the date of acquisition is as follows:

	$
Cash	78,306
Put option, at fair value	17,995
Total consideration	**96,301**

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

The put option granted to the minority shareholders requires CI to purchase the shares owned by each shareholder at an exercise price determined by a formula based on earnings before interest, tax, depreciation and amortization ["EBITDA"]. CI has estimated the fair value of the put option, including a translation adjustment since the date of acquisition, to be $17,151 as at December 31, 2016, which was estimated using a discounted cash flow approach. This approach included assumptions regarding the timing and proportion of shares the minority shareholders will require CI to purchase. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs.

Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	4,354
Net cash inflow on acquisition	**4,354**

(ii) First Asset Capital Corp.

On November 30, 2015, CI acquired 100% of First Asset Capital Corp. ["First Asset"] and its subsidiaries, an investment management company, for cash consideration of $26,924, equity consideration of $40,576 and contingent consideration payable in cash or common shares with an estimated fair value of $20,000. CI accounted for the acquisition using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at November 30, 2015, at fair value, are as follows:

	$
Cash and cash equivalents	4,467
Accounts receivable and prepaid expenses	593
Management contracts	87,300
Accounts payable and accrued liabilities	(6,154)
Long-term debt	(2,000)
Deferred tax liability	(23,135)
Fair value of identifiable net assets	**61,071**
Goodwill on acquisition	26,429
Total acquired cost	**87,500**

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

The acquired fund management contracts with a fair value of $87,300 have an indefinite life. The goodwill on acquisition is not deductible for income tax purposes. Goodwill of $26,429 relates to the Asset Management segment.

Details of consideration as at the date of acquisition is as follows:

	$
Cash	26,924
Common shares issued, at fair value	40,576
Contingent consideration liability, at fair value	20,000
Total consideration	**87,500**

CI issued 1,301 common shares valued at $31.20 per common share as consideration for First Asset.

The acquisition agreement provided for contingent consideration payable in cash or common shares of CI, five years from the date of acquisition, if certain financial targets are met based on EBITDA. The potential undiscounted amount of all future payments that CI could be required to make under the agreement is unlimited. While it is not possible to determine the exact amount of contingent consideration, CI has estimated the fair value of the contingent consideration to be $20,000 as at December 31, 2016 and 2015, which was estimated using a discounted cash flow approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 Fair Value Measurement refers to as Level 3 inputs.

Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	4,467
Transaction costs (included in cash flows from operating activities)	(83)
Net cash inflow on acquisition	**4,384**

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

3. CAPITAL ASSETS

Capital assets consist of the following:

	Computer hardware $	Office equipment $	Leasehold improvements $	Total $
Cost				
Balance, December 31, 2014	**11,165**	**11,117**	**58,879**	**81,161**
Additions	1,687	610	684	2,981
Retired	(1,869)	—	(324)	(2,193)
Balance, December 31, 2015	**10,983**	**11,727**	**59,239**	**81,949**
Additions	2,704	969	3,753	7,426
Acquired	38	7	—	45
Retired	(4,437)	—	38	(4,399)
Balance, December 31, 2016	**9,288**	**12,703**	**63,030**	**85,021**
Accumulated depreciation				
Balance, December 31, 2014	**8,715**	**8,762**	**25,732**	**43,209**
Depreciation	1,631	1,336	4,800	7,767
Retired	(1,869)	—	(324)	(2,193)
Balance, December 31, 2015	**8,477**	**10,098**	**30,208**	**48,783**
Depreciation	1,717	656	3,507	5,880
Acquired	13	3	—	16
Retired	(4,437)	—	38	(4,399)
Balance, December 31, 2016	**5,770**	**10,757**	**33,753**	**50,280**
Carrying amounts				
At December 31, 2014	**2,450**	**2,355**	**33,147**	**37,952**
At December 31, 2015	**2,506**	**1,629**	**29,031**	**33,166**
At December 31, 2016	**3,518**	**1,946**	**29,277**	**34,741**

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

4. INTANGIBLES

Intangible assets consist of the following:

	Goodwill $	Fund administration contracts $	Fund management contracts finite life $	Fund management contracts indefinite life $	Other intangibles $	Total $
Cost						
Balance, December 31, 2014	**1,137,308**	**37,600**	**43,010**	**999,082**	**26,782**	**2,243,782**
Additions	25,814	—	—	87,300	1,130	114,244
Retired	—	—	—	—	(85)	(85)
Balance, December 31, 2015	**1,163,122**	**37,600**	**43,010**	**1,086,382**	**27,827**	**2,357,941**
Additions	27,342	—	3,147	80,825	4,767	116,081
Retired	—	—	—	—	(1,311)	(1,311)
Balance, December 31, 2016	**1,190,464**	**37,600**	**46,157**	**1,167,207**	**31,283**	**2,472,711**
Accumulated amortization						
Balance, December 31, 2014	**—**	**16,568**	**19,413**	**—**	**18,710**	**54,691**
Amortization	—	1,504	4,758	—	1,088	7,350
Retired	—	—	—	—	(85)	(85)
Balance, December 31, 2015	**—**	**18,072**	**24,171**	**—**	**19,713**	**61,956**
Amortization	—	1,504	1,439	—	1,157	4,100
Retired	—	—	—	—	(1,311)	(1,311)
Balance, December 31, 2016	**—**	**19,576**	**25,610**	**—**	**19,559**	**64,745**
Carrying amounts						
At December 31, 2014	**1,137,308**	**21,032**	**23,597**	**999,082**	**8,072**	**2,189,091**
At December 31, 2015	**1,163,122**	**19,528**	**18,839**	**1,086,382**	**8,114**	**2,295,985**
At December 31, 2016	**1,190,464**	**18,024**	**20,547**	**1,167,207**	**11,724**	**2,407,966**
Remaining Term	**N/A**	**11.9 – 12.4 yrs**	**10.2 – 16.9 yrs**	**N/A**	**0.1 – 7.9 yrs**	

(a) Cash-generating units

CI has two cash-generating units [“CGU”] for the purpose of assessing the carrying amount of the allocated goodwill and intangible assets, being the asset management and asset administration operating segments as described in Note 15.

(b) Impairment testing of goodwill

As at December 31, 2016, CI has allocated goodwill of $997,882 [2015 – $970,540] to the asset management segment and $192,582 [2015 – $192,582] to the asset administration operating segment. The recoverable amounts of goodwill for the asset management and asset administration operating segments as at December 31, 2016 and 2015 have been determined based on a fair value less costs to sell calculation. For the asset management segment, CI uses two approaches to determine the goodwill valuation. The first methodology compares CI's market capitalization against the carrying amount of goodwill for the segment. Market capitalization is based on the share price of CI, a level 1 fair value input. The second methodology applies a trading multiple, a level 3 fair value input, to CI's assets under management. This methodology is also used to determine the fair value of the asset administration segment however a trading multiple is applied to CI's assets under administration. This methodology is commonly used in the marketplace by independent equity research analysts.

The calculation of the recoverable amounts exceeds the carrying amounts of both the asset management and the asset administration operating segments, including goodwill. CI's current market capitalization provides additional evidence that the recoverable amount of these operating segments is in excess of the carrying amounts.

(c) Impairment testing of fund contracts

As at December 31, 2016, CI had indefinite life fund management contracts within the asset management CGU of $1,167,207 [2015 – $1,086,382]. These are contracts for the management of open end funds, which have no expiry or termination provisions. The fair value of indefinite life intangibles within the asset management operating segment as at December 31, 2016 and 2015 has been determined based on a value in use calculation, using 10 year forecasts and a terminal value for the period thereafter. CI uses a 10 year period to reflect the fact that following an acquisition, it may take several years to integrate operations and benefit from synergies. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. Market appreciation rates are determined using historical inflation adjusted index returns adjusted for CI's average management fee. Net sales are determined based on the historical two year average as well as management's forecasts for future sales. Inputs to the operating margin include estimates for management and trailer fees using current average fee rates and historical rates for selling, general and administrative costs that are applied to forecasted average assets under management over the 10 year period. The terminal value has been calculated assuming a long-term growth rate of 2% per annum in perpetuity based on a long-term real GDP growth rate as at December 31, 2016 and 2015. A discount rate of 8.11% per annum has been applied to the recoverable amount calculation as at December 31, 2016 and 2015.

The calculation of the recoverable amount exceeds the carrying amount of indefinite life management contracts as at December 31, 2016 and 2015.

5. OTHER ASSETS, INCOME AND EXPENSE

Other assets consists mainly of deposits with the Canada Revenue Agency ["CRA"] discussed in Note 7, long-term investments, long-term accounts receivable, loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program.

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, 2016, the carrying amount of employee share purchase loans is $5,688 [2015 – $5,777] 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, 2016, the shares held as collateral have a market value of approximately $10,633 [2015 – $12,341].

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, 2016, loans to investment advisors of $8,453 [2015 – $6,999] are included in other assets. These loans become due on demand upon early 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, investment income, foreign exchange gains (losses), interest income and the revenue earned by Marret. Other income also includes the fair value adjustment to the contingent consideration discussed in Note 7. Other expenses consist mainly of distribution fees to limited partnerships, legal settlements, amortization of debenture transaction costs and the expenses incurred by Marret. In 2016, other expenses also includes an accrual for remediation payments discussed in Note 7.

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6. LONG-TERM DEBT

Long-term debt consists of the following:

	2016 $	2015 $
Credit facility		
Prime rate loan	—	2,000
Banker's acceptances	**112,000**	110,000
	112,000	112,000
Debentures		
$450 million, 2.645% due December 7, 2020	**447,849**	447,347
$200 million, 2.775% due November 25, 2021	**198,809**	—
	646,658	447,347
Long-term debt	**758,658**	559,347
Current portion of long-term debt	—	2,000

Credit facility

Effective December 11, 2015, CI renewed its $500,000 revolving credit facility with two chartered banks. Amounts may be borrowed under the facility 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 0.90%. 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 0.90%.

CI may also borrow under this facility in the form of letters of credit, which bear a fee of 0.90% on any undrawn portion. As at December 31, 2016 and 2015, CI had not accessed the facility by way of letters of credit.

Loans are made by the banks under a three-year revolving credit facility, with the outstanding principal balance due upon maturity on December 11, 2018.

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 EBITDA ratio remain below 2.5:1 and that CI's assets under management not fall below $60 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 November 25, 2016, CI completed an offering pursuant to which it issued $200,000 principal amount of debentures due November 25, 2021 [the "2021 Debentures"]. The 2021 Debentures were issued at par for gross proceeds of $200,000. Interest on the 2021 Debentures is paid semi-annually in arrears at a rate of 2.775%. Interest attributable to the 2021 Debentures was $561 for the year ended December 31, 2016 [Year 2015 – nil]. The proceeds, net of transaction costs, were primarily used to pay down the amount borrowed under the credit facility.

On December 7, 2015, CI completed an offering pursuant to which it issued $450,000 principal amount of debentures due December 7, 2020 [the "2020 Debentures"]. The 2020 Debentures were issued at par for gross proceeds of $450,000. The proceeds, net of transaction costs, were used in part to repay the debentures due December 14, 2016 [the "2016 Debentures"] of $300,000 and to pay down the amount borrowed under the credit facility. Interest on the 2020 Debentures is paid semi-annually in arrears at a rate of 2.645%. Interest attributable to the 2020 Debentures was $11,903 for the year ended December 31, 2016 [Year 2015 – $783]. Interest expense attributable to the 2016 Debentures was $11,302 for the year ended December 31, 2015.

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, 2016 was $521 [2015 –$607] which is included in other expenses.

CI may, at its option, redeem the 2020 Debentures and 2021 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 42.5 and 44.0 basis points, respectively. 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 2020 Debentures and 2021 Debentures is lowered to below investment grade by two out of three rating agencies as defined as below BBB- by Standard & Poor's, BBB (low) by DBRS Limited and Baa3 by Moody's Investor Service, Inc., 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.

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7. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

CI is a party to a number of claims, proceedings and investigations, including legal, regulatory and tax, in the ordinary course of its business. Due to the inherent uncertainty involved in these matters, it is difficult to predict the final outcome or the amount and timing of any outflow related to such matters. Based on current information and consultations with advisors, CI does not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on its financial position or on its ability to continue normal business operations.

CI has made provisions based on current information and the probable resolution of such contingent consideration, claims, proceedings and investigations as well as for amounts payable in connection with business acquisitions and severance. The movement in amounts provided for contingent liabilities and related expenses during the years ended December 31, are as follows:

	2016 $	2015 $
Provision for other liabilities, beginning of year	**52,597**	20,544
Additions	**58,660**	54,538
Amounts used	**(25,258)**	(14,106)
Amounts reversed	**(690)**	(8,379)
Provision for other liabilities, end of year	**85,309**	52,597
Current portion of provision for other liabilities	**37,246**	23,043

Provision for other liabilities primarily include the following:

LITIGATION

CI is a defendant to certain lawsuits of which two are class action lawsuits related to events and transactions that gave rise to a settlement agreement with the Ontario Securities Commission ["OSC"] in 2004. Although CI continues to believe that this settlement fully compensated investors affected by frequent trading activity, a provision has been made based on the probable resolution of these claims and related expenses.

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, 2016, CI received insurance proceeds of $858, related to the settlement of legal claims [2015 – $1,373]. As at December 31, 2016, CI has accrued $53 for amounts to be received under insurance policies [2015 – $463], which is included in accounts receivable.

TAXATION

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the CRA, and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

During 2015, CI received notices of reassessment ["NOR"] from the CRA and the Ontario and Alberta Ministries of Finance relating to the interest rate charged on subordinated notes within CI's income trust structure from 2006 to 2008. The NORs were in the amount of $275,208 including interest. However, notwithstanding the filing of a notice of objection, CI has made the required minimum payments of $172,885, which will remain on account until the dispute is resolved, which may take considerable time. The amount deposited has been included in other assets as at December 31, 2016. While CI believes it will be able to successfully defend its position, CI recorded a provision of $4,000 during the year ended December 31, 2015 for expenses to mount this defense. As at December 31, 2016, a provision of $3,736 remains [2015 – $3,821].

REMEDIATION

In April 2015, CI Investments discovered an administrative error. Approximately $156.1 million of interest had not been properly recorded as an asset in the accounting records of certain funds, with the result being that the net asset values of these funds, and any funds that had invested in these funds, had been understated for several years. CI Investments self-reported the error to the OSC and on February 10, 2016, entered into a no-contest settlement agreement with the OSC in connection with the administrative error. CI recorded a provision of $10.75 million, net of recoveries, during the year ended December 31, 2015 for the cost of this settlement as well as the costs to remediate. As at December 31, 2016, a net recovery of $3,186 remains [2015 – $10,750].

PUT OPTION AND CONTINGENT CONSIDERATION

Included in additions for the year ended December 31, 2016 is a provision for the fair value of the put option granted to minority interest shareholders for the acquisition of GSFM of $17,151 [2015 – contingent consideration for First Asset acquisition of $20,000]. Details of the acquisition agreements and the basis of calculation of the fair value of the put option and contingent consideration are summarized in Note 2.

CI entered into an acquisition agreement with the shareholders of Marret that provided for contingent consideration payable in common shares of CI in the amount of $12,500 on November 29, 2016, three years from the date of acquisition, if certain financial targets were met based on EBITDA generated during that period. Included in other income for the year ended December 31, 2015 is a fair value adjustment of $7,500 recorded to reduce the estimated fair value of the contingent consideration to be nil.

8. SHARE CAPITAL

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

[A] AUTHORIZED AND ISSUED

	Number of shares *[in thousands]*	Stated value $
Authorized		
An unlimited number of common shares of CI		
Issued		
Common shares, balance, December 31, 2014	**281,708**	**1,968,692**
Issuance for acquisition of subsidiary	1,301	40,576
Issuance of share capital on exercise of share options	417	3,062
Share repurchases	(7,399)	(51,708)
Common shares, balance, December 31, 2015	**276,027**	**1,960,622**
Issuance of share capital on exercise of share options	80	1,280
Share repurchases	(10,805)	(76,836)
Common shares, balance, December 31, 2016	**265,302**	**1,885,066**

During the year ended December 31, 2016, 10,805 shares [2015 – 7,399 shares] were repurchased under a normal course issuer bid at an average cost of $26.93 per share for total consideration of $290,946 [2015 – $32.92 per share for total consideration of $243,586]. Deficit was increased by $214,110 during the year ended December 31, 2016 [2015 – $191,878] for the cost of the shares repurchased in excess of their stated value.

[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, CI granted 2,669 options [2015 – 2,992 options] to employees. The fair value method of accounting is used for the valuation of the 2016 and 2015 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated average forfeiture rate of 3.9% for the year [2015 – 3.7%], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder are credited to share capital. The fair value of the 2016 and 2015 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2016	2016	2015	2015
# of options granted [in thousands]	53	2,617	220	2,772
Vesting terms	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	5.090% – 5.258%	5.005% – 5.179%	4.125% – 4.296%	4.358% – 4.539%
Expected volatility (*)	16%	16%	16%	16%
Risk-free interest rate	0.919% – 0.947%	0.735% – 0.768%	0.980% – 1.057%	0.913% – 0.998%
Expected life [years]	2.6 – 3.5	2.6 – 3.5	2.4 – 3.4	2.4 – 3.4
Forfeiture rate	0%	1.7% – 6.4%	0%	1.4% – 6.5%
Fair value per stock option	$1.92 – $2.08	$1.90 – $2.06	$2.55 – $2.84	$2.36 – $2.62
Exercise price	$28.63	$28.63	$35.88	$33.96

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

The maximum number of shares that may be issued under the Share Option Plan is 14,000 shares. As at December 31, 2016, there are 8,640 shares [2015 – 6,951 shares] reserved for issuance on exercise of share options. These options vest over periods of up to five years, may be exercised at prices ranging from $21.73 to $35.88 per share and expire at dates up to 2021.

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

	Number of options *[in thousands]*	Weighted average exercise price $
Options outstanding, December 31, 2014	**5,552**	**28.91**
Options exercisable, December 31, 2014	**1,335**	**23.48**
Options granted	2,992	34.10
Options exercised	(1,400)	23.27
Options cancelled	(193)	33.41
Options outstanding, December 31, 2015	**6,951**	**32.15**
Options exercisable, December 31, 2015	**1,994**	**28.62**
Options granted	2,669	28.63
Options exercised	(514)	24.62
Options cancelled	(466)	33.43
Options outstanding, December 31, 2016	**8,640**	**31.44**
Options exercisable December 31, 2016	**3,721**	**31.46**

(*) Weighted-average share price of options exercised was $28.87 during the year ended December 31, 2016 [2015 – $33.16]

The equity-based compensation expense under the Share Option Plan for the year ended December 31, 2016 of $5,569 [2015 – $6,221] has been included in selling, general and administrative expenses. Options outstanding and exercisable as at December 31, 2016 are as follows:

Exercise price $	Number of options outstanding *[in thousands]*	Weighted average remaining contractual life *[years]*	Number of options exercisable *[in thousands]*
21.73	69	0.4	69
21.98	278	0.1	278
27.03	962	1.1	962
28.63	2,563	4.1	—
30.27	125	1.4	125
33.96	2,571	3.1	979
34.52	229	2.4	153
35.60	1,623	2.1	1,082
35.88	220	3.3	73
21.73 to 35.88	**8,640**	**2.8**	**3,721**

[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]	**2016**	**2015**
Numerator:		
Net income attributable to shareholders of the Company basic and diluted	**$503,002**	$553,494
Denominator:		
Weighted average number of common shares - basic	**271,133**	278,832
Weighted average effect of dilutive stock options (*)	**97**	590
Weighted average number of common shares - diluted	**271,230**	279,422
Net earnings per common share attributable to shareholders		
Basic	**$1.86**	$1.99
Diluted	**$1.85**	$1.98

(*) The determination of the weighted average number of common shares – diluted excludes 7,331 thousand shares related to stock options that were anti-dilutive for the year ended December 31, 2016 [2015 – 4,993 thousand shares].

[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, 2017 were exercised:

[in thousands]	
Shares outstanding at January 31, 2017	264,768
Options to purchase shares	8,439
	273,207

9. DIVIDENDS

The following dividends were paid by CI during the year ended December 31, 2016:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2015	January 15, 2016	0.110	30,416
January 31, 2016	February 15, 2016	0.110	30,371
February 29, 2016	March 15, 2016	0.110	30,339
March 31, 2016	April 15, 2016	0.110	30,183
April 30, 2016	May 13, 2016	0.110	30,114
May 31, 2016	June 15, 2016	0.115	31,389
June 30, 2016	July 15, 2016	0.115	31,254
July 31, 2016	August 15, 2016	0.115	31,186
August 31, 2016	September 15, 2016	0.115	31,120
September 30, 2016	October 14, 2016	0.115	30,825
October 31, 2016	November 15, 2016	0.115	30,746
November 30, 2016	December 15, 2016	0.115	30,712
Paid during the year ended December 31, 2016			368,655

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The following dividends were declared but not paid during the year ended December 31, 2016:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2016	January 13, 2017	0.115	30,508
January 31, 2017	February 15, 2017	0.115	30,507
Declared and accrued as at December 31, 2016			61,015

The following dividends were paid by CI during the year ended December 31, 2015:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2014	January 15, 2015	0.105	29,640
January 31, 2015	February 13, 2015	0.105	29,600
February 28, 2015	March 13, 2015	0.105	29,649
March 31, 2015	April 15, 2015	0.105	29,616
April 30, 2015	May 15, 2015	0.105	29,522
May 31, 2015	June 15, 2015	0.110	30,854
June 30, 2015	July 15, 2015	0.110	30,712
July 31, 2015	August 14, 2015	0.110	30,631
August 31, 2015	September 15, 2015	0.110	30,580
September 30, 2015	October 15, 2015	0.110	30,469
October 31, 2015	November 13, 2015	0.110	30,404
November 30, 2015	December 15, 2015	0.110	30,507
Paid during the year ended December 31, 2015			362,184

The following dividends were declared but not paid during the year ended December 31, 2015:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2015	January 15, 2016	0.110	30,364
January 31, 2016	February 15, 2016	0.110	30,364
Declared and accrued as at December 31, 2015			60,728

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On February 16, 2017, the Board of Directors declared monthly cash dividends of $0.115 per share payable on March 15, April 13 and May 15, 2017 to shareholders of record on February 28, March 31 and April 30, 2017, respectively.

10. INCOME TAXES

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

	2016 $	2015 $
Statement of Income		
Current income tax expense		
Based on taxable income of the current year	**209,340**	219,531
Adjustments in respect of prior years	**(1,304)**	(44)
	208,036	219,487
Deferred income tax expense		
Origination and reversal of temporary differences	**(20,783)**	(14,403)
Other	**4**	(136)
	(20,779)	(14,539)
Income tax expense reported in the statement of income	**187,257**	204,948
Statement of Other Comprehensive Income (Loss)		
Deferred income taxes		
Unrealized gain on available-for-sale financial assets	**511**	221
Reversal of gains to net income on available-for-sale financial assets	**(50)**	(468)
Income tax expense reported in the statement of other comprehensive income (loss)	**461**	(247)

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

	2016 $	2015 $
Combined Canadian federal and provincial income tax rate	**26.5**	26.5
Increase (decrease) in income taxes resulting from		
Recovery of prior years' provisions for settled tax items	**(0.2)**	0.1
Other, net	**0.8**	0.5
Income tax expense reported in the statement of other comprehensive income	**27.1**	27.1

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[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, 2016:

	As at December 31, 2015 $	Recognized in net income $	Recognized in other comprehensive income $	Business acquisition *[note 2]* $	As at December 31, 2016 $
Deferred income tax liabilities					
Fund contracts	299,389	(824)	—	24,038	322,603
Deferred sales commissions	90,771	(20,883)	—	—	69,888
Total deferred income tax liabilities	390,160	(21,707)	—	24,038	392,491
Deferred income tax assets					
Equity-based compensation	4,848	734	—	—	5,582
Non-capital loss carryforwards	1,311	138	—	748	2,197
Provision for other liabilities	3,563	1,753	—	—	5,316
Other	4,224	(3,553)	(461)	—	210
Total deferred income tax assets	13,946	(928)	(461)	748	13,305
Net deferred income tax liabilities	376,214	(20,779)	461	23,290	379,186

Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2015:

	As at December 31, 2014 $	Recognized in net income $	Recognized in other comprehensive income $	Business acquisition *[note 2]* $	As at December 31, 2015 $
Deferred income tax liabilities					
Fund contracts	276,883	(629)	—	23,135	299,389
Deferred sales commissions	104,034	(13,263)	—	—	90,771
Total deferred income tax liabilities	380,917	(13,892)	—	23,135	390,160
Deferred income tax assets					
Equity-based compensation	1,223	3,625	—	—	4,848
Non-capital loss carryforwards	1,933	(622)	—	—	1,311
Provision for other liabilities	3,182	381	—	—	3,563
Other	6,714	(2,737)	247	—	4,224
Total deferred income tax assets	13,052	647	247	—	13,946
Net deferred income tax liabilities	367,865	(14,539)	(247)	23,135	376,214

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11. FINANCIAL INSTRUMENTS

Financial assets are classified into three categories, FVPL, loans and receivables and AFS. Financial liabilities are classified as FVPL or other.

The carrying amounts of the financial instruments are presented in the table below and are classified according to the following categories:

	December 31, 2016 $	December 31, 2015 $
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**117,899**	56,598
Loans and receivables		
Client and trust funds on deposit	**185,424**	158,891
Accounts receivable	**134,256**	109,893
Other assets	**194,684**	189,555
Available-for-sale		
Marketable securities	**85,013**	78,700
Total financial assets	**717,276**	593,637
Financial liabilities		
Fair value through profit or loss		
Provisions for other liabilities	**37,151**	20,000
Other financial liabilities		
Account payable and accrued liabilities	**209,934**	159,148
Provisions for other liabilities	**48,158**	32,597
Dividends payable	**61,015**	60,728
Client and trust funds payable	**183,148**	156,164
Long-term debt	**758,658**	559,347
Total financial liabilities	**1,298,064**	987,984

CI's financial assets at December 31, 2016 and 2015 include CI's marketable securities which consist of investments in mutual fund securities. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI considers mutual fund securities that are valued daily to be level 1 in the fair value hierarchy and those mutual fund securities valued less frequently to be level 2 in the fair value hierarchy. As at December 31, 2016, CI's marketable securities of $85,013 [2015 – $78,700] are carried at fair value, of which $19,981 have been classified as level 1 in the fair value hierarchy and $65,032 as level 2 in the fair value hierarchy [2015 – $17,709 as level 1 in the fair value hierarchy and $60,991 as level 2 in the fair value hierarchy]. There have been no transfers between level 1 and level 2 during the year.

Included in provision for other liabilities, as at December 31, 2016 is contingent consideration of $20,000 [2015 – $20,000] and put option payable on non-controlling interest of $17,151 carried at fair value and classified as level 3 in the fair value hierarchy. Long-term debt as at December 31, 2016 includes debentures with a fair value of $651,388 [2015 – $453,870], as determined by quoted market prices which have been classified as level 1 in the fair value hierarchy.

12. RISK MANAGEMENT

Risk management is an integrated process with independent oversight. Management has developed an enterprise wide approach to risk management that involves executives in each core business unit and operating area of CI. Using a quantitative and qualitative analysis, risk factors are assessed and procedures are implemented to mitigate the various events 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. 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 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. Debt outstanding on CI's credit facility of $112,000 [2015 – $112,000] is borrowed at a floating interest rate. Based on the amount borrowed under the credit facility as at December 31, 2016, each 0.50% increase or decrease in interest rates would result in annual interest expense increasing or decreasing by $560 [2015 – $560], respectively.

(ii) Foreign exchange risk

As at December 31, 2016, net financial assets of $43,959 [2015 – $11,174] 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 $4,396 [2015 – $1,117]. As at December 31, 2016, net financial liabilities of $12,287 [2015 – nil] were denominated in Australian currency ["AUD"]. A 10% increase or decrease in AUD exchange rates would result in a foreign exchange gain or loss of $1,229 [2015 – nil]. CI may enter into forward contracts to manage its foreign exchange exposure.

[iii] Equity risk

CI's marketable securities as at December 31, 2016 of $85,013 [2015 – $78,700] 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 $8,501 [2015 – $7,870], 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.

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

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

	Total $	2017 $	2018 $	2019 $	2020 $	2021 $	2022 $
Accounts payable and accrued liabilities	202,278	202,278					
Dividends payable	61,015	61,015	—	—	—	—	—
Client and trust funds payable	183,148	183,148	—	—	—	—	—
Long-term debt	762,000	—	112,000	—	450,000	200,000	—
Provision for other liabilities	37,151	—	3,430	3,430	23,430	3,430	3,431
Total	**1,245,592**	**446,441**	**115,430**	**3,430**	**473,430**	**203,430**	**3,431**

[C] 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.

As at December 31, 2016, financial assets of $514,364 [2015 – $458,339], represented by client and trust funds on deposit of $185,424 [2015 – $158,891], accounts receivable of $134,256 [2015 – $109,893] and other assets of $194,684 [2015 – $189,555], 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. 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.

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 consists mainly of deposits with the CRA discussed in Note 7, long-term investments, long-term accounts receivable, 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.

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

13. 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).

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. As at December 31, 2016, cash and cash equivalents of $16,063 [2015 – $8,282] was required to be on hand for regulatory capital maintenance. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. CI from time to time provides loans to its subsidiaries for operating purposes and may choose to subordinate these loans in favour of general creditors. The repayment of subordinated loans is subject to regulatory approval. As at December 31, 2016 and 2015, CI met its capital requirements.

CI's capital consists of the following:

	As at December 31, 2016 $	As at December 31, 2015 $
Shareholders' equity	**1,745,398**	1,894,100
Long-term debt	**758,658**	559,347
Total capital	**2,504,056**	2,453,447

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

14. COMMITMENTS

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:

	$
2017	11,756
2018	11,203
2019	10,767
2020	10,085
2021	9,838
2022 and thereafter	37,039

ADVISOR SERVICES AGREEMENTS

CI is a party to certain advisor services agreements, which provide that the 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 advisor services 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.

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

15. 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, CI Private Counsel LP, First Asset, GSFM and Marret which derive their revenues principally from the fees earned on the management of several families of mutual funds, segregated funds and exchange traded 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.

Segmented information as at and for the year ended December 31, 2016 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	1,748,691	—	—	1,748,691
Administration fees	—	307,700	(151,377)	156,323
Other revenue	19,981	23,305	—	43,286
Total revenue	1,768,672	331,005	(151,377)	1,948,300
Selling, general and administrative	327,196	69,565	—	396,761
Trailer fees	565,546	—	(25,332)	540,214
Investment dealer fees	—	252,458	(124,292)	128,166
Amortization of deferred sales commissions and intangibles	128,062	2,203	(3,394)	126,871
Other expenses	45,396	4,851	—	50,247
Total expenses	1,066,200	329,077	(153,018)	1,242,259
Income before income taxes and non-segmented items	702,472	1,928	1,641	706,041
Interest expense				(16,014)
Provision for income taxes				(187,257)
Net income for the year				502,770
Identifiable assets	754,396	353,780	(7,152)	1,101,024
Indefinite life intangibles				
Goodwill	997,882	192,582	—	1,190,464
Fund contracts	1,167,207	—	—	1,167,207
Total assets	2,919,485	546,362	(7,152)	3,458,695

DECEMBER 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

Segmented information as at and for the year ended December 31, 2015 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	1,787,854	—	—	1,787,854
Administration fees	—	296,869	(150,221)	146,648
Other revenue	41,203	21,942	—	63,145
Total revenue	1,829,057	318,811	(150,221)	1,997,647
Selling, general and administrative	305,608	66,848	—	372,456
Trailer fees	577,888	—	(24,266)	553,622
Investment dealer fees	—	242,853	(123,215)	119,638
Amortization of deferred sales commissions and intangibles	149,840	2,203	(3,660)	148,383
Other expenses	23,850	8,054	—	31,904
Total expenses	1,057,186	319,958	(151,141)	1,226,003
Income (loss) before income taxes and non-segmented items	771,871	(1,147)	920	771,644
Interest expense				(14,078)
Provision for income taxes				(204,948)
Net income for the year				552,618
Identifiable assets	755,029	302,030	(9,196)	1,047,863
Indefinite life intangibles				
Goodwill	970,540	192,582	—	1,163,122
Fund contracts	1,086,382	—	—	1,086,382
Total assets	2,811,951	494,612	(9,196)	3,297,367

16. COMPENSATION OF KEY MANAGEMENT

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

	2016 $	2015 $
Salaries	**8,239**	12,931
Equity-based compensation	**3,945**	878
Total	**12,184**	13,809

17. SELLING, GENERAL AND ADMINISTRATIVE

Included in selling, general and administrative expenses ["SG&A"] are salaries and benefits of $211,954 for the year ended December 31, 2016 [2015 – $200,091]. Also included in SG&A is depreciation of capital assets of $5,880 for the year ended December 31, 2016 [2015 – $7,760]. Other SG&A of $178,927 for the year ended December 31, 2016, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [2015 – $164,605].

18. FUTURE ACCOUNTING POLICY CHANGES

The following standards have been issued, but are not yet effective on the date of issuance of CI's consolidated financial statements. CI is currently evaluating the impact of the application of these standards on the consolidated financial statements and will adopt these standards when they become effective.

IFRS 9:

IFRS 9 *Financial Instruments* ["IFRS 9"] was issued in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* ["IAS 39"]. IFRS 9 provides a new approach for the classification of financial assets, which shall be based on the cash flow characteristics of the asset and the business model of the portfolio in which the asset is held. This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment; and (3) Hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9 and will not be considered and issued as a separate standard. For financial liabilities designated at fair value through profit or loss, IFRS 9 requires the presentation of the effects of changes in the liability's credit risk in other comprehensive income instead of net income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but comparative information is not compulsory.

IFRS 15:

IFRS 15 *Revenue from Contracts with Customers* ["IFRS 15"] was issued in May 2014. IFRS 15 replaces prior guidance, including IAS 18 *Revenue*. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new guidance includes a five-step recognition and measurement approach, requirements for accounting of contract costs, and enhanced quantitative and qualitative disclosure requirements. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with certain exceptions.

IFRS 16:

IFRS 16 Leases ["IFRS 16"] was issued in January 2016 and will replace the previous lease standard, IAS 17 Leases, and related Interpretations. The new standard requires lessees to recognize assets and liabilities for most leases. IRFS 16 is effective for annual periods beginning on or after January 1, 2019.

CORPORATE DIRECTORY

CI Financial

DIRECTORS

Peter W. Anderson
Chief Executive Officer,
CI Financial;
Director
Toronto, Ontario

Sonia A. Baxendale
Corporate Director,
Director
Toronto, Ontario

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

Paul W. Derksen
Corporate Director;
Lead Director
Clarksburg, Ontario

William T. Holland
Executive Chairman;
Director
Toronto, Ontario

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

David P. Miller
Chief Legal Officer and Secretary,
Rogers Communications Inc.;
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.

EXECUTIVE TEAM

Peter W. Anderson
Chief Executive Officer

Sheila A. Murray
President and General Counsel

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

David C. Pauli
Executive Vice-President

Steven J. Donald
Executive Vice-President;
President, Assante Wealth Management

Neal Kerr
President, CI Institutional
Asset Management;
Executive Vice-President,
Investment Management,
CI Investments Inc.

Barry H. Gordon
President and Chief Executive Officer,
First Asset Capital Corp.

Roy Ratnavel
Senior Vice-President,
National Sales Manager,
CI Investments Inc.

CORPORATE INFORMATION

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Administration Office

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Investor Relations

Contact: Douglas J. Jamieson,
Executive Vice-President and Chief Financial Officer
Telephone: 416-364-1145
Toll Free: 1 800 268-9374
E-mail: investorrelations@ci.com

Trading Symbol

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

Auditors

Ernst & Young LLP
Chartered Accountants
Toronto-Dominion Centre
P.O. Box 251
Toronto, Ontario M5K 1J7

Registrar and Transfer Agent

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Telephone: 1 800 564-6253

Normal Course Issuer Bid

Effective June 18, 2016, the Toronto Stock Exchange (the “TSX”) accepted CI’s notice of intention to commence a normal course issuer bid (the “Notice”) through the facilities of the TSX. Under the bid, CI may purchase up to 10,000,000 Shares at the prevailing market price. Purchases under the bid will terminate no later than June 17, 2017. As of February 21, 2017, CI has acquired an aggregate of 6,940,645 Shares under the normal course issuer bid at an average price of $26.16 per Share. In February 2017, the TSX accepted notice from CI that Shares may be purchased under the Corporation’s normal course issuer bid by a trustee and used to settle vested Restricted Share Units (“RSUs”) under the CI Financial Corp. Restricted Share Unit Plan, subject to certain of the TSX’s rules relating to normal course issuer bids and with such Shares counted towards the 10,000,000 Share maximum that may be purchased under CI’s normal course issuer bid. Shares purchased by CI under the normal course issuer bid will be cancelled, and Shares purchased by a trustee as described above will remain outstanding and be delivered to settle vested RSUs. 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 June 18, 2017, subject to receipt of approval from the TSX.

Shareholder rights plan

The Corporation previously entered into an agreement dated as of May 1, 2014 with Computershare Investor Services Inc., as rights agent, in connection with the adoption of a shareholder rights plan (the “Rights Plan”). The Rights Plan will terminate at the close of the annual and special meeting of shareholders in 2017 and the Corporation does not intend to renew the Rights Plan at the meeting.

Digital Report

This Annual Report can be downloaded from CI’s website at www.cifinancial.com under “Reports”.

Annual and Special Meeting

This Annual and Special Meeting of Shareholders will be held at 2 p.m. ET on April 20, 2017 at 15 York Street, Second Floor, Toronto.

As described in greater detail in the MD&A section of this Annual Report, 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, including the risks described under the heading "Risk Management" in the MD&A section of this Annual Report.

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