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**CI FINANCIAL CORP.**  
**ANNUAL INFORMATION FORM**  
**February 26, 2010**

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**CI FINANCIAL CORP.**  
**ANNUAL INFORMATION FORM**  
**FEBRUARY 26, 2010**

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## EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form is stated as of December 31, 2009 and all references to the Corporation's fiscal year are to the year ended December 31, 2009.

In this annual information form, unless the context otherwise requires, all references to the **Corporation** are to CI Financial Corp. and, as applicable, its predecessors, CI Financial Income Fund and CI Financial Inc. and references to **CI** or the **CI Group** are to the Corporation and its predecessors together with the entities and subsidiaries controlled by it and its predecessors.

## FORWARD-LOOKING INFORMATION

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

Except as otherwise stated, these statements are made as of the date of this document and, except as required by applicable law, management and the board of directors of the Corporation (the "**Board of Directors**" or "**Board**") undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

## CORPORATE STRUCTURE

### Name, Address and Formation

The Corporation is the successor to CI Financial Income Fund (the "**Fund**"), following the completion of the conversion of the Fund from an income trust to a corporate structure by way of a court-approved plan of arrangement under the *Business Corporations Act* (Ontario) (the "**OBCA**") on January 1, 2009 (the "**Conversion**"). The Fund had been created effective June 30, 2006 when CI Financial Inc. converted to an income trust. The Conversion effectively reversed this income trust conversion. During 2009 the Fund and certain subsidiary entities were dissolved or amalgamated into CI subsidiaries as these entities were no longer required in a corporate structure.

The Corporation was incorporated under the OBCA on November 12, 2008 and did not carry on any active business prior to the Conversion, other than executing the arrangement agreement pursuant to which the Conversion was implemented. The Corporation's Board of Directors (the "**Board of Directors**") is comprised of individuals who were members of the board of trustees of the Fund and the Corporation's senior management was not changed as a result of completion of the Conversion.

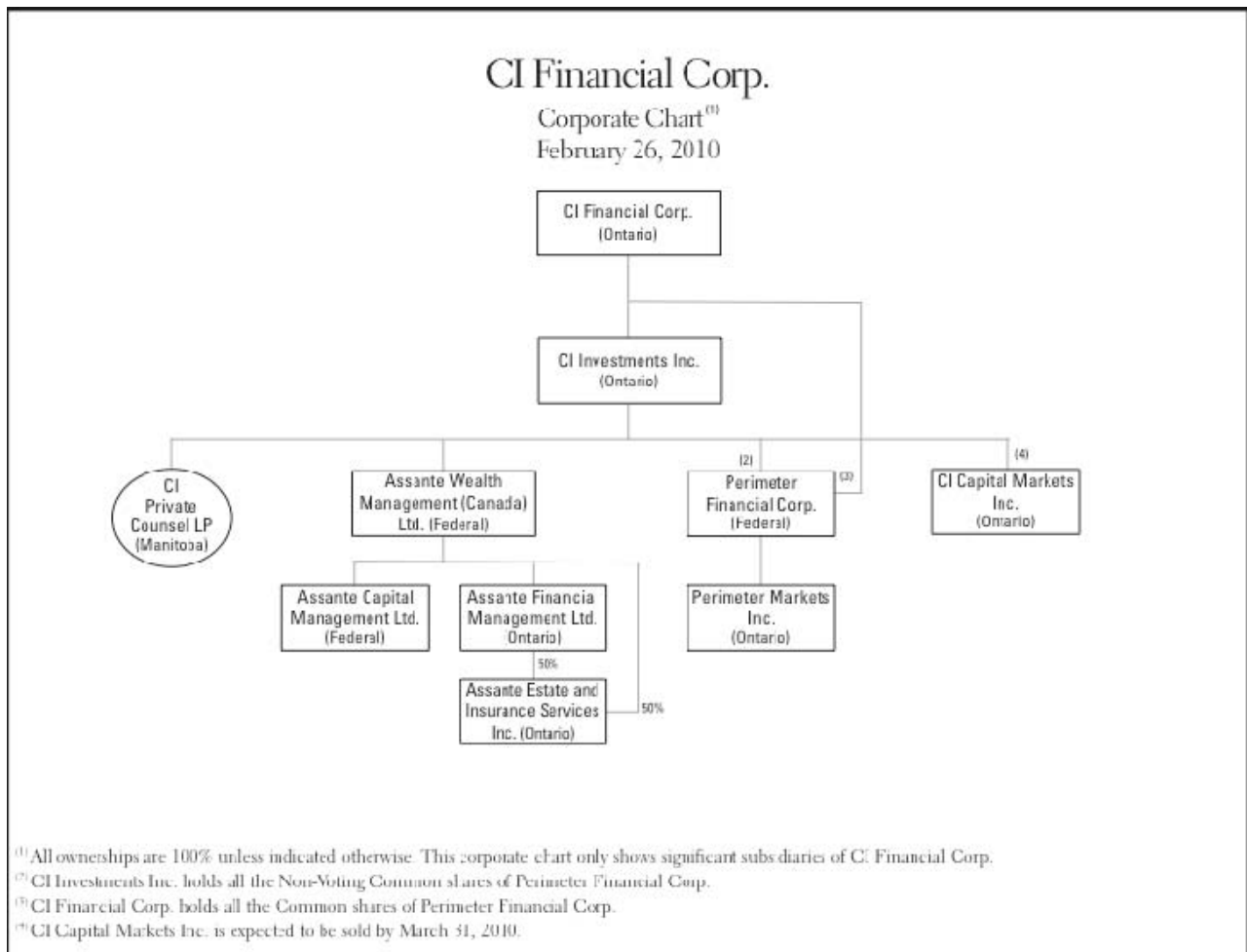
The registered and head office of the Corporation is 2 Queen Street East, Twentieth Floor, Toronto, Ontario, Canada M5C 3G7.

### Intercorporate Relationships

The principal business of CI is carried on through its wholly-owned subsidiaries, CI Investments Inc. (“**CI Investments**”) and Assante Wealth Management (Canada) Ltd. (“**AWM**”).

The table below shows the principal entities controlled by the Corporation as at February 26, 2010, including (i) the percentage of votes attaching to all voting securities of the entity beneficially owned, controlled or directed by CI, and (ii) the jurisdiction of incorporation or formation:

Entity	Jurisdiction	Ownership %
CI Investments Inc.	Ontario	100%
Assante Wealth Management (Canada) Ltd.	Canada	100%



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

The Corporation's principal business is carried on through CI Investments and AWM. CI Investments is a fund management company engaged in the business of sponsoring, managing, distributing and administering investment funds in Canada. On January 1, 2010 United Financial Corporation ("**United**") was amalgamated into CI Investments. United carried on the business of investment management and wealth planning and was engaged in the businesses of managing mutual funds and providing investment counseling, portfolio management and wealth management services. It designed custom-tailored, integrated wealth management solutions for individuals, families and businesses across Canada. This business is now carried on through CI Investments and its subsidiaries under the United Financial brand.

AWM's subsidiaries include financial services distribution companies engaged in the business of providing financial planning, investment advice, wealth management, estate and succession planning and insurance services.

As at December 31, 2009, CI Investments managed approximately 126 funds which are sold under various family names including Cambridge Funds, CI Funds, CI Corporate Class, CI Hedge Funds, Harbour Funds, KBSH Pools, Lakeview Funds, Portfolio Series, Portfolio Select Series, Signature Funds and Synergy Funds. As at December 31, 2009, CI Investments managed 21 closed-end investment funds or limited partnerships. All the CI funds are collectively hereafter referred to as the "**CI Funds**". CI Investments also manages or administers approximately 335 segregated funds. As at December 31, 2009, United managed 46 mutual funds which are sold to the public under the family names United Funds, under the Optima Strategy and Evolution brands, Artisan Portfolios and Institutional Managed Portfolios (collectively hereafter referred to as the "**Assante Funds**"). As at December 31, 2009, fee earning assets under management of CI Investments were approximately \$66.7 billion. According to information available through The Investment Funds Institute of Canada as at December 31, 2009, CI Investments was the second largest independent (not owned by a chartered bank, insurance company or major trust company) mutual fund group in Canada in terms of assets under management.

Collectively the CI Funds and the Assante Funds are hereafter referred to as the "**Managed Funds**". As a result of the amalgamation of CI Investments and United on January 1, 2010, CI Investments now manages all the Managed Funds.

As at December 31, 2009, AWM, through its subsidiaries Assante Capital Management Ltd., Assante Financial Management Ltd. and Assante Estate and Insurance Services Inc., administered approximately \$21.4 billion in mutual funds, stocks, bonds, GIC's, insurance products and other investments for its clients.

As at December 31, 2009, the CI Group had more than \$88.8 billion in fee-earning assets and the number of unitholder accounts under management of CI Investments exceeded two million.

A significant amount of the CI Group's growth in fee-earning assets has been derived from acquisitions. Between 2002 and 2007 the CI Group made a series of acquisitions including the acquisitions of Spectrum Investment Management Limited ("**Spectrum**") and Clarica Diversico from a predecessor to Sun Life Financial Inc. ("**Sun Life**") and the acquisitions of Synergy Asset Management Inc. ("**Synergy**"), Skylon Capital Corp., Assante Corporation ("**Assante**"), IQON Financial Management Inc. ("**IQON**"), Synera Financial Services Inc. ("**Synera**") and Rockwater Capital Corporation ("**Rockwater**") (see below). These acquisitions increased the CI Group's fee-earning assets by approximately \$54.8 billion.

### *Acquisition of Rockwater Capital Corporation*

In February 2007, the Fund made a take-over bid for all of the outstanding shares of Rockwater. The offer was made at an offer price of \$7.62 per Rockwater share. Rockwater shareholders could choose to be paid, at their election, in (i) cash or (ii) securities of the CI Group (based upon the volume weighted average closing price of the Units of the Fund over the five business days ending one business day before the expiry of the offer), or (iii) a combination of the foregoing. On April 4, 2007, the Fund acquired control of Rockwater. With Rockwater, the Fund acquired Blackmont Capital Inc. (“**Blackmont**”), a full-service investment dealer, KBSH Capital Management Inc. (“**KBSH**”), an investment counselling firm, and Lakeview Asset Management Inc. (“**Lakeview**”), a mutual fund company. On September 1, 2007, Rockwater was amalgamated with Blackmont to continue as Blackmont. On January 1, 2009, Lakeview and KBSH were amalgamated with CI Investments to continue as CI Investments. On December 31, 2009 the Corporation sold Blackmont to Macquarie Bank Group. Prior to the sale, the capital markets business of Blackmont was spun out to a wholly-owned subsidiary of CI Investments and an agreement has been entered into to sell that subsidiary to certain of its employees, as soon as all required regulatory approvals have been obtained. It is anticipated that the sale will be completed before March 31, 2010.

### *Public Offering*

On December 30, 2008, the Fund completed a public offering of 15,000,000 Units at a price of \$14.00 per Unit, for gross proceeds of \$210,000,000. These Units were acquired by the Corporation, along with all other outstanding Units, in exchange for Common Shares as part of the Conversion.

### *Conversion of the Fund to a Corporation*

Pursuant to an arrangement agreement dated May 26, 2006, the former CI Financial Inc. completed an arrangement under the OBCA effective June 30, 2006 which resulted in the creation of the Fund. The Fund was initially able to operate under a trust structure which allowed it to continue to execute its stated business strategy while providing unitholders with regular monthly cash distributions. As part of its growth strategy, the Fund sought acquisition opportunities which would maximize unitholder value and achieve its strategic objectives. However, four months after the creation of the Fund, the Canadian federal government announced fundamental changes to the taxation of income trusts which severely impacted the Fund’s ability to execute on its growth strategy. As a direct consequence of the unexpected change in tax laws and the impact of these changes on the pursuit of its growth strategy, the Board of Trustees of the Fund determined that it was necessary and appropriate to propose a conversion of the Fund back to a corporation. On December 19, 2008, the unitholders of the Fund and the limited partners of Canadian International LP approved the reorganization of the Fund’s income trust structure into the Corporation pursuant to a court-approved plan of arrangement. The Conversion was effective January 1, 2009.

### *Acquisition of Perimeter Financial Corp.*

In March 2009, CI acquired of Perimeter Financial Corp., an operator of alternative trading systems. These trading systems are CBID Institutional, CBID Retail and CBID Futures, which provide transparent marketplaces permitting institutional and retail customers to trade Canadian fixed-income instruments.

### *Debt Refinancing*

In December 2009, the Corporation refinanced its credit facility through a combination of the proceeds from a public debt offering (the “**Offering**”) and the establishment of a new \$250 million facility with one lender. The \$550 million Offering was the first public offering of debt securities by the

Corporation. The Offering was comprised of \$100 million principal amount of floating rate debentures due December 16, 2011 (the “**Floating Rate Debentures**”); \$250 million principal amount of 3.3% debentures due December 17, 2012 (the “**2012 Debentures**”) and \$200 million principal amount of 4.19% debentures due December 16, 2014 (the “**2014 Debentures**”), (collectively, the “**Debentures**”). The Debentures have a rating of A (low) with a “Stable” trend from DBRS Limited (“**DBRS**”) and a rating of BBB+ with a “Stable” outlook from Standard and Poor’s (“**S&P**”). See “Description of Capital Structure - Debt Securities” and “- Ratings” below for further information.

### *Internal Restructuring*

In December 2009, the Corporation underwent an internal restructuring in order to eliminate certain intercompany debt and dissolve the Fund and certain other entities that had been created to facilitate the income trust structure.

## **DESCRIPTION OF THE BUSINESS**

### **General**

CI is a diversified wealth management firm and one of Canada’s largest independent investment fund companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including AWM 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 revenues principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The asset administration segment derives its revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients and capital market activities.

### **Asset Management Segment**

#### *Summary*

The asset management segment, carried on by CI Investments, offers the Managed Funds primarily through investment dealers, mutual fund dealers, insurance advisors, and AWM and Sun Life financial advisors in all jurisdictions in Canada. Financial information regarding the asset management segment is provided in the Fund’s annual financial statements for the fiscal year ended December 31, 2009 and related management’s discussion and analysis, which are available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Products and Services*

##### *The Managed Funds*

At December 31, 2009, the Managed Funds consist of over 193 investment funds established primarily under the laws of Ontario. The Managed Funds are sold or available for sale in all provinces and territories of Canada.

The CI Group offers Canadian investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include AWM and Sun Life financial advisors. The Managed Funds are managed by a diverse group of in-house portfolio managers employed by CI Investments in addition to outside investment advisory



firms, all supported by a team of marketing, administrative and technical specialists. The diversity of the Managed Funds allows CI to take advantage of the expected continued growth in the Canadian investment fund industry. In addition, the acquisitions of the funds managed by Spectrum and Sun Life in July 2002, by United Financial Corporation (now part of CI Investments), Synergy and Skylon in 2003 and by KBSH and Lakeview in 2007 allowed the CI Group to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry.

#### *Management of the Managed Funds*

CI Investments is a promoter and manager of all of the Managed Funds. As manager, CI Investments provides all of the management services required by the Managed Funds including managing or arranging for the management of investment portfolios, marketing of the Managed Funds, keeping of securityholder records and accounts, reporting to the securityholders and processing transactions relating to the purchase, transfer and redemption of securities of the Managed Funds.

CI Investments has entered into a management agreement with each of the Managed Funds. For the management and administrative services provided to the Managed Funds, CI Investments is generally paid a fee based on the average daily net asset value of each of the Managed Funds. The net asset value of a Managed Fund depends primarily on its level of net sales and the market value of its portfolio investments. The management fees paid to CI Investments are comparable to other management fees charged in the Canadian investment fund industry.

CI Investments bears all of the operating expenses of the open-end mutual funds managed by CI Investments (other than certain taxes, borrowing costs, new governmental fees and forward contract costs) in return for fixed annual administration fees. In general, each Managed Fund is responsible for its own administrative and operating expenses including, without limitation, audit and legal fees, registry and transfer agency fees, custodian fees, portfolio and investment costs, expenses of communication with securityholders, all costs imposed by statute or regulation, and applicable Goods and Services Tax and Harmonized Sales Tax, when and where applicable.

#### *Investment Managers*

CI Investments currently uses in-house and outside investment managers to provide investment advice regarding the investment portfolios of the Managed Funds. Pursuant to investment advisor agreements between CI Investments and certain investment management firms, CI Investments has retained outside investment management firms to provide advice regarding the investment portfolios of certain Managed Funds. In general, CI Investments pays the outside investment management firms an annual fee equal to a percentage of the net asset value of the Managed Funds. Generally, these rates are reduced as the net asset value exceeds certain specified levels. All investment management firms currently retained by CI Investments are independent of CI Investments.

#### *Distribution and Marketing of the Managed Funds*

Like other asset management companies not affiliated with financial institutions, CI Investments relies on investment dealers and mutual fund dealers for the sale of securities of the Managed Funds. Individual variable annuity contracts and variable annuity policies providing for approximately 335 segregated funds including the CI Guaranteed Investment Funds and SunWise Segregated Funds are sold through licensed life insurance agents. CI has preferred access to approximately 3,000 independent career advisors of Sun Life pursuant to a distribution agreement entered into on July 25, 2002 with Sun Life, as amended July 24, 2007.

The management of CI believes that the following factors are responsible for increasing and retaining assets in the Managed Funds under the management of CI Investments: diversity of products offered by the CI Group; experience and depth of the investment managers of the Managed Funds; service

levels provided to the dealer and the investor; and performance of the Managed Funds. CI Investments focuses on service and assistance to dealers and agents who are selling the Managed Funds, including providing materials to communicate the important features of the Managed Funds to investors and providing access to the investment managers.

CI Investments pays trailer fees to assist dealers in providing ongoing service to clients. These fees are payable to dealers in respect of their sales representatives who have client assets in qualifying Managed Funds throughout a calendar month. Payment is made either monthly or quarterly and is equal to a percentage of the total client assets of such sales representatives throughout the month.

CI Investments has a program to spend a certain amount to assist dealers and their representatives in marketing the Managed Funds. This program is subject to regulatory requirements and may be discontinued or modified at any time.

#### *Sales Charges Relating to the Distribution of the Managed Funds*

Investors may choose to purchase securities of the Managed Funds under the deferred sales charge method or under the initial sales commission method.

In general, if the investor purchases under the deferred sales charge method, no initial commission is paid, the entire investment is invested in securities and, upon redemption within seven years of purchase, a redemption fee will be deducted from the proceeds of redemption. On redemption, the redemption fee is calculated as a percentage of the net asset value at the time of the issue of the securities, which percentage decreases, for the standard deferred sales charge option, over a seven year period from 5.5% in the first year to nil at the end of the period, and for the low-load sales charge option, over a three-year period from 3.0% in the first year to nil at the end of the period. The redemption fee will be deferred in respect of redemptions of securities of a Managed Fund up to a maximum established by CI Investments from time to time.

In general, if the investor purchases securities of the Managed Funds under the initial sales commission method, a sales commission is paid at the time of purchase and no commission is charged at the time of redemption. For purchases of securities of the Managed Funds under the initial sales commission method, the commission is negotiable between the dealer and the investor, with the maximum generally ranging from 1% to 5%. No fees or charges are otherwise deducted by the Managed Funds on redemption except for applicable short-term trading fees and in the case of a registered plan or on a transfer to other Managed Funds.

#### *Specialized Skill and Knowledge*

A company requires certain specialized skills and knowledge in the asset management industry in order for it to grow and succeed. CI Investments has the skills and knowledge to continue to focus on meeting the investment needs of their clients, developing new products, increasing market share penetration through targeting of knowledgeable, successful investment dealers, mutual fund dealers and life insurance agents and other alternative distribution channels, and enhancing investor awareness. CI Investments' objective is to continue to offer a wide range of investment products that are managed by a diversified group of investment advisors while emphasizing their strength in both international and domestic equity fund products. CI Investments' experienced marketing teams have also been instrumental in enabling CI Investments to achieve market share growth through the investment dealer and mutual fund dealer network and, more recently, life insurance agents. In recent years, CI Investments has enhanced recognition of its corporate brand as well as its Managed Funds through various forms of advertising including television, radio and billboard advertising and event sponsorship.

To handle future growth, CI will continue, as appropriate, to upgrade its advanced information systems and increase internal training and development, all with the objective of ensuring that it provides

accurate and timely service to registered dealers and agents selling CI Investments' products and to investors. As a result of its investment in computer facilities and its efficient approach to service and marketing, CI believes that CI Investments will not have to increase their personnel in the same proportion as the growth in assets of the Managed Funds under their management.

### *Competitive Conditions*

The Canadian mutual fund industry has grown from \$3.6 billion to \$595 billion of mutual fund assets during the period from December 1980 to December 2009 (according to The Investment Funds Institute of Canada).

The long-term growth in the mutual fund industry is attributable to many factors including a decline in inflation, lower interest rates and increased marketing of mutual funds. Government policies, at both the federal and provincial levels, also are contributing significantly to this growth by encouraging Canadians to save for retirement by increasing contribution levels.

The growth in the mutual fund industry has resulted in increased competition. Since the entrance of the banks and trust companies into the mutual fund industry in the late 1980s, competition from financial institutions has increased significantly. With the entrance of the banks and trust companies and, more recently, insurance companies, the market has developed into two distinct segments: mutual fund groups owned by chartered banks, insurance companies and major trust companies; and the independent mutual fund groups. According to data from The Investment Funds Institute of Canada, as at December 31, 2009, mutual fund companies owned by chartered banks, insurance companies or major trust companies had a combined market share of approximately 52% all mutual fund assets. Several foreign mutual fund groups currently operate in Canada. The addition of well capitalized foreign mutual fund groups in the Canadian mutual fund industry has increased competition even further.

There has been significant consolidation among Canadian mutual fund management companies, driven by a desire to achieve economies of scale in marketing, distribution and administration. The consequences of this consolidation include:

- (a) a decline in the number of mutual fund and institutional asset management companies listed on the Toronto Stock Exchange ("TSX");
- (b) a segmentation of the industry into two distinct parts: mutual fund management groups owned in whole or in part by chartered banks, insurance companies, major trust companies or other large domestic and foreign groups, and independent mutual fund management companies; and
- (c) an increasing concentration of the larger industry participants in terms of mutual fund assets under management. As at December 31, 2009, the 10 largest Canadian mutual fund management companies controlled approximately 87% of the total industry mutual fund assets under management.

There has been significant public pressure on the mutual fund industry to lower costs and improve the transparency of fees paid by investors. In response, in August 2005, the CI Group obtained the approval of securityholders of the open-end mutual funds managed by CI Investments to permit CI Investments to bear all of the operating expenses of those funds (other than certain taxes, borrowing costs, new governmental fees and forward contract costs) in return for fixed annual administration fees. As a result of this change, the management expense ratio (or MER) for the affected funds has become relatively fixed and predictable.

The following table sets forth the aggregate net asset value for the Canadian mutual fund industry and CI Investments' aggregate relative position in the Canadian mutual fund industry.

**Mutual Fund Assets**  
**As at December 31, 2009**  
**(in millions of dollars except percentages)**

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Total Canadian mutual fund industry <sup>(1)</sup>	\$657,582
CI Investments' Managed Funds <sup>(2)</sup>	\$62,360
CI Investments' Managed Funds <sup>(2)</sup> as an aggregate % of total industry	9.5%

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Notes:

- (1) Source: The Investment Funds Institute of Canada and CI Financial.  
(2) Retail assets under management, not including structured products.

In Canada, the investment management industry, and in particular the mutual fund segment, is a highly regulated industry. Applicable securities legislation imposes restrictions on, among other things, incentives that may be offered to dealers and the forms of advertising which may be used by mutual fund managers, and disclosure and reporting requirements on the Managed Funds (see “Risk Factors – Regulation of CI and its Subsidiaries” below).

*New Products*

In the year ended December 31, 2009, CI Investments introduced three new Managed Funds, one closed-end fund, one limited partnership and several new segregated funds.

*Intangible Properties*

CI Investments owns or licenses certain registered and unregistered trade-marks such as CI Funds, Synergy Funds, Harbour Funds, Signature Funds, United Pools, Artisan Portfolios and Optima Strategy. These trade-marks are important elements in differentiating the Managed Funds from CI Investments' competitors and marketing the Managed Funds to clients and advisors.

*Cycles*

Generally, revenues are consistent throughout the year, with a slight increase in the first quarter due to increased investment activity during the Canadian RRSP season. See “Risk Factors - Changes in Economic, Political and Market Conditions” below.

**Asset Administration Segment**

*Summary*

The asset administration segment, carried on by AWM and its subsidiaries and CI Private Counsel LP (“CIPC”), offers clients in Canada a wide range of products and services, which encompass a multidisciplinary approach to financial planning, investment advice, wealth management, estate and succession planning and insurance services. Financial information regarding the asset administration segment is provided in the Corporation's annual financial statements for the fiscal year ended December 31, 2009 and related management's discussion and analysis, which are available on SEDAR at [www.sedar.com](http://www.sedar.com). Prior to December 31, 2009 Blackmont was part of the assets administration segment. Blackmont was sold to Macquarie Bank effective December 31, 2009.

### *Products and Services*

AWM's and its subsidiaries' principal businesses are the provision of products and services tailored to meet the specific objectives and the financial planning and financial management needs of their clients. These products and services are developed and/or distributed through AWM and its subsidiaries, which include securities dealers, mutual fund dealers and life insurance agents.

AWM's affiliates provide a wide range of products and services, including portfolio management, investment advisory services, distribution of securities (including mutual funds), insurance products and banking services and wealth management, including financial, tax and estate planning services.

AWM's unique distribution strategy and operating platform distinguish it in its sector. Its distribution network provides AWM direct access to experienced advisors with an established and growing base of clients. Through these advisors, many of those clients are electing to delegate responsibility for portfolio management, manager selection and monitoring, and wealth management to AWM's core group of investment and wealth management professionals.

AWM's operating platform is designed to allow the advisor to work with a team of professionals to provide best-in-class advice and one-stop solutions for many of the increasingly complicated and sophisticated needs of its clients.

AWM's products and services are built on a foundation of some combination of portfolio management, investment advice, distribution of securities, insurance products, banking products and financial, tax, succession, wealth and estate planning. The principal markets for AWM's products and services are affluent and high net worth individuals residing in Canada.

CIPC provides discretionary investment counsel services on a referral basis through its United Financial division and directly to investors through its Stonegate Private Counsel division.

### *Specialized Skill and Knowledge*

See "Description of the Business – Asset Management Segment – Specialized Skill and Knowledge" above.

### *Competitive Conditions*

The financial services industry is very competitive with many institutions and companies such as banks, trust companies, insurance companies, portfolio managers, security brokerage companies and mutual fund dealers all competing for the business of a relatively fixed number of affluent clients. In addition, foreign based mutual fund companies and banks have also established operations in Canada. The financial services industry in Canada has also moved toward offering comprehensive fee-based investment management services for clients.

AWM believes that it is well positioned in terms of its competitors in the marketplace. While there is a larger number of organizations providing financial advisory and financial management services or manufacturing investment products, very few of them are similar to AWM in providing financial product manufacturing integrated with the delivery of a full menu of products and services (including proprietary products) through their own distribution network. The operation of a unified financial advisory business in Canada is designed to provide synergies and economies of scale for AWM's wealth management programs and financial advisor network.

### *Intangible Properties*

AWM owns or licenses certain registered and unregistered trade-marks such as Assante and Assante Wealth Management. These trade-marks are important elements in differentiating AWM's services from those offered by its competitors.

### *Cycles*

Generally, revenues are consistent throughout the year, with a slight increase in the first quarter due to increased investment activity during the Canadian RRSP season. See "Risk Factors - Changes in Economic, Political and Market Conditions" below.

### **Employees**

As at December 31, 2009, a total of 1,280 persons were employed by CI Group.

### **Reorganization**

See "General Development of the Business – Conversion of the Fund to a Corporation" above.

## **RISK FACTORS**

### **Risks Related to the Business**

#### *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. The following describes each component of market risk:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates. At December 31, 2009 approximately 19% 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 25 basis point change in the value of these securities would cause a change of \$0.3 million in annual pre-tax earning for CI's Asset Management segment.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates. At December 31, 2009, close to 70% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, approximately 12% of CI's assets under management were based in U.S. currency at December 31, 2009. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of \$8.7 million in the Asset Management segment's annual pre-tax earnings.
- 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 indices. About 69% of CI's assets under management are held in equity securities which are subject to equity risk. CI estimates that a 10% change in the prices of equity indices would cause a change of \$51.5 million in annual pre-tax earnings.

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 performance and may adversely affect CI's assets under management, management fees and revenues, which would reduce cash flow to CI and ultimately any dividend payments.

#### *Credit Risk*

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. The CI Group 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 the CI Group. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

One of the primary sources of credit risk to the CI Group arises when the CI Group 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. The CI Group 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 the CI Group 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.

#### *Changes in Economic, Political and Market Conditions*

CI's performance is directly affected by conditions in the financial markets and political conditions including the legislation and policies of governments. The financial markets and businesses operating in the securities industry are volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of 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 the financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI Group's assets under management, fees and/or revenues, which would reduce cash flow to CI.

#### *Current Financial Conditions*

Financial markets globally have been subject to unprecedented volatility and numerous financial institutions have gone into bankruptcy or have had to be rescued by governmental authorities. Access to financing has been negatively impacted by both subprime mortgages and the liquidity crisis affecting the asset-backed commercial paper market. These factors may impact the ability of CI to obtain loans and make other arrangements on terms favourable to CI. While these unprecedented levels of volatility and market turmoil appear to have stabilized, CI's financial results could be materially impacted by any reversal in this stability.

#### *Investment Performance of the Funds*

If the funds managed by CI are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by competitors, such funds may not attract assets through gross sales or may experience redemptions, which may have a negative impact on CI's assets under management. This would have a negative impact on CI's revenue and profitability.

### *Dependence on Senior Management*

The success of CI Group and its strategic focus is dependent to a significant degree upon the contributions of senior management, including William T. Holland, Chief Executive Officer. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of CI Group, could adversely affect CI's business. 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.

### *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 the level of commissions and other compensation paid.

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

### *Management Fees and Other Costs*

CI's ability to maintain its management fee structure is dependent on its ability to provide investors with products and services that are competitive. There can be no assurance that CI will not come under competitive pressures to lower the fees charged or that it will be able to retain the current fee structure or, with such fee structure, retain its investors in the future. Changes to management fees, commission rates, structures or service fees related to the sale of mutual funds and closed-end funds could have an adverse effect on CI's operating results. By reason of CI's implementation in 2005 of fixed administration fees for its mutual funds, a significant decrease in the value of the relevant funds, in combination with the fixed administration fees, could reduce margins and have an adverse effect on CI's operating results.

### *Risks of Significant Redemptions of CI Group's Assets Under Management*

CI earns revenue primarily from management fees earned for advising and managing pools of assets. These revenues depend largely on the value and composition of mutual fund assets under management. The level of assets under management is influenced by three factors: (i) sales; (ii) redemption rates; and (iii) investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors. Recent market volatility has contributed to significant redemptions and diminished sales for participants in the Canadian wealth management industry.

### *Changes in Tax Laws*

The planned introduction of Harmonized Sales Tax (HST) will combine the Goods and Services Tax (GST) and Provincial Sales Tax (PST) into a single sales tax. This will effectively subject



management fees to provincial taxation for the first time. Increased taxation of investment fund management fees could result in changes to current fee structures or negatively impact the ability of investment funds, including CI, to retain investors. This could adversely impact the competitiveness of the investment fund industry as compared to other products or services which are not subject to GST and will not be subject to HST.

#### *Administration Vulnerability and Error*

The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of the CI Group to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of the CI Group.

There can be no assurances that the CI Group's systems will operate or that the CI Group will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster, or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of the CI Group could have a material adverse effect on its business, financial condition and operating results. The CI Group may also experience losses in connection with employee errors. Although expenses incurred by the CI Group in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

#### *Sufficiency of Insurance*

Members of the CI Group maintain various types of insurance which may include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, agents' insurance and general commercial liability insurance. 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 any member of the CI Group in excess of available coverage could have a material adverse effect on the CI Group both in terms of damages awarded and the impact on the reputation of CI.

#### *Regulation of CI*

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

### *General Business Risk and Liability*

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

### *Leverage and Restrictive Covenants*

The ability of CI to pay dividends or make other payments is subject to applicable laws and contractual restrictions contained in the instruments governing any indebtedness of the CI Group (including the CI Group's credit facility and the publicly held debentures). The degree to which the CI Group is leveraged could have important consequences to the shareholders of CI including: CI's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; CI may be unable to refinance indebtedness on terms acceptable to it or at all; and a significant portion of CI's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations. CI's credit facility contains several restrictive covenants that limit the discretion of CI with respect to certain business matters or require lender consent and a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in CI's credit facility could result in a default which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under CI's current credit facility were to be accelerated, there can be no assurance that CI's assets would be sufficient to repay in full that indebtedness. There can be no assurance that future borrowings or equity financing will be available to CI, or available on acceptable terms, in an amount sufficient to fund CI's needs.

### *Fluctuation of Cash Dividends*

Although CI intends to distribute some portion of the income it earns, there can be no assurance regarding the amount of cash dividends distributed upstream from its subsidiaries. The actual amount of dividends paid depends upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of CI. Dividends are not guaranteed and will fluctuate with the performance of the business.

### *Share Price Risk*

Share price risk arises from the potential adverse impact on CI's earnings of any movements in CI's share price. CI's equity-based compensation liability is directly affected by fluctuations in CI's share price. CI's senior management actively manages equity risk by employing a number of techniques. This includes closely monitoring fluctuations in CI's share price and purchasing CI shares at optimal times on the open market for the trust created solely for the purposes of holding CI shares for CI's equity-based compensation. As well, CI has in the past entered into total return swap transactions to mitigate its exposure to the price of CI shares (or Units of the Fund, prior to the Conversion) and the resulting fluctuations in its equity based compensation. The effect of a \$1.00 change in the price of Common Shares at December 31, 2009 would have resulted in a change of approximately \$3.9 million in equity based compensation.

### *Commitment of Financial Advisors and Other Key Personnel*

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

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

### *Capital Requirements*

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require the CI Group 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 the CI Group 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.

### **Risks Specific to the Common Shares**

#### *Unpredictability and Volatility of Market Price*

Shares of a publicly-traded company do not necessarily trade at values determined by reference to the underlying value of the business. The prices at which the Common Shares of the Corporation will trade cannot be predicted. The market price of CI's Common Shares could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The market price for the Common Shares may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of CI.

### *Dilution*

Pursuant to its articles of incorporation, as amended, the Corporation is authorized to issue an unlimited number of Common Shares for the consideration and on those terms and conditions as are established by the Directors without the approval of any shareholders. Any further issuance of Common Shares may dilute the interests of existing shareholders.

### *Changes in Legislation and Administrative Policy*

There can be no assurance that certain laws applicable to CI and its subsidiaries, including income tax laws, will not be changed in a manner which could adversely affect the value of CI. In addition, there can be no assurance that the administrative policies and assessing practices of the Canada Revenue Agency will not be changed in a manner which adversely affects the holders of Common Shares. CI may also be affected by changes in regulatory requirements, or other taxes in Canada or foreign jurisdictions. Such changes could, depending on their nature, benefit or adversely affect CI.

### **Risk Specific to the Debentures**

#### *Changes in Creditworthiness*

This is no assurance that the creditworthiness of CI or that any credit rating assigned to the Debentures will remain in effect for any given period of time or that the rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such rating may have an adverse effect on the market price or value and the liquidity of the Debentures.

#### *Market Value Risk*

Prevailing interest rates will affect the market value of the Debentures. The price or market value of the Debentures will decline as prevailing interest rates for comparable securities rise. CI may choose to redeem Debentures from time to time, in accordance with its rights, including when prevailing interest rates are lower than the yield borne by the Debentures. If prevailing rates are lower at the time of redemption, a holder may not be able to reinvest the redemption proceeds in a comparable security at an effective yield as high as the yield on the Debentures being redeemed.

#### *Liquidity Risk*

The Debentures constitute a new issue of securities with no established trading market. In addition, the Debentures are not listed on any exchange. As a result, the trading market for the Debentures may not be active or liquid. There can be no assurance that an active market for the Debentures will develop or be sustained or that holders of the Debentures will be able to sell their Debentures at any particular price or at all.

#### *Ranking of the Debentures*

The Debentures are unsecured obligations of CI and certain of its subsidiaries and are not secured by any of their assets. Therefore, holders of secured indebtedness of CI or of its subsidiaries will have a claim on the assets securing such indebtedness that ranks in priority to the claims of holders of the Debentures and will have a claim that ranks equally with the claims of holders of Debentures to the extent that such security is insufficient to satisfy the secured indebtedness. Furthermore, although covenants given by CI or its subsidiaries in certain agreements may restrict incurring secured indebtedness, such indebtedness may, subject to certain conditions, be incurred.

## DESCRIPTION OF CAPITAL STRUCTURE

The following is a brief summary of the Corporation's authorized share capital, as set forth in its articles of incorporation, as amended. This summary may not be complete and is subject to, and qualified in its entirety by reference to, CI's articles of incorporation, as amended.

The Corporation's authorized share capital consists of an unlimited number of Common Shares and an unlimited number of preference shares, issuable in series. As at February 26, 2010, there were 292,056,645 Common Shares issued and outstanding. No preference shares have been issued by the Corporation.

### Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of shareholders of the Corporation, to receive dividends if, as and when declared by the Board (subject to the rights of shares, if any, having priority over the Common Shares) and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding up, subject to the rights of shares, if any, having priority over the Common Shares.

### Preference Shares

Each series of preference shares shall consist of such number of shares and have such rights, privileges, restrictions and conditions as may be determined by the Board prior to the issuance thereof. Holders of preference shares, except as required by law or as provided in the rights, privileges, restrictions and conditions of a particular series, will not be entitled to vote at meetings of shareholders of the Corporation. With respect to the payment of dividends and distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, the preference shares of each series shall rank on a parity with the preference shares of every other series and are entitled to preference over the Common Shares and any other shares ranking junior to the preference shares from time to time and may also be given such other preferences over the Common Shares and any other shares ranking junior to the preference shares as may be determined at the time of creation of such series.

### Debt Securities

On December 16, 2009, CI completed the Offering of an aggregate of \$550 million principal amount of Debentures comprised of \$100 million principal amount of Floating Rate Debentures due December 16, 2011; \$250 million principal amount of 2012 Debentures and \$200 million principal amount of 2014 Debentures.

The Floating Rate Debentures will pay interest quarterly in arrears, at the average three month banker's acceptance rate, of quotes shown on the Reuters Screen CDOR on the closing date and thereafter on each interest payment date, plus 1.20%. Interest is paid on March 16, June 16, September 16 and December 16 in each year, commencing March 16, 2010.

Interest on the 2012 Debentures will be paid semi-annually in arrears on December 17 and June 17 in each year commencing June 17, 2010 at the rate of 3.3% per annum. Interest on the 2014 Debentures will be paid semi-annually in arrears on December 16 and June 16 in each year commencing June 16, 2010, at the rate of 4.19% per annum.

The 2012 Debentures and the 2014 Debentures are redeemable by CI, at its option in whole or in part, from time to time at a redemption price which is equal to the greater of the Government of Canada Yield, plus 36 basis points (0.36%) in the case of the 2012 Debentures and 41 basis points (0.41%) in the

case of the 2014 Debentures. The Government of Canada Yield is the average of the mid-market yields to maturity, assuming semi-annual compounding, which an issue of non-callable Government of Canada bonds would produce, if issued at par on such date, in Canadian dollars in Canada, with a term to maturity equal to the remaining term to the scheduled maturity date of the applicable Debentures. The Floating Rate Debentures are not redeemable.

If a Change of Control Triggering Event occurs CI will be required to make an offer to repurchase the Debentures at a price payable in cash equal to 101% of the outstanding principal amount of the Debentures together with accrued and unpaid interest, to the date of purchase. A Change of Control Triggering Event occurs if there is both a Change of Control of CI and a Rating Event. A Change of Control occurs if there is a sale of all or substantially all of CI's assets or the acquisition of beneficial ownership of more than 50% of the votes attached to the outstanding Common Shares. A Rating Event occurs if, following a Change of Control or announcement of a Change of Control, the rating of the Debentures is lowered to below investment grade rating (below BBB- for S&P and BBB (low) for DBRS) by each of the rating agencies who rate the Debentures, if there are less than two such agencies, and by two out of three of the agencies, if the Debentures are rated by three agencies.

The Debentures are fully and unconditionally guaranteed by CI Investments and United, wholly-owned subsidiaries of CI, and may be guaranteed by certain other subsidiaries of CI.

### **Ratings**

The Debentures are rated A (low) with a "Stable" trend by DBRS. The "A (low)" rating assigned to the Debentures represents the third highest of the ten rating categories available from DBRS for long-term debt. Under the DBRS system, debt securities rated A (low) are of satisfactory credit quality and protection of interest and principal is considered substantial. While this is a favourable rating, entities in the A (low) category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated companies. A reference to "high" or "low" reflects the relative strength within the rating category, while the absence of either a "high" or "low" designation indicates the rating is placed in the middle category. According to DBRS, the "Stable" trend helps give investors an understanding of DBRS's opinion regarding the outlook for the rating.

The Debentures are rated BBB+ with a "Stable" outlook by S&P. The "BBB+" rating assigned to the Debentures is the fourth highest of the ten major rating categories for long-term debt and indicates S&P's view that CI's capacity to meet its financial commitment on the obligations is adequate, but the obligations are more subject to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. S&P uses "+" or "-" designations to indicate the relative standing of securities within a particular ratings category. According to S&P, the "Stable" rating outlook means that the rating is not likely to change over the intermediate term.

Credit ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A security rating is therefore not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating agency.

### **SHAREHOLDER RIGHTS PLAN**

The Corporation entered into an agreement (the "**Rights Plan Agreement**") dated as of January 1, 2009 with Computershare Investor Services Inc., as rights agent, in connection with the adoption of a shareholder rights plan. The Rights Plan Agreement supersedes and replaces the rights plan agreement of the Fund dated as of October 28, 2008 and was ratified and approved at a meeting of voting unitholders of the Fund held December 19, 2008.

The Rights Plan Agreement was summarized in the Notice of Meeting and Management Information Circular of the Fund dated November 20, 2008 and the complete text may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## DIVIDENDS AND DISTRIBUTIONS

### Current Dividend Policy

The Corporation pays a monthly cash dividend which is currently set at \$0.06 per Common Share. The Board has declared dividends at this rate to be paid to shareholders of record on each of March 2, 2010, March 31, 2010 and April 30, 2010. Dividends are paid at the discretion of the Board and the dividend rate will be reviewed from time to time by the Board after giving consideration to CI's cash flow, financial position, net earnings, sales outlook and other relevant factors.

### Historical Dividend Record

#### 2009

During 2009 the Corporation paid dividends to shareholders as follows:

<u>Record Date</u>	<u>Payment Date</u>	<u>Distribution per Common Share (\$)</u>
March 31, 2009	April 15, 2009	0.16
May 31, 2009	June 15, 2009	0.10
June 30, 2009	July 15, 2009	0.05
July 31, 2009	August 15, 2009	0.05
August 31, 2009	September 15, 2009	0.05
September 30, 2009	October 15, 2009	0.05
October 31, 2009	November 13, 2009	0.05
November 30, 2009	December 15, 2009	0.06
December 31, 2009	January 15, 2010	0.06
	Total	0.63

**2008 and 2007**

The following tables set forth the monthly cash distribution per Unit paid by the Fund in each month for the fiscal years ended December 31, 2008 and 2007:

**2008**

<b>Record Date</b>	<b>Payment Date</b>	<b>Distribution per Unit <sup>(1)</sup> (\$)</b>
January 1, 2008	January 15, 2008	0.05
January 31, 2008	February 15, 2008	0.19
February 29, 2008	March 15, 2008	0.16
March 31, 2008	April 15, 2008	0.16
April 30, 2008	May 15, 2008	0.16
May 31, 2008	June 13, 2008	0.17
June 30, 2008	July 15, 2008	0.17
July 31, 2008	August 15, 2008	0.17
August 31, 2008	September 15, 2008	0.17
September 30, 2008	October 15, 2008	0.17
October 31, 2008	November 14, 2008	0.17
November 30, 2008	December 14, 2008	Nil
December 31, 2008	January 15, 2009	Nil
	<b>Total</b>	<b>1.74</b>

Notes:

- (1) The same cash distribution per unit was declared and paid by CI Public Partnership to holders of Class B LP Units.

**2007**

<b>Record Date</b>	<b>Payment Date</b>	<b>Distribution per Unit <sup>(1)</sup> (\$)</b>
January 1, 2007	January 15, 2007	0.09
January 31, 2007	February 15, 2007	0.18
February 28, 2007	March 15, 2007	0.18
March 31, 2007	April 13, 2007	0.18
April 30, 2007	May 15, 2007	0.18
May 31, 2007	June 13, 2007	0.18
June 30, 2007	July 13, 2007	0.18
July 31, 2007	August 15, 2007	0.18
August 31, 2007	September 14, 2007	0.19
September 30, 2007	October 15, 2007	0.19
October 31, 2007	November 15, 2007	0.19
November 30, 2007	December 14, 2007	0.19
December 31, 2007	January 15, 2008	0.14
	<b>Total</b>	<b>2.25</b>

Notes:

- (1) The same cash distribution per unit was declared and paid by CI Public Partnership to holders of Class B LP Units.



## MARKET FOR SECURITIES

### Trading Price and Volume

The Common Shares are listed and posted for trading on the TSX under the trading symbol "CIX". The price ranges and volume traded of the Common Shares on the TSX for each month for the fiscal year ended December 31, 2009 are set out below.

<b>Month</b>	<b>Price (\$)</b>		<b>Trading Volume (000's)</b>
	<b>High</b>	<b>Low</b>	
January	16.75	14.32	17,295
February	14.98	10.60	10,346
March	14.25	10.93	11,278
April	16.47	13.11	9,995
May	18.29	15.51	12,286
June	19.98	17.92	10,505
July	21.58	17.82	7,242
August	21.70	18.35	8,450
September	21.00	19.60	9,365
October	20.60	19.01	9,810
November	19.96	18.10	7,049
December	22.18	19.33	5,332

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The name, occupation and security holdings of each of the directors and executive officers of the Corporation at February 26, 2010 are as follows:

Name and Address	Principal Occupation and Positions with CI	Director or Trustee Since	Number of Common Shares Beneficially Owned, Controlled or Directed
<b>DIRECTORS</b>			
<b>RONALD D. BESSE</b> <sup>(1)(2)(3)</sup> Toronto, Ontario, Canada	President, Besseco Holdings Inc. (private investment company); Lead Director	October 11, 1995	99,025
<b>G. RAYMOND CHANG</b> <sup>(2)(3)</sup> Toronto, Ontario, Canada	President, G. Raymond Chang Ltd. (private investment company); Non-Executive Chairman, CI Financial Corp.	April 12, 1994	13,467,692
<b>PAUL W. DERKSEN</b> <sup>(2)(3)</sup> Clarksburg, Ontario, Canada	Corporate director	July 25, 2002	16,148
<b>WILLIAM T. HOLLAND</b> Toronto, Ontario, Canada	Chief Executive Officer, CI Financial Corp.	April 12, 1994	12,449,446
<b>STEPHEN T. MOORE</b> <sup>(1)</sup> Toronto, Ontario, Canada	Managing Director, Newhaven Asset Management Inc.	August 2, 2007	17,721
<b>A. WINN OUGHTRED</b> <sup>(1)(3)</sup> Toronto, Ontario, Canada	Retired Lawyer, Corporate Director	April 12, 1994	19,925
<b>DAVID J. RIDDLE</b> <sup>(1)(2)</sup> Vancouver, British Columbia	President, C-Max Capital Inc. (private investment company)	October 7, 1997	1,406,541
<b>EXECUTIVE OFFICERS</b>			
<b>WILLIAM T. HOLLAND</b> Toronto, Ontario, Canada	Chief Executive Officer, CI Financial Corp.	--	12,449,446
<b>PETER W. ANDERSON</b> Markham, Ontario, Canada	Executive Vice-President, CI Financial Corp.	--	674,366
<b>DOUGLAS J. JAMIESON</b> Toronto, Ontario, Canada	Senior Vice-President and Chief Financial Officer, CI Financial Corp.	--	216,000
<b>STEPHEN A. MACPHAIL</b> Toronto, Ontario, Canada	President, CI Financial Corp.	--	853,896
<b>SHEILA A. MURRAY</b> Toronto, Ontario, Canada	Executive Vice-President, General Counsel and Secretary, CI Financial Corp.	--	30,000
<b>DAVID C. PAULI</b> Mississauga, Ontario, Canada	Executive Vice-President and Chief Operating Officer, CI Financial Corp.	--	650,200

Notes:

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Governance Committee.

Each of the directors and executive officers has held the same principal occupation within the five preceding years except: Mr. Derksen, who prior to March 2007 was Executive Vice-President and Chief Financial Officer of Sun Life; Mr. Oughtred who prior to January 2009 was a partner with Borden Ladner Gervais ( a Canadian law firm); Mr. Jamieson, who prior to May 2005 held senior financial positions in various subsidiaries of the Corporation; Mr. Pauli, who prior to August 2007 held senior executive positions in various subsidiaries of the Corporation and Ms. Murray, who prior to January 2008 was a partner with Blake, Cassels & Graydon LLP (a Canadian law firm).

The term of office of each director will expire at the termination of the next annual meeting of holders of the Common Shares or until his successor is elected or appointed.

As at February 26, 2010, the directors and executive officers of CI as a group beneficially owned, directly or indirectly, or exercised control or direction over approximately 29,900,960 Common Shares (representing approximately 10.2% of the outstanding Common Shares).

### **Corporate Cease Trade Orders or Bankruptcies**

To the knowledge of CI, except as set forth below, none of the directors or executive officers of CI (a) are, as at the date hereof, or have been, within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company that, (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (an “**Order**”) that was issued while the person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an Order that was issued after the person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, (b) are, as at the date of this Annual Information Form, or have been within 10 years before the date of this Annual Information Form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (c) have, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Stephen Moore was, prior to January 26, 2010, a trustee of Impax Energy Services Income Trust. On December 14, 2009, Impax Energy Services Income Trust filed for creditor protection in order to facilitate an orderly sale and wind-up of operations. On January 26, 2010, all of the trustees and directors of the Trust resigned following the sale of substantially all of the assets of the Trust. Upon the resignations of the trustees and directors, trading in the units of the Trust was suspended for failure to maintain a minimum number of directors as required under the rules of the TSX Venture Exchange.

### **Penalties and Sanctions**

To the knowledge of CI, none of the directors or executive officers of CI nor any personal holding company owned or controlled by any of them (i) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

CI Investments is a party to two class action proceedings brought by investors in CI mutual funds, in each case asking for unspecified damages resulting from CI Investments' alleged failure to implement measures to fully protect the funds' investors against costs of frequent trading market timing activity. These proceedings were instituted in the provinces of Ontario and Québec in 2004. Neither action has yet been certified as a class action. The motion to certify the class action in Ontario was dismissed on January 13, 2010. That decision is being appealed by the plaintiffs. The motion to certify the class action in Québec was heard in April and May 2009. The decision on the motion to certify the class action in Québec is still pending. As the proceedings are in their early stage, the outcome cannot be ascertained but CI Investments is vigorously defending these actions on the basis that the matter has already been the subject of a settlement in 2004 with the Ontario Securities Commission.

Various other legal proceedings are pending that challenge certain of our practices or actions. We consider that the aggregate liability resulting from these other proceedings will not be material to our financial position or results of operations.

### INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In December 2009, CI has arranged a new \$250 million revolving credit facility (the “**Loan Agreement**”) with the Bank of Nova Scotia. In early 2010, the size of the facility was been reduced to \$150 million at CI's request, using the proceeds from the sale of Blackmont to Macquarie. The facility is for general corporate purposes and loans are made by the Bank of Nova Scotia under a 364-day revolving credit facility, the term of which may be extended annually at the bank's option. Amounts may be borrowed under this facility in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate plus 0.65% and the Canadian Deposit Offering Rate plus 0.75%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 1.65%. 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 plus 0.65% and the federal funds effective rate plus 0.75%, or LIBOR loans which bear interest at LIBOR plus 1.65%. CI may also borrow under this facility in the form of letters of credit, which bear a fee of 1.65% on any undrawn portion. The facility is collateralized by guarantees from CI Investments, United and a numbered company created as part of the internal reorganization. The facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests.

Scotia Capital Inc., an indirect, wholly-owned subsidiary of the Bank of Nova Scotia, acted as lead agent during the Offering of Debentures in December 2009. Scotia Capital Inc. did not receive any benefit from the Offering other than the applicable portion of its respective agency fee payable by CI, as previously disclosed in the agency agreement dated December 11, 2009, which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

### TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. acts as Transfer Agent and Registrar for the Common Shares and maintains registers of transfers of the Common Shares in Toronto, Montreal and Vancouver.

## **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to CI:

- (a) the Distribution Agreement dated July 25, 2002 between Sun Life and CI, and amended July 24, 2007, pursuant to which CI obtains preferred access to approximately 3,000 independent career advisors of Sun Life, described under “Asset Management Segment- Distribution and Marketing of the Managed Funds”.
- (b) the Loan Agreement dated December 16, 2009 described under “Interests of Management and Others in Material Transactions”.
- (c) a Trust Indenture dated December 16, 2009 together with the First and Second Supplemental Indentures, pursuant to which the Debentures have been issued.

## **INTERESTS OF EXPERTS**

Ernst & Young LLP, Chartered Accountants, the external auditors of the Corporation, reported on the fiscal 2009 audited financial statements of the Corporation which were filed by the Corporation with securities regulators pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*. Ernst & Young LLP is independent with respect to the Fund and the Corporation in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

## **AUDIT COMMITTEE INFORMATION**

### **Audit Committee’s Charter**

The Audit Committee has adopted a written charter that sets out its mandate and responsibilities. A copy of the charter is attached hereto as Appendix “A”.

### **Composition of the Audit Committee**

As of February 23, 2010, the Audit Committee is comprised of four Directors, each of whom is independent and financially literate (as such terms are defined under National Instrument 52-110 – *Audit Committees*): Messrs. Paul W. Derksen (Chairman), Ronald D. Besse, G. Raymond Chang and David J. Riddle.

### **Relevant Education and Experience**

The following summarizes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

*Paul W. Derksen*, 59, is a Corporate Director. Prior to March, 2007, Mr. Derksen was Executive Vice-President and Chief Financial Officer of Sun Life Financial Inc., where he was responsible for Sun Life Financial’s Actuarial, Investment and Risk Management functions and for Mergers & Acquisitions and Investor Relations. Mr. Derksen was Executive Vice-President and Chief Financial Officer of CT Financial Services Inc. and Canada Trustco Mortgage Company, Chairman of Truscan Property Fund, Canada Trustco’s real estate investment subsidiary, and Executive Vice-President of Merrill Lynch Canada Inc. Mr. Derksen is a Chartered Accountant and holds an Honours B.A. in Business Administration from the Ivey School of Business at the University of Western Ontario.

*Ronald D. Besse*, 71, is President of Besseco Holdings Inc. In prior positions, Mr. Besse was Chairman, President and Chief Executive Officer of Gage Learning Corporation and related predecessor companies from 1978 until 2003. Mr. Besse is a director of several companies including Rogers Communications Inc. (since 1984) where he is the Chair of the Audit Committee. Mr. Besse graduated from the Business Administration program at Ryerson University (1960) and was awarded the Alumni Award of Distinction, Business Administration (1998) and an Honorary Doctorate of Commerce (2004). Mr. Besse is a member of the World Presidents' Organization, and is a past president of the Canadian Book Publishers' Council.

*G. Raymond Chang*, 61, is President of G. Raymond Chang Ltd. Mr. Chang is a Chartered Accountant and holds his Chartered Financial Analyst designation. Mr. Chang is a Chancellor of Ryerson University and is a director of the Royal Ontario Museum, Toronto General & Western Hospital Foundation and Camilion Solutions, is a chairman of Jameson Bank and is on the board of GraceKennedy Limited.

*David J. Riddle*, 54, has been President of C-MAX Capital Inc. since 2000. In prior positions, Mr. Riddle has over 20 years' experience in the financial services industry with major Canadian investment dealers and as a senior executive in the mutual fund industry. Mr. Riddle received a Bachelor of Arts in Economics from the University of Calgary.

### **Pre-Approval Policies and Procedures**

The following policies and procedures have been adopted by the Audit Committee for the engagement of CI's external auditors for non-audit services.

On proposed non-audit services, the timing of which is not urgent, management is required to submit a request for pre-approval of same at the next quarterly Audit Committee meeting.

For all other proposed non-audit services, the Committee has delegated to its Chairman the responsibility and authority to review and, in his discretion, approve the proposed non-audit services under the following procedures. Designated finance personnel are required to submit to the Chairman of the committee, in writing, a request for pre-approval of the particular non-audit service, such request to disclose all necessary details of the proposed non-audit services such as the scope of work, the estimated time for completion, and the estimated fees for such services. Except in extenuating circumstances, requests shall be made to the Chairman prior to the engagement of the auditors for the particular service. Upon receipt of the request, the Chairman of the committee shall promptly either accept the request or decline the request with brief reasons, in either case in writing and after taking into account the impact of the services on the auditors' independence. Management must present any requested pre-approvals to the committee at its next quarterly meeting. CI shall retain all correspondence pertaining to the requests in its records.

*External Auditors' Service Fees*

The aggregate amounts paid or accrued by CI with respect to fees, excluding expenses, payable to the external auditors for audit, audit-related, tax and other services for the fiscal years ended December 31, 2009 and December 31, 2008 were as follows:

Type of Service	Fiscal year ended December 31, 2009 (\$)	Fiscal year ended December 31, 2008 (\$)
Audit.....	1,469,500	1,310,000
Audit-Related <sup>(1)</sup> .....	277,000	347,500
Tax <sup>(2)</sup> .....	100,000	77,700
All Other Fees <sup>(3)</sup> .....	25,000	25,000
Canadian Public Accountability Board	23,512	20,960
Total	1,895,012	1,781,160

Notes:

- (1) The services comprising these fees were quarterly reviews, translation, and acquisition analysis.
- (2) The services comprising these fees were tax returns and other tax advice.
- (3) The services comprising these fees included GST research.

**ADDITIONAL INFORMATION**

**General**

Additional information relating to CI may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Common Shares, options to purchase Common Shares, and securities authorized for issuance under equity compensation plans, is contained in the Management Information Circular dated February 24, 2010 for the Annual and Special Meeting of Shareholders of CI to be held on March 25, 2010. Additional financial information is provided in CI's financial statements and management's discussion and analysis for its most recently completed fiscal year.

**APPENDIX "A"**

**CI FINANCIAL CORP.**

**AUDIT COMMITTEE CHARTER**

As of January 1, 2010

**1. Introduction**

The Audit Committee (the "**Committee**" or the "**Audit Committee**") of CI Financial Corp. (the "**Company**") is a committee of the Board of Directors (the "**Board**"). The Committee shall oversee the accounting and financial reporting practices of the Company and the audits of the Company's financial statements, as well as exercise the responsibilities and duties set out in this Charter.

**2. Membership**

*Number of Members*

The Committee shall be appointed by the Board and shall be comprised of at least three members of the Board.

*Independence of Members*

Each member of the Committee must be independent. "Independent" shall have the meaning, as the context requires, given to it in National Instrument 52-110 – *Audit Committees* (the "**Instrument**"), as may be amended from time to time.

*Chair*

At the time of the annual appointment of the members of the Audit Committee, the Board shall appoint a Chair of the Audit Committee. The Chair shall be a member of the Audit Committee, preside over all Audit Committee meetings, coordinate the Audit Committee's compliance with this Charter, work with management to develop the Audit Committee's annual work-plan and provide reports of the Audit Committee to the Board.

*Financial Literacy of Members*

At the time of his or her appointment to the Committee, each member of the Committee shall have, or shall acquire within a reasonable time following appointment to the Committee, the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements, or shall otherwise meet the financial literacy requirements of the Instrument.

*Term of Members*

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. If the Chair is not elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.



### **3. Meetings**

#### ***Number of Meetings***

The Committee may meet as many times per year as necessary to carry out its responsibilities.

#### ***Quorum***

No business may be transacted by the Committee at a meeting unless a quorum of the Committee is present. A majority of members of the Committee shall constitute a quorum.

#### ***Calling of Meetings***

The Chair, any member of the Audit Committee, the external auditors, the Chairman of the Board, or the Chief Executive Officer or the Chief Financial Officer may call a meeting of the Audit Committee by notifying the Company's Corporate Secretary who will notify the members of the Audit Committee. The Chair shall chair all Audit Committee meetings that he or she attends, and in the absence of the Chair, the members of the Audit Committee present may appoint a chair from their number for a meeting.

#### ***Minutes; Reporting to the Board***

The Committee shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

#### ***Attendance of Non-Members***

The external auditors are entitled to attend and be heard at each Audit Committee meeting. Other Board members are also entitled to attend meetings of the Audit Committee. In addition, the Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities. At least once per year, the Committee shall meet with the internal auditor and management in separate sessions to discuss any matters that the Committee or such individuals consider appropriate.

#### ***Meetings without Management***

The Committee shall hold unscheduled or regularly scheduled meetings, or portions of meetings, at which management is not present.

The Committee shall meet quarterly with the auditors without the presence of management.

#### ***Access to Management***

The Committee shall have unrestricted access to the Company's management and employees and the books and records of the Company.

#### ***Consultation***

The Audit Committee shall have the authority to retain external legal counsel, consultants or other advisors to assist it in fulfilling its responsibilities and to set and pay the respective compensation for these advisors without consulting or obtaining the approval of the Board or any Company officer. The

Company shall provide appropriate funding, as determined by the Audit Committee, for the services of these advisors. The Audit Committee shall also be permitted to communicate directly with the internal audit staff of the Company and entities controlled by the Company (together, the “**Company Group**”) (if any) and the auditors.

#### **4. Duties and Responsibilities**

The Committee shall have the functions and responsibilities set out below as well as any other functions that are specifically delegated to the Committee by the Board and that the Board is authorized to delegate by applicable laws and regulations. In addition to these functions and responsibilities, the Committee shall perform the duties required of an audit committee by any exchange upon which securities of the Company are traded, or any governmental or regulatory body exercising authority over the Company, as are in effect from time to time (collectively, the “**Applicable Requirements**”) including the functions and responsibilities set out in the Instrument.

##### ***Financial Reports***

###### **(a) General**

The Audit Committee is responsible for overseeing the Company’s financial statements and financial disclosures. Management is responsible for the preparation, presentation and integrity of the Company’s financial statements and financial disclosures and for the appropriateness of the accounting principles and the reporting policies used by the Company. The auditors are responsible for auditing the Company’s annual consolidated financial statements and for reviewing the Company’s unaudited interim financial statements.

###### **(b) Review of Annual Financial Reports**

Prior to public release, the Audit Committee shall review the annual consolidated audited financial statements of the Company, the auditors’ report thereon and the related management’s discussion and analysis of the Company’s financial condition and results of operation (“**MD&A**”). At the Committee meeting at which the Company’s annual statements are to be reviewed, the Committee shall meet, in person, with representatives of the auditors and with the Company Group’s management to obtain information regarding the annual statements and the results of the audit including, but not limited to information concerning:

1. the Company’s disclosure controls and procedures and the Company’s internal control over financial reporting;
2. accounting judgments and estimates used by management;
3. risk management policies; and
4. compliance systems and procedures.

After completing its review, if advisable, the Audit Committee shall approve, and recommend for Board approval, the annual financial statements and the related MD&A.

###### **(c) Review of Interim Financial Reports**

The Audit Committee shall review the interim consolidated financial statements of the Company, the auditors’ review report thereon and the related MD&A. After completing its review, if advisable, the

Audit Committee shall approve and recommend for Board approval the interim financial statements and the related MD&A. The review by the Committee shall be completed prior to the issuance of a press release respecting the interim financial results. The Committee shall meet, in person, with representatives of the auditors and with the Company Group's management to obtain information regarding the interim statements and to discuss the results of their preparation and review. At each meeting, the Committee will request that the auditors communicate to the Committee their findings based on the interim procedures performed by the auditors. In addition, the Committee will request that the auditors communicate any findings which would modify or change the report provided by the auditors to the Committee in connection with the Company's last annual statements.

(d) **Review Considerations**

In conducting its review of the annual financial statements or the interim financial statements, the Audit Committee may:

- (i) meet with management and the auditors to review and discuss the financial statements and MD&A;
- (ii) meet with management in the absence of auditors, and meet with the auditors in the absence of management;
- (iii) review the audit report or review report prepared by the auditors;
- (iv) receive a report from internal legal counsel, as requested, regarding any litigation claim or other contingency that could have a material effect on the financial statements;
- (v) review the status of accounting policies followed and critical accounting and other significant estimates and judgements underlying the financial statements as presented by management;
- (vi) review any material effects of regulatory accounting initiatives or off-balance sheet structures on the financial statements as presented by management, including requirements relating to complex or unusual transactions, significant changes to accounting principles and alternative treatments under Canadian GAAP;
- (vii) review any material changes in accounting policies and any significant changes or developments in accounting practices, independence standards and reporting practices and their impact on the financial statements as presented by management;
- (viii) review with management and the auditors any significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (ix) receive and review a report from management on the effectiveness of financial disclosure procedures and internal controls over financial reporting;
- (x) review any problems experienced by the auditors in performing the annual audit or quarterly procedures, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
- (xi) obtain an explanation from management of all significant variances between comparative reporting periods;

- (xii) review the post-audit or management letter, containing the recommendations of the auditors, and management's response and subsequent follow up to matters raised by the auditors;
- (xiii) review "whistleblowing" complaints received by Lead Director;
- (xiv) review any other matters, related to the financial statements, that are brought forward by the auditors, management or which are required to be communicated to the Audit Committee under accounting policies, auditing standards or Applicable Requirements; and
- (xv) review interim and annual chief executive officer and chief financial officer certifications on financial statements and controls required by the Instrument.

(e) **Approval of Other Financial Disclosures**

Prior to public release, the Audit Committee shall review and, if advisable, approve and recommend for Board approval financial disclosure in a prospectus or other securities offering document of the Company, press releases disclosing, or based upon, financial results of the Company and any other material financial disclosure, publicly disseminated, other than press releases regarding monthly sales.

***Other***

The Audit Committee or the Chair shall be available to review with management and the auditors any material accounting and financial issues affecting the Company not dealt with in annual and quarterly reviews.

***Auditors***

(a) **Appointment and Compensation**

The Audit Committee shall review and, if advisable, select and recommend for shareholder approval the appointment of, the auditors. The Audit Committee shall have ultimate authority to approve all audit engagement terms and fees, including the auditors' audit plan.

(b) **Resolution of Disagreements**

The Audit Committee shall resolve any disagreements between management of the Company Group and the auditors as to financial reporting matters brought to its attention.

(c) **Discussions with Auditors**

At least annually, the Audit Committee shall discuss with the auditors such matters as are required by applicable auditing standards to be discussed by the auditors with the Audit Committee. The Committee shall ensure the Company requires and instructs the auditors to report directly to the Committee.

**(d) Audit Plan**

At least annually, and prior to the commencement of each audit, the Audit Committee shall review a summary of the auditors' annual audit plan. The Audit Committee shall consider and review with the auditors any material changes to the scope of the plan.

**(e) Quarterly Review Report**

The Audit Committee shall review a report prepared by the auditors in respect of each of the interim financial statements of the Company.

**(f) Independence of Auditors**

At least annually, and before the auditors issue their report on the annual financial statements, the Audit Committee shall obtain from the auditors a formal written statement describing all relationships between the auditors and the Company; discuss with the auditors any disclosed relationships or services that may affect the objectivity and independence of the auditors; and obtain written confirmation from the auditors that they are objective and independent within the meaning of the applicable Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of chartered accountants to which the auditors belong and other Applicable Requirements.

**(g) Evaluation and Rotation of Lead Partner**

At least annually, the Audit Committee shall review the qualifications and performance of the lead partner(s) of the auditors and determine whether it is appropriate to adopt or continue a policy of rotating lead partners of the external auditors.

**(h) Requirement for Pre-Approval of Non-Audit Services**

The Audit Committee shall approve in advance any retainer of the auditors to perform any non-audit service to the Company that it deems advisable in accordance with Applicable Requirements and Board approved policies and procedures. The Audit Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any member of the Audit Committee to whom this authority has been delegated must be presented to the full Audit Committee at its next scheduled Audit Committee meeting.

**(i) Approval of Hiring Policies**

The Audit Committee shall review and approve the Company Group's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors of the Company Group and the mutual funds managed by the Company Group.

**(j) Communication with Internal Auditor**

The internal auditor shall report regularly to the Committee. The Committee shall review with the internal auditor any problem or difficulty the internal auditor may have encountered including, without limitation, any restrictions on the scope of activities or access to required information, and any significant reports to management prepared by the internal auditing department and management's responses thereto.

The Committee shall periodically review and approve the mandate, plan, budget and staffing of the internal audit department. The Committee shall direct management to make changes it deems advisable in respect of the internal audit function.

The Committee shall review the appointment, performance and replacement of the senior internal auditing executive and the activities, organization structure and qualifications of the persons responsible for the internal audit function.

**(k) Financial Executives**

The Committee shall review and discuss with management and the Board the appointment of key financial executives and recommend qualified candidates to the Board, as appropriate.

***Internal Controls***

**(a) General**

The Audit Committee shall review the Company's disclosure controls and procedures and internal controls over financial reporting.

**(b) Establishment, Review and Approval**

The Audit Committee shall require management to implement and maintain appropriate systems of internal controls in accordance with Applicable Requirements, including internal controls over financial reporting and disclosure controls and procedures and to review, evaluate and approve these procedures. At least annually, the Audit Committee shall consider and review with management and the auditors:

- (i) the effectiveness of, or weaknesses or deficiencies in: the design or operation of the Company's internal controls (including computerized information system controls and security); the overall control environment for managing business risks; and accounting, financial and disclosure controls (including, without limitation, controls over financial reporting), non-financial controls, and legal and regulatory controls and the impact of any identified weaknesses in internal controls on management's conclusions;
- (ii) any significant changes in internal controls over financial reporting that are disclosed, or considered for disclosure, including those in the Company's periodic regulatory filings;
- (iii) the Company's fraud prevention and detection program, including deficiencies in internal controls that may impact the integrity of financial information, or may expose the Company to other significant internal or external fraud losses and the extent of those losses and any disciplinary action in respect of fraud taken against management or other employees who have a significant role in financial reporting; and
- (iv) any related significant issues and recommendations of the auditors together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in internal controls over financial reporting and disclosure controls and procedures.

***Compliance with Legal and Regulatory Requirements***

The Audit Committee shall review reports from the Company's Corporate Secretary and other management members on: legal or compliance matters that may have a material impact on the Company; the effectiveness of the Company's compliance policies; and any material communications received from

regulators. The Audit Committee shall review management's evaluation of and representations relating to compliance with specific applicable law and guidance, and management's plans to remediate any deficiencies identified.

***Audit Committee Whistleblower Procedures***

The Audit Committee shall establish procedures for (a) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters. Any such complaints or concerns that are received shall be reviewed by the Audit Committee and, if the Audit Committee determines that the matter requires further investigation, it will direct the Chair of the Audit Committee to engage outside advisors, as necessary or appropriate, to investigate the matter and will work with management and the general counsel to reach a satisfactory conclusion. The details of such whistleblower procedures will be described in the Company's Code of Ethics and available on the employee.

***Audit Committee Disclosure***

The Audit Committee shall approve any audit committee disclosures required by Applicable Requirements in the Company's disclosure documents.

***Delegation***

The Audit Committee may, to the extent permissible by Applicable Requirements, designate a sub-committee to review any matter within this Charter as the Audit Committee deems appropriate.

**5. Charter Review**

The Committee shall review and update this Charter annually and present it to the Board for approval.

**APPENDIX “B”**

**CI FINANCIAL CORP.**

**GOVERNANCE COMMITTEE CHARTER**

As of January 1, 2010

**1. Purpose And Scope**

CI Financial Corp. (the “**Company**”) believes that “Corporate Governance” means the process and structure used to oversee the management of the business affairs of the Company in the best interests of the Company. The process and structure define the division of power between, and establish mechanisms for achieving accountability by, the Board of Directors (the “**Board**”) and senior management.

**2. Membership**

*Number of Members*

The Governance Committee (the “**Committee**”) shall be composed of at least three members of the Board.

*Independence of Members*

Each member of the Committee shall be independent. “Independent” shall have the meaning, as the context requires, given to it in National Policy 58-201 – *Corporate Governance Guidelines*, as may be amended from time to time.

*Term of Members*

The members of the Committee shall be appointed annually by the Board. Each member of the Committee shall serve at the pleasure of the Board until the member resigns, is removed, or ceases to be a member of the Board. Unless a Chair is elected by the Board, the members of the Committee may designate a Chair by majority vote of the full Committee membership.

**3. Meetings**

*Number of Meetings*

The Committee shall meet as many times as required to carry out its duties and responsibilities, and at least once per fiscal year.

*Location of Meetings*

The Committee may meet at any place within or outside of Canada.

*Calling of Meetings*

A meeting of the Committee may be called by the Chair of the Committee, by the Chairman of the Board, or by a majority of the Committee members, on not less than 48 hours notice to the members of the Committee specifying the place, date and time of the meeting. Meetings may be held at any time without notice if all members of the Committee waive notice. If a meeting of the Committee is called by anyone



other than the Chairman of the Board, the person(s) calling such meeting shall so inform the Chairman of the Board and the Chair of the Committee.

### ***Quorum***

No business may be transacted by the Committee at a meeting unless a majority of members of the Committee is present.

### ***Minutes; Reporting to the Board***

The Chair (or, in the absence of the Chair, the acting Chair) of the Committee shall appoint a person to act as secretary of meetings of the Committee.

The secretary shall maintain minutes or other records of meetings and activities of the Committee in sufficient detail to convey the substance of all discussions held. Upon approval of the minutes by the Committee, the minutes shall be circulated to the members of the Board. However, the Chair may report orally to the Board on any matter in his or her view requiring the immediate attention of the Board.

### ***Attendance of Non-Members***

The Committee may invite to a meeting any directors, officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.

### ***Attendance of Management***

In its discretion, the Committee may elect to conduct all or any part of any meeting in the absence of management.

### ***Agenda***

The agenda for meeting of the Committee shall be established by the Chair in consultation with appropriate members of the Committee and senior management of the Company.

### ***Procedure***

The procedures for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those applicable to meetings of the Board.

## **4. Duties and Responsibilities**

Subject to the powers and duties of the Board, the Board has delegated the following powers and duties to be performed by the Committee on behalf of and for the Board:

### ***Composition and Qualifications for the Board***

The Committee shall develop and update a long-term plan for the composition of the Board that takes into consideration the current strengths, competencies, skills and experience of the Board members, retirement dates and the strategic direction of the Company, and report to the Board thereon at least annually.

The Committee shall undertake on an annual basis an examination of the size of the Board, with a view to determining the impact of the number of directors, the effectiveness of the Board, and recommend to the Board, if necessary, a reduction or increase in the size of the Board.

### *Assessments*

The Committee, in consultation with the Chair, will endeavour to ensure that an appropriate system is in place to annually evaluate the effectiveness of the Board as a whole as well as the committees of the Board with a view to ensuring that they are fulfilling their respective responsibilities and duties. In connection with these evaluations, each director will be requested annually to provide his or her assessment of the effectiveness of the Board and each committee as well as the contribution and performance of the individual directors. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

The Committee will review each director's continuation on the Board every three years. This process also will allow each director the opportunity to confirm his or her desire to continue as a member of the Board.

### *Annual Nominations*

The Committee shall, in consultation with the Chairman of the Board and the Chief Executive Officer, annually or as required, recruit and identify individuals qualified to become new Board members and recommend to the Board new director nominees for the next annual meeting of shareholders.

In making its recommendations, the Committee shall consider the competencies and skills that the Board considers to be necessary for the Board as a whole to possess, the competencies and skills that the Board considers each existing director to possess, and the competencies and skills each new nominee will bring to the boardroom. Such an assessment shall be based primarily on the following criteria:

- judgment, character, expertise, skills and knowledge useful to the oversight of the Company's business and the business of its subsidiaries,
- diversity of viewpoints, backgrounds, experiences and other demographics,
- business or other relevant experience (including previous board experience),
- the extent to which the interplay of the individual's expertise, skills, knowledge and experience with that of other members of the Board will build a board that is effective, collegial and responsive to the needs of the Company and its subsidiaries, and
- the appropriate level of representation on the Board by directors who are independent of management and who are neither officers nor employees of the Company or any of its subsidiaries.

The Committee shall also consider the amount of time and resources that nominees have available to fulfill their duties as a Board member.

The Committee shall assess, against the Company's categorical standards for directors' independence, whether a candidate would be independent and advising the Board of that assessment.

The Committee shall also, in consultation with the Chairman of the Board, annually or as required, recommend to the Board, the individual Directors to serve on the various Committees.

### ***Removal of a Director***

The Committee may also recommend for Board approval the removal of a director from the Board or from a Board Committee if he or she is no longer qualified to serve as a director under applicable requirements or for any other reason the Committee considers appropriate.

When advised of a substantial change in a director's principal occupation or business association from the position he or she held when originally invited to join the Board (determined by reference to factors such as country of principal residence, principal occupation, industry affiliation, other boards on which the director serves etc.), the Committee will review that director's continuation on the Board and recommend to the Board whether, in light of all the circumstances, the Board should request that the director resign.

### ***Conflicts of Interest***

The Committee shall monitor conflicts of interest (real or perceived) of both the Board and management in accordance with the Code of Business Ethics and Conduct.

### ***Corporate Governance Overview***

The Committee shall conduct a periodic review of the Company's corporate governance policies and make policy recommendations aimed at enhancing Board and committee effectiveness. The Committee shall review overall governance principles, monitor disclosure and best practices of comparable and leading companies, and bring forward to the Board a list of corporate governance issues for review, discussion or action by the Board or a Committee thereof.

The Committee shall review the disclosure in the Company's public disclosure documents relating to corporate governance practices and prepare recommendations to the Board regarding any other reports required or recommended on corporate governance.

The Committee shall propose agenda items and content for submission to the Board related to corporate governance issues and provide periodic updates on recent developments in corporate governance to the Board.

The Committee shall conduct a periodic review of the relationship between management and the Board, particularly in connection with a view to ensuring that the Board functions independently of management and to ensuring effective communication and the provision of information to directors in a timely manner.

### ***Education of Board Members***

The Committee shall review, monitor and make recommendations regarding the ongoing development of existing directors and new director orientation as to the nature and operation of the business and affairs of the Company and the role of, and expectations as to the contributions to be made, by the Board and its committees.

The Committee shall recommend to the Board an appropriate annual process to evaluate the Board and each of the committees, and the responsibilities of each of the directors individually.

### ***Responsibilities of Board Members and Committees***

The Committee shall review annually the Board of Directors' Charter and the Charters for each Committee of the Board, together with the Position Descriptions of each of the Chairman of the Board, the CEO, Lead Director and Committee Chairs, and where necessary, recommend changes to the Board.

In addition, the Committee shall recommend procedures to ensure that the Board and the committees function independently of management.

#### ***Review of Breaches of the Code of Business Conduct and Ethics***

The Committee shall receive reports from the CEO regarding breaches of the Code of Business Conduct and Ethics, and shall in turn report those breaches to the Board. The Committee shall review investigations and any resolutions of complaints received under the Code of Business Conduct and Ethics and report annually to the Board thereon.

#### ***Other Directorships and Significant Activities***

The Chair of the Governance Committee is to be notified before a director accepts membership on other boards of directors (or similar bodies) or any audit committee or other significant committee assignment on any other board of directors (or similar body), or establishing other significant relationships with businesses, institutions, governmental units or regulatory entities, particularly those that may result in significant time commitments or a change in the director's relationship to the CI Group. Accordingly, the Governance Committee shall consider such requests from directors, and advise the director accordingly.

#### ***Continuation of Board Members***

When a director's principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board (determined by reference to factors such as country of principal residence, principal occupation, industry affiliation, other boards on which the director serves etc.), the chairman of the Governance Committee is to be advised of such change by the director. The Governance Committee will review that director's continuation on the Board and recommend to the Board whether, in light of all the circumstances, the Board should request that the director resign.

### **5. Functioning of Committee**

The Committee shall have unrestricted access to Company personnel and documents and the resources it determines to be necessary or advisable to permit it to carry out its duties and responsibilities.

The Committee may, at the Company's expense, engage such outside advisers as it determines necessary or advisable to permit it to carry out its duties and responsibilities.

### **6. No Rights Created**

This Charter is a statement of broad policies and is intended as a component of the flexible governance framework within which the Committee assists the Board in directing the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company's Articles and By-laws, it is not intended to establish any legally binding obligations.

### **7. Annual Review of the Charter**

The Committee shall review and reassess the Charter for adequacy at least annually and make changes as it deems necessary. The Committee shall report to the Board on the adequacy of the Charter at the Board meeting which immediately precedes the fiscal year end of the Company.