CI FINANCIAL CORP.

FIRST QUARTER 2011 RESULTS

CONFERENCE CALL

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Corporate Participants

Stephen MacPhail
President and Chief Executive Officer, CI Financial

Derek Green
President, CI Investments Inc.

Doug Jamieson
Chief Financial Officer, CI Financial

Operator

Welcome to the CI Financial First Quarter Results Conference Call. My name is Ellen, and I will be your operator for today's call.

At this time, all participants are in a listen-only mode. Later, we will conduct a question and answer session. Please note that this conference is being recorded.

I will now turn the call over to Stephen MacPhail, President and CEO of CI Financial.

Mr. MacPhail, you may begin.

Stephen MacPhail

Thank you, and good afternoon. The first quarter of fiscal 2011 was a great quarter for CI. Our fee-earning assets closed in on $100 billion, our average assets under management were up 15 percent from the first quarter in 2010, our pretax operating earnings per share were up 16 percent from the prior year, our gross sales are up 5 percent from the first quarter of 2010, the integration and growth of the Castlerock, which is formerly the Hartford business, is ahead of schedule and the business is perfectly positioned to grow from its current assets of about $2 billion to what we think could ultimately be $10 billion in assets under management.

Our CI institutional business is gaining traction with a number of material mandates won over the past few months. With enhancements made by Eric Bushell and his Signature Group, this business should experience double-digit growth for many years.

And lastly, our Cambridge Advisors business has been significantly enhanced, giving Alan Radlo an exceptional money management team with great growth potential. Again, like the Black Creek Advisor Business in Castlerock, we see Cambridge Advisors as perfectly positioned to grow materially over the foreseeable future.

Looking specifically at the quarter, our average assets under management was $74.1 billion, up from $64.3 billion in the prior year. Earnings per share were a record 35 cents per share, up 35 percent from the prior year.

Pretax operating earnings per share came in at 59 cents per share, up 16 percent from the prior year. EBITDA as we reported was 66 cents per share, up 22 percent from the prior year.

SG&A, which for CI includes all costs of operating our funds, investment management, sub-advisory costs, sales and marketing, corporate expenses, essentially everything but trailer fees, was 39 basis points, down from 40 basis points in the prior year. And lastly, I'm happy to say we paid 21 cents per share in dividends, up 17 percent from the prior year.

I am now going to turn it over to Derek Green, President of CI Investments, to give you some of the highlights from our fund business. Go ahead, Derek.

Mr. Derek Green

Thanks, Steve. Not only has it been a good quarter from an earnings perspective, it's also been a good start to the year with over $3 billion in gross sales and close to $500 million in net sales. Support has been strong across all channels, with high single-digit growth from Sun Life and Assante, almost 60 percent growth at Edward Jones and growth of 5 percent with the MFDA and 4 percent at IIROC.

January sales were weaker in 2011 versus 2010, but February and March have been better year-over-year, and we believe the momentum will carry on through the second quarter. Maturing segregated fund contract redemptions have slowed from the fourth quarter, down approximately 60 percent. And happily, in partnership with Sun Life, our Sun*Wise* Essential Series had close to $300 million in sales. That's a product that we launched last fall, which now has about $600 million in assets.

As Steve mentioned, we acquired Hartford Investments Canada last December. It's known as Castlerock Investments today. Its assets are just shy of $2 billion, up approximately 11 percent since the announcement. Sales have been strong, and the integration has gone very smoothly.

Black Creek, a portfolio manager group that has managed money for Hartford for the past five years, has seen asset management growth of approximately 20 percent in the last four months. Their flagship fund, Castlerock Global Leaders, has registered the fourth highest net sales of any fund in our entire fund complex at CI.

A part of the business that we're really excited about is CI's institutional asset management business. It's growing and gaining momentum, and in our mind, the institutional sales business is a numbers game. We've been involved in close to 20 RFPs year-to-date, and we've won nine of them in the last six months. Year-to-date, we've had sales of over $200 million, and we're well on our way to meeting our goal of $600 million in net sales in 2011.

We believe the build-out of the Cambridge group will be very complementary to the Signature story. These individuals are very talented with proven track records, they're well known to Canadian investors and they have no capacity constraints.

As you know, a big part of our business is about fund performance. Today, 83 percent of our assets are first or second quartile over five years. Eighty-five percent of our assets are first or second quartile over 10 years. These are great numbers, they cover all asset classes and styles, and they're not limited to one portfolio management group. So, we're extremely excited about that.

And then, finally, our current initiatives - we have a number of events that we're currently working on. Next week, we'll be hosting close to 600 investment advisors in Las Vegas. We have a great agenda where we'll be profiling our portfolio managers and our products.

We made a very significant reinvestment into our sales and marketing group in the first quarter. We have 11 new people. We have some exceptional performance and some great stories. And clearly, we needed more help telling that story to our clients.

As Steve talked earlier, we recently hired two veteran portfolio managers ... (and) two analysts to complement them and Alan Radlo (at Cambridge) and we're extremely excited about that.

On June 6th, they'll be taking over three mandates from Trilogy Global Advisors and from Legg Mason, and they'll be managing approximately $2.5 billion for CI clients. And as Steve said, this is a group that we think has wonderful growth characteristics ahead of it, and we can ultimately see them running close to $10 billion over the next five years.

The first quarter has also been very exciting and very busy at the Signature group. They've hired six new investment professionals, including a new emerging market strategist. Effective June 6th, they'll take over 17 mandates from Trilogy Global Advisors, and they'll be managing close to $35 billion. When Eric Bushell took over the leadership of this group back in 2002, they were just over $3 billion and a handful of investment professionals. Now, it's one of the biggest management groups with a credit team, and an equity analyst team that would rival the biggest pension managers in Canada. So, it's been a very, very busy first quarter at CI from a sales and marketing standpoint.

I'd now like to hand over the call to Doug Jamieson.

Mr. Doug Jamieson

Thanks, Derek. This is very much a good news quarter, both year-over-year, as Steve took you through, and also on a quarter-over-quarter basis.

Average assets under management grew 7 percent quarter-over-quarter, with a couple of percent due to the inclusion of Castlerock for a full quarter versus half a month last quarter. CI's reported earnings per share were up from 30 cents per share last quarter to 35 cents per share this quarter, an increase of 17 percent.

Pre-tax operating earnings per share were 59 cents, up from 56 cents last quarter. And this takes out non-recurring items and deferred sales commissions and redemption fees.

EBITDA was up from 62 cents last quarter to 66 cents, an increase of 6 percent.

SG&A spend was up slightly in dollar terms, but less than the growth in CI's average AUM. So, as a percentage of average AUM, it fell from 40 basis points to 39 basis points.

And CI paid out dividends of 21 cents per share at a rate of 7 cents per month in the first quarter, and starting in April, that was raised to 7.5 cents per month.

Before I move to the next slide, I'd like to point out that last year's numbers have been adjusted to reflect CI's move to IFRS, and these adjustments are set out in Note 9 to CI's financial statements. But I'll highlight the main impact.

First, as a result of writing down the deferred selling commission assets by about $59 million, the amortization recorded over the next seven years will be lower than it would have been under GAAP. And the impact in 2010 was about $1 million per quarter of lower amortization.

Second, SG&A is impacted by changes to the equity-based compensation expense, the setup of legal provisions and changes to the Hartford purchase equation, but these items have caused very immaterial changes in each quarter of 2010 and amounted to a $2 million increase to SG&A for all of year 2010.

CI also adjusted the 2010 comparative figures to match new reporting for 2011 where only total assets under management are reported and all management fees received are now included in the top line revenue number.

Now for something that really shows CI's strengths – its free cash flow. CI's free cash flow is its operating cash flow less the amount spent on deferred selling commissions. On this chart, after adjusting for the tax benefits of the income trust structure from 2006 to 2008 and all other tax loss utilizations, we can see that CI has a long history of improving free cash flow.

CI generated and adjusted $338 million in free cash flow in 2010, and the forecast is for free cash flow to top $400 million in 2011.

Taking a look at the last five quarters, you can see the significant growth in free cash flow over the past year as CI's assets under management grew. Free cash flow was $98 million this quarter, up from $68 million last year.

And it's flat compared to last quarter, but CI spent almost $15 million more in sales commissions this quarter over last quarter as a result of RSP season.

If we look at the uses of cash on a year-over-year basis, CI generated operating cash flow of $147 million this quarter compared to $123 million in the same quarter last year. From that, CI paid sales commissions of $49 million and $55 million, leaving free cash flow of $98 million and $68 million, respectively. Whereas last year, CI returned the entire amount of free cash to shareholders in the form of $6 million in share buybacks and $53 million in dividends, this year, CI paid out $61 million in dividends but did not buy back any stock. This leaves a surplus of $37 million available to buy back stock in the future, as CI's long-term goal is to return its free cash flow to its shareholders.

CI's ratio of debt to EBITDA is currently at an acceptable level, so there's no pressure to pay down debt. This next slide highlights CI's daily assets under management and the quarterly average. You can see the significant climb in CI's assets under management from below $65 billion in the middle of last year to over $75 billion during the first quarter this year. Despite the sideways move in equity markets over the last couple of months, the Q2 average is currently up slightly from Q1, leaving us optimistic about the results for the next quarter, and indeed all of 2011.

I'll now turn it back to Steve.

Stephen MacPhail

Thank you, Doug. Given the significance of what is happening with the Bank of Nova Scotia and our shareholder rights plan, I've been asked by CI's Board of Directors to address both on this conference call.

In April, the Bank of Nova Scotia convinced the Toronto Stock Exchange to ignore the contractual obligation of CI's shareholder rights plan that was established by an overwhelming number of favorable votes, including those of the Bank of Nova Scotia, in 2008.

To be clear, contrary to what the bank's CEO Rick Waugh claimed that CI was violating shareholder rights, CI was doing exactly what the shareholder rights plan dictated we do -- namely, have an affirmative vote to continue the plan by the independent shareholders. However, the TSX has ordered CI to allow the Bank of Nova Scotia to vote along with the independent shareholders on the continuation of the plan until its maturity in 2014.

It is not clear to CI what jurisdiction the TSX has to order CI to allow the Bank of Nova Scotia to vote, and making the whole process even more questionable is that the TSX has yet to provide a reason or justification for what it has ordered CI to do. What I can say is clear, though, is that it is not CI who is violating anyone's fundamental shareholder rights.

It should be clear, though, given that the behavior of the TSX and the bank, that CI has been compelled to appeal this decision to the Ontario Securities Commission, and we have been advised that we should have a hearing date prior to our June 1st annual meeting. Many of our shareholders have expressed concern over the last few weeks with the TSX action to suggest that regardless of what shareholders approve, the TSX, at the request of a single shareholder, may change shareholder approved plans just to suit a single constituent.

I guess what is most perplexing to CI is why we are subject to such openly hostile actions by the Bank of Nova Scotia and their CEO Rick Waugh. By any account, CI's been an excellent investment over the period the bank has owned its 36 percent and is exceptionally well positioned today, as you heard from Derek and Doug.

Twice we have appealed to the Bank of Nova Scotia Board and their Chairman John Mayberry to stop the destructive conduct but have received nothing but a short note back from him, namely John Mayberry, that states that he stands behind the bank.

In addition, the bank continues to have the audacity to want Board representation besides – despite being a major competitor of CI and having informed me that their desire is to sell their entire CI holdings to focus on their acquisition of Dundee. CI has made it clear that its board functions very well, and that has been reflected in CI's financial performance. We've also made it clear that if CI's board felt additional members were necessary, it would not look to a competitor for nominees.

This takes us to the issue of our shareholder rights plan and why it is so important for independent shareholders to vote in favor of its continuance. CI's shareholder rights plan has but one purpose, and that is to provide important protection to shareholders.

Generally, securities law affords protection to shareholders, preventing one group from getting control of more than 20 percent of the outstanding shares without facing takeover rules. In CI's case, the Bank of Nova Scotia was grandfathered in its purchase of 36 percent of CI on the basis that a rights plan will protect CI from the Bank of Nova Scotia getting control without making an offer to all shareholders. All shareholders, including the Bank of Nova Scotia, voted in favor of this plan.

Why we are adamant that the shareholder rights plan continue, is that the bank is a significant competitor to CI. The plan protects shareholders from the bank from increasing its holdings just enough to get control without making an offer to all shareholders.

Similarly, the plan protects CI from the bank selling its stake to another party who may have hostile intentions, especially in the case where that party already has a stake in CI. Again, control could be gained in this circumstance without independent shareholders getting to participate.

Though many investors believe securities laws protect them, the Private Purchase Exemption allows the bank to privately purchase shares from up to five individual holders with up to a 15 percent premium. That would exist if no shareholder rights plan was in existence.

It does not take much imagination to see how CI's shareholders, without a rights plan, could wake up to find the bank purchased a 15 percent stake from a couple of large shareholders, gaining full control and essentially leaving the remaining 49 percent of shareholders holding the bag. That is why we are urging all shareholders to vote in favor of the shareholder rights plan to make it clear to the bank that there are rules to abide by.

And with that, I'd quickly like to summarize. Despite what I just said, CI's business is exceptional right now. Cambridge and Black Creek are very well positioned and could easily add $20 billion to CI's asset management for the foreseeable future. We have a new partner in Altrinsic, which we expect will contribute to significant growth from its current size of $11 billion in assets under management.

Our partnership with Red Sky Partners Fund, though small, is performing well with assets now worth $50 million, and the fund is up 19 percent since inception on September 1st.

And lastly, and very importantly, our investment in all aspects of the business has been designed to create sustainable, long-term growth for CI and its shareholders.

Thank you very much. And with that, I'd like to open it to questions.

Derek Green

Operator, before we open it up for questions, I'd like to just point out to participants that we didn't read the disclaimer before the presentation. It's the second page. So, if everyone could have a look at that, then we'll open it up for questions.

Question and Answer

Geoff Kwan, *Analyst, RBC Capital Markets*

Hi, good afternoon. The first question I had was, with respect to the Scotiabank acquisition, how active are you in helping to maybe find a buyer of their stake if they're looking to sell? And then, I know you don't know for sure, but based on your discussions with them, what would be your impression as to how active they might be in trying to resolve their ownership stake in CI?

Stephen MacPhail

I actually have no idea how active they may or may not be in trying to come up with a transaction with respect to their stake. I haven't had any feedback in that regard.

And I'll just say, from CI's perspective, it's a very difficult situation to try to do anything on that front, Geoff, because it's unpredictable as to know who they'd be willing to sell to. I don't think anyone's really willing to step up to the plate knowing that they could get turned down.

What I can tell you is that we certainly are aware that Bank of Nova Scotia was bid on its entire position for CI. And I guess they didn't want to take that bid.

But, in conjunction with that transaction, CI had been agreeable to buy back roughly 20 percent of the shares in a targeted issuer bid. And that took place about a month and a half ago.

But, other than that, that would be the extent to which we've cooperated on that basis.

Geoff Kwan

Okay. And the last question I had was, would you be amenable or would CI be amenable to having someone else come in and buy Scotia's stake, but wouldn't be necessarily your ideal acquirer, but is someone that you could at least have a reasonable relationship with, or are you of the preference of getting someone where, you know, CI could hopefully significantly grow the business with the new shareholder?

Stephen MacPhail

Well, Geoff, there's two things. One, it doesn't matter who we think might be an agreeable partner. Because of the shareholder rights plan, in order for the Bank of Nova Scotia to sell it to a single buyer, the independent shareholders would have to approve it under the plan. So, we'd have to take it to them for approval.

And so, unless all the other shareholders view this as an attractive solution, then I'm not sure how you would get their vote, notwithstanding there are partners out there that you could conceivably see that would want to buy the stake that we could see as helping CI build the business. And since, clearly, the situation we have with the Bank of Nova Scotia is detracting and hurting our business right now -- not taking away from our sales in that perspective, but detracting us from strategic alternatives to build the business that a good partner, I think, just might be welcomed then by all shareholders on that basis.

And they would say, okay, it wouldn't matter if they're just getting a 37 percent stake, but this looks great for building long-term value, let's assess it and maybe vote in favour of it.

Paul Holden, *Analyst, CIBC World Markets*

Thank you. First question's related to fund sales. We've seen a pickup in gross sales year-over-year. Wondering if that's going into more equity-type mandates. Or, another way I could put the question is, are you seeing increasing confidence on the part of retail investors in terms of what they're buying?

Derek Green

Paul, it's Derek. Obviously, people are feeling better. We've had a couple of good years of performance. We're seeing a lot of flows into balanced and balanced income. And we're actually starting to see quite a bit of interest in the global products as well.

Global investing has been out of vogue for a while. But eventually it's going to come back into fashion. And we've got a great lineup to have some great fund sales down the road in that space. So, the answer is yes, it's going into equity and balanced funds and not so much bond-type investments.

Paul Holden

Okay. So we're starting to see maybe the tip of the iceberg in terms of global equity flows?

Derek Green

Well, with last week's sell-off in commodities, I think lots of people checked their asset allocation and are looking at their portfolios. And there certainly is a lot of interest in Black Creek. The build-out at Signature has been great. And the addition of these new people that have joined Alan Radlo at Cambridge. We've got a great lineup for when people start looking at investing outside of Canada again.

Paul Holden

My second question is related to Assante. Growth of AUA is tracking about half the growth rate of CI's total AUM. Any particular reason for that divergence?

Stephen MacPhail

The reason is when you look at CI's mix of assets, we have very low concentrations in bond funds and money market funds. But when you look at the Assante book of business, you have to remember, for their clients, they're going to have a much more diversified mix for their client, depending on the nature of the client themselves.

Maybe if they have an older individual, they'd have a much higher concentration of bond funds. So you wouldn't expect them to rise as quickly as the markets would, just like they didn't fall as quickly as the markets did when markets went down. You just have to remember, it's a different mix of business there.

Paul Holden

Okay, no matter what equity exposure.

Stephen MacPhail

Correct. It's only logical that it be that way.

Paul Holden

In terms of the RFP's you're winning on the institutional business, are those predominately coming within Canada or are you getting some outside of Canada, as well?

Derek Green

Most of them are Canadian. We had two this week or in the last week. One was a Canadian balanced and one was Canadian equity.

Paul Holden

My final question is with respect to the Castlerock tax pools that you're going to try to roll in around the middle of this year. Can you give us any kind of guidance on how that could potentially impact the effective tax rate going forward?

Doug Jamieson

No, it shouldn’t impact our tax rate. It'll just be a cash flow item. We set up a tax asset on the acquisition, and that will be drawn down when we actually use those losses.

Paul Holden

Okay. So no impact on the tax rate.

Doug Jamieson

Right.

Stephen Boland, *Analyst, GMP Securities*

I guess this is following up with the BNS situation. So, heading into the annual meeting, looking at your proxy, there are two votes. The first vote is with all shareholders, including BNS. And if that vote goes ahead, then you have a second vote to amend the plan. Is that correct?

Stephen MacPhail

That's correct.

Stephen Boland

Okay. And in the meantime, you're also appealing to the OSC on the TSX decision.

Stephen MacPhail

That's correct.

Stephen Boland

And under what basis does that appeal, that the TSX has no jurisdiction or there's some other?

Stephen MacPhail

Well, it's that there's no legitimacy for breaking the contract and giving the Bank of Nova Scotia the vote. What is clear is that when that shareholder rights plan was voted on by all shareholders, including the Bank of Nova Scotia, it stated at that point in time, it's a six-year plan, and at the three-year mark, there's an affirmative vote to continue out to the end of the six years so that the plan would only get terminated if the independent shareholders at the three-year mark elected to terminate the plan. Otherwise, the plan continues to its normal expiry, which is 2014, at which point in time, everyone would get to vote on the plan again in 2014.

So what we're saying is there's no confusion on the wording here. And since there's no confusion on the wording here, how could you reach the decision to say we're going to arbitrarily now allow someone to vote when they weren't allowed to vote in the past?

If you had bought a share of CI a year and a half ago and thought you were protected by this shareholder rights plan only to wake up and find out the shareholder rights plan was being negated, and we don't know what the reason is yet that it's being negated, I think you'd be quite upset on how the whole rules of governance are working.

Stephen Boland

I guess at the annual meeting, to get the plan in place, does it have to be 66 and two-thirds of the votes that go in or --?

Stephen MacPhail

No, it's a simple majority.

Stephen Boland

Okay. And just getting back I guess on some of the micro data, you mentioned in the press release that you had some institutional rebalancing in your fund flows. Can you quantify that number?

Derek Green

So, in January, there were two quasi-institutional financial institutions where we're participants in their packaged solutions where there were some redemptions. So as I said, the sales were less in 2011 in January versus 2010. But, February and March were better year-over-year than 2010.

Stephen Boland

Okay. And if you could just give me some colour around your growth sales in terms of segment. I know you said it's always been predominantly balanced, but are you seeing a pickup in equity funds? Is that segment in net sales – if you can provide any colour on that?

Derek Green
Well, Canadians love balanced products. And as an industry, you refer to the investor economics. Canadian equities are in net redemptions, Canadian balanced and Canadian income are in net sales. But there is more interest. We're seeing more interest in global equity product.

You get two years of good performance, people are starting to feel pretty good about the market.

Doug Young, *Analyst, TD Newcrest*

Just a first question on net sales, I just wanted to clarify – you mentioned in the remarks that there's $289 million in the Sun*Wise* Essential Series in terms of flows. And I'm going to guess that's pretty well all net sales. And then, on the institutional side, it was mentioned there was $200 million of net flows in the quarter. Are those numbers right?

Derek Green

The institutional $200 million is not booked yet. We're close to $200 million in institutional sales. And you're right, the segregated fund business Sun*Wise* Essentials is $280 million year-to-date.

Doug Young

Okay, where I was getting at, it looks like if those numbers add, then you’re in net outflows on the rest of the mutual fund business, which isn't the case. So, I just want --.

Derek Green

That's not the case. As I said, we had the institutional rebalancing in January.

Doug Young

And how much was the institutional rebalancing in January?

Derek Green

Just less than $100 million.

Doug Young

Okay. And I know you gave us on page three of your growth sales breakdown by channel. If we were to look at that, and I don't know if we have to get into specifics, but look at that on a net sales basis, is there any big changes that you're seeing, or can you give us numbers on a net sales basis?

Derek Green

I would say the business was up pretty much across the board with the exception of the IIROC dealers. And I would say the gross with IIROC was up. But, unfortunately, the redemptions were higher, too.

So, the one place that there were net redemptions was in the IIROC dealers. And I'm very hopeful that the product that we've been profiling and highlighting, both Black Creek from a global perspective and the additional resources we've added at Cambridge, then IIROC will buy mutual funds or investment products that they can't replicate themselves. So, I'm hopeful that we'll see a significant pickup going forward from them.

But, unfortunately, the redemptions were higher from that channel.

Doug Young

A second question: You gave us another chart where you showed your assets more recently, I guess the current AUM. I'm going to guess that's on slide 12. And that's an average AUM of $74,895. Is that right? And I'm just curious if you can give us what the absolute number was, the most recent absolute AUM number was if you have that handy.

Doug Jamieson

Up to May the 9th, we were at 75.1. 74,895, that's the quarter-to-date average.

Doug Young

Okay, perfect. Steve, I won't go into the Bank of Nova Scotia stuff, but maybe on the other side in terms of opportunities, strategic opportunities that you're being held back maybe from. Are you seeing more opportunities from a strategic perspective, whether it be M&A that you may be able to take advantage of?

Stephen MacPhail

I would say there have certainly been some very interesting opportunities out there. The disappointing thing is, with mine and Bill and Sheila Murray's time being taken up with what the Bank of Nova Scotia and the TSX are putting us through right now, it makes it difficult to put your focus on an opportunity. Acquisitions take an intense amount of concentration on work when you're going to sign the dotted line to make sure they work after the fact.

I would say, at this point in time, I've had to pass up on a couple of opportunities that under different circumstances, with the right partner, I would have gone after.

Doug Young

Just to clarify, just to make sure I heard it correctly, you said that the Bank of Nova Scotia told you that they are interested in selling their position. Did I hear that right?

Stephen MacPhail

I've been told that twice definitively. I already said that, back in a meeting in early December, I was called to a meeting specifically to be advised that they wanted to focus their time and effort on Dundee, which they just acquired, and other parts of their business and that they wanted to sell their entire stake in CI.

Scott Chan, *Analyst, Canaccord Genuity*

Oh, hi, guys. Just going back to the Castlerock, trying to get possibly from $2 billion right now to $10 billion in five years. Is that predominately through the Black Creek product, because – well, I guess from my knowledge, is there just three funds right now and they're all global?

Stephen MacPhail

You know, I can answer that. You're right there are just three funds. But, you know, what we look at strategically is the ability and capacity of a money manager to manage large blocks of assets in a successful way. And there are very few money management groups that can do that.

There are lots of very able money managers that are more boutique managers that you can conceivably see them with their sales up to $1 billion. But with Bill Kanko and Richard Jenkins, if you look at the way they manage money and where they have historically been, they're more than capable of delivering good performance, very good performance at asset levels of $10 billion plus.

That's why we feel with the position we have with CI and the work Derek's doing on distribution that when you sit down and you strategically say how does CI get from where it is today to going through $100 billion in assets, you say those are a set of money managers that we want to focus our efforts on getting them from $2 billion to $10 billion.

Primarily, it would be increasing those main funds up to the $5 billion or $6 billion level.

Scott Chan

The large block of assets that you're referring to, perhaps institutional clients, or is this specifically just a retail product for now, or are there any plans to put it on the institutional platform?

Stephen MacPhail

We haven't discussed doing an institutional platform with them. The focus right now really is to evolve and really take advantage of the retail attractiveness of this product. It just wasn't extensively marketed the way we think we can do it when it was under Hartford. We just have a lot more investors in our funds, etc., that would be very attractive to someone with the performance record that they have.

Scott Chan

Just one last question. Is Red Sky, the hedge fund, the partners' fund, is that on the CI product shelf right now, or are you guys just had the capital invested from the start?

Stephen MacPhail

We have an association with them. I wouldn't say it's heavily on the CI product shelf, though what we do is provide a lot of the administrative services to it. You acquire it through a CI fund quote. The objective of that is to give investors the comfort to know that we're providing governance oversight on this fund, which you can't underestimate that in the post-Madoff era. People want to know that in these small hedge funds that the money's safe. So that's where we're jointly developing it.

This is really just part of a strategy where we had tried to identify what we think are small managers, boutique managers that have some real possibility. And so, we go in and try to take a stake through providing services, etc. And if it really works out well, then in time, we can mainstream it.

If you look out a year and a half, two years, if this product is doing really well, then we'll sit down and decide do we want to mainstream that product or not. But for the time being, we're helpful on the product, but it's not mainstream to CI.

Paul Holden

I just have one question on future disclosure related to institutional side of the business. Are you going to report institutional AUM and sales separately to contract the growth of that going forward? The reason we'd be interested in seeing that is the fee structure is much different on the institutional business versus the retail.

Stephen MacPhail

At this point in time, I don't think our objective is to report separately for exactly the point that you laid out. If we start reporting too much detailed information, we'll provide competitive information that we don't want to provide into the marketplace. So I think you'll see it combined.

We'll likely talk about total assets to give you a feel where total assets are on, you know, on this true institutional business. But I don't think we're going to do detailed financials on it.

Paul Holden

Okay. But if we get total assets, will we see net flows, as well, specific to the institutional business?

Stephen MacPhail

Yeah, I think we'll probably do that. I think that's one of these things that will evolve. You know, it's an early stage for us in the business. It's really just starting to take off now. And I think we'll look at that at our next reporting period, which is ninth of August, and see how things are going and try to keep you up to date. And if it makes sense then, we'll give it more airtime.

Operator

We have no further questions at this time. I'll turn it back to Mr. MacPhail for closing comments.

Stephen MacPhail

I just wanted to say thank you to everyone for attending our conference call. I really appreciate it. And we look forward to seeing many of you at our annual meeting on June the 1st.

Just as a note, we're holding it in our new offices, 15 York Street, which is just down beside the Air Canada Centre. We're happy to show kind of what we think is the state of the art buildings now for mutual fund companies. And so, I hope you're there, and I'll show you around.