CI FINANCIAL CORP.

THIRD QUARTER 2011 RESULTS

CONFERENCE CALL

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CI Financial

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 third quarter 2011 conference call. My name is Kim and I'll be your operator for today's call. At this time, all participants are in the listen-only mode. Later, we will conduct a question and answer session. This presentation contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services including its business operations, strategy and financial performance and conditions. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainty. For further information regarding factors that could cause actual results to differ from expectations, please refer to the management's discussion and analysis available at www.ci.com/cix. This presentation includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. These non-IFRS measures and reconciliations to IFRS, where necessary, are included in management's discussion and analysis available at www.ci.com/cix. I will now turn the call over to Stephen MacPhail, President and CEO of CI Financial. Mr. MacPhail, you may begin.

MACPHAIL: Good afternoon and thank you for joining us for CI's earnings call for Q3 2011 results. Joining me today are Derek Green, President, CI Investments, and Douglas Jamieson, EVP and Chief Financial Officer. As of October 31st, 2011, CI continues to be one of the top 10 performing stocks since it went public in 1994. Up seven times the level of the TSX and two and a half times the financial services index. That being said, there's no doubt the decline in equity markets globally during the recent months, coupled with an unprecedented level of volatility, shook investors' confidence in a significant way.

CI was not immune to these market forces. What we did do, though, is deal with the controllable issues with resolve. Our institutional business continues to gain traction both in Canada, with our Signature Group, and globally with Altrinsic Global Advisors. We outperformed most of our non-bank competitors in the down market as well as the October recovery, where we achieved 4.5% growth.

Our investment in expanding Cambridge Advisors is working and sales to Cambridge funds are up significantly. We reacted immediately to the market declines and not only kept our costs and basis points the same as the prior quarter, but in asset terms dropped our costs by millions of dollars.

Our alternative asset management businesses, namely Trident Global Opportunities and Red Sky Capital, have both materially outpaced their respective indexes in the year when most of their competitors have simply blown up.

The most important message is that we continue to focus all our efforts in positioning CI to capitalize on a market recovery. Turning to financial highlights on a year-over-year basis, we still experienced 10% growth in average assets under management. Earnings per share were up 23% and 26 cents per share to 32 cents per share. Pre-tax operating earnings per share were up 8% year-over-ear to 56 cents per share.

EBITDA per share was up 9% to 61 cents per share. SG&A in basis points actually declined year-over-year to 40.4 basis points from 41.3 basis points. Again, let me remind you that our

SG&A includes all costs of administering our funds, all money management expense, the cost of running our Assante dealership and all our corporate sales and marketing and other related expenses.

Finally, dividends paid per share were 22.5 cents for the quarter, up 15% from the prior year. As Doug will show you in a minute, even with our healthy dividend of 22.5 cents on the quarter, CI still generated significant excess cash flow, enabling us to buy back $35 million in shares in the most recent quarter when we saw an opportunity to do so. With that, I'd like to turn the call over to Derek Green, President, CI Investments.

GREEN: Thanks Steve. Given the environment we've had to operate in I'm very happy with our sales results. Year-to-date gross sales were basically flat versus the same time last year. Sales for the third quarter of 2011 were down 15% versus that same period in 2010. Given how dramatically the markets declined I'm actually surprised that sales were not down more. Some of our key sales relationships, specifically Assante Financial Management sales, were up double-digits. And Sun Life the sales were up also.

Now if there's one bright spot when markets misbehave it's actually that redemptions declined as well. So for consecutive quarters our redemptions were down 13%, and they were basically flat year-over-year.

CI Institutional Asset Management continues to do exceptionally well. Our Alliance business, which is the third-party financial institution, is in positive net sales excluding segregated fund maturities. We continue to have the most funds on dealer recommended lists, which will be a big benefit when the markets stabilize.

We've had an absolutely terrific year in our peer institutional business, which focuses on pension and endowments. We've had close to $450 million in sales, $300 million of which has been funded and approximately another $140 million that will fund over the next few months. If you recall, over the last two sales calls I gave a target of $600 million for sales this year in institutional and we're on track to meet that target. We have 14 new clients out of 17 short lists, that’s an 82% success rate, which is really unheard of in this industry. We’re still waiting to hear back from three short lists that are outstanding and we’re confident that we’ll win at least one of those.

And finally, we’re very excited and are looking forward to adding new institutional mandates for the Cambridge Advisors team. As you heard me say before, having strong fund performance and the right product mix is very important. Today we’re extremely well positioned on a go-forward basis. We’re well represented across all asset classes, specifically in diversified income, which is an area that is getting good fund flows currently.

My last slide covers current initiatives. We’ve had a very busy fall. Despite the markets misbehaving, we continue to communicate very effectively with our clients. This fall we conducted our first interactive digital road show, which attracted over 1,700 advisors. Now this is a road show that featured five of our most popular portfolio management groups and this call went on for over five hours

We’re currently hosting a 21-city road show that will wrap up this Wednesday. We’ll see over 4,000 advisors. The road show featured the Signature management team, Cambridge Asset Management and Black Creek – three management teams with distinctly different and independent views on the market and so far, the feedback has been excellent.

As you know, we built our Cambridge Advisors team this spring. Bob Swanson, after a short break this summer, rejoined the team in September. He’s been on the road, in fact is on the road in the prairies today visiting with our clients, and we’ve seen sales ramp up quite dramatically since he’s joined the team.

We’re in the process of just instituting a new CRM reporting system. We’ve gone live with that. We believe this will enhance our client relationship.

And then finally, we've launched a new mass affluent product called PIM. We launched it in mid-October. Currently, it says $15 million on the slide, we're actually at $18 million and we're very excited about that.

The last thing that I would like to touch on and it's not on the slide, we'll be launching two new income products this December. One with Cambridge, it's a monthly income product that fits in the diversified income space and the second is a stand-alone high-yield fund managed by Signature. And just as a reminder, Signature has one of the biggest high-yield teams in Canada. We've been managing high-yield bonds for the last 10 years and we're extremely excited and we believe we'll get significant traction there.

So with the launch of these new income products and Private Investment Management we think we're extremely well positioned for the markets and for sales on a go-forward basis when the markets stabilize. So with that I'd like to hand the call over to Doug Jamieson. Doug?

JAMIESON: Thank you Derek. When we compare with Q3 with Q2, we see that average assets under management fell almost $4 billion or 5%. As well, CI's earnings per share fell 6% from 34 cents to 32 cents per share. Next is pre-tax operating earnings per share, where we take out non-recurring items as well as the effects of deferred sales commission financing and redemption fee revenue. It fell from 60 cents last quarter to 56 cents this quarter, a drop of 7%.

Similarly, EBITDA dropped to 61 cents from 65 cents, a decrease of 6%. All of these metrics are down by approximately the change in average assets under management. SG&A was cut by almost $3 million quarter-over-quarter or 4%, almost matching the drop in CI's average AUM. With the additional day in the quarter, it stayed at 40 basis points as a percentage of average assets.

This next slide highlights CI's daily assets under management, which is the dark line. And the quarterly average is the shaded area. There are a couple of things here to note. First, you can see the sharp drop of CI's assets in July and the bottoming out at the end of September, which gave us an average of $70.8 billion during the quarter. But second, assets under management have climbed during October and early November, so that our current level of assets is slightly above the average for Q3.

CI's EBITDA margin contracted slightly over the past quarter to 48.1% as total revenues declined 4.7% and EBITDA dropped 5.5%. This is mainly because a few small items pushed other expenses up and other income fell. Year-over-year, the margin is up slightly from 47.9%.

Next, we have the last five quarters of free cash flow, which has grown over the year and stayed quite strong this quarter. CI's free cash flow is its operating cash flow less the amount spent on deferred sales commissions. Free cash flow was $104 million this quarter, up from $91 million last year and down only slightly from $107 million last quarter.

And looking in detail at the cash flows for this quarter compared to those last quarter and the year ago quarter, CI generated operating cash flow of $133 million this quarter, compared to $142 million last quarter and $123 million in the same quarter last year. From that, CI paid sales commissions of $29 million this quarter, down from $35 million last quarter and $32 million a year ago, leaving us with free cash flow of $104 million, $107 million and $91 million respectively. Those are the numbers we saw on the previous slide.

This next section details the amounts returned to shareholders via share buybacks and dividends. Last year, CI bought back $11 million in stock during the third quarter and paid $56 million in dividends. Last quarter, CI did not buy back any stock and paid out $65 million in dividends. And this quarter CI again paid out $65 million in dividends, but also bought back $35 million in stock as Steve mentioned, for a total of $100 million returned to shareholders during the quarter.

We have stated that CI's long-term goal is to return its free cash flow to its shareholders. And while the dividends are regular in nature, the buybacks can be lumpy. This quarter showed how we tried to be opportunistic in buying back stocks. CI's ratio of net debt to EBITDA is still below 1:1. We have over $120 million in excess cash and an undrawn $150 million credit facility. So we still have room to repurchase shares when we believe it is prudent to do so. I will now hand it back to Steve.

MACPHAIL: Thanks Doug. So just to wrap up I want to reinforce the key things happening at CI right now. We continue to focus on controllable factors right across our entire business spectrum. As Derek pointed out, we have a very strong emphasis on all elements of sales and marketing. Cambridge continues to build on its success. We have the best diversified money management capabilities in Canada and I believe would be top-ranked even on a global basis based on all the companies that I've looked at.

We continue to make opportunistic share buybacks and lastly, we are evaluating acquisition opportunities in Canada and beyond on a regular basis.

That concludes our formal presentation and we'd be happy to answer any questions you might have.

[Directions from Operator]

SCOTT CHAN, Canaccord Genuity: Hi, thanks. I guess my first question is just for Derek. Just on the CI Institutional Asset Management slide, can you just expand on the lines in the third party relationships. Is that the Class I?

GREEN: Some of the insurance products would be Class I but it would be partly Class I, yes, it would. But it would be for the banks and the insurance companies where we participate in some of the variable life annuity contracts or in some of the managed solutions. So yes, it would be part of our Class I business.

CHAN: Okay and just on the segregated fund note, with the Q3 volatility, how is the seg fund business these days? Have the Trans-America GIF redemptions dissipated from the ten year maturities or?

GREEN: The Trans-America business, yes, has dissipated. Last year was a significant year for that. We continue to see good flows into our product. We launched Essentials last fall, we threw a billion dollars on that new product so when the markets misbehave people generally like guaranteed products. So we're seeing pretty good flows into our open contracts right now.

CHAN: Okay, perfect. And just a last question for Steve, just on the acquisition front it's been pretty muted and issue wide year-to-date, I guess we'll see Q3 volatile market but in October markets kind of rebounded. What opportunities are you seeing out there? Is there more right now as markets recovered since Q3?

MACPHAIL: I would say in the last two months we are being introduced to way more opportunities. I think the market downturn created a situation where a lot of companies really struggled through it and now see an opportunity to say, "Jeez, maybe this time we'd just better get out of the business and do something with a stronger company." I would say that we're seeing more but at the same time you've got to remember, we're going to be opportunistic here. We don't want to make acquisitions for the sake of just making one but we do believe there are some businesses that could be a good fit with CI, whether it be on the synergy front or expanding product lines or giving us access into markets that maybe we're not into right now. So I can't make any commitments as to when something happens. As you know you can look at 50 opportunities and maybe do one. But the good news is there's way more opportunities to look at, the bad news is a lot of the opportunities aren't that great. So I guess you'll just have to stay tuned on that front.

GEOFF KWAN, RBC Capital Markets: Hi. I also had a question on the institutional business. If I remember correctly I thought in the last conference call you mentioned that in the first half of the year you had about $300 million in net sales. And then this quarter you're saying it was roughly $300 million, but then there's some more to be funded. So did that mean for Q3 then that there was nothing that was called net sales?

GREEN: No Geoff, I think the mistake I made was when I said we had $300 million, some of that hadn't been funded yet. We won it but it hadn't been funded. So right now we're at $300 million and we have $144 million I think is the exact number to fund over the next couple of months.

KWAN: Okay and then what would that have been kind of the first half of 2011?

GREEN: I don’t have those numbers on hand right now but I can get back to you with it.

KWAN: Okay perfect. The other question that I had was you mentioned that you’re doing some of these road shows and stuff like that, how has advisor sentiment changed given that the markets have rebounded a little bit over the past month and a bit?

GREEN: Anecdotally I think they’re still pretty concerned and because there's uncertainty in the markets in Europe and we’re worried about what Italian and Greek politicians are doing and until there's some resolution I think people are concerned. So I think they’re a lot happier than they were in September, but they’re still not really willing to allocate a ton of money. The one thing they are looking at is the number that comes up is the 5-year GIC rate right now is 2.8% so they’re trying to get their clients into something that will pay more than that. And the income products are what's resonating. But they’re still pretty fragile I would say in general.

PAUL HOLDEN, CIBC: I want to focus a little bit more on the gross sales. You said there's a couple areas of strength of where you’re seeing growth which is Sun Life, but what about the areas specifically where you saw gross sales sort of come off quarter-over-quarter and year-over-year?

GREEN: I would say the one that continues to be a challenge for us is IROC, where sales are down, the redemptions are sort of stable. The positives for us would be Assante, Sun Life, we have a preferred relationship with Edward Jones, those are all up and in most cases double-digit. But the MFDA and IROC has been the challenge. But again, I go back to what I said before, given how quickly and violently the market sold off in August and September I’m actually surprised it wasn’t worse.

HOLDEN: But if you want it to be fair if you look at long-term trends sort of gross sales as a percentage of AUM coming down over time as well so with that in mind I mean would you consider buying more distribution, something to tack onto Assante?

GREEN: That's probably a better question for Steve.

MACPHAIL: Paul, we always look at different opportunities to get more distribution. I think what you have to do is realistically say what type of distribution would be available for sale out there and there really is not a lot of distribution that you can get. I think where you'll see emphasis is we're getting a renewed interest in advisors wanting to join the Assante channel, so we're hoping that we'll get some form of organic growth in that business and there's a lot of discussions going on right now that Steve Donald, Assante President has come and presented to me on that front. But I don't see us going out and trying to buy something directly. I just don't think there's anything of scale that's available for sale.

HOLDEN: In the last quarter you provided us with an update on the net sales from Castlerock, which are developing quite nicely. Any update you can bring to us this quarter?

GREEN: The net sales are continuing to be strong. I think the thing that's even more impressive, and Steve can talk to this, is just the contribution that that business brings to our free cash flow the EBITDA. It's been a great addition and the managers, specifically Black Creek, have been a great complement to our lineup of portfolio managers. So we continue to see flows.

DOUG YOUNG, TD Securities: Good afternoon. Just on the net flow side, I just wanted to dig a little deeper and get a little more clarity on it. Ninety-one million dollars of out flows – can you split that between money market and long-term funds, and can you give us the split between retail and institutional?

GREEN: I actually don't have the numbers in front of me. Again when you look at the flows, whether it's institutional or retail, I'm very happy with what we ended up doing, but I don't have the specific breakdown right now.

MACPHAIL: But Doug we don’t do a lot of business in the money market area. When you look at what the banks do, they have huge flows in and out of money market. Our money market funds are (relatively) small. And as Derek pointed out during the summer months when the market was down, all parts of the business just slowed down so you can just assume. In our case, it’s the flows into equity funds, which we call long-term funds. We don’t get a lot of flows into money market, it’s not something we pursue.

YOUNG: Fair enough. And Derek from your comment it’s fair to say that the institutional is getting the net flows but the retail is where the outflows is coming from?

GREEN: Well the institutional is getting good flows and the retail, certainly in the last quarter was where the challenge was. But again, when you look at the market being down in September 15%, pretty dramatic markets I think. We run over $70 billion in AUM, that’s really a very small percentage of our assets.

YOUNG: And then Steve I guess and I think Derek as well you talked about Cambridge, you’re seeing a significant uptick in sales, can you quantify that in terms of what the numbers are?

GREEN: We started to measure and track the Cambridge sales on May 1st because really that’s when we believe the team was fully in place. That was before we found out Bob was going to have to take a short sabbatical. But we’ve seen a couple hundred million dollars, close to $200 million dollars go into their product, the Cambridge Canadian Asset Allocation, the Cambridge Canadian Equity and the Global product as well. So we’ve had very strong numbers. I mentioned our new contact management (system) which we’re now using to track the sales and we’re seeing the momentum pick up since we’ve had Bob on the road with Brandon Snow. So this is another growth component of our business. I’ve said this before, but it reminds me a lot of when Gerry Coleman came over from Mackenzie back in ’97 – it took some time to grow. We’re actually way further ahead with Cambridge but there's a lot of excitement in what Alan and Bob and Brandon are doing and we’ve got big plans for that group.

YOUNG: And you've given the capacity before around $10 billion dollars, that's kind of – there's no change to that side?

GREEN: We're about $2.8 billion right now, I don't think there will be any problem for them to run $10 billion. As I mentioned earlier we're going to be launching at least one and maybe two institutional mandates. One of the challenges in institutional, specifically in pension business, is that many good managers are at capacity right now, so with a good product and good money managers we think we've got ample room to grow. I think we could go over $10 billion but we want to be realistic.

YOUNG: And then just you know I look at your slide 12 and your cash flow, I mean Steve or Doug, this is basically what we should be expecting this quarter is kind of how you've kind of described how you want to run your business is that essentially fair? I think also in Q4 there's $100 million of debt that's coming due, is there plans to redeem that or keep that or roll it over?

MACPHAIL: I can answer that question. First on the cash flow, I think what we did in third quarter is a reasonable proxy for the fourth quarter. It really will depend on where the assets come out but that's should only be affected about $1 million a year on either side of that. So that's a pretty good proxy; we're not changing anything dramatic. We'll continue to put an emphasis on buying back shares in this quarter and if we see a good opportunity we might buy back more than $35 million in shares. We look at it on an annual basis and we really didn't do anything the first half of the year, so a lot of the focus has been on what opportunities exist now to buy back shares. To go to the other question you asked was just the debt that comes due. Well debt comes due it has to be repaid and we're evaluating whether or not we issue new floating-rate debt, new fixed-rate debt at the time. We're just assessing what we think is, makes the most sense from a financial structure perspective but as Doug pointed out A) we have cash on our balance sheet; and B) we have significant undrawn lines of credit. So there's no need for us to do anything other than take the cash we have and pay back the debt. But if we choose, because there is attractive acquisitions or any other reason, that we want to maintain the existing level of debt that we have today then we'll probably just do a debt deal.

YOUNG: Your preference seems to be buying back stock versus increasing the dividend. Is that a fair assumption over the next few quarters?

ANSWER: I think it totally depends on the time and we recognize that our shareholders have always liked a healthy dividend, which is what we provide to them. But we think that when there's an opportunity to buy back stock and we have a 4.5% yield on our stock and we're financing it at the margin with 2% debt, that's tax deductible, it's a pretty compelling argument to buy back the shares to the advantage of everyone else. So it's hard to say. If you ask me today where our emphasis has been it's been on buying back stock, but if we see a rebound in assets and we think it makes sense to increase the dividend, we'd evaluate it at that point in time.

STEPHEN BOLAND, GMP Securities: Hi, just one question. You recently changed your high net worth offering, maybe just talk a little bit about that and is there a chance that you go maybe head-to-head with the Gluskins and the Sprotts who have more of an in-house sales component to their high net worth offering?

GREEN: I think really this was an evolution – I wouldn't call it high net worth, I think it's a great product for high net worth but we reduced the level for people to enter the program from $500,000 to $250,000. We also allow people to aggregate household assets – simply meaning, husband, wife, registered, non-registered, TFSA, etc. – so it's pretty easy for someone to come up with $250,000 to get into this program. If you're in the program you can own as many of our funds as you want. If you only have $100,000 and you are willing to own one fund you can also access the program. We like to talk about our mass affluent product as being the best in the business I hear all the time that high net worth people don't own mutual funds, I think in this case when its built on our corporate class structure you can get liquidity at NAV at 4 o'clock every day. We are going to compete against investment counsellors, we're going to compete against other high net worth solutions. We've cut our margin at $500,000, we're down probably on our management fee about 8% on that product so we're giving it up but they're nice accounts to have. Where it really gets attractive from a pricing standpoint is when you're above a million dollars. So if you want to be in fixed income, we're very excited about it. I think we'll get a lot of traction and I think it will be of particular interest to the IDA or the IROC advisors in their fee-based platform. That’s an area where if they can’t do it themselves they’ll outsource it, and that’s where we think we’ll get a lot of flow.

BOLAND: And just the second part is there a chance that you try and develop more of these products and have like a more in-house sales team that competes directly against the Gluskins and some of the Sprott offerings?

MACPHAIL: I’ll just answer that slightly differently than us developing an in-house sales team. We view ourselves as wealth managers and anywhere that we see there's an opportunity to gather more assets we’re going to examine the ways to do it whether or not we do it with kind of an abbreviated version of what we do in Assante or try to set up some other distribution mechanism to go after those. But places like Burgundy and Gluskin Sheff, they have attractive asset bases and quite frankly, I think we can produce a better product at a more cost effective rate for those clients. So we do talk about going after it and I’d be surprised if we don’t try to capture a share of that market pretty aggressively.

BOLAND: But you tend to need more specialized, I won’t call them sales but like you said wealth managers, consultants, somebody that’s catering to the specialized or higher net worth advisor or client.

MACPHAIL: You have to remember within our Assante business we have a fairly extensive high net worth business right now. We have private wealth managers across Canada in that business. We’re developing people in-house. We’re actually quite sophisticated in that area. It’s just because it’s blended in with other parts of our business that you don’t notice it. But our Stonegate business is a substantial high net worth business.

JOHN AIKEN, Barclay’s Capital: Good afternoon Steve your performance on the SG&A was actually quite impressive on a relative basis considering the downturn you experienced in AUM, what do you see for upside leverage on offering margin in total if we actually do start to see assets under management grow increasingly? Are we going to be able to see some winding on the operating margins or is this something that we’re still just struggling to offset the pressure on the management fees?

MACPHAIL: If you go back to look what our margins are like in Q2 of this year, if we see asset growth in the business then it’s quite reasonable we’ll get right back to those levels. Some of our SG&A expenses are variable and if the assets perform well, good point, there will be money management expenses. So as the assets recover they’re going to see themselves paid a bit more and the beauty of our cost structure is that we’re able to absorb some of these downturns. But without a doubt if we see growth in our assets under management, then we’ll see a widening of the margins from two areas: equity markets go up and of course our top line margin will go up at a much faster rate than our costs would go up. So absolutely we see an opportunity if things recover. Our whole goal was to minimize the amount of margin squeeze on the downside which I think we were successful at doing in this quarter but we’re certainly not trying to then go to the level where we cut expenses that’ll put the business at jeopardy. I think we’ve been pretty prudent business managers here, but if markets recover then there's a few things that’ll come back on the table that maybe we put out to the side right now to try to develop the business.

If there are no more questions I just want to say thank you to everyone for participating in this CI conference call and we look forward to talking to you about our year-end results.