CI FINANCIAL CORP.

FOURTH QUARTER 2013 RESULTS

CONFERENCE CALL

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Corporate Participants

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OPERATOR: I would now like to turn the call over to Mr. Stephen MacPhail, President and CEO of CI Financial. Mr. MacPhail, you may begin.

MACPHAIL: Thank you very much. Good afternoon and thank you for joining Doug and me for our Q4 2013 earnings call. Our fourth quarter was a great end to a very good year. CI's earnings per share of 41cents were up 21% on a year-over-year basis, and up 8% from the immediately prior quarter. Our net sales of $707 million for the quarter compared to net sales of $724 million in the prior year. More importantly though, our retail net sales in the fourth quarter were 272% higher than in the fourth quarter of 2012, and a substantial 33% higher than in the immediately prior quarter. CI's average assets under management reflected our strong sales and excellent market performance, with average assets under management of 19.2% year over year, and up 5.3% from the Q3 2013 average.

Our earnings growth, and in turn, growing free cash flow positioned us to reduce net debt by 40% on a year-over-year basis. Reflecting on the year as a whole, you'll recall that CI raised its dividend in the fourth quarter to 9.5 cents per month, the third dividend increase in 2013.

Looking specifically at the changes on a consecutive quarter basis, you can see our average AUM rose 5% from $84.1 billion to $88.6 billion, and net income rose 8% from $107.8 million to $116.2 million. On a per-share basis, the increase was from 38 cents per share to 41 cents per share. EBITDA was up 6% from $193.4 million to $205.2 million or an increase of 68 cents per share to 72 cents per share. Dividends paid rose from $76.6 million to $78.1 million, reflecting the impact of the dividend increase in Q4. On a consecutive quarter basis, CI's net debt declined 22% from $403 million to $315.3 million, which is now just under 40% of annualized EBITDA.

Turning to sales, 2013 was CI's best year on record for gross sales, and gross sales were 31% higher than in 2012. We had our best net sales year since the year 2000. Our 2013 net sales of $3.7 billion were 279% higher than in 2012. Equally important, our net sales of $3.7 billion were essentially all retail business as CI experienced higher year-over-year gross and net sales in all our retail channels.

Looking forward, 2014 has started out on a very good note as we had our best January net sales since the year 2000, and our best January gross sales on record. Long-term fund performance remains strong with 84% of our assets under management in first or second quartile over 10 years. We added the strength of the Marret fixed-income expertise in the fourth quarter to CI's Harbour funds to enhance the money management strength of this key CI fund family. We are also days away from the launch of a number of new Marret fixed-income mandates under the CI banner. Always of importance is that in 2013, CI continued to lead the industry with the most four or five-star Morningstar-rated funds, and the most funds with the Fundata FundGrade A+ awards for long-term excellence.

Consistent with what we've experienced for many years, CI's strong fund performance is reflected in a diverse set of funds, including Black Creek, Cambridge, Tetrem, Signature and Synergy funds, with most having first-quartile performance over the short and long term. And with that, I'm going to turn it over to Doug to focus more specifically on some of the financial measures. Doug, go ahead.

JAMIESON: Thank you, Steve. This next slide compares the fourth quarter of this year with the fourth quarter of last year, and at the top we have average assets. They were up over 19% from $74.3 billion a year ago to $88.6 billion. Next, net income was $116.2 million, and that was up 22% from $95 million last year, and as Steve said, on a per-share basis, up to 41 cents from 34 cents last year, an increase of 21%.

EBITDA per share was up nine cents to 72 cents, a 14% increase. And dividends paid in the quarter were up 15% as CI paid out $68 million last year, and that was at a rate of 24 cents during that quarter and $78 million in the fourth quarter this year at a rate of 27.5 cents. And as Steve pointed out, net debt at $250 million is down significantly from $526 million at the end of 2012. This is calculated as gross public debt outstanding of $500 million less $185 million of excess cash and marketable securities. This net debt to EBITDA ratio of 0.4:1 continues to provide CI with significant financial flexibility.

CI's EBITDA margin has held fairly steady this year and was 47.6% this quarter, which reflects the fact that even as CI's average management fee rate declines with the mix of business, it continues to generate about 48% EBITDA profitability on each revenue dollar. Looking at CI's SG&A calculated as a percentage of AUM, and we are showing it here in basis points, has declined significantly from the fourth quarter of last year. We saw on the quarterly highlight slide that CI's average AUM grew by more than 19% from last year, and at the same time, SG&A spend grew by less than 13%. So we see the drop from 39.2 to 36.9 basis points year over year. The rate of spend in the fourth quarter was up 5%, only slightly less than the 5.3% asset growth. So the decline in the fourth quarter was only one tenth of a basis point.

Next, we have five quarters of free cash flow, and note that the first quarter of 2013 is a low point because of the increased spend on DSC during RSP season. Free cash jumped to $124 million in the fourth quarter this year compared to $110 million in last year's fourth quarter. The $14 million dollar increase is a result of operating cash flow growing $17 million and we spent $3 million more on DSC this year. Compared to last quarter, free cash flow is up $5 million, and we'll look at that in detail on the next slide.

Here in the first part of the table we have the detail on the change in free cash flow from last quarter to this quarter. Last quarter's operating cash flow of $147 million less commissions of $28 million gave us $119 million in free cash, and this quarter we had $156 million of operating cash flow, and we paid out $32 million in commissions. The next section details the amounts returned to shareholders. We did not repurchase any stock in 2013, but as Steve mentioned, increased the dividend three times from eight cents per share per month at the beginning of the year, with increases in February, May and November. We paid $78 million in dividends in the quarter, up from $77 million last quarter. On the dividend front, our forecast payout ratios are well within historical levels when we look at our up-to-date forecast for the remainder of this year and next year for net income and cash flow. And you see here at the bottom another quarterly net surplus, this time $46 million dollars, which went towards reducing net debt. And again, with our net debt level so low and our cash flow so strong, we feel there is still significant room for further returns of cash to shareholders through dividend increases and prudent buybacks. I will now turn it back to Steve.

MACPHAIL: Thank you, Doug. If you look at our current assets under management, the shaded yellow area represents 2014 year-to-date. You can see that CI is closing in on record assets under management now of $93 billion, which is up over $4 billion from our Q4 average. You can also see that we experienced a bit of a blip in early January when markets declined, but for the most part that has now been recovered, giving us a period of good stability going into the RSP season.

In closing, just to reiterate, our current assets under management of $92.6 billion is up 5% from the Q4 average, putting us in a good position to have a very good first quarter. Equally important, what we've seen is investor interest in equity-oriented investments continue to increase, and that's reflected in the mixture of our sales numbers. Currently, our gross and net sales levels, as I mentioned earlier, are ahead of what we experienced in 2013. Lastly, our continued asset growth and increasing profitability sets a positive stage for dividend growth, share buybacks, debt reduction and I should also say, continued reinvestment in the operations of our business to service our clients better.

With that, I'd like to open the floor for any questions that people may have. Thank you.

OPERATOR: The first question is from John Reucassel from BMO Capital Markets. Please go ahead.

REUCASSEL: Thanks. Steve, just two questions: First, on the sales that you're seeing so far. You say it's more equity or equity oriented. Is that equity funds and are they mainly still U.S. and international? Or are you seeing more Canadian? And is it still mainly front-end load?

MACPHAIL: It's still mainly front-end load. We continue to see the decline in deferred sales charge business. That's a trend that we've seen for a number of years now, and I think when we look at Q1 results and look at the amount of DSC commission paid, even with excellent growth sales and net sales numbers, we'll be surprised at how much it continues to drop off. But to answer the first part of your question, John, we're actually seeing that good business continues to be in global products, balanced funds and managed solutions. Those would appear to be the three highest areas, and the area where we're seeing it slowing down more is in terms of high-yield product, which historically had been an area where a predominant number of sales were taking place. So this is a very important shift that we've seen in what we'll call client diversification as to where they're putting their money.

REUCASSEL: Okay, and I guess my second question is, because of the higher trailers on the front-end load, the EBITDA margins tend to be less, but there tends to be more free cash flow out of that. And it looks like you're going to be running at $50 million a quarter, maybe higher. Outside of raising the dividend, you don't seem to want to buy the stock back. Are we just likely to see a lot more cash on CI's balance sheet or should we look for special dividends? Or how should we look at that?

MACPHAIL: Well, I don't think we're a special dividend type of company. We prefer to look at consistent growth in the dividend as the company grows. So, I think if we continue to see growth in assets, then we'd be pretty comfortable under that scenario to raising our dividend. And if you think back to the second-last chart that I had posted, and look at where the dividend increases took place, you can see that we're still fairly conservative. We like to see good asset growth and then raise the dividend.

As we go through this year, you're right, our debt will just continue to get paid down throughout the year, but it doesn't mean if we see a good strategic opportunity, we decide to put more seed capital into certain funds, or buy back shares [that we cannot do that]. There could easily be an opportunity to buy back shares, you never know. This can be a cyclical business sometimes and we just like to always be well positioned to do the best thing for our shareholders.

REUCASSEL: Okay, great. Thanks, Steve. Enjoy this high-class problem.

MACPHAIL: John, I just wanted to say one thing, maybe on behalf of all the analysts out there. This is probably your last conference call with CI because of the announcement that you're retiring from the business. So thank you for all the work you've done for the industry over the years.

REUCASSEL: Well Steve, thank you. It's been almost 13 years to the day covering CI, so thank you very much.

MACPHAIL: You're welcome.

OPERATOR: Thank you. The next question is from Geoff Kwan from RBC Capital Markets.

KWAN: Hi. Good afternoon. Just had a couple of questions, and maybe the first one's just a telling off of your response to the last question. You've talked previously about strategic and M&A. Just wondering what may have changed or maybe not have changed in the past few months since we last spoke.

MACPHAIL: I don't think a lot has changed, Geoff, on the M&A front. We're not particularly anxious to do anything on the Canadian side. We're thrilled with the Marret Asset acquisition and Barry Allan came in and presented to our board today, and I think everyone concludes that this could be a real home run if it works out. We hope one day that Marret Asset Management's going to be a $15, $20-billion dollar fixed-income operation, and going back to John's question, where do we put money? Certainly we're going to be supporting that business to help get that growth. That was a strategic acquisition in Canada. We'll still look at things like that.

Outside of Canada, I think on the U.S. side, they've had such a good run right now, that I think it might be difficult to get a transaction done in the U.S., but it doesn't stop us from looking. One of the great things that we have right now is the success of our Cambridge group of funds. You know, they're well through the $10 billion dollar mark right now. We've got a substantial operation in Boston, and we've talked with management there about the possibility of using that as a base to grow more of a U.S. business, and would that be a better place to invest it. Right now, because they're growing so quickly in Canada, they don't really need the distraction of doing something outside of their key mandates, but it's not lost on any of us that we've got a pretty good thing going here, and that might be the way to expand outside of Canada more effectively with a very trusted team of people that we already have.

KWAN: Okay. The second question I had was just, as the environment in the industry continues to improve, flows continue to improve, just was wondering whether or not you see opportunities to perhaps spend a little bit more than you might have normally because you might see the potential for outsized growth in terms of on the growth sales side of the business.

MACPHAIL: Gee, last year at this same meeting I talked about spending more and everyone got upset that they thought we were going to blow our budgets. So I'm glad you're asking that question. We invest continually into developing new areas, but quite frankly, where we've seen the biggest benefit, Geoff, is investing in the areas where we have strong relationships already, whether it be with Assante, Sun Life, or some of the other distributiors. So you're going to see a continuation of how we invest in those businesses to help them increase their businesses, which in turn hopefully drives increased sales for CI. So we want to help them increase the size of their pie, which we ultimately believe is beneficial for us. We don't believe there's a lot of new unfound distribution relationships in Canada, so we certainly are turning over every stone.

I should say that our sales success has been very good. I know I read your report and you were a little disappointed in our sales numbers, but I'm just going to say that our fourth quarter numbers, we had some slight redemptions on the institutional side from a KBSH mandate that had been around forever, and if you factor that out, then our retail sales were more than a 100% of our net sales reported for that quarter. So I think they're much stronger than you might have been giving us credit for in that period.

KWAN: Okay, thanks.

OPERATOR: Thank you. The next question is from Paul Holden from CIBC.

HOLDEN: Thank you. Good afternoon. Just want to follow up on some of the thoughts regarding cost control and EBITDA margins. Is a way still to think about EBITDA

margins through 2014 sort of stable relative to 2013? Is that how you'll be managing the business?

MACPHAIL: Paul, it's interesting. We spent a lot of time in the board meeting today with Doug Jamieson and Dave Poster, the VP Finance here, going through what they'll call different cost metrics to our business, because we recognize that there's shortfalls in looking at the EBITDA margins. We're just not at the point now where we're going to go out publicly and say, "Here's what we think our combination of better methodologies to look at it." But as it stands right now, we see the EBITDA margin staying fairly consistent. It's been kind of in that range, but as Doug will attest, it can be affected positively and negatively by certain things that have no reflection on the profitability of your business, but I think for your sake, it's a pretty good prophecy of where we are and we don't see a lot of variation in that.

HOLDEN: Okay, that's hopeful. Thanks for that. And then, just going back to your comments on higher asset growth usually translates into a dividend increase. No dividend increase announced this quarter. Maybe that's because the board meeting coincided with sort of the pullback in the market? Is that a fair assessment?

MACPHAIL: I wouldn't say that. We increased the dividend in the fourth quarter. If I'd increased it this quarter, that would have been four times in the space of one year, and that's a lot of times to increase it. I think we're best to sit here, go through the RSP season and take a look at it then, and re-evaluate it, and maybe in 2014 we end up increasing it a number of times like we did last year. But to increase it so quickly on the basis of the fact that we just did it last time, I don't think that would be prudent.

HOLDEN: Okay. Well, I thought you had phenomenal asset growth in 2013, so four increases wouldn't have been out of the question, but anyway, thanks Steve, that's all the questions I had.

MACPHAIL: You're welcome.

OPERATOR: Thank you. The next question is from Graham Ryding from TD Securities. Please go ahead.

RYDING: The average management fee decline that you experienced in 2013, year over year; it was flat quarter over quarter. Is it coming equal parts from the increase in fixed-income products, institutional AUM and high net worth AUM? Or is one area in particular doing a bit more of an overhang on the average management fee?

JAMIESON: Okay Graham, it's Doug. At the beginning of the year it was pretty even because we were selling a lot of fixed income. Towards the end of the year, it was mostly more I Class and high net worth product, as we were selling more balanced and equity funds.

RYDING: Okay, and I guess the lack of EBITDA margin expansion, given your substantial AUM growth – is that just a reflection of these are lower margin businesses overall, institutional high net worth and it's offsetting any operating leverage in your business?

JAMIESON: It's actually more that as we do more front-end business, that hurts the EBITDA margin a little.

RYDING: Oh, so it's more the front-end versus DSC dynamic?

JAMIESON: Yeah.

RYDING: Okay. Jumping to the CSA's review of mutual fund fees. In particular, when you look across the wealth management spectrum, are there certain pockets that more exposed than others if the CSA decides to get rid of embedded trailing commissions? And do any sort of pockets of the industry stand to benefit?

MACPHAIL: Boy, that's a tough one because you have to remember if you get rid of embedded fees, that would affect financial advisors at bank branches where they do a lot of over-the-counter business, brokers, financial advisors. I don't think I'm in a position to say who will be the winners and losers. What I can say is that CI's been a leader in pushing on fee disclosure amongst our clientele, especially at Assante, and we think we're well positioned on that front. Changes will always have effects that you're not 100% sure of, but we think we're in the best position to survive comfortably from those levels. I think we're a long way from the point of getting rid of embedded fees. Evidence would certainly show that it hasn't necessarily driven, in places like the U.K., the results that they wanted, that it's the smaller investor that ends up getting hurt under this scenario, and the people with larger amounts of money already had reduced fees on products because they're high net worth products as Doug talked about in our asset mix. We already have high net worth products that have reduced fees; people know exactly what they're paying. That's how they negotiate them. So I'm not convinced that it's an immediate risk to the business, so it's hard to predict what it's going to do. But if it were to happen, I think that, amongst many people, we're the best positioned or very well positioned in that regard, and I certainly think there are other areas that have work to do, but I'm certainly not going to say they're at risk at this point in time.

RYDING: Thank you. Do you feel you're best positioned because you're a lower fee provider and you don't pay a premium on the trailer fees maybe compared to some other managers?

MACPHAIL: Well, certainly I feel that, yes, we're at an advantage that we don't pay a premium. We've always prided ourselves on being a low-cost operation, and in an environment where you're worried about margins under different environments, I also want to be the company that is the most efficient operator, and that's been ingrained in the CI DNA for 25 years. So it's not something we have to worry about inventing. So I think we can compete under any circumstance, probably more effectively than anybody, notwithstanding the reason I think you are at a disadvantage if you pay higher fees, higher trailer fees, but I think the more important is how are you positioned with the

financial advisor because if you get rid of embedded fees, it just means that we're just offering all our funds on an F Class basis, which we already have. It's the advisor that has to justify to the client the fees they're charging, and we have taken very much a leadership role in working with advisors to make sure that what the advisor is doing is providing a comprehensive service offering to their client, so the client doesn't wake up and say, "Jeez, my Assante advisor only calls me once a year." That's actually not the case at all. We go out of our way to enhance it.

The other thing I would say is that in the 10 years that we've owned Assante and the growth it's gone through, I don't get letters from clients complaining about the fees that they're paying on the Assante products because the focus has always been on service above and beyond just recommending a fund, and I think that's a critical component. We could talk about this for ages, and I don't want to hijack the conference call, and maybe we could do it separately offline, because this is a fairly significant issue going forward.

RYDING: True. I appreciate the comment. Thanks.

OPERATOR: The next question is from Scott Chan from Canaccord Genuity. Please go ahead.

CHAN: Good afternoon. Steve, just speaking on Assante, I think last time we got an update this time last year in terms of the increasing penetration rate within that channel. Maybe you can provide us an update in Q4 and then maybe some visibility into 2014.

MACPHAIL: The support we get from the Assante advisors continues to go up. Right now we're at about 55% penetration rate where they do business with us, and I think the outlook for 2014 is very positive. We've been fortunate that the reason we get a lot of support is one of the number one selling products that we have within the Assante channel is our managed solutions, and you might recall that our managed solutions have gotten a Morningstar Award three years running. And why is that important? Well, there's been a lot of outperformance, and when Assante clients are happy, then the

Assante advisors are happy with us. But also say that between Steve Donald, who's the president of Assante and Derek Green, who's president of CI Investments, I've never seen two people work harder in my life to try to make sure that the support they provide to the advisors is just so much above what any of our competitors are doing, it's quite something, and we get rewarded with a lot of loyalty for that.

CHAN: Okay, thanks. And just a last question. Just maybe an update on the traction of some of your new products, specifically the G5|20. If I can recollect, the big, large tranche would have closed at the end of Q1? Is that correct?

MACPHAIL: That's correct.

CHAN: How has been the advisors' response to the product right now? I assume you don't have much, well because most people would probably invest in the tranche at the latter part.

MACPHAIL: No, absolutely correct. So we've had two tranches already, and the first tranche was ahead of expectations. The second tranche doubled the first tranche. Right now, as we get into the third tranche, it is RSP season, and this really isn't an RSP product, it's more of a long-term financial planning product, but we're certainly optimistic that we'll continue to see good growth during this period. We continue to provide a lot of training to people, all the advisors on the product. So it's one of those things that we think is going to continue to build momentum, but there's not all of a sudden some eureka moment where all of a sudden you get $500 million dollars' worth of sales in it in four days. It's not designed to be a product like that. It's designed to be part of a solution for the near-retirement or retirement age category.

CHAN: Can you give us a sense maybe how much might be the third tranche? Would it be like $50 million, $150 million? I'm just trying to kind of gauge the early response to this product.

MACPHAIL: I'm not even going to go out on a limb at this point in time, but I don't think $100 million is unreasonable by any stretch of the imagination.

CHAN: Okay.. Thanks a lot.

OPERATOR: Thank you. There are no further questions registered at this time. I would now like to turn the meeting back to Mr. MacPhail.

MACPHAIL: Thank you again for tuning in to our Q4 conference call. I appreciate the time and the questions, and a happy Valentine's Day tomorrow to everyone. Thank you.