

Annual Report

December 31, 2009

2009

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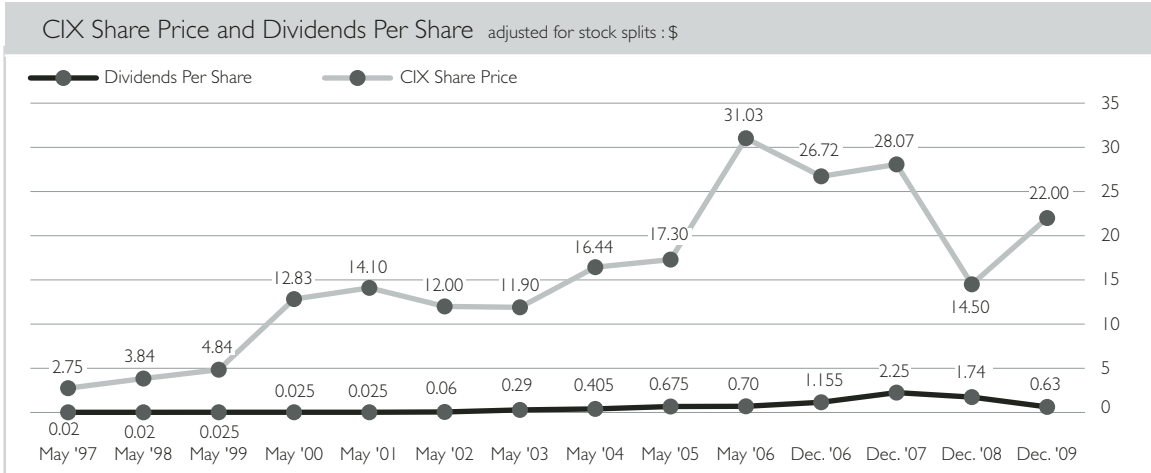
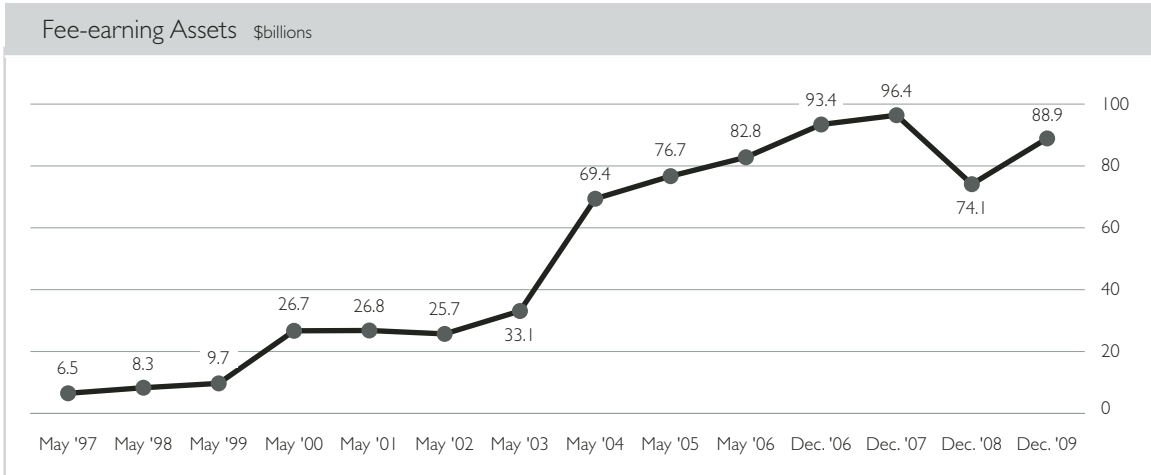
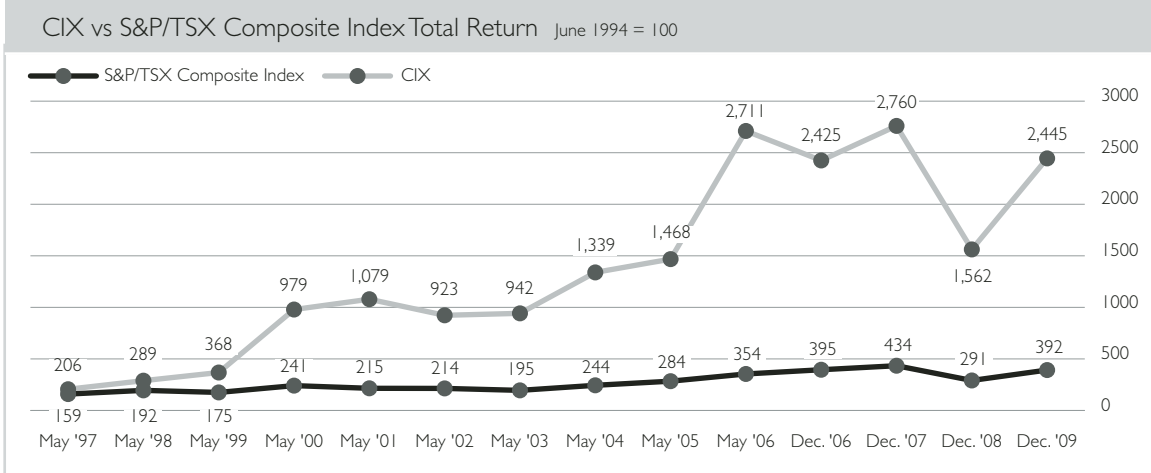


CI Financial Corp. is a diversified wealth management firm and Canada's third-largest investment fund company. Independent and Canadian-owned, CI provides a comprehensive selection of top-quality investment products and services. CI has two million clients and approximately \$86.6 billion in fee-earning assets (at January 31, 2010). The company operates primarily through subsidiaries CI Investments Inc., which offers the industry's broadest selection of investment funds, and Assante Wealth Management (Canada) Ltd., which provides financial advisory services through a national network of 800 financial advisors. CI is listed on the Toronto Stock Exchange under the symbol CIX and is a member of the S&P/TSX Composite Index.

Financial Highlights

<i>(in millions of dollars, except per share amounts)</i>	As at December 31, 2009	As at December 31, 2008	% change
Assets under management	66,663	54,585	22
Fee-earning assets	88,893	74,086	20
Shares outstanding	291,821,114	292,492,805	(0)
	For the year ended	For the year ended	
<i>(from continuing operations)</i>	December 31, 2009	December 31, 2008	% change
Average assets under management	55,430	60,208	(8)
Management fees	1,041.5	1,163.8	(11)
Total revenues	1,218.5	1,366.2	(11)
SG&A	280.0	256.4	9
Trailer fees	299.7	336.1	(11)
Net income	296.2	451.2	(34)
Earnings per share	1.01	1.62	(38)
EBITDA*	539.2	638.6	(16)
EBITDA* per share	1.84	2.29	(20)
Dividends per share	0.63	1.74	(64)
Average shares outstanding	292,481,685	278,657,288	5

*EBITDA (Earnings before interest, taxes, depreciation and amortization) and pre-tax operating earnings are not standardized earnings measures prescribed by GAAP; however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these performance measures in analyzing CI's results. CI's method of calculating these measures may not be comparable to similar measures presented by other companies. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.



Letter to Shareholders

Dear Shareholders,

Two thousand and nine was a year of recovery – for the financial markets, the global economy and for your company.

After reaching a low in early March, global equity markets began a powerful rally that was sustained to the end of the year. The turnaround resulted in exceptional gains for the calendar year on major stock indexes. The S&P/TSX Composite rose 35.1%, while the S&P 500 gained 26.5% and the MSCI World Index rose 30.8% (with the latter two being reported in U.S. dollars). The increase from the bottom was even more impressive, with the Canadian market, for example, rising 59% from its low for the year on March 9 to December 31. The stock market rebound was accompanied by a thaw in credit markets, as investors facing low interest rates on government bonds flocked to investment-grade and high-yield corporate debt.

CI's funds made significant gains during the rally, and our unitholders have benefited from a strong recovery in their savings. CI's retail assets under management rose by \$12.1 billion or 22% over the course of the year. As of December 31, our total retail assets under management, at \$62.8 billion, were just 7% below the all-time high reached in mid-2008.

It has been a remarkable and decisive rebound from what was the worst bear market since the Great Depression. CI came through the crisis in excellent shape and is well positioned to benefit from a continued recovery.

CI remains the third-largest firm in its industry, ranked by assets under management. CI continues to post strong sales, and had total net sales of \$1.5 billion during the year, a tremendous achievement in the face of such difficult market conditions. Our portfolio managers continued to post outstanding results, with more than 80% of our assets under management ranking first or second quartile for performance over three, five and 10 years.

Our financial results for the fourth quarter reflect the substantial improvement over last year, with net income of \$115.8 million, versus \$52.0 million in the fourth quarter of 2008, and EBITDA (earnings before interest, taxes, depreciation and amortization) of \$145.3 million, up from \$126.1 million a year ago.

CI's position today reflects the strength of our company before the financial crisis and the steps we took to manage its impact. Most importantly, we moved quickly in the fall of 2008 to cut costs as markets dropped, and we continued to reduce expenses in 2009. This was a difficult, but necessary, process. For 2009, we were successful in reducing CI's selling, general and administrative (SG&A) expenses by \$34 million or 12%, adjusted for equity-based compensation expense.

Even as the markets made substantial gains, we have been careful to contain costs, so that expenses are growing at a lower rate than our assets under management. This enhances the impact of economies of scale on our results, as we saw in the fourth quarter:

Another important step in strengthening the company in 2009 was our decision to reduce and restructure CI's debt. Since the end of 2008, we have decreased CI's total long-term debt by 36% to \$644 million (as of January 31, 2010). As part of this, we issued \$550 million in debentures, which we used to pay down our bank credit facility. With these moves, we have reduced the rate payable on our debt and our total interest costs, which were \$26.5 million in 2009, versus \$46.5 million the year before. Furthermore, we have extended the term of our debt and diversified our sources of funding, minimizing our dependence on the banks. We are comfortable with our current level of debt, which is roughly equivalent to our targeted debt-to-EBITDA ratio of 1:1.

Our Strategy

CI's long-term strategy consists of a focus on these key elements:

- **Scale** – The achievement of scale allows us to benefit from economies of scale and invest more resources in technology, administration, product development and sales support.
- **Diversification** – CI's broad and varied lineup of products and services reduces our dependence on any one sector, product or portfolio manager and ensures that we are well positioned as investors' needs and preferences change and evolve. It also reinforces our relationships with advisors, by allowing them to meet the needs of most clients through one firm.

- **Distribution** – CI has developed multiple channels of distribution through products such as segregated funds, our participation in third-party investment programs at other financial institutions, other institutional relationships, our relationship with the Sun Life Financial advisor network, and our ownership of Assante Wealth Management. These efforts have made a significant contribution to the growth of our sales and assets.
- **Operations** – Our drive for operational excellence includes the efficient operation of our funds and our company, and the development of high-quality products, superior service and a well-known brand.

We will now discuss additional highlights of 2009.

Financial Results

As of December 31, 2009, CI had \$88.9 billion in fee-earning assets, an increase of \$14.8 billion or 20% over the year. As mentioned, assets under management grew by \$12.1 billion or 22% to \$66.7 billion. This outpaced the investment fund industry's asset growth of 18%, and our market share increased during the year, to 9.5% from 9.0%.

While our change in assets for 2009 was extraordinary, average assets present a more accurate picture for the year as a whole. CI's average retail assets under management for the fiscal year were \$55.4 billion, down 8% from the previous year – reflecting the market decline in the second half of 2008 and the first quarter of 2009. As a result, CI's revenues for the year slipped 10.8%, to \$1.2 billion.

Other factors also had a major impact on CI's profitability in 2009, including income taxes and equity-based compensation. For the year, CI had an income tax expense of \$45.3 million, versus a recovery of \$17.5 million in 2008. The higher income tax burden stems, of course, from CI's conversion to a corporation from an income trust as of January 1, 2009. Equity-based compensation expense of \$36.8 million compares to a recovery of \$20.5 million the year before, and reflects the significant increase in CI's share price. To adjust for these items and assess CI's underlying earnings power, we use a measure called pre-tax operating earnings. Our pre-tax operating earnings for the year were \$509.4 million, a decline of 7% from \$546.2 million in 2008. This provides some perspective in looking at our reported net income, which was \$296.2 million in 2009, down 34% from the previous year.

What's not seen in the annual results is the considerable sequential improvement that took place throughout the year. Each quarter showed a marked improvement in revenues and income, with the result that our fourth quarter results were far superior to the fourth quarter of 2008, as we noted earlier:

These gains allowed us to raise CI's dividend rate twice during the year. We started 2009 with a quarterly rate of \$0.12 per share, and ended the year with a monthly payment per share of \$0.06. For the year, CI generated cash flow from continuing operating activities of \$600.4 million, paid dividends of \$166.5 million or \$0.57 per share, and bought back shares worth \$36.6 million. In 2008, as an income trust, CI paid out most of its cash flow from operating activities as distributions, which amounted to \$524.3 million or \$1.88 per unit.

We remain committed to returning excess cash to shareholders through dividends and share repurchases. Since CI went public in 1994, raising \$25 million, it has returned \$3 billion to shareholders in dividends, distributions and share repurchases – a truly noteworthy accomplishment.

CI's share price outpaced the broader equity markets in 2009, rising 52% to \$22.00 from \$14.50. Including dividends, the total return for the year was 57%. In comparison, the S&P/TSX Composite Index's financials sub-index returned 46% for the 12-month period.

CI has also dramatically outperformed the index and its peers over the long term. From our June 1994 initial public offering to December 31, 2009, CI stock has produced a total return of 2,345%, compared with 839% for the financial services index and 292% for the S&P/TSX Composite.

Operating Results

The past two years have presented our industry with unprecedented volatility. Against this difficult backdrop, CI has continued to post positive net sales. In 2009, CI had gross sales of retail managed funds of \$8.6 billion and net sales of \$1.5 billion, which consisted of net sales of long-term funds of \$1.6 billion and net redemptions of money market funds of \$71 million. This compares with gross sales of \$11.6 billion and net sales of \$1.7 billion in 2008.

The industry as a whole had net sales of only \$1.5 billion last year, though net sales of long-term funds of \$17.4 billion were offset by high redemptions in money market funds. (Industry numbers represent the members of the Investment Funds Institute of Canada and do not include CI.) It's worth noting that the balanced and fixed-income fund categories

accounted for 137% of long-term net sales for the year, with all other categories being redeemed. The sharp recovery in global equity markets has not led to an equivalent increase in retail investor confidence and fund sales, especially equity funds. We are now seeing a much more conservative approach to investing.

CI ranked third among the independent fund companies and fourth overall for net sales in 2009. One of CI's strengths is the consistency of our sales. We have had positive net sales for 169 of the 193 months since January 1994, or 88%, a record that's unmatched by any of our competitors. And, we are the only firm to have net sales exceeding \$1.2 billion every year for the past six years.

This success stems from the strategies we have pursued over the years. For example, our scale allows us to field one of the industry's largest sales teams, as well as a sizeable, well-trained client services group. However, the primary driver of our sales is our diversified, high-quality product lineup and the strength and depth of our portfolio managers.

As we mentioned previously, more than 80% of our assets under management have first- or second-quartile performance over the three, five and 10 years ending December 31, 2009. For two of our portfolio management teams, Harbour Advisors and Tetrem Capital Management, 100% of their assets with a 10-year record are in the top two quartiles.

We continue to have an industry-leading number of funds with the top four and five-star rankings from Morningstar Canada. As of December 31, 2009, CI Investments had 86 mutual and segregated funds with a five-star rating and 206 four-star funds.

The quality of our funds and our managers is gaining increasing recognition. At the 2009 Canadian Investment Awards, CI Investments won seven awards, including Morningstar Equity Fund Manager of the Year for Eric Bushell, Chief Investment Officer of Signature Global Advisors. Three Signature funds were also winners in their categories, bringing to 11 the number of Canadian Investment Awards won by Signature since 2001. Under Eric's guidance, Signature has developed into one of Canada's premier investment managers, with expertise across all global asset classes and equity sectors.

There was further recognition for our fund managers when Gerry Coleman, Chief Investment Officer of Harbour Advisors, was recently named Money Manager of the Decade by *The Globe and Mail* newspaper. Gerry also received the Fund Manager of the Year award at the Canadian Investment Awards in 2008 and 2001.

CI Investments was also selected Analysts' Choice Investment Fund Company of the Year – for the third time in four years. This Canadian Investment Award is selected by a group of independent analysts for excellence in nine key areas: performance, management, breadth of core fund category representation, community investment, industry service, investor and advisor education, volatility/risk, fund governance and communication to unitholders. CI was also chosen as Advisors' Choice Investment Fund Company of the Year in 2005. We believe these particular awards are a testament to our success in creating one of the country's top fund companies.

At CI, we are always seeking to adapt our product lineup to meet the changing needs of investors. The financial crisis helped make the issue of the adequacy of Canadians' retirement income a prominent issue. As baby boomers age, their financial priorities shift from asset accumulation to ensuring a stable retirement income. CI has benefited from this trend through our diverse lineup of income and balanced funds and through SunWise Elite Plus Segregated Funds, which offer principal and income guarantees underwritten by Sun Life Financial.

In 2009, we enhanced our selection of income funds with the launch of Signature Diversified Yield Fund and Signature Diversified Yield Corporate Class, two global high income funds managed by Signature Global Advisors. They provide income investors with a higher-yielding alternative to government bonds and guaranteed deposits, as well as providing a lower-volatility entry into the markets for investors who remain fearful of equities. The funds have been well received, gathering over \$210 million in assets since their launch in mid-November. CI continues with plans to develop innovative and timely products that meet the financial needs of Canadians.

One of our longstanding and very productive strategies has been to seek new distribution channels for our products and portfolio managers, and one of our most successful initiatives has been serving the institutional marketplace. This has involved distributing our funds through other financial institutions such as banks and insurance companies, typically as part of fund-of-funds products. In 2009, we put a new emphasis on penetrating the institutional market through the creation of CI Institutional Asset Management. This division, which combines CI Investments' existing institutional distribution business with KBSH Capital Management, is aggressively seeking new clients in the traditional institutional space of defined benefit plans and endowments. The division currently accounts for about \$9 billion in assets in our investment funds and other accounts, and we see great potential in offering our high-performing portfolio managers to a new clientele and expanding our share of these markets.

Assante Wealth Management performed well in 2009, maintaining its status as Canada's pre-eminent financial advisory firm. Assets under administration increased by 17% over the year, as financial markets rose.

Assante clients were well served through the downturn given the company's emphasis on providing diversified portfolio solutions, backed by the expertise of leading money managers, including the portfolio management teams of CI Investments. Assante also maintains a comprehensive communications program for advisors and clients that provided timely insights from portfolio managers on market developments and the positioning of their funds. Feedback has indicated that by providing these regular publications, conference calls and webcasts, we are helping to keep advisors informed and reassuring clients that their investments are being well managed on their behalf.

Assante is distinguished by its commitment to an integrated approach to wealth management, a comprehensive approach to planning that incorporates all aspects of a client's finances – risk management, estate planning and tax planning, as well as investment management. We assist our advisors in providing this advanced level of service through a large in-house staff that includes tax, insurance, estate planning and other experts. Our recruiting efforts are focused on experienced advisors who embrace this philosophy and serve an affluent clientele. In 2009, we added 56 new licensed representatives.

Assante's competitive advantages include the security of CI's financial strength, the benefits of CI's experience and support in operations, technology, client services and sales, as well as the portfolio management expertise and products of CI Investments. With this solid foundation, Assante is pursuing a growth strategy based on renewed recruitment efforts and fostering the growth of our advisors' practices through the provision of wealth planning expertise, enhanced systems support and sophisticated portfolio solutions.

Corporate Developments

At the end of the year, we completed the sale of Blackmont Capital Inc. to Macquarie Group, with the proceeds being used to pay down debt. The growth prospects for Blackmont were not meeting our expectations and we concluded that a sale was in the best interests of CI. Macquarie was a willing buyer and a quality company that has provided a suitable home for the Blackmont advisors and clients. For CI, the transaction frees up management time and other resources to be devoted to other operations. CI remains well represented in the advisory business through Assante Wealth Management.

Meanwhile, Blackmont's capital markets division was retained by CI and renamed CI Capital Markets Inc. On February 4, 2010, we announced that we had reached a definitive agreement to sell CI Capital Markets to its employees.

Other transactions in 2009 included the purchase of Perimeter Financial Corp., an operator of alternative trading systems for fixed-income instruments. Though this is a small business relative to the rest of the company, it operates profitably in a growing niche in Canadian financial services.

Outlook

As we enter a new year, economic reports show that the global economic recovery is surely, if slowly, building. Global equity markets are responding to the positive news. We are fortunate, too, that Canada enjoys many advantages in today's environment, including a stable and well-capitalized financial system, a robust housing market, a good fiscal situation in comparison to the United States and other countries, and a large resources sector.

Industry sales in January 2010 suggest that retail investors are gaining confidence, with long-term fund sales increasing over the previous month. CI had positive net sales of \$100 million in January. With our strong lineup of investment products and the exceptional performance of our portfolio managers, CI is well positioned, and we continue to build on these competitive advantages.

At the same time, with the reduction in our debt and our focus on cost discipline, CI maintains a conservative financial posture. This leaves the company well prepared to deal with volatile markets and to take advantage of strategic opportunities.

In closing, we thank our employees for their loyalty and dedication over the past difficult period. We also thank our shareholders, sub-advisors and clients for their support.



William T. Holland
Chief Executive Officer



Stephen A. MacPhail
President

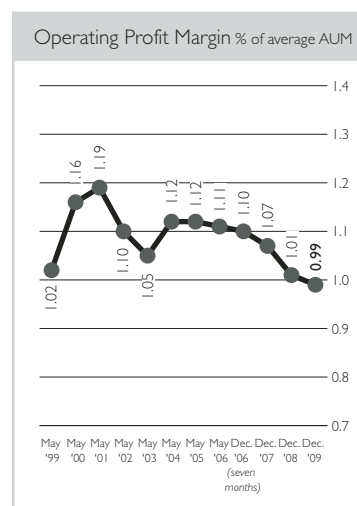
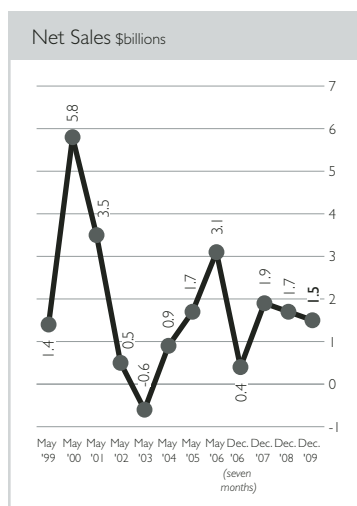
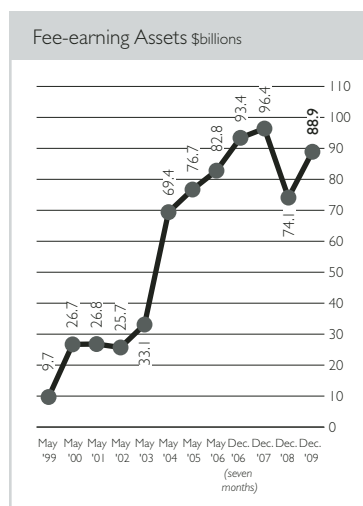
February 23, 2010

Twelve-Year Historical Financial Highlights

(millions of dollars, except per share amounts)

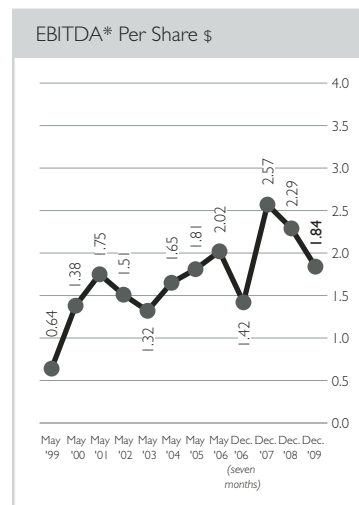
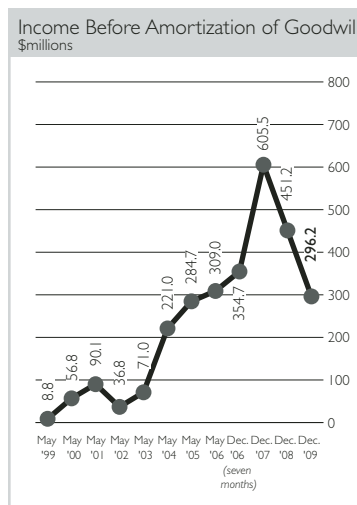
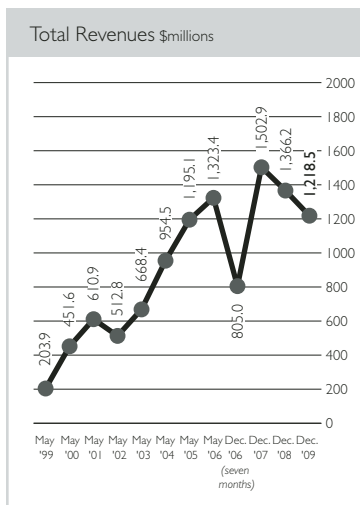
(from continuing operations)	Years Ended Dec. 31			Seven Months Ended
	2009	2008	2007	Dec. 31, 2006
Assets under management, end of year	66,663	54,585	69,129	64,335
Administered and other assets	22,230	19,501	27,319	29,079
Total fee-earning assets	88,893	74,086	96,448	93,414
Net sales of funds	1,451	1,740	1,898	437
Management fees	1,041.5	1,163.8	1,292.7	693.8
Other income	177.0	202.4	210.2	111.2
Total revenues	1,218.5	1,366.2	1,502.9	805.0
Selling, general and administrative	280.0	256.4	291.1	147.8
Trailer fees	299.7	336.1	369.1	193.3
Other expenses	297.3	340.0	291.6	140.3
Total expenses	877.0	932.5	951.8	481.4
Income taxes	45.3	(17.5)	(54.4)	(31.1)
Net income before amortization of goodwill	296.2	451.2	605.5	354.7
Net income	296.2	451.2	605.5	354.7
EBITDA*	539.3	638.6	724.3	403.5
Earnings per share	1.01	1.62	2.15	1.25
EBITDA* per share	1.84	2.29	2.57	1.42
Dividends per share	0.630	1.740	2.250	1.155
Shareholders' equity, end of year	1,612.3	1,601.7	1,450.7	1,371.1
Shares outstanding, end of year**	291,821,114	292,492,805	281,514,003	280,132,687

*EBITDA (Earnings before interest, taxes, depreciation and amortization) is a non-GAAP (generally accepted accounting principles) earnings measure, however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this performance measure in analyzing CI's results. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.



Years Ended May 31							
2006	2005	2004	2003	2002	2001	2000	1999
56,905	49,243	49,310	32,257	24,876	25,817	25,503	9,511
25,915	27,504	20,102	827	837	1,017	1,175	189
82,820	76,747	69,412	33,084	25,713	26,834	26,678	9,700
3,111	1,734	920	(596)	481	3,468	5,843	1,369
1,110.0	994.6	820.7	595.8	446.5	538.0	384.0	186.1
213.4	200.5	133.7	72.7	66.3	72.9	67.5	17.8
1,323.4	1,195.1	954.4	668.5	512.8	610.9	451.5	203.9
353.6	328.1	256.8	203.3	119.8	141.2	111.9	66.4
291.0	250.7	197.8	147.4	97.8	115.6	79.1	37.0
204.2	168.4	108.1	197.8	236.4	229.7	152.4	79.3
848.8	747.2	562.7	548.5	454.0	486.5	343.4	182.7
165.6	163.2	170.7	49.0	22.0	34.3	51.3	12.4
309.0	284.7	221.0	71.0	36.8	90.1	56.8	8.8
309.0	284.7	221.0	71.0	(61.4)	11.5	(2.1)	8.7
577.4	529.5	442.2	297.4	265.5	319.9	236.9	91.2
1.08	0.97	0.82	0.32	(0.35)	0.06	(0.01)	0.06
2.02	1.81	1.65	1.32	1.51	1.75	1.38	0.64
0.700	0.675	0.405	0.290	0.060	0.025	0.025	0.025
1,545.0	1,472.8	1,533.9	632.7	56.8	260.8	292.1	126.6
285,680,519	286,643,091	295,199,027	235,525,648	170,785,428	180,684,728	182,829,928	144,220,460

**Adjusted for two-for-one stock splits in April 1998, January 2000 and November 2000.



Subsidiary Profiles



CI Investments Inc.

CI Investments is one of Canada's largest investment management companies, with approximately \$62 billion in assets under management on behalf of 1.7 million Canadians. We are known for our comprehensive and high-quality selection of investment products and services, operational excellence and efficiency, and a broad lineup of leading portfolio management teams. CI Investments has demonstrated a record of innovation and an ability to adapt to meet the changing demands of the marketplace and its clients.

We partner with independent financial advisors and third-party institutions in the distribution of our products and services, which include mutual funds, segregated funds, managed solutions, structured products and alternative investments. Our well-known brands include CI, Harbour, Signature, Synergy, Cambridge, Lakeview, Skylon, Portfolio Series, Portfolio Select Series, and SunWise Elite Plus. We also manage portfolio solutions under the United Financial brand, which are available through Assante Wealth Management advisors. We service the institutional marketplace through a dedicated division, CI Institutional Asset Management.

CI's strength is founded on the expertise and experience of its portfolio managers. Our managers, a mix of in-house teams and sub-advisors, represent the full spectrum of investment disciplines, from value to growth. Our in-house investment managers include: Signature Global Advisors, led by Eric Bushell; Harbour Advisors, led by Gerry Coleman; and Cambridge Advisors, led by Alan Radlo. CI and its managers have been recognized through 32 Canadian Investment Awards over the past nine years, including the prestigious Analysts' Choice Investment Fund Company of the Year in 2006, 2007 and 2009, and Equity Fund Manager of the Year for Mr. Bushell in 2008 and Fund Manager of the Year for Mr. Coleman in 2008 and 2001.



Assante Wealth Management (Canada) Limited

Assante Wealth Management is a leading provider of fully integrated wealth management solutions for affluent Canadians. With 800 advisors across Canada, our independent advisory network is one of the largest in the country. We serve over 300,000 clients nationwide, administering more than \$20 billion in assets on their behalf.

The success of Assante is closely linked to our advisors and the strong partnership we have developed with them. Backed by a wealth of resources, including investment analysts, portfolio managers, tax lawyers, accountants, estate planning and insurance specialists and wealth planners, Assante advisors provide a comprehensive and integrated approach to wealth management.

We also support our advisors by providing an industry-leading suite of products and solutions. This includes the United Financial brand of solutions – Evolution Private Managed Accounts, Optima Strategy, Institutional Managed Portfolios and Artisan Portfolios – which are managed by CI Investments Inc. and available exclusively through Assante advisors. For high net worth clients with more complex wealth planning needs, Assante offers the Private Client Managed Portfolios through the United Financial division of CI Private Counsel LP.

Our services are offered through Assante Capital Management, an investment dealer, and Assante Financial Management, a mutual fund dealer, which together operate under the brand name Assante Wealth Management. Stonegate Private Counsel, a division of CI Private Counsel LP, is a group of experienced professionals who provide wealth planning and inter-generational financial services to high net worth individuals and families.

Management's
Discussion and Analysis



Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") dated February 17, 2010 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2009, compared with December 31, 2008, and the results of operations for the year ended and quarter ended December 31, 2009, compared with the year ended and quarter ended December 31, 2008 and the quarter ended September 30, 2009.

CI was structured as an income trust from June 30, 2006 to December 31, 2008. In October 2008, CI announced that it would convert back to a corporate structure and on January 1, 2009, effected that conversion.

Unless the context otherwise requires, all references to CI are to CI Financial Corp. and, as applicable, its predecessors, CI Financial Income Fund and CI Financial Inc. together with the entities and subsidiaries controlled by it and its predecessors. All references to "shares" refer collectively to common shares subsequent to December 31, 2008 and to units prior to the conversion. All references to "dividends" refer collectively to payments to shareholders subsequent to December 31, 2008 and to payments to unitholders prior to the conversion.

Financial information, except where noted otherwise, is presented in accordance with Canadian generally accepted accounting principles ("GAAP") and amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments"), United Financial Corporation ("United"), Assante Wealth Management (Canada) Ltd. ("AWM") and Blackmont Capital Inc. ("Blackmont"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and United. These two entities amalgamated on January 1, 2010 to continue as CI Investments. The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM"). The operations of Blackmont are considered discontinued as at December 31, 2009 and are no longer included in the Asset Administration segment.

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, changes in government regulations or in tax laws, industry competition, technological developments and other factors described under "Risk Factors" or discussed in other materials filed with

applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements. For a more complete discussion of the risk factors that may impact actual results, please refer to the "Risk Factors" section of this MD&A and to the "Risk Factors" section of CI's Annual Information Form dated February 26, 2010, which will be available at www.sedar.com.

This MD&A includes several non-GAAP financial measures that do not have any standardized meaning prescribed by GAAP 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-GAAP measures and reconciliations to GAAP, where necessary, are shown as highlighted footnotes to the discussion throughout the document.

SELECTED ANNUAL INFORMATION

(millions, except per share amounts)

	FISCAL YEARS ENDING		
	December 31, 2009	December 31, 2008	December 31, 2007
Total revenue	\$1,218.5	\$1,366.2	\$1,503.0
Total expenses	877.0	932.5	951.9
Income before income taxes	\$341.5	\$433.7	\$551.1
Income taxes	45.3	(17.5)	(54.4)
Net income from continuing operations	\$296.2	\$451.2	\$605.5
Net income	\$244.8	\$445.4	\$625.1
Earnings per share from continuing operations	\$1.01	\$1.62	\$2.15
Dividends paid per share	\$0.57	\$1.88	\$2.20
Total assets	\$3,006.4	\$3,614.1	\$3,626.5
Total long-term debt	\$676.5	\$999.4	\$927.9
Shares outstanding	291.8	292.5	281.5
Average shares outstanding	292.5	278.7	282.2

SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)

	2009				2008			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	287.9	273.5	251.0	229.1	243.3	302.7	316.9	301.0
Administration fees	31.3	28.3	27.4	26.6	27.8	30.6	34.1	37.8
Other revenues	14.3	16.9	13.5	18.6	17.9	16.5	17.1	20.5
Total revenues	333.5	318.7	291.9	274.3	289.0	349.8	368.1	359.3
Selling, general & administrative	75.9	73.2	71.6	59.2	61.7	60.5	75.4	58.8
Trailer fees	83.5	79.0	71.5	65.7	70.7	88.1	91.4	85.9
Investment dealer fees	24.2	21.8	20.6	20.1	22.3	24.0	26.9	29.4
Amortization of deferred sales commissions	41.3	40.3	39.5	38.6	37.7	36.5	35.0	33.4
Interest expense	5.9	7.8	6.4	6.5	11.1	10.7	12.9	11.7
Other expenses	7.4	5.9	4.3	6.8	11.9	22.3	6.5	7.6
Total expenses	238.2	228.0	213.9	196.9	215.4	242.1	248.1	226.8
Income before income taxes	95.3	90.7	78.0	77.4	73.6	107.7	120.0	132.5
Income taxes	(20.5)	24.3	25.1	16.3	21.6	(16.1)	(15.3)	(7.8)
Net income (loss) from continuing operations	115.8	66.4	52.9	61.1	52.0	123.8	135.3	140.3
Net income (loss) from discontinued operations	2.2	(49.0)	(2.3)	(2.3)	1.2	(5.7)	(0.6)	(0.9)
Net income	118.0	17.4	50.6	58.8	53.2	118.1	134.7	139.4
Earnings per share from continuing operations	0.40	0.23	0.18	0.21	0.19	0.44	0.48	0.50
Earnings per share	0.40	0.06	0.17	0.20	0.19	0.42	0.48	0.50
Dividends per share	0.17	0.15	0.15	0.16	0.17	0.51	0.50	0.56

Business Overview

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM and AFM financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenues principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

Business Strategy

CI strives to maximize shareholder value by increasing and retaining assets under management while maintaining its earnings margin. Management believes this can be achieved by focusing on the following factors: diversity of products offered by CI; experience and depth of the investment managers; performance of the funds; service levels provided to the dealers and investors; and skill and knowledge of management.

CI offers Canadian investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM and Sun Life Financial advisors. Through several acquisitions of fund management companies, the additions of funds managed have allowed CI to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry, including the largest lineup of segregated funds.

CI uses three teams of in-house and over 20 external investment managers to provide investment advice regarding the portfolios of the funds. Many of these investment managers have long careers in the industry and extensive track records with CI, providing an indication of long-term performance for our largest funds.

CI strives to select managers with a reputation for strong investment management and often has significantly sized mandates available to attract the top talent in this field. CI can and will make changes to its investment managers when unsatisfactory investment performance has occurred.

CI is the manager of the funds and provides services that include managing or arranging for the management of investment portfolios, marketing of the funds, keeping of securityholders' records and accounts, reporting to the securityholders and processing transactions relating to securities of the funds. CI has invested in information systems and internal training of staff to an extent which ensures it provides accurate and timely service to dealers and agents selling CI's products and to investors.

The management of CI has the specialized skills and knowledge to focus on meeting the needs of its clients, developing new products, enhancing investor awareness and increasing market share by marketing to investment dealers, mutual fund dealers and life insurance agents.

2009 Overview

While CI's average retail assets under management for 2009 declined 8% from that of 2008, markets have recovered significantly since bottoming in early March, as evidenced by the 21% increase in average assets for the fourth quarter from the levels of one year earlier. CI's annual revenues have similarly dropped from the levels of one year ago but increased for the comparable fourth quarters. While some expenses, such as trailer fees and investment advisor fees, are directly variable with the level of assets under management, most of CI's expenses are fixed in nature. CI has taken steps to cut its fixed expenses, primarily through a reduction of its workforce, which has mitigated some of the effect on net income.

During this period of market uncertainty, gross sales of investment funds have declined. CI's gross sales during 2009 were down 26% from those a year ago. However, redemptions of CI's funds were also lower, resulting in net sales of \$1.5 billion for the year. CI continues to post relatively strong net sales figures, which is a result of good fund performance in combination with a diverse product lineup that includes a broad selection of innovative segregated funds.

CI continued to be the third-largest asset manager in Canada. With the recovery of equity markets and positive net sales, CI's total assets under management rose by 22% during the year to \$66.7 billion at December 31, 2009. This represented an increase in market share from 9.0% to 9.5%.

According to Morningstar, CI led the entire industry for the most four and five-star rated funds for all of 2009 and has ranked either first or second for the past eight years. In addition, CI won seven Canadian Investment Awards in 2009, more than any other fund company. These awards included Morningstar Equity Fund Manager of the Year, won by Eric Bushell, Chief Investment Officer of Signature Global Advisors, and Analysts' Choice Investment Company of the Year. In addition, Gerry Coleman, Chief Investment Officer of Harbour Advisors, was named Money Manager of the Decade by *The Globe and Mail* newspaper.

Key Events

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

In May, CI launched CI Institutional Asset Management, a new division focused exclusively on the institutional investment marketplace. It united CI's existing institutional distribution business with KBSH Capital Management. Its clients account for approximately \$9 billion in assets under management at CI. The creation of CI Institutional Asset Management is part of CI's strategy to devote more resources to marketing its award-winning investment managers to institutional investors and expanding its share of this market.

In October, CI announced the sale of Blackmont Capital Inc. to Macquarie Group, and the transaction closed on December 31, 2009. As a result, Blackmont's results from operations have been reported as discontinued operations and comparative statements and related note disclosures have been reclassified. Information herein is presented excluding the discontinued operations of Blackmont unless otherwise noted.

In December, CI refinanced its credit facility through a combination of the proceeds from a public debt offering and the establishment of a new \$250 million facility with one lender. The \$550 million offering was the first public offering of debt securities by CI. The offering was comprised of \$100 million principal amount of two-year floating rate debentures, \$250 million principal amount of three-year 3.3% debentures and \$200 million principal amount of five-year 4.19% debentures. In conjunction with the issuance, CI received its first debt ratings from DBRS Limited (A (low) with a "Stable" trend) and Standard and Poor's (BBB+ with a "Stable" outlook).

Key Performance Drivers

CI's results are driven primarily by the level of its assets under management, which are in turn driven by the returns earned by its funds and the net sales of the funds. The margin earned on these assets under management determines, to a large extent, CI's profitability.

The returns of each fund reflect the returns of equities and bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the over or under performance of the investment manager for each fund. In years when markets are significantly lower, such as 2008, when the S&P/TSX Composite Index dropped by 33%, the change in CI's assets under management will approximate that decline. In 2008, CI's retail assets under management declined 21% from the prior year to \$50.8 billion. In 2009, when the S&P/TSX Composite Index jumped 35%, CI's retail assets under management grew by 24% from the level of 2008 to \$62.8 billion. For a particular period, the average assets under management will drive the results for that period as CI receives the majority of its fees on a daily basis. CI reported average retail assets under management for 2009 of \$55.4 billion, down from \$60.2 billion for 2008, as equity markets continued to decline during the first quarter of 2009 before beginning their climb to positive ground for the year.

Net sales of the funds add to CI's assets under management. CI has experienced positive net sales of its funds in each of the last five years, including \$1.74 billion in 2008 and \$1.45 billion in 2009. While these sales results help increase assets under management, they are also an indicator of the level of demand for CI's products and our success in delivering attractive products.

CI's margin on its assets under management is measured as the management fee revenue earned less the direct costs to service, manage and administer the funds. These costs include trailer fees and selling, general and administrative expenses. The calculation of this margin is detailed in the Asset Management Segment discussion.

CI uses many key performance indicators to assess its results. These are set out throughout the results of operations and the discussion of the two operating segments and include the following: pre-tax operating earnings, EBITDA, operating profit margin and dealer gross margin.

Fee-Earning Assets and Sales

Total fee-earning assets, which include CI mutual and segregated funds, United funds, structured products, institutional managed assets, AWM assets under administration, and other fee-earning assets were \$88.9 billion at December 31, 2009,

an increase of 20% from \$74.1 billion at December 31, 2008. As shown in the following chart, these assets are represented by \$62.4 billion in retail managed funds, \$0.4 billion in structured products, \$3.9 billion in institutional managed assets, \$21.5 billion in AWM assets under administration, and \$0.7 billion in other fee-earning assets.

FEE-EARNING ASSETS

AS AT DECEMBER 31

<i>(in billions)</i>	2009	2008	% change
Retail managed funds	\$62.4	\$50.4	24
Structured products	0.4	0.4	–
Total retail assets under management	\$62.8	\$50.8	24
Institutional managed assets	3.9	3.8	3
Total assets under management	\$66.7	\$54.6	22
AWM assets under administration*	21.5	18.4	17
CI other fee-earning assets	0.7	1.1	(36)
Total fee-earning assets	\$88.9	\$74.1	20

*Includes \$10.5 billion and \$9.2 billion in assets managed by CI Investments and United in 2009 and 2008, respectively.

Retail assets under management form the majority of CI's fee-earning assets and provide most of its revenue and net income. The change in retail assets under management for each of the last two years is detailed in the table below.

CHANGE IN RETAIL ASSETS UNDER MANAGEMENT

<i>(in billions)</i>	2009	2008
Retail assets under management at January 1	\$50.8	\$64.2
Gross sales	8.6	11.6
Redemptions	7.1	9.9
Net sales	1.5	1.7
Market performance	10.5	(15.1)
Retail assets under management at December 31	\$62.8	\$50.8

The table below sets out the levels and change in CI's average retail assets under management and the gross and net sales for the relevant periods. As most of CI's revenue and expenses are based on assets throughout the year, average asset levels are critical to the analysis of CI's financial results.

(in billions)	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008
Average retail AUM	\$61.186	\$57.963	\$50.380
Change to December 31, 2009		6%	21%
Gross sales	\$2.3	\$1.8	\$2.5
Net sales	\$0.4	\$0.2	(\$0.1)

Industry net sales of mutual funds reported by the Investment Funds Institute of Canada (IFIC) were \$1.5 billion for the year ended December 31, 2009, up \$1.3 billion from net sales of \$0.2 billion in 2008. Total industry assets as reported by IFIC at December 31, 2009 of \$595.2 billion were up 17% from \$507.1 billion at December 31, 2008. Sales and assets reported by IFIC are helpful as indicators of trends affecting a significant portion of CI's business. It should be noted that IFIC figures do not include CI, as CI does not report this information to IFIC.

Results of Operations

Year ended December 31, 2009

For the year ended December 31, 2009, CI reported net income from continuing operations of \$296.2 million (\$1.01 per share) versus \$451.2 million (\$1.62 per share) for the year ended December 31, 2008. CI reported net income of \$244.8 million (\$0.84 per share) in 2009 versus \$445.4 million (\$1.60 per share) in 2008.

The results of operations include amounts recorded for equity-based compensation expense, which varies from period to period based on CI's share price, the extent of vesting during the period and the price at which options were exercised during the period. Earnings for 2009 were decreased by an equity-based compensation expense of \$36.8 million (\$24.7 million after tax) versus a recovery of \$20.5 million (\$13.7 million after tax) for 2008.

In 2008, CI recorded a charge of \$11.0 million (\$7.3 million after-tax) for restructuring costs relating to severance and exit costs in order to downsize as a result of market conditions. As well, CI wrote down the value of marketable securities by \$11.0 million (\$9.2 million after-tax) and accelerated the vesting of certain employees' deferred equity units (DEUs), which resulted in additional amortization of \$3.3 million (\$2.2 million after tax).

Adjusted for the expenses listed above, CI reported net income from continuing operations of \$320.9 million (\$1.10 per share) in the year ended December 31, 2009, compared to \$456.2 million (\$1.64 per share) in the year ended December 31, 2008.

In 2009, CI recorded \$45.3 million in income tax expenses versus a recovery of \$17.5 million in 2008. CI's income taxes were significantly lower in 2008 as CI was structured as an income trust. Included in 2009 is a \$45.4 million income tax adjustment related to changes in provincial tax legislation that were substantively enacted on November 16, 2009.

Redemption fee revenue dropped to \$30.2 million in the year ended December 31, 2009 from \$36.0 million in the year ended December 31, 2008. This decrease can be attributed to lower back-end asset redemption levels.

Amortization of deferred sales commissions and fund contracts increased to \$164.4 million in 2009 from \$147.2 million in 2008. The increase is a result of higher spending on deferred sales commissions, which has grown from \$80 million per year in 2003 to \$153 million over the past year.

Interest expense of \$26.5 million was recorded for the year ended December 31, 2009, compared with \$46.5 million for the year ended December 31, 2008. This decrease in interest expense reflects lower average debt levels and lower interest rates, as discussed under "Liquidity and Capital Resources." Debt is generally used to fund growth in the company and to repurchase share capital.

CI's pre-tax operating earnings, as set out in the table below, adjust for the impact of equity-based compensation and gains on marketable securities. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are netted out to remove the impact of back-end financed assets under management.

Pre-tax operating earnings per share were down 11% in 2009 compared with 2008, as average retail assets under management decreased 8%.

Pre-Tax Operating Earnings

CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as income before income taxes less redemption fee revenue, performance fees and investment gains, plus amortization of deferred sales commissions (DSC) and fund contracts, and equity-based compensation expense. In addition, pre-tax operating earnings for 2008 were adjusted for restructuring costs, adjustments to marketable securities and the acceleration of DEU amortization.

<i>(in millions, except per share amounts)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Income before income taxes	\$95.3	\$90.7	\$73.5	\$341.4	\$433.7
Less:					
Redemption fees	7.3	6.8	9.4	30.2	36.0
Performance fees	-	-	2.8	0.1	3.5
Gain (loss) on marketable securities	-	3.2	-	2.9	-
Add:					
Amortization of DSC and fund contracts	42.5	41.4	38.8	164.4	147.2
Equity-based compensation expense	13.2	11.6	(0.9)	36.8	(20.5)
Restructuring costs, adjustment to marketable securities, accelerated DEU amortization	-	-	10.3	-	25.3
Pre-tax operating earnings	\$143.7	\$133.7	\$109.5	\$509.4	\$546.2
per share	\$0.49	\$0.46	\$0.39	\$1.74	\$1.96

As shown in the table below, EBITDA for 2009 was \$539.3 million (\$1.84 per share) compared with \$638.6 million (\$2.29 per share) for 2008. Adjusted for the equity-based compensation expense discussed earlier, EBITDA for 2009 was \$576.1 million (\$1.97 per share) compared with \$618.0 million (\$2.22 per share) for 2008. The 11% in EBITDA per share decline relates primarily to the 8% drop in average retail assets under management.

Quarter ended December 31, 2009

For the quarter ended December 31, 2009, CI reported net income from continuing operations of \$115.8 million (\$0.40 per share) versus \$66.4 million (\$0.23 per share) for the quarter ended September 30, 2009 and \$52.0 million (\$0.19 per share) for the quarter ended December 31, 2008. CI reported net income of \$118.0 million (\$0.40 per share) in the fourth quarter of 2009 compared to \$17.4 million (\$0.06 per share) in third quarter of 2009 and \$53.2 million (\$0.19 per share) in the fourth quarter of 2008.

As discussed above, the results of operations include amounts recorded for equity-based compensation expense, which varies from period to period based on CI's share price, the extent of vesting during the period and the price at which options were exercised during the period. Earnings for the quarter ended December 31, 2009 were decreased by an equity-based compensation expense of \$13.2 million (\$8.9 million after tax) versus an expense of \$11.6 million (\$7.8 million after tax) for the quarter ended September 30, 2009 and a recovery of \$0.9 million (\$0.6 million after tax) for the quarter ended December 31, 2008.

In the fourth quarter of 2008, CI recorded a charge of \$1.0 million (\$0.7 million after-tax) for restructuring costs relating to severance and exit costs in order to downsize as a result of market conditions. As well, CI wrote down the value of marketable securities by \$6.0 million (\$5.0 million after-tax) and accelerated the vesting of certain employees' deferred equity units, which resulted in additional amortization of \$3.3 million (\$2.2 million after tax).

EBITDA

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions, fund contracts and capital assets. This also permits comparisons of companies within the industry, before any distortion caused by different financing methods, levels of taxation and mix of business between front-end and back-end sales commission assets under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

<i>(in millions, except per share amounts)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Net income from continuing operations	\$115.8	\$66.4	\$52.0	\$296.2	\$451.2
Add (deduct):					
Interest expense	5.9	7.8	11.1	26.5	46.5
Income tax expense (recovery)	(20.5)	24.4	21.6	45.3	(\$17.5)
Amortization of DSC & fund contracts	42.5	41.4	38.8	164.4	147.2
Amortization of other items	1.6	1.6	2.6	6.9	11.2
EBITDA	\$145.3	\$141.6	\$126.1	\$539.3	\$638.6
per share	\$0.50	\$0.48	\$0.45	\$1.84	\$2.29
EBITDA margin (as a % of revenue)	44%	44%	44%	44%	47%

Adjusted for the expenses listed above, CI reported net income from continuing operations of \$124.7 million (\$0.43 per share) in the quarter ended December 31, 2009 compared to \$74.2 million (\$0.25 per share) in the quarter ended September 30, 2009 and \$59.3 million (\$0.21 per share) in the quarter ended December 31, 2008.

In the fourth quarter of 2009, CI recorded \$20.5 million in income tax recoveries versus \$24.4 million in expenses for the prior quarter and \$21.6 million in expenses for the comparable quarter last year. The \$20.5 million recovery includes \$45.4 million in income tax adjustments related to changes in provincial tax legislation that were substantively enacted on November 16, 2009.

For the quarter ended December 31, 2009, redemption fee revenue was \$7.3 million compared with \$6.8 million for the quarter ended September 30, 2009 and \$9.4 million for the quarter ended December 31, 2008. The decrease from the year-earlier period can be attributed to lower back-end asset redemption levels.

Amortization of deferred sales commissions and fund contracts increased to \$42.5 million in the fourth quarter of 2009 from \$41.4 million in the third quarter of 2009 and \$38.8 million in the fourth quarter of 2008. As discussed earlier, the increase is a result of higher spending on deferred sales commissions.

Interest expense of \$5.9 million was recorded for the quarter ended December 31, 2009 compared with \$7.8 million for the quarter ended September 30, 2009 and \$11.1 million for the quarter ended December 31, 2008. This decrease in interest expense reflects lower average debt levels and lower interest rates, as discussed under "Liquidity and Capital Resources." Debt is generally used to fund growth in the company and to repurchase share capital.

For the quarter ended December 31, 2009, pre-tax operating earnings per share were up 7% over the quarter ended September 30, 2009 and up 26% over the quarter ended December 31, 2008, as average retail assets increased by 6% and 21%, respectively.

EBITDA for the quarter ended December 31, 2009 was \$145.3 million (\$0.50 per share) compared with \$141.6 million (\$0.48 per share) for the quarter ended September 30, 2009 and \$126.1 million (\$0.45 per share) for the quarter ended December 31, 2008. Adjusted EBITDA for the quarter ended December 31, 2009 was \$158.5 million (\$0.54 per share) compared with \$153.2 million (\$0.52 per share) for the quarter ended September 30, 2009 and \$125.2-million (\$0.45 per share) for the quarter ended December 31, 2008. The 20% year-over-year increase in per share EBITDA is primarily due to the 21% increase in average retail assets under management.

Asset Management Segment

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments and United.

Results of Operations

The following table presents the operating results for the Asset Management segment:

<i>(in millions)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Management fees	\$287.9	\$273.5	\$243.3	\$1,041.5	\$1,163.8
Other revenue	7.0	10.6	12.0	36.1	46.3
Total revenue	\$294.9	\$284.1	\$255.3	\$1,077.6	\$1,210.1
Selling, general and administrative	63.4	61.1	49.4	229.3	199.2
Trailer fees	86.8	82.2	73.5	312.3	350.3
Amortization of deferred sales commissions & fund contracts	42.9	41.9	39.2	166.2	148.5
Other expenses	5.4	3.7	4.9	16.2	21.5
Total expenses	\$198.5	\$188.9	\$167.0	\$724.0	\$719.5
Income before taxes and non-segmented items	\$96.4	\$95.2	\$88.3	\$353.6	\$490.6

Year ended December 31, 2009

Revenues

Revenues from management fees were \$1,041.5 million for the year ended December 31, 2009, a decrease of \$122.3 million or 11% from the year ended December 31, 2008. The change was mainly attributable to the 8% decline in average retail assets under management from 2008. The change in assets reflects the significant volatility of global equity markets. As a percentage of average retail assets under management, management fees were 1.879% in 2009, down from 1.933% in 2008.

Average management fee rates decreased from the prior year as a result of bond and money market funds – for which CI receives a lower management fee – forming a greater proportion of assets relative to equity funds. This change in asset mix is a result of the greater market depreciation in equity funds and a shift in investor preference to lower-risk investment products. As well, CI cut management fees on money market funds as a result of decreasing yields caused by the recent drop in interest rates. The decline in management fees from the prior year is also a result of a continuing trend towards a higher proportion of CI's assets being Class F and Class I funds, which have lower management fees. Class F funds pay no trailer fees to advisors, who typically charge their clients a flat or asset-based fee. Class I funds, which are for institutional clients with large holdings, have reduced management fees. At December 31, 2009, there were \$856.7 million and \$9.0 billion in Class F and Class I funds, respectively, making up a combined 15.7% of retail assets under management. At December 31, 2008, the combined Class F and Class I funds were 13.7% of retail assets under management, with \$645.0 million in Class F funds and \$6.3 billion in Class I funds.

For the year ended December 31, 2009, other revenue was \$36.1 million, decreasing from \$46.3 million for the prior year. The largest component of other revenue is redemption fees. As discussed earlier, redemption fees were

\$30.2 million for the year ended December 31, 2009 compared with \$36.0 million for the year ended December 31, 2008. Also included in other revenue is \$2.9 million for a gain on sale of marketable securities for the year ended December 31, 2009. This compares with nil for the year ended December 31, 2008.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were \$229.3 million for fiscal 2009, compared to \$199.2 million for fiscal 2008. Included in SG&A are expenses relating to CI's equity-based compensation plan. The equity-based compensation expense within the Asset Management segment was \$36.8 million for the year ended December 31, 2009, compared with a recovery of \$22.1 million for the year ended December 31, 2008.

Based on the price per CI share of \$14.50 at December 31, 2008, the potential payment on all vested equity-based compensation outstanding, plus the proportion of unvested amounts, was \$0.1 million. Based on the price per CI share of \$22.00 at December 31, 2009 and the options that vested during the year, the equity-based compensation liability increased to \$33.9 million. Although CI acknowledges that the equity-based compensation expense is clearly a cost of business that is tied to the performance of CI's share price, the financial results presented hereinafter both include and exclude the expense to aid the reader in conducting a comparative analysis.

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were \$192.5 million for the year ended December 31, 2009, down 13% from \$221.3 million for the year ended December 31, 2008. The decrease from the prior year is a result of management's actions to control expenses during the recent market downturn.

As a percentage of average retail assets under management, net SG&A expenses were 0.347% for 2009 – down from 0.362% in 2008.

Trailer fees were \$312.3 million for the year ended December 31, 2009, compared with \$350.3 million for the year ended December 31, 2008. Net of inter-segment amounts, this expense was \$299.7 million for 2009 versus \$336.1 million for 2008. As a percentage of average retail assets under management, trailer fees were 0.541% for the year ended December 31, 2009, down from 0.558% for the year ended December 31, 2008. This decline is primarily attributable to the change in mix of assets under management, as discussed earlier.

Commissions paid from CI's cash resources on the sale of funds sold on a deferred sales charge basis are, for financial reporting purposes, amortized evenly over 36 months (low load) or 84 months (full load) immediately following the sale of the funds. The actual cash payment in any period is reported in the Consolidated Statements of Cash Flows under Investing Activities. Amortization of deferred sales commissions was \$163.0 million for 2009, up from \$145.3 million for 2008. The increase is consistent with the increase in deferred sales commissions paid in the past several years.

Other expenses were \$16.2 million for the year ended December 31, 2009 compared to \$21.5 million in the year ended December 31, 2008. Included in other expenses are distribution fees to limited partnerships and capital taxes.

Income before income taxes and interest expense for CI's principal segment was \$353.6 million for the year ended December 31, 2009 compared with \$490.6 million for the year ended December 31, 2008. The decline year over year is primarily due to lower revenues as a result of the decline in average retail assets under management.

Quarter ended December 31, 2009

Revenues

Revenues from management fees were \$287.9 million for the quarter ended December 31, 2009, an increase of 5% from the quarter ended September 30, 2009 and an increase of 18% from the quarter ended December 31, 2008. The changes were mainly attributable to changes in average retail assets under management, which were up 6% and up 21% from the quarters ended September 30, 2009 and December 31, 2008, respectively. The change in average assets reflects the improvement in global equity markets since March 2009. As a percentage of average retail assets under management, management fees were 1.867% for the quarter ended December 31, 2009, compared to 1.872% in the prior quarter and down from 1.921% in the fourth quarter of last year. Again, the change in mix is responsible for the drop in the average fee.

For the quarter ended December 31, 2009, other revenue was \$7.0 million versus \$10.6 million and \$12.0 million for the quarters ended September 30, 2009 and December 31, 2008, respectively. The largest component of other revenue is redemption fees. Redemption fees were \$7.3 million for the quarter ended December 31, 2009 compared with \$6.8 million and \$9.4 million for the quarters ended September 30, 2009 and December 31, 2008, respectively. Also included in other revenue in the quarter ended September 30, 2009 is a gain on marketable securities of \$3.2 million.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were \$63.4 million for the quarter ended December 31, 2009, an increase from \$61.1 million for the quarter ended September 30, 2009 and from \$49.4 million for the fourth quarter in 2008. Included in SG&A are expenses relating to CI's equity-based compensation plan. The equity-based compensation expense within the Asset Management segment was \$13.2 million for the quarter ended December 31, 2009 compared with an expense of \$11.6 million for the quarter ended September 30, 2009. The quarter ended December 31, 2008, had an equity-based compensation recovery of \$1.1 million.

Operating Profit Margin

CI monitors its operating profitability on retail assets under management within its Asset Management segment by measuring the operating profit margin, which is defined as management fees from funds less trailer fees and SG&A expenses net of equity-based compensation expense (recovery), calculated as a percentage of average retail assets under management.

<i>(as a % of average retail AUM)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Management fees	1.867	1.872	1.921	1.879	1.933
Less:					
Trailer fees	0.541	0.541	0.559	0.541	0.558
Net SG&A expenses	0.326	0.339	0.372	0.347	0.362
Operating profit margin	1.000	0.992	0.990	0.991	1.013

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were \$50.2 million for the quarter ended December 31, 2009, up slightly from \$49.5 million for the prior quarter and down from \$50.5 million for the comparable quarter in 2008.

As a percentage of average retail assets under management, net SG&A expenses were 0.326% for the quarter ended December 31, 2009 – down from 0.339% for the quarter ended September 30, 2009 and 0.372% for the quarter ended December 31, 2008.

Trailer fees were \$86.8 million for the quarter ended December 31, 2009 compared with \$82.2 million for the quarter ended September 30, 2009 and \$73.5 million for the quarter ended December 31, 2008. Net of inter-segment amounts, this expense was \$83.5 million for the quarter ended December 31, 2009 versus \$79.0 million for the third quarter of 2009 and \$70.7 million for the fourth quarter of 2008. As a percentage of average retail assets under management, trailer fees were 0.541% in the fourth quarter of 2009, unchanged from 0.541% in the prior quarter and down from 0.559% in the comparable quarter of 2008.

Amortization of deferred sales commissions was \$42.1 million for the quarter ended December 31, 2009, up from \$38.4 million in the same quarter last year and \$41.2 million in the previous quarter. The increase is consistent with the increase in deferred sales commissions paid in the past several years.

Other expenses were \$5.4 million for the quarter ended December 31, 2009 compared to \$3.7 million in the last quarter and \$4.9 million in the quarter ended December 31, 2008. Included in other expenses are distribution fees to limited partnerships and capital taxes.

Income before income taxes and interest expense for CI's principal segment was \$96.4 million for the quarter ended December 31, 2009 compared with \$88.3 million in the same period last year and \$95.2 million in the previous quarter. The increase from the comparable quarter last year is primarily due to higher revenues resulting from the increase in average retail assets under management.

As shown in the table on the previous page, for the year ended December 31, 2009, CI's operating profit margin on the Asset Management segment, as a percentage of average retail assets under management adjusted for equity-based compensation expense, was 0.991%, down from 1.013% for the year ended December 31, 2008. The decline from the prior year is a result of lower average management fee rates, partially offset by lower trailer fee rates and net SG&A rates. For the quarter ended December 31, 2009, CI's operating profit margin was 1.000%, up from 0.992% in the prior quarter and up from 0.990% in the comparable quarter of 2008.

Generally, CI's margins have been in a gradual downward trend. Increasing competition and changes in the product platforms through which an increasing amount of funds are sold have pushed average management fee rates lower. In recent years, an increasing proportion of funds have been sold with a front-end sales charge, which have higher trailer fees and contribute to a decline in margins. However, the decline in management fee and trailer fee rates for 2009 was primarily a result of an increase in the percentage of assets in money market funds and Class I funds relative to CI's total

assets under management, as well as CI's decision to cut the management fees on money market funds. Historically, CI has been able to limit growth in SG&A expenses below the growth in assets under management in order to mitigate the decline in its margins. However, when assets decline rapidly, it can be very difficult to reduce SG&A expenses at the same pace.

Asset Administration Segment

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. The operations of Blackmont are considered discontinued as at December 31, 2009 and are no longer included in the Asset Administration segment. Comparative prior quarter and prior year results have been adjusted to eliminate the discontinued operations of Blackmont.

Results of Operations

The table that follows presents the operating results for the Asset Administration segment:

<i>(in millions)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Administration fees	\$52.7	\$48.1	\$50.5	\$195.1	\$228.8
Other revenue	7.3	6.3	6.0	27.2	25.8
Total revenue	\$60.0	\$54.4	\$56.5	\$222.3	\$254.6
Selling, general and administrative	12.5	12.1	12.4	50.7	57.2
Investment dealer fees	41.3	37.6	39.8	151.9	182.7
Amortization of fund contracts	0.4	0.4	0.4	1.5	1.5
Other expenses	0.9	1.1	(1.1)	3.5	0.2
Total expenses	\$55.1	\$51.2	\$51.5	\$207.6	\$241.6
Income before taxes and non-segmented items	\$4.9	\$3.2	\$5.0	\$14.7	\$13.0

Year ended December 31, 2009

The Asset Administration segment had income before income taxes and non-segmented items of \$14.7 million for the year ended December 31, 2009, increasing from \$13.0 million for the year ended December 31, 2008. The increase from the prior year is primarily due to higher dealer gross margins and reduced selling, general and administrative expenses.

Revenues

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were \$195.1 million for the year ended December 31, 2009, a decrease of 15% from \$228.8 million for the same period last year. Net of inter-segment amounts, administration fee revenue was \$113.7 million for the year ended December 31, 2009, down from \$130.4 million for the year ended December 31, 2008. The decrease from the prior year was mainly attributable to the decline in assets under administration. This decrease in assets is due to the significant declines in equity markets around the world. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

Other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, fees related to registered accounts and foreign exchange gains and losses. For 2009, other revenues were \$27.2 million, increasing 5% from \$25.8 million 2008.

Expenses

Investment dealer fees are the direct costs attributable to the operation of the AWM dealership, including payments to financial advisors based on the revenues generated from assets under administration. These fees were \$151.9 million for the year ended December 31, 2009 compared to \$182.7 million for the prior year.

As detailed in the table below, dealer gross margin was \$43.2 million or 22.1% of administration fee revenue for 2009, compared to \$46.1 million or 20.1% for 2008. The increase in year-over-year gross margin is a result of management's decision to decrease advisor grid payouts.

Selling, general and administrative ("SG&A") expenses for the segment were \$50.7 million for the year ended December 31, 2009, lower than the \$57.2 million expense in the year ended December 31, 2008. The year-over-year decrease is primarily a result of management's actions to control expenses during market volatility.

Quarter ended December 31, 2009

The Asset Administration segment had income before income taxes and non-segmented items of \$4.9 million for the quarter ended December 31, 2009, increasing from \$3.2 million for the prior quarter and \$5.0 million for fourth quarter in 2008. The increase from both periods is due to higher asset levels.

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were \$52.7 million for the quarter ended December 31, 2009, an increase of 4% from \$50.5 million for the same period last year and an increase of 10% from the prior quarter. Net of inter-segment amounts, administration fee revenue was \$31.3 million for the quarter ended December 31, 2009, up from \$27.8 million for the quarter ended December 31, 2008 and up from \$28.3 million in the previous quarter. The increase from the prior year

Dealer Gross Margin

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring the dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the margin remaining after the payout to advisors.

<i>(in millions)</i>	Quarter ended Dec. 31, 2009	Quarter ended Sept. 30, 2009	Quarter ended Dec. 31, 2008	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008
Administration fees	\$52.7	\$48.1	\$50.5	\$195.1	\$228.8
Less:					
Investment dealer fees	41.3	37.6	39.8	151.9	182.7
	\$11.4	\$10.5	\$10.7	\$43.2	\$46.1
Dealer gross margin	21.6%	21.8%	21.2%	22.1%	20.1%

was mainly attributable to the improvement in assets under administration during the last three quarters of 2009. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

Other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, fees related to registered accounts and foreign exchange gains and losses. For the quarter ended December 31, 2009, other revenues were \$7.3 million, increasing from \$6.0 million for the fourth quarter last year and \$6.3 million in the third quarter of 2009.

Expenses

Investment dealer fees were \$41.3 million for the quarter ended December 31, 2009, compared to \$37.6 million for the quarter ended September 30, 2009 and \$39.8 million for the fourth quarter last year.

As detailed in the table on the previous page, dealer gross margin was \$11.4 million or 21.6% of administration fee revenue for the quarter ended December 31, 2009 compared to \$10.5 million or 21.8% for the previous quarter and \$10.7 million or 21.2% for the fourth quarter of 2008. The increase in year-over-year gross margin is a result of a decrease in payout rates made to advisors.

Selling, general and administrative ("SG&A") expenses for the segment were \$12.5 million for the quarter ended December 31, 2009 compared to \$12.1 million in the third quarter of 2009 and \$12.4 million in the fourth quarter last year.

Liquidity and Capital Resources

The balance sheet for CI at December 31, 2009 reflects total assets of \$3.006 billion, a decrease of \$607.7 million from \$3.614 billion at December 31, 2008. This change can be attributed to a decrease in current assets of \$439.6 million and a decrease in long-term assets of \$168.1 million. CI's cash and cash equivalents increased by \$37.0 million in the 12 months ended December 31, 2009.

CI generates significant cash flow from its operations. Cash flow provided by continuing operating activities was \$600.4 million for the year ended December 31, 2009. Excluding the change in working capital, cash flow from continuing operations was \$546.7 million. During the 12-month period, CI paid \$166.5 million in dividends.

As CI converted back to a corporate structure on January 1, 2009, there is no longer a requirement to pay out substantially all of its cash flow. At current levels of cash flow and anticipated dividend payout rates, CI would produce considerable excess cash in order to meet its obligations and pay down debt.

CI received proceeds of \$8.1 million from the disposition of marketable securities during 2009, resulting in a gain of \$2.9 million. The fair value of marketable securities at December 31, 2009 was \$6.5 million. Marketable securities are comprised of seed capital investments in its funds and other strategic investments.

Accounts receivable and prepaid expenses decreased to \$92.7 million at December 31, 2009 from \$127.4 million at December 31, 2008. CI received net payments of \$33.3 million during the year ended December 31, 2009 from a demand loan with one of its managed funds. This is discussed in further detail in related party transactions. In addition, receivables decreased due to lower revenues earned during 2009 relative to 2008.

During 2009, future income tax assets increased by \$9.6 million as a result of the \$33.8 million increase in the equity-based compensation liability.

During the year ended December 31, 2009, long-term assets decreased primarily as a result of a \$129.0 million decrease in assets held for sale due to the sale of Blackmont. In addition, other assets decreased by \$24.9 million. The decrease in other assets mainly relates to the receipt of \$8.9 million of a long-term receivable and a reclassification of \$5.0 million from long-term receivable to current receivable.

Total liabilities decreased by \$616.9 million during the year ended December 31, 2009. The main contributor to this change was the \$419.7 million decrease in liabilities held for sale due to the sale of Blackmont. In addition, CI repaid \$322.9 million of long-term debt. Current income taxes payable decreased by \$7.9 million during the year due to an \$8.0 million tax recovery for tax issues now settled. Future income taxes payable increased by \$41.6 million, mainly due to the utilization about \$337 million in tax losses offset by a decrease in CI's future corporate income tax rates. In addition, the equity-based compensation liability increased by \$33.8 million, as there were more options vested and CI's share price increased significantly over the period.

As mentioned earlier, CI paid down \$322.9 million of its long-term debt in 2009. At December 31, 2009, CI had \$676.5 million of debt outstanding at an average rate of 1.88%, comprised of \$547.5 million in debentures issued on December 16, 2009 and \$129.0 million drawn against its credit facility in the form of bankers' acceptances. This compares to total debt of \$999.4 million at December 31, 2008 at an average rate of 3.17%. Net of cash and marketable securities, debt was \$597.9 million at December 31, 2009, versus \$953.5 million at December 31, 2008.

The debentures issued on December 16, 2009 are comprised of both floating interest rates and fixed interest rates. At the time of issuance, CI entered into interest rate swap agreements with a Canadian chartered bank to convert the fixed interest rate portion of the debentures into floating interest rates. This swap has been designated as a fair value hedge and qualifies for hedge accounting.

Principal repayments on CI's credit facility are only required under the facility should the bank decide not to renew the facility on its anniversary, in which case 50% of the principal would be repaid in eight equal calendar quarterly instalments with the balance payable two years following the first quarterly instalment. These payments would be payable beginning December 31, 2010 should the bank not renew the facility. The limit on the facility at December 31, 2009 was \$250 million.

CI's current ratio of debt to EBITDA (adjusted for equity-based compensation) is 1.1:1. CI is comfortable with this ratio and has a long-term target of 1:1. CI expects that, absent acquisitions in which debt is increased, the amount of excess

cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. CI is within its financial covenants with respect to its credit facility, which requires that the debt to EBITDA ratio remain below 2.5:1, and assets under management not fall below \$35 billion calculated based on a rolling 30-day average.

CI's main uses of capital are the financing of deferred sales commissions, the payment of dividends on its shares, the funding of capital expenditures and the repurchase of shares through its normal course issuer bid program.

CI paid sales commissions of \$152.9 million in the year ended December 31, 2009. This compares to \$190.9 million in the year ended December 31, 2008. The amount of deferred sales commissions incurred in the 12-month period ended December 31, 2009 relates to back-end load fund sales of approximately \$259 million per month.

During the year ended December 31, 2009, CI incurred capital expenditures of \$4.1 million, primarily for computer hardware and software. While CI delayed certain capital expenditures earlier in the year, key initiatives are continuing and future capital expenditures should approximate the levels of prior years.

Shareholders' equity increased by \$9.2 million in the year ended December 31, 2009. During the year, CI repurchased shares under its normal course issuer bid at a cost of \$36.6 million, of which \$34.3 million related to CI's share buy-back plan and \$2.3 million related to the purchase of shares for CI's compensation plan. CI declared dividends of \$201.6 million (\$166.5 million paid), which was less than net income from continuing operations for the year ended December 31, 2009 by \$94.6 million. CI expects that future dividend payments will be \$0.06 per share per month, or approximately \$211 million per year.

Risk Management

The disclosures below provide an analysis of the risk factors affecting CI's business operations.

Market Risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity and commodity prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

CI's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, management fees and revenues, which would reduce cash flow to CI and ultimately impact CI's dividends.

Asset Management Segment

CI is subject to market risk throughout its Asset Management business segment. The following is a description of how CI mitigates the impact this risk has on its financial position and operating earnings.

Management of market risk within CI's assets under management is the responsibility of the Chief Compliance Officer, who reports to CI's senior management. The Compliance group has established a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. The Compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk by monitoring and identifying any potential market risks to CI's senior management. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At December 31, 2009, approximately 19% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 25 basis point change in interest rates would cause a change of \$0.3 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2009, about 70% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, at the same time, approximately 12% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of \$8.7 million in the Asset Management segment's annual pre-tax earnings.

About 69% of CI's assets under management were held in equity securities at December 31, 2009, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of \$51.5 million in annual pre-tax earnings.

Asset Administration Segment

CI's Asset Administration business is exposed to market risk. The following is a description of how CI mitigates the impact this risk has on its financial position and results of operations.

Risk management for administered assets is the responsibility of the Chief Compliance Officer and senior management. Responsibilities include ensuring policies, processes and internal controls are in place and in accordance with regulatory requirements. CI's internal audit department reviews CI's adherence to these policies and procedures.

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 5% of the total income before non-segmented items (this segment had income of \$4.9 million before income taxes and non-segmented items for the quarter ended December 31, 2009). Investment

advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than \$1 million to the Asset Administration segment's pre-tax earnings.

Credit Risk

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries, as well as issuers whose securities are held by CI. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties. CI has concluded that current economic and credit conditions have not significantly impacted its financial assets.

Changes in Economic, Political and Market Conditions

CI's performance is directly affected by financial market and political conditions, including the legislation and policies of governments. The financial markets and businesses operating in the securities industry are volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond the control of CI. There can be no assurance that financial market performance will be favorable in the future. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, fees and/or revenues, which would reduce cash flow to CI.

Current Financial Conditions

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

Investment Performance of the Funds

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

Dependence on Senior Management

The success of CI and its strategic focus is dependent to a significant degree upon the contributions of senior management, including William T. Holland, Chief Executive Officer. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of CI, could adversely affect CI's business. CI has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Competition

CI operates in a highly competitive environment, with competition based on a variety of factors, including the range of products offered, brand recognition, investment performance, business reputation, financing strength, the strength and continuity of institutional, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid. CI competes with a large number of mutual fund companies and other providers of investment products, investment management firms, broker-dealers, banks, insurance companies and other financial institutions. Some of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants have resulted in increased competition. CI's competitors seek to expand market share by offering different products and services than those offered by CI. There can be no assurance that CI will maintain its current standing or market share, and that may adversely affect the business, financial condition or operating results of CI.

Management Fees and Other Costs

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

Risks of Significant Redemptions of CI's Assets Under Management

CI earns revenue primarily from management fees earned for advising and managing pools of assets. These revenues depend largely on the value and composition of mutual fund assets under management. The level of assets under management is influenced by three factors: (i) sales; (ii) redemption rates; and (iii) investment performance. Sales and

redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors. Recent market volatility has contributed to redemptions and diminished sales for participants in the Canadian wealth management industry.

Changes in Tax Laws

The planned introduction of Harmonized Sales Tax (HST) will combine the Goods and Services Tax (GST) and Provincial Sales Tax (PST) into a single sales tax. This will effectively subject investment fund management fees to provincial taxation for the first time. Increased taxation of investment fund management fees could result in changes to current fee structures or negatively impact the ability of investment funds, including CI, to retain investors. This could adversely impact the competitiveness of the investment fund industry as compared to other products or services that are not subject to GST and will not be subject to HST.

Administration Vulnerability and Error

The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier; the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of the CI to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of the CI. There can be no assurances that the CI's systems will operate or that the CI will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster; or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of the CI could have a material adverse effect on its business, financial condition and operating results. CI may also experience losses in connection with employee errors. Although expenses incurred by CI in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

Sufficiency of Insurance

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

Regulation of CI

Certain subsidiaries of CI are heavily regulated in all jurisdictions where they carry on business. Laws and regulations applied at the national and provincial level generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of CI, including the power to limit or restrict business activities as well as impose additional disclosure requirements on CI products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market

or jurisdiction of any of CI's business segments or its key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a subsidiary's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to CI. To the extent that existing or future regulations affecting the sale or offering of CI's product or services or CI's investment strategies cause or contribute to reduced sales of CI's products or lower margins or impair the investment performance of CI's products, CI's aggregate assets under management and its revenues may be adversely affected.

General Business Risk and Liability

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

Leverage and Restrictive Covenants

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

Fluctuation of Cash Dividends

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

Share Price Risk

Share price risk arises from the potential adverse impact on CI's earnings due to movements in CI's share price. CI's equity-based compensation liability is directly affected by fluctuations in CI's share price. CI's senior management actively

manages equity risk by employing a number of techniques. This includes closely monitoring fluctuations in CI's share price and purchasing CI shares at optimal times on the open market for the trust created solely for the purposes of holding CI shares for CI's equity-based compensation. As well, CI has in the past entered into total return swap transactions to mitigate its exposure to the price of CI shares and the resulting fluctuations in its equity-based compensation. The effect of a \$1.00 change in CI's share price at December 31, 2009 would have resulted in a change of approximately \$3.9 million in equity-based compensation.

Commitment of Financial Advisors and Other Key Personnel

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

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

Capital Requirements

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require the CI to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by the CI may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of CI to expand or even maintain its present level of business, which could have a material adverse effect on CI's business, results of operations, financial condition and prospects.

Risks Specific to the Common Shares

Unpredictability and Volatility of Market Price

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

Dilution

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

Changes in Legislation and Administrative Policy

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

Risk Specific to the Debentures

Changes in Creditworthiness

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

Market Value Risk

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

Liquidity Risk

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

Ranking of the Debentures

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

Information Regarding Guarantors

The payment of the principal, interest and premium, if any, on the debentures is unconditionally guaranteed by CI Investments and United [the "Guarantors"], each wholly-owned subsidiaries of CI, and may be guaranteed by certain other subsidiaries of CI.

The following tables provide unaudited consolidated financial information for CI and its Guarantor and non-guarantor subsidiaries for the periods identified below, presented with a separate column for : (i) CI; (ii) CI Investments and United, being current Guarantor Subsidiaries, on a combined basis, (iii) the non-guarantor subsidiaries of CI on a combined basis [the "Other Subsidiaries"]; (iv) consolidating adjustments; and (v) the total consolidated amounts.

STATEMENT OF INCOME DATA FOR THE THREE MONTHS ENDED DECEMBER 31 (unaudited)

(in millions of dollars)	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	–	–	294.9	265.0	60.0	46.7	(21.4)	(22.7)	333.5	289.0
Income from continuing operations	(4.0)	(11.0)	117.0	65.4	2.7	(3.0)	0.1	0.6	115.8	52.0
Net income	(4.0)	(11.0)	117.0	65.4	4.9	(1.9)	0.1	0.7	118.0	53.2

STATEMENT OF INCOME DATA FOR THE YEAR ENDED DECEMBER 31 (*unaudited*)

<i>(in millions of dollars)</i>	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Revenue	–	–	1,077.6	1,219.8	222.3	244.8	(81.4)	(98.4)	1,218.5	1,366.2
Income from										
continuing operations	(24.4)	(45.0)	310.6	495.5	9.8	–	0.2	0.7	296.2	451.2
Net income	(24.4)	(45.0)	310.6	495.5	(41.6)	(5.8)	0.2	0.7	244.8	445.4

BALANCE SHEET DATA FOR THE YEAR ENDED DECEMBER 31 (*unaudited*)

<i>(in millions of dollars)</i>	CI		Guarantor Subsidiaries		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Current assets	701.3	1,204.9	121.4	123.0	187.2	610.4	(713.3)	(1,202.1)	296.6	736.2
Non-current assets	1,381.2	1,114.7	2,453.0	2,570.8	48.8	115.7	(1,173.2)	(923.3)	2,709.8	2,877.9
Current liabilities	79.2	187.7	798.6	1,223.0	175.1	611.5	(699.8)	(1,173.8)	353.1	848.4
Non-current liabilities	668.0	812.0	394.8	355.9	–	–	(20.4)	(3.9)	1,042.4	1,164.0

Related Party Transactions

CI entered into transactions related to the advisory and distribution of its mutual funds with Bank of Nova Scotia ("Scotiabank"). These transactions were in the normal course of operations and were recorded at the agreed upon exchange amounts. During the year ended December 31, 2009, CI incurred charges for deferred sales commissions of \$2.4 million and trailer fees of \$5.9 million that were paid or payable to Scotiabank. The balance payable to Scotiabank as at December 31, 2009 of \$0.6 million is included in accounts payable and accrued liabilities.

Scotiabank is the provider of and administrative agent for CI's revolving credit facility. As at December 31, 2009, CI had drawn \$129.0 million against this facility (versus \$999.4 million at December 31, 2008) in the form of bankers' acceptances (\$129.0 million compared to \$990.0 million at December 31, 2008) and a prime rate loan (nil versus \$9.4 million at December 31, 2008). During the year ended December 31, 2009, interest, standby and stamping fees of \$25.4 million was recorded as interest expense.

On December 16, 2009, Scotiabank and Blackmont acted as an agents in offering CI's debentures for sale. As an agent, Scotiabank received \$0.5 million and Blackmont received \$0.1 million. These amounts have been netted against long-term debt and will be amortized using the effective interest method over the term of the debentures. Also, on December 16, 2009, CI entered into an interest rate swap agreement with Scotiabank as described in note 7.

During 2008, CI provided a demand loan to one of its managed funds pursuant to a promissory note agreement. The loan facility was for a maximum of \$50 million and interest is calculated at market rates. As at December 31, 2008,

\$32.6 million was outstanding, including accrued interest, and was included in accounts receivable and prepaid expenses. The loan was repaid in 2009. During the year ended December 31, 2009, interest of \$0.6 million was recorded and included in other income.

Share Capital

As at December 31, 2009, CI had 291,821,114 shares outstanding.

At December 31, 2009, 6.4 million options to purchase shares were outstanding, of which 1.1 million options were exercisable.

Contractual Obligations

The table that follows summarizes CI's contractual obligations at December 31, 2009.

PAYMENTS DUE BY PERIOD

(millions)	Total	Less than					5 or more years
		1 year	2	3	4	5	
Credit facility	\$129.0	\$8.1	\$32.2	\$88.7	–	–	–
Debentures	550.0	–	100.0	250.0	–	200.0	–
Preferred shares issued by subsidiary	20.7	20.7	–	–	–	–	–
Operating leases	112.3	11.5	7.2	9.2	8.4	7.5	68.5
Total	\$812.0	\$40.3	\$139.4	\$347.9	\$8.4	\$207.5	\$68.5

Significant Accounting Estimates

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. For a discussion of all significant accounting policies, refer to *Note 1* of the Notes to the Consolidated Financial Statements included in CI's 2009 Annual Report. CI carries significant goodwill and intangible assets on its balance sheet. CI uses valuation models that use estimates of future market returns and sales and redemptions of investment products as the primary determinants of fair value. CI also uses a valuation approach based on a multiple of assets under administration for the Asset Administration Segment. The multiple used by CI reflects recent transactions and research reports by independent equity research analysts. CI has reassessed these key variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate, whereas estimates of future market returns are less likely to do so. The models are most sensitive to current levels of assets under management and administration as well as estimates of future market returns. While these balances are not currently impaired, a decline of 20% in the fair value of certain models may result in an impairment of goodwill or other intangibles recorded on the balance sheet.

Changes In Significant Accounting Policies

Goodwill and Intangible Assets

On January 1, 2009, CI adopted retrospectively, CICA Handbook Section 3064, *Goodwill and Intangible Assets*, which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Section

3064 provides revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of Section 3064 did not have a material impact on the financial position or results of operations of CI.

Credit Risk and Fair Value

Effective January 1, 2009, CI adopted retrospectively without restatement, CICA Emerging Issues Committee Abstract EIC-173, *Credit Risk and the Fair Value of Financial Assets and Liabilities*. EIC-173 requires CI's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of CI.

Embedded Derivatives

In April 2009, the Canadian Accounting Standards Board ["AcSB"] posted a typescript to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, amending paragraph A32(g) to include a new paragraph A32(g)(ii) regarding when an embedded prepayment option is closely related to a host debt instrument. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted. CI adopted the amendments retrospectively, in 2009. The adoption of these amendments did not have a material impact on the financial position or results of operations of CI.

Financial Instrument Disclosures

In June 2009, the AcSB amended CICA Handbook Section 3862, *Financial Instruments – Disclosures*, adopting the amendments to IFRS 7, *Financial Instruments: Disclosures*, issued in March 2009. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The amendments to Section 3862 require enhanced disclosures about fair value measurements, including the relative reliability of inputs used in the measurement, and about the liquidity risk, of financial instruments.

All financial instruments recognized at fair value in the consolidated balance sheet are classified into three fair value hierarchy levels as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

CI adopted the amendments for the 2009 annual financial statements. These amendments resulted in additional disclosures in the notes to the consolidated financial statements [see notes 11 and 12], but did not have an impact on the financial position or results of operations of CI.

Financial Instrument Classification

In August 2009, the AcSB amended CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3025, *Impaired Loans*, to converge with international accounting standards IAS 39, *Financial Instruments: Recognition and Measurement*, by changing the categories into which debt instruments are required or permitted to be classified, permitting reclassification of financial assets from held-for-trading and available-for-sale categories into the loans and receivables category, and specifying the circumstances in which such transfers can be made and the accounting for those transfers. The amendments are effective for annual financial statements beginning on or after November 1, 2008. CI adopted the amendments in the fourth quarter of 2009, with effective application to January 1, 2009. The adoption of this standard did not have an impact on the financial position or results of operations of CI.

Future Accounting Changes

Canadian Accounting Pronouncements

In January 2009, the CICA issued the following Handbook Sections, applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption of these Sections is permitted; however, all Sections must be adopted concurrently. CI is currently evaluating the impact the adoption of these new standards will have on its financial position and results of operations.

- i. Section 1582 – *Business Combinations* was issued replacing Section 1581 – *Business Combinations* harmonizing the Canadian standards with International Financial Reporting Standard ["IFRS"] 3, *Business Combinations*.
- ii. Section 1601 – *Consolidated Financial Statements* was issued replacing Section 1600, *Consolidated Financial Statements* and establishes the standards for preparing consolidated financial statements.
- iii. Section 1602 – *Non-Controlling Interests* specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity.

International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB"), recently confirmed that effective January 1, 2011, all publicly listed companies will be required to prepare interim and annual financial reports in accordance with International Financial Reporting Standards ("IFRS"). These standards will replace Canadian generally accepted accounting principles ("GAAP"). CI is developing a comprehensive plan to assess the impact the changeover to IFRS in 2011 will have on its financial statements. In February 2008, the AcSB confirmed that all Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for years beginning on or after January 1, 2011. CI will adopt IFRS for the year beginning January 1, 2011 and will present the interim and annual consolidated financial statements including comparative 2010 financial statements in accordance with IFRS.

CI has developed a transition plan for the changeover to IFRS. During 2009, CI completed its assessment of the differences between IFRS and Canadian GAAP. CI is currently in the process of assessing the impact IFRS has on accounting policies and implementation decisions; information technology and data systems; financial statement presentation and disclosures; internal control over financial reporting; disclosure controls and procedures and business

activities including the impact on debt covenants. Following this assessment, an implementation plan will be developed to transition CI's financial reporting process, including internal controls and information systems to IFRS. CI is also in the process of documenting the impact of each of the IFRS standards and the alternatives available upon adoption. The impact these differences may have on the financial results has not yet been determined and will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations. In 2010, CI will prepare its opening balance sheet and internally report its financial results in accordance with IFRS in preparation for adoption on January 1, 2011.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, have designed and evaluated the effectiveness of CI's disclosure controls and procedures as at December 31, 2009. They have concluded that they are reasonably assured these Internal Controls over Financial Reporting ("ICFR") and Disclosure Controls and Procedures ("DC&P"), as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

The CEO and CFO have designed or caused the design of ICFR and DC&P. The COSO framework was used to assist the CEO and CFO in the evaluation of CI's ICFR. The CEO and CFO used various tools to evaluate ICFR and DC&P which included interaction with key control systems, review of policy and procedure documentation, observation or re-performance of control procedures. There were no reportable deficiencies or material weaknesses identified during the evaluation process. For the year ended December 31, 2009, there were no changes to ICFR.

Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form are available on SEDAR at www.sedar.com.

Financial Statements



Management's Report To Shareholders

Management of CI Financial Corp. ["CI"] is responsible for the integrity and objectivity of the consolidated financial statements and all other information contained in this document. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and are based on management's best information and judgment.

In fulfilling its responsibilities, management has developed internal control systems and procedures designed to provide reasonable assurance that CI's assets are safeguarded, that transactions are executed in accordance with appropriate authorization, and that accounting records may be relied upon to properly reflect CI's business transactions.

The Audit Committee of the Board of Directors is composed of outside directors who meet periodically and independently with management and the auditors to discuss CI's financial reporting and internal control. The Audit Committee reviews the financial information prepared by management and the results of the audit by the auditors prior to recommending the consolidated financial statements to the Board of Directors for approval. The external auditors have unrestricted access to the Audit Committee.

Management recognizes its responsibility to conduct CI's affairs in the best interests of its shareholders.



William T. Holland
Chief Executive Officer



Douglas J. Jamieson
Chief Financial Officer

Auditors' Report

To the Shareholders of
CI Financial Corp.

We have audited the consolidated balance sheets of CI Financial Corp. ["CI"] [formerly CI Financial Income Fund] as at December 31, 2009 and 2008, and the consolidated statements of income and comprehensive income, changes in shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of CI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of CI as at December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
February 17, 2010.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten-style script.

**Chartered Accountants
Licensed Public Accountants**

Consolidated Balanced Sheets

As at December 31

	2009	2008
<i>[in thousands of dollars]</i>	\$	\$
ASSETS		
Current		
Cash and cash equivalents	72,120	35,168
Client and trust funds on deposit	109,004	108,150
Marketable securities	6,460	10,774
Accounts receivable and prepaid expenses <i>[note 16]</i>	92,711	127,414
Future income taxes <i>[note 17]</i>	9,644	31
Assets held for sale <i>[note 3]</i>	6,670	454,673
Total current assets	296,609	736,210
Capital assets, net <i>[note 4]</i>	18,238	21,002
Deferred sales commissions, net of accumulated amortization of \$590,843 [2008 - \$475,227] <i>[note 16]</i>	582,127	588,935
Fund contracts <i>[note 5]</i>	1,010,078	1,014,757
Goodwill <i>[note 3]</i>	1,051,285	1,051,285
Other assets <i>[note 6]</i>	47,826	72,702
Assets held for sale <i>[note 3]</i>	268	129,248
	3,006,431	3,614,139
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities <i>[notes 3, 9 and 16]</i>	138,140	116,697
Dividends payable <i>[note 14]</i>	35,096	—
Client and trust funds payable	108,004	107,297
Income taxes payable	8,727	16,660
Equity-based compensation <i>[note 10(b)]</i>	33,877	95
Preferred shares issued by subsidiary <i>[note 8]</i>	20,662	—
Current portion of long-term debt <i>[note 7]</i>	8,062	187,388
Liabilities held for sale <i>[note 3]</i>	561	420,251
Total current liabilities	353,129	848,388
Long-term debt <i>[note 7]</i>	668,462	812,013
Preferred shares issued by subsidiary <i>[note 8]</i>	—	19,678
Future income taxes <i>[note 17]</i>	373,905	332,348
Total liabilities	1,395,496	2,012,427
Commitments and contingencies <i>[note 15]</i>		
Shareholders' equity		
Share capital <i>[note 10(a)]</i>	2,008,846	1,985,912
Contributed surplus	11,445	47,587
Deficit	(409,086)	(431,162)
Accumulated other comprehensive loss	(270)	(625)
Total shareholders' equity	1,610,935	1,601,712
	3,006,431	3,614,139

(see accompanying notes)

On behalf of the Board of Directors:



William T. Holland
Director



G. Raymond Chang
Director

Consolidated Statements of Income and Comprehensive Income

For the years ended December 31

	2009	2008
<i>[in thousands of dollars, except per share amounts]</i>	\$	\$
REVENUE		
Management fees	1,041,519	1,163,818
Administration fees	113,705	130,370
Redemption fees	30,231	35,985
Gain (loss) on sale of marketable securities	2,903	(2)
Other income <i>[notes 6 and 16]</i>	30,127	36,030
	1,218,485	1,366,201
EXPENSES		
Selling, general and administrative <i>[notes 6 and 10(b)(c)]</i>	279,997	256,395
Trailer fees <i>[note 16]</i>	299,701	336,071
Investment dealer fees	86,696	102,603
Amortization of deferred sales commissions and fund contracts	164,372	147,162
Interest <i>[notes 7 and 16]</i>	26,540	46,503
Other <i>[note 6]</i>	19,729	21,731
Restructuring costs <i>[note 9]</i>	—	11,000
Impairment of available-for-sale assets <i>[note 11]</i>	—	11,000
	877,035	932,465
Income from continuing operations before income taxes	341,450	433,736
Provision for (recovery of) income taxes <i>[note 17]</i>		
Current	(3,132)	6,096
Future	48,399	(23,600)
	45,267	(17,504)
Net income from continuing operations for the year	296,183	451,240
Net loss from discontinued operations for the year <i>[note 3]</i>	(51,337)	(5,884)
Net income for the year	244,846	445,356
Other comprehensive income (loss), net of tax <i>[note 11]</i>		
Unrealized gain on available-for-sale financial assets, net of income taxes of \$18 [2008 – \$164]	122	545
Reversal of (gains) losses to net income on available-for-sale financial assets, net of income taxes of \$44 [2008 - (\$389)]	233	(2,019)
Total other comprehensive income (loss), net of tax	355	(1,474)
Comprehensive income	245,201	443,882
Basic earnings per share from continuing operations <i>[note 10(e)]</i>	\$1.01	\$1.62
Diluted earnings per share from continuing operations <i>[note 10(e)]</i>	\$1.01	\$1.61

(see accompanying notes)

Consolidated Statements of Changes in Shareholders' Equity

For the years ended December 31

	2009	2008
<i>(in thousands of dollars)</i>	\$	\$
SHARE CAPITAL [note 10(a)]		
Balance, beginning of year	1,985,912	1,788,501
Issuance of share capital	—	210,048
Share repurchase, net of issuance of share capital on vesting of deferred equity units [note 10(c)]	22,934	(12,637)
Balance, end of year	2,008,846	1,985,912
CONTRIBUTED SURPLUS [note 10(a)(c)(d)]		
Balance, beginning of year	47,587	39,300
Compensation expense for deferred equity unit plan	249	27,139
Issuance of share capital on vesting of deferred equity units	(36,391)	(18,852)
Balance, end of year	11,445	47,587
DEFICIT		
Balance, beginning of year	(431,162)	(377,983)
Net income for the year	244,846	445,356
Cost of shares repurchased in excess of stated value [note 10(a)]	(21,139)	(76,602)
Share issuance costs [note 10(a)]	—	(5,265)
Dividends declared	(201,631)	(416,668)
Balance, end of year	(409,086)	(431,162)
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance, beginning of year	(625)	849
Other comprehensive income (loss)	355	(1,474)
Balance, end of year	(270)	(625)
Net change in shareholders' equity during the year	9,223	151,045
Shareholders' equity, beginning of year	1,601,712	1,450,667
Shareholders' equity, end of year	1,610,935	1,601,712

(see accompanying notes)

Consolidated Statements of Cash Flows

For the years ended December 31

	2009	2008
<i>(in thousands of dollars)</i>	\$	\$
OPERATING ACTIVITIES		
Net income from continuing operations for the year	296,183	451,240
Add (deduct) items not involving cash		
(Gain) loss on sale of marketable securities	(2,903)	2
Impairment of available-for-sale assets	—	11,000
Equity-based compensation	33,782	(27,056)
Amortization of deferred sales commissions and fund contracts	164,372	147,162
Amortization of other	6,899	11,160
Future income taxes	48,399	(23,600)
	546,732	569,908
Net change in non-cash working capital balances related to continuing operations	53,620	(7,062)
Cash provided by continuing operating activities	600,352	562,846
Cash provided by (used in) discontinued operating activities	(47,081)	20,458
Cash provided by operating activities	553,271	583,304
INVESTING ACTIVITIES		
Purchase of marketable securities	(465)	(1,200)
Proceeds on sale of marketable securities	8,099	1,948
Additions to capital assets	(4,116)	(9,402)
Deferred sales commissions paid	(152,885)	(190,926)
Additions to other assets	(1,205)	(399)
Proceeds on sale of other assets	19,876	1,321
Proceeds on sale of discontinued operations	93,300	—
Cash used in continuing investing activities	(37,396)	(198,658)
Cash provided by (used in) discontinued investing activities	7,168	(1,321)
Cash used in investing activities	(30,228)	(199,979)

(continued)

Consolidated Statements of Cash Flows

For the years ended December 31

	2009	2008
<i>(in thousands of dollars)</i>	\$	\$
FINANCING ACTIVITIES		
Increase (decrease) in long-term debt	(870,376)	71,460
Issuance of Debentures [note 7]	547,480	—
Repurchase of share capital [note 10(a)]	(36,573)	(108,091)
Issuance of share capital [note 10(a)]	—	202,285
Dividends paid to shareholders [note 14]	(166,535)	(524,304)
Cash used in financing activities	(526,004)	(358,650)
Net increase (decrease) in cash and cash equivalents during the year	(2,961)	24,675
Cash and cash equivalents, beginning of year	80,081	55,406
Cash and cash equivalents, end of year	77,120	80,081
Cash and cash equivalents, beginning of year includes:		
Cash from continuing operations	35,168	29,630
Cash from discontinued operations	44,913	25,776
	80,081	55,406
Cash and cash equivalents, end of year includes:		
Cash from continuing operations	72,120	35,168
Cash from discontinued operations	5,000	44,913
	77,120	80,081
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	26,501	39,563
Income taxes paid	11,340	12,387

(see accompanying notes)

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

CI Financial Corp. ["CI"] [formerly CI Financial Income Fund] is incorporated under the laws of the Province of Ontario. CI's primary business is the management and distribution of a broad range of financial products and services, including mutual funds, segregated funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

On January 1, 2009, CI Financial Income Fund converted by way of a Plan of Arrangement [the "Conversion"], to a corporation known as CI Financial Corp. Under the Conversion, unitholders of CI Financial Income Fund exchanged each of their trust units ["Trust unit"] and Class B limited partner units of Canadian International LP ["Exchangeable LP unit"] for common shares of CI Financial Corp. on a one-for-one basis. As a result, the consolidated financial statements of CI have been prepared using the continuity of interest in the assets, liabilities and operations of CI Financial Income Fund.

These consolidated financial statements reflect CI as a corporation subsequent to December 31, 2008 and as an income trust prior to the Conversion. All references to "shares" refer collectively to common shares subsequent to December 31, 2008 and to Trust and Exchangeable LP units prior to the Conversion. All references to "dividends" refer collectively to payments to shareholders subsequent to December 31, 2008 and to unitholders prior to the Conversion.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ["GAAP"].

Basis of presentation

The consolidated financial statements include the accounts of CI, CI Investments Inc. ["CI Investments"], United Financial Corporation ["United"] and Assante Wealth Management (Canada) Ltd. ["AWM"] and their subsidiaries. The consolidated financial statements also include the assets and liabilities and results of operations of variable interest entities where CI is the primary beneficiary. Hereinafter, CI and its subsidiaries are referred to as CI.

Revenue recognition

Management fees are based upon the net asset value of the funds managed by CI and are recognized on an accrual basis.

Administration fees and other income are recognized as services are provided under contractual arrangements. Administration fees include commission revenue, which is recorded on a trade date basis and advisory fees, which are recorded when the services related to the underlying engagements are completed.

Redemption fees payable by securityholders of deferred sales charge mutual funds, the sales commission of which was financed by CI, are recognized as revenue on the trade date of the redemption of the applicable mutual fund securities.

Financial instruments

Financial assets may be classified either as held-for-trading ["HFT"], available-for-sale ["AFS"], held-to-maturity ["HTM"] or loans and receivables. Financial liabilities may be classified as either as HFT or other. All financial instruments are initially measured at fair value. After initial recognition, financial instruments classified as HFT or AFS are measured at fair value using quoted market prices in an active market. For financial instruments where an active market does not exist, fair value is based on valuation techniques, unless it is an equity instrument classified as AFS, in which case it is measured at cost. All other financial

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

instruments, which include those classified as HTM investments, loans and receivables and other financial liabilities, are measured at amortized cost using the effective interest rate method. Changes in fair value of financial assets classified as AFS are reflected in other comprehensive income until the financial asset is disposed of or becomes impaired. Changes in fair value of financial instruments, other than those classified as AFS, are reflected in net income.

Financial instruments included in CI's accounts have the following classifications:

- Cash and cash equivalents and derivative financial instruments are classified as HFT and measured at fair value.
- Client and trust funds on deposit and accounts receivable are classified as loans and receivables and measured at amortized cost.
- Marketable securities are classified as AFS and measured at fair value, unless it is an equity instrument that does not have an active market quotation, in which case it is measured at cost.
- Other assets are classified as loans and receivables and measured at amortized cost, with the exception of a long-term investment asset classified as AFS which was disposed of in 2009.
- Accounts payable and accrued liabilities, dividends payable, client and trust funds payable, long-term debt and preferred shares issued by subsidiary are classified as other financial liabilities and measured at amortized cost.

Transaction costs on Debentures

Transaction costs and the discount associated with the issuance of long-term debt classified as other financial liabilities are included in the carrying amount of the liability and amortized over the term of the Debentures.

Derivatives and hedging

CI may enter into interest rate swap agreements to reduce its exposure to interest rate risk on its long-term debt. CI does not enter into derivative financial instruments for trading or speculative purposes. At the inception of the swap agreement, CI formally documents the hedging relationship, detailing the risk management objective and the hedging strategy of the hedge. The documentation specifies the asset, liability or cash flows being hedged, the related hedging item, the nature of the specific risk exposure or exposures being hedged, the intended term of the hedging relationship, the method for assessing the effectiveness of the hedging relationship, and the method for measuring the ineffectiveness of the hedging relationship. Derivative financial instruments that have been designated and qualify for hedge accounting are classified as either cash flow or fair value hedges. Effective December 16, 2009, CI entered into interest rate swap agreements which are designated as fair value hedges. No other derivative financial instruments were entered into in 2008 or 2009.

Changes in the fair value of the interest rate swaps are recognized in the consolidated statement of income as other income. Similarly, changes in the fair value of the hedged item attributable to the hedged risk are also recognized in the consolidated statement of income as other income with a corresponding adjustment to the long-term debt in the consolidated balance sheet. Hedge accounting is discontinued prospectively if the hedging relationship no longer qualifies as an effective hedge or if the hedging item is settled. The hedged item is no longer adjusted to reflect changes in fair value. Amounts previously recorded as cumulative adjustments to the effective portion of gains and losses attributable to the hedged risk are amortized using the effective interest rate method and recognized in the consolidated statement of income over the remaining useful life of the hedged item. Hedge accounting is also discontinued if the hedged item is sold or terminated before maturity. In such a situation, the cumulative adjustments with respect to the effective portion of gains and losses attributable to the hedged risk are immediately recorded in the consolidated statement of income.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, highly liquid investments and interest bearing deposits with original maturities of 90 days or less.

Client and trust funds

Client and trust funds on deposit include amounts representing cash held in trust with Canadian financial institutions for clients in respect of self-administered Registered Retirement Savings Plans and Registered Retirement Income Funds, and amounts received from clients for which the settlement date on the purchase of securities has not occurred or accounts in which the clients maintain a cash balance. Client and trust funds on deposit also include amounts for client transactions that are entered into on either a cash or margin basis and recorded on the trade date of the transaction. Amounts are due from clients on the settlement date of the transaction for cash accounts. For margin accounts, CI extends credit to a client for the purchase of securities, collateralized by the financial instruments in the client's account. Amounts loaned are limited by margin regulations of the Investment Industry Regulatory Organization of Canada ["IIROC"] and other regulatory authorities, and are subject to CI's credit review and daily monitoring procedures.

The corresponding liabilities related to the above accounts and transactions are included in client and trust funds payable.

Marketable securities

Marketable securities consist of investments in mutual fund securities, publicly traded companies and an investment in a private company. Marketable securities are measured at fair value. Mutual fund securities are valued using the net asset value per unit of each fund. The fair value of publicly traded companies is determined using quoted market prices. CI's investment in a private company is valued at cost and adjusted for impairment. Realized and unrealized gains and losses are recognized using average cost. Except for impairment losses, gains and losses in the fair value of marketable securities are recorded as other comprehensive income (loss) until disposed of, at which time any gain or loss is recorded in net income. When a decline in fair value is other than temporary and there is objective evidence of impairment, the cumulative loss that had been recognized directly in other comprehensive income (loss) is removed and recognized in net income, even though the financial asset has not been derecognized.

Capital assets

Capital assets are recorded at cost less accumulated amortization. These assets are amortized over their estimated useful lives as follows:

Computer hardware	30% declining balance or straight-line over three to four years
Computer software	Straight-line over two to four years
Office equipment	20% declining balance or straight-line over five years
Leasehold improvements	Straight-line over the term of the lease

Deferred sales commissions

Commissions paid on sales of deferred sales charge mutual funds represent commissions paid by CI to brokers and dealers, and are recorded on the trade date of the sale of the applicable mutual fund securities. Deferred sales commissions are recorded net of any write-down for impairment. CI evaluates the carrying value of deferred sales commissions for potential

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

impairment based on estimated discounted future cash flows from fees earned on the related mutual fund securities. Deferred sales commissions are amortized on a straight-line basis over 84 months from the date recorded, except for commissions on low-load mutual fund securities, which are amortized on a straight-line basis over 36 months.

Fund contracts

Fund administration contracts and fund management contracts [collectively, "fund contracts"] are recorded net of any write-down for impairment. CI evaluates the carrying value of fund contracts for potential impairment based on estimated future cash flows. These evaluations are performed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment would be written off to income.

Fund administration contracts are amortized on a straight-line basis over 25 years. Fund management contracts with a finite life are amortized on a straight-line basis over a period of up to 20 years, depending on the contractual terms of such agreements and management's best estimate of their useful lives. Fund management contracts with an indefinite life are not amortized.

Goodwill

Goodwill is recorded as the excess of purchase price over identifiable assets acquired. Goodwill is allocated to the reporting units and any impairment is identified by comparing the carrying value of a reporting unit with its fair value. If the carrying value of a reporting unit exceeds its fair value, goodwill impairment is measured as the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of the goodwill, based on the fair value of the assets and liabilities of the reporting unit. These evaluations are performed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment would be written off to income.

Equity-based compensation

CI has an employee incentive share option plan that includes a cash settlement option. Compensation expense is recognized and recorded as a liability based upon the intrinsic value of outstanding share options at the balance sheet date and the proportion of their vesting periods that have elapsed. On the exercise of share options for cash, the liability recorded with respect to the options is reduced for the settlement. If share options are exercised for shares, the liability recorded with respect to the options and consideration paid by the option holders are credited to share capital.

CI also has a deferred equity unit plan for senior executives and other key employees whereby deferred equity units ["DEU Awards"] are granted in lieu of compensation. Compensation expense is recognized and recorded as contributed surplus based upon the market value of DEU Awards at the grant date. Forfeitures of DEU Awards reduce compensation expense to the extent contributed surplus was previously recorded for such awards. On vesting of DEU Awards, share capital is credited for the amounts initially recorded as contributed surplus to reflect the issuance of share capital.

Compensation trust

CI uses a compensation trust, which holds CI's common shares, to fulfill obligations to employees arising from CI's deferred equity unit plan. CI is the primary beneficiary of the trust and therefore, the trust is consolidated in accordance with the principles of CICA Handbook Section 1590, *Subsidiaries*.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

Income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Earnings per share

The treasury stock method is used in the calculation of per share amounts. Basic earnings per share is determined by dividing net income by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the weighted average number of shares outstanding for the dilutive effect of DEU Awards under the deferred equity share plan. The employee incentive share option plan does not have a dilutive effect on earnings per share as CI accounts for its share options as a liability.

Foreign currency translation

Monetary assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are translated into Canadian dollars using historical exchange rates. Revenue and expenses are translated at average rates prevailing during the period. Other foreign currency transactions are translated into Canadian dollars using the exchange rate in effect on the transaction date. Translation exchange gains and losses are included in other income in the period in which they occur.

Comprehensive income

Comprehensive income includes all changes to shareholders' equity other than those resulting from investments by owners and distributions to owners and is presented in the consolidated statement of income and comprehensive income. In addition to net income, it includes other comprehensive income (loss), such as unrealized gains and losses on financial assets classified as AFS and other changes from non-owner sources. Accumulated other comprehensive income (loss) is presented in the consolidated statement of shareholders' equity.

Disposal of long-lived assets and discontinued operations

Long-lived assets classified as "held for sale" are measured at the lower of carrying value and fair value less disposal costs and are not amortized. Assets and liabilities of operations to be discontinued are classified as "held for sale" in the consolidated balance sheet until the transaction is completed. The results of operations that have been disposed or that are classified as "held for sale" are reported net of applicable income taxes as a net gain or loss from discontinued operations in the consolidated statement of income. The cash flows from discontinued operations are presented separately in the consolidated statement of cash flows.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

2. CHANGE IN ACCOUNTING POLICIES

Goodwill and intangible assets

On January 1, 2009, CI adopted retrospectively, CICA Handbook Section 3064, *Goodwill and Intangible Assets* which replaces Section 3062, *Goodwill and Other Intangible Assets* and Section 3450, *Research and Development Costs*. Section 3064 provides revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of Section 3064 did not have a material impact on the financial position or results of operations of CI.

Credit risk and fair value

Effective January 1, 2009, CI adopted retrospectively without restatement, CICA Emerging Issues Committee Abstract EIC-173, *Credit Risk and the Fair Value of Financial Assets and Liabilities*. EIC-173 requires CI's own credit risk and the credit risk of the counterparty to be taken into account in determining the fair value of financial assets and liabilities, including derivative instruments. The adoption of EIC-173 did not have a material impact on the financial position or results of operations of CI.

Embedded derivatives

In April 2009, the Canadian Accounting Standards Board ["AcSB"] posted a typescript to CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*, amending paragraph A32(g) to include a new paragraph A32(g)(ii) regarding when an embedded prepayment option is closely related to a host debt instrument. The amendments apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption is permitted. CI adopted the amendments retrospectively, in 2009. The adoption of these amendments did not have a material impact on the financial position or results of operations of CI.

Financial instrument disclosures

In June 2009, the AcSB amended CICA Handbook Section 3862, *Financial Instruments – Disclosures*, adopting the amendments to IFRS 7, *Financial Instruments: Disclosures*, issued in March 2009. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The amendments to Section 3862 require enhanced disclosures about fair value measurements, including the relative reliability of inputs used in the measurement, and about the liquidity risk, of financial instruments.

All financial instruments recognized at fair value in the consolidated balance sheet are classified into three fair value hierarchy levels as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

CI adopted the amendments for the 2009 annual financial statements. These amendments resulted in additional disclosures in the notes to the consolidated financial statements [see notes 11 and 12], but did not have an impact on the financial position or results of operations of CI.

Financial instrument classification

In August 2009, the AcSB amended CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement* and Section 3025, *Impaired Loans*, to converge with international accounting standards IAS 39, *Financial Instruments: Recognition and Measurement*, by changing the categories into which debt instruments are required or permitted to be classified, permitting reclassification of financial assets from held-for-trading and available-for-sale categories into the loans and receivables category, and specifying the circumstances in which such transfers can be made and the accounting for those transfers. The amendments are effective for annual financial statements beginning on or after November 1, 2008. CI adopted the amendments in the fourth quarter of 2009, with effective application to January 1, 2009. The adoption of this standard did not have an impact on the financial position or results of operations of CI.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

3. DISCONTINUED OPERATIONS

On October 26, 2009, CI announced that it had reached an agreement to sell the retail brokerage division of Blackmont Capital Inc. ["Blackmont"] for \$93.3 million. This transaction closed on December 31, 2009. The capital markets division of Blackmont was spun out into a new wholly-owned subsidiary of CI Investments, named CI Capital Markets Inc. ["CI Capital"]. On February 4, 2010, CI sold CI Capital to the employees of this subsidiary. This transaction is expected to close on February 26, 2010. The results of operations of Blackmont and CI Capital have been reported as discontinued operations in the consolidated statement of income and comparative statements and related notes have been reclassified. All assets and liabilities of Blackmont and CI Capital have been reclassified in the consolidated balance sheet as "held for sale". As at December 31, 2009, assets and liabilities held for sale represents the assets and liabilities of CI Capital after the disposition of Blackmont. The results of operations of Blackmont and CI Capital have been excluded from the asset administration segment [note 18]. CI recorded a loss of \$44,017 after transaction costs of \$9,500 on the sale, which is presented as an impairment of goodwill.

Summarized financial information for the discontinued operations is as follows for the year ended December 31:

(in thousands)	2009 \$	2008 \$
Revenue		
Administration fees	102,018	135,603
Other income	4,410	10,108
	106,428	145,711
Expenses		
Selling, general and administrative	65,378	76,186
Investment dealer fees	43,056	66,870
Impairment of goodwill	44,017	—
Other	7,833	10,458
	160,284	153,514
Loss from discontinued operations before income taxes	(53,856)	(7,803)
Provision for (recovery of) income taxes		
Current	7	232
Future	(2,526)	(2,151)
	(2,519)	(1,919)
Net loss from discontinued operations for the year	(51,337)	(5,884)
Basic and diluted loss per share from discontinued operations [note 10(e)]	(0.18)	(0.02)

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

Summarized financial information for the assets and liabilities held for sale is as follows as at December 31:

(in thousands)	2009 \$	2008 \$
Current assets held for sale		
Cash and cash equivalents	5,000	44,913
Client and trust funds on deposit	299	225,460
Securities owned, at market	86	34,776
Accounts receivable and prepaid expenses	1,285	149,524
	6,670	454,673
Non-current assets held for sale		
Capital assets, net	268	8,850
Future income taxes	—	19,621
Goodwill	—	74,599
Other assets	—	26,178
	268	129,248
Total assets held for sale	6,938	583,921
Current liabilities held for sale		
Accounts payable and accrued liabilities	266	46,998
Client and trust funds payable	288	362,058
Securities sold short, at market	7	11,195
Total liabilities held for sale	561	420,251
Net assets held for sale	6,377	163,670

4. CAPITAL ASSETS

Capital assets consist of the following as at December 31:

	2009		2008	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer hardware and software	33,645	30,101	31,316	27,489
Office equipment	9,158	8,089	9,158	7,213
Leasehold improvements	26,460	12,836	24,673	9,443
	69,263	51,026	65,147	44,145
Less accumulated amortization	51,025		44,145	
Net book value	18,238		21,002	

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

5. FUND CONTRACTS

Fund contracts consist of the following as at December 31:

	2009		2008	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Fund administration contracts	37,600	9,048	37,600	7,543
Fund management contracts				
Finite life	27,500	13,056	27,500	9,882
Indefinite life	967,082	—	967,082	—
	1,032,182	22,104	1,032,182	17,425
Less accumulated amortization	22,104		17,425	
Net book value	1,010,078		1,014,757	

6. OTHER ASSETS, INCOME AND EXPENSE

Other assets consists mainly of an investment in a limited partnership, long-term accounts receivable, prepaid expenses, deferred charges and loans advanced to employees, shareholders and investment advisors.

CI has an employee share purchase loan program for key employees. These loans are renewable yearly and bear interest at prescribed rates. As at December 31, 2009, the carrying amount of employee share purchase loans is \$15,846 [2008 – \$19,333] and is included in other assets. These loans become due immediately upon termination of employment or sale of the shares that are held as collateral. As at December 31, 2009, the shares held as collateral have a market value of approximately \$29,030 [2008 – \$22,494].

Other assets include shareholder loans in the amount of \$11,303 as at December 31, 2009 [2008 – \$16,698] issued primarily to investment advisors. These amounts are secured primarily by common shares of CI that are held as collateral. These loans become due immediately either on termination of the advisor relationship or upon the sale of CI shares that are held as collateral. As at December 31, 2009, the shares held as collateral have a market value of approximately \$17,352 [2008 – \$13,522].

CI has a hiring and retention incentive program whereby loans are extended to current investment advisors. These loans are initially recorded at their principal amount, may bear interest at prescribed rates and are forgiven on a straight-line basis over the applicable contractual period, which varies in length from three to seven years. The forgiven amount is included in selling, general and administration expenses. As at December 31, 2009, loans to investment advisors of \$7,151 [2008 – \$10,858] are included in other assets. These loans become due on demand upon termination or breach in the terms of the agreements.

Other income consists mainly of institutional management fees, custody fees, equity income and interest income. Other expenses consist mainly of institutional management expenses, distribution fees to limited partnerships and capital taxes.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

7. LONG-TERM DEBT

Long-term debt consists of the following as at December 31:

	2009	2008
	\$	\$
Credit facility		
Bankers' acceptances	129,025	990,001
Prime rate loan	—	9,400
	129,025	999,401
Debentures		
\$100 million, floating rate, due December 16, 2011	99,640	—
\$250 million, 3.30%, due December 17, 2012	248,960	—
\$200 million, 4.19%, due December 16, 2014	198,899	—
	547,499	—
	676,524	999,401

Credit facility

Effective December 16, 2009, CI's revolving credit facility was amended to reduce the amount that may be borrowed to \$250,000 [2008—\$1,250,000] and to only include one Canadian chartered bank [2008—three Canadian chartered banks]. Amounts may be borrowed under this facility in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate plus 0.65% and the Canadian Deposit Offering Rate plus 0.75%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 1.65%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the bank's reference rate for loans made by it in Canada in U.S. funds plus 0.65% and the federal funds effective rate plus 0.75%, or LIBOR loans which bear interest at LIBOR plus 1.65%.

CI may also borrow under this facility in the form of letters of credit, which bear a fee of 1.65% on any undrawn portion. As at December 31, 2009, CI had accessed \$480 [2008—\$600] by way of letters of credit.

Loans are made by the bank under a 364-day revolving credit facility, the term of which may be extended annually at the bank's option. If the bank elects not to extend the term, 50% of the outstanding principal amount shall be repaid in equal quarterly instalments over the following two years, with the remaining 50% of the outstanding principal balance due two years following the first quarter-end payment.

The credit facility is fully and unconditionally guaranteed by CI Investments and United, wholly-owned subsidiaries of CI, and may be guaranteed by certain other subsidiaries of CI. The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. CI is within its financial covenants with respect to its credit facility, which require that the debt to earnings before interest, taxes, depreciation and amortization ratio remain below 2.5:1 and that CI's assets under management not fall below \$35 billion, calculated based on a rolling thirty-day average. There can be no assurance that future borrowings or equity financing will be available to CI or available on acceptable terms.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

As at December 31, 2009, the amount drawn on the credit facility had an effective interest rate of 1.92% [2008 – 3.17%]. Interest expense attributable to the credit facility for the year ended December 31, 2009 was \$25,871 [2008 – \$44,963].

Debentures

On December 16, 2009, CI completed an offering pursuant to which it issued \$550 million principal amount of debt securities comprised of \$100 million principal amount of floating rate debentures due December 16, 2011 [the "Floating Rate Debentures"], \$250 million principal amount of 3.30% debentures due December 17, 2012 [the "2012 Debentures"] and \$200 million principal amount of 4.19% debentures due December 16, 2014 [the "2014 Debentures"], being referred to collectively herein as the "Debentures".

The Floating Rate Debentures will bear interest at the average three-month bankers' acceptance rate, of quotes shown on the Reuters Screen CDOR on the closing date and thereafter on each interest payment date, plus 1.20%, in arrears on March 16, June 16, September 16 and December 16 in each year, commencing March 16, 2010. Interest on the 2012 Debentures will be paid at the rate set out above, semi-annually in arrears on December 17 and June 17 in each year commencing June 17, 2010. Interest on the 2014 Debentures will be paid at the rate set out above, semi-annually in arrears on December 16 and June 16 in each year commencing June 16, 2010.

CI may, at its option, redeem the 2012 Debentures or the 2014 Debentures, in whole or in part, from time to time, on not less than 30 nor more than 60 days' prior notice to the registered holder; at a redemption price which is equal to the greater of par or the Government of Canada Yield, plus 36 basis points in the case of the 2012 Debentures and 41 basis points in the case of the 2014 Debentures. CI considers this embedded prepayment option to be closely related to the Debentures and as such, does not account for it separately as a derivative.

In the event that both a change of control occurs and the rating of the Debentures is lowered to below investment grade, defined as below BBB- by Standard and Poors and BBB (low) by DBRS Limited, CI will be required to make an offer to repurchase all or, at the option of each holder, any part of each holder's Debentures at a purchase price payable in cash equivalent to 101% of the outstanding principal amount of the Debentures together with accrued and unpaid interest, to the date of purchase.

CI considers the likelihood of a change in control event and the likelihood of exercising the prepayment option when determining the carrying value of the Debentures.

The Debentures were issued for gross proceeds of \$549,905 or a price of 99.98, before issuance costs of \$2,425. The net proceeds were used to repay amounts owed on CI's revolving credit facility. The issuance costs of \$2,425 and the discount of \$95 will be amortized over the term of the Debentures using the effective interest rate method. The amortization expense related to the discount and transaction costs for the period December 16, 2009 to December 31, 2009 was \$19 which is included in interest expense.

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

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On December 16, 2009, CI entered into interest rate swap agreements with a Canadian Chartered Bank to swap the fixed rate payments on the 2012 Debentures and the 2014 Debentures for floating rate payments. Based on the terms of the agreements, CI will pay a rate equivalent to the 3-month Canadian bankers' acceptance rate CDOR plus a spread of 142.4 basis points on the 2012 Debentures and a spread of 157.6 basis points on the 2014 Debentures. The rates are reset quarterly and paid semi-annually to match the fixed payment obligations of the Debentures. The swap agreements terminate on the maturity date of the respective Debentures unless terminated by CI at an earlier date. As at December 31, 2009, the fair value of the interest rate swap was an unrealized loss of \$3,680 and is included in long-term debt in the consolidated balance sheet. Interest expense attributable to the Debentures for the period December 16, 2009 to December 31, 2009 was \$425.

8. PREFERRED SHARES ISSUED BY SUBSIDIARY

As at December 31, 2009, there are 20,662,500 preferred shares issued and outstanding. These preferred shares were issued on December 31, 2004, vest in equal instalments over a three-year period and will be redeemed or purchased for \$1.00 per share, subject to adjustments, beginning January 22, 2010. The preferred shares do not have any entitlement to dividends nor do they have any voting rights. As at January 31, 2010, 20,420,531 preferred shares had been redeemed at a value of \$20,421.

9. RESTRUCTURING COSTS

During the year ended December 31, 2008, restructuring costs of \$11 million were accrued and include severance payments and exit costs related to the downsizing of CI's activities as a result of market conditions. As at December 31, 2009, restructuring costs of \$11.0 million [2008 – \$2.6 million] had been paid and nil [2008 – \$8.4 million] is included in accounts payable and accrued liabilities.

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10. SHARE CAPITAL

[a] Authorized and issued

A summary of the changes to CI's share capital pursuant to the Conversion from an income trust to a corporation on January 1, 2009 is as follows:

Units	Number of units (in thousands) #	Stated value \$
Trust units, balance, December 31, 2007	134,713	894,230
Issuance of unit capital	15,002	210,048
Issuance of unit capital on vesting of deferred equity units	699	18,852
Unit repurchase	(4,722)	(31,489)
Conversion from Exchangeable LP units	89,065	542,559
Trust units, balance, December 31, 2008	234,757	1,634,200
Conversion to CI common shares	(234,757)	(1,634,200)
Trust units, balance, January 1, 2009 and thereafter	—	—
Exchangeable LP units, balance, December 31, 2007	146,801	894,271
Conversion to Trust units	(89,065)	(542,559)
Exchangeable LP units, balance, December 31, 2008	57,736	351,712
Conversion to CI common shares	(57,736)	(351,712)
Exchangeable LP units, balance, January 1, 2009 and thereafter	—	—
Trust and Exchangeable LP units, December 31, 2008	292,493	1,985,912
Trust and Exchangeable LP units, December 31, 2009	—	—

Common Shares	Number of units (in thousands) #	Stated value \$
Authorized:		
An unlimited number of common shares of CI		
Issued:		
Conversion from Trust units	234,757	1,634,200
Conversion from Exchangeable LP units	57,736	351,712
Issuance of share capital on vesting of deferred equity units	1,588	38,368
Share repurchase	(2,260)	(15,434)
Common shares, balance, December 31, 2009	291,821	2,008,846

During the year ended December 31, 2009, 2,131,476 shares [2008—3,636,691 units] were repurchased under a normal course issuer bid at an average cost of \$16.10 per share [2008—\$22.55 per unit] for total consideration of \$34,309 [2008—\$82,007]. Deficit was increased by \$19,758 [2008—\$57,722] for the cost of the shares repurchased in excess of their stated value.

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During the year ended December 31, 2009, 128,900 shares [2008 – 1,085,052 units] were repurchased for CI's deferred equity unit plan for total consideration of \$2,264 [2008 – \$26,084] increasing the deficit by \$1,381 [2008 – \$18,880].

On December 30, 2008, CI issued 15,000,000 Trust units, at the market price of \$14.00 per unit for gross proceeds of \$210,000. Unit issuance costs were \$9,261, of which \$1,498 was paid to Blackmont, a related party at that time. Non-related party issuance costs of \$7,763 [\$5,265 net of income taxes] were recorded as a charge against retained earnings.

[b] Employee incentive share option plan

CI has an employee incentive share option plan [the "Share Option Plan"], as amended and restated, for the executives and key employees of CI. On June 30, 2006, as part of CI's conversion to an income trust, the Share Option Plan was amended and restated and all options under the Share Option Plan were exchanged for unit options. On January 1, 2009, as part of the Conversion from an income trust back to a corporation, the Share Option Plan was amended and restated and all unit options under the Share Option Plan were exchanged for share options.

The maximum number of shares that may be issued under the Share Option Plan is 14,000,000 shares. As at December 31, 2009, there are 6,394,099 shares [2008 – 3,437,830 units] reserved for issuance on exercise of share options. These options vest over periods of up to five years, may be exercised at prices ranging from \$11.60 to \$23.09 per share with a total intrinsic value of \$56,823 as at December 31, 2009 [2008 – \$1,878] and expire at dates up to 2014.

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

	Number of options (in thousands) #	Weighted average exercise price \$
Options outstanding, December 31, 2007	2,878	18.80
Options exercisable, December 31, 2007	2,103	18.98
Options granted	973	12.57
Options exercised	(321)	15.08
Options cancelled	(92)	32.11
Options outstanding, December 31, 2008	3,438	17.03
Options exercisable, December 31, 2008	2,460	18.78
Options granted	4,733	12.40
Options exercised	(1,131)	17.54
Options cancelled	(646)	21.01
Options outstanding, December 31, 2009	6,394	13.11
Options exercisable, December 31, 2009	1,067	16.52

The option component of equity-based compensation expense under the Share Option Plan for the year ended December 31, 2009 of \$36,795 [2008 – expense recovery of \$24,474] has been included in selling, general and administrative expenses.

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Options outstanding and exercisable as at December 31, 2009 are as follows:

Exercise price \$	Number of options outstanding (in thousands) #	Weighted average remaining contractual life (years)	Number of options exercisable (in thousands) #
11.60	3,961	4.2	—
12.57	908	3.9	262
15.59	359	4.3	—
17.04	303	0.4	303
18.10	20	4.5	—
18.15	477	0.5	477
18.20	341	4.4	—
18.94	14	1.0	14
19.34	2	0.6	2
20.02	1	0.3	1
23.06	6	1.1	6
23.09	2	1.8	2
11.60 to 23.09	6,394	3.7	1,067

[c] Deferred equity unit plan

CI has a deferred equity unit plan ["DEU Plan"] for senior executives, investment advisors and other key employees. DEU Awards are granted to eligible participants in lieu of compensation and vest over a period of up to three years. Each vested DEU Award entitles the participant to receive one common share of CI. Compensation expense is recognized and credited to contributed surplus. Upon vesting, amounts previously recorded as contributed surplus are credited to share capital.

During the year ended December 31, 2009, CI credited contributed surplus for \$249 [2008—\$27,139] related to compensation. During the year ended December 31, 2009, CI credited share capital for \$37,823 [2008—\$18,852] on vesting of 1,370,000 [2008—699,000] DEU Awards and on the release of 190,000 DEU Awards related to the disposition of Blackmont. Share capital was credited \$545 on the transfer of 28,435 shares from the compensation trust to the advisor equity plan. As at December 31, 2009, the unamortized value of DEU Awards outstanding is \$73 [2008—\$2,847].

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[d] Compensation trust

CI uses a compensation trust to acquire shares on the open market in order to fulfill its obligations under the DEU Plan. A summary of the changes in the DEU Awards outstanding and the shares repurchased by the compensation trust for the DEU plan is as follows:

	Number of DEU's Awards (in thousands)
DEU Awards outstanding, December 31, 2007	1,675
Granted	1,169
Cancelled	(145)
Vested	(699)
DEU Awards outstanding, December 31, 2008	2,000
Granted	173
Cancelled	(119)
Disposition of Blackmont	(190)
Vested	(1,370)
DEU Awards outstanding, December 31, 2009	494
Shares held by the compensation trust, December 31, 2007	1,725
Shares repurchased for DEU Plan	1,085
Released on vesting	(699)
Shares held by the compensation trust, December 31, 2008	2,111
Shares repurchased for DEU Plan	129
Disposition of Blackmont	(190)
Transfer to advisor equity plan	(28)
Released on vesting	(1,370)
Shares held by the compensation trust, December 31, 2009	652

[e] Basic and diluted earnings per share

The weighted average number of shares outstanding for the year ended December 31 is as follows:

(in thousands)	2009	2008
Basic	292,482	278,658
Diluted	293,596	280,534

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[f] Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at January 31, 2010 were exercised and outstanding:

(in thousands)	
Shares outstanding at January 31, 2010	291,624
DEU Awards outstanding	293
Options to purchase shares	5,908
	297,825

11. FINANCIAL INSTRUMENTS

Financial instruments are classified according to the following categories as at December 31:

(in thousands)	2009		2008	
	Carrying value \$	Fair value \$	Carrying value \$	Fair value \$
Financial assets				
<i>Held-for-trading</i>				
Cash and cash equivalents	72,120	72,120	35,168	35,168
<i>Loans and receivables</i>				
Client and trust funds on deposit	109,004	109,004	108,150	108,150
Accounts receivable	84,543	84,543	120,804	120,804
Other assets	47,826	47,826	64,526	64,526
<i>Available-for-sale</i>				
Marketable securities	6,460	6,460	10,774	10,774
Other assets	—	—	8,176	8,176
Total financial assets	319,953	319,953	347,598	347,598
Financial liabilities				
<i>Other financial liabilities</i>				
Accounts payable and accrued liabilities	138,140	138,140	116,697	116,697
Dividends payable	35,096	35,096	—	—
Client and trust funds payable	108,004	108,004	107,297	107,297
Long-term debt*	676,524	676,524	999,401	999,401
Preferred shares issued by subsidiary	20,662	20,662	19,678	19,678
Total financial liabilities	978,426	978,426	1,243,073	1,243,073

*Long-term debt includes the value of the interest rate swap [note 7].

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Available-for-sale assets as at December 31, 2009, include CI's marketable securities which are reflected at fair value. During the third quarter of 2009, CI recognized a gain of \$3,192 in net income on the sale of its publicly held securities which were previously adjusted for impairment of \$6,000 during the fourth quarter of 2008. During the third quarter of 2008, CI determined that its investment in the privately held investment became permanently impaired and adjusted the cost and carrying value of marketable securities by \$5,000. The total impairment adjustment was recognized in net income as an impairment of available-for-sale assets in 2008.

At December 31, 2008, available-for-sale assets also included a long-term investment of \$8,176 which did not have an active equity market. This investment was carried at cost less impairment and repaid in full during the first quarter of 2009.

The valuation of the interest rate swap and the Debentures, included as part of long-term debt, qualifies for hedge accounting and accordingly, the carrying value of the combined amounts approximates fair value.

For all other financial assets and financial liabilities, the carrying value approximates fair value due to the short-term nature of these investments.

Fair value hierarchy

The following table presents the financial instruments recorded at fair value in the consolidated balance sheet, classified using the fair value hierarchy described in note 2, as at December 31, 2009.

Financial liabilities

(in thousands)	Level 1 \$	Level 2 \$	Level 3 \$	Total at fair value \$
Financial assets				
Cash and cash equivalents	72,120	—	—	72,120
Marketable securities	—	6,460	—	6,460
Total financial assets	72,120	6,460	—	78,580

As at December 31, 2008, CI had an available-for-sale investment with a fair value of \$8,176 using Level 3 inputs. During the year ended December 31, 2009 proceeds of \$8,176 were received, reducing the carrying value to nil.

12. RISK MANAGEMENT

Risk management is an integrated process with independent oversight. CI's compliance group has established a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's senior management takes an active role in the risk management process by reviewing policies and procedures within each business segment and assessing and mitigating the various financial risks that could impact CI's financial position and results of operations.

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CI's financial instruments bear the following financial risks:

[a] Market risk

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity prices. Management of CI's market risk is the responsibility of the Chief Financial Officer. The corporate finance group reviews the exposure to interest rate risk, foreign currency risk and equity risk by identifying, monitoring and reporting potential market risks to the Chief Financial Officer. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in the prices and the volatility of individual equity instruments and equity indexes.

[i] Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Fluctuations in interest rates have a direct impact on the interest payments CI makes on its long-term debt.

Debt outstanding on CI's credit facility of \$129,025 is borrowed at a floating interest rate. The existing credit facility provides CI with the option of fixing interest rates, should CI change its view on its exposure to rising interest rates. As at December 31, 2009, CI also has \$550,000 in Debentures, of which \$100,000 is based on a floating interest rate and the remaining \$450,000 is based on fixed interest rates. At the time of issuance, CI entered into interest rate swap agreements with a Canadian chartered bank to convert the fixed interest rates to floating interest rates.

Based on the amount borrowed under the credit facility and Debentures outstanding as at December 31, 2009, each 25 basis point increase or decrease in interest rates would result in annual interest expense increasing or decreasing by \$1.7 million [2008 – \$2.5 million], respectively.

[ii] Foreign exchange risk

As at December 31, 2009, net financial assets of \$4 million [2008 – \$13 million] were denominated in U.S. currency. A 10% increase or decrease in U.S. exchange rates would result in a foreign exchange gain or loss of \$0.4 million [2008 – \$1.3 million], respectively. CI may enter into forward contracts to manage its foreign exchange exposure.

[iii] Equity risk

CI's marketable securities as at December 31, 2009 of \$6,460 [2008 – \$10,774] are exposed to equity risk. Based on the carrying amount of these assets at December 31, 2009, an increase or decrease in equity market prices by 10% would result in estimated gains or losses of \$0.6 million [2008 – \$1.1 million], respectively.

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[b] Liquidity risk

Liquidity risk arises from the possibility that CI will encounter difficulties in meeting its financial obligations as they fall due. CI manages its liquidity risk through a combination of cash received from operations as well as borrowings under its revolving credit facility. Liquidity is monitored through a daily cash management process that includes the projection of cash flows to ensure CI meets its funding obligations.

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

(in thousands)	Total \$	2010 \$	2011 \$	2012 \$	2013 \$	2014 \$
Accounts payable and accrued liabilities	138,140	138,140	—	—	—	—
Dividends payable	35,096	35,096	—	—	—	—
Client and trust funds payable	108,004	108,004	—	—	—	—
Long-term debt	679,024	8,062	132,256	338,706	—	200,000
Preferred shares issued by subsidiary	20,662	20,662	—	—	—	—
Total	980,926	309,964	132,256	338,706	—	200,000

[c] Credit risk

Credit risk arises from the potential that investors, clients or counterparties fail to satisfy their obligations.

As at December 31, 2009, financial assets of \$241,373 [2008—\$301,656], represented by client and trust funds on deposit of \$109,004 [2008—\$108,150], accounts receivable of \$84,543 [2008—\$120,804] and other assets of \$47,826 [2008—\$72,702], were exposed to credit risk. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

Client and trust funds on deposit consist mainly of cash deposits or unsettled trade receivables. CI may also extend amounts to clients on a margin basis for security purchases. Collateral is provided in margin accounts by each client in the form of securities purchased and/or other securities and cash balances. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties.

Credit risk associated with accounts receivable is limited as the balance primarily consists of trade receivables that are outstanding for less than 90 days.

Other assets primarily represent loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program. Employee loans are collateralized by CI shares and become due immediately upon termination of the employee or upon the sale of the shares held as collateral. Commissions may be used to offset loan amounts made to investment advisors in the event of default. Credit risk associated with other assets is limited given the nature of the relationship with the counterparties.

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13. CAPITAL MANAGEMENT

CI's objectives in managing capital are to maintain a capital structure that allows CI to meet its growth strategies and build long-term shareholder value, while satisfying its financial obligations and meeting its long-term debt covenants.

CI's capital is comprised of shareholders' equity, long-term debt [including current portion of long-term debt] and preferred shares issued by subsidiary. CI's senior management is responsible for the management of capital. CI's Board of Directors is responsible for reviewing and approving CI's capital policy and management.

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. As at December 31, 2009 and 2008, CI met its capital requirements.

CI's capital consists of the following as at December 31:

	2009	2008
	\$	\$
Shareholders' equity	1,610,935	1,601,712
Long-term debt	676,524	999,401
Preferred shares issued by subsidiary	20,662	19,678
Total capital	2,308,121	2,620,791

14. DIVIDENDS

Dividends are declared quarterly to shareholders of record on or about the last business day of each month and are paid on or about the 15th of the following month.

Dividends declared during the years ended December 31, 2008 and 2009 were as follows:

Record date	Payment date	Cash distribution per unit \$	Total distribution amount \$
January 1, 2008	January 15, 2008	0.05	14,109
January 31, 2008	February 15, 2008	0.19	53,818
February 29, 2008	March 13, 2008	0.16	43,687
March 31, 2008	April 4, 2008	0.16	45,785
April 30, 2008	May 14, 2008	0.16	43,607
May 31, 2008	June 12, 2008	0.17	47,560
June 30, 2008	July 14, 2008	0.17	47,865
July 31, 2008	August 14, 2008	0.17	47,656
August 31, 2008	September 12, 2008	0.17	48,283
September 30, 2008	October 14, 2008	0.17	47,609
October 31, 2008	November 13, 2008	0.17	46,616

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Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
March 31, 2009	April 15, 2009	0.16	46,886
May 31, 2009	June 15, 2009	0.10	29,120
June 30, 2009	July 15, 2009	0.05	14,624
July 31, 2009	August 14, 2009	0.05	14,613
August 31, 2009	September 15, 2009	0.05	14,627
September 30, 2009	October 15, 2009	0.05	14,601
October 31, 2009	November 13, 2009	0.05	14,601
November 30, 2009	December 15, 2009	0.06	17,503
December 31, 2009	January 15, 2010	0.06	17,507
January 31, 2010	February 15, 2010	0.06	17,549

15. COMMITMENTS AND CONTINGENCIES

Lease commitments

CI has entered into leases relating to the rental of office premises and computer equipment. The approximate future minimum annual rental payments under such leases are as follows:

	\$
2010	11,478
2011	7,206
2012	9,206
2013	8,349
2014	7,538
2015 and thereafter	68,525

Shareholder advisor agreements

CI is a party to shareholder advisor agreements, which provide that the shareholder advisor has the option to require CI to purchase a practice that cannot otherwise be transitioned to a qualified buyer. The purchase price would be in accordance with a pre-determined formula contained in the shareholder advisor agreements.

Indemnities

CI has agreed to indemnify its directors and officers, and certain of its employees in accordance with its by-laws. CI maintains insurance policies that may provide coverage against certain claims.

Litigation

CI is engaged in litigation arising in the ordinary course of business. None of this litigation is expected to have a material adverse effect on the financial position or results of operations of CI.

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16. RELATED PARTY TRANSACTIONS

On October 6, 2008, Sun Life Financial Inc. ["Sun Life"] announced the sale of its 37% interest in CI to Bank of Nova Scotia ["Scotiabank"] for \$22.00 per share for a total consideration of \$2.3 billion. The transaction closed on December 12, 2008 and as a result, Sun Life is no longer a related party of CI and Scotiabank became a related party for financial reporting purposes.

CI had entered into transactions related to the advisory and distribution of its mutual and segregated funds with Sun Life. These transactions were in the normal course of operations and were recorded at the agreed upon exchange amounts. During the period from January 1, 2008 to December 12, 2008, CI incurred charges for deferred sales commissions of \$41,844, and trailer fees of \$90,280 which were paid or payable to Sun Life.

CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the year ended December 31, 2009, CI incurred charges for deferred sales commissions of \$2,449 and trailer fees of \$5,884 [period from December 13, 2008 to December 31, 2008 – \$197 and \$259, respectively] which were paid or payable to Scotiabank. The balance payable to Scotiabank as at December 31, 2009 of \$602 [2008 – \$422] is included in accounts payable and accrued liabilities.

Scotiabank is the provider of and administrative agent for CI's revolving credit facility. As at December 31, 2009, CI had drawn long-term debt of \$129,025 [2008 – \$999,401] in the form of bankers' acceptances of \$129,025 [2008 – \$990,001 in the form of bankers' acceptances and a prime rate loan of \$9,400]. During the year ended December 31, 2009, interest and stamping fees of \$25,446 [period from December 13, 2008 to December 31, 2008 – \$1,395] was recorded as interest expense.

On December 16, 2009, Scotiabank and Blackmont acted as agents in offering CI's Debentures for sale. As an agent, Scotiabank received \$534 and Blackmont received \$100. These amount have been netted against long-term debt and will be amortized using the effective interest rate method over the term of the Debentures. Also, on December 16, 2009, CI entered into an interest rate swap agreement with Scotiabank as described in *note 7*.

During 2008, CI provided a demand loan to one of its managed funds pursuant to a promissory note agreement. The loan facility was for a maximum of \$50 million and interest was calculated at market rates. As at December 31, 2008, \$32,605 was outstanding, including accrued interest, and is included in accounts receivable and prepaid expenses. The loan was repaid in 2009. During the year ended December 31, 2009, interest of \$608 [2008 – \$312] was recorded and included in other income.

17. INCOME TAXES

On March 26, 2009, the Ontario Ministry of Finance, in its 2009 Budget, proposed a reduction to the general corporate provincial income tax rate from 14% to 12% effective July 1, 2010 and to 10% by July 1, 2013. On November 16, 2009, these tax rate changes became substantively enacted resulting in a \$45,413 non-cash recovery of future income taxes for the year ended December 31, 2009.

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

	2009	2008
	%	%
Combined Canadian federal and provincial income tax rate	32.9	33.4
Increase (decrease) in income taxes resulting from		
Income distributed to unitholders	—	(37.2)
Impact of rate changes on future income taxes	(15.9)	(1.6)
Recovery of prior years provisions for settled tax items	(2.4)	—
Other, net	1.3	1.4
	13.3	(4.0)

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of CI's future income tax liabilities and assets are as follows at December 31:

	2009	2008
	\$	\$
Future income tax liabilities		
Fund contracts	248,226	280,768
Deferred sales commissions	159,477	180,813
Other	2,992	1,159
Total future income tax liabilities	410,695	462,740
Future income tax assets		
Equity-based compensation	9,644	31
Non-capital loss carryforwards	19,217	110,342
Other	17,573	20,050
Total future income tax assets	46,434	130,423
Net future income tax liabilities	364,261	332,317

The net future income tax liabilities are classified in the consolidated balance sheets as follows at December 31:

	2009	2008
	\$	\$
Current future income tax assets	9,644	31
Non-current future income tax liabilities	373,905	332,348

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

18. SEGMENTED INFORMATION

CI has two reportable segments: Asset Management and Asset Administration. These segments reflect CI's internal financial reporting and performance measurement.

The Asset Management segment includes the operating results and financial position of CI Investments and United excluding AWM, which derive their revenues principally from the fees earned on the management of several families of mutual and segregated funds.

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. and Assante Financial Management Ltd. These companies derive their revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients.

Segmented information as at and for the year ended December 31, 2009 is as follows:

	Asset management \$	Asset administration \$	Intersegment elimination \$	Total \$
Management fees	1,041,519	—	—	1,041,519
Administration fees	—	195,106	(81,401)	113,705
Other revenue	36,062	27,199	—	63,261
Total revenue	1,077,581	222,305	(81,401)	1,218,485
Selling, general and administrative	229,281	50,716	—	279,997
Trailer fees	312,262	—	(12,561)	299,701
Investment dealer fees	—	151,913	(65,217)	86,696
Amortization of deferred sales commissions and fund contracts	166,224	1,504	(3,356)	164,372
Other expenses	16,225	3,504	—	19,729
Total expenses	723,992	207,637	(81,134)	850,495
Income before income taxes and non-segmented items	353,589	14,668	(267)	367,990
Interest expense	—	—	—	(26,540)
Provision for income taxes	—	—	—	(45,267)
Net income for the year				296,183
Identifiable assets*	1,711,896	257,702	(14,452)	1,955,146
Goodwill	858,703	192,582	—	1,051,285
Total assets	2,570,599	450,284	(14,452)	3,006,431

* including assets held for sale

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

Segmented information as at and for the year ended December 31, 2008 is as follows:

	Asset management \$	Asset administration \$	Intersegment elimination \$	Total \$
Management fees	1,163,818	—	—	1,163,818
Administration fees	—	228,815	(98,445)	130,370
Other revenue	46,262	25,751	—	72,013
Total revenue	1,210,080	254,566	(98,445)	1,366,201
Selling, general and administrative	199,239	57,156	—	256,395
Trailer fees	350,275	—	(14,204)	336,071
Investment dealer fees	—	182,714	(80,111)	102,603
Amortization of deferred sales commissions and fund contracts	148,479	1,504	(2,821)	147,162
Other expenses	21,500	231	—	21,731
Total expenses	719,493	241,605	(97,136)	863,962
Income before income taxes and non-segmented items	490,587	12,961	(1,309)	502,239
Restructuring costs	—	—	—	(11,000)
Impairment of available-for-sale assets	—	—	—	(11,000)
Interest expense	—	—	—	(46,503)
Recovery of income taxes	—	—	—	17,504
Net income for the year				451,240
Identifiable assets*	1,773,534	803,606	(14,286)	2,562,854
Goodwill	858,703	192,582	—	1,051,285
Total assets	2,632,237	996,188	(14,286)	3,614,139

* including assets held for sale

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

19. FUTURE ACCOUNTING CHANGES

[a] Canadian accounting pronouncements

In January 2009, the CICA issued the following Handbook Sections, applicable to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Early adoption of these Sections is permitted, however, all Sections must be adopted concurrently. CI is currently evaluating the impact the adoption of these new standards will have on its financial position and results of operations.

- [i] Section 1582 – *Business Combinations* was issued replacing Section 1581 – *Business Combinations* harmonizing the Canadian standards with International Financial Reporting Standard ["IFRS"] 3, *Business Combinations*.
- [ii] Section 1601– *Consolidated Financial Statements* was issued replacing Section 1600, *Consolidated Financial Statements* and establishes the standards for preparing consolidated financial statements.
- [iii] Section 1602 – *Non-Controlling Interests* specifies that non-controlling interests be treated as a separate component of equity, not as a liability or other item outside of equity.

[b] International Financial Reporting Standards

In February 2008, the AcSB confirmed that all Canadian publicly accountable enterprises will be required to adopt IFRS for years beginning on or after January 1, 2011. CI will adopt IFRS for the year beginning January 1, 2011 and will present the interim and annual consolidated financial statements including comparative 2010 financial statements in accordance with IFRS.

CI has developed a transition plan for the changeover to IFRS. During 2009, CI initiated its assessment of the impact of IFRS on accounting policies and implementation decisions; information technology and data systems; financial statement presentation and disclosures; internal control over financial reporting; disclosure controls and procedures and business activities including the impact on debt covenants. In 2010, CI will prepare its opening balance sheet and internally report its financial results in accordance with IFRS in preparation for adoption on January 1, 2011.

CI continues to assess the differences between IFRS and Canadian GAAP, as well as the alternatives available upon adoption. The impact these differences may have on the financial results has not yet been determined and will be an ongoing process as the International Accounting Standards Board and the AcSB issue new standards and recommendations.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

Notes to Consolidated Financial Statements

[in thousands of dollars, except per share amounts]

December 31, 2009 and 2008

This Report contains forward-looking statements with respect to CI, including its business operations and strategy and financial performance and condition. Although management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time.

On February 23, 2010, the Board of Directors declared monthly cash dividends of \$0.06 per share payable on March 15, April 15 and May 14, 2010 to shareholders of record on March 2, March 31 and April 30, 2010, respectively.

Corporate Directory

CI FINANCIAL

DIRECTORS

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

G. Raymond Chang
President,
G. Raymond Chang Ltd.;
Director and Non-Executive
Chairman of the Board
Toronto, Ontario

Paul W. Derksen
Corporate Director;
Director
Clarksburg, Ontario

William T. Holland
Chief Executive Officer;
CI Financial;
Director
Toronto, Ontario

Stephen T. Moore
Managing Director;
Newhaven Asset Management Inc.;
Director
Toronto, Ontario

A. Winn Oughtred
Corporate Director;
Director
Toronto, Ontario

David J. Riddle
President,
C-Max Capital Inc.;
Director
Vancouver, B.C.

OFFICERS

William T. Holland
Chief Executive Officer

Stephen A. MacPhail
President

Peter W. Anderson
Executive Vice-President

Sheila A. Murray
Executive Vice-President,
General Counsel and
Secretary

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

David C. Pauli
Chief Operating Officer

CI INVESTMENTS

EXECUTIVES

Peter W. Anderson
Chief Executive Officer

Douglas J. Jamieson
Chief Financial Officer

David C. Pauli
Executive Vice-President and
Chief Operating Officer

Larry H. Rowe
Senior Vice-President
Information Technology

Derek J. Green
President and National
Sales Manager

ASSANTE WEALTH MANAGEMENT

EXECUTIVES

Steven J. Donald
President and
Chief Executive Officer

James E. Ross
Senior Vice-President
Wealth & Estate Planning

Robert J. Dorrell
Senior Vice-President
Distribution Services

Corporate Information

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INVESTOR RELATIONS

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

TRADING SYMBOL

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

AUDITORS

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

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Telephone: 1 800 564-6253
E-mail: caregistry@computershare.com

NORMAL COURSE ISSUER BID

Effective May 29, 2009, the TSX accepted CI's notice of intention to commence a normal course issuer bid (the "Notice") through the facilities of the TSX. Under the bid, CI may purchase up to 15,677,022 shares at the prevailing market price. Purchases under the bid will terminate no later than May 28, 2010. As of February 19, 2009, CI had acquired an aggregate of 1,578,903 shares under the normal course issuer bid at an average price of \$20.04 per share. Shareholders may obtain a copy of the Notice, without charge, by contacting the Corporate Secretary of CI.

SHAREHOLDER RIGHTS PLAN

CI entered into a rights plan agreement dated as of January 1, 2009 with Computershare Investor Services Inc., as rights agent, in connection with the adoption of a shareholder rights plan. The Shareholder Rights Plan is designed to ensure the fair treatment of CI's shareholders in any transaction involving a change of control of CI and to provide the Board and shareholders with adequate time to evaluate any unsolicited takeover bid and, if appropriate, to seek out alternatives to maximize shareholder value. The complete text of the rights plan may be found on SEDAR at www.sedar.com.

DIGITAL REPORT

This Annual Report can be downloaded from CI's website at www.ci.com/cix under "Reports".



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