CI Financial

Q1 | Financial Report

March 31, 2016

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FINANCIAL HIGHLIGHTS

[millions of dollars, except share amounts]	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	% change quarter-over-quarter	% change year-over-year
	As at and for the quarters ended						
Assets under management	108,715	111,124	105,296	108,839	109,137	(2)	—
Assets under advisement	34,566	34,552	33,249	33,897	33,939	—	2
Total assets	143,281	145,676	138,545	142,736	143,076	(2)	—
Average assets under management	107,321	108,688	108,541	109,750	106,531	(1)	1
Management fees	424.8	444.8	449.4	453.8	439.9	(4)	(3)
Total revenues	470.6	493.5	499.0	504.2	501.0	(5)	(6)
Selling, general & administrative	96.4	96.9	92.9	91.8	90.8	(1)	6
Trailer fees	131.1	137.7	139.6	140.5	135.8	(5)	(3)
Net income attributable to shareholders	116.6	127.2	142.8	138.9	144.5	(8)	(19)
Basic earnings per share	0.42	0.46	0.51	0.50	0.51	(9)	(18)
Diluted earnings per share	0.42	0.46	0.51	0.50	0.51	(9)	(18)
EBITDA[1]	199.4	217.4	237.0	235.2	238.8	(8)	(16)
Adjusted EBITDA[1]	212.7	228.2	237.0	239.8	235.4	(7)	(10)
Adjusted EBITDA[1] per share	0.77	0.83	0.85	0.86	0.84	(7)	(8)
Return on equity[2]	28.0%	29.2%	29.9%	29.4%	28.8%	(4)	(3)
Dividends recorded per share	0.330	0.330	0.330	0.325	0.315	—	5
Dividend yield	4.6%	4.3%	4.4%	3.9%	3.6%		
Average shares outstanding	275,228,783	276,031,411	277,770,913	279,861,494	281,740,107	—	(2)
Shares outstanding	273,853,707	276,026,778	276,397,053	278,624,442	280,597,610	(1)	(2)
Share price							
High	30.94	32.44	34.35	36.25	36.00		
Low	26.52	29.48	27.84	33.38	31.07		
Close	28.70	30.60	30.30	33.60	35.41		
Increase (decrease) in share price	(6.2%)	1.0%	(9.8%)	(5.1%)	9.7%		
Total shareholder return	(5.1%)	2.1%	(8.9%)	(4.2%)	10.7%		
Market capitalization	7,860	8,446	8,375	9,362	9,936		
Price to earnings multiple[2]	15.1	15.4	15.0	16.9	18.3		
Long-term debt (including the current portion)	613.5	559.3	435.6	383.5	311.5		
Net debt[1]	493.1	433.1	321.7	266.0	210.7		
Net debt to adjusted EBITDA[1]	0.58	0.48	0.34	0.28	0.22		

[1] EBITDA, adjusted EBITDA and net debt are not standardized earning measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

[2] Trailing 12 months

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

Equity markets started 2016 with a sharp decline, making it one of the worst starts to a year in history. However, they reversed course in mid-quarter and ended up posting gains for the period as the U.S. Federal Reserve backed away from further interest rate increases and the price of oil stabilized. The Canadian dollar also strengthened, reducing returns on foreign investments for Canadians.

The S&P/TSX Composite Index rose 4.5% during the quarter and the S&P 500 Index was up 1.3%, while the MSCI World Index recorded a slight drop of 0.2%. In Canadian dollars, the S&P 500 Index fell 4.9% and the MSCI World Index declined 6.3%.

CI's assets under management ("AUM") ended the quarter at $108.7 billion, a decrease of 2% from the end of 2015 and largely unchanged from March 31, 2015. Average AUM was $107.3 billion for the first quarter of 2016, down 1% from $108.7 billion in the fourth quarter of 2015 and up 1% from $106.5 billion in the first quarter of 2015.

Net income adjusted for a provision for severance and transition costs was $126.1 million ($0.46 per share) for the quarter compared to adjusted net income of $137.0 million ($0.50 per share) in the fourth quarter of 2015 and $141.4 million ($0.50 per share) in the first quarter of 2015.

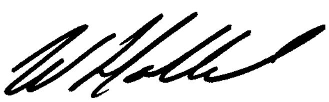
Gross sales of funds were $3.603 billion in the first quarter, compared to $3.646 billion in the fourth quarter and $4.504 billion in the same quarter last year. Redemptions in the quarter of $3.933 billion included a large institutional client and were up from $3.348 billion last quarter and $3.292 billion in the first quarter of last year. Net sales were -$330 million, down from net sales of $299 million in the fourth quarter and net sales of $1.212 billion in the first quarter of 2015.

Dealer revenues at Assante Wealth Management were relatively flat year over year, at $79.1 million compared to $79.7 million, as administered assets grew 1% from $31.6 billion at March 31, 2015 to $31.9 billion as at March 31, 2016. Assante continued to realize decreasing commission revenue as sales of back-end funds decline, while service fee revenues benefited from both market performance and net sales of CI and third-party investment products.

CI's AUM at April 30, 2016 was $108.3 billion, down 0.4% from March, as the Canadian dollar continued to climb, negatively impacting the performance of funds that hold foreign investments. Average assets for April were $108.6 billion or 0.2% above the average for March.

The Board of Directors declared monthly cash dividends of $0.115 per share, an increase of 5% from the former monthly rate of $0.11 per share, payable on June 15, July 15, and August 15, 2016 to shareholders of record on May 31, June 30 and July 31, 2016, respectively.

Sincerely,



William T. Holland
Executive Chairman

Stephen A. MacPhail
Chief Executive Officer

MAY 5, 2016

MANAGEMENT'S DISCUSSION & ANALYSIS | March 31, 2016

(UNAUDITED)

CI FINANCIAL CORP.

This Management's Discussion and Analysis ("MD&A") dated May 5, 2016 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at March 31, 2016, compared with December 31, 2015, and the results of operations for the quarter ended March 31, 2016, compared with the quarter ended December 31, 2015 and the quarter ended March 31, 2015.

CI's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") and Assante Wealth Management (Canada) Ltd. ("AWM" or "Assante"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and its subsidiaries, including CI Private Counsel LP ("CIPC"), as well as the operating results and financial position of First Asset Capital Corp. ("First Asset"). 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").

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. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". 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 Management" 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.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management uses these financial measures and also believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. Descriptions of these non-IFRS measures and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

Note that figures in tables may not add due to rounding.

TABLE 1: SUMMARY OF QUARTERLY RESULTS

[millions of dollars, except per share amounts]	2016	2015				2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
INCOME STATEMENT DATA								
Management fees	424.8	444.8	449.4	453.8	439.9	428.5	430.7	415.6
Administration fees	36.6	36.6	36.0	37.8	36.2	35.4	36.2	34.7
Other revenues	9.2	12.1	13.6	12.6	24.9	21.1	13.7	14.4
Total revenues	470.6	493.5	499.0	504.2	501.0	485.0	480.6	464.7
Selling, general & administrative	96.4	96.9	92.9	91.8	90.8	87.0	86.2	84.9
Trailer fees	131.1	137.7	139.6	140.5	135.8	131.8	132.3	127.4
Investment dealer fees	29.9	29.9	29.4	30.9	29.4	28.4	29.0	27.7
Amortization of deferred sales commissions	32.9	33.6	34.8	36.0	36.7	37.4	37.9	38.3
Interest expense	3.8	4.0	3.5	3.4	3.2	4.4	4.6	4.5
Other expenses	16.4	14.8	3.2	9.0	12.3	5.5	5.6	5.9
Total expenses	310.5	316.9	303.5	311.6	308.1	294.5	295.6	288.7
Income before income taxes	160.1	176.6	195.5	192.7	192.9	190.5	185.0	176.0
Income taxes	43.8	49.6	52.7	53.5	49.2	50.1	50.0	47.9
Non-controlling interest	(0.3)	(0.2)	(0.1)	0.2	(0.9)	—	(0.1)	0.3
Net income attributable to shareholders	116.6	127.2	142.8	138.9	144.5	140.4	135.1	127.8
Earnings per share	0.42	0.46	0.51	0.50	0.51	0.50	0.48	0.45
Diluted earnings per share	0.42	0.46	0.51	0.50	0.51	0.50	0.48	0.45
Dividends recorded per share	0.330	0.330	0.330	0.325	0.315	0.310	0.300	0.295

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, exchange-traded 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, exchange-traded and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenue principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

The key performance indicator for the Asset Management segment is the level of assets under management ("AUM") and for the Asset Administration segment, it is the level of assets under administration ("AUA"). Assets Under Advisement are comprised of AUA and assets held by clients of advisors with Assante Wealth Management and Stonegate Private Counsel. Total assets are comprised of AUM and Assets Under Advisement. CI's AUM and AUA are driven by the gross sales and redemptions of investment products and fund performance. As most of CI's revenues and expenses are based on daily asset levels throughout the year, average assets for a particular period are critical to the analysis of CI's financial results. While some expenses, such as trailer fees, vary directly with the level of AUM, about half of CI's expenses do not. In particular, the amount of amortization of deferred sales commissions depends on the amount of sales commissions paid on deferred load fund sales over the past seven years and the redemptions of those funds. Over the long term, CI manages the level of its discretionary spend within SG&A expenses to be consistent with or below the growth in its average AUM.

CI uses several performance indicators to assess its results. These indicators are described throughout the results of operations and the discussion of the two operating segments and include the following measures prescribed by IFRS: net income and earnings per share; and measures not prescribed by IFRS: pre-tax operating earnings, EBITDA, adjusted EBITDA, adjusted EBITDA margin, dealer gross margin, net debt, operating cash flow, free cash flow, asset management margin, and SG&A efficiency margin. Descriptions of these non-IFRS measures and reconciliations to IFRS are provided below.

NON-IFRS MEASURES

CI reports certain financial information using non-IFRS measures, as CI believes that these financial measures provide information that is useful to investors in understanding CI's performance and facilitate a comparison of quarterly and full year results from period to period.

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) and adjusted EBITDA, which it defines as EBITDA net of non-controlling interest and other provisions and adjustments, to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions ("DSC") and other items. This permits comparisons of companies within the industry, normalizing for different financing methods, levels of taxation and mix of business between front-end load funds and deferred load funds under management. Adjusted EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

TABLE 2: EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

[millions of dollars, except per share amounts]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Net Income	116.3	127.0	143.7
Add:			
Interest expense	3.8	4.0	3.2
Provision for income taxes	43.8	49.6	49.2
Amortization of deferred sales commissions	32.9	33.6	36.7
Amortization of intangibles and other	2.6	3.2	6.1
EBITDA	**199.4**	**217.4**	**238.8**
Add:			
Provision for severance and transition costs	13.0	—	—
Provision for legal costs	—	—	4.0
Provision for fund remediation	—	10.8	—
Fair value adjustment to contingent consideration	—	—	(7.5)
Non-controlling interest	0.3	0.1	0.1
Adjusted EBITDA	**212.7**	**228.2**	**235.4**
Adjusted EBITDA per share	**0.77**	**0.83**	**0.84**
Total revenue	470.6	493.5	501.0
Less:			
Fair value adjustment to contingent consideration	—	—	7.5
	470.6	493.5	493.5
Adjusted EBITDA margin	**45.2%**	**46.3%**	**47.7%**

NET DEBT

CI calculates net debt as long-term debt (including the current portion) less cash and marketable securities net of cash required for regulatory purposes and non-controlling interests. Net debt is a measure of leverage and CI uses this measure to assess its financial flexibility.

TABLE 3: NET DEBT

[millions of dollars]	As at Mar. 31, 2016	As at Dec. 31, 2015
Current portion of long-term debt	—	2.0
Long-term debt	613.5	557.3
	613.5	559.3
Less:		
Cash and short-term investments	51.9	56.6
Marketable securities	77.2	78.7
Add:		
Regulatory capital and non-controlling interests	8.7	9.1
Net Debt	**493.1**	**433.1**

PRE-TAX OPERATING EARNINGS

CI defines pre-tax operating earnings as net income plus amortization of deferred sales commissions and intangibles, income taxes, and other provisions and adjustments less redemption fee revenue and non-core items, such as performance fees, investment gains and non-controlling interest. This also removes the impact of financing deferred load AUM. CI uses pre-tax operating earnings to assess its underlying profitability.

TABLE 4: PRE-TAX OPERATING EARNINGS

[millions of dollars, except per share amounts]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Net Income	116.3	127.0	143.7
Add:			
Amortization of deferred sales commissions	32.9	33.6	36.7
Amortization of intangibles	1.0	1.1	4.0
Provision for income taxes	43.8	49.6	49.2
Provision for legal costs	—	—	4.0
Provision for fund remediation	—	10.8	—
Provision for severance and transition costs	13.0	—	—
Less:			
Redemption fees	4.9	4.2	5.4
Performance fees	—	—	0.2
Fair value adjustment to contingent consideration	—	—	7.5
Gain on marketable securities	—	0.4	2.8
Non-controlling interest	(0.3)	(0.1)	(0.1)
Pre-tax operating earnings	**202.4**	**217.5**	**221.9**
Pre-tax operating earnings per share	**0.74**	**0.79**	**0.79**

DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring its 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.

TABLE 5: DEALER GROSS MARGIN

[millions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Administration fees	73.4	74.1	73.9
Less:			
Investment dealer fees	60.1	60.6	60.3
	13.3	13.4	13.6
Dealer gross margin	**18.1%**	**18.1%**	**18.4%**

OPERATING CASH FLOW AND FREE CASH FLOW

CI measures its operating cash flow before the change in operating assets and liabilities, and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Operating assets and liabilities are affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual.

Free cash flow is calculated as operating cash flow less sales commissions paid and adjusted for other provisions. CI uses this measure, among others, when determining how to deploy capital.

TABLE 6: OPERATING CASH FLOW AND FREE CASH FLOW

[millions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Cash provided by operating activities	117.1	146.8	146.0
Add:			
Income taxes paid	69.5	52.5	84.0
Interest paid	0.7	6.9	0.4
Less:			
Net change in non-cash working capital	35.6	48.1	55.4
Operating cash flow	**151.7**	**158.2**	**175.0**
Less:			
Sales commissions paid	17.7	16.5	32.0
Add:			
Provision for severance and transition costs	9.6	—	—
Provision for fund remediation	—	9.8	—
Free cash flow	**143.6**	**151.4**	**143.0**

ASSET MANAGEMENT MARGIN

CI assesses the overall performance of the asset management segment using a trailing 12-month asset management margin, where amortization of DSC, trailer fees, and SG&A expenses are deducted from management fees and measured as a percentage of management fees. This margin removes any distortion caused by other revenues and expenses, eliminates the financing impact of back-end load funds because it is net of trailer fees and DSC, and it also eliminates revenue mix variances because it is measured as a percentage of management fees and not average AUM. Using a trailing 12-month margin eliminates any seasonality associated with SG&A expenses.

TABLE 7: ASSET MANAGEMENT MARGIN

[millions of dollars – trailing 12 months]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015
Management fees	**1,772.7**	**1,787.9**	**1,771.6**	**1,752.9**	**1,714.6**
Less:					
Amortization of DSC	140.8	144.7	148.6	151.7	154.0
Trailer fees	573.3	577.9	571.5	563.7	549.9
Net management fees	1,058.6	1,065.3	1,051.5	1,037.4	1,010.7
Less:					
SG&A	311.0	305.6	297.1	291.6	285.1
	747.6	759.7	754.4	745.9	725.6
Asset management margin	**42.2%**	**42.5%**	**42.6%**	**42.6%**	**42.3%**

SG&A EFFICIENCY MARGIN

CI uses a trailing 12-month SG&A efficiency margin to assess its ability to control costs relative to management fees earned, net of amortization of DSC and trailer fees, which are not controllable by CI. SG&A expenses are subtracted from these net management fees and measured as a percentage of net management fees. Using a trailing 12-month margin eliminates any seasonality associated with SG&A expenses.

TABLE 8: SG&A EFFICIENCY MARGIN

[millions of dollars – trailing 12 months]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015
Management fees	1,772.7	1,787.9	1,771.6	1,752.9	1,714.6
Less:					
Amortization of DSC	140.8	144.7	148.6	151.7	154.0
Trailer fees	573.3	577.9	571.5	563.7	549.9
Net management fees	**1,058.6**	**1,065.3**	**1,051.5**	**1,037.4**	**1,010.7**
Less:					
SG&A	311.0	305.6	297.1	291.6	285.1
	747.6	759.7	754.4	745.9	725.6
SG&A efficiency margin	**70.6%**	**71.3%**	**71.7%**	**71.9%**	**71.8%**

ASSETS AND SALES

CI is one of Canada's largest investment fund companies with assets under management of $108.7 billion and assets under advisement of $34.6 billion at March 31, 2016, as shown in Table 9. Assets under advisement are comprised of AUA and assets held by clients of advisors with Assante Wealth Management and Stonegate Private Counsel. Changes from last year were primarily due to net sales of funds, market performance, and in the case of assets under management, CI's acquisition of First Asset. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, exchange-traded funds, pooled assets and assets under advisement, were $143.3 billion at March 31, 2016, up $0.2 billion from $143.1 billion at March 31, 2015.

TABLE 9: TOTAL ASSETS

[billions of dollars]	As at March 31, 2016	As at March 31, 2015	% change
Assets under management	108.7	109.1	—
Assets under advisement[1]	34.6	33.9	2
Total assets	**143.3**	**143.1**	**—**

[1] *Includes $20.7 billion and $19.9 billion of assets managed by CI and held by clients of advisors with Assante and Stonegate in 2016 and 2015, respectively.*

The change in AUM during each of the past five quarters is detailed in Table 10. CI's acquisition of First Asset partially offset the negative fund performance in three of the last four quarters, which was the primary contributor to CI's decline in assets under management during this period. Global stock markets have been volatile and have generally declined since the middle of last year, which has had a negative impact on fund performance and contributed to a decline in fund sales at CI as well as across the industry.

TABLE 10: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

[billions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015
Assets under management, beginning	111.124	105.296	108.839	109.137	102.886
Gross sales	3.603	3.646	3.068	4.207	4.504
Redemptions	3.933	3.348	2.636	2.719	3.292
Net sales	(0.330)	0.299	0.431	1.488	1.212
Acquisitions	—	3.028	—	—	—
Fund performance	(2.079)	2.501	(3.974)	(1.786)	5.039
Assets under management, ending	108.715	111.124	105.296	108.839	109.137
Average assets under management for the quarter	107.321	108.688	108.541	109.750	106.531

RESULTS OF OPERATIONS

For the quarter ended March 31, 2016, CI reported net income attributable to shareholders of $116.6 million ($0.42 per share) versus $144.5 million ($0.51 per share) for the quarter ended March 31, 2015 and $127.2 million ($0.46 per share) for the quarter ended December 31, 2015. The first quarter of 2016 included a $13.0 million ($9.6 million after tax) provision for severance and transition costs. Net income adjusted for this item was $126.1 million ($0.46 per share) for the quarter ended March 31, 2016. The fourth quarter of 2015 included a $10.8 million ($9.8 million after tax) provision for fund remediation. Net income adjusted for this item was $137.0 million ($0.50 per share). The first quarter of 2015 included a $7.5 million fair value adjustment to contingent consideration, a $3.0 million ($1.4 million after tax and non-controlling interest) acceleration in the amortization of fund management contracts and a $4.0 million ($2.9 million after tax) provision for future legal costs. Net income adjusted for these items was $141.4 million ($0.50 per share) for the quarter ended March 31, 2015. Including these adjustments, net income for the quarter ended March 31, 2016 was down 8.0% from the quarter ended December 31, 2015 and down 10.8% from the first quarter last year. All further discussion of earnings measures in this document are assumed to adjust for the above items, as this will assist in a comparison of results across reporting periods. The decline in adjusted net income from the prior quarter was a result of the 1.3% decrease in average AUM, the impact of having one less day in the quarter, and a decline in the management fee rate earned on CI's AUM, which is discussed in detail in the Asset Management Segment below. The decline in adjusted net income from the same period last year was primarily a result of the decline in the management fee rate earned on CI's AUM. Another significant component of the changes in CI's revenues and expenses was the acquisition of First Asset on November 30, 2015, whereby the first quarter of 2016 was the first full quarter to include these results.

Total revenues decreased 6.1% in the first quarter of 2016 to $470.6 million compared to revenue of $501.0 million in the same period in 2015. The main contributors to this change were a decrease in management fee revenues and other income. The decrease in management fee revenues was a result of earning a lower management fee rate on AUM, as discussed in the Asset Management Segment below. The decrease in other income was primarily a result of the $7.5 million fair value adjustment to contingent consideration reported in the first quarter of last year. Assante's administration fee revenue net of intercompany eliminations increased 1.1%, representing administration fees from third-party fund companies. On a quarter-over-quarter basis, total revenues decreased 4.6% from $493.5 million in the fourth quarter of 2015 as average AUM decreased 1.3% and as a result of having one less day in the quarter. Assante administration fee revenues, net of intercompany eliminations, decreased 0.1% from the prior quarter.

SG&A expenses for the first quarter of 2016 were $96.4 million (including $3.5 million incurred at First Asset) compared to $96.9 million (including $1.3 million incurred at First Asset) in the prior quarter. In the fourth quarter of 2015, First Asset was included in SG&A expenses for only one month. Excluding First Asset, SG&A expenses declined by 2.8% from the prior quarter. Included in SG&A expenses are portfolio management fees, which are largely driven by the level of average AUM; however, during 2015, CI added staff to its in-house portfolio management teams and increased the amount of discretionary spend on sales and marketing. These investments were the primary contributors to the 2.3% increase in SG&A expense (net of First Asset) relative to the same quarter last year. The level of SG&A expenses, as an annualized percentage of average AUM, grew to 0.361% (0.357% net of First Asset) from 0.346% in the first quarter of 2015 and from 0.354% (0.352% net of First Asset) in the fourth quarter of 2015.

Amortization of deferred sales commissions was $32.9 million in the first quarter of 2016, a decrease from $36.7 million in the first quarter of 2015 and a decrease from $33.6 million in the fourth quarter of 2015. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been deferred load funds versus front-end load funds.

Interest expense of $3.8 million was recorded for the quarter ended March 31, 2016 compared with $3.2 million for the quarter ended March 31, 2015 and $4.0 million for the quarter ended December 31, 2015. The changes in interest expense primarily reflect the changes in average debt levels, as discussed under "Liquidity and Capital Resources."

For the first quarter of 2016, CI recorded $43.8 million in income tax expense for an effective tax rate of 27.4% compared to $49.2 million in the first quarter of 2015 for an effective tax rate of 25.5%. Income tax expense in the fourth quarter of 2015 was $49.6 million, for an effective tax rate of 28.1%. The higher effective tax rate for the prior quarter reflects the non-deductible nature of a large component of the provision for fund remediation. CI's statutory tax rate for 2016 is 26.5%.

As discussed in the "Non-IFRS Measures" section and as set out in Table 4, pre-tax operating earnings were $202.4 million ($0.74 per share) in the first quarter of 2016, a decrease of 8.8% from the same quarter of 2015 and down 7.0% from the prior quarter. Adjusted EBITDA for the quarter ended March 31, 2016 was $212.7 million ($0.77 per share), down 9.6% from $235.4 million ($0.84 per share) for the quarter ended March 31, 2015 and down 6.8% from $228.2 million ($0.83 per share) for the quarter ended December 31, 2015. Similar to the change in adjusted net income, the changes to pre-tax operating earnings and adjusted EBITDA from prior periods were primarily a result of a decline in the management fee rate earned on CI's AUM, which is discussed in detail in the Asset Management Segment below. In addition, the declines in pre-tax operating earnings and adjusted EBITDA from the fourth quarter of 2015 resulted from the 1.3% decrease in average AUM and having one less day in the quarter. Adjusted EBITDA margin for the first quarter of 2016 was 45.2%, down from 47.7% in the first quarter of 2015 and 46.3% in the prior quarter. For detailed calculations and reconciliations of net income to adjusted EBITDA, refer to the "Non-IFRS Measures" section and Table 2.

ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments, CIPC and First Asset. Table 11 presents the operating results for the Asset Management segment.

TABLE 11: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

[millions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Management fees	424.8	444.8	439.9
Other revenue	3.5	6.8	19.1
Total revenue	428.3	451.6	459.0
Selling, general and administrative	79.6	79.7	74.2
Trailer fees	137.1	143.8	141.7
Amortization of deferred sales commissions and intangibles	34.2	35.0	41.1
Other expenses	15.5	13.3	6.3
Total expenses	266.3	271.8	263.3
Non-controlling interest	(0.4)	(0.2)	(1.2)
Income before taxes and non-segmented items	162.4	179.9	196.9

Revenues

Revenues from management fees were $424.8 million for the quarter ended March 31, 2016, a decrease of 3.4% from $439.9 million for the quarter ended March 31, 2015 and a decrease of 4.5% from $444.8 million for the quarter ended December 31, 2015. The average management fee rate, as a percentage of average AUM, declined from 1.675% in the first quarter of 2015 and 1.623% in the fourth quarter of 2015 to 1.592% in the first quarter of 2016. The decline in the management fee rate was a result of two factors: 1) CI has been experiencing a change in asset mix towards classes of funds designated for high net worth clients/fee-based accounts, which have lower management fee rates than traditional retail funds; 2) The first quarter of 2016 was the first full quarter to include the management fees of First Asset's products, including exchange-traded funds, which have lower average management fee rates than CI's products.

The asset management margin for the 12-month period ended March 31, 2016 was 42.2%, a decrease from 42.5% and 42.3% in the 12-month periods ended December 31, 2015 and March 31, 2015, respectively. The asset management margin for the first quarter of 2016 was 41.0%, compared to 42.4% in the first quarter of 2015 and 42.0% in the prior quarter. The decrease in margin from the prior quarter was partially due to the inclusion of First Asset for the full quarter, as exchange-traded funds earn a lower margin than CI's products. The calculations and definitions of asset management margin can be found in the "Non-IFRS Measures" section and in Table 7.

For the quarter ended March 31, 2016, other revenue was \$3.5 million versus \$19.1 million and \$6.8 million for the quarters ended March 31, 2015 and December 31, 2015, respectively. The first quarter of last year included a \$7.5 million fair value adjustment to contingent consideration. The largest component of other revenue is redemption fees, which were \$4.9 million for the quarter ended March 31, 2016 compared with \$5.4 million and \$4.2 million for the quarters ended March 31, 2015 and December 31, 2015, respectively. The first quarter of 2016 included a negligible loss on the sale of marketable securities, compared to a gain of \$0.4 million in the previous quarter and gain of \$2.8 million in the first quarter of 2015.

Expenses

SG&A expenses for the Asset Management segment were \$79.6 million for the quarter ended March 31, 2016, a 7.3% increase from \$74.2 million for the first quarter in 2015 and down 0.1% from \$79.7 million for the quarter ended December 31, 2015. As a percentage of average AUM, SG&A expenses were 0.298% for the quarter ended March 31, 2016, up from 0.283% for the quarter ended March 31, 2015 and 0.291% in the quarter ended December 31, 2015. The increase in SG&A from the prior quarter primarily reflected the inclusion of First Asset's SG&A for the three months ending March 31, 2016 rather than for one month in the prior quarter.

Another measure that CI uses to assess its ability to control spending is the SG&A efficiency margin, as discussed in the "Non-IFRS Measures" section and as set out in Table 8. The current trailing 12-month SG&A efficiency margin of 70.6% decreased from 71.8% in the same period in 2015 as CI invested more on sales, marketing and investment initiatives relative to the amount of net management fees earned. The trailing 12-month SG&A expense was 9.1% higher for the comparable periods compared to a net management fee increase of 4.7%. CI's current quarter SG&A efficiency margin decreased to 68.7% from 71.5% in the first quarter of last year and 70.1% for the prior quarter. This is primarily because First Asset has a higher proportion of SG&A to management fee revenue.

Trailer fees were \$137.1 million for the quarter ended March 31, 2016, down 3.2% from \$141.7 million for the quarter ended March 31, 2015 and down 4.7% from \$143.8 million for the quarter ended December 31, 2015. Net of inter-segment amounts, this expense was \$131.1 million for the quarter ended March 31, 2016 versus \$135.8 million for the first quarter of 2015 and \$137.7 million for the fourth quarter of 2015. Trailer fees have declined more than the change in average AUM primarily because CI and the industry as a whole have been experiencing a trend towards increased use of fee-based accounts, which pay no trailer fee.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was \$34.2 million for the quarter ended March 31, 2016, down from \$38.1 million in the same quarter a year ago, after adjusting for \$3.0 million of accelerated amortization, and down from \$35.0 million in the previous quarter. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years.

Other expenses for the quarter ended March 31, 2016 were \$15.5 million, compared to \$13.3 million in the previous quarter and \$6.3 million in the same quarter of last year. As discussed earlier, the first quarter of 2016 included a \$13.0 million (\$9.6 million after tax) provision for severance and transition costs, the prior quarter included a \$10.8 million (\$9.8 million after tax) provision for fund remediation, and the first quarter of last year included a \$4.0 million (\$2.9 million after tax) provision for legal costs.

Income before taxes and non-segmented items for CI's principal segment was \$162.4 million for the quarter ended March 31, 2016, down 17.5% from \$196.9 million in the same period in 2015 and down 8.9% from \$179.9 million in the previous quarter. After adjusting for the items detailed in the Results of Operations section above, income before taxes and non-segmented items for the first quarter of 2016 was \$175.4 million, down 8.0% from the prior quarter and down 9.3% from the first quarter of 2015.

ASSET ADMINISTRATION SEGMENT

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. Table 12 presents the operating results for the Asset Administration segment.

TABLE 12: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

[millions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Dec. 31, 2015	Quarter ended Mar. 31, 2015
Administration fees	73.4	74.1	73.9
Other revenue	5.7	5.3	5.7
Total revenue	79.1	79.3	79.7
Selling, general and administrative	16.8	17.2	16.5
Investment dealer fees	60.1	60.6	60.3
Amortization of intangibles	0.6	0.6	0.6
Other expenses	—	0.4	2.0
Total expenses	77.5	78.8	79.4
Income before taxes and non-segmented items	1.6	0.6	0.3

Revenues

Administration fees were $73.4 million for the quarter ended March 31, 2016, a decrease of 0.7% from $73.9 million for the same period a year ago and a decrease of 0.9% from the prior quarter. The decline in administration fees is primarily attributable to the dealership receiving less commission fee revenue, as there has been a trend towards clients investing on a front-end load basis, which pays the dealership lower upfront fees than investing on a deferred sales charge basis. Net of inter-segment amounts, administration fee revenue was $36.6 million for the quarter ended March 31, 2016, up from $36.2 million for the quarter ended March 31, 2015 and unchanged from the previous quarter.

Other revenues earned by the Asset Administration segment are mainly comprised of non-advisor-related activities. For the quarter ended March 31, 2016, other revenues were $5.7 million, which was the same as the first quarter of 2015 and up from $5.3 million in the fourth quarter of 2015.

Expenses

Investment dealer fees were $60.1 million for the quarter ended March 31, 2016 compared to $60.3 million for the first quarter of 2015 and $60.6 million for the quarter ended December 31, 2015.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 5, dealer gross margin was $13.3 million or 18.1% of administration fee revenue for the quarter ended March 31, 2016 compared to $13.6 million or 18.4% for the first quarter of 2015 and $13.4 million or 18.1% for the previous quarter. The changes in gross margin from the comparable quarters correspond primarily to the level of payout to financial advisors on their 12-month rolling administration fee revenues. The advisor payout rate generally increases as their 12-month rolling administration fee revenue increases.

SG&A expenses for the segment were $16.8 million for the quarter ended March 31, 2016 compared to $16.5 million in the first quarter of 2015 and $17.2 million in the fourth quarter of 2015. The change in SG&A expenses is largely attributable to the level of discretionary spend each quarter.

The Asset Administration segment had income before taxes and non-segmented items of $1.6 million for the quarter ended March 31, 2016, compared to income of $0.3 million for the first quarter of 2015 and income of $0.6 million for the prior quarter.

LIQUIDITY AND CAPITAL RESOURCES

CI generated $151.7 million of operating cash flow in the quarter ended March 31, 2016, down $23.3 million from $175.0 million for the same period of 2015. As detailed in Table 13, free cash flow was $143.6 million in the quarter ended March 31, 2016, up 0.4% from $143.0 million in the same period of 2015. Calculations of both measures and reconciliations to cash flow from operations are provided in the "Non-IFRS Measures" section, and set out in Table 6.

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. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations, pay down debt and to support CI's planned business operations for at least the next 12 months.

TABLE 13: SUMMARY OF CASH FLOWS

[millions of dollars]	Quarter ended Mar. 31, 2016	Quarter ended Mar. 31, 2015
Operating Cash Flow	151.7	175.0
Less:		
Deferred sales commissions paid	17.7	32.0
Add:		
Provision for severance and transition costs	9.6	—
Free cash flow	143.6	143.0
Less:		
Marketable securities, net	0.2	(9.6)
Capital expenditures	1.8	0.3
Share repurchases	63.7	47.0
Dividends paid	91.1	88.9
Debt repaid / (drawn)	(54.0)	(4.0)
Working capital and other items	45.5	32.8
	148.3	155.4
Net change in cash	(4.7)	(12.4)
Cash at January 1	56.6	51.2
Cash at March 31	51.9	38.8

CI's cash flows experience two forms of seasonality: 1) one-third of deferred sales commissions are typically paid out in the first quarter; and 2) the balance of cash income taxes and incentive compensation are paid at the end of February. These factors may cause cash flow fluctuations from quarter to quarter of up to $75 million.

CI paid deferred sales commissions of $17.7 million in the first quarter of 2016 compared to $32.0 million in the first quarter of last year. The decrease in deferred sales commissions paid compared to the prior year is a result of the trend towards lower sales of deferred load funds.

CI invested $1.1 million in marketable securities in the first quarter of 2016. During the same period, CI received proceeds of $0.9 million from the disposition of marketable securities, the sale of which resulted in a negligible loss. The fair value of marketable securities at March 31, 2016 was $77.2 million. Marketable securities are comprised of seed capital investments in CI funds and strategic investments.

During the quarter ended March 31, 2016, CI invested $1.8 million in capital expenditures, up from $0.3 million in the first quarter of 2015. These investments related primarily to leasehold improvements and technology.

During the first three months of 2016, CI repurchased 2.2 million shares under its normal course issuer bid at a total cost of $63.7 million or $28.77 per share. CI paid dividends of $91.1 million, which represented 72% of adjusted net income and 63% of free cash flow for the quarter. CI's most recent dividend payments were $0.11 per share per month, or approximately $361.5 million per fiscal year.

CI's working capital and other items increased $45.5 million in the first quarter of 2016, compared to an increase of $32.8 million in the first quarter of 2015. The increase in the first quarter of 2016 was primarily a result of a decrease in income taxes payable and accounts payable in conjunction with an increase in accounts receivable and prepaid expenses.

The statement of financial position for CI at March 31, 2016 reflects total assets of $3.317 billion, an increase of $19.4 million from $3.297 billion at December 31, 2015. This change was primarily a result of an increase in client and trust funds on deposit, partially offset by a decrease in deferred sales commissions.

CI's cash and cash equivalents decreased by $4.7 million in the first three months of 2016, as the outlay for dividends, share repurchases, deferred sales commissions and the change in working capital and other items exceeded operating cash flows plus funds drawn against CI's credit facility. Marketable securities decreased by $1.5 million during the first quarter of 2016 as a decline in the value of CI's investments offset net new purchases. Accounts receivable and prepaid expenses increased by $3.6 million to $126.0 million as of March 31, 2016, in conjunction with the growth in accrued fee revenues at CI Investments and AWM.

Deferred sales commissions decreased by $15.2 million to $336.2 million as a result of the $32.9 million in amortization expense partially offset by the $17.7 million in sales commissions paid. Capital assets increased by $0.2 million during the quarter as a result of $1.6 million being amortized during the year offset by $1.8 million in capital additions.

Total liabilities increased by $57.3 million during the first three months of 2016 to $1.458 billion at March 31, 2016. This change was primarily caused by an increase in long-term debt and client and trust funds payable, partially offset by a decrease in income taxes payable.

At March 31, 2016, CI was in a positive working capital position, which, in addition to the availability of CI's credit facility, reflects the ability of CI to meet its cash flow requirements.

CI had drawn $166 million against its $350 million credit facility as of March 31, 2016. Principal repayments on any drawn amounts are only required at the maturity of the facility, which is December 11, 2018.

At March 31, 2016, CI had $450 million in outstanding debentures at an interest rate of 2.645% with a carrying value of $447.5 million. Net debt, as discussed in the "Non-IFRS Measures" section and as set out in Table 3, was $493.1 million at March 31, 2016, up from $433.1 million at December 31, 2015. This increase was primarily due to the increase in working capital and other items discussed earlier. The average debt level for the three months ended March 31, 2016 was approximately $578 million, compared to $317 million for the same period last year.

CI's ratio of debt to adjusted EBITDA and net debt to adjusted EBITDA were 0.7 to 1 and 0.6 to 1, respectively, which provides CI with significant financial flexibility for future debt financing. CI's target is to maintain the ratio of net debt to adjusted EBITDA between 0.5 to 1 and 0.75 to 1 as it is expected that free cash flow will be returned to shareholders. CI is within its financial covenants with respect to its credit facility, which requires that the debt to adjusted EBITDA ratio remain below 2.5 to 1, and assets under management not fall below $60 billion, based on a rolling 30-day average.

Shareholders' equity was $1.857 billion at March 31, 2016, a decrease of $37.6 million during the first three months of 2016, which approximates net income less dividends and share repurchases.

RISK MANAGEMENT

There is risk inherent in the conduct of a wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are, by their nature, outside of direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives. It is an on-going process involving the Board of Directors, management and other personnel. Management has developed an enterprise wide approach to risk management that involves executives in each core business unit and operating area of CI. These executives identify and evaluate risks, applying both a quantitative and a qualitative analysis and then assess the likelihood of occurrence of a particular risk event. Once risks have been identified and rated, strategies and procedures are developed to minimize or avoid negative consequences and these risk mitigation processes are implemented and monitored to bring each risk event to an acceptable risk level.

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 ability to pay 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.

CI has a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At March 31, 2016, approximately 29% 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 50 basis point change in interest rates would cause a change of about $7 million in annual pre-tax earnings in the Asset Management segment.

At March 31, 2016, about 49% 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 24% 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 about $23 million in the Asset Management segment's annual pre-tax earnings.

About 54% of CI's assets under management were held in equity securities at March 31, 2016, 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 about $53 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 1% of the total income before non-segmented items (this segment had a gain of $1.6 million before income taxes and non-segmented items for the quarter ended March 31, 2016). 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 approximately $2 million to the Asset Administration segment's annual 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 significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of individual counterparties 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.

LIQUIDITY RISK

Liquidity risk is the risk that CI may not be able to generate sufficient funds and within the time required in order to meet its obligations as they come due. While CI currently has access to financing, unfavourable market conditions may affect the ability of CI to obtain loans or make other arrangements on terms acceptable to CI.

STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and the ability of CI to successfully implement proposed strategies. The key strategic risk is the risk that management fails to anticipate, and respond to changes in the business environment including demographic and competitive changes. CI's performance is directly affected by financial market and business conditions, including the legislation and policies of the governments and regulatory authorities having jurisdiction over CI's operations. These are beyond the control of CI; however, an important part of the risk management process is the ongoing review and assessment of industry and economic trends and changes. Strategies are then designed to mitigate the impact of any anticipated changes, including the introduction of new products and cost control strategies.

DISTRIBUTION RISK

CI distributes its investment products through a number of distribution channels, including brokers, independent financial planners and insurance advisors. CI's access to these distribution channels is impacted by the strength of the relationship with certain business partners and the level of competition faced from the financial institutions that own those channels. While CI continues to develop and enhance existing relationships, there can be no assurance that CI will continue to enjoy the level of access that it has in the past, which would adversely affect its sales of investment products.

OPERATIONAL RISKS

Operational risks are risks related to the actions, or failure in the processes, that support the business, including administration, information technology, product development and marketing. 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 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 CI. There can be no assurances that CI's systems will operate or that 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 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.

INFORMATION TECHNOLOGY RISK

CI uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, CI is exposed to information technology events that could potentially have an adverse impact on its business. These events could result in unauthorized access to sensitive information, theft and operational disruption. While CI is actively monitoring this risk and continues to develop controls to protect against cyber threats that are becoming more sophisticated and pervasive, it is possible that CI may not be able to fully mitigate the risk associated with information technology security.

TAXATION RISK

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency and, as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

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. While CI continues to develop and market new products and services, 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.

REGULATORY AND LEGAL RISK

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.

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.

CAPITAL RISK

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

KEY PERSONNEL RISK

The success of CI and its strategic focus is dependent to a significant degree upon the contributions of senior management. 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.

The success of 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 CI's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to 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 has 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 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.

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, 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.

INSURANCE RISK

CI maintains various types of insurance which 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 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.

SHARE CAPITAL

As at March 31, 2016, CI had 273,853,707 shares outstanding.

At March 31, 2016, 9.4 million options to purchase shares were outstanding, of which 4.0 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at March 31, 2016.

PAYMENTS DUE BY YEAR

[millions of dollars]	Total	1 year or less	2	3	4	5	More than 5 years
Long-term debt	616.0	—	—	166.0	—	450.0	—
Operating leases	99.3	12.5	11.5	10.8	10.3	9.9	44.3
Total	715.3	12.5	11.5	176.8	10.3	459.9	44.3

SIGNIFICANT ACCOUNTING ESTIMATES

The March 31, 2016 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the December 31, 2015 Notes to the Consolidated Financial Statements. Included in the December 31, 2015 Notes to the Consolidated Financial Statements is Note 2, which provides a discussion regarding the methodology used for business acquisitions. Included in the Notes to the Consolidated Financial Statements is Note 4, which provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, are responsible for the design of CI's disclosure controls and procedures. Management has evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures as at March 31, 2016. Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these Disclosure Controls and Procedures were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. The COSO framework was used to assist management, along with the CEO and CFO, in the evaluation of these internal control systems. Management, under the direction of the CEO and CFO, has concluded that the internal controls over financial reporting are effective. Management used various tools to evaluate internal controls over financial reporting which included interaction with key control systems, review of policy and procedure documentation, observation or reperformance of control procedures to evaluate the effectiveness of controls and concluded that these controls are effective. For the quarter ended March 31, 2016, there have been no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to affect, internal controls over financial reporting.

Additional information relating to CI, including the most recent audited annual financial statements, management information circular and annual information form, is available on SEDAR at www.sedar.com and on CI's website at www.cifinancial.com. Information contained in or otherwise accessible through the websites mentioned in this MD&A does not form part of, and is not incorporated by reference into, this MD&A.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS | March 31, 2016

(UNAUDITED)

CI FINANCIAL CORP.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

[in thousands of Canadian dollars]	As at March 31, 2016 $	As at December 31, 2015 $
ASSETS		
Current		
Cash and cash equivalents	**51,902**	56,598
Client and trust funds on deposit	**185,349**	158,891
Marketable securities	**77,175**	78,700
Accounts receivable and prepaid expenses	**126,009**	122,459
Income taxes receivable	**9,988**	—
Total current assets	**450,423**	416,648
Capital assets, net	**33,421**	33,166
Deferred sales commissions, net of accumulated amortization of $413,673 [December 31, 2015 – $428,274]	**336,193**	351,414
Intangibles	**2,295,543**	2,295,985
Other assets	**201,206**	200,154
Total assets	**3,316,786**	3,297,367
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**158,776**	168,257
Provision for other liabilities *[note 4]*	**24,735**	23,043
Dividends payable *[note 6]*	**60,248**	60,728
Client and trust funds payable	**183,629**	156,164
Income taxes payable	**—**	14,188
Current portion of long-term debt *[note 3]*	**—**	2,000
Total current liabilities	**427,388**	424,380
Deferred lease inducement	**12,894**	12,907
Long-term debt *[note 3]*	**613,472**	557,347
Provision for other liabilities *[note 4]*	**29,479**	29,554
Deferred income taxes	**374,446**	376,214
Total liabilities	**1,457,679**	1,400,402
Equity		
Share capital *[note 5(a)]*	**1,945,399**	1,960,622
Contributed surplus	**14,759**	13,615
Deficit	**(108,862)**	(86,827)
Accumulated other comprehensive income	**5,233**	6,690
Total equity attributable to the shareholders of the Company	**1,856,529**	1,894,100
Non-controlling interests	**2,578**	2,865
Total equity	**1,859,107**	1,896,965
Total liabilities and equity	**3,316,786**	3,297,367

(see accompanying notes)

On behalf of the Board of Directors:

William T. Holland
Director

Paul Derksen
Director

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

For the three-month period ended March 31

[in thousands of Canadian dollars, except per share amounts]	2016 $	2015 $
REVENUE		
Management fees	**424,772**	439,879
Administration fees	**36,616**	36,232
Redemption fees	**4,924**	5,372
Gain (loss) on sale of marketable securities	**(23)**	2,775
Other income	**4,344**	16,719
	470,633	500,977
EXPENSES		
Selling, general and administrative *[note 10]*	**96,382**	90,771
Trailer fees	**131,141**	135,792
Investment dealer fees	**29,899**	29,385
Amortization of deferred sales commissions	**32,880**	36,676
Amortization of intangibles	**962**	4,049
Interest *[note 3]*	**3,801**	3,193
Other	**15,485**	8,245
	310,550	308,111
Income before income taxes	**160,083**	192,866
Provision for income taxes		
Current	**45,334**	51,939
Deferred	**(1,545)**	(2,740)
	43,789	49,199
Net income for the period	**116,294**	143,667
Net loss attributable to non-controlling interests	**(287)**	(881)
Net income attributable to shareholders	**116,581**	144,548
Other comprehensive income (loss), net of tax		
Unrealized gain (loss) on available-for-sale financial assets, net of income taxes of ($219) [2015 – $610]	**(1,434)**	3,996
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of ($4) [2015 – ($348)]	**(23)**	(2,279)
Total other comprehensive income (loss), net of tax	**(1,457)**	1,717
Comprehensive income for the period	**114,837**	145,384
Comprehensive loss attributable to non-controlling interests	**(287)**	(881)
Comprehensive income attributable to shareholders	**115,124**	146,265
Basic earnings per share attributable to shareholders *[note 5(c)]*	**$0.42**	$0.51
Diluted earnings per share attributable to shareholders *[note 5(c)]*	**$0.42**	$0.51

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the three-month period ended March 31

[in thousands of Canadian dollars]	Share capital [note 5(a)] $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total shareholders' equity $	Non-controlling interests $	Total equity $
Balance, January 1, 2016	**1,960,622**	**13,615**	**(86,827)**	**6,690**	**1,894,100**	**2,865**	**1,896,965**
Comprehensive income	**—**	**—**	**116,581**	**(1,457)**	**115,124**	**(287)**	**114,837**
Dividends declared [note 6]	**—**	**—**	**(90,646)**	**—**	**(90,646)**	**—**	**(90,646)**
Shares repurchased	**(15,726)**	**—**	**(47,970)**	**—**	**(63,696)**	**—**	**(63,696)**
Issuance of share capital on exercise of options	**503**	**(345)**	**—**	**—**	**158**	**—**	**158**
Compensation expense for equity-based plans	**—**	**1,489**	**—**	**—**	**1,489**	**—**	**1,489**
Change during the period	**(15,223)**	**1,144**	**(22,035)**	**(1,457)**	**(37,571)**	**(287)**	**(37,858)**
Balance, March 31, 2016	**1,945,399**	**14,759**	**(108,862)**	**5,233**	**1,856,529**	**2,578**	**1,859,107**
Balance, January 1, 2015	1,968,692	10,386	(84,692)	8,311	1,902,697	3,741	1,906,438
Comprehensive income	—	—	144,548	1,717	146,265	(881)	145,384
Dividends declared [note 6]	—	—	(88,655)	—	(88,655)	—	(88,655)
Shares repurchased	(9,259)	—	(37,705)	—	(46,964)	—	(46,964)
Issuance of share capital on exercise of options	1,630	(1,609)	—	—	21	—	21
Compensation expense for equity-based plans	—	1,657	—	—	1,657	—	1,657
Change during the period	(7,629)	48	18,188	1,717	12,324	(881)	11,443
Balance, March 31, 2015	1,961,063	10,434	(66,504)	10,028	1,915,021	2,860	1,917,881

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three-month period ended March 31

[in thousands of Canadian dollars]	2016 $	2015 $
OPERATING ACTIVITIES (*)		
Net income	**116,294**	143,667
Add (deduct) items not involving cash		
(Gain) loss on sale of marketable securities	**23**	(2,775)
Fair value adjustment to contingent consideration	**—**	(7,500)
Equity-based compensation	**1,489**	1,657
Amortization of deferred sales commissions	**32,880**	36,676
Amortization of intangibles	**962**	4,049
Amortization and depreciation of other	**1,638**	2,012
Deferred income taxes	**(1,545)**	(2,740)
Cash provided by operating activities before changes in operating assets and liabilities	**151,741**	175,046
Net change in operating assets and liabilities	**(34,596)**	(29,072)
Cash provided by operating activities	**117,145**	145,974
INVESTING ACTIVITIES		
Purchase of marketable securities	**(1,112)**	(6,330)
Proceeds on sale of marketable securities	**934**	15,892
Additions to capital assets	**(1,768)**	(325)
Deferred sales commissions paid	**(17,659)**	(32,040)
Increase in other assets	**(1,052)**	(3,740)
Additions to intangibles	**(520)**	—
Cash used in investing activities	**(21,177)**	(26,543)
FINANCING ACTIVITIES		
Increase in long-term debt	**54,000**	4,000
Repurchase of share capital	**(63,696)**	(46,964)
Issuance of share capital	**158**	21
Dividends paid to shareholders	**(91,126)**	(88,889)
Cash used in financing activities	**(100,664)**	(131,832)
Net decrease in cash and cash equivalents during the period	**(4,696)**	(12,401)
Cash and cash equivalents, beginning of period	**56,598**	51,246
Cash and cash equivalents, end of period	**51,902**	38,845
(*) Included in operating activities are the following:		
Interest paid	**673**	409
Income taxes paid	**69,518**	84,033

(see accompanying notes)

CI Financial Corp. ["CI"] 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, exchange traded funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of CI have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ["IAS 34"] as issued by the International Accounting Standards Board ["IASB"] and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2015.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of CI on May 5, 2016.

BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of CI have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis. CI's presentation currency is the Canadian dollar. The functional currency of CI and its subsidiaries is also the Canadian dollar. The notes presented in these unaudited interim condensed consolidated financial statements include, in general, only significant changes and transactions occurring since CI's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2015.

BASIS OF CONSOLIDATION

The unaudited interim condensed consolidated financial statements include the accounts of CI, CI Investments Inc. ["CI Investments"] and Assante Wealth Management (Canada) Ltd. ["AWM"] and their subsidiaries, which are entities over which CI has control. Control exists when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity, is exposed to variable returns from its activities, and is able to use its power to affect such variable returns to which it is exposed. Hereinafter, CI and its subsidiaries are referred to as CI.

CI holds a controlling 65% interest in Marret Asset Management Inc. ["Marret"]. A non-controlling interest is recorded in the unaudited interim condensed consolidated statement of income and comprehensive income to reflect the non-controlling interest's share of the net income and comprehensive income, and a non-controlling interest is recorded within equity in the unaudited interim condensed consolidated statement of financial position to reflect the non-controlling interest's share of the net assets of Marret.

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

2. BUSINESS ACQUISITION

On November 30, 2015, CI acquired 100% of First Asset Capital Corp. ["First Asset"] and its subsidiaries, an investment management company, for cash consideration of $26,924, equity consideration of $40,576 and contingent consideration payable in cash or common shares with an estimated fair value of $20,000. CI accounted for the acquisition using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at November 30, 2015, at fair value, are as follows:

	$
Cash and cash equivalents	4,467
Accounts receivable and prepaid expenses	593
Management contracts	87,300
Accounts payable and accrued liabilities	(5,539)
Long-term debt	(2,000)
Deferred tax liability	(23,135)
Fair value of identifiable net assets	**61,686**
Goodwill on acquisition	25,814
Total acquired cost	**87,500**

The acquired fund management contracts with a fair value of $87,300 have an indefinite life. The goodwill on acquisition is not deductible for income tax purposes. Goodwill of $25,814 relates to the Asset Management segment.

Details of consideration as at the date of acquisition is as follows:

	$
Cash	26,924
Common shares issued, at fair value	40,576
Contingent consideration liability, at fair value	20,000
Total consideration	**87,500**

CI issued 1,301 common shares valued at $31.20 per common share as consideration for First Asset.

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

The acquisition agreement provided for contingent consideration payable in cash or common shares of CI, five years from the date of acquisition, if certain financial targets are met based on earnings before interest, tax, depreciation and amortization ["EBITDA"]. The potential undiscounted amount of all future payments that CI could be required to make under the agreement is unlimited. While it is not possible to determine the exact amount of contigent consideration, CI has estimated the fair value of the contingent consideration to be $20,000 as at March 31, 2016 and December 31, 2015 which was estimated using a discounted cash flow approach. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 *Fair Value Measurement* refers to as Level 3 inputs.

3. LONG-TERM DEBT

Long-term debt consists of the following:

	As at March 31, 2016 $	As at December 31, 2015 $
Credit facility		
Prime rate loan	—	2,000
Banker's acceptances	**166,000**	110,000
	166,000	112,000
Debentures		
$450 million, 2.645% due December 7, 2020	**447,472**	447,347
	447,472	447,347
Long-term debt	**613,472**	559,347
Current portion of long-term debt	—	2,000

Credit facility

Effective December 11, 2015, CI renewed its revolving credit facility with two chartered banks. Loans are made by the banks under a three-year revolving credit facility, with the outstanding principal balance due upon maturity on December 11, 2018. 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 requires that the funded debt to annualized earnings before interest, taxes, depreciation and amortization ratio remain below 2.5:1 and that CI's assets under management not fall below $60 billion, calculated based on a rolling 30-day average. There can be no assurance that future borrowings or equity financing will be available to CI or available on acceptable terms.

Debentures

On December 7, 2015, CI completed an offering pursuant to which it issued $450,000 principal amount of debentures due December 7, 2020 [the "Debentures"]. The Debentures were issued at par for gross proceeds of $450,000.

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

4. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

CI is a party to a number of claims, proceedings and investigations, including legal, regulatory and tax, in the ordinary course of its business. In addition, CI has provided for contingent consideration payable in business acquisitions as discussed in Note 2. Due to the inherent uncertainty involved in these matters, it is difficult to predict the final outcome or the amount and timing of any outflow related to such matters. Based on current information and consultations with advisors, CI does not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on its financial position or on its ability to continue normal business operations.

CI has made provisions based on current information and the probable resolution of any such contingent consideration, claims, proceedings and investigations. The movement in amounts provided for contingent liabilities and related expenses during the three months ended March 31, 2016 and year ended December 31, 2015, are as follows:

	3 months ended March 31, 2016 $	Year ended December 31, 2015 $
Provision for other liabilities, beginning of period	**52,597**	20,544
Additions	**13,903**	54,538
Amounts used	**(12,081)**	(14,106)
Amounts reversed	**(205)**	(8,379)
Provision for other liabilities, end of year	**54,214**	52,597
Current portion of provision for other liabilities	**24,735**	23,043

LITIGATION

CI is a defendant to certain lawsuits of which two are class action lawsuits related to events and transactions that gave rise to a settlement agreement with the Ontario Securities Commission ("OSC") in 2004. Although CI continues to believe that this settlement fully compensated investors affected by frequent trading activity, a provision has been made based on the probable resolution of these claims and related expenses.

CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the three months ended March 31, 2016, CI received insurance proceeds of $340, related to the settlement of legal claims [Year ended December 31, 2015 – $1,373]. As at March 31, 2016 and December 31, 2015, CI has accrued $703 and $463, respectively, for amounts to be received under insurance policies, which is included in accounts receivable.

TAXATION

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency ("CRA"), and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

During 2015, CI received notices of reassessment ("NOR") from the CRA and the Ontario and Alberta Ministries of Finance relating to the interest rate charged on subordinated notes within CI's income trust structure from 2006 to 2008. The NORs were in the amount of $275,208 including interest. However, notwithstanding the filing of a notice of objection, CI has made the required minimum payments of $172,115, which will remain on account until the dispute is resolved, which may take considerable time. The amount deposited has been included in other assets as at March 31, 2016. While CI believes it will be able to successfully defend its position, CI recorded a provision of $4,000 during the year ended December 31, 2015 for expenses to mount this defense. As at March 31, 2016, a provision of $3,821 remains [December 31, 2015 - $3,821].

REMEDIATION

In April 2015, CI Investments discovered an administrative error. Approximately $156.1 million of interest had not been properly recorded as an asset in the accounting records of certain funds, with the result being that the net asset values of these funds, and any funds that had invested in these funds, had been understated for several years. CI Investments self-reported the error to the OSC and on February 10, 2016 entered into a no-contest settlement agreement with the OSC in connection with the administrative error. CI recorded a provision of $10.75 million, net of recoveries, during the year ended December 31, 2015 for the cost of this settlement as well as the costs to remediate. As at March 31, 2016, a net recovery of $1,864 remains [December 31, 2015 – provision, net of recoveries of $10,750].

CONTINGENT CONSIDERATION

CI entered into an acquisition agreement with the shareholders of First Asset that provides for contingent consideration to be paid. Details of this agreement and the basis of calculation of the fair value of the contingent consideration are summarized in Note 2.

CI entered into an acquisition agreement with the shareholders of Marret that provided for contingent consideration payable in common shares of CI in the amount of $12,500, three years from the date of acquisition, if certain financial targets were met based on earnings before interest, tax, depreciation and amortization generated during that period. Included in other income for the three months ended March 31, 2015 is a fair value adjustment of $7,500 recorded to reduce the estimated fair value of the contingent consideration to be nil.

5. SHARE CAPITAL

A summary of the changes to CI's share capital for the period is as follows:

[A] AUTHORIZED AND ISSUED

	Number of shares *[in thousands]*	Stated value $
Authorized		
An unlimited number of common shares of CI		
Issued		
Common shares, balance, December 31, 2014	**281,708**	**1,968,692**
Issuance for acquisition of subsidiary	1,301	40,576
Issuance of share capital on exercise of share options	417	3,062
Share repurchases	(7,399)	(51,708)
Common shares, balance, December 31, 2015	**276,027**	**1,960,622**
Issuance of share capital on exercise of share options	41	503
Share repurchases	(2,214)	(15,726)
Common shares, balance, March 31, 2016	**273,854**	**1,945,399**

[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. CI granted 2,617 options during the three months ended March 31, 2016 [three months ended June 30 and March 31, 2015 – 220 and 2,772 options, respectively] to employees. The fair value method of accounting is used for the valuation of the 2016 and 2015 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 3.9% for the options issued during the three months ended March 31, 2016 [three months ended June 30 and March 31, 2015 – 0% and 3.7%, respectively], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder are credited to share capital. The fair value of the 2016 and 2015 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2016	2015	2015
# of options grants [in thousands]	2,617	220	2,772
Vesting terms	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	5.005% – 5.179%	4.125% – 4.296%	4.358% – 4.539%
Expected volatility *(*)*	16%	16%	16%
Risk-free interest rate	0.735% – 0.768%	0.980% – 1.057%	0.913% – 0.998%
Expected life [years]	2.6 – 3.5	2.4 – 3.4	2.4 – 3.4
Forfeiture rate	1.7% – 6.4%	0%	1.4% – 6.5%
Fair value per stock option	$1.90 – $2.06	$2.55 – $2.84	$2.36 – $2.62
Exercise price	$28.63	$35.88	$33.96

(*) Based on historical volatility of CI's share price.

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, 2014	**5,552**	**28.91**
Options exercisable, December 31, 2014	**1,335**	**23.48**
Options granted	2,992	34.10
Options exercised (*)	(1,400)	23.27
Options cancelled	(193)	33.41
Options outstanding, December 31, 2015	**6,951**	**32.15**
Options exercisable, December 31, 2015	**1,994**	**28.62**
Options granted	2,617	28.63
Options exercised (*)	(149)	22.25
Options cancelled	(59)	33.00
Options outstanding, March 31, 2016	**9,360**	**31.32**
Options exercisable, March 31, 2016	**3,963**	**30.88**

(*) Weighted-average share price of options exercised was $29.77 during the three months ended March 31, 2016 [year ended December 31, 2015 – $33.16]

Options outstanding and exercisable as at March 31, 2016 are as follows:

Exercise price $	Number of options outstanding *[in thousands]*	Weighted average remaining contractual life *[years]*	Number of options exercisable *[in thousands]*
21.73	69	1.2	69
21.98	384	0.9	384
27.03	1,230	1.9	1,230
28.63	2,605	4.9	—
30.27	125	2.2	83
33.96	2,647	3.9	885
34.52	229	3.2	76
35.60	1,851	2.9	1,236
35.88	220	4.0	—
21.73 to 35.88	**9,360**	**3.5**	**3,963**

[C] BASIC AND DILUTED EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share for the three months ended March 31:

[in thousands]	3 months ended March 31, 2016	3 months ended March 31, 2015
Numerator:		
Net income attributable to shareholders of the Company – basic and diluted	**$116,581**	$144,548
Denominator:		
Weighted average number of common shares – basic	**275,229**	281,740
Weighted average effect of dilutive stock options (*)	**221**	773
Weighted average number of common shares – diluted	**275,450**	282,513
Net earnings per common share attributable to shareholders		
Basic	**$0.42**	$0.51
Diluted	**$0.42**	$0.51

(*) The determination of the weighted average number of common shares – diluted excludes 7,678 thousand shares related to stock options that were anti-dilutive for the three months ended March 31, 2016 [three months ended March 31, 2015 – 4,933 thousand shares].

[D] MAXIMUM SHARE DILUTION

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at April 30, 2016 were exercised:

[in thousands]	
Shares outstanding at April 30, 2016	273,310
Options to purchase shares	9,313
	282,623

6. DIVIDENDS

The following dividends were paid by CI during the three months ended March 31, 2016:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2015	January 15, 2016	0.11	30,416
January 31, 2016	February 15, 2016	0.11	30,371
February 29, 2016	March 15, 2016	0.11	30,339
Paid during the three months ended March 31, 2016			91,126

The following dividends were declared but not paid during the three months ended March 31, 2016:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
March 31, 2016	April 15, 2016	0.11	30,124
April 30, 2016	May 13, 2016	0.11	30,124
Declared and accrued as at March 31, 2016			60,248

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

The following dividends were paid by CI during the three months ended March 31, 2015:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2014	January 15, 2015	0.105	29,640
January 31, 2015	February 13, 2015	0.105	29,600
February 28, 2015	March 13, 2015	0.105	29,649
Paid during the three months ended March 31, 2015			88,889

The following dividends were declared but not paid during the three months ended March 31, 2015:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
March 31, 2015	April 15, 2015	0.105	29,463
April 30, 2015	May 15, 2015	0.105	29,464
Declared and accrued as at March 31, 2015			58,927

On May 5, 2016, The Board of Directors declared monthly cash dividends of $0.115 per share payable on June 15, July 15 and August 15, 2016 to shareholders of record on May 31, June 30 and July 31, 2016, respectively.

7. FINANCIAL INSTRUMENTS

Financial assets are classified at fair value through profit or loss ["FVPL"], available-for-sale ["AFS"] or loans and receivables. Financial liabilities are classified as FVPL or other.

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVPL are added to the carrying amount of the asset or liability.

CI uses valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. CI bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- 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.

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

The carrying amounts of the financial instruments are presented in the table below and are classified according to the following categories:

	March 31, 2016 $	December 31, 2015 $
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**51,902**	56,598
Loans and receivables		
Client and trust funds on deposit	**185,349**	158,891
Accounts receivable	**111,396**	109,893
Other assets	**189,463**	189,555
Available-for-sale		
Marketable securities	**77,175**	78,700
Total financial assets	**615,285**	593,637
Financial liabilities		
Fair value through profit or loss		
Provisions for other liabilities	**20,000**	20,000
Other financial liabilities		
Accounts payable and accrued liabilities	**148,732**	159,148
Provisions for other liabilities	**34,214**	32,597
Dividends payable	**60,248**	60,728
Client and trust funds payable	**183,629**	156,164
Long-term debt	**613,472**	559,347
Total financial liabilities	**1,060,295**	987,984

Financial assets and liabilities classified as FVPL are measured at fair value and classified in the Level 1 fair value hierarchy.

CI's financial assets at March 31, 2016 and December 31, 2015 include CI's marketable securities which consist of investments in mutual fund securities. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI considers mutual fund securities that are valued daily to be level 1 in the fair value hierarchy and those mutual fund securities valued less frequently to be level 2 in the fair value hierarchy. As at March 31, 2016, CI's marketable securities of $77,175 [December 31, 2015 – $78,700] are carried at fair value of which $16,848 have been classified as level 1 in the fair value hierarchy and $60,327 as level 2 in the fair value hierarchy [December 31, 2015 – $17,709 as level 1 in the fair value hierarchy and $60,991 as level 2 in the fair value hierarchy]. There have been no transfers between level 1 and level 2 during the three month periods.

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

Included in provision for other liabilities, as at March 31, 2016 is contingent consideration of $20,000 [December 31, 2015 – $20,000] carried at fair value and classified as level 3 in the fair value hierarchy. Long-term debt as at March 31, 2016 includes Debentures with a fair value of $456,327 [December 31, 2015 – $453,870], as determined by quoted market prices and have been classified as level 1 in the fair value hierarchy.

8. 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 and long-term debt (including current portion of long-term debt).

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. As at March 31, 2016, cash and cash equivalents of $8,177 [December 31, 2015 – $8,282] was required to be on hand for regulatory capital maintenance. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. CI from time to time provides loans to its subsidiaries for operating purposes and may choose to subordinate these loans in favour of general creditors. The repayment of subordinated loans is subject to regulatory approval. As at March 31, 2016 and December 31, 2015, CI met its capital requirements.

CI's capital consists of the following:

	As at March 31, 2016 $	As at December 31, 2015 $
Shareholders' equity	**1,856,529**	1,894,100
Long-term debt	**613,472**	559,347
Total capital	**2,470,001**	2,453,447

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

9. 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, CI Private Counsel LP, First Asset and Marret which derive their revenues principally from the fees earned on the management of several families of mutual funds, segregated funds and exchange traded 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 three-month period ended March 31, 2016 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	424,772	—	—	424,772
Administration fees	—	73,402	(36,786)	36,616
Other revenue	3,547	5,698	—	9,245
Total revenue	428,319	79,100	(36,786)	470,633
Selling, general and administrative	79,584	16,798	—	96,382
Trailer fees	137,122	—	(5,981)	131,141
Investment dealer fees	—	60,099	(30,200)	29,899
Amortization of deferred sales commissions and intangibles	34,170	551	(879)	33,842
Other expenses	15,461	24	—	15,485
Total expenses	266,337	77,472	(37,060)	306,749
Income before income taxes and non-segmented items	161,982	1,628	274	163,884
Interest expense				(3,801)
Provision for income taxes				(43,789)
Net income for the period				116,294
Identifiable assets	747,192	328,893	(8,803)	1,067,282
Indefinite life intangibles				
Goodwill	970,540	192,582	—	1,163,122
Fund contracts	1,086,382	—	—	1,086,382
Total assets	2,804,114	521,475	(8,803)	3,316,786

MARCH 31, 2016 and 2015 • [in thousands of dollars, except per share amounts]

Segmented information for the three-month period ended March 31, 2015 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	439,879	—	—	439,879
Administration fees	—	73,940	(37,708)	36,232
Other revenue	19,124	5,742	—	24,866
Total revenue	459,003	79,682	(37,708)	500,977
Selling, general and administrative	74,227	16,544	—	90,771
Trailer fees	141,725	—	(5,933)	135,792
Investment dealer fees	—	60,349	(30,964)	29,385
Amortization of deferred sales commissions and intangibles	41,104	551	(930)	40,725
Other expenses	6,268	1,977	—	8,245
Total expenses	263,324	79,421	(37,827)	304,918
Income before income taxes and non-segmented items	195,679	261	119	196,059
Interest expense				(3,193)
Provision for income taxes				(49,199)
Net income for the period				143,667
As at December 31, 2015				
Identifiable assets	755,029	302,030	(9,196)	1,047,863
Indefinite life intangibles				
Goodwill	970,540	192,582	—	1,163,122
Fund contracts	1,086,382	—	—	1,086,382
Total assets	2,811,951	494,612	(9,196)	3,297,367

10. SELLING, GENERAL AND ADMINISTRATIVE

Included in selling, general and administrative expenses ["SG&A"] are salaries and benefits of $52,558 for the three months ended March 31, 2016 [three months ended March 31, 2015 – $48,789]. Also included in SG&A is depreciation of capital assets of $1,511 for the three months ended March 31, 2016 [three months ended March 31, 2015 – $1,935]. Other SG&A of $42,313 for the three months ended March 31, 2016, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [three months ended March 31, 2015 – $40,047].

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.

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