EVENT:	CI FINANCIAL CORP. THIRD QUARTER 2009 RESULTS CONFERENCE CALL
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OPERATOR: Good afternoon, ladies and gentlemen. Thank you for standing by, and welcome to the CI Financial 2009 Third Quarter Results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question and answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press the star followed zero for operator assistance at any time.

This presentation contains forward looking statements reflecting management's current expectations regarding the future performance of CI and its products, including its business operations and strategy, and financial performance and conditions. 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. For further information regarding factors that could actual results to differ from expectations, please refer to management's discussion and analysis available at ci.com/cix.

EBITDA, adjusted EBITDA, and adjusted earnings are not (phon) standardized earnings measured described by GAAP. However, management believes that most of its shareholders, creditors, other stakeholders, and investment analysts prefer to include the use of these performance measures in analyzing CI's results.

CI's method of calculating these measures may not be comparable to similar measures presented by other companies. EBITDA is a measure of operating performance, a facilitator for valuation, and a proxy for cash flow. Reconciliation of EBITDA to net income is included in management's discussion and analysis available at ci.com/cix.

I'd like to remind everyone that this conference call is being recorded today, November 10th, 2009, at 4:00 p.m. Eastern Time.

I'll now turn the conference over to William Holland, Chief Executive Officer of CI Financial Corp. Please go ahead.

WILLIAM HOLLAND (Chief Executive Officer, CI Financial Income Fund): Thank you very much, Jose, and welcome to our third quarter call. The September 30th quarter was easily the best in recent memory, and the world today is significant better than just six short months ago. In fact, this remarkable rally has all but wiped out the damage of the worst bear market since the '20s. CI's assets today are less than 10 percent below its all-time highs. I will quickly go through some selected financial results, and look at them on a sequential basis to show you how good the quarter was.

Looking first at average assets under management. They were up 8 percent for the quarter to $58 billion. Our adjusted EBITDA increased by 12 percent to $153.2 million when adjusted for discontinuing operations, and stock based compensation, resulting in $0.52 per share in EBITDA.

Our margin for the quarter was up 2 percent to 48.1 percent. Our earnings per share rose by 19 percent during the quarter when making the same adjustments to $0.25 per share. During the quarter, our debt outstanding decreased by $90 million, or 10 percent, to $781 million. Our SG&A during the quarter dropped by 7 percent from 45 basis points to 42 basis points.

On the sales front, our sales continue to be very good. Over the last year, we have done about $1.1 billion in long-term sales, tied for about third spot, and sales continue to be concentrated amongst just a few of the industry players. Sales for the quarter were $250 million.

One of the points that I've tried to stress over the years is the importance of consistency of sales. And this chart just shows you that since we went public in 1994, that CI has been at net sales for 87 percent of all months, far in excess of any of our competitors, and really a testament to the very strong results of our performance of our mutual funds.

We did very well during the bear market in terms of fund performance, and we're doing pretty well during the rally. As of today, 58 percent of all of our assets are in the top two quartiles over the last year. 74 percent are in the top two quartiles over three years. And if you look on a five and 10-year basis, we have 71 percent in the top quartile alone over five years, and 78 percent in the top quartile over 10 years. Our three

largest managers are Harbour, Signature, and Tetrem, and they have truly staggering numbers when looked over the last one, three, and five years, highlighted by Tetrem, which has 100 percent of their assets in the top two quartiles from every period from one year to 10 years.

I'd like to spend a second and just give you a pictorial of the last year. As I said, our assets today are actually higher than they were a year ago. This just segments it into four periods. When you looked at where our assets where on an average basis a year ago, and where they are today, it's just a remarkable journey. What I want to compare it to is overlaying that with our chief cost, which is personnel. And if you look at the sixth slide, you can see where the assets fell dramatically during late September, October, November, and early December. And during that period of time, we reduced our personnel count by about 250 people. We continued to reduce the employee count until about April, and made only minor changes from then, but constantly moving the number down. And this chart shows you that the headcount has continued to go down, while the AUM from the bottom has increased by 37 percent.

As a result, we have had, really, what I would consider to be exceptional financial results over the last couple of quarters, aided for sure by the bull market, but also by substantial cost containment that we did last year.

When we start this year, we had almost a billion dollars worth of debt, and we made a conscious decision to start to dramatically reduce it. As of today, we have about $750 million worth of debt. When we sell Blackmont, which we hope to close in the next month or so, we will get another $110 million, and we believe that we will end the year with about $620 million worth of gross debt.

And now we have to start looking at debt a little bit differently, right? We felt we had too much debt, especially during the worst of the bear market. And when we look at debt today, we think that de-levering from here may not give us any advantages, and may actually be disadvantageous.

If you look at EBITDA, and $670 million is probably a good proxy for next year's EBITDA, with beginning debt of around $620 million, we would expect that level of EBITDA to generate $340 million worth of free cash. We have earmarked $210 million for dividends. If we keep our debt constant, that would allow us to have about $130 million to either buy back shares, or increase the dividend.

If we want to keep our debt to EBITDA at a 1:1 ratio, which has been our target for most of the last six or seven years, that would free up about $180 million next year for share buybacks, or as I said, a dividend increase.

I talked about getting $110 million worth of proceeds for the Blackmont, I think more importantly what it does, I think it frees up a lot of time that management has used in this business. We think that we were never going to get it to a business that was scalable, and we felt this was just the ideal time to exit it. We're very pleased that we got a buyer of the quality of Macquarie to take them over; that the stockbrokers are incredibly excited about it. So I think that all ended pretty well.

We've announced that we are going to increase our dividend by 20 percent to $0.06 a month starting next month. Between now and the end of the year we will—we will have completed a public debt issue of about $500 million. We think our all-in interest costs will be something quite a bit less than 2 percent.

Our interest charges next year are likely to be, oh, $11 or $12 million. And if you contrast that to 2008 when we had $46.5 million worth of interest charges, you can see that is a dramatic difference.

The momentum during the fourth quarter is continuing at approximately the same pace as the third quarter. Today, our assets under management are up 6 percent from the third quarter average.

Long-term net sales in October were $196 million. We've recently launched a new diversified yield fund that we've had very positive early interest in.

So all in all, I would say that things are going very well. It was—it's great to report on a very strong quarter, and I will leave my formal remarks here, and be glad to take any questions people have. Operator?

OPERATOR: Thank you. Ladies and gentlemen, if you have a question, please press the star followed by the one on your touch-tone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys.

Your first question comes from Geoff Kwan with RBC Capital Market. Please go ahead.

GEOFF KWAN: Thank you. Good afternoon. The first question I had was if you can provide if there's been any update in terms of the conversations with Scotiabank. And then, secondly, in terms of the net sales environment, has anything really changed in the past few months, or are you seeing any signs that things may be getting a little bit better?

WILLIAM HOLLAND: Let me start with your second question. The net sales were incredibly slow industry-wide during July, August, and most of September. Now I think September was hurt a little bit by having as late a Labour Day as you can have. October net sales went back to historically strong numbers, which October is generally a good month, and November looks to be pretty good.

I think the question you're getting to is are the retail investors coming back to mutual funds, and you know, is the burden of money markets still around? They're not. The retail investor is not where you would expect them to be in terms of their level of enthusiasm given the market's up almost 60 percent from low to high. I look at our business, it's very good. I think that our net sales for the year will be only a little bit less than they've averaged over the last four or five years.

But when you look at the industry as a whole, I think that the one thing that we haven't seen yet is the stampede of retail investors into the market. And I think that that's just a result of the fear level that became palpable at, you know, at the middle of spring of this year. And, you know, two bear markets of almost 60 percent in seven years just changes peoples' risk appetite. I think we're seeing a lot less leverage. I think we're seeing a lot more balanced type of approach to investing.

And so I'm not sure that that's not a relatively positive thing, but the—I expect it to be a pretty good RSP season. I expect November and December to be pretty good.

Now on your first question, we've had no real conversations of any significance with Scotia. We have recently concluded another banking deal with them. Our revolving line will be with the Bank of Nova Scotia. So, you know, I don't really have anything to report there.

GEOFF KWAN: The other two questions that I had was a little bit more on the housekeeping side. First off, when you look at the trailer fees as a percentage of AUM, I mean it had been coming down over the past couple of quarters on a quarter-over-quarter basis, and that seemed to make sense to me given, I guess, there's less assets in the A Class funds. But it did tick up a little bit this quarter. Just wondering if there was anything there?

And then the second one was obviously you moved the Blackmont into discontinued operations. Do you have a number of what the EPS would've looked like if you had kept it in the continuing operations, but also concluded that goodwill write-down?

WILLIAM HOLLAND: $1.2 million was the loss for the quarter on Blackmont, so that's what that would've been.

And your first question was the…?

GEOFF KWAN: On the trailer fees.

WILLIAM HOLLAND: The trailer fees were up a little bit because there was less money in money markets for one thing. Our I Class growth was a little slower during the summer, and continued to get more business in frontend over the last few months than we have. So when you combine them, I don't expect the number to change around much, and I think that the long-term numbers actually might be going lower rather than higher.

GEOFF KWAN; Okay, perfect. Thank you.

OPERATOR: Your next question comes from Gabriel Dechaine with Genuity Capital Markets. Please go ahead.

GABRIEL DECHAINE: Hi, good afternoon. Just want to ask you about the expenses first of all here. They've been trending up since you bottomed out in Q1. What's been the driver there? I guess is this a, you know, you're accruing higher variable comp, or, and what would be the outlook for 2010 instead of, in terms of SG&A for the asset management division specifically?

WILLIAM HOLLAND: We think the SG&A will be pretty stable in the fourth quarter, and throughout 2010. It's moved up a little bit because with the variable compensation, for one, hopefully will be a little higher given that we had a materially better year this year than last year. And we had some pretty significant reductions to variable comp last year given the conditions that we were in.

GABRIEL DECHAINE: So when you say stable in 2010, is that flat or just modest increases to reflect better…?

WILLIAM HOLLAND: I said a percentage basis flat.

GABRIEL DECHAINE: Okay. All right. Now the management fee, that one is dropping again, I guess, the average fee you earned, and I understand the moving parts in there in terms of, you know, Class F and Class I funds, and some fixed income representing a bigger portion of the AUM. So I guess looking forward, are we—should we kind of not focus so

much on the management fee line, or the average fee you earn as a driver of your margins, and more so the asset growth, which, you know, should be a reflection of the market, but also what you can do to drive growth over those Class I and Class F funds?

WILLIAM HOLLAND: The Class I, one of the reasons why the SG&A goes down is because we get more Class I business. And I went out of my way to point out that they come with much less cost attached to them. The management fees during the quarter were pretty stable. It was 187.2 compared to 187.4 in the previous quarter. That number has to keep trending down because we continue to aggressively go after I Class business. But, you know, I think that the I Class business is more profitable than you think. It has far less costs associated with it. But the drivers of our business are always going to be the same, and it's AUM, and what drives AUM is the market.

GABRIEL DECHAINE: In the Class I funds, a lot that is the seg fund business, right?

WILLIAM HOLLAND: A fair bit of it is seg fund business with Manulife.

GABRIEL DECHAINE: Could you—it's about a—how many billion dollars there? I missed that.

WILLIAM HOLLAND: Well…

GABRIEL DECHAINE: What's in the MD&A?

WILLIAM HOLLAND: That we have with Manulife?

GABRIEL DECHAINE: Or with the Class I funds in total, and I guess how much of that is seg fund versus other stuff?

WILLIAM HOLLAND: Well, right now we have 14 percent of our assets in I Class, and that would be up from 12.7 a year ago. That gives you a kind of a feel for the growth. And most of it, you know, I couldn't give you the exact percentage, but more than half of it is with seg funds.

GABRIEL DECHAINE: Okay. And is there—I know Manulife has adjusted its pricing, as have Sun Life on the seg funds. Have they adjusted your, you know, the sub-advisory fees, because they've also been bringing in new asset managers onto the platform? So I'm wondering what the competitive dynamic has done to—and plus their own pressures to increase profits, how that's affected the fees you're earning from them?

WILLIAM HOLLAND: Our pricing is about the same. The pricing—their pricing was pretty aggressive to being with. The issuer of seg funds today is at—the increase—there's two things that are working against them right now. One is the increase in fees that all the insurance companies put on, secondly is there's not the same level of fear. And so the principal guarantee that was cherished so much six months ago isn't seen as quite as important, and with higher fees at the same time, you know, you're seeing a pretty significant decline in seg fund sales.

GABRIEL DECHAINE: And just the last one if I may. So you sold Blackmont, that distribution element, has this—and should we look at that as purely a standalone transaction; you're kind of turning the page on it, and then, but you're general view of distribution more is better is still holding, and your thoughts on owning Assante are unchanged?

WILLIAM HOLLAND: Not at all. I mean the thing that I have said forever is we will not have any business that loses money. And when we found out that we couldn't make money, because we just couldn't get this to be a scalable business, we decided it was time to pass on.

A lot has changed since we attempted to become a significant player in that business, including a 60 percent decline in equity markets. The banks are far more aggressive at trying to keep their brokers. We honestly didn't see any way that we could build it into a scalable business. And when we concluded that we couldn't make it scalable, and it was still losing money, not very much, as I said, a million or so per quarter, then we viewed that as time for us to exit the business. We got a call from Macquarie who seemed to be very eager to get distribution to take advantage of the capital markets business that they've grown in Canada over the last couple of years, and it just seemed like a good match. And as I said, our stockbrokers at Blackmont are thrilled with the move, and it frees up an awful lot of resources at CI.

GABRIEL DECHAINE: Okay, thank you very much.

OPERATOR: Your next question comes from Doug Young with TD Newcrest. Please go ahead.

DOUG YOUNG: Hi, Bill. Just a few questions. One, you know, we've seen seg fund sales coming down at Sun Life and Manulife, and I'm just curious if you're seeing a switch in the mix of where your net flows are coming from? And from a net flow perspective, you know, which is a more important partner for you, Manulife or Sun Life?

WILLIAM HOLLAND: Well, the most important business for us is Sun Life. That's the biggest segment of our business. So that's the easiest question you could ask. Seg fund sales are coming down, as I've pointed out, and you're just seeing just—there's no shift in the type of seg fund business that's being done, there's just much less of it. I think what's driving net sales today is much more the traditional business of financial planners and brokers coming into the market, albeit on a far less aggressive way than they were before. But the seg fund business really started to tail off probably early September.

DOUG YOUNG: And from a net sales perspective, I know Sun Life's more important, but from a net flow perspective, more is still coming from Sun Life than Manulife, is that…?

WILLIAM HOLLAND: Yes.

DOUG YOUNG: Okay. And then just from, you know, the, it doesn't seem like the sale through Scotia has changed much sequentially, and is that mostly DSC sales that are going through Scotia?

WILLIAM HOLLAND: Sales through Scotia?

DOUG YOUNG: Yes, you said in your related party section of your MD&A the amount of trailer fees that you're paying to Scotia.

WILLIAM HOLLAND: Well that's just a retail—that would just be the business that we have; like trailer fees and stuff like that.

DOUG YOUNG: And is that mostly DSC, or is that mostly frontend?

WILLIAM HOLLAND: Well, if it's Scotia, it depends what part of Scotia. If it's a broker, it's probably half DSC and half frontend business. And if it's the institutional business that we do, as we do with all the banks, it's just trailer fees.

DOUG YOUNG: Okay.

WILLIAM HOLLAND: Most DSC business is done out of bank branches.

DOUG YOUNG: Yes, okay. That's fair. And then the revolver (line of credit) it was brought down to $900 million, I know it's been moved over to Scotia. Any reason for the decline in the amount?

WILLIAM HOLLAND: Well, we, because we didn't need it, and standby charges are higher this year (inaudible), and so we just don't want

to pay any standby charges. So our revolver goes to $200 million, and we're going to raise $500 million in the public market.

DOUG YOUNG: Yes, okay. And then just lastly, you talked about just the Blackmont; the capital market side. You know, you put it in discontinued, and I get the view that you're going to sell it over the next year. Have there been interested parties in buying it, or what's the plans with that side of the business? Thank you.

WILLIAM HOLLAND: The capital markets business, we'd like to give the employees the opportunity to form some type of partnership where they have most of the ownership of the business, and we're in discussions with them now to do so. Have we had interest from buyers who want to take out the capital markets? A ton of them. But what we think makes the most sense, and how those businesses are most productive if they're run as partnerships, so that's really the avenue we're trying to get to.

DOUG YOUNG: Okay, thanks.

OPERATOR: Your nest question comes from John Reucassel with BMO Capital Market. Please go ahead.

JOHN REUCASSEL: Thank you. Bill, just wanted to understand the view on sales a little more. So you mentioned that net flows haven't risen as much as you thought because there's still some fear out there, but, you know, you're still—the seg fund sales are kind of slow because there's not as much fear. So, you know, I'm just trying to get an understanding of why

gross sales seem to be down so much at the independents, and what's going on there? You know, I'm just—I'm at a bit of a loss to understand. Could you help me out?

WILLIAM HOLLAND: Well, a couple things. First of all, the banks performed better in the bear market than the independents did, if you're talking about independents as being the non-bank mutual fund companies. The, you know, the average bank client probably lost 10 percent, and the average mutual fund client probably lost 30 percent. The primary difference there is just asset allocation. Banks have far more money market, and fixed income, and maybe some balanced funds, whereas most of the independent fund companies are running equity portfolios. And so I would say that, and I think I pointed out in the last two conference calls, that you should expect the banks to do much better over the next couple of quarters because their performance was better in the bear market.

I think that with the independents, a lot of their clients also use leverage, and I think leverage is so out of fashion now that it's almost ridiculous. So I just think that what we have now is a group of investors that have had, you know, two horrible bear markets. When I think of the typical independent client, and I just think it's just a matter of time. But do I think they come back in the market, I don't think there's any doubt they do.

JOHN REUCASSEL: Okay.

WILLIAM HOLLAND: But I don't think it's going to be overnight, and certainly growth sales, last year when the market was horrible, growth sales were better than they are now when the market is, you know, we've reached probably the best rally of all time.

JOHN REUCASSEL: Yes, okay. Now the, and on the Blackmont distribution, when you talk about scale in the channel, I assume you're talking about the IDA channel, and that you are happy to pick up business, or, in the (inaudible) channel. Is that fair?

WILLIAM HOLLAND: Yes.

JOHN REUCASSEL: Okay.

WILLIAM HOLLAND: I think that's fair.

JOHN REUCASSEL: So, Bill, as the world gets better here, you have the good fortune of generating all this free cash flow. You know, obviously like do acquisitions if you could find them, it doesn't look like there's a lot out there. Do you have a preference for doing the dividend or the buyback?

WILLIAM HOLLAND: You know, I don't think I do, and if I do, I think I change my mind a lot on it. We talked about that at the Board today quite a bit. What leans me now towards a little bit—towards using more of it for share buybacks is the fact that dividend taxes are going up so significantly next year. And the last time dividend taxes were this much above capital gains taxes, all we did was buy our shares back for a long time.

I don't think that we've landed on anything, and I think when we're sitting on the fence we tend to do kind of half and half. But I do believe that we've come to the conclusion that de-levering from here is not in our best interest, and that we'll, you know, I think—we used to talk about a target rate of EBITDA of 1:1.3 times, and I think we, like a lot of retail investors are a little scared, and I think we're targeting something more of one times EBITDA. And then if we had to pick right now, I think we'd split it between dividends and share buyback.

JOHN REUCASSEL: Okay, and the acquisition activity out there, Bill, I mean is there anything?

WILLIAM HOLLAND: Nothing.

JOHN REUCASSEL: Nothing. Okay, thank you.

OPERATOR: And ladies and gentlemen, if there are any additional questions at this time, please press the star followed by the one. As a reminder, If you're using a speakerphone, please lift the handset before pressing the keys.

WILLIAM HOLLAND: Well, if there are no more questions, I'd like to thank everybody for joining us on our third quarter investor call, and I really hope in February, which is our next release, that we have a quarter that looks something like this. Thank you very much. Good afternoon.

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