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| EVENT: | CI FINANCIAL CORP.<br>Q4 RESULTS CONFERENCE CALL |
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| DATE: | FEBRUARY 23, 2010 |

OPERATOR: Good afternoon. My name is Krista, and I'll be your conference operator today.

At this time I'd like to welcome everyone to the CI Financial 2009 fourth quarter results conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there'll be a question-and-answer session. If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key. Thank you.

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EBITDA, earnings before interest, taxes, depreciation and amortization, adjusted EBITDA and adjusted income are not standardized

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I would now like to the call over to William Holland, CEO of CI Financial. Please go ahead.

WILLIAM HOLLAND (Chief Executive Officer, CI Financial): Thank you very much, Krista.

Good afternoon and welcome to our fourth quarter conference call. It is really hard to believe the ride that we took in 2009. In my view the year-end results are nothing short of shocking. And I certainly feel better. I think I'm off suicide watch now. And if you just look at 2009 and some of the activities, we actually converted back to a corporation on January 1st of 2009, ending about a five-year corporate nightmare.

During the year, we cut our SG&A, which was already the lowest in the industry by a considerable margin, by $34 million over the prior year. We reduced our employee count by 400 people from late 2008. We now

have approximately 1,200 employees, down from a high of 1,750. During the most difficult year I could imagine, we increased our dividend rate by 50 per cent to $0.06 a month.

Late in the year, when the corporate public bond market opened up, we issued $550 million worth of debentures. Our cost of debt today is about 1.75 per cent. This has saved us approximately $8 million.

Late in the year, we sold Blackmont to Macquarie for a little over $100 million, which was very helpful to us. It frees up a lot of our time and gives us a much more focused business. During the year, we generated enough income to buy back 2.1 million shares at a cost of $34 million. The market value today would be about $44.5 million.

During the year, we paid down $320 million of our debt, ending the year with $600 million worth of net debt, considerably less than one times our forecasted EBITDA for this year.

Some of the financial highlights: we ended the year with $63 billion in assets under management – that was up 24 per cent over 2008 – a testament to the ride that we took. Our average assets for the year were actually down 8 per cent. Our EBITDA was only off by 7 per cent. Our pre-tax income was off by 8 per cent. We dropped our SG&A by 12 per cent during the year.

During the most difficult year, we increased our market share by 6 per cent to 9.5 per cent. Because of the extreme activity, it's probably

better to look at it on a quarter-over-quarter basis. Looking at the fourth quarter over the third quarter, our average assets under management rose by 6 per cent. Our EBITDA was up 3 per cent, but if you adjust for the fact that we had a gain of around $3.5 million for the sale of some Dundee shares that we'd held for a prolonged period of time in the third quarter, our EBITDA would have been up 6 per cent. Our pre-tax income was also up 6 per cent. Our net sales for the quarter were up 47 per cent to $363 million.

Performance clearly is a determining factor of success in this business. We had great performance during the bear market. We had very good performance last year as well. Sixty-one per cent of our assets were in the top two quartiles. Over three years, 84 per cent of our assets are in the top two quartiles. Over five years, 81 per cent of all assets are in the top two quartiles. And over a decade, 85 per cent of our assets are in the top two quartiles, and 73 per cent are in the top quartile. Our top three money managers, Harbour, Signature and Tetrem, average over 90 per cent in the top two quartiles over all periods: one, three, five, and 10 years.

Late in the year at the Canadian Investment Awards, CI won the Investment Company of the Year for the third time in the last four years.

Eric Bushell, head of the Signature Group, was the Equity Fund Manager of the Year. Gerry Coleman, who runs our Harbour Fund, was Money Manager of the Decade. We also had the American fund award, the

technology fund, Canadian balanced fund, Signature Dividend Fund and Signature Resource Fund.

The performance and the accolades are only good if they turn into sales. And last year sales were actually pretty good, given the environment. While our gross sales were off, our redemptions were also at the lowest rate they've ever been, and we ended the year with $8.5 billion worth of gross sales, and $1.5 billion in net sales. We are the only company that has had net sales of over $1 billion in each of the last six years.

The good performance has also led to very consistent net sales. We now have net sales in 88 per cent of the months since we went public in 1994. Last year, we had positive net sales in 11 of the 12 months. And I will point out that there is no other company even close to this level of consistency.

You know, as we end the first decade of this century, I think it's really helpful to just look back. One of the things we said in 2000 is that we were really at a changing point in this business, and we made some dramatic changes to our business, including aligning ourselves with distribution, believing that growing and being large was the competitive advantage, and the most important thing was to control the controllable costs and the controllable part of your business. And one of the things that we identified early was that the banks were going to be the dominant

competitor. And certainly that wasn't shared by … it wasn't the consensus in our business. But if you look at the last decade, the banks' market share, the big five banks have gone from 18 per cent to 36 per cent, and they're actually gaining market share today faster than they were at any other time during the decade.

I think that the decisions that we made and the way we positioned our company has allowed us to continue to do exceptionally well. If you look at the long-term net sales over the last decade, we are third behind two banks, Royal Bank and TD, and a long way above the fourth and fifth player. The top five represented 55 per cent of all net sales during the last decade. The top 10 were 80 per cent of all sales, and the top 20 were 104 per cent of all sales. If you missed the positioning of the last decade, you ended up with incredible decreases in market share.

In this very complicated chart, you'll look at the top 10 companies by market share in 1999 and then look at them today. Five of the top six companies were independent in 1999, whereas today three of the top six are banks.

Every single independent lost market share, and a considerable amount of market share during the first decade of this century, except for CI. CI's market share went from 5 per cent to 10 per cent. And some of the smaller companies have become all but worthless, and market shares declined to almost nothing. In 1999, the top 10 represented 71 per cent of

all assets. Today that number is 79 per cent and growing very, very quickly.

If you look at CI today, in late February here, our assets under management are up approximately, on an average basis, retail average assets are up about 2 per cent over the fourth quarter. So the first quarter looks to be very good. Year-to-date sales are well ahead of the same period in 2009. Our corporate debt is well below our annual run rate of EBITDA.

We are benefiting from, as we go back to being a taxable entity here, we are in a period where corporate tax rates are declining considerably. We will generate a ton of free cash flow again this year, and the decision is really do we raise the dividend? Do we buy back shares? And I guess the default button today is to just continue to pay down debt. I would say, though, that that's not our first choice just because we think that any benefits we'd be levering are clearly behind us. And so it's really just a decision of… and our view is still the same. We would like to return 100 per cent of the economics that we earn to the shareholders. And I'll remind you that over time we have paid back approximately $3.2 billion to the shareholders by way of share repurchases, dividends and distributions.

I think today our inclination is slightly to repurchase shares. But it's certainly a topical agenda item at the board level right now.

That is the extent of my remarks. I would be glad to take any questions people have.

Krista?

OPERATOR: At this time I'd like to remind everyone in order to ask a question, please press * then the number 1 on your telephone keypad. Our first question comes from the line of John Reucassel from BMO Capital Markets. Your line is open.

JOHN REUCASSEL: Thanks. Bill, just trying to get a sense of your costs, and you say you've taken out 500 employees. Have you cut to the bone or is this a sustainable level or how is it that CI would proceed as a low cost operator found more so… just if you could help us understand that or should we expect SG&A to rise or what…?

WILLIAM HOLLAND: I think that if you look at our investment management SG&A in the fourth quarter, it was 32.6 basis points. That is less than most companies are charging in just the recovery expenses that they get in their fund. That is everything. That's our fund operating as well.

And so do I think it goes down from here? No. Do I think it's sustainable? Yes, I do. As the industry becomes so competitive it's going to be more and more difficult for the small competitors to say we're charging 2 per cent plus 30 or 40 basis points of ER when we're running our entire business; money management, corporate overhead, SG&A and operating costs at 32.

So I think it's a competitive advantage. I don't think it gets much better. We probably cut a little more than we normally would have in late '08, early '09, and I think that was just out of fear. And look, we could have made mistakes on that. It turned out that we didn't. We didn't have any accidents that were caused by cutting costs too much. But we certainly could have. I think that we had some good fortune there.

But it's becoming a very competitive business, and I think that for us this is a real competitive advantage to be able to run our business at a way lower cost than companies that are much, much, much bigger than us.

JOHN REUCASSEL: I would agree. Just when you come in and you go see brokers or your customers, their clients about the lower fees, I mean does it translate into sales or does it not or how like…?

WILLIAM HOLLAND: Well, that's a good question. I don't think that they say that's it, but the business seems to go to companies that seem to be a little efficient, that aren't pushing the envelope in terms of having 3 per cent MERs on Canadian and American funds, and 3.25 on emerging market and global. If you look at the last decade, is it an accident that the companies that run their business the best got all the sales? I don't think it is. To just say that fees don't matter; my clients don't care about fees; or, you know, the executives at fund companies saying that, I think is just inaccurate.

JOHN REUCASSEL: Okay. Last two questions. First, could you update us on what the flows are looking like in February? And maybe if you could just give us an update on the Scotia relationship? What's the impediment to this not coming along further than it has or are things looking better there or what should shareholders expect?

WILLIAM HOLLAND: Okay. I think that our net sales in February will be $350 million. The RSP season, as a general rule, isn't what it was. There's more contributions made throughout the year. And when I look at our sales over the last five or six years, we kind of averaged $2-point-some billion. That's probably where we'll be again this year, and so I look at February as being kind of okay. I think it'll be exceptional for the banks, like exceptional, and I think it'll be really bad for most of these independents and mid-sized and below.

On the Bank of Nova Scotia front, we have spent an enormous amount of time with them over the last four or five months. And I'm very confident that we will come to some type of arrangement where we can both be helpful to each other. I'll say that never having worked at a bank, they are a little slower than companies like CI, and they tend to think these things out a little more. Maybe that's a good thing. But we don't have any differences of opinion, and they certainly are adamant they're going to be very helpful to us. So I would expect in the near future that we'll start to be

able to roll out what we can do to help each other. And I would say I'm pretty optimistic about it.

JOHN REUCASSEL: Okay. Great. Thank you.

OPERATOR: Your next question comes from the line of Gabriel Dechaine from Genuity Capital. Your line is open.

GABRIEL DECHAINE: Good afternoon. Just want to talk first about the dividend. You look like you're generating a dividend payout ratio of around 46 per cent on free cash flow. And that's probably a level you'll hit over the next couple of quarters. But if you strip out the non-cash taxes, you're somewhere around 60-ish per cent – ballpark figure there – but what are you comfortable with in terms of a payout ratio if you exclude your non-cash taxes?

WILLIAM HOLLAND: I think we're going to just wait around a little bit here and see what the tax rates on dividends is going to be. If you think back to the way we acted when the tax on dividends was much higher than capital gains, for years we just bought our shares back. We bought back almost $1 billion worth of shares during that period of time.

I think that if the dividend tax rates are where they are now, then I think we'd be comfortable paying out 75, 80 per cent. We don't want to keep retained earnings here. I think we've said it a million times: retained earnings in the hands of management are evil things. It doesn't matter.

They'll find a way to make it theirs. Even people who own the shares. So our whole objective is to get all the earnings out.

We have a business that has very low capital requirements. And so I look at it this year and I say will we raise the dividend this year? Probably at some point. I don't know how much. Will we buy our shares back? I think certainly we'll buy our shares back like we did last year. And as I said, the default is just to keep paying down the debt if we just can't land on one of the other two. But I would suspect that we would raise our dividend at some point this year, and buy back a few million shares.

GABRIEL DECHAINE: I'm surprised I guess about the buybacks, given, you know, the Scotia ownership that you're not that concerned with pushing up their ownership.

WILLIAM HOLLAND: I'm not even remotely concerned about it. In fact, I think it may be better to have them on board. Whether they own 35.8 or 38.5 doesn't really matter because, you know, they've got the ability to block anything… they have negative control already. So today, I don't have any reservations at all about buying back shares and moving their ownership up. It has to be the right thing to do for all shareholders. And if we think that that's the best use. Right now, we're borrowing money at 1.75 per cent, yet we're paying a dividend rate of 3-point-something. You could make a case for buying back shares as being a pretty intelligent way to distribute earnings to the owners of the business.

GABRIEL DECHAINE: All right, but I guess if you're in the camp where you think a vend-in of Scotia's mutual fund business is something that you're both entertaining, that might handcuff you a bit I guess because depending on the valuation you put on that business, it does kind of… you know, you want to have some wiggle room.

WILLIAM HOLLAND: Sure. But there's a lot of ways around that if that ever became an issue, you know, you could piece portion of it in cash or something.

GABRIEL DECHAINE: Okay.

WILLIAM HOLLAND: I mean realistically if we buy 5 per cent of our company back over the next year and a half or something like that, they're only moving up their ownership 2.5 per cent.

GABRIEL DECHAINE: Okay.

WILLIAM HOLLAND: All right?

GABRIEL DECHAINE: Yes, sorry?

WILLIAM HOLLAND: Just under 2 per cent.

GABRIEL DECHAINE: Okay. You were touching upon the long-term outlook you had in the 2000 era and emphasizing scale, distribution, and those are all things you managed to accomplish in the last 10 years. Now what's your crystal ball telling you these days? If you look ahead, acquisitions of scale, that's still going to be an important thing. I don't think

there's any getting around that. But nobody seems to be willing to sell. What's your…?

WILLIAM HOLLAND: Certainly there have been firms for sale over the last couple of years. There's been no interested buyers, in some cases. The banks will push the competitiveness of this business for sure, and I look at this and think that the top five companies at the end of this decade will have, the top five will have 80 per cent market share. And the distribution is more and more coming out of banks. The finance planners today work in banks. There's far more financial planners that could come into the business today, but, you know, probably nine out of 10 financial planners that show up in the business today new to the business are going to a bank rather than an independent financial planning dealership. So things are changing.

I think that if there's a sweet spot it's the very large companies that have great scale and low operating cost and lots and lots of product. And to be competitive with the banks, we always felt that's what we had to do. Today if you say where do I not want to be? I don't want to be under the fifth place in this business because then I think you're just at a cost disadvantage that's overwhelming.

And remember, when you look at our sales over the last decade, every one of those sales were made at real profit margins. We don't have

any loss leaders. We'd rather not get business than get business where we don't make money.

GABRIEL DECHAINE: Fair enough. The last one I'll sneak in there, Assante, I get to, you know, about $3 million of negative EBITDA. Is that... you know, that's probably some Blackmont residual in there. Is it a breakeven business, Assante?

WILLIAM HOLLAND: Yes.

GABRIEL DECHAINE: Okay.

WILLIAM HOLLAND: Today, Assante is a breakeven business. And it's just a fabulous business for CI. The business that we do with them is great. It's a very well run business. Our objective is to run it as lean as possible so that we can break even, and we will. I continue… the mantra that we've always said: we will not be in any business that loses money.

GABRIEL DECHAINE: Great. Thank you.

OPERATOR: Your next question comes from the line of Geoff Kwan from RBC Capital Markets. Your line is open.

GEOFF KWAN: Good afternoon. Just had a couple of questions. Just the first one was what are your thoughts in terms of when retail investors are going to come back into equity funds? It looks like this has been something investors in the market have been waiting for for quite a long time. Just wanted to get your thoughts on that.

The second question I had was just around segregated funds, what your thoughts are there in terms of net sales heading into 2010? And as well, whether or not you would consider branching out of any other product, such as ETFs?

WILLIAM HOLLAND: I think that the retail investor is very cautious here. I mean, we have had two of the worst bear markets since the '30s in the last seven years. And I think that the sales that are coming into this business today are not at all in keeping with what you would think after a 65 per cent rise in the market.

I think that this is going to be a very incremental thing, and we have to acknowledge that there's more competition for retail assets than there's ever been if you think about ETFs and various forms of passive investing as well.

And so this is going to be a much tougher environment than to just put out your shingle and say the market's rallying: buy our funds. It's a slow process. I think that 2009 is likely to look in sales, give or take… or 2010… something like 2008, the first half of 2008.

I think we've been of the view that the fund industry would average around $20 billion worth of sales a year of long-term sales over a cycle. And I still think that's a number. But if assets get bigger, that's a smaller percentage. So I think that you're going to see IFIC sales on a long-term basis represent about 3 per cent of assets, where they peaked in 1997 at

26 per cent of assets. It's going to improve, but it's not going to come back like what we saw in 1997, the first half of 2000 or even in early 2007. In all likelihood, it won't come back to those levels on a percentage basis. But it's going to improve from here.

On the seg fund side, our seg fund sales are running, give or take, if you take across the whole organization, about 60 per cent of what they were last year. I think that's perfect. Last year the fear was palpable and people were buying things because it had guarantees. And today I think it just shows that the industry is in a little better shape, knowing that last year at this time, probably 200 per cent of our net sales were seg funds. And that number is, as I said, around 60 per cent. It continues to slowly decline and I think it's two things. One, the increased cost, and secondly, there's less fear. And it's great business. Love it. But I'd sure like to see more mutual fund business and less seg fund business over time because that just indicates better health.

GEOFF KWAN: And sorry, on the ETF side, is that something… I mean it's obviously a small part of the retail wealth market, but it is a growing part. Is that something that at all interests you?

WILLIAM HOLLAND: Yes, it does. And I think we vacillate back and forth on whether we should do something there. You know, the busiest ETFs, the most liquid ones, when you actually look at the size of them, they're so small. And it's really just trading. I mean what you really want to

be is the market maker on these things. But we continue to look at it, don't have any strong view one way or the other today.

GEOFF KWAN: Great. Thank you.

OPERATOR: Again, if you'd like to ask a question, please press * then the number 1 on your telephone keypad.

Your next question comes from the line of Graham Riding, from TD Newcrest. Your line is open.

GRAHAM RIDING: Hi, Bill. How are you doing?

WILLIAM HOLLAND: Well, thank you.

GRAHAM RIDING: I guess my first question, there was a comment on a conference call recently by one of your competitors comparing the margins of the traditional institutional business compared to sort of operating on these seg fund platforms, and saying that the margins were, at the end of the day, pretty comparable. Is that something you would agree with?

WILLIAM HOLLAND: I never heard this comment, and I hope you misheard it. That makes no sense. I mean we try to sell a traditional asset manager last year, and it was $2.4 billion, and the best offer we got was something less than zero. I mean that business has been so absurdly commoditized that, you know, I don't even know how to respond to that.

The business that you get on a seg fund platform, because there's no costs associated with it, are just fine. Like it's… I mean look at the cash

flow… the actual cash that's generated out of a company like CI. It has lots of it. Go check some of the asset managers that are traditional like pension fund managers. It's not even close. It's not even close. I'd say our margins are five times that.

GRAHAM RIDING: Okay. That's great. My other question's just with this harmonized sales tax that's coming in later this year, just wanted to get your view on how material you think that could be to your business and whether you have any plans to just simply incorporate that into higher MERs or…?

WILLIAM HOLLAND: Well you have no choice. There's nothing else you can do. It's just a tax applied to the MER.

GRAHAM RIDING: Well I guess you could consider sharing the extra cost, but it would obviously impact your margins, but…

WILLIAM HOLLAND: Well I don't think there's any business where the business pays the GST for their customers, and I'm not even sure why that would… that doesn't even make sense to me.

I think it's a headwind. To be clear, to me it's inconceivable that they find this to be logical. We're in a period of time where investors are clearly showing a reluctance to invest money, and to increase the tax on savings and investing is absurd. It makes a huge difference. The higher your fees, the bigger the tax on it. And do I think it affects the business? Yes, I do.

If I was looking at this today I'd say we should be taking the dividend tax down and capital gain tax down to really encourage investment and savings, given the problems that we have. And their solution is, well, let's just tax them more. Will it affect the business? It will.

I don't see it as being a huge effect, you know, out of the gate. But over time you're marginalizing the product and you're going to make other products appear more competitive. Do we factor it much into hurting our business in 2010? No.

GRAHAM RIDING: And is it something that you would sort of keep your eye on? If it was material enough, would you even consider moving your operations to Alberta or a province that doesn't —?

WILLIAM HOLLAND: If you look at some of the things that they've put out in the last week or so, it's clear that they want to tax all commissions now, so brokerage commissions, front-end commissions, redemption fees. It appears that they want to apply the tax quite broadly. They will probably make sure that they've shut down any type of way around this. I think they probably thought it out pretty well.

It's just such an attractive tax grab. When you think about it, there are several million Canadians that invest in mutual funds. And if you just go in there very quietly and take out a few basis points and, you know, it adds up to like $1.5 billion in taxes, you know, it's pretty hard to pass on that. And I suspect it will go through. Certainly it was not unchallenged.

I remember a couple of years ago when we tried to get IFIC to really stand up and take a position on the GST being applied to it – because remember, originally the GST was not going to apply to savings. For the first few years it didn't apply to mutual funds and then they just stuck it in there. Steve McPhail kept saying if you do this, you're going to end up with a harmonized tax, and it's going to double. You know, it's funny, we couldn't get IFIC to even remotely take a position on this. And today I think it's just too late. I think this is a done deal, and it's unfortunate, and I think it's a horrible policy.

GRAHAM RIDING: Okay. That's great. Thanks.

OPERATOR: Again, if you'd like to ask a question, please press * then the number 1 on your telephone keypad. There are no further questions at this time.

WILLIAM HOLLAND: Well, thank you very much. I look forward to updating you; I think it is on May 11th for the first quarter of 2010. Thank you very much and goodbye.

OPERATOR: This concludes today's conference call. You may now disconnect.****