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Questions & Answers
CI Financial Corp.'s Capital Allocation Strategy
August 9, 2018

On August 9, 2018, CI Financial announced that its Board has unanimously approved a new capital allocation strategy which places an increased emphasis on share repurchases and takes advantage of the opportunity to buy more of our own shares at prices below what we think they are worth. It also provides the company with the flexibility to pursue value-maximizing opportunities in response to changing market and industry conditions. The Board will continue to return substantially all free cash flow to shareholders through a combination of share repurchases and dividends. Under the new strategy, the Board has set an annual dividend of $0.72 per share, which will be paid on a quarterly basis.

1. Why is CI doing this?

CI is focused on the long-term growth of the company. CI continues to achieve strong financial performance, as shown by the second quarter 2018 results. Yet the company must also be nimble enough to take advantage of market opportunities that ensure continued growth, improve client experiences, maximize shareholder value, and position the company for future competitiveness. The Board is confident that this capital allocation strategy achieves these goals and provides the company with increased flexibility to use its capital in the most effective way. Today, the Board and management strongly believe that the most effective use of free cash flow is buying back CI shares because they offer such compelling value. The company is prepared to buy back as much as $1 billion in shares over the next 12 to 18 months.

2. Why is CI introducing this new strategy now?

CI has consistently returned substantially all of its free cash flow to shareholders through a combination of share buybacks and dividends. This is not changing. However, at the present time, the Board believes that a shift in the current payout ratio in favour of share repurchases offers greater long-term value and is in the best interests of the company, its shareholders and other stakeholders, including employees.

3. Why is this better for the company and its shareholders?

This strategy is better for the company because it provides CI with the flexibility to deploy its capital most effectively in response to changing market and industry conditions. It also allows CI to continue to invest in its business and build for the future. The shareholders will benefit from the share repurchases, which increase earnings per share and increase each shareholder's pro rata share in the business.

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4. What factors did the Board consider in setting the new dividend rate?

The Board took into consideration a number of factors, including: dividend policies of other publicly traded companies in Canada and financial institutions in North America; CI's earnings multiple and free cash flow yield; and risk-adjusted returns that could be obtained from other uses of free cash flow.

5. Could the dividend be changed again?

The Board does not anticipate any further changes at this time.

6. How many CI Financial shares has the company bought back recently under its normal course issuer bid, and how much do you plan to buy back in the future?

In the year ended June 30, 2018, the company repurchased $559 million in CI shares under its normal course issuer bid. The company is prepared to acquire up to $1.0 billion in shares over the next 12 to 18 months. This is clear evidence of our confidence in CI today and for the future.

7. How does this affect investors with CI's investment funds, Assante Private Client or Stonegate Private Counsel?

The new capital allocation strategy does not directly affect these investors. The new capital allocation strategy applies to free cash flow generated after payment of all expenses and investing in the operations of CI.