CI FINANCIAL CORP.

SECOND QUARTER 2013 RESULTS

CONFERENCE CALL

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Corporate Participants

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MODERATOR: I would now like to turn the call over to Mr. Stephen MacPhail, President and CEO of CI Financial. Mr. MacPhail, you may begin.

MACPHAIL: Good afternoon and thank you for joining our earnings call for the second quarter. I'll start out with some of the highlights. Earnings per share of 37 cents were up 15.6% from the prior year. On a consecutive quarter basis, our earnings were up 5.7%. Gross sales were 3.4 billion, up 68% from the prior year. Our net sales to June 30th were 2.1 billion. CI's average assets under management are up 14.4% year over year and up 3.7% from Q1 2013. And capping off what was one of our best quarters ever was that our net debt was down 27% from a year ago, reflecting the increase in free cash flow CI is generating.

Looking at the quarter compared to Q1 in a bit more detail, again, CI's average AUM was up almost three billion dollars or 4%. Net income totalled 104 million, up 5.5 million or 6% from the previous quarter in 2013. Similarly, earnings per share rose 6% or 35

cents per quarter in Q1 2013 to 37 cents in Q2 2013. EBITDA came in just shy of 190 million, up over eight million or 5% from Q1 2013. As a result of the two dividend increases CI announced in the first six months of this year, our dividends paid in Q2 were 73.7 million, up 6% from 69.3 million in Q1 2013. And net debt, reflecting strong surplus cash flow, declined to 448 million at June 30, 2013, almost half our run-rate EBITDA.

Focusing on sales for a moment, I would consider this the best sales quarter CI has ever experienced. Gross sales of 3.4 billion set a second quarter record for us. Net sales of almost one billion dollars were 85% retail. This is our highest level since 2000, but the broad diversification of sales was particularly rewarding. This was evident in our retail sales increasing in all channels on a year over year basis. Looking beyond June 30th, I'm happy to report that sales momentum has continued. Our net sales on a year-to-date basis are now through 2.5 billion, again, predominantly retail. Performance of CI's money managers continues to be very good. 85% of our long-term AUM is in first or second quartile.

We launched a new innovative product called the G5|20 recently that we have seen great interest in within its first month. We broadened our product mix with the Lawrence Park Strategic Income Fund and the Cambridge Global Dividend Fund. All in all, all aspects of the business are performing well for CI, and we'll be working hard to carry the momentum through into the fall.

I mentioned performance remains very good, but I should point out it's also very well diversified amongst our many money managers and products as you can see from the slide. And with that, I'll turn it over to Doug Jamieson, Executive Vice-President, and Chief Financial Officer of CI Financial. Doug?

JAMIESON: Thank you, Steve. Our next slide shows financial highlights comparing the second quarter of this year with the second quarter of last year. Average assets under management were up over 14% from 71.4 billion a year ago to 81.7 billion, and net income at 104 million was up 15% from an adjusted 90.1 million last year. And recall

that last year in the second quarter, CI recorded an $18.8 million non-cash deferred tax hit when the Ontario government cancelled previously enacted tax rate cuts, so earnings per share was up to 37 cents from 32 cents last year, an increase of 16%. EBITDA per share up six cents to 67 cents, a 10% increase. And dividends paid were up 8% as CI paid out 68.1 million last year at a rate of 24 cents during the quarter and 73.7 million this year at a rate of 26 cents during the quarter.

And as Steve pointed out, net debt at 448 million – total debt less cash and marketable securities – has declined by over 166 million over the past year, and at the end of June, was a public debt outstanding of 500 million plus 28 million drawn on our facility, less 80 million of excess cash and marketable securities. And this gives CI a net debt to EBITDA ratio of under 0.6 to 1 and continues to give CI financial flexibility.

CI's EBITDA margin rose to 47.7% this quarter, which reflects the fact that even as CI's average management fee rate declines due to the mix of business, we continue to generate about 48% EBITDA profitability on each revenue dollar.

Looking at SG&A, CI's SG&A as a percentage of assets under management, it's shown here in basis points, has declined significantly from last year's 39.8 basis points. And as we saw from the quarterly highlights slide, CI's average AUM grew by more than 14% from last year, and SG&A spend grew by less than 10. At 38 basis points, the rate of spend relative to asset growth is also down from last quarter, as SG&A spending in dollar terms increased less than 2% while average assets were up 4%. We have continued to make investments in staff training, portfolio management and developing new products, as well as increasing discretionary spend on advertising, conferences and roadshows, and this is as we take advantage of the momentum in financial markets and our fund performance.

Next, we have five quarters of free cash flow. Free cash jumped to 114 million in the second quarter this year compared to 105 million last year, as operating cash flow grew 12 million and we spent three million dollars more on deferred sales commissions this

year. Compared to last quarter, free cash flow is up 15 million. And here on the return to shareholders slide at the top is the detail on that change in the free cash flow from last quarter. Last quarter, 143 million less commissions of 44 gave us 99 million in free cash, and this quarter we had 146 million of operating cash flow and 32 million in commissions paid. And while that level of commissions paid at 32 million is up 11% from last year's second quarter, as Steve mentioned, CI's second quarter gross sales were up 68% over the second quarter of last year. This indicates that a growing proportion of sales are being done on a front-end load basis.

The next section details the amounts returned to shareholders. We have not repurchased any stocks so far this year, but have increased the dividend twice from eight cents per share per month at the beginning of the year to eight and a half cents announced in February, and then, as announced in May, to the current rate of nine cents per share per month. We paid out 74 million in dividends, up from 69 million last quarter as the dividend increase announced last quarter started to take effect in June. Our forecast payout ratios are well within historical levels as we look at our up-to-date forecast for the remainder of the year for net income and cash flow.

And as you see there at the bottom, the surplus of 40 million in cash, along with the reduction in working capital required within the business, was used to reduce net debt by 56 million dollars. And with our debt level so low and our cash flow so strong, we feel there is still significant room for further returns of cash to shareholders through buybacks if opportunities arise and when it is prudent, to increase the dividend. I'll now turn it back to Steve.

MACPHAIL: Thank you, Doug. Just to wrap things up, if we look at our current assets under management, where they've gone since June 30th, it's evident by this chart that CI has hit all-time highs with assets under management. We're currently up 4% from the Q2 2013 average, which, at this stage, bodes well for our Q3 results should markets continue at these levels. Just turning to our outlook, as mentioned, with our AUM at an all-time high, it's leading to a positive outlook for the second half of the year. As I mentioned

earlier, our new G5|20 product is attracting widespread interest. We're not resting on our laurels here, we've got an intense focus on service to all sales channels going throughout the summer and scheduled for the fall period. We currently have in the works our largest sales conference ever scheduled toward the end of September with over 1,000 advisors signed up to attend. We continue to add to investment management teams where it is prudent to ensure that we grow the management teams to reflect the increasing assets under management. And training, technology, service and value add to advisors continue to be top priorities and key initiatives for the remainder of 2013 and going into 2014. And with that, that concludes the formal part of our presentation, and I'd like to open it up to any questions you might have. Thank you.

MODERATOR: Thank you. First question is from John Aiken from Barclays Capital. Please go ahead.

AIKEN: Good afternoon, Steve. I know Doug kind of alluded to it in his prepared commentary, but I mean, you've got this very good problem to have in terms of your free cash flow, AUM's rising, free cash flow metrics are increasing based on the fact that there's greater sales of front-end load funds, and in terms of your debt, you've only got so far to go before you bottom out and hit the debentures. What can you be doing with all this cash? Realistically, are there any large acquisitions potentially out there? I understand the reticence of doing share repurchases when you're trading north of five times book and also you've got the minority interest out there from Scotia, but how do you ultimately resolve this problem that may hit you either next quarter or Q4?

MACPAHIL: I love it when you call too much cash a problem. I really like that problem. You know, it's interesting that there are many opportunities that we're being shown right now, and I think as a result, it's put us in a position that we can be really picky on strategic opportunities. And what we like is that we're easily in a position to do a $500 million deal if we wanted to and pay for it with cash, and it really wouldn't affect our metrics at all. In fact, it would move us closer to what some might consider to be a more appropriate amount of leverage within our business. So first of all, I would say that, but

we’re not in any hurry to do a transaction just to spend the money. It’s got to be right, it’s got to be a good fit for us, and we’ve been very active at looking for the whole year. We just haven’t found something that we think is an appropriate fit, but that could change within the next two months, three months, who knows? I would suspect, over the next year, that we’ll find some interesting alternative, and if we don’t, we’ll find other ways to get the money back to our shareholders. You know, we’ve consistently done that my entire 19-year history at CI, so I don’t think we’re about to change on that front.

AIKEN: Has any thought been given, or is there any institutional unwillingness to consider a special dividend?

STEPHEN: I’m not a big fan of special dividends, to be perfectly honest with you. I’m not saying they’re not appropriate for certain businesses, but we like to sit down every quarter and evaluate where we’re at and when it makes sense to increase the dividend, then that reflects long-term confidence in the business. I think just to pump the cash out on a short-term basis sometimes can be viewed as short-term thinking, and that’s just not the way I like to run the business.

AIKEN: Great. I appreciate the comments.

MODERATOR: Thank you. The next question is from Geoff Kwan from RBC Capital Markets. Please go ahead.

KWAN: Good afternoon. The first question I have was just clarifying, Steve, you were mentioning that the two and a half billion, is that net sales to end of July or kind of a year-to-date number?

MACPHAIL: Yes, that’s till the end of July.

KWAN: Okay, till the end of July.

MACPHAIL: And it would be to now too. So it's still above that level.

KWAN: Right, okay. And then the comment on the AUM on the last slide saying it's up 4%. So that kind of implies AUM would be roughly about 85 billion, if I'm understanding that right?

MACPHAIL: Yes, very close to that, give or take a little bit. And essentially if assets didn't move at all from today until the end of the quarter, then you have a pretty good idea what our average assets would be.

KWAN: Okay. The retail net sales side, when you're taking a look at where the money is going, has that changed much? Are you seeing better flows into equity funds and away from the bond funds?

MACPHAIL: We've never been a big bond house, so that wasn't a question of them flowing a lot into bond funds. Where we're seeing more and more interest is on the global side of our funds, and that certainly has been a pickup, and I think that's in conjunction with global markets performing very well and the fact that our money managers have performed very well within the context of those marketplaces. We're definitely seeing a pickup in that area, Geoff.

KWAN: And are there other areas, or is it just more so on the global side?

MACPHAIL: Well, we're seeing good flows into all the Cambridge products, but Brandon Snow and his funds are the top-performing funds in the country from what I can see, and so it's no wonder that he's getting a lot of fund flow. If we just look at the team of Alan Radlo, Brandon and Bob Swanson and the assets in the Cambridge Funds now, they're almost at $8 billion, and you know, that wasn't long ago when you and I were talking about this and it was only $3 billion. This is clearly the fastest-growing fund complex there is, and they have very strong Canadian products, so we definitely are

seeing fund flows into that area, but also their non-Canadian products. So that's where we're also seeing good business going in there.

KWAN: Okay, and one last question, just a minor one, the Assante EBT (earnings before taxes) loss in the quarter. It looked like it was just essentially other expenses was up and it might have been sales and marketing. Is it just more of a one quarter issue type of thing?

MACPHAIL: Yes, that business, for the most part, we manage that not to really make much money. Where we have the opportunity to spend more money, we will, and so that's fine tuning, being up or down a $200,000 on a spend of $14 million. But you will recall that there was more advertising for Assante that quarter. We have a lot of events that go on in the April, May, June period with respect to Assante. So, I'm not going to commit to it, but I wouldn't be surprised to see that back in the other side of the ledger come this quarter, not dramatically, but probably in the other direction by $400,000 or $500,000.

KWAN: Okay, thank you.

MODERATOR: Thank you. The next question is from John Reucassel from BMO Capital Markets. Please go ahead.

REUCASSEL: Thanks, Steve. Just to follow up on John Aiken's question. You're seeing many opportunities – are those domestic, international? Are they distribution? Are they asset management? Could you give us a flavour of what it is?

MACPHAIL: Not as many domestically, though there are a lot of small, what I'll call, money management teams that really want to get hooked up onto CI's distribution. So these could be small groups of maybe 600 or 700 million in assets under management, or money management groups that are trying to make a go of things and want CI to have an association like we did with Red Sky or Lawrence Park, but those are, for the most part,

small transactions. Where we're seeing the greatest indicators are on the U.S. side. But I've actively promoted that at the same time, so I've spoken to a lot of people and indicated that if there was something that was attractive to CI in the price range that we want to pay where it would be useful for us to get more money management expertise so we can take business to them, and conversely, it can give us a bit of a toehold to expand in the U.S.A. without betting the farm. I'm not that type of person. And so there's a lot of things available, but I would say five out of six of them don't really fit with what we're looking for, but one out of six looks pretty interesting. And it takes a lot of work to decide if those types of transactions are going to work, because often there's personalities and things like this involved. But that's where we're seeing the most opportunities, and I would have to honestly say I've probably had 10 situations presented to me in the last four months.

REUCASSEL: So I know you don't bet the farm or anything, but this would be taking some minority stake, a majority stake and letting the people that are there continue to have an interest in the franchise?

MACPHAIL: You know, we're pretty flexible. I look at the success we've had with Altrinsic. I know I've brought this up many, many times, but our 25% interest started out as 50%, and then we moved it down to 25%, and that made sense because they brought another great partner in. Those assets, I think, are up to $16 billion right now. You know, that's a fabulous firm. It pays great dividends to CI so that's a great example of a good investment for us where I'm not having to run that business. John Hock, who runs that business, is an excellent partner. He does everything that I think I would do if I were down there. So we say, are there other opportunities like that? So in that case, we're happy to be below 50%, but we could easily be at 75% or 80% or even 100% and give people phantom equity. We're just not interested in deals where people are cashing out and going to the beach. We're looking for people who maybe have a business with 10 or 20 billion in assets under management, whatever the number is, and want to double and triple that and use a lot of CI's expertise to help them get there.

REUCASSEL: Okay, great. And just on sales, you say they're well balanced. So are they up everywhere in every channel year over year in a gross and net basis, or are you seeing particular strengths in like the newer channels like Edward Jones?

MACPHAIL: I'll just say collectively they are, as I mentioned earlier, they're up in every channel on both a gross sale and a net sale basis. Some have higher percentage increases than others, but some were net redemptions obviously, and now some are in positive sales, so it's hard to do a percentage increase on that, but in every place they're up across the board. But also encouraging is they're up significantly with people who didn't do business with us before, maybe did a little business, and they might have increased their business with CI four or fivefold over the course of the year. So that's very rewarding for us.

REUCASSEL: So you remain net flow positive in kind of the big broker IIROC channel?

MACPHAIL: Yes.

REUCASSEL: Okay. Thanks, Steve.

MACPHAIL: You're most welcome.

MODERATOR: Thank you. The next question is from Scott Chan from Canaccord Genuity. Please go ahead.

CHAN: Just following up on John's question on distribution channels. Remember at the AGM we saw the nice chart after Q1? If maybe you could just comment on the MFDA channel because it looked like that one was up year over year in Q2, and then how it did? And also the Sun Life channel, are you seeing any pushback in that channel in Q2 or post Q2?

MACPHAIL: Okay, I'll say it again. Both those channels are up year over year. It's hard to be up Q1 to Q2 because Q1's RSP season, so that's not a relevant comparison even though I would say the relative amount of sales in Q2 compared to Q1 is unprecedented. You know, usually you can count on Q2 sales to be a fraction of Q1 because of the RSP season, and ours were hardly down, and again, all the channels we dealt with, there really were not significant changes from Q1 into Q2. So again, that covers all the channels, Edward Jones, Assante, Sun Life, MFDA, IIROC.

CHAN: Okay. Just a second question just on the G5|20 launch. It seems like a pretty exciting product and I'm assuming you're catering to the same investment clientele as the segregated funds in terms of guarantees and resets or locking in gains. With the segregated fund market kind of in lower demand because of the insurance requirements, do you have an internal target of what this product could be in 12 to 18 months? I know you had success in the high net worth PIM (Private Investment Management) product. Have you set anything internal towards that?

MACPHAIL: You would think that we would sit down and say, okay, we've got to get a billion sales in this or 500 million in sales in this. The trouble with targets is if people meet them, they just slow down. So we just say, "Listen, do as great a job as we can on this, and the cards will fall where they do." This isn't intended as a direct competitor to the segregated funds market, it's really aimed at people that are approaching, are five years away from retirement, and experienced 2008, experienced 2009, some of the volatility in the marketplace and go, "Wow, this is a great product. I get security of payments over a long period of time. I have the ability to take my money out when I want. If the markets go up, I get to keep that for myself." So I'm expressing that in a very simplistic term, but it's really designed for a different demographic, and what we like about it is, the people that have most of the savings today, a lot of them are in the, we'll call the 55-to-65-year age group, and this isn't a product targeted at a 30-year-old, they don't have money. It's targeted to people who are thinking about retirement and want to have some security of payment, but like the idea of liquidity and upside. Like anything we launch, we have high hopes, but the reception so far for this product has been

exceptional. We have invested a huge amount in training on this. I've never seen our inside sales, client service people and wholesalers trained as they are on this product. Even our money managers know it, and so I think that's a real tribute. And I look at the number of meetings that have been held in typically a pretty slow period, that's July and August; it's often hard to find anyone who's not on holidays, but our people are working five days a week and often on weekends now doing meeting on the G5|20.

CHAN: Steve, is this going to offered in all distribution channels?

MACPHAIL: Yes, we've been approved for distribution in many channels already. The material channels are all there for us, and it just takes time because it's different and we only launched this in July, and it's slowly getting approved across the board, and we see no reason it won't be approved across the board.

CHAN: Okay, and just going back to the segregated funds and we haven't talked about it in a while. Is it still a net redemption business year to date?

MACPHAIL: Yes, it is, and I've mentioned this before, if you go back many years when you looked at what the advisors are doing, a lot of them had a high percentage of segregated funds and a low percentage of mutual funds and managed assets, and now it's changed, and now their clients are buying something else. So it's not like people are not doing business, it's just that they've changed their focus. So there is segregated fund business going on, there's no doubt about that, but it's just not as robust as it would have been in the past, and when you get those situations, there's more outflows than inflows.

CHAN: Okay, and just a last question maybe for Doug on the redemption fees in the quarter are down 22% year over year, and redemptions, I think, were flat. I know there's a higher proportion of front end, but that seems like a large variance. Is there something I'm missing this quarter? Kind of looking at Q4?

JAMIESON: No, it's just a greater proportion of our redemptions are front end now.

CHAN: Okay. Thanks a lot.

Operator: Thank you. The next question is from Paul Holden from CIBC (CIBC World Markets). Please go ahead.

HOLDEN: First question. So you didn't have a lot of institutional AUM funded in Q2. Does that imply that we should expect more to fund in Q3?

MACPHAIL: I don't think there's an overwhelming amount. You know, we've never said that this is going to be a short-term multi-billion-dollar category for us, but I definitely expect it to be positive in Q3, and depending on where they are in some of the short lists, Q4. Q4 is a while to look out, but I'm pretty optimistic on Q3 right now that it will be a positive contribution for us.

HOLDEN: Okay, positive but a small positive.

MACPHAIL: Yes. I think the key thing there, Paul, is we're really laying the groundwork, and Neal Kerr, who's President of our institutional business, has spent a tremendous amount of time really getting other types of products reviewed by the consultants to get on the shelf, and that's a two, three-year process, but that is all happening. And so when I look out two years from now, I think we're going to be really well positioned in two years, but today our predominant product is a balanced product out of the Signature area, which has done very well, but we definitely have to broaden that product line if we're going to go anywhere, and both Cambridge and Signature are now providing products into that area. So I'm optimistic on that as we go forward. We really should revisit that, probably, in detail six months from now and say, okay, how does it look.

HOLDEN: Got it. And then the change in asset mix that you referred to that's impacted the average fee, does that just mean more products sold through like Class I and Class F?

MACPHAIL: No, actually it's interesting, in the last quarter we saw an uptick in products sold through Class A. So from a margin perspective, our top line was pretty good in the last quarter. But we continue to be successful in doing things in the Class I area just because we do a bunch of high net worth products so we can get into that area. But the big adjustment we had before was last year when we landed a big institutional account that all funded fairly rapidly near the end of last year and the first part of this year.

HOLDEN: Okay. So as we look forward quarter over quarter, we should expect the average management fee to expand from here?

MACPHAIL: Well, I think expand is a tough one because that is depending on what the markets do, right? If equity markets continue to outperform, that has a positive impact, but I can't predict that for you.

HOLDEN: Okay. Fair enough. And then in terms of marketing spend and SG&A just in general, is this quarter a good one in terms of the go-forward run rate? Can we continue to expect you to spend more on marketing through the remainder of the year?

MACPHAIL: Well, last time I answered this question everyone panicked and thought we were going to blow our brains out on spending. We have a busy fall from a sales and marketing perspective. We've got advertising campaigns that we'll continue to do, but we have done those in the summer. We've got our big conference that I mentioned. So my guess would be in absolute dollars, our overall spend will be up, but in basis points, I'd be hard pressed to believe that maybe it goes up half a basis point from 38, but we're not talking a material change here at all. I mean, we're benefiting from increased assets under management, and we're trying to use that to the best of our advantage right now. So I'm not trying to skimp on anything right now. We think we've got a competitive advantage, and we're going to do what we can do to build our business right now, but all within kind of the CI framework, if I could put it that way. You know, we watch these things pretty closely.

HOLDEN: Okay. Thanks, Steve.

MACPHAIL: You’re welcome.

MODERATOR: Thank you. There are no further questions at this time. I would like to turn the meeting back over to Mr. MacPhail.

MACPHAIL: Thank you for attending our conference call. Thursday in the first week of August is always a tough time. I know people are on holidays, so enjoy the rest of the summer. I look forward to speaking to you in November. Thank you very much.