CI FINANCIAL CORP.

FIRST QUARTER 2014 RESULTS

CONFERENCE CALL

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Corporate Participants

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OPERATOR: I would now like to 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 us on our Q1 2014 conference call. Let me start with some of the highlights. I can't say I'm anything less than very excited to report that this was a record quarter for CI. Our earnings were 43 cents a share, up 23% from a year ago, and 5% from the immediately prior quarter. CI's net sales were $1.7 billion, 50% higher than a year ago. Our average assets under management were up almost 19% from a year ago. Our strong cash flow resulted in our net debt declining 34% from last year. And lastly, I'm proud to say CI raised its dividend for the fourth time in the last year and a half.

Looking at CI’s performance relative to Q4 2013, we have positive increases across the board. Average assets under management of $93.5 billion were up 6% from the immediately prior quarter, and income was $121.7 million, up 5% from the prior quarter. Earnings per share of 43% were up 5% from the prior quarter. EBITDA came in at $212.2 million or 75 cents a share, up 4% from Q4 or the prior quarter of last year. Lastly, CI paid out $81.3 million in dividends, up 4% from just the prior quarter alone.

Looking at sales, CI’s gross sales were up 15.8% from Q1 last year and set a record at CI for Q1 gross sales. Our net sales for the quarter, as mentioned, were $1.7 billion, or 50% higher than in Q1 of 2013, making it the best first quarter for net sales at CI in 14 years. Of the $1.7 billion in net sales, just over 90% of it was retail, an amazing result for us. Equally positive was that gross and net sales were the same or better in every retail channel at CI.

Since the end of the quarter, our sales momentum has continued with 2014 year-to-date net gross sales and net sales ahead of last year. Performance is excellent with 84% of CI’s assets under management in the first or second quartile and 59% of assets in the first or second quartile over 10 years and year-to-date, respectively. With that, I will turn it over to Doug Jamieson, CI’s Chief Financial Officer, who will take you through the details of some of our performance metrics in more detail. This quarter Doug has actually added a number of new metrics, which I think will help you in your assessment of CI’s operations relative to others in the business. Go ahead, Doug.

JAMIESON: Thank you, Steve. This next slide compares the first quarter of this year with the first quarter of last year. As Steve mentioned, average assets under management were up 19% from $78.8 billion a year ago to $93.5 billion. Next, net income with $121.7 million, and that was up 24% from $98.5 million last year, and on a per share basis was up to 43 cents from 35 cents last year, and that’s an increase of 23%. EBITDA per share was up 11 cents to 75 cents, a 17% increase. Dividends paid were up 17% and CI paid out $69 million dollars last year, and that was at a rate of 24.5 cents during the quarter and $81 million dollars in the first quarter this year at a rate of 28.5 cents or 9.5 cents in

each of January, February and March. Net debt has declined significantly from $504 million at the end of the first quarter of 2013. At the end of March there was approximately $334 million calculated as the gross public debt outstanding of $500 million less $166 million excess cash and marketable securities. This gives CI a net debt to EBITDA ratio of under 0.4 to 1, and that continues to provide CI with significant financial flexibility.

CI's EBITDA margin has held fairly steady over the past year and was 47.7% this quarter. This reflects the fact that, even as CI's average management fee rate has declined due to the mix of business, we continue to generate about 48 cents of EBITDA profitability on each revenue dollar.

As Steve mentioned, CI is introducing a couple of new performance measures this quarter, the first of which is the asset management margin. This margin measures how much we retain out of management fees after paying trailers, SG&A and DSC. We take management fees less trailer fees, SG&A and DSC as a percentage of management fees, and we see that we are left with just over $40 of every $100 in management fees earned, up from about $38 one year ago. Note that this is a trailing 12-month measure, and it eliminates the financing impact of front-end versus back-end funds, as it is after deducting trailers and DSC, and it also eliminates the distortion of equity and fixed-income mix changes and retail and institutional mix changes because it is measured as a percentage of management fees and not AUM.

CI's SG&A, calculated as a percentage of assets under management, we are showing it here in basis points, has declined significantly from the first quarter of last year. We saw on the quarterly highlight slide that CI's average AUM grew by 19% from last year, and at the same time, SG&A spend grew by less than 10%. So we see the drop from 39.2 to 36.3 basis points year over year. Quarter over quarter, SG&A dropped from 36.9 to 36.3, and this drop happened even in a quarter with two fewer days as the rate of increase in spend in the fourth quarter was 1.6%, much less than the 5.6% asset growth. And in dollar terms, spend was only up $1.3 million in what is typically a higher-spend quarter.

And here is the other new performance measure that we are introducing this quarter, the SG&A efficiency margin. Here we look at how much is left over after we spend on SG&A out of the available pool of management fees less trailer fees and DSC. In the past 12 months, CI has retained almost 70% of that available pool, up from 67.7% one year earlier. Put another way, CI spends only 30% of the amount available after paying trailer fees and DSC out of management fees.

Next, we have five quarters of free cash flow and note that the first quarter is typically a low point because of the increased spend on DSC during RRSP season. However, in this first quarter, free cash only fell $1 million from the fourth quarter and is $24 million dollars higher than the first quarter last year. This year-over-year increase is a result of operating cash flow growing $21 million, and we spent $3 million less on deferred sales commissions this year. This is an interesting point because our gross sales were actually 16% higher this year during RRSP season, and yet the spend on DSC fell 7%, indicating that the trend away from deferred load sales is continuing.

Here in the first part of the next slide we have some detail on the change in free cash flow from last quarter to this quarter. Last quarter's operating cash flow of $156 million less commissions of $32 million gave us $124 million of free cash, and this quarter we have $165 million of operating cash flow and $42 million of commissions paid.

The next section details the amounts returned to shareholders. We repurchased $9 million dollars in stock in the first quarter at an average price of $33.85 and increased the dividend paid to $81 million from $78 million last quarter. The dividend increase announced today will move our run-rate quarterly payout to $85.3 million.

We're also now highlighting CI's return on equity, which hit 25% this quarter and is another indicator of the strong performance of CI. This return has grown over the past year from 22% as CI leverages the growth in its AUM to earnings growth and also CI's limited need for additional capital to support that growth.

As Steve mentioned, the dividend was increased 5.3% to 10 cents per share per month, and our forecast payout ratios are well within historical levels as we look at our up-to-date forecast for the remainder of this year and next year for net income and cash flow. And again, 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 dividend increases and prudent buybacks. Our forecast payout for 2014 is now $335 million dollars in dividends, and that is a 15% cumulative annual growth rate since 2010. I will now turn it back to Steve.

MACPHAIL: Thank you, Doug. I think it's very important to recognize when you look at those charts that Doug just took you through, that financial margins like that don't happen by accident, and I have to give a lot of credit to Doug, his team, and all the senior management at CI. One of the ingrained cultures of CI is to always focus on not just growing the business, but growing the business profitably, and I think every one of those financial metrics proves that they've lived up to their word. Thank you very much, Doug.

Turning to current assets under management, since the end of Q1, we've seen our assets under management continue to grow. Currently our AUM is up about 4% from the Q1 2014 average, i.e. the quarter we just went through. This made the decision to increase the dividend pretty easy and also sets the stage for a good second quarter.

So to summarize, our current assets under management are over $97 billion, up 4% from the Q1 average. On the product side, we continue to experience an increase in investor preference for equity-oriented and balanced investment products, which is good for our overall book of business. Sales are ahead of 2013. Increased assets and increasing profitability is positive, as Doug mentioned, for dividend growth, share buybacks and debt reduction. And lastly, I'd like to point out that our annual general meeting set for June 11th will be the 20th anniversary of CI's IPO in 1994. When you look at all those numbers that Doug produced, keep in mind we only raised $25 million dollars in our IPO, a minor number compared to the dividends that we're paying out today. I'll just

mention that an event to recognize this milestone will be held in conjunction with the annual meeting at our offices at 15 York Street, as I said, on June 11th. I hope you can be there. Thank you and we'll now be happy to answer any questions you might have.

OPERATOR: Thank you. We will now take questions from the telephone line. The first question is from John Aiken (Barclays Capital). Please go ahead.

AIKEN: Good afternoon. Steve, with the share repurchase that you did in the quarter, is this a change in stance in terms of how you're allocating capital back to shareholders, or is this just trying to offset dilution from options?

MACPHAIL: No, not at all. We're always there and ready to buy back shares. There are two things we do, John, one is we certainly like to offset dilution from option exercises, there's no doubt about that, to keep that neutral. But we're very opportunistic as to when we buy back the shares, and generally if we see any weakness in the stock, then we're prepared to buy the shares at that point in time. I think that's why at the end of the day you see not a lot of volatility in our stock, because where there's weakness with our financial resources, we're there to step in and provide some stability on that side to the stock. If there are bigger opportunities when the price is right, we will buy a lot more shares.

AIKEN: Great, and a follow-on for Doug, if I may. Doug, in terms of the dissolution of the CI Master Limited Partnership, can we assume that there's actually not going to be any material impact on the financials going forward from this?

JAMIESON: Yes. It's a very small partnership.

AIKEN: Is there anything else floating around out there?

JAMIESON: No, there's no remaining old financing vehicles.

AIKEN: Great. Thank you very much.

OPERATOR: Thank you. The next question is from Gary Ho (Desjardins Securities). Please go ahead.

HO: Good afternoon. In your MD&A you guys mentioned each of your distribution channels all improved flows. I'm just wondering if you can provide a little bit more colour on each channel, perhaps which channel had the biggest improvements, and talk about your outlook and any risks that you guys might see.

MACPHAIL: We don't usually break down the individual channels, but I'll say our big channels, like Assante, continue to be very strong channels for CI. There's a lot of new channels that we're developing that collectively are small channels, but when you add them up, have made a big difference year over year, and I think that accounts for why we're seeing sales growth. But our big channels, Assante, Sun Life, Edward Jones, IIROC channels have all been terrific supporters of CI.

HO: Okay, and any risks that could be on the horizon?

MACPHAIL: There's always risks on the horizon. It depends on what you define as a risk, but I don't see anything imminent from our perspective. I know there's a lot of discussion from a regulatory perspective.

HO: Yeah, that's what I was alluding to.

MACPHAIL: We spent the better part of the last two years working with advisors to position them to be able to deal with some of the disclosures around the regulatory risks. Year-to-date, to give you an example, we've already had 140 meetings with advisors on this front, just talking about regulatory issues. So I think what's happening is that we're slowly feeling that we're creating a diminishment of that risk by preparing people for fee disclosures and things like this.

HO: Perfect. Second question. The average management fee was pretty much flat on a sequential basis. I know there's three things that you guys point to, the mix, the greater percentage AUM into I and F class and the growing share of the high net worth clients. The first one seems like it could be a tailwind with the latter two continuing to be headwinds. Just wondering in aggregate how we should think about this over the next 12 to 24 months assuming the flows back to equity continues.

MACPHAIL: We went through that in a lot of detail at the board meeting today. Doug broke everything down, and as far as we can see, given where the business is flowing and what we're doing, we feel it's going to be fairly flat. It may move, at best, one basis point, one-and-a-half basis points, but from where we see it today, if you look over the next six to eight months, we don't see any dramatic changes.

HO: Okay. Perfect. That's it for me. Thanks.

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

KWAN: Good afternoon. I just have two questions. One was in terms of the net sales that you guys are getting right now. What are the key product categories, when you adjust for the size of AUM managed by your different fund families, where the flow seems to be going a little bit more into?

MACPHAIL: Certainly, I'll address the second question first, Jeff. Certainly right now the two money managers that would be collecting the most assets would be Signature group, under Eric Bushell, and a lot of that is because of the breadth of product and the long-term consistency, so they tend to see pretty steady flows into that business. The part of our business that's really growing well is Cambridge funds, under Alan Radlo, Bob Swanson and Brandon Snow. They're doing phenomenally well. They're over $12 billion in assets now in that business alone and you might recall in the last session we had they

had just gone through $10 billion. I guess that was at the end of December. So there's been significant growth and attractiveness in that part of the business.

And basically just in terms of overall looking at our business and where it's going to go from a product perspective, besides some of the individual funds, I think the global side is where we've seen a lot of pickup. Black Creek has seen a good pickup in business as it's been focused on that side, they've had terrific performance. The balanced funds are continuing to bring in a lot of business and the global products of any of our money managers all seem to be picking up.

Overall, I would say that the number one thing for us is our managed solutions. We see a lot more advisors moving to managed solutions within CI and it accomplished a number of things. For three years now, we've had awards in that area, which is helpful. But the other thing is it helps de-risk their books by dealing with managed solutions as opposed to trying to pick funds themselves and do all of the asset allocation. So that's been a strong growth area for us.

KWAN: Okay, and then the second question I had was – has there been anything on the M&A front that's changed in your view since we spoke on the last conference call?

MACPHAIL: No, I wouldn't say there's been anything. We're always watching for things and with our debt dropping down so low now, we essentially have the capacity to do something for a billion dollars cash if we wanted to. It wouldn't affect much from a balance sheet perspective, but we just haven't seen anything that we think would be accretive or help develop our business at this point in time. There are some opportunities on the distribution side that would be helpful to CI, but they're just not for sale so there's no sense dreaming about it.

KWAN: Okay. Thank you.

OPERATOR: Thank you. The next question is from Stephen Boland (GMP Securities). Please go ahead.

BOLAND: Thanks. Just one question, Steve. Any update on the relationship with Scotia? They seem to be getting a fair amount of questions about what they're going to do with their stake in you. Maybe you can just comment on the relationship.

MACPHAIL: I have no opinion on what they're going to with CI. I have to assume that they're appreciative of the fact that we just hit record earnings and have raised our dividend. But I don't have any comment on what they might want to do, but other than that, I'd say the relationship is kind of the same as ever. They're there, they don't really interfere with CI. There certainly are great opportunities to exploit that partnership better both ways, their ways to us, us to them, and hopefully we'll see some of that in the future.

BOLAND: Has there been no discussion on product collaboration and distribution access?

MACPHAIL: At this point in time, we talk to them about some product things, but not that regularly.

BOLAND: Okay. Thanks very much.

OPERATOR: Thank you. The next question is from Graham Ryding (TD Securities). Please go ahead.

RYDING: Thanks. Stephen, maybe just an update on your view given OSC's announcement about the third-party research around the embedded trailer fee in Canada. Do you have any thoughts on that announcement and the potential direction next year?

MACPHAIL: They're going to do more research and they've indicated that they want some independent third parties to do research. I take them at their word that they will be

independent parties doing the research and that we'll have some input into the process. There's been a lot of discussion on that front. I think from our perspective, there's been so many changes on the disclosure side, some of the things that are going on that you're certainly aware of, that you don't necessarily want to change too many things at once. I'm optimistic that at the end of the day the right thing will be done and will move this industry forward positively.

RYDING: Do you have a feel for whether the advisors on the dealer channel are more concerned with CRM2 changes this year or the potential for changes to the embedded trailer fee model down the road?

MACPHAIL: I think it would depend on who you would talk to. I don't think at this point in time as many people are worried about the change that CRM2 are going to bring, and that's what I mentioned. We've spent a tremendous amount of time on the educational side to deal with this. I was just in Montreal last week and I snuck into the back of a session that we were providing, and there were over 100 advisors in there that spent over an hour just on how to deal with CRM2 to position their practices better. These things have been repeated all over the country by the hundreds so I think advisors are well prepared for that.

I think the discussions on trailer fees are unsettling for advisors because in many cases, I believe, the press tries to point out that they're doing a bad job, and in my 10 years of being associated with Assante, I've never had one letter where a client has come to me complaining about things. We might have a client complain on something else, but they haven't come back to complain about saying they were getting ripped off or something like this. You have to put these things in perspective and I've made this comment many a time before.

If you look at someone with a $50,000 account with an advisor, if they were collecting a 1% trailer on that, first of all, that's $500 a year, and of that $500, 20% has to go to the dealership just to pay for compliance and all the other things that the regulators already

impose. So you take that first 20% off, now the advisor's down to $400 and they're doing all sorts of things, and when I look at the value proposition of Assante advisors, or what I see with the Sun Life advisors, for a net $300 into the advisor's pocket, they're trying to provide long-term advice on wealth management, on estate planning, taxes, all sorts of things, I actually consider that a pretty good deal.

But if all of a sudden you ask Canadians to negotiate that, people have no concept of how to negotiate financial service prices. That'd be like saying you go in to the dentist and need a root canal and say, "I'd actually like to negotiate that down by $25." You generally pay the price because you want the expertise of the dentist, you don't necessarily want the one that is willing to do it just for a cheaper price alone. So that's a long-winded answer to your question, but it's why, I think as we move forward here, that people will recognize that the vast majority of advisors actually do provide a lot more than just the pure wealth management aspect, and that fee involves providing all those other services.

And so I hope that maybe some of the outlying things, like where there's excessive trailer fees being collected, maybe we have a situation where the playing field is level and that an advisor's not tempted to take on a higher trailer fee for a similar product. So if we have that eliminated, we eliminate some of the things like the variable expenses, I think we've got a pretty good system in Canada, so I'm hoping that's the route we go.

RYDING: Great. Thanks for the colour.

MACPHAIL: You're welcome.

OPERATOR: Thank you. Once again, please press star one on your telephone keypad if you have a question. The next question is from Scott Chan (Canaccord Genuity). Please go ahead.

CHAN: Thanks a lot. Steve, just on the Marret acquisition, maybe provide an update there, and maybe with the three retail fund launches in March, whether it's well received or not.

MACPHAIL: Sure. The Marret acquisition, we closed near the end of the year, and since that point in time, we've introduced a number of things. Basically, in order to bring CI's good housekeeping seal of approval to any of these firms, we like to start to bring our oversight in on compliance and trading, and all those sorts of things. That's not to imply that they were doing a bad job, it's just that these things just take time, and that's the advantage of working with CI. We launched a number of new funds with Marret, and they'll have to garner a track record before you're really going to push them hard. And so they're new funds, and I think we're best to look at those funds a year, year and a half from now, because with any new fund that we start, unless it's a highly established manager within the CI stable where they're kind of re-launching an existing fund, then you don't usually expect to have a lot in the first year or so.

CHAN: Okay, and just last question. Just on the institutional side, CIIAM, net sales, if you back it out, less than 10% were about $150 million in Q1. It looks like last year net sales were $300 to $400 million in that segment. Would you characterize this year potentially being better than last year? Just looking for an outlook on the pure institutional side and also on the alliances side with the sub-advisory stuff.

MACPHAIL: I was meeting with Neal Kerr who heads up that whole area, and I think we've got a number of really good opportunities there, but until you're the final one selected, you have no idea. So it's impossible to put a probability on where these businesses will go, but I will say what's positive are the number of situations where they're being invited into at this point in time and made it through the first couple of levels of screening so they could get to the finals. But like the Stanley Cup playoffs, only one team can win at the end of the day. So I just hope that's our team. But that team, Neal's team, is pretty positive on the outlook for their business for this year.

CHAN: Okay. That's good. Thanks a lot.

MACPHAIL: Okay.

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

HOLDEN: Thanks. Good afternoon. One question for you, Steve, and that's with respect to your shareholder rights plan. I believe that expires at the end of this year. Any thoughts you can give us on whether that plan will be extended further?

MACPHAIL: Yes. That will actually be voted upon on June 11th at our shareholders' meeting. So we don't foresee any issue whatsoever coming up with that. Bank of Nova Scotia has already indicated to us that they are supporting the renewal of that plan, and the last time we had a vote of the other shareholders, I think we had 98 or 99% voting in favour of it. So I would see that this would be very positive. So that's a kind of a non-event for us.

HOLDEN: Okay. And the proxy firms understand the issues this time around?

MACPHAIL: Yes.

HOLDEN: Okay. That's all I had. Thanks.

OPERATOR: Thank you. The next question is from Graham Ryding. Please go ahead.

RYDING: Just a quick follow-up on the net sales outlook. You're obviously running at a very good pace here on the net sales front. Do you see lots of runway with your existing channels, or do you need to push into new partnerships and new channels to move another leg up in net sales from here?

MACPHAIL: Well, if you ask the sales guys, they're always looking for new channels, but I would say we've got good runway with where we are right now. The areas we've just completed, three road shows simultaneously across Canada, they were exceptionally well attended. We opened up our annual conference, and Derek Green told me within the first three hours we had close to 500 people sign up. So if I'm looking at small indicators, I would say there's great support for CI going forward, and the markets have done well, so I don't see any reason why, in the foreseeable future, whatever you want to define that as, that we should see any material changes. As it stands right now, 2014 has been a great year for us.

RYDING: Thanks.

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

MACPHAIL: I just want to say thank you again, for listening to our conference call, and I look forward to either seeing you on June 11th or having you listen again at our August 7 meeting for the Q2 results. Thank you again, have a nice evening.