# CI FINANCIAL CORP.

# FOUTH QUARTER 2016 RESULTS

# CONFERENCE CALL

# February 16, 2017

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## PRESENTATION

**Peter Anderson, CEO, CI Financial**

Thanks very much and welcome to the CI Financial Conference Call for the fourth quarter of 2016. Joining me on the call is Doug Jamieson, our CFO. He will be providing a financial review of the quarter and will answer your questions.

Also available are Steve Donald, President of Assante, Neal Kerr, President of CI Institutional, Barry Gordon, CEO of First Asset, and Roy Ratnavel, Head of Retail Sales for CI Investments.

Two thousand and sixteen was a unique year for CI and the industry. However, our Q4 results show that our strategy is working. The performance of our portfolio management team ended 2016 in very good position. Sales from both our retail and institutional groups are trending more favorably and we'll be announcing a number of new initiatives later in this call.

We finished the year in much better position than we started. But before that, Doug is going to take you through the CI financial results, Doug.

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**Douglas Jamieson, CFO, CI Financial**

Thank you, Peter. Looking at 2016 results versus 2015 the average AUM grew 2% over the year. Reported net income was $503 million or $1.86 per share and adjusted net income was $532.1 million or $1.96 per share down 6% and 3% respectively.

Adjusted EBITDA at $3.24 per share was down 4%.

Dividends paid were $1.35.5 up 5% from $1.29.5 last year. Long-term debt ended the year at almost $760 million up from $560 million last year and net debt was up about $140 million during the year at just over $570 million.

The increase in debt was due to the cash acquisition of Grant Samuel at $74 million net of cash acquired and $55 million that was paid out to shareholders by way of dividends and buybacks over and above free cash flow for the year.

Looking now at the fourth quarter compared to the third quarter, average assets in our management were up 2% from the third quarter from $112.3 billion to $114.8 billion.

Reported net income was $121 million or $0.45 per share and adjusted net income was up 3% to $140.6 million and on a per share basis was up $0.02 to $0.53.

Adjusted EBITDA was up 1% to $226.9 million and EBITDA per share was up $0.02 from last quarter.

Free cash flow at $154 million was down 4% while dividends paid remained at $0.34.5 in the quarter.

Now looking at year-over-year highlight, average assets in our management were up 6% from $108.7 billion in last year's fourth quarter. Adjusted net income was up 3% from $137 million last year and up $0.03 on a per share basis. Adjusted EBITDA was down 1% and EBITDA per share was up $0.02.

Free cash flow was up 2% as the amount spent on deferred sales commissions continues to decline. Dividends paid were up 5% year-over-year as the dividend was increased earlier this year.

We continue to see the change in earnings lag, the change in average AUM over the past year primarily because of a change in CI's average margin. With the inclusion of First Asset in our results over the past 13 months and now the inclusion of Grant Samuel for half a quarter while Grant Samuel's retail fees are comparable to our F Class fees only one third of their assets are retail and on the institutional side I would call their average fee low. So we've seen our fees decline in the past with movement to high net worth product and now the acquisition of First Asset, ETF Business, and Grant Samuel.

The lower trend in margin is largely a function of scale which our recent acquisitions do not yet have. This shows up in our SG&A numbers. CI's total SG&A measured in basis points was 35.5, up slightly from 35.4 in both the fourth quarter last year and this year's third quarter.

Spending in dollar terms was up $2.5 million over last quarter but once we net out GSFM and First Asset's spend we actually see a decline from $95.7 million to $95.3 million.

We have continued to find efficiencies in the business even as we expanded spending on sales and technology initiatives.

The SG&A efficiency margin looks at an available pool of management fees less trailer fees and DSC and how much of that pool remains after deducting SG&A spend. In the last 12 months CI has retained 69% of that available pool.

The inclusion of First Asset and Grant Samuel is the largest factor in the decline given their higher portion of SG&A to management fee revenue and so their SG&A efficiency margins are at less than half of CI's level. Our goal is to increase scale and efficiencies and move them to our margin level.

CI's quarterly free cash flow remains strong at $154 million this quarter and the steady cash flow that you see here forms the basis for CI's ability to pay dividends and buy back shares.

Looking at that return to shareholders, the first column shows the last 12 months of operating cash flow, adjusted for the after tax provisions taken in the past year and the deferred sales commission paid to get to free cash flow of $605 million. CI paid out all of that free cash and more in the form of dividends and buybacks at $660 million.

In the fourth quarter CI reduced its buybacks from the level of the previous quarter as the share price went up but still returned all free cash to shareholders.

I will now turn it back to Peter.

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**Peter Anderson, CEO, CI Financial**

Thanks Doug. As I said earlier, at CI we're seeing the signs of our hard work being paid off in 2016. For that I want to thank everybody at the company for their contribution over the last 12 months. However, as everyone knows, the industry is facing challenging headwinds including regulatory changes, slower sales, competition from other distribution channels, fee pressures and the ongoing discussion of passive versus active.

It is clear that scale remains critical in our business and industry consolidation is inevitable both in Canada and globally. For now though, let's review our business line.
In our Q3 call we said to expect two large redemptions from CI Institutional in this quarter. As it happened, total net redemptions were in line with our forecast. Other than these two redemptions in the quarter it was actually quite good and for the year the total redemptions from our institutional group were the results of three large accounts moving their assets to in-house portfolio management.

However, because of the low fees associated with these accounts, the redemptions did not have a material impact on the financial results of our company.

As I said last quarter, we continue to be very pleased with the pipeline of our institutional group. A number of very good opportunities have been presented to us and the number of searches in which we are involved with continues to grow.

In 2015 and early 2016, we had short-term performance issues with a few of our core portfolio management teams. As I mentioned at the time, this was the result of these teams taking a very defensive position within their portfolios. This had an impact in 2016 for both retail and institutional sales.

We are pleased to report our teams have significantly improved their performance and in Q4 all portfolio management teams were well positioned to take advantage of the rally that followed the US election. By year end, according to Morningstar, 57% of CI's assets were in first and second quartiles compared to 32% in 2015.

After a decade of very good results, long-term performance of our AUM remains very strong. This should help to drive our retail and institutional sales going into 2017.

At CI Investments retail sales remained in redemptions for Q4 but the trend is positive. Moving back to net sales is never an overnight process but the changes we made last year have already produced important results. The changes include the addition of a new national sales manager, a new head of our new IIROC channel, an increase in the number of wholesalers and support staff, and as I mentioned previously, the performance improvement by our PM teams. We're very confident with our retail strategy.

Assante and Stonegate continue to show very strong results in a challenging environment. They continue to outpace their key competitors in net sales for 2016 and their overall assets surpassed $38 billion by year-end.

Recruiting new advisors to Assante is a key focus for the company in 2017. We expect Assante to be the beneficiary of the disruption we see within distribution platforms in Canada today

Importantly, our progress in the mass affluent and high net worth markets continues to grow representing 65% of our assets.

The growth of Assante, Stonegate, and our private client business continues to be a strategic priority for CI Financial.

First Asset, CI's active ETF business, continues to perform extremely well and demonstrates the value of owning multiple distribution platforms. Overall, ETF growth in First Asset's AUM in 2016 was 33%, well above the industry average. First Asset and CI's retail business are now working closer together to strengthen our overall relationship with advisors especially in the IROC channel.

The active ETF space is getting very crowded in Canada with our traditional competitors launching new products. We continue to believe our buy versus build decision was correct for CI. We see significant opportunities for growth at First Asset in 2017.

Finally, our latest acquisition, Grant Samuel Fund Management, closed in November last year. We sent a number of people to visit Australia and believe there are exciting opportunities for growth despite the crowded market. We plan to launch a number of CI managed and other global products within Grant Samuel in 2017. Although we're in the early days, we're very positive about this acquisition.

As I said earlier, this is an industry that is very competitive and faces significant headwind. At CI we have always believed that status quo is not an option and change presents opportunities.

Over the next several quarters we are planning to rollout a number of new initiatives to enhance our business. Let me speak about just two of them.

First, we're announcing a new tiered pricing model for certain classes of our funds that will provide reduced fees for retail investors who hold higher levels of assets within our company. This project has been underway for well over six months and we plan to launch it in the second quarter of this year. For shareholders at CI Financial, we do not expect it to have a material impact on our company.

Secondly, I'm excited to announce that we have signed an agreement with a US robo-advisor platform to utilize their technology in Canada. Our strategy is not to compete with our advisor clients but to enhance our technology with this new platform. I'm not in a position to provide much more detail right now but I will say we expect it to provide exceptional benefit to CI, our clients, and our investors. Expect more information on our next call.

So to summarize, I feel the hard work of 2016 is paying off. We continue to have strong relationships with our traditional retail advisors including the Sun Life advisor channel while developing new ones with channels such as IROC.

The increased size of our sales team and the integration with First Asset has definitely helped.

CI Institutional is starting 2017 in a much stronger position with new and unique opportunities being presented. The decision to acquire First Asset and Grant Samuel continues to provide very positive results.

The performance of our key PM teams continues to improve and we start 2017 in a significantly more positive position.

In 2017 we'll launch new products and services including tiered pricing and a new technology platform just to name two.

With that, I conclude my remarks and will now open it up for questions.

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## QUESTION AND ANSWER SESSION

**Operator**

The first question is from Gary Ho from Desjardins Capital Markets. Please go ahead.

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**Gary Ho, Desjardins Capital Markets**

Thank you and good afternoon. Can we just start off on the net redemptions? I know most of that it's from the institutional side. If I exclude that and maybe First

Asset's net creation I get to roughly $400 million to $500 million in retail net mutual fund redemptions for the quarter. Is that still mostly from the IIROC channel or is there some from the Sun Life as well? Any colour on that would be helpful.

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**Peter Anderson, CEO, CI Financial**

We still face redemptions in the IIROC channel but we are seeing trends actually looking quite positive so the answer is yes, but it's improving very much right now.

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**Gary Ho, Desjardins Capital Markets**

Then maybe that's a good segue into my next question. Any update you can provide on sales as we're heading into the RSP season?

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**Peter Anderson, CEO, CI Financial**

Yes, it's Peter again. We don't really talk about that obviously but I can certainly say it's trending in the right direction and so we're quite encouraged.

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**Gary Ho, Desjardins Capital Markets.**

Okay and then maybe just moving on, maybe a question for Doug just on the $26.6 million provision for compensation, legal and tax. Can you give us a breakdown and maybe elaborate on the bigger component?

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**Douglas Jamieson, CFO, CI Financial**

Gary, no we're not prepared to give a breakdown. It's several items, none of which are greater than $10 million. So they're all not material items and we just lump that line together to bring in the provision that we made earlier in the year as well into one line item, compensation, legal and tax.

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**Gary Ho, Desjardins Capital Markets**

Because that is bigger than kind of the last couple of quarters, anything you can highlight from there? I guess all of these are more or less one-time, there's nothing that you think might be recurring?

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**Douglas Jamieson, CFO, CI Financial**

No, it just happened that we had several of these items come up in the fourth quarter and they're all based on historic issues and we're ready to move forward.

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**Gary Ho, Desjardins Capital Markets**

Okay and then maybe just the last thing on the tiered pricing initiative. What would be—I know you said it's immaterial—but any insight into the impact on average management fee post-launch?

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**Steven Donald, President, Assante**

Gary, it's Steve Donald. I think overall as Peter mentioned, we don't see that it's going to have a material impact on earnings. We do see continuing pressure on fees across the industry and we think that this is actually going to be very beneficial for us particularly after having such strong performance recovery of our managers to help advisors consolidate assets from their clients and then also have the advisors consolidate assets with us.

So we think that it will help us as we continue to see momentum in the sales area.

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**Gary Ho, Desjardins Capital Markets**

Maybe I can ask it another way. How much of your AUM may be impacted from this? Is that the 65%, I think Peter alluded to?

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**Steven Donald, President, Assante**

Sixty-five percent – sorry Gary?

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**Gary Ho, Desjardins Capital Markets**

Yes, I think he said mass affluent or high net worth is kind of 65% of the assets.

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**Steven Donald, President, Assante**

Within the Assante channel, in terms of the overall CI block of business, the tiering starts with family groups in and around the $150,000 so that represents, and I don't have the figure, I'll have to get back to you with the exact proportion of assets where family groups are over $150,000.

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**Gary Ho, Desjardins Capital Markets**

Okay, that would be great. That's it for me, thank you.

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**Operator**

Thank you. The following question is from Geoff Kwan, RBC Capital Markets. Please go ahead.

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**Geoff Kwan, RBC Capital Markets**

Hi, good afternoon. My first question was, you talked about the improvement that you're seeing in the fund performance and obviously last year you had some lumpy redemptions on the institutional side. I just wanted to get a sense of the level of confidence you have in achieving positive net sales in 2017 and how soon do you see that happening? Obviously Q1 is RRSP season but as we kind of head into Q2 and Q3.

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**Peter Anderson, CEO, CI Financial**

Yes as I said before–it's Peter again–we're always dependent on the market obviously. I think though, without getting into an awful lot of details, we're very encouraged with what we see and we're seeing gross sales improving quarter-over-quarter and redemptions are fine. On the institutional side we don't see anything significant down the line like we did in Q3. We're quite encouraged with that. In fact, as I said earlier, we're seeing some really interesting opportunities presenting themselves on the retail side that we had not seen a year ago and they're from a bunch of multiple channels so I'm quite encouraged.

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**Neal Kerr, President, CI Institutional**

Geoff, it's Neal here. Just further to Peter's point, in the institutional pipeline some of the opportunities are, as I said before, it can be quite lumpy and the prospects of closing the business range so it's very hard to kind of throw out specific numbers but there are a number of large opportunities that can have a material impact on the net flow. It's just a question of whether we get them across the finish line and if we do, is it this year or even sometimes the sales cycle is a couple of years long. So that's just my two cents on that.

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**Barry Gordon, CEO, First Asset**

Geoff, it's Barry Gordon. Just to add from an ETF perspective, Q4 trended above Q3 and Q1 of this year is trending higher again. So I would say that the ETF sales are also moving in the right direction as well.

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**Roy Ratnavel, National Sales Manager, CI Investments**

It's Roy Ratnavel, by the way, National Sales Manager. In terms of the IIROC sales we've increased our focus on that area and added more resources and as Peter mentioned earlier with the strong performance and increase of sources it's time to see a positive momentum in gross sales which is month-over-month and it's looking very positive so that's a good news thing going forward.

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**Geoff Kwan, RBC Capital Markets**

I think it was Peter, you had mentioned a year-over-year comment and when I take a look at the way you guys, at least the way you guys report your sales is I think the gross sales was down 3% year-over-year but obviously there's a bunch of different moving parts within that.

Just was wondering if to help us better gauge the expected improvement in the sales would you guys reconsider providing a little bit more of a segmentation between retail versus institutional and obviously you can define it maybe a little bit differently fund company to fund company but also too going back to reporting monthly net sales rather than having us wait every few months to get these data points.

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**Peter Anderson, CEO, CI Financial**

You know I'll take that back to think about it but at this point we report it this way because it's for a whole host of reasons but we certainly will take it back and think about it.

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**Geoff Kwan, RBC Capital Markets**

Okay and if I can sneak in one last question. I know you mentioned you'll give us more colour on the next quarterly conference call. Are you able to say with respects to the robo-advisory arrangement that you have, is this something along the line of what you were talking about on the wealth management side to help deal with for example, the children of some of your clients where they may not have that level of affluence you'd normally have or is this something potentially different from that?

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**Peter Anderson, CEO, CI Financial**

Steve Donald can jump in as well but the answer is yes to that but it's also an opportunity for other parts of our business, First Asset as well. There's a whole different bunch of different ways that this can be utilized within the

CI platform and again not to compete but actually to complement.

**Geoff Kwan, RBC Capital Markets**

Okay, all right thank you.

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**Operator**

Thank you. The following question is from Graham Ryding TD Securities. Please go ahead.

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**Graham Ryding, TD Securities**

Hi, good afternoon. Maybe I could just follow on on that theme. There's sort of—there's a couple different types of automated platforms out there. Some are designed to sort of help advisors manage their existing clients and service them and some are designed to go after smaller account sizes in an efficient manner. How should we be thinking about your robo-advisory platform?

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**Peter Anderson, CEO, CI Financial**

I think you could say that it's flexible and it could be used both ways. So it is a functioning technology today in the United States that's flexible enough for us to use in a multiple fashions and we expect over the next few years to actually use it in multiple ways.

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**Graham Ryding, TD Securities**

Okay great. I think originally you'd thought that you might build something yourself and it sounds like you've pivoted a little bit towards using an existing platform. What was the train of thought there?

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**Peter Anderson, CEO, CI Financial**

Well, it's interesting. We actually had most of the components of robo-technology already with our back office but we felt that this was further along and would take significantly less resources to do with the direction that we took it. I just think that we could get to market quicker and again, I just think it was the buy versus build idea again. I think it allows us the resources and the capabilities and the knowledge from people outside of our company to make this a better platform.

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**Graham Ryding, TD Securities**

Okay great.

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**Steven Donald, President, Assante**

The other thing I would add to that, Graham, is what comes with this also is the intellectual property around mobile capability which we say as a definite trend and we'll be able to port that mobile capability not only within this robo or automated platform but also into other aspects of our business, advisor portals, client portals, that sort of functionality. So as Peter said, it gets us to market much, much faster.

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**Graham Ryding, TD Securities**

Okay makes sense. The tiered pricing, is that focused at Assante or is this across CI overall?

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**Peter Anderson, CEO, CI Financial**

That's for CI right across the board.

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**Graham Ryding, TD Securities**

You say not material to earnings, implied within that are you assuming there's a certain amount of improvement in sales and market share on the back of this automated tiered pricing model?

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**Douglas Jamieson, CFO, CI Financial**

Nope even just the straight reduction in fees is not material to CI.

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**Graham Ryding, TD Securities**

Okay. SG&A, you added some sales individuals and you added to your portfolio manager team in 2016. The expense sort of in Q4, is this a realistic run rate and what's your outlook for SG&A in 2017?

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**Douglas Jamieson, CFO, CI Financial**

Yes you're right. We added to the sales team in '16. We actually started adding PM capability in 2015. So I'd say the fourth quarter number—you know we're always prone in Q1 to a little bit of cost inflation with contracts and employee compensation but we certainly look to hold it to the extent we can.

If we get a normal type of market year, if we can keep our spend to 3% or 4% over the course of the year and certainly if we get a disruption then we have to have the ability to cut where we can.

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**Graham Ryding, TD Securities**

Okay great and then how do you actually get GSFM; you mentioned you want to get their margins higher, how do you do that?

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**Douglas Jamieson, CFO, CI Financial**

Yes it's all about scale essentially. On the First Asset side, they've moved into our building and we have ways of looking for efficiencies there but GSFM it's entirely growing that business.

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**Graham Ryding, TD Securities**

Got it, okay. Then my last question would just be…

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**Peter Anderson, CEO, CI Financial**

Just to add one more thing on that on the Grant Samuel is that if you look at the breakdown of assets it's significantly weighted on the institutional side but the fastest growing part of that business is retail and so what we budget and we forecast for growth in 2017, we're assuming that significantly a high percentage of the growth is going to come from retail which is very good margin, very close to the margins you see here in Canada.

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**Graham Ryding, TD Securities**

Okay perfect and then you talk about the growth of First Asset; I think it's 33% for the year. Is that an organic number that excludes any First Asset assets that have gone into CI funds?

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**Barry Gordon, CEO, First Asset**

Yes I'll take that Graham. It's our overall growth and consistent with the broader CI approach, we don't break it down. So there is some fund on fund asset in there but it all comes out in the wash so you're not going to see it duplicated at the CI level.

I mean, I think the most important thing to note is overall if I look back a year ago, year-over-year from right now our assets are up over $1 billion so we're really trending in the right direction. We've got great performance in our core ETFs, our core factor lineup, our core active ETFs and we're seeing real broad traction in sales as a result.

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**Graham Ryding, TD Securities**

Thank you, that's perfect.

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**Operator**

Thank you, the next question is from Tom MacKinnon from BMO Capital. Please go ahead.

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**Tom MacKinnon, BMO Capital**

Yes thanks, good afternoon. A follow-up on the SG&A, in the SG&A number that you reported I think there was about $2 million related to the GSFM and I think I heard you say—is that just related to one half of a quarter? So should we be looking at GSFM being somewhere around $4 million going forward a quarter. Is that correct?

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**Douglas Jamieson, CFO, CI Financial**

Yes, that's correct.

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**Tom MacKinnon, BMO Capital**

The 3% to 4% growth that Doug was talking about, that's —you've already got 4% growth just by bringing in Grant Samuel here. So I assume that you're going to be 3% to 4% growth over and above somewhere in the area of about $12 million annually for Grant Samuel is that correct?

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**Douglas Jamieson, CFO, CI Financial**

Yes, I'm talking on CI's core call it $95 million, $96 million a quarter we're at right now. I can see that growing 3% to 4% and then on top of that First Asset and Grant Samuel.

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**Tom MacKinnon, BMO Capital**

Okay a question as well about the admin fees, a little higher in the quarter. To what extent were they helped by sort of the higher insurance related revenue?

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**Douglas Jamieson, CFO, CI Financial**

Yes we did see a bit of that similar to the IGM situation where insurance tax rules are changing and so there was probably a bit of a push ahead to December of 2016 to get some contracts written but not a huge amount. Certainly nothing like IGM.

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**Tom MacKinnon, BMO Capital**

Okay and then finally just with respect to the tax rate, I think 26.5 seems to be around the stat rate and you used to talk about being higher than the stat rate so was there anything—how should we be thinking about taxes?

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**Douglas Jamieson, CFO, CI Financial**

Yes, to the extent that we have non-deductible items, meals and entertainment type of things. One-off items that aren't deductible can push our tax rate up to 27 or higher but this quarter was pretty good.

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**Tom MacKinnon, BMO Capital**

All right so we should just think of it just being modestly above this quarter going forward?

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**Douglas Jamieson, CFO, CI Financial**

Right.

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**Tom MacKinnon, BMO Capital**

Okay thanks.

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**Operator**

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

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**Scott Chan, Canaccord Genuity**

Hi, good afternoon. I just have one question for Neal, just on a follow-up on the Q3 call. You talked about the institutional pipeline with 20 mandates on the shortlist and also a potential launch real estate funds from CBRE Global. Is there an update on those two fronts as of right now?

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**Neal Kerr, President, CI Institutional**

Sure, yes. In 2016 we picked up 20 new—let's call it 20 new institutional client mandates in 2016. So that might have been the number you're referring to. The pipeline itself would have over 100 opportunities in it currently.

Then when it comes to the new products, we did launch the CI Global Private Real Estate Fund at the end of December, basically the last couple days of the month, and got some initial client money committed to that before the year ended. That has not been drawn on so has not been included into our flows yet but there is broad interest in the pipeline on that as it is a bit of a unique product for Canadian institutional and higher network investors.

The interest in that is reasonably strong and we hope to have a decent asset gathering year with that product, Scott, although I would also counsel that it's a bit of a niche product in private real estate so it's not the type of product that will do billions of dollars of gross for us in a particular year.

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**Scott Chan, Canaccord Genuity**

When you talk about the pipeline and 100 opportunities, how much of that gets down to the RFP or the late stages? Are these kind of just early opportunities or how should we think about that?

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**Neal Kerr, President, CI Institutional**

Well we break it down into sort of three different categories but about half of that is in the top two categories where we are in the process of closing the business or we have somewhere between a one in three and a one in four chance of closing the business. So those are very tangible opportunities.

The others are what we call a long list and they're either less developed or the prospects are not as strong.

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**Scott Chan, Canaccord Genuity**

Got it. Thank you.

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**Operator**

Thank you. The following question is from Mark Kearns from GMP Securities. Please go ahead.

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**Mark Kearns, GMP Securities**

Afternoon guys, I had a question for you guys on the regulatory situation, obviously embedded compensation is something that's being actively discussed right now. Wondering how you guys feel about that and also how you look at CI's position with respect to the Series F sales and how you're looking at that going forward?

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**Steven Donald, President, Assante**

Mark, it's Steve Donald. Why don't I sort of give you an assessment of where we're at? Regulatory reform, really the two main thrusts right now are the implementation of CRM2, it's underway, and that has been for Assante anyways, largely a non-event. I think we've been blessed if you will with tremendous tailwind of strong performance in the markets. So it's made it less of an issue.

As it relates to fees one of the things we're working with our colleagues down in Australia quite closely to understand what's happening down there. I would say that Australia is probably about five years ahead of Canada in terms of the impact that regulatory reform has had on the retail market.

We will be submitting a comment letter, we're in the process now of putting together focus groups across five different distribution channels within CI Investments. Overall we believe that this is something that will likely happen. We're planning for it to happen but we also feel strongly that the regulators should slow down and learn from what's happened in the UK, what's happened in Australia.

One of the things that we think is very positive out of the paper that has been issued is they have clearly articulated that the manufacturer can collect fees on behalf of dealers and CI has that infrastructure in place with some of our managed products and our private investment management portfolios. So we think that will be a relative advantage for us over the overall asset management space.

Then the last thing that I would say is I say that we think that we'll get a lot more guidance of course and would anticipate that a conclusion in this uncertainty will be taken out of the market likely by the end of the year and again, a positive thing in the paper is that they're giving a fairly lengthy runway, if it does go to a banning of embedded comp a three year runway to deal with this.

But from a CI perspective we're very well positioned but we will advocate on behalf of our clients to slow down and understand the unintended consequences that may arise out of this.

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**Mark Kearns, GMP Securities**

Okay, thanks for that. My second question would be corporate class, obviously the tax changes there, just wondering if you guys have any colour on sales to corporate class and how that's evolving?

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**Steven Donald, President, Assante**

I would say—it's Steve again—from a corporate class perspective over the past number of years the feds have been continuing to chip away whether it's the utilization of forward funds. Certainly the most recent being the elimination of tax deferred switching but we still do believe that there are some advantages to corporate class and we haven't seen a softening of relative sales, if you will, within corporate class. So there's still opportunities there.

Having said that, we are continuing to develop our capabilities in the SMA space as an example, part of our IIROC strategy but also part of our strategy to provide more personalized tax implications if you will, to individual investors.

So we continue to see interest in corporate class but we're also planning on flexibility as we see in our robo strategy, flexibility or optionality for our clients in how they want to deal with taxes for their clients, for their investors.

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**Mark Kearns, GMP Securities**

Okay thanks that's all I had, appreciate it.

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**Operator**

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

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**Peter Anderson, CEO, CI Financial**

Well thank you very much for joining us. We look forward to our Q1 call in a couple of months. Thanks everybody, bye.

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