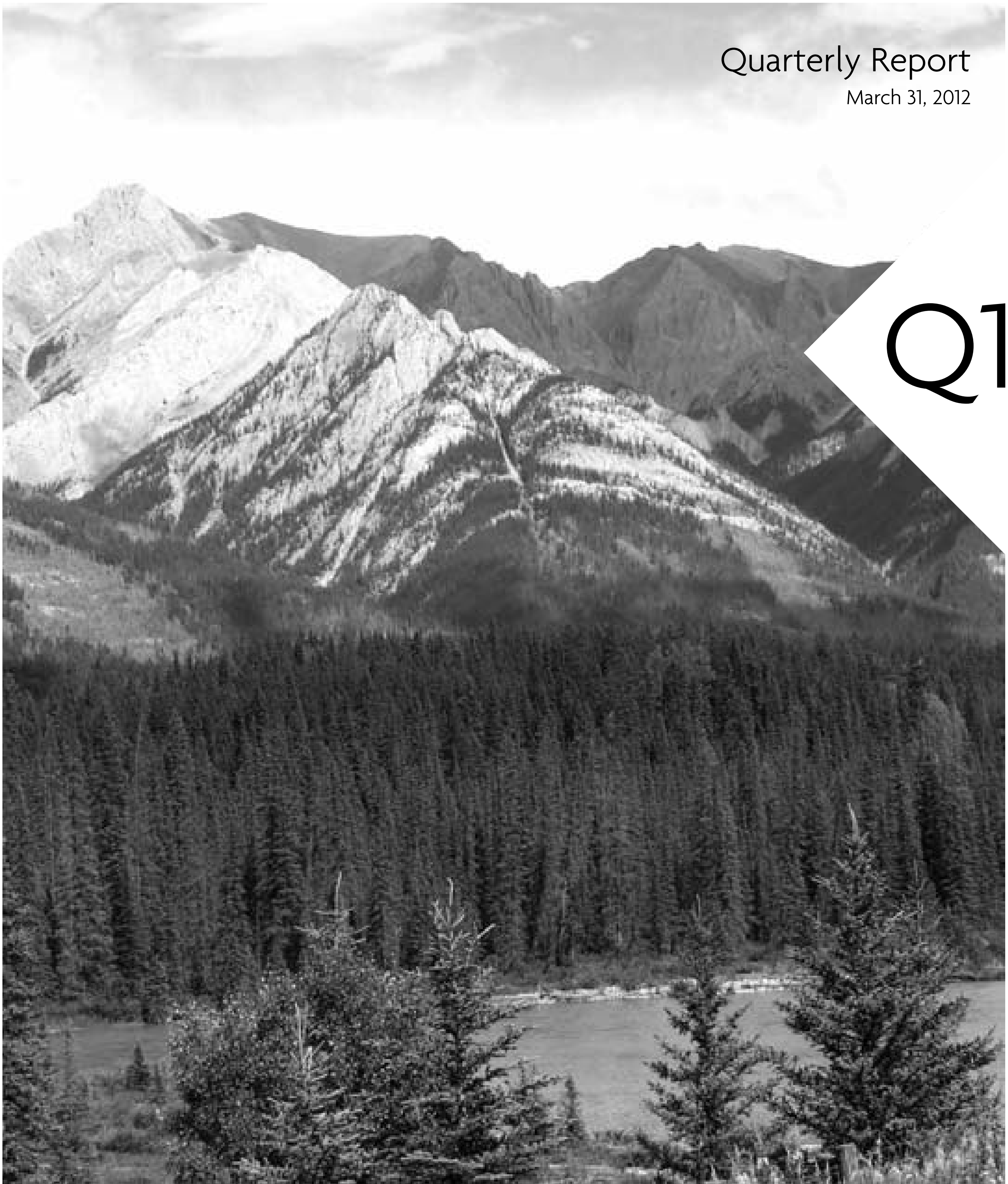
Quarterly Report

March 31, 2012

Q1



CI Financial

Table of Contents

Financial Highlights

(in millions of dollars, except per share and share amounts)	As at Mar. 31, 2012	As at Dec. 31, 2011	As at Mar. 31, 2011	% change quarter-over-quarter	% change year-over-year
Assets under management	73,361	69,558	75,455	5	(3)
Total assets	96,191	91,102	98,785	6	(3)
Shares outstanding	283,707,655	283,567,039	288,020,070	—	(1)

	For the quarters ended			% change quarter-over-quarter	% change year-over-year
	Mar. 31, 2012	Dec. 31, 2011	Mar. 31, 2011		
Average assets under management	72,262	69,349	74,114	4	(2)
Gross sales	2,641	1,750	3,013	51	(12)
Net sales	160	(360)	465	n/a	(66)
Management fees	319.6	312.1	332.0	2	(4)
Total revenues	366.2	356.7	386.7	3	(5)
SG&A	72.2	70.2	73.3	3	(2)
Trailer fees	93.0	90.8	96.6	2	(4)
Net income	94.6	87.8	100.1	8	(5)
Earnings per share	0.33	0.31	0.35	6	(6)
EBITDA*	176.5	173.6	188.6	2	(6)
EBITDA* per share	0.62	0.61	0.66	2	(6)
Dividends recorded per share	0.235	0.225	0.215	4	9
Average shares outstanding	283,684,272	284,457,514	287,832,282	—	(1)

**EBITDA (Earnings before interest, taxes, depreciation and amortization) is not a standardized earnings measure prescribed by IFRS; however, management believes that most of its shareholders, creditors, other stakeholders and investment analysts prefer to include the use of this performance measure in analyzing CI's results. CI's method of calculating this measure may not be comparable to similar measures presented by other companies. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.*

DEAR SHAREHOLDERS,

In the first three months of 2012, global equity markets provided extraordinary returns, with the MSCI World Index gaining 11.7% and the S&P 500 Index climbing 12.6% in U.S. dollar terms. The strength of the Canadian dollar during the quarter reduced those returns to 9.8% and 10.7%, respectively, for Canadian investors. The S&P/TSX Composite Index increased but was only up 4.4% as weakness in commodity stocks weighed on the index. While concern over Europe has eased in the short term and there are signs of strengthening global economic growth, part of the uptrend in share prices has been driven by the stimulative policies of the U.S. and European central banks. There is still significant concern over the ability of several European countries and the United States to manage their debt loads, and the ability of China to navigate through this soft economic period. These concerns still have the potential to cause periodic bouts of market volatility.

CI's assets under management ("AUM") grew to $73.4 billion at the end of March 2012, an increase of 5.5% from $69.6 billion at the end of 2011. Average AUM of $72.3 billion for the quarter was 4.2% above the $69.3 billion average for the fourth quarter. Over the past year, CI's AUM declined 2.8% from $75.5 billion at March 31, 2011, while the average AUM for the quarter was 2.5% below the average for the same quarter a year ago. CI's revenues and earnings are primarily driven by the level of average AUM, so while we have climbed sequentially over the last quarter, our results remain below those of one year ago.

Gross sales in the quarter were $2.641 billion compared to $3.013 billion in the first quarter of last year. Net sales of funds were $160 million during the quarter, down from net sales of $465 million in the first quarter of 2011. This was a result of the drop in gross sales, as redemptions were down from $2.548 billion last year to $2.480 billion this year. Gross sales are still muted in light of market volatility over the past few years.

Assante's dealer revenues were $62.3 million this quarter, down from $66.5 million in the same period last year. Administered assets of $22.8 billion at the end of March were down from $23.3 billion a year ago, resulting in lower service fee revenue. As well, gross sales of funds were slightly lower during the quarter, reducing sales commission revenue on a year-over-year basis.

CI's earnings in the first quarter of 2012 were $94.6 million ($0.33 per share), up 7.7% from $87.8 million ($0.31 per share) in the previous quarter — reflecting the increase in average AUM. On a year-over-year basis, earnings were down slightly from last year's $100.1 million ($0.35 per share), which included a non-recurring item of $3.5 million (after tax) in proceeds from an insurance settlement. EBITDA for the quarter was $176.5 million, an increase of 1.7% from $173.6 million in the fourth quarter of last year, and a drop of 6.4% from $188.6 million in the first quarter of last year.

During the quarter, CI acquired a significant minority stake in Lawrence Park Capital Partners, an alternative asset manager focusing on fixed-income and credit strategies. This has provided CI's clients with access to a unique fund and builds on CI's strategy of seeking growth opportunities in the alternative asset segment.

In addition, CI was the recipient of eight Lipper Fund Awards, which honour funds that have excelled in delivering consistently strong risk-adjusted performance, relative to peers. The strength of CI's fund lineup and the expertise of its portfolio managers has now been recognized by 33 Morningstar Canadian Investment Awards over the past 10 years and 39 Lipper Fund Awards since the start of the program in Canada in 2007.

Outlook

Markets softened slightly in April, with CI reporting assets under management of $73.1 billion, down 0.3% from the end of March. Despite the market rally in recent months, overall investor sentiment remains negative and gross sales continue to be below our expectations. However, CI's strong fund performance over the long term and our diverse product lineup have ensured positive net sales for the year-to-date.

The Board of Directors declared monthly cash dividends of $0.08 per share payable on June 15, July 13 and August 15, 2012 to shareholders of record on May 31, June 30, and July 31, 2012, respectively.

William T. Holland
Chairman

Stephen A. MacPhail
President and Chief Executive Officer

MAY 8, 2012

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") dated May 8, 2012, presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at March 31, 2012, compared with December 31, 2011, and the results of operations for the quarter ended March 31, 2012, compared with the quarter ended March 31, 2011 and the quarter ended December 31, 2011.

On January 1, 2011, CI adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes. The financial statements for the three months ended March 31, 2012 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2011.

The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") and Assante Wealth Management (Canada) Ltd. ("AWM"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and its subsidiaries, including CI Private Counsel LP ("CIPC"). The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

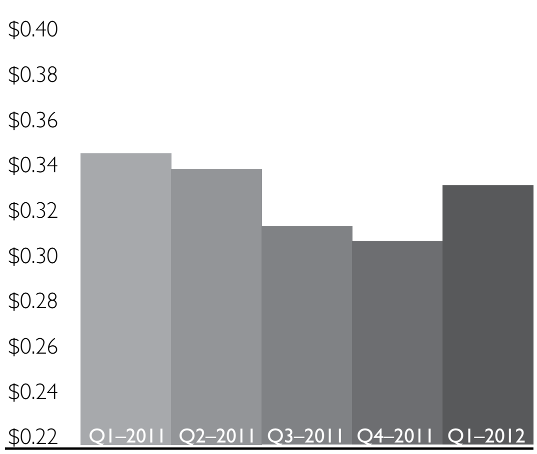
This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, these statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, failure to anticipate and respond to changes in the business enviroment, changes in government regulations or in tax laws, industry competition and other factors described under "Risk Factors" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements. For a more complete discussion of the risk factors that may impact actual results, please refer to the "Risk Factors" section of this MD&A and to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to use these financial measures in analyzing CI's results. These non-IFRS measures and reconciliations to IFRS, where necessary, are shown as highlighted footnotes to the discussion throughout the document.

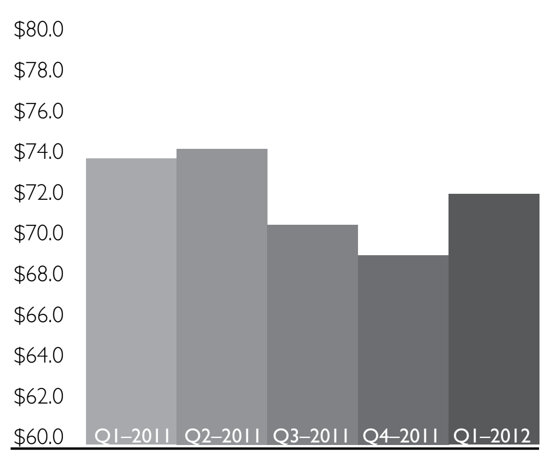
TABLE 1: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)	2012	2011				2010		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
INCOME STATEMENT DATA								
Management fees	319.6	312.1	321.4	337.3	332.0	315.3	294.0	294.0
Administration fees	32.8	30.6	31.6	33.2	36.8	33.7	29.6	30.4
Other revenues	13.8	14.0	14.4	15.0	17.9	19.6	12.7	14.4
Total revenues	366.2	356.7	367.4	385.5	386.7	368.6	336.3	338.8
Selling, general & administrative	72.2	70.2	72.2	75.1	73.3	73.0	67.3	56.3
Trailer fees	93.0	90.8	93.7	98.3	96.6	91.3	85.1	85.9
Investment dealer fees	25.8	23.8	24.8	26.0	29.1	25.8	22.9	23.8
Amortization of deferred sales commissions	41.4	40.5	41.1	41.3	41.4	42.3	41.6	41.4
Interest expense	6.3	6.8	7.0	6.7	7.0	5.4	4.1	4.2
Other expenses	1.6	1.6	3.0	2.4	2.5	3.5	2.2	2.2
Total expenses	240.3	233.7	241.8	249.8	249.9	241.3	223.2	213.8
Income before income taxes	125.9	123.0	125.6	135.7	136.8	127.3	113.1	125.0
Income taxes	31.3	35.2	34.8	37.4	36.7	39.9	37.2	35.5
Net income	94.6	87.8	90.8	98.3	100.1	87.4	75.9	89.5
Earnings per share	0.33	0.31	0.32	0.34	0.35	0.30	0.26	0.31
Diluted earnings per share	0.33	0.31	0.31	0.34	0.35	0.30	0.26	0.31
Dividends recorded per share	0.235	0.225	0.225	0.225	0.215	0.205	0.195	0.190

EARNINGS PER SHARE



AVERAGE ASSETS UNDER MANAGEMENT (BILLIONS)



OVERVIEW

CI is a diversified wealth management firm and one of Canada's largest independent investment management companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM and AFM financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenues principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

CI's average assets under management for the first quarter of 2012 decreased 2% from the first quarter of 2011. While CI's average assets improved during the quarter, they have not yet fully recovered to the levels of one year ago. As a result, CI's revenues declined from the levels of the prior year. While some expenses, such as trailer fees, vary directly with the level of assets under management, about half of CI's expenses are fixed in nature. Over the long term, CI manages the level of its discretionary spend to be consistent with or below the growth in its average assets under management.

CI's gross sales during the first three months of 2012 were down 12% from the same period last year and even though there was a decline in redemptions, the result was a decrease in net sales. The decline in gross sales can be attributed to stock market declines and volatility experienced in the later half of 2011. Redemptions declined 3% for the same period, which helped mitigate the impact on net sales.

CI's market share is approximately 9% and CI continues to be the third-largest investment fund company in Canada with assets under management of $73.4 billion at March 31, 2012.

ASSETS AND SALES

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were $96.2 billion at March 31, 2012, a decrease of 3% from $98.8 billion at March 31, 2011. Stock markets experienced a positive rebound in the first quarter of 2012 but this improvement did not entirely reverse the impact of the declines in the prior two quarters. As shown in Table 2, these assets consisted of $73.4 billion in assets under management and $22.8 billion in assets under administration at March 31, 2012.

TABLE 2: TOTAL ASSETS

(in billions)	As at March 31, 2012	As at March 31, 2011	% change
Assets under management	$73.4	$75.5	(3)
Assets under administration*	22.8	23.3	(2)
Total assets	$96.2	$98.8	(3)

**Includes $10.5 billion of managed assets in CI and United funds in each of 2012 and 2011.*

Assets under management form the majority of CI's total assets and provide most of its revenue and net income. The change in assets under management during the first quarter of each of the past two years is detailed in Table 3. The $3.8 billion increase in assets under management in the first three months of 2012 was due to $3.6 billion of market performance and $0.2 billion of net sales.

TABLE 3: CHANGE IN ASSETS UNDER MANAGEMENT

(in billions)	2012	2011
Assets under management at January 1	$69.6	$72.8
Gross sales	2.6	3.0
Redemptions	2.4	2.5
Net sales	0.2	0.5
Market performance	3.6	2.2
Assets under management at March 31	$73.4	$75.5

Table 4 sets out the levels and changes in CI's average assets under management and the gross and net sales for the relevant periods. CI's average assets in the first quarter of 2012 declined 2.5% from the same period in 2011 and increased 4.2% from the prior quarter. The first quarter of 2012 saw renewed confidence in global stock markets following significant market declines and volatility in the second half of 2011. As most of CI's revenues and expenses are based on assets throughout the year, average asset levels are critical to the analysis of CI's financial results.

TABLE 4: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

(in billions)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Average assets under management	$72.262	$69.349	$74.114
Change to March 31, 2012		4.2%	(2.5%)
Gross sales	$2.6	$1.7	$3.0
Net sales	$0.2	($0.4)	$0.5

RESULTS OF OPERATIONS

For the quarter ended March 31, 2012, CI reported net income of $94.6 million ($0.33 per share) versus $100.1 million ($0.35 per share) for the quarter ended March 31, 2011 and $87.8 million ($0.31 per share) for the quarter ended December 31, 2011.

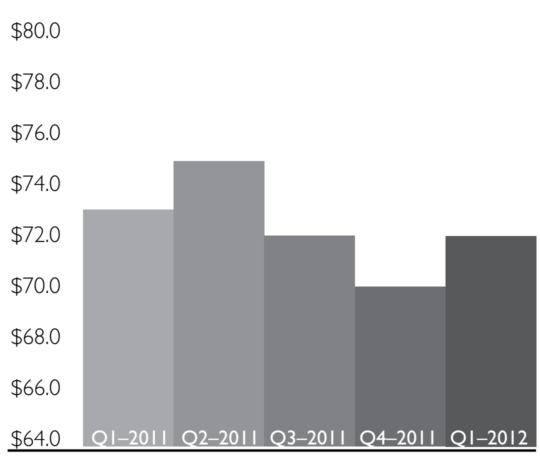
For the first quarter of 2012, CI recorded $31.3 million in income tax expense for an effective tax rate of 24.9%, compared to $36.7 million in the first quarter of 2011 for an effective tax rate of 26.9%. The fourth quarter of 2011 included $35.2 million in income tax expense, for an effective tax rate of 28.6%. The decrease in the year-over-year effective tax rates is mainly due to the decrease in both federal and provincial corporate tax rates. CI's statutory rate decreased from 28.2% in 2011 to 26.3% in 2012. The first quarter's effective rate of 24.9% is lower than the statutory rate of 26.3% primarily as a result of a recovery on items recognized in the prior period.

Total revenues declined 5% in the first quarter of 2012 compared with the same period in 2011. The main contributor to this change was a $4.8 million decline in other income. The first quarter of 2011 included an insurance settlement of $4.9 million when compared with the quarter ended December 31, 2011. Total revenues increased 3% from the prior quarter primarily due to a 4% increase in average assets under management.

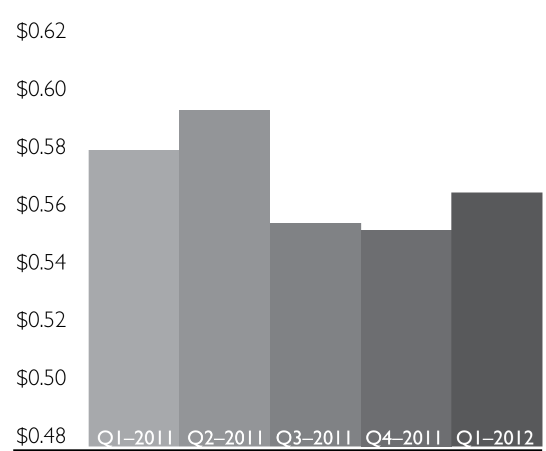
For the quarter ended March 31, 2012, redemption fee revenue was $7.6 million compared with $7.8 million for the quarter ended March 31, 2011 and $6.9 million for the quarter ended December 31, 2011. The first quarter typically sees higher levels of redemptions and higher revenue. The decrease from the first quarter 2011 related to a decrease in redemptions of deferred load funds this year.

The first quarter of 2012 included SG&A expenses of $72.2 million, a 2% decline from $73.3 million for the same period in 2011 and a 3% increase from the fourth quarter in 2011. These changes relate primarily to expenses that move with the change in average assets under management as well as a slight decline in the level of discretionary spend on investment in sales and marketing initiatives.

SG&A EXPENSE (MILLIONS)



PRE-TAX OPERATING EARNINGS PER SHARE



Amortization of deferred sales commissions and fund contracts was $42.0 million in the first quarter of 2012, unchanged from the first quarter of 2011 and 2% higher than the prior quarter. The increase from the prior quarter related to an increase in redemptions from deferred load funds where the amortization of deferred sales commissions is accelerated.

Interest expense of $6.3 million was recorded for the quarter ended March 31, 2012 compared with $7.0 million for the quarter ended March 31, 2011 and $6.8 million for the quarter ended December 31, 2011. The decrease in interest expense from the prior-year period reflected lower average debt levels as discussed under "Liquidity and Capital Resources."

As shown in Table 5, pre-tax operating earnings were $160.3 million in the first quarter of 2012, a decrease of 4% from the first quarter of 2011 and increase of 2% from the prior quarter. These changes primarily reflect the change in average assets under management, which were down 2% from the first quarter of 2011 and up 4% from the prior quarter.

TABLE 5: PRE-TAX OPERATING EARNINGS

CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as income before income taxes less redemption fee revenue, non-recurring items, performance fees and investment gains, plus amortization of deferred sales commissions and fund contracts.

(in millions, except per share amounts)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Income before income taxes	$125.9	$123.0	$136.8
Less:			
Redemption fees	7.6	6.9	7.8
Non-recurring item(s)	—	—	4.9
Gain (loss) on marketable securities	—	(0.1)	(0.9)
Add:			
Amortization of DSC and fund contracts	42.0	41.1	42.0
Pre-tax operating earnings	$160.3	$157.3	$167.0
per share	$0.56	$0.55	$0.58

As illustrated in Table 6, EBITDA for the quarter ended March 31, 2012 was $176.5 million ($0.62 per share) compared with $188.6 million ($0.66 per share) for the quarter ended March 31, 2011 and $173.6 million ($0.61 per share) for the quarter ended December 31, 2011. The 6% year-over-year decrease in quarterly EBITDA reflects the change in average assets under management as well as a $4.9 million insurance settlement received in the first quarter last year. Adjusted for the insurance settlement, quarterly EBITDA decreased 4% from the prior year.

EBITDA as a percentage of total revenues (EBITDA margin) for the first quarter of 2012 was 48.2%, up from 47.5% in the first quarter of 2011 (adjusted for the insurance settlement mentioned earlier) and down from the prior quarter. This indicates that on a year-over-year basis, CI is earning more profit for every dollar of revenue earned.

TABLE 6: EBITDA and EBITDA Margin

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions, fund contracts and capital assets. This also permits comparisons of companies within the industry, before any distortion caused by different financing methods, levels of taxation and mix of business between front-end and back-end sales commission assets under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

(in millions, except per share amounts)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Net income	$94.6	$87.8	$100.1
Add:			
Interest expense	6.3	6.8	7.0
Income tax expense	31.3	35.2	36.8
Amortization of DSC and fund contracts	42.0	41.1	42.0
Amortization of other items	2.3	2.7	2.7
EBITDA	$176.5	$173.6	$188.6
per share	$0.62	$0.61	$0.66
EBITDA margin (as a % of revenue)	48.2%	48.7%	48.8%

ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments and CIPC.

TABLE 7: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

(in millions)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Management fees	$319.6	$312.1	$332.0
Other revenue	9.9	10.2	13.9
Total revenue	$329.5	$322.3	$345.9
Selling, general and administrative	$58.4	$57.3	$58.8
Trailer fees	96.7	94.3	100.4
Amortization of deferred sales commissions and fund contracts	42.7	41.8	42.7
Other expenses	0.2	0.8	0.9
Total expenses	$198.0	$194.2	$202.8
Income before taxes and non-segmented items	$131.5	$128.1	$143.1

Revenues

Revenues from management fees were $319.6 million for the quarter ended March 31, 2012, a decrease of 4% from $332.0 million for the quarter ended March 31, 2011 and an increase of 2% from $312.1 million for the quarter ended December 31, 2011. The changes were mainly attributable to changes in average assets under management, which were down 2% from the first quarter last year and up 4% from the prior quarter. As well, the average management fee rate declined from 1.82% to 1.78% over the year as a result of changes in the asset mix of CI's funds and the proportion of funds in each class.

The weighting of equity funds declined over the past year in favour of balanced and bond funds, which generally have lower management fees. Similarly, a greater percentage of AUM are in Class F, Class I and separately managed accounts which have lower management fees than Class A funds.

For the quarter ended March 31, 2012, other revenue was $9.9 million versus $13.9 million and $10.2 million for the quarters ended March 31, 2011 and December 31, 2011, respectively. The first quarter of 2011 included an insurance settlement of $4.9 million. Also included in other revenue are redemption fees, which were $7.6 million for the quarter ended March 31, 2012 compared with $7.8 million and $6.9 million for the quarters ended March 31, 2011 and December 31, 2011, respectively.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $58.4 million for the quarter ended March 31, 2012, down from the $58.8 million in the first quarter in 2011 and up from $57.3 million for the quarter ended December 31, 2011. As a percentage of average assets under management, SG&A expenses were 0.325% for the quarter ended March 31, 2012, up from 0.322% for the quarter ended March 31, 2011 and down from 0.328% for the prior quarter. The decrease from the prior quarter is a result of some of CI's costs being fixed while assets increased. The increase from the first quarter of last year primarily relates to investments in sales and marketing initiatives at similar levels to last year, while average assets declined.

Trailer fees were $96.7 million for the quarter ended March 31, 2012 compared with $100.4 million for the quarter ended March 31, 2011 and $94.3 million for the quarter ended December 31, 2011. Net of inter-segment amounts, this expense was $93.0 million for the quarter ended March 31, 2012 versus $96.6 million for the first quarter of 2011 and $90.8 million for the fourth quarter of 2011. The decrease from the first quarter of last year was primarily due to the change in average assets under management.

Amortization of deferred sales commissions and fund contracts was $42.7 million for the quarter ended March 31, 2012, unchanged from the first quarter of 2011 and up from $41.8 million in the previous quarter. This change is consistent with the change in deferred sales commissions paid in recent years along with the accelerated amortization related to redemptions of deferred load funds.

Other expenses were $0.2 million for the quarter ended March 31, 2012 compared to $0.9 million in the quarter ended March 31, 2011 and $0.8 million in the prior quarter.

Income before income taxes and interest expense for CI's principal segment was $131.5 million for the quarter ended March 31, 2012 compared with $143.1 million in the same period in 2011 and $128.1 million in the previous quarter. The change from the comparable periods is primarily due to the changes in average assets under management and the insurance settlement received in the first quarter of 2011.

ASSET ADMINISTRATION SEGMENT

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries.

TABLE 8: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

(in millions)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Administration fees	$58.4	$52.5	$62.6
Other revenue	3.9	3.8	3.9
Total revenue	$62.3	$56.3	$66.5
Selling, general and administrative	$13.8	$12.9	$14.5
Investment dealer fees	46.4	41.5	49.9
Amortization of fund contracts	0.4	0.4	0.4
Other expenses	0.8	0.2	0.8
Total expenses	$61.4	$55.0	$65.6
Income before taxes and non-segmented items	$0.9	$1.3	$0.9

Revenues

Administration fees are mainly generated from advisor services in AWM and driven by the level of assets under administration. Administration fees were $58.4 million for the quarter ended March 31, 2012, a decrease of 7% from $62.6 million for the same period last year and an increase of 11% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $32.8 million for the quarter ended March 31, 2012, down from $36.8 million for the quarter ended March 31, 2011 and up from $30.6 million in the previous quarter. The increase in revenues from the prior quarter is due to an increase in sales commissions combined with appreciation in assets under administration. The decrease in revenues from the first quarter last year is primarily due to a decline in sales commissions.

Other revenues earned by the Asset Administration segment are generally derived from non-advisor related activities. For the quarter ended March 31, 2012, other revenues were $3.9 million, unchanged from the first quarter of last year and up from $3.8 million in the fourth quarter of 2011.

Expenses

Investment dealer fees, which represent the payout to advisors on revenues they generate, were $46.4 million for the quarter ended March 31, 2012 compared to $49.9 million for the first quarter last year and $41.5 million for the quarter ended December 31, 2011. Investment dealer fees generally vary with the level of administration fees received.

As detailed in Table 9, dealer gross margin was $12.0 million or 20.5% of administration fee revenue for the quarter ended March 31, 2012 compared to $12.7 million or 20.3% for the first quarter of 2011 and $11.0 million or 21.0% for the previous quarter. Generally, as advisors generate more revenues, the payout they earn on incremental revenues increases which in turn decreases dealer gross margin.

Selling, general and administrative ("SG&A") expenses for the segment were $13.8 million for the quarter ended March 31, 2012 compared to $14.5 million in the first quarter in 2011 and $12.9 million in the fourth quarter of 2011. Spending on SG&A is typically higher in the first quarter due to sales and marketing activities.

The Asset Administration segment had income before income taxes and non-segmented items of $0.9 million for the quarter ended March 31, 2012, consistent with $0.9 million for the first quarter in 2011 and down from $1.3 million in the prior quarter.

TABLE 9: DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring the dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the margin remaining after the payout to advisors.

(in millions)	Quarter ended Mar. 31, 2012	Quarter ended Dec. 31, 2011	Quarter ended Mar. 31, 2011
Administration fees	$58.4	$52.5	$62.6
Less:			
Investment dealer fees	46.4	41.5	49.9
	$12.0	$11.0	$12.7
Dealer gross margin	20.5%	21.0%	20.3%

LIQUIDITY AND CAPITAL RESOURCES

CI generated $139.8 million of operating cash flow in the quarter ended March 31, 2012 down $7.7 million from $147.5 million in the first quarter of 2011. CI measures its operating cash flow before the change in working capital and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Working capital is affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual.

CI's main uses of capital are the financing of deferred sales commissions, the purchase of marketable securities, the funding of capital expenditures, the payment of dividends on its shares, and the repurchase of shares through its normal course issuer bid program. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash flow to meet its obligations and pay down debt.

CI paid sales commissions of $41.4 million in the first quarter of 2012. This compares to $49.2 million in the same quarter last year. The decrease in sales commissions from the prior year is consistent with the trend in lower gross sales.

CI invested $20.0 million in marketable securities in the quarter ended March 31, 2012. During the same period, CI received proceeds of $0.3 million from the disposition of marketable securities, which did not result in a realized gain or loss. The fair value of marketable securities at March 31, 2012 was $63.2 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the quarter ended March 31, 2012, CI incurred capital expenditures of $2.6 million primarily relating to leasehold improvements and investments in technology.

For the first quarter of 2012, CI repurchased 0.3 million shares at a cost of $6.5 million under its normal course issuer bid. CI declared dividends of $68.0 million ($65.2 million paid), which was less than net income for the quarter by $26.6 million. CI's current dividend payments are $0.08 per share per month, or approximately $272 million per fiscal year.

The statement of financial position for CI at March 31, 2012 reflects total assets of $3.063 billion, a decrease of $22.3 million from $3.085 billion at December 31, 2011. This change can be attributed to a decrease in current assets of $22.4 million.

CI's cash and cash equivalents decreased by $47.4 million to $75.1 million in the first quarter of 2012 as CI paid down its debt and purchased marketable securities. Marketable securities increased by $21.1 million due to a $20.0 million investment and unrealized gains in its existing investments. Accounts receivable and prepaid expenses increased $2.5 million to $72.7 million.

Deferred sales commissions were unchanged during the quarter. Capital assets increased $0.5 million as a result of the $2.6 million in capital additions offset by the $2.1 million amortized during the quarter.

Total liabilities decreased by $44.5 million during the first quarter of 2012 to $1.420 billion at March 31, 2012. The primary contributors to this change were a $32.7 million decrease in long-term debt, a $7.6 million decrease in accounts payable and a $7.7 million decrease in income taxes payable.

At March 31, 2012, CI had $750.0 million in outstanding debentures at an average interest rate of 3.24% with a carrying value of $747.6 million. CI's credit facility was undrawn at the end of the quarter. At December 31, 2011, CI had $783.0 million of debt outstanding at an average rate of 3.19%. Net of cash and marketable securities, debt was $609.3 million at March 31, 2012, down from $615.7 million at December 31, 2011. The average debt level for the quarter ended March 31, 2012 was approximately $768 million, compared to $838 million for the prior quarter.

As mentioned earlier, at March 31, 2012 CI had not drawn against its $150 million credit facility. Principal repayments on CI's credit facility are only required should the bank decide not to renew the facility on its anniversary, in which case 6.25% of the principal would be repaid at each calendar quarter-end, with the balance payable at the end of the credit facility term (March 14, 2015). These payments would be payable beginning March 31, 2013 should the bank not renew the facility. CI is in negotiations to increase the limit on its credit facility to $250 million.

CI's current ratio of debt (net of excess cash) to EBITDA is at CI's long-term target of 1 to 1. CI expects that, absent acquisitions in which debt is increased, the amount of excess cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. CI is within its financial covenants with respect to its credit facility, which requires that the debt-to-EBITDA ratio remain below 2.5 to 1, and assets under management not fall below $40 billion, based on a rolling 30-day average.

On December 17, 2012, $250 million in outstanding debentures will mature. CI intends to use available cash on hand and a portion of its credit facility to repay this amount. To the extent that these sources of funds are insufficient at that time, CI will be required to issue equity or public debt, or increase the size of its credit facility.

Shareholders' equity increased by $22.2 million in the first quarter of 2012 to $1.642 billion at March 31, 2012, the amount by which net income exceeded dividends declared and repurchases of shares.

RISK MANAGEMENT

There is risk inherent in the conduct of a wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are by their nature outside of direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives. It requires management to identify and anticipate risks in order to develop strategies and procedures which minimize or avoid the negative consequences. Management has developed an approach to risk management which involves executives in each core business unit and operating area of CI. These executives identify and evaluate risks, applying both a quantitative and a qualitative analysis and then they assess the likelihood of occurrence of a particular risk. The final step in the process is to identify mitigating factors or strategies and a process for implementing mitigation processes.

The disclosures below provide a summary of the key risks and uncertainties that affect CI's financial performance. For a more complete discussion of the risk factors which may adversely impact CI's business, please refer to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

MARKET RISK

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity and commodity prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

CI's financial performance is exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, management fees and revenues, which would reduce cash flow to CI and ultimately impact CI's dividends.

Asset Management Segment

CI is subject to market risk throughout its Asset Management business segment. The following is a description of how CI mitigates the impact this risk has on its financial position and operating earnings.

Management of market risk within CI's assets under management is the responsibility of the Chief Operating Officer, with the assistance of the Chief Compliance Officer, CI has a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At March 31, 2012, approximately 24% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 50 basis point change in interest rates would cause a change of about $1 million in annual pre-tax earnings in the Asset Management segment.

At March 31, 2012, about 69% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, at the same time, approximately 17% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of about $15 million in the Asset Management segment's annual pre-tax earnings.

About 67% of CI's assets under management were held in equity securities at March 31, 2012, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of about $60 million in annual pre-tax earnings.

Asset Administration Segment

CI's Asset Administration business is exposed to market risk. The following is a description of how CI mitigates the impact this risk has on its financial position and results of operations.

Risk management for administered assets is the responsibility of the Chief Compliance Officer and senior management. Responsibilities include ensuring policies, processes and internal controls are in place and in accordance with regulatory requirements. CI's internal audit department reviews CI's adherence to these policies and procedures.

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 1% of the total income before non-segmented items (this segment had income of $1.0 million before income taxes and non-segmented items for the quarter ended March 31, 2012). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than $1 million to the Asset Administration segment's pre-tax earnings.

CREDIT RISK

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries, as well as issuers whose securities are held by CI. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.

One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties. CI has concluded that current economic and credit conditions have not significantly impacted its financial assets.

LIQUIDITY RISK

Liquidity risk is the risk that CI may not be able to generate sufficient funds within the time required in order to meet its obligations as they come due. While CI monitors its liquidity risk through a daily cash management process, access to financing may be negatively impacted by unprecedented market volatility and the European debt crisis. These factors may affect the ability of CI to obtain funds or make other arrangements on terms favourable to CI.

STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and ability of CI to successfully implement proposed strategies. The key strategic risk is the risk that management fails to anticipate, and respond to changes in the business environment including demographic and competitive changes. CI's performance is directly affected by financial market and business conditions, including the legislation and policies of the governments and regulatory authorities having jurisdiction over CI's operations. These are beyond the control of CI; however, an important part of the risk management process is the on-going review and assessment of industry and economic trends and changes. Strategies are then designed to mitigate the impact of any anticipated changes, including the introduction of new products and cost control strategies.

DISTRIBUTION RISK

CI distributes its investment products through a number of distribution channels including brokers, independent financial planners and insurance advisors. CI's access to these distribution channels is impacted by the strength of the relationship with certain business partners and the level of competition faced from the financial institutions that own those channels. While CI continues to develop and enhance existing relationships, there can be no assurance that CI will continue to enjoy the level of access that it has in the past, which would adversely affect its sales of investment products.

OPERATIONAL RISKS

Operational risks are risks related to the actions, or failure in the processes, that support the business including administration, information technology, product development and marketing. The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of CI to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of CI. There can be no assurances that CI's systems will operate or that CI will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster, or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of CI could have a material adverse effect on its business, financial condition and operating results. CI may also experience losses in connection with employee errors. Although CI has implemented a system of internal controls to mitigate potential losses due to system failure or employee errors, there can be no assurance that these losses will not be incurred in the future.

COMPETITION

CI operates in a highly competitive environment, with competition based on a variety of factors, including the range of products offered, brand recognition, investment performance, business reputation, financing strength, the strength and continuity of institutional, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid. CI competes with a large number of mutual fund companies and other providers of investment products, investment management firms, broker-dealers, banks, insurance companies and other financial institutions. Some of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants have resulted in increased competition. CI's competitors seek to expand market share by offering different products and services than those offered by CI. While CI continues to develop and market new products and services, there can be no assurance that CI will maintain its current standing or market share, and that may adversely affect the business, financial condition or operating results of CI.

REGULATORY AND LEGAL RISK

Certain subsidiaries of CI are heavily regulated in all jurisdictions where they carry on business. Laws and regulations applied at the national and provincial level generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of CI, including the power to limit or restrict business activities as well as impose additional disclosure requirements on CI products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of CI's business segments or its key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a subsidiary's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to CI. To the extent that existing or future regulations affecting the sale or offering of CI's product or services or CI's investment strategies cause or contribute to reduced sales of CI's products or lower margins or impair the investment performance of CI's products, CI's aggregate assets under management and its revenues may be adversely affected.

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require CI to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of CI to expand or even maintain its present level of business, which could have a material adverse effect on CI's business, results of operations, financial condition and prospects.

Given the nature of CI's business, CI may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing CI, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or expulsion from a self-regulatory organization or the suspension or revocation of CI's subsidiaries' right to carry on their existing business. CI may incur significant costs in connection with such potential liabilities.

COMMITMENT OF FINANCIAL ADVISORS AND OTHER KEY PERSONNEL

The market for financial advisors is extremely competitive and is increasingly characterized by frequent movement by financial advisors among different firms. Individual financial advisors of AWM have regular direct contact with clients, which can lead to a strong and personal client relationship based on the client's trust in the individual financial advisor. The loss of a significant number of financial advisors could lead to the loss of client accounts which could have a material adverse effect on the results of operations and prospects of AWM, and, in turn, CI. Although AWM uses or has used a combination of competitive compensation structures and equity with vesting provisions as a means of seeking to retain financial advisors, there can be no assurance that financial advisors will remain with AWM.

The success of CI is also dependent upon, among other things, the skills and expertise of its human resources including the management and investment personnel and its personnel with skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These individuals play an important role in developing, implementing, operating, managing and distributing CI's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to CI's performance. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products have increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increase observed in other industries and the rest of the labour market. CI believes that it has the resources necessary for the operation of CI's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could adversely affect CI's business.

INFORMATION REGARDING GUARANTORS

The following tables provide unaudited consolidated financial information for CI, CI Investments and non-guarantor subsidiaries for the periods identified below, presented with a separate column for: (i) CI; (ii) CI Investments, (iii) the non-guarantor subsidiaries of CI on a combined basis (the "Other Subsidiaries"); (iv) consolidating adjustments; and (v) the total consolidated amounts.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31* (unaudited)

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	74.9	2.8	324.2	339.8	98.5	103.3	(131.4)	(59.2)	366.2	386.7
Net income	71.5	(1.1)	87.4	92.2	6.8	8.8	(71.1)	0.2	94.6	100.1

BALANCE SHEET DATA AS AT MARCH 31, 2012 AND DECEMBER 31, 2011*

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
ASSETS										
Current assets	457.4	486.8	175.0	170.2	215.9	199.9	(510.9)	(497.1)	337.4	359.8
Non-current assets	1,720.5	1,697.5	2,941.7	2,936.1	126.1	137.4	(2,063.0)	(2,045.8)	2,725.3	2,725.2
Current liabilities	299.5	301.9	95.0	106.9	149.2	150.4	(7.5)	(3.2)	536.2	556.0
Non-current liabilities	197.8	222.1	1,301.5	1,302.0	0.2	0.2	(615.4)	(615.5)	884.1	908.8

**Some comparative figures have been reclassified to conform to the presentation in the current year.*

RELATED PARTY TRANSACTIONS

The Bank of Nova Scotia ("Scotiabank") owns approximately 37% of the common shares of CI, and is therefore considered a related party. CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank and its related parties. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the quarter ended March 31, 2012, CI incurred charges for deferred sales commissions of $1.6 million [quarter ended March 31, 2011 – $1.4 million] and trailer fees of $5.1 million [quarter ended March 31, 2011 – $4.3 million] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at March 31, 2012 of $1.8 million [December 31, 2011 – $1.7 million] is included in accounts payable and accrued liabilities.

SHARE CAPITAL

As at March 31, 2012, CI had 283,707,655 shares outstanding.

At March 31, 2012, 6.8 million options to purchase shares were outstanding, of which 2.7 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at March 31, 2012.

PAYMENTS DUE BY YEAR

(millions)	Total	Less than 1 year	1–2	2–3	3–4	4–5	5 or more years
Credit facility	$—	$—	$—	$—	$—	$—	$—
Debentures	750.0	250.0	—	200.0	—	300.0	—
Operating leases	108.0	11.0	9.4	8.8	8.4	8.1	62.3
Total	$858.0	$261.0	$9.4	$208.8	$8.4	$308.1	$62.3

SIGNIFICANT ACCOUNTING ESTIMATES

The March 31, 2012 Unaudited Condensed Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, please refer to Note 1 of the December 31, 2011 Notes to the Consolidated Financial Statements. Included in the December 31, 2011 Notes to the Consolidated Financial Statements is Note 4 which provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

CI carries significant goodwill and intangible assets on its statement of financial position. CI uses valuation models that use estimates of future market returns and sales and redemptions of investment products as the primary determinants of fair value. CI also uses a valuation approach based on a multiple of assets under management and assets under administration for each of CI's operating segments. The multiple used by CI reflects recent transactions and research reports by independent equity research analysts. CI has reviewed these key variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate, whereas estimates of future market returns are less likely to do so. The models are most sensitive to current levels of assets under management and administration as well as estimates of future market returns. While these balances are not currently impaired, a decline of 20% in the fair value of certain models may result in an impairment of goodwill or other intangibles recorded on the statement of financial position.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of the Internal Controls over Financial Reporting ("ICFR") and Disclosure Controls and Procedures. There has been no material weaknesses identified relating to the design of the ICFR and there has been no changes to CI's internal controls for the quarter ended March 31, 2012 that has materially affected or is reasonably likely to materially affect the internal controls over financial reporting.

Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form are available on SEDAR at www.sedar.com.

Condensed Consolidated Financial Statements

Quarter ended March 31, 2012 (unaudited)

CI Financial Corp.

Consolidated Statements

OF FINANCIAL POSITION (UNAUDITED)

[in thousands of Canadian dollars]	As at March 31, 2012 $	As at December 31, 2011 $
ASSETS		
Current		
Cash and cash equivalents	**75,112**	122,550
Client and trust funds on deposit	**126,439**	124,978
Marketable securities	**63,197**	42,099
Accounts receivable and prepaid expenses	**72,669**	70,168
Total current assets	**337,417**	359,795
Capital assets, net	**50,171**	49,634
Deferred sales commissions, net of accumulated amortization of $484,518 [December 31, 2011 – $494,642]	**491,172**	491,216
Intangibles	**2,156,050**	2,156,433
Other assets	**27,852**	27,904
	3,062,662	3,084,982
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 5]*	**113,174**	120,797
Provisions for other liabilities	**1,548**	2,417
Dividends payable *[note 7]*	**45,326**	42,526
Client and trust funds payable	**125,520**	123,745
Income taxes payable	**1,036**	8,736
Current portion of long-term debt *[notes 2 and 5]*	**249,634**	257,763
Total current liabilities	**536,238**	555,984
Deferred lease inducement	**18,111**	18,489
Long-term debt *[notes 2 and 5]*	**497,973**	522,592
Provisions for other liabilities	**6,454**	6,530
Deferred income taxes	**361,507**	361,202
Total liabilities	**1,420,283**	1,464,797
Shareholders' equity		
Share capital *[note 3(a)]*	**1,969,261**	1,964,334
Contributed surplus	**13,896**	20,059
Deficit	**(340,185)**	(362,377)
Accumulated other comprehensive loss	**(593)**	(1,831)
Total shareholders' equity	**1,642,379**	1,620,185
	3,062,662	3,084,982

(see accompanying notes)

On behalf of the Board of Directors:

William T. Holland
Director

G. Raymond Chang
Director

Consolidated Statements

OF INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

For the three-month period ended March 31

[in thousands of Canadian dollars, except per share amounts]	**2012** **$**	2011 $
REVENUE		
Management fees	**319,554**	331,974
Administration fees	**32,794**	36,843
Redemption fees	**7,611**	7,785
Loss on marketable securities	**—**	(859)
Other income	**6,238**	10,997
	366,197	386,740
EXPENSES		
Selling, general and administrative	**72,205**	73,266
Trailer fees *[note 5]*	**93,027**	96,638
Investment dealer fees	**25,759**	29,118
Amortization of deferred sales commissions	**41,406**	41,411
Amortization of intangibles	**580**	617
Interest *[note 5]*	**6,309**	7,031
Other	**1,024**	1,842
	240,310	249,923
Income before income taxes	**125,887**	136,817
Provision for income taxes		
Current	**31,188**	36,770
Deferred	**123**	(6)
	31,311	36,764
Net income for the period	**94,576**	100,053
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets, net of income taxes of $181 [2011 – $93]	**1,238**	628
Reversal of losses to net income on available-for-sale financial assets, net of income taxes of nil [2011 – $97]	**—**	528
Total other comprehensive income, net of tax	**1,238**	1,156
Comprehensive income	**95,814**	101,209
Basic and diluted earnings per share *[note 3(c)]*	**$0.33**	$0.35

(see accompanying notes)

Consolidated Statements

OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

For the three-month period ended March 31

[in thousands of Canadian dollars]	Share capital [note 3(a)] $	Contributed surplus $	Deficit $	Accumulated other comprehensive income (loss) $	Total $
Balance, January 1, 2012	**1,964,334**	**20,059**	**(362,377)**	**(1,831)**	**1,620,185**
Comprehensive income	—	—	94,576	1,238	95,814
Dividends declared *[note 7]*	—	—	(67,996)	—	(67,996)
Shares repurchased	(2,083)	—	(4,388)	—	(6,471)
Issuance of share capital on exercise of options	7,010	(6,962)	—	—	48
Compensation expense for equity-based plans	—	799	—	—	799
Change during the period	4,927	(6,163)	22,192	1,238	22,194
Balance, March 31, 2012	**1,969,261**	**13,896**	**(340,185)**	**(593)**	**1,642,379**
Balance, January 1, 2011	**1,984,488**	**21,846**	**(440,404)**	**144**	**1,566,074**
Comprehensive income	—	—	100,053	1,156	101,209
Dividends declared *[note 7]*	—	—	(43,303)	—	(43,303)
Issuance of share capital on exercise of options					
and vesting of deferred equity units	8,671	(6,042)	—	—	2,629
Compensation expense for equity-based plans	—	1,780	—	—	1,780
Change during the period	8,671	(4,262)	56,750	1,156	62,315
Balance, March 31, 2011	**1,993,159**	**17,584**	**(383,654)**	**1,300**	**1,628,389**

(see accompanying notes)

Consolidated Statements

OF CASH FLOWS (UNAUDITED)

For the three-month period ended March 31

[in thousands of Canadian dollars]	**2012** **$**	2011 $
OPERATING ACTIVITIES		
Net income	**94,576**	100,053
Add (deduct) items not involving cash		
Loss on marketable securities	**—**	859
Equity-based compensation	**799**	1,780
Amortization of deferred sales commissions	**41,406**	41,411
Amortization of intangibles	**580**	617
Amortization of other	**2,353**	2,750
Deferred income taxes	**123**	(6)
Cash provided by operating activities before changes in operating assets and liabilities	**139,837**	147,464
Net change in non-cash working capital balances	**20,408**	23,606
Income taxes paid	**(38,860)**	(121,937)
Interest paid	**(379)**	(1,031)
Cash provided by operating activities	**121,006**	48,102
INVESTING ACTIVITIES		
Purchase of marketable securities	**(19,982)**	(4,711)
Proceeds on sale of marketable securities	**302**	12,976
Additions to capital assets	**(2,637)**	(11,438)
Deferred sales commissions paid	**(41,363)**	(49,250)
Decrease in other assets	**52**	10,840
Additions to intangibles	**(197)**	—
Cash used in investing activities	**(63,825)**	(41,583)
FINANCING ACTIVITIES		
Decrease in long-term debt	**(33,000)**	(23,908)
Repurchase of share capital *[note 3(a)]*	**(6,471)**	—
Issuance of share capital *[note 3(a)]*	**48**	2,640
Dividends paid to shareholders *[note 7]*	**(65,196)**	(60,508)
Cash used in financing activities	**(104,619)**	(81,776)
Net decrease in cash and cash equivalents during the period	**(47,438)**	(75,257)
Cash and cash equivalents, beginning of period	**122,550**	216,537
Cash and cash equivalents, end of period	**75,112**	141,280

(see accompanying notes)

CI Financial Corp. ["CI"] is incorporated under the laws of the Province of Ontario. CI's primary business is the management and distribution of a broad range of financial products and services, including mutual funds, segregated funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of CI have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ["IAS 34"] as issued by the International Accounting Standards Board ["IASB"] and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2011.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of CI on May 8, 2012.

Basis of presentation

The unaudited interim condensed consolidated financial statements of CI have been prepared on a going concern basis and on the historical cost basis, except for certain financial instruments that have been measured at fair value. CI's presentation currency is the Canadian dollar. The functional currency of CI and its subsidiaries is also the Canadian dollar. The notes presented in these unaudited interim condensed consolidated financial statements include in general only significant changes and transactions occurring since CI's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2011.

Basis of consolidation

The unaudited interim condensed consolidated financial statements include the accounts of CI, CI Investments Inc. ["CI Investments"] and Assante Wealth Management (Canada) Ltd. ["AWM"] and their subsidiaries, which are entities over which CI has control. Control exists when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Hereinafter, CI and its subsidiaries are referred to as CI.

[in thousands of dollars, except per share amounts]

2. LONG-TERM DEBT

Long-term debt consists of the following:

	As at March 31, 2012 $	As at December 31, 2011 $
Credit facility		
Bankers' acceptances	—	26,000
Prime rate loan	—	7,000
	—	33,000
Debentures		
$250 million, 3.30%, due December 17, 2012	**249,634**	249,514
$200 million, 4.19%, due December 16, 2014	**199,328**	199,258
$300 million, 3.94% until December 13, 2015 and floating rate until December 14, 2016	**298,645**	298,583
	747,607	747,355
	747,607	780,355
Current portion of long-term debt	**249,634**	257,763

Credit facility

Effective March 1, 2012, CI renewed its revolving credit facility with two chartered banks. The terms of the credit facility were not amended.

Debentures

On December 16, 2009, CI entered into interest rate swap agreements with a Canadian chartered bank to swap the fixed rate payments on the 2012 Debentures and the 2014 Debentures for floating rate payments. As at March 31, 2012, the fair value of the interest rate swap was an unrealized gain of $8,015 [December 31, 2011 – unrealized gain of $9,899] and is included in long-term debt in the consolidated balance sheet.

3. SHARE CAPITAL

A summary of the changes to CI's share capital for the period is as follows:

[A] AUTHORIZED AND ISSUED

Common Shares	Number of shares [in thousands]	Stated value $
Common shares, balance, December 31, 2010	**287,434**	**1,984,488**
Issuance of share capital on vesting of deferred equity units and exercise of share options	863	12,575
Share repurchase	(4,730)	(32,729)
Common shares, balance, December 31, 2011	**283,567**	**1,964,334**
Issuance of share capital on exercise of share options	442	7,010
Share repurchase	(301)	(2,083)
Common shares, balance, March 31, 2012	**283,708**	**1,969,261**

[B] EMPLOYEE INCENTIVE SHARE OPTION PLAN

CI has an employee incentive share option plan [the "Share Option Plan"], as amended and restated, for the executives and key employees of CI.

During the three month period ended March 31, 2012, CI granted 1,989,052 options [three month period ended March 31, 2011 – 1,577,170 options] to employees. The fair value method of accounting is used for the valuation of the 2012 and 2011 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 1.1% to 1.4% [options issued March 2011 – 0% - 1%], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to share capital. The fair value of the 2012 and 2011 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2012	2011	2011
# of options grants [in thousands]	1,989	370	1,207
Vesting terms	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	4.837% - 5.197%	4.514% - 4.833%	4.702% - 5.035%
Expected volatility	18%	20%	20%
Risk-free interest rate	1.374% - 1.528%	2.276% - 2.637%	2.202% - 2.592%
Expected life [years]	2.7– 4.0	3.0 – 4.2	3.0 – 4.2
Fair value per stock option	$1.84 - $2.06	$2.40 - $2.71	$2.26 - $2.54
Exercise price	$21.98	$22.45	$21.55

A summary of the changes in the Share Option Plan is as follows:

	Number of options [in thousands]	Weighted average exercise price $
Options outstanding, December 31, 2010	**6,270**	**15.50**
Options exercisable, December 31, 2010	**727**	**13.52**
Options granted	1,577	21.76
Options exercised (*)	(1,665)	12.90
Options cancelled	(164)	18.02
Options outstanding, December 31, 2011	**6,018**	**17.08**
Options exercisable, December 31, 2011	**1,585**	**15.96**
Options granted	1,989	21.98
Options exercised (*)	(1,174)	12.01
Options cancelled	(41)	20.34
Options outstanding, March 31, 2012	**6,792**	**20.01**
Options exercisable, March 31, 2012	**2,731**	**17.88**

(*) Weighted-average share price of exercises was $21.51 during the three month period ended March 31, 2012 [year ended December 31, 2011 - $21.68]

Options outstanding and exercisable as at March 31, 2012 are as follows:

Exercise price $	Number of options outstanding [in thousands]	Weighted average remaining contractual life [years]	Number of options exercisable [in thousands]
11.60	714	1.7	714
12.57	233	1.9	233
15.59	180	2.0	64
18.20	144	2.2	31
19.48	189	3.1	60
21.27	1,826	2.9	1,125
21.55	1,147	3.8	381
21.98	1,989	4.9	—
22.45	370	3.9	123
11.60 to 22.45	**6,792**	**3.5**	**2,731**

[C] BASIC AND DILUTED EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share for the three month period ended March 31:

[in thousands]	**2012**	2011
Numerator:		
Net income – basic and diluted	**$94,576**	$100,053
Denominator:		
Weighted average number of common shares – basic	**283,684**	287,832
Weighted average effect of dilutive stock options and deferred equity units (*)	**1,141**	1,443
Weighted average number of common shares – diluted	**284,825**	289,275
Net earnings per common share		
Basic	**$0.33**	$0.35
Diluted	**$0.33**	$0.35

(*) The determination of the weighted average number of common share – diluted excludes 3,506 thousand shares related to stock options that were anti-dilutive for the three month period ended March 31, 2012 [1,577 thousand for the three month period ended March 31, 2011]

[D] MAXIMUM SHARE DILUTION

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at April 30, 2012 were exercised:

[in thousands]	
Shares outstanding at April 30, 2012	283,798
Options to purchase shares	6,599
	290,397

[in thousands of dollars, except per share amounts]

4. CAPITAL MANAGEMENT

CI's objectives in managing capital are to maintain a capital structure that allows CI to meet its growth strategies and build long-term shareholder value, while satisfying its financial obligations and meeting its long-term debt covenants.

CI's capital is comprised of shareholders' equity and long-term debt [including current portion of long-term debt]. CI's senior management is responsible for the management of capital. CI's Board of Directors is responsible for reviewing and approving CI's capital policy and management.

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. As at March 31, 2012, CI met its capital requirements.

CI's capital consists of the following:

	As at March 31, 2012 $	As at December 31, 2011 $
Shareholders' equity	1,642,379	1,620,185
Long-term debt	747,607	780,355
Total capital	2,389,986	2,400,540

5. RELATED PARTY TRANSACTIONS

The Bank of Nova Scotia [“Scotiabank”] owns approximately 37% of the common shares of CI, and is therefore considered a related party. CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank and its related parties. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the three month period ended March 31, 2012, CI incurred charges for deferred sales commissions of $1,634 and trailer fees of $5,125 [three month period ended March 2011 – $1,374 and $4,325, respectively] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at March 31, 2012 of $1,771 [December 31, 2011 – $1,681] is included in accounts payable and accrued liabilities.

For the period January 1, 2011 to March 17, 2011, Scotiabank was the provider of and administrative agent for CI’s revolving credit facility. During the period January 1, 2011 to March 17, 2011, interest and stamping fees of $389 were recorded as interest expense.

On December 16, 2009, CI entered into an interest rate swap agreement with Scotiabank as described in Note 2.

6. SEGMENTED INFORMATION

CI has two reportable segments: Asset Management and Asset Administration. These segments reflect CI’s internal financial reporting and performance measurement.

The Asset Management segment includes the operating results and financial position of CI Investments, Castlerock Investments Inc. and CI Private Counsel LP which derive their revenues principally from the fees earned on the management of several families of mutual and segregated funds. Castlerock Investments Inc. amalgamated with CI Investments on June 30, 2011.

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. and Assante Financial Management Ltd. These companies derive their revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients.

[in thousands of dollars, except per share amounts]

Segmented information as at and for the three month period ended March 31, 2012 is as follows:

	Asset management $	Asset administration $	Intersegment eliminations $	Total $
Management fees	319,554	—	—	319,554
Administration fees	—	58,382	(25,588)	32,794
Other revenues	9,918	3,931	—	13,849
Total revenue	329,472	62,313	(25,588)	366,197
Selling, general and administrative	58,396	13,809	—	72,205
Trailer fees	96,715	—	(3,688)	93,027
Investment dealer fees	—	46,391	(20,632)	25,759
Amortization of deferred sales commissions and intangibles	42,678	376	(1,068)	41,986
Other expenses	245	779	—	1,024
Total expense	198,034	61,355	(25,388)	234,001
Income before income taxes and non-segmented items	131,438	958	(200)	132,196
Interest expense				(6,309)
Provision for income taxes				(31,311)
Net income for the period				94,576
Identifiable assets	704,514	251,490	(12,350)	943,654
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,630,940	444,072	(12,350)	3,062,662

[in thousands of dollars, except per share amounts]

Segmented information for the three month period ended March 31, 2011 is as follows:

	Asset management $	Asset administration $	Intersegment eliminations $	Total $
Management fees	331,974	—	—	331,974
Administration fees	—	62,582	(25,739)	36,843
Other revenues	13,963	3,960	—	17,923
Total revenue	345,937	66,542	(25,739)	386,740
Selling, general and administrative	58,763	14,503	—	73,266
Trailer fees	100,379	—	(3,741)	96,638
Investment dealer fees	—	49,870	(20,752)	29,118
Amortization of deferred sales commissions and intangibles	42,719	376	(1,067)	42,028
Other expenses	973	869	—	1,842
Total expenses	202,834	65,618	(25,560)	242,892
Income before income taxes and non-segmented items	143,103	924	(179)	143,848
Interest expense				(7,031)
Provision for income taxes				(36,764)
Net income for the period				100,053
As at December 31, 2011				
Identifiable assets	731,810	246,536	(12,372)	965,974
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,658,236	439,118	(12,372)	3,084,982

[in thousands of dollars, except per share amounts]

7. DIVIDENDS

The following dividends were paid by CI during the three month period ended March 31, 2012:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2011	January 13, 2012	0.075	21,220
January 31, 2012	February 15, 2012	0.075	21,274
February 29, 2012	March 15, 2012	0.08	22,702
Paid during the three month period ended March 31, 2012			65,196

The following dividends were declared but not paid during the three month period ended March 31, 2012:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
March 31, 2012	April 13, 2012	0.08	22,663
April 30, 2012	May 15, 2012	0.08	22,663
Declared and accrued as at March 31, 2012			45,326

The following dividends were paid by CI during the three month period ended March 31, 2011:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2010	January 14, 2011	0.07	20,146
January 31, 2011	February 15, 2011	0.07	20,179
February 28, 2011	March 15, 2011	0.07	20,183
Paid during the three month period ended March 31, 2011			60,508

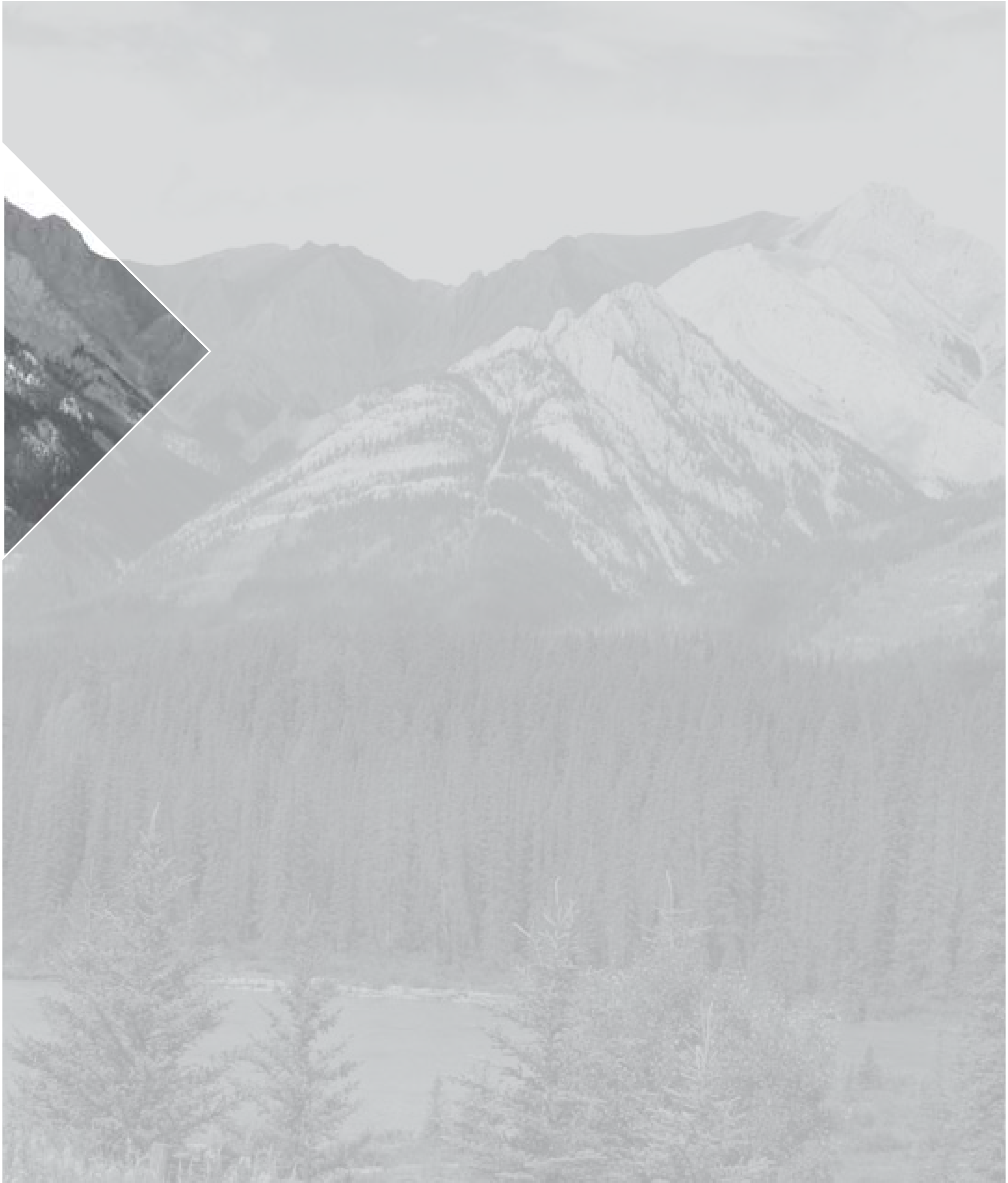
The following dividends were declared but not paid during the three month period ended March 31, 2011:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
March 31, 2011	April 15, 2011	0.075	21,557
April 30, 2011	May 13, 2011	0.075	21,558
Declared and accrued as at March 31, 2011			43,115

On May 8, 2012, The Board of Directors declared monthly cash dividends of $0.08 per share payable on June 15, July 13 and August 15, 2012 to shareholders of record on May 31, June 30 and July 31, 2012, respectively.

Q1

This Report contains forward-looking statements with respect to CI, including its business operations and strategy and financial performance and condition. Although management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time.



1204-0495_E (05/12)