CI Financial

Quarterly Report

March 31, 2013

Q1

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Financial Highlights

(in millions of dollars, except per share and share amounts)	As at Mar. 31, 2013	As at Dec. 31, 2012	As at Mar. 31, 2012	% change quarter-over-quarter	% change year-over-year
Assets under management	80,471	75,723	73,361	6	10
Assets under administration*	24,221	23,199	22,830	4	6
Total assets	104,692	98,922	96,191	6	9
Shares outstanding	283,255,119	282,914,642	283,707,655	–	–

**Includes $11.8 billion, $10.9 billion and $10.5 billion of managed assets in CI and United funds at March 31, 2013, December 31, 2012 and March 31, 2012, respectively*

	For the quarters ended			% change	
	Mar. 31, 2013	Dec. 31, 2012	Mar. 31, 2012	quarter-over-quarter	% change year-over-year
Average assets under management	78,810	74,323	72,262	6	9
Gross sales	3,804	3,513	2,641	8	44
Net sales	1,147	724	160	58	615
Management fees	335.8	325.8	319.6	3	5
Total revenues	381.9	371.2	366.2	3	4
SG&A	76.2	73.2	72.2	4	6
Trailer fees	99.6	95.8	93.0	4	7
Net income	98.5	95.0	94.6	4	4
Earnings per share	0.35	0.34	0.33	3	6
EBITDA*	181.4	178.8	176.5	1	3
EBITDA* per share	0.64	0.63	0.62	2	3
Dividends recorded per share	0.250	0.240	0.235	4	6
Average shares outstanding	283,147,561	282,987,978	283,684,272	–	–

** 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,

The first quarter of 2013 was a period of strength for equity markets, propelled by stronger economic performance and the continued commitment of central bankers to quantitative easing and keeping interest rates low. While the Canadian market was held back by weakness in commodities, most other global markets posted double-digit increases. The S&P/TSX Composite Index was up 3.3%, while the S&P 500 Index jumped 13.0% and the MSCI World Index rose 10.3%, all in Canadian dollar terms.

CI's assets under management ("AUM") hit record highs during the quarter, finishing at $80.5 billion on March 31, 2013, a record high for a quarter-end. Average AUM for the quarter was also a record high, at $78.8 billion, up 6% from the average of $74.3 billion for the fourth quarter of 2012 and 9% from the average of $72.3 billion for the first quarter of last year. The average management fee earned on those assets continued to trend lower, as the mix of business saw an increase in the weighting of institutional versus retail funds. And while CI increased discretionary spending on marketing initiatives designed to capitalize on exceptional fund performance, the growth in spending quarter over quarter was kept below the rate of growth in AUM.

Strong fund performance and emphasis on sales and marketing has paid off with the best gross sales for a quarter since 2000 and best net sales numbers for a quarter since 2006. Gross sales were $3.804 billion compared to $2.641 billion for the first quarter of last year. Net sales of $1.147 billion were almost $1 billion higher than the $160 million in the first quarter of last year. What is encouraging as well is that these sales were almost entirely retail.

At the Assante dealership, revenues were up in conjunction with growth in the level of administered assets. Total revenue of $64.1 million in the first quarter was 3% higher than $62.3 million in the first quarter of 2012. Administered assets totalled $24.2 billion at the end of March 2013, up 6% from $22.8 billion at March 31, 2012.

CI's earnings in the first quarter of 2013 were $98.5 million ($0.35 per share), up 3.7% from $95.0 million ($0.34 per share) in the previous quarter and up 4.1% from $94.6 million ($0.33 per share) in the first quarter of last year. EBITDA was $181.4 million, an increase of 1.5% from $178.8 million in the fourth quarter of 2012 and an increase of 2.8% from $176.5 million in the first quarter of 2012.

Outlook

CI's sales through the month of April remained strong, with four-month year-to-date net sales at their highest level since 2000. As well, AUM levels hit new highs in April, with assets at April 30 of $81.6 billion, which is 3.6% above the average level for the first quarter.

The continued growth in AUM through market performance and especially through sales of funds provides support for future cash flow and, from that, the amount available to be returned to shareholders. The dividend is being raised based on the strength of future cash flow and the fact that CI did not repurchase any stock this past quarter.

The Board of Directors declared monthly cash dividends of $0.09 per share payable on June 14, July 15, and August 15, 2013 to shareholders of record on May 31, June 30, and July 31, 2013, respectively.

William T. Holland
Chairman

Stephen A. MacPhail
President and Chief Executive Officer

MAY 7, 2013

MANAGEMENT'S Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") dated May 7, 2013 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at March 31, 2013, compared with December 31, 2012, and the results of operations for the quarter ended March 31, 2013, compared with the quarter ended March 31, 2012 and the quarter ended December 31, 2012.

CI's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Amounts are expressed in Canadian dollars. 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").

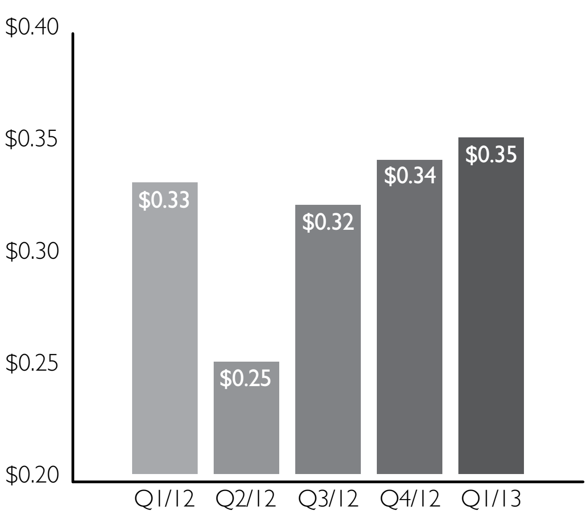
This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. When used in this MD&A, such statements 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, changes in government regulations or in tax laws, industry competition, technological developments 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 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 include the use of 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.

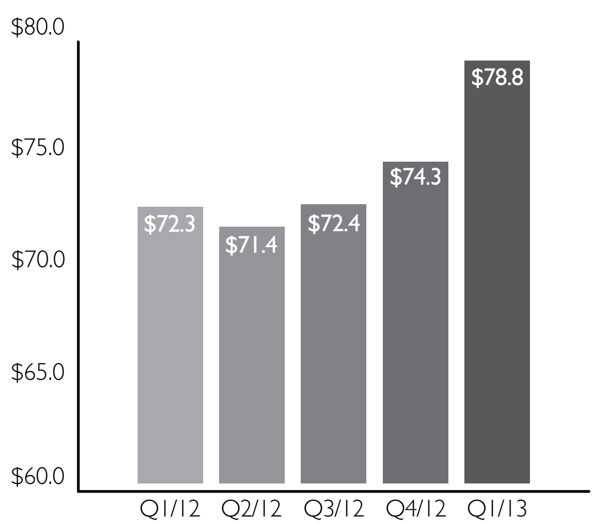
TABLE 1: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)	2013	2012			
	Q1	**Q4**	**Q3**	**Q2**	**Q1**
INCOME STATEMENT DATA					
Management fees	335.8	325.8	318.8	313.5	319.6
Administration fees	33.1	31.7	30.1	31.3	32.8
Other revenues	13.0	13.8	12.6	14.0	13.8
Total revenues	381.9	371.3	361.5	358.8	366.2
Selling, general & administrative	76.2	73.2	69.9	70.7	72.2
Trailer fees	99.6	95.8	93.5	91.6	93.0
Investment dealer fees	26.0	24.7	23.3	24.5	25.8
Amortization of deferred sales commissions	39.7	40.4	40.4	41.0	41.4
Interest expense	5.0	6.2	6.3	6.1	6.3
Other expenses	1.7	1.7	2.5	1.9	1.6
Total expenses	248.2	242.0	235.9	235.8	240.3
Income before income taxes	133.7	129.3	125.6	123.0	125.9
Income taxes	35.2	34.3	34.3	51.7	31.3
Net income	98.5	95.0	91.3	71.3	94.6
Earnings per share	0.35	0.34	0.32	0.25	0.33
Diluted earnings per share	0.35	0.34	0.32	0.25	0.33
Dividends recorded per share	0.250	0.240	0.240	0.240	0.235

EARNINGS PER SHARE



AVERAGE ASSETS UNDER MANAGEMENT (BILLIONS)



OVERVIEW

CI is a diversified wealth management firm and one of Canada's largest independent investment fund 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 revenue 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 2013 increased 9% from the first quarter of 2012 as a result of the strong market performance of CI's funds and $1.1 billion in net sales. This strength in assets is not fully reflected by CI's results as revenue growth is mitigated by two factors. First is the continued trend of investor preference for fixed income products, which generally charge a lower management fee. Second, an increasing proportion of CI's assets under management are institutional mandates, which carry a lower management fee. The resulting change in asset mix saw management fee revenues increase by 5%, a lower rate than the increase in average assets under management over the same period. However, this trend has moderated significantly from the fourth quarter to the first quarter. While institutional assets grew as a percentage of total assets, this was due to mandates that came on board during the fourth quarter and fully impacted average assets in the first quarter. First quarter sales were primarily retail. Also during the first quarter, the weighting of fixed income funds and money market funds did not change from the fourth quarter.

CI's gross sales during the first three months of 2013 were up 44% from the same period last year and up 8% from the previous period. CI's net sales in the first quarter of 2013 were up 615% from the first quarter of 2012 and up 58% from the fourth quarter of 2012.

CI continued to be the third-largest investment fund company in Canada with assets under management of $80.5 billion at March 31, 2013. CI's market share is approximately 9%.

ASSETS AND SALES

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were $104.7 billion at March 31, 2013, an increase of 9% from $96.2 billion at March 31, 2012. As shown in Table 2, these assets consisted of $80.5 billion in assets under management and $24.2 billion in assets under administration at March 31, 2013, which increased 10% and 6%, respectively, during the year, primarily due to market performance and strong net sales.

TABLE 2: TOTAL ASSETS

(in billions)	As at Mar. 31, 2013	As at Mar. 31, 2012	% change
Assets under management	$80.5	$73.4	10
Assets under administration*	24.2	22.8	6
Total assets	$104.7	$96.2	9

**Includes $11.8 billion and $10.5 billion of managed assets in CI and United funds in 2013 and 2012, respectively.*

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 $4.8 billion increase in assets under management in the first three months of 2013 was due to $3.7 billion of market performance and $1.1 billion of net sales.

TABLE 3: CHANGE IN ASSETS UNDER MANAGEMENT

(in billions)	2013	2012
Assets under management at January 1	$75.7	$69.6
Gross sales	3.8	2.6
Redemptions	2.7	2.4
Net sales	1.1	0.2
Market performance	3.7	3.6
Assets under management at March 31	$80.5	$73.4

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 2013 rose 9.1% from the same period in 2012 and increased 6.0% from the prior quarter. The first quarter of 2013 saw continued confidence in global stock markets following significant market rallies in the second half of 2012. 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, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Average assets under management	$78.810	$74.323	$72.262
Change to March 31, 2013		6.0%	9.1%
Gross sales	$3.8	$3.5	$2.6
Net sales	$1.1	$0.7	$0.2

RESULTS OF OPERATIONS

For the quarter ended March 31, 2013, CI reported net income of $98.5 million ($0.35 per share) versus $94.6 million ($0.33 per share) for the quarter ended March 31, 2012 and $95.0 million ($0.34) for the quarter ended December 31, 2012.

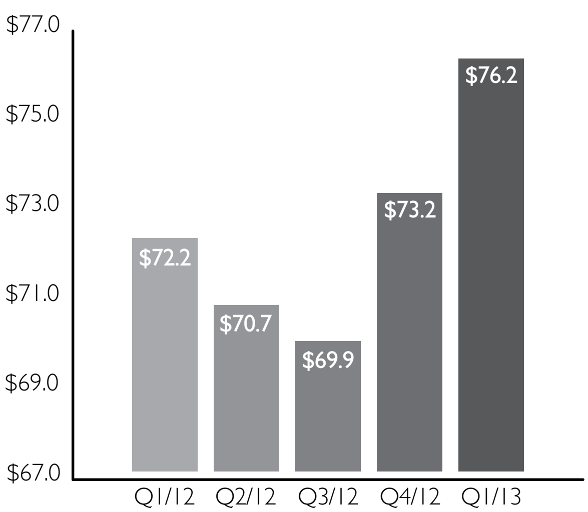
CI's pre-tax operating earnings, as set out in Table 5, adjust for the impact of gains and losses on marketable securities, performance fees and non-recurring items. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are netted out to remove the impact of financing back-end assets under management. Pre-tax operating earnings were $167.4 million in the first quarter of 2013, an increase of 4% from the first quarter of 2012 and an increase of 2% from the prior quarter. These changes are primarily driven by the increase in average assets under management, which were up 9% from the first quarter of 2012 and up 6% from the prior quarter.

For the first quarter of 2013, CI recorded $35.2 million in income tax expense for an effective tax rate of 26.3%, compared to $31.3 million in the first quarter of 2012 for an effective tax rate of 24.9%. The fourth quarter of 2012 included $34.3 million in income tax expense for an effective tax rate of 26.5%. CI's statutory rate for 2013 was 26.5%, unchanged from 2012.

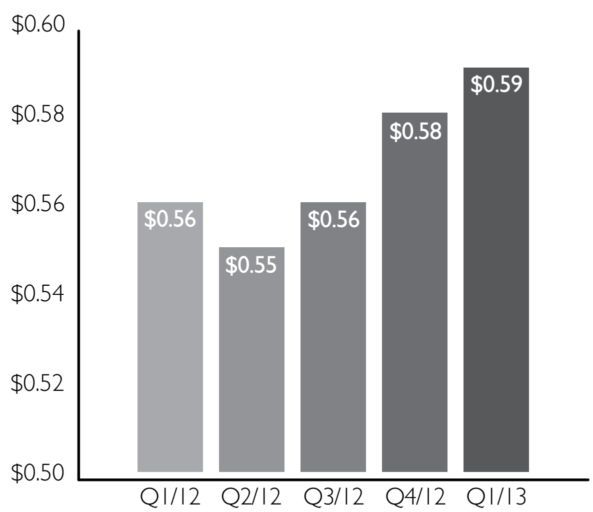
For the quarter ended March 31, 2013, redemption fee revenue was $6.5 million compared with $7.6 million for the quarter ended March 31, 2012 and $6.1 million for the quarter ended December 31, 2012. The first quarter typically sees higher levels of redemptions and higher revenue. The decrease from the prior year is a result of a decline in redemptions of deferred load funds that are subject to redemption fees.

Other income for the quarter ended March 31, 2013 was $6.5 million compared to $6.2 million in the same period in 2012 and $7.4 million in the prior quarter. The fourth quarter of 2012 included some year-end distributions on marketable securities.

SG&A EXPENSE (MILLIONS)



PRE-TAX OPERATING EARNINGS PER SHARE



Amortization of deferred sales commissions and fund contracts was $40.2 million in the first quarter of 2013, a decrease from $42.0 million in the first quarter of 2012 and a slight decrease from $40.9 million in the fourth quarter of 2012. This represents the average amount of deferred sales commissions paid in the last seven years plus a small amount of accelerated amortization as deferred load units are redeemed ahead of their seven-year scheduled term. The level of spending on deferred sales commissions has generally declined over the past several years.

Interest expense of $5.0 million was recorded for the quarter ended March 31, 2013 compared with $6.3 million for the quarter ended March 31, 2012 and $6.2 million for the quarter ended December 31, 2012. The decrease in interest expense reflects lower average debt levels during 2013, as discussed under "Liquidity and Capital Resources."

Other expenses for the quarter ended March 31, 2013 were $1.0 million, unchanged for the quarter ended March 31, 2012 and unchanged for the quarter ended December 31, 2012.

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 (DSC) and fund contracts.

(in millions, except per share amounts)	Quarter ended Mar. 31, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Income before income taxes	$133.7	$129.3	$125.9
Less:			
Redemption fees	6.5	6.1	7.6
Gain on marketable securities	—	0.1	—
Add:			
Amortization of DSC and fund contracts	40.2	40.9	42.0
Pre-tax operating earnings	$167.4	$164.0	$160.3
per share	$0.59	$0.58	$0.56

As illustrated in Table 6, EBITDA for the quarter ended March 31, 2013 was $181.4 million ($0.64 per share) compared with $176.5 million ($0.62 per share) for the quarter ended March 31, 2012 and $178.8 million ($0.63 per share) for the quarter ended December 31, 2012. The 3% year-over-year increase in quarterly EBITDA reflects the 9% increase in average assets under management offset by the effect of the change in asset mix and lower redemption fee revenue. The 1.5% increase from the prior quarter reflects the 6% increase in average assets under management less the effect of the change in asset mix and lower other income.

EBITDA as a percentage of total revenues (EBITDA margin) for the first quarter of 2013 was 47.5%, down slightly from 48.2% in the first quarter of 2012 and 48.2% in the prior quarter. The decline from last quarter is due to a combination of higher SG&A spend and higher trailer fees.

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, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Net income	$98.5	$95.0	$94.6
Add:			
Interest expense	5.0	6.2	6.3
Income tax expense	35.2	34.3	31.3
Amortization of DSC and fund contracts	40.2	40.9	42.0
Amortization of other items	2.5	2.4	2.3
EBITDA	$181.4	$178.8	$176.5
per share	$0.64	$0.63	$0.62
EBITDA margin (as a % of revenue)	47.5%	48.2%	48.2%

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, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Management fees	$335.8	$325.8	$319.6
Other revenue	9.1	10.1	9.9
Total revenue	$344.9	$335.9	$329.5
Selling, general and administrative	$61.5	$59.6	$58.4
Trailer fees	103.7	99.7	96.7
Amortization of deferred sales commissions and fund contracts	40.9	41.6	42.7
Other expenses	0.3	0.3	0.2
Total expenses	$206.4	$201.2	$198.0
Income before taxes and non-segmented items	$138.5	$134.7	$131.5

Revenues

Revenues from management fees were $335.8 million for the quarter ended March 31, 2013, an increase of 5% from $319.6 million for the quarter ended March 31, 2012 and an increase of 3% from $325.8 million for the quarter ended December 31, 2012. The changes were mainly attributable to increases in average assets under management, which were up 9% and up 6% from the quarters ended March 31, 2012 and December 31, 2012, respectively. The average management fee rate declined from 1.779% in the first quarter of 2012 to 1.744% in the fourth quarter of 2012 and to 1.728% in the first quarter of 2013, again as a result of the change in asset mix.

For the quarter ended March 31, 2013, other revenue was $9.1 million versus $9.9 million and $10.1 million for the quarters ended March 31, 2012 and December 31, 2012, respectively. The largest component of other revenue is redemption fees, which were $6.5 million for the quarter ended March 31, 2013 compared with $7.6 million and $6.1 million for the quarters ended March 31, 2012 and December 31, 2012, respectively.

Expenses

SG&A expenses for the Asset Management segment were $61.5 million for the quarter ended March 31, 2013, an increase from $58.4 million for the first quarter in 2012 and from $59.6 million for the quarter ended December 31, 2012. As a percentage of average assets under management, SG&A expenses were 0.317% for the quarter ended March 31, 2013, down from 0.325% for the quarter ended March 31, 2012 and down from 0.319% for the quarter ended December 31, 2012. Generally, the decrease in this rate over time results from CI's ongoing drive to find operating efficiencies in its fixed costs, which account for a large proportion of CI's total costs. At the same time, in any given quarter, management may choose to increase or decrease discretionary spending.

Trailer fees were $103.7 million for the quarter ended March 31, 2013 compared with $96.7 million for the quarter ended March 31, 2012 and $99.7 million for the quarter ended December 31, 2012. Net of inter-segment amounts, this expense was $99.6 million for the quarter ended March 31, 2013 versus $93.0 million for the first quarter of 2012 and $95.8 million for the fourth quarter of 2012. The increase from the comparable periods is primarily due to the respective increases in average assets under management, partially offset by the changes in asset mix.

Amortization of deferred sales commissions and fund contracts before inter-segment eliminations was $40.9 million for the quarter ended March 31, 2013, down from $42.7 million in the same quarter last year and down slightly from $41.6 million in the previous quarter. This decrease is consistent with the decrease in deferred sales commissions paid in the past several years.

Income before income taxes and interest expense for CI's principal segment was $138.5 million for the quarter ended March 31, 2013 compared with $131.5 million in the same period in 2012 and $134.7 million in the previous quarter. Income has generally increased in line with the increase in average assets under management over the comparable periods less the impact of a decline in average management fee rates that are a result of an increased weighting of institutional assets and investor preference for fixed income products.

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

The following table presents the operating results for the Asset Administration segment:

(in millions)	Quarter ended Mar. 31, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Administration fees	$60.2	$55.2	$58.4
Other revenue	3.9	3.7	3.9
Total revenue	$64.1	$58.9	$62.3
Selling, general and administrative	$14.6	$13.6	$13.8
Investment dealer fees	47.8	43.6	46.4
Amortization of fund contracts	0.6	0.4	0.4
Other expenses	0.8	0.8	0.8
Total expenses	$63.8	$58.4	$61.4
Income before taxes and non-segmented items	$0.3	$0.5	$0.9

Revenues

Administration fees were $60.2 million for the quarter ended March 31, 2013, an increase of 3% from $58.4 million for the same period last year and an increase of 9% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $33.1 million for the quarter ended March 31, 2013, up from $32.8 million for the quarter ended March 31, 2012 and from $31.7 million in the previous quarter. The increase from the prior year was primarily attributable to an increase in assets under administration on which trailer commission revenues are earned.

Other revenues earned by the Asset Administration segment are mainly comprised of non-advisor related activities. For the quarter ended March 31, 2013, other revenues were $3.9 million, unchanged from $3.9 million for the first quarter of 2012 and up slightly from $3.7 million for the fourth quarter of 2012.

Expenses

Investment dealer fees were $47.8 million for the quarter ended March 31, 2013, compared to $46.4 million for the first quarter of 2012 and $43.6 million for the quarter ended December 31, 2012.

As detailed in Table 9, dealer gross margin was $12.4 million or 20.6% of administration fee revenue for the quarter ended March 31, 2013 compared to $12.0 million or 20.5% for the first quarter of 2012 and $11.6 million or 21.0% for the previous quarter. The changes in gross margin from the comparable quarters correspond to the level of payout to financial advisors on their 12-month rolling administration fee revenues.

SG&A expenses for the segment were $14.6 million for the quarter ended March 31, 2013 compared to $13.8 million in the first quarter of 2012 and $13.6 million in the fourth quarter of 2012, as the spending on marketing initiatives increased during the quarter.

The Asset Administration segment had income before income taxes and non-segmented items of $0.3 million for the quarter ended March 31, 2013, down from $0.9 million for the first quarter of 2012 and down from $0.5 million for the prior quarter. The decline in the first quarter of 2013 was due to the increase in SG&A expenses exceeding the increase in gross margin.

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, 2013	Quarter ended Dec. 31, 2012	Quarter ended Mar. 31, 2012
Administration fees	$60.2	$55.2	$58.4
Less:			
Investment dealer fees	47.8	43.6	46.4
	$12.4	$11.6	$12.0
Dealer gross margin	20.6%	21.0%	20.5%

LIQUIDITY AND CAPITAL RESOURCES

As detailed in Table 10, CI generated $143.3 million of operating cash flow in the quarter ended March 31, 2013, up $3.5 million from $139.8 million in the first quarter of 2012. 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 payment of dividends on its shares, the funding of capital expenditures 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 to meet its obligations and pay down debt.

TABLE 10: SUMMARY OF CASH FLOWS

(in millions)	Quarter ended Mar. 31, 2013	Quarter ended Mar. 31, 2012
Operating Cash Flow	$143.3	$139.8
Less:		
Deferred sales commission paid	44.8	41.4
Marketable securities, net	0.1	19.7
Capital expenditures	1.9	2.6
Share repurchases	—	6.5
Dividends paid	69.3	65.2
Debt repaid	2.0	33.0
Working capital and other	7.6	18.8
	125.7	187.2
Net change in cash	17.6	(47.4)
Cash at January 1	24.1	122.5
Cash at March 31	$41.7	$75.1

CI paid sales commissions of $44.8 million in the first quarter of 2013 compared to $41.4 million in the first quarter of 2012. The increase in sales commissions from the prior year is consistent with higher gross sales of deferred load funds during the quarter.

CI invested $0.2 million in marketable securities in the first quarter of 2013. During the same period, CI received proceeds of $0.1 million from the disposition of marketable securities. The fair value of marketable securities at March 31, 2013 was $72.0 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the quarter ended March 31, 2013, CI incurred capital expenditures of $1.9 million, primarily relating to leasehold improvements and investments in technology.

During the quarter, CI did not repurchase any shares under its normal course issuer bid. CI declared dividends of $72.2 million ($69.3 million paid), which was less than net income for the quarter by $26.3 million. At quarter-end, CI's dividend payments were $0.085 per share per month, or approximately $289 million per fiscal year.

The statement of financial position for CI at March 31, 2013 reflects total assets of $3.028 billion, an increase of $56.5 million from $2.972 billion at December 31, 2012. This change can be attributed to an increase in current assets of $52.8 million and an increase in long-term assets of $3.7 million.

CI's cash and cash equivalents increased by $17.6 million to $41.7 million in the first quarter of 2013 due to the items discussed in Table 10. Marketable securities increased by $5.8 million due to unrealized gains recorded as a result of stronger market performance. Accounts receivable and prepaid expenses increased by $19.1 million to $89.7 million, primarily because the quarter ended on a weekend and more revenues were accrued than at year end.

Deferred sales commissions increased $5.1 million to $457.4 million as a result of $44.8 million in sales commissions paid offset by $39.7 million in amortization expense. Capital assets decreased $0.2 million during the quarter as a result of $2.1 million amortized during the year offset by $1.9 million in capital additions.

Total liabilities increased by $24.2 million during the first quarter of 2013 to $1.320 billion at March 31, 2013. The primary contributor to this change was an $11.1 million increase on accounts payable and income taxes payable, again because the quarter ended on a weekend.

At March 31, 2013, CI had $500 million in outstanding debentures at an average interest rate of 3.51% with a carrying value of $498.5 million. In addition, CI had $94.0 million drawn against its credit facility at an average rate of 1.82%. At December 31, 2012, CI had $594.4 million of debt outstanding at an average rate of 3.26%. Net of cash and marketable securities, debt was $478.8 million at March 31, 2013, down from $504.1 million at December 31, 2012. The average debt level for the quarter ended March 31, 2013 was approximately $601 million, compared to $729 million for the quarter ended December 31, 2012.

As mentioned earlier, at March 31, 2013 CI had drawn $94.0 million against its $250 million credit facility. Principal repayments on any drawn amounts 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, 2014 should the bank not renew the facility.

CI's current ratio of debt (net of excess cash) to EBITDA is at 0.68 to 1, well below CI's long-term target of 1 to 1. CI expects that, absent acquisitions in which debt is increased, excess cash flow will be used to 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.

Shareholders' equity increased by $32.4 million in the first quarter of 2013 to $1.708 billion at March 31, 2013, which approximates net income less dividends and share repurchases.

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 negative consequences. Management has developed an approach to risk management that 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 assess the likelihood of occurrence of a particular risk. The final step in the process is to identify mitigating factors or strategies and a course for implementing mitigation procedures.

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 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 indirectly 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 ability to pay 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, 2013, 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 the value of these securities would cause a change of about $1 million in annual pre-tax earnings in the Asset Management segment.

At March 31, 2013, about 63% 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 20% 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 $18 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, 2013, 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 $58 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 $0.3 million before income taxes and non-segmented items for the quarter ended March 31, 2013). 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 and within the time required in order to meet its obligations as they come due. While CI currently has access to financing, unfavourable market conditions may affect the ability of CI to obtain loans or make other arrangements on terms acceptable to CI.

STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and the 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 expenses incurred by CI in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

TAXATION RISK

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency, and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

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)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Revenue	70.0	74.9	341.0	324.2	115.2	98.5	(144.2)	(131.4)	382.0	366.2
Net income	67.8	71.5	93.4	87.4	21.0	6.8	(83.7)	(71.1)	98.5	94.6

BALANCE SHEET DATA AS AT MARCH 31, 2013 AND DECEMBER 31, 2012

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Current assets	214.7	215.6	241.0	206.2	214.6	196.4	(328.9)	(329.6)	341.4	288.6
Non-current assets	1,871.8	1,836.2	2,883.6	2,875.6	173.1	176.3	(2,241.8)	(2,205.1)	2,686.7	2,683.0
Current liabilities	56.1	70.0	122.1	116.1	162.6	152.9	(11.7)	(16.5)	329.1	322.5
Non-current liabilities	286.9	270.7	1,130.9	1,129.8	0.5	0.5	(427.6)	(427.9)	990.7	973.1

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. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the quarter ended March 31, 2013, CI incurred charges for deferred sales commissions of $1.6 million [quarter ended March 31, 2012 – $1.6 million] and trailer fees of $5.3 million [quarter ended March 31, 2012 – $5.1 million] which were paid or payable to Scotiabank. The balance payable to Scotiabank as at March 31, 2013 of $1.9 million [March 31, 2012 – $1.8 million] is included in accounts payable and accrued liabilities.

SHARE CAPITAL

As at March 31, 2013, CI had 283,255,119 shares outstanding.

At March 31, 2013, 6.7 million options to purchase shares were outstanding, of which 2.6 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at March 31, 2013.

PAYMENTS DUE BY YEAR

(millions)	Total	Less than 1 year	2	3	4	5	More than 5 years
Credit facility	94.0	5.9	23.5	64.6	—	—	—
Debentures	500.0	200.0	—	300.0	—	—	—
Operating leases	102.3	10.8	9.5	9.2	8.8	8.5	55.5
Total	696.3	216.7	33.0	373.8	8.8	8.5	55.5

SIGNIFICANT ACCOUNTING ESTIMATES

The March 31, 2013 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, 2012 Notes to the Consolidated Financial Statements. Included in the December 31, 2012 Notes to the Consolidated Financial Statements is Note 3 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 balance sheet. 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 renewed 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.

CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

On January 1, 2013, CI applied retrospectively, IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 13 *Fair Value Measurement*. The application of these standards had no impact on the unaudited interim condensed financial statements for the three months ended March 31, 2013. The application of IFRS 12 *Disclosure of Interests in Other Entities* will result in additional disclosures in the 2013 annual consolidated financial statements. More information regarding the nature and impact of these standards is described in Note 2 to the unaudited interim condensed financial statements.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer have designed or caused the design of 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, 2013 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, 2013 (unaudited)

CI Financial Corp.

Consolidated Statements

OF FINANCIAL POSITION (UNAUDITED)

[in thousands of Canadian dollars]	As at March 31, 2013 $	As at December 31, 2012 $
ASSETS		
Current		
Cash and cash equivalents	**41,698**	24,137
Client and trust funds on deposit	**138,051**	127,712
Marketable securities	**71,982**	66,155
Accounts receivable and prepaid expenses	**89,713**	70,597
Total current assets	**341,444**	288,601
Capital assets, net	**46,641**	46,879
Deferred sales commissions, net of accumulated amortization of $476,240 [December 31, 2012 – $492,856]	**457,411**	452,319
Intangibles	**2,160,676**	2,161,403
Other assets	**21,973**	22,413
	3,028,145	2,971,615
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 6]*	**124,398**	119,721
Provisions for other liabilities *[note 10]*	**1,062**	1,097
Dividends payable *[note 8]*	**48,153**	45,254
Client and trust funds payable	**136,698**	125,773
Income taxes payable	**12,951**	6,608
Current portion of long-term debt *[note 3]*	**5,875**	24,000
Total current liabilities	**329,137**	322,453
Deferred lease inducement	**16,857**	17,165
Long-term debt *[note 3]*	**586,619**	570,368
Provisions for other liabilities *[note 10]*	**6,397**	6,611
Deferred income taxes	**380,794**	379,030
Total liabilities	**1,319,804**	1,295,627
Shareholders' equity		
Share capital *[note 4(a)]*	**1,969,131**	1,964,433
Contributed surplus	**10,935**	14,511
Deficit	**(276,876)**	(303,126)
Accumulated other comprehensive income	**5,151**	170
Total shareholders' equity	**1,708,341**	1,675,988
	3,028,145	2,971,615

(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]	**2013** **$**	2012 $
REVENUE		
Management fees	**335,828**	319,554
Administration fees	**33,114**	32,794
Redemption fees	**6,491**	7,611
Gain on sale of marketable securities	**11**	—
Other income	**6,462**	6,238
	381,906	366,197
EXPENSES		
Selling, general and administrative	**76,155**	72,205
Trailer fees *[note 6]*	**99,588**	93,027
Investment dealer fees	**25,991**	25,759
Amortization of deferred sales commissions	**39,659**	41,406
Amortization of intangibles	**796**	580
Interest *[note 3]*	**4,988**	6,309
Other	**1,054**	1,024
	248,231	240,310
Income before income taxes	**133,675**	125,887
Provision for income taxes		
Current	**34,172**	31,188
Deferred	**1,004**	123
	35,176	31,311
Net income for the period	**98,499**	94,576
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets,		
net of income taxes of $760 [2012 – $181]	**4,981**	1,238
Total other comprehensive income, net of tax	**4,981**	1,238
Comprehensive income for the period	**103,480**	95,814
Basic and diluted earnings per share *[note 4(c)]*	**$0.35**	$0.33

(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 4(a)]* $	Contributed surplus $	Deficit $	Accumulated other comprehensive income (loss) $	Total $
Balance, January 1, 2013	**1,964,433**	**14,511**	**(303,126)**	**170**	**1,675,988**
Comprehensive income	**—**	**—**	**98,499**	**4,981**	**103,480**
Dividends declared *[note 8]*	**—**	**—**	**(72,249)**	**—**	**(72,249)**
Issuance of share capital on exercise of options	**4,698**	**(4,679)**	**—**	**—**	**19**
Compensation expense for equity-based plans	**—**	**1,103**	**—**	**—**	**1,103**
Change during the period	**4,698**	**(3,576)**	**26,250**	**4,981**	**32,353**
Balance, March 31, 2013	**1,969,131**	**10,935**	**(276,876)**	**5,151**	**1,708,341**
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 8]*	—	—	(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

(see accompanying notes)

Consolidated Statements

OF CASH FLOWS (UNAUDITED)

For the three-month period ended March 31

[in thousands of Canadian dollars]	**2013** **$**	2012 $
OPERATING ACTIVITIES (*)		
Net income	**98,499**	94,576
Add (deduct) items not involving cash		
Gain on sale of marketable securities	**(11)**	—
Equity-based compensation	**1,103**	799
Amortization of deferred sales commissions	**39,659**	41,406
Amortization of intangibles	**796**	580
Amortization of other	**2,277**	2,353
Deferred income taxes	**1,004**	123
Cash provided by operating activities before changes in operating assets and liabilities	**143,327**	139,837
Net change in non-cash working capital balances	**(8,067)**	(18,831)
Cash provided by operating activities	**135,260**	121,006
INVESTING ACTIVITIES		
Purchase of marketable securities	**(207)**	(19,982)
Proceeds on sale of marketable securities	**132**	302
Additions to capital assets	**(1,913)**	(2,637)
Deferred sales commissions paid	**(44,751)**	(41,363)
Decrease in other assets	**440**	696
Additions to intangibles	**(69)**	(841)
Cash used in investing activities	**(46,368)**	(63,825)
FINANCING ACTIVITIES		
Increase in long-term debt	**(2,000)**	(33,000)
Repurchase of share capital	**—**	(6,471)
Issuance of share capital	**19**	48
Dividends paid to shareholders	**(69,350)**	(65,196)
Cash used in financing activities	**(71,331)**	(104,619)
Net increase (decrease) in cash and cash equivalents during the period	**17,561**	(47,438)
Cash and cash equivalents, beginning of period	**24,137**	122,550
Cash and cash equivalents, end of period	**41,698**	75,112
(*) Included in operating activities are the following:		
Interest paid	**757**	379
Income taxes paid	**27,837**	38,860

(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, 2012.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of CI on May 7, 2013.

Basis of presentation

The unaudited interim condensed consolidated financial statements of CI have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis. 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, 2012.

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.

2. CHANGES IN ACCOUNTING POLICY

On January 1, 2013, CI applied retrospectively, IFRS 10 *Consolidated Financial Statements,* IFRS 12 *Disclosure of Interests in Other Entities* and IFRS 13 *Fair Value Measurement.* As required by IAS 34, the nature and the effect of these changes are disclosed below. In addition, the application of IFRS 12 *Disclosure of Interests in Other Entities* would result in additional disclosures in the annual consolidated financial statements. Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements or the unaudited interim condensed consolidated financial statements of CI.

The nature and the impact of each new standard is described below:

IFRS 10 *Consolidated Financial Statements* [“IFRS 10”], replaces the consolidation requirements in SIC-12 *Consolidation – Special Purpose Entities* and IAS 27 *Consolidated and Separate Financial Statements.* IFRS 10 builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The application of IFRS 10 had no impact on the consolidation of investments held by CI.

IFRS 12 *Disclosure of Interests in Other Entities* establishes disclosure requirements for interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interest in other entities. These disclosure requirements are only applicable to annual financial statements, unless there are significant events in the interim period that require they are provided. Accordingly, CI has not made such disclosures.

IFRS 13 *Fair Value Measurement* establishes the definition of fair value and sets out a single IFRS framework for measuring fair value and the required disclosures. The application of IFRS 13 has not impacted the fair value measurements carried out by CI.

[in thousands of dollars, except per share amounts]

3. LONG-TERM DEBT

Long-term debt consists of the following:

	As at March 31, 2013 $	As at December 31, 2012 $
Credit facility		
Bankers' acceptances	**94,000**	88,000
Prime rate loan	**—**	8,000
	94,000	96,000
Debentures		
$200 million, 4.19%, due December 16, 2014	**199,593**	199,536
$300 million, 3.94% until December 13, 2015 and floating rate until December 14, 2016	**298,901**	298,832
	498,494	498,368
	592,494	594,368
Current portion of long-term debt	**5,875**	24,000

Credit facility

Effective February 28, 2013, CI renewed its revolving credit facility with two chartered banks. There were no amendments made to the financial terms of the credit facility.

Debentures

On December 16, 2009, CI entered into an interest rate swap agreement with a Canadian chartered bank to swap the fixed rate payments on the 2014 Debentures for floating rate payments. As at March 31, 2013, the fair value of the interest rate swap was an unrealized gain of $5,220 [December 31, 2012 – unrealized gain of $4,787] and is included in long-term debt in the consolidated statements of financial position.

4. 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, 2011	**283,567**	**1,964,334**
Issuance of share capital on exercise of share options	722	9,633
Share repurchase	(1,374)	(9,534)
Common shares, balance, December 31, 2012	**282,915**	**1,964,433**
Issuance of share capital on exercise of share options	340	4,698
Common shares, balance, March 31, 2013	**283,255**	**1,969,131**

[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.

CI granted 1,994,850 options during the three months ended March 31, 2013 [three months ended June 30, 2012 – 243,360; three months ended March 31, 2012 – 1,989,052 options] to employees. The fair value method of accounting is used for the valuation of the 2013 and 2012 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 1.3% for the options issued during the three months ended March 31, 2013 [three months ended June 30, 2012 – 0%; three months ended March 31, 2012 – 1.4%], 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 2013 and 2012 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2013	2012	2012
# of options grants [in thousands]	1,995	243	1,989
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	4.265% – 4.550%	4.892% – 5.257%	4.837% – 5.197%
Expected volatility	16%	18%	18%
Risk-free interest rate	1.509% – 1.692%	1.335% – 1.439%	1.374% – 1.528%
Expected life [years]	2.7 – 4.0	2.7 – 4.0	2.7 – 4.0
Forfeiture rate	1.3%	0%	1.4%
Fair value per stock option	$2.07 – $2.33	$1.81 – $2.01	$1.84 – $2.06
Exercise price	$27.03	$21.73	$21.98

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, 2011	**6,018**	**17.08**
Options exercisable, December 31, 2011	**1,585**	**15.96**
Options granted	2,232	21.95
Options exercised (*)	(1,777)	13.32
Options cancelled	(109)	21.05
Options outstanding, December 31, 2012	**6,364**	**20.45**
Options exercisable, December 31, 2012	**2,418**	**18.34**
Options granted	1,995	27.03
Options exercised (*)	(1,677)	20.21
Options cancelled	(11)	21.90
Options outstanding, March 31, 2013	**6,671**	**22.48**
Options exercisable, March 31, 2013	**2,577**	**19.49**

(*) Weighted-average share price of options exercised was $26.36 during the three month period ended March 31, 2013 [year ended December 31, 2012 – $22.15]

Options outstanding and exercisable as at March 31, 2013 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	378	0.9	378
12.57	81	0.7	81
15.59	97	1.0	97
18.20	111	1.2	111
19.48	76	2.1	11
21.27	760	1.9	760
21.55	860	2.8	487
21.73	243	4.2	—
21.98	1,807	3.9	512
22.45	263	2.9	140
27.03	1,995	4.9	—
11.60 to 27.03	**6,671**	**3.5**	**2,577**

[C] BASIC AND DILUTED EARNINGS PER SHARE

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

[in thousands]	2013	2012
Numerator:		
Net income – basic and diluted	**$98,499**	$94,576
Denominator:		
Weighted average number of common shares – basic	**283,148**	283,684
Weighted average effect of dilutive stock options (*)	**1,156**	1,141
Weighted average number of common shares – diluted	**284,304**	284,825
Net earnings per common share		
Basic	**$0.35**	$0.33
Diluted	**$0.35**	$0.33

(*) The determination of the weighted average number of common shares – diluted excludes 1,995 thousand shares related to stock options that were anti-dilutive for the three months ended March 31, 2013 [3,506 thousand shares for the three months ended March 31, 2012]

[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, 2013 were exercised:

[in thousands]	
Shares outstanding at April 30, 2013	283,324
Options to purchase shares	6,307
	289,631

[in thousands of dollars, except per share amounts]

5. 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, 2013, CI met its capital requirements.

CI's capital consists of the following:

	As at March 31, 2013 $	As at December 31, 2012 $
Shareholders' equity	**1,708,341**	1,675,988
Long-term debt	**592,494**	594,368
Total capital	**2,300,835**	2,270,356

6. 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 months ended March 31, 2013, CI incurred charges for deferred sales commissions of $1,615 [three months ended March 31, 2012 – $1,634] and trailer fees of $5,346 [three months ended March 31, 2012 – $5,125] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at March 31, 2013 of $1,885 [December 31, 2012 – $1,745] is included in accounts payable and accrued liabilities.

7. 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 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.

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 months ended March 31, 2013 is as follows:

	Asset management $	Asset administration $	Intersegment eliminations $	Total $
Management fees	335,828	—	—	335,828
Administration fees	—	60,234	(27,120)	33,114
Other revenues	9,130	3,834	—	12,964
Total revenue	344,958	64,068	(27,120)	381,906
Selling, general and administrative	61,514	14,641	—	76,155
Trailer fees	103,693	—	(4,105)	99,588
Investment dealer fees	—	47,849	(21,858)	25,991
Amortization of deferred sales commissions and intangibles	40,891	551	(987)	40,455
Other expenses	331	723	—	1,054
Total expenses	206,429	63,764	(26,950)	243,243
Income before income taxes and non-segmented items	138,529	304	(170)	138,663
Interest expense				(4,988)
Provision for income taxes				(35,176)
Net income for the period				98,499
Identifiable assets	632,411	288,586	(11,860)	909,137
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,558,837	481,168	(11,860)	3,028,145

[in thousands of dollars, except per share amounts]

Segmented information for the three months 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 expenses	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
As at December 31, 2012				
Identifiable assets	599,957	264,359	(11,709)	852,607
Indefinite life intangibles				
Goodwill	927,344	192,582	—	1,119,926
Fund contracts	999,082	—	—	999,082
Total assets	2,526,383	456,941	(11,709)	2,971,615

[in thousands of dollars, except per share amounts]

8. DIVIDENDS

The following dividends were paid by CI during the three month period ended March 31, 2013:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2012	January 15, 2013	0.08	22,627
January 31, 2013	February 15, 2013	0.08	22,655
February 28, 2013	March 15, 2013	0.085	24,068
Paid during the three months ended March 31, 2013			69,350

The following dividends were declared but not paid during the three months ended March 31, 2013:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
March 31, 2013	April 15, 2013	0.085	24,077
April 30, 2013	May 15, 2013	0.085	24,076
Declared and accrued as at March 31, 2013			48,153

The following dividends were paid by CI during the three months 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 months ended March 31, 2012			65,196

The following dividends were declared but not paid during the three months 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

On May 7, 2013, The Board of Directors declared monthly cash dividends of $0.09 per share payable on June 14, 2013, July 15, 2013 and August 15, 2013 to shareholders of record on May 31, 2013, June 30, 2013 and July 31, 2013, respectively.

9. FINANCIAL INSTRUMENTS

Financial assets are classified at fair value through profit or loss ["FVPL"], available-for-sale ["AFS"] or loans and receivables. Financial liabilities are classified as FVPL or other.

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVPL are added to the carrying amount of the asset or liability. The fair value of financial instruments is generally determined by reference to quoted market bid prices where an active market exists. Where there is no active market, the fair value is determined using valuation techniques.

All financial instruments recognized at fair value in the consolidated statement of financial position are classified into three fair value hierarchy levels as follows:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.

[in thousands of dollars, except per share amounts]

The carrying amounts of the financial instruments are presented in the table below and are classified according to the following categories:

	March 31, 2013	December 31, 2012
	$	$
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**41,698**	24,137
Loans and receivables		
Client and trust funds on deposit	**138,051**	127,712
Accounts receivable	**79,744**	62,585
Other assets	**17,948**	18,252
Available-for-sale		
Marketable securities	**71,982**	66,155
Total financial assets	**349,423**	298,841
Financial liabilities		
Fair value through profit or loss		
Accounts payable and accrued liabilities	**3,624**	2,940
Other financial liabilities		
Accounts payable and accrued liabilities	**119,225**	115,250
Provisions for other liabilities	**7,459**	7,708
Dividends payable	**48,153**	45,254
Client and trust funds payable	**136,698**	125,773
Long-term debt	**592,494**	594,368
Total financial liabilities	**907,653**	891,293

Financial assets and liabilities classified as FVPL are measured at fair value and classified in the Level 1 fair value hierarchy.

AFS assets as at March 31, 2013 include CI's marketable securities which are reflected at fair value. Marketable securities of $31,549 have been classified in the Level 1 fair value hierarchy [December 31, 2012 – $26,875] and $40,433 in the Level 2 fair value hierarchy [December 31 2012 – $39,280].

Loans are receivables and other financial liabilities are initially reflected at cost and subsequently measured at amortized cost with the exception of trade receivables and payables, which are carried at cost, which approximates fair value.

[in thousands of dollars, except per share amounts]

10. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

CI is a party to a number of claims, proceedings and investigations, including legal, regulatory and tax, in the ordinary course of its business. Due to the inherent uncertainty involved in these matters, it is difficult to predict the final outcome or the amount and timing of any outflow related to such matters. Based on current information and consultations with advisors, CI does not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on its financial position or on its ability to continue normal business operations.

CI has made provisions based on current information and the probable resolution of any such claims, proceedings and investigations. The movement in amounts provided for contingent liabilities and related expenses during the three months ended March 31, are as follows:

	2013 $	2012 $
Provision for other liabilities, beginning of period	**7,708**	8,947
Additions	**79**	—
Amounts used	**(328)**	(863)
Unused amounts reversed	**—**	(82)
Provision for other liabilities, end of period	**7,459**	8,002
Current portion of provision for other liabilities	**1,062**	1,548

CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the three months ended March 31, 2013 and 2012, CI did not receive insurance proceeds. As at March 31, 2013 and December 31, 2012, CI has accrued $475 for amounts to be received under insurance policies, which is included in accounts receivable.

Litigation

CI is a defendant to two class action lawsuits related to events and transactions that gave rise to a settlement agreement with the Ontario Securities Commission in 2004. Although CI continues to believe that this settlement fully compensated investors affected by frequent trading activity, a provision has been made based on the probable resolution of these claims and related expenses.

Taxation

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency, and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the consolidated financial statement presentation in the current year.

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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.

1304-0721_E (05/13)