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Q2

NOVEMBER 30, 2004

CI Funds

Assante WEALTH MANAGEMENT

SKYLON ADVISORS INC.

IQON FINANCIAL INC.

Synera Financial Services Inc.

FINANCIAL HIGHLIGHTS

NOVEMBER 30

(thousands, except per share amounts)	**2004**	2003	% change
AS AT NOVEMBER 30			
Fee-earning assets	**66,373,994**	56,443,284	18
Managed retail assets	**45,578,033**	40,386,690	13
Redemption value of managed retail funds	**817,000**	840,000	(3)
Common shares outstanding	**295,203**	295,775	–
FOR THE SIX MONTH PERIOD			
Average managed retail assets	**44,213,060**	31,012,475	43
Gross sales of managed retail funds	**3,365,604**	2,104,498	60
Redemptions of managed retail funds	**2,962,133**	2,449,650	21
Net sales of managed retail funds	**403,471**	(345,152)	n/a
Net income	**122,730**	58,666	109
Earnings per share	**0.42**	0.24	75
EBITDA*	**232,360**	162,785	43
EBITDA* per share	**0.79**	0.68	16
Dividends per share	**0.275**	0.18	53
Average common shares outstanding	**295,202**	240,835	23
FOR THE THREE MONTH PERIOD			
Average managed retail assets	**44,430,865**	32,625,794	36
Gross sales of managed retail funds	**1,912,059**	1,150,663	66
Redemptions of managed retail funds	**1,614,210**	1,465,081	10
Net sales of managed retail funds	**297,849**	(314,418)	n/a
Net income	**41,464**	15,190	173
Earnings per share	**0.14**	0.06	133
EBITDA*	**87,047**	81,391	7
EBITDA* per share	**0.29**	0.33	(12)
Dividends per share	**0.15**	0.10	50
Average common shares outstanding	**295,203**	247,078	19

**EBITDA (Earnings before interest, taxes, depreciation and amortization) is a non-GAAP earnings measure; 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. A reconciliation of EBITDA to net income is provided on pages 11 and 17.*

DEAR SHAREHOLDERS,

MARKET REVIEW

In the second quarter of fiscal 2005, global stock markets posted strong gains, especially when compared to the relatively flat performance of the prior quarter. However, the strengthening Canadian dollar, which rose 10.7% to U.S. $0.84 during the quarter after rising 3.8% in the prior quarter, significantly reduced global index returns in Canadian dollar terms. The S&P 500 Index, which rose 6.8% for the quarter in U.S. dollar terms, declined 3.5% in Canadian dollars; the Dow Jones Industrial Average, which rose 3.1% in U.S. dollars, declined 6.9% in Canadian dollars; the Nasdaq Composite Index, which rose 14.2% in U.S. dollars, rose 3.2% in Canadian dollars; and the MSCI World Index, which rose 10.0% in U.S. dollars, declined 0.6% in Canadian dollars. The S&P/TSX Composite Index, however, gained 8.3% for the quarter after being essentially flat over the first quarter of fiscal 2005. These markets have a significant impact on the market value of CI's funds, which increased during the quarter, as discussed below.

WILLIAM T. HOLLAND
President and Chief Executive Officer

Industry net sales, as reported by the Investment Funds Institute of Canada (IFIC), were negative $337 million for the quarter ended November 30, 2004. This was down from industry net sales of $588 million for the quarter ended November 30, 2003. The trend for IFIC sales did improve throughout the quarter, with positive sales in November, though still at levels well below the prior year.

OPERATING REVIEW

Operating and financial results for the quarter and six months ended November 30, 2004, include the results of Synergy Asset Management Inc. (“Synergy”), Skylon Advisors Inc. (“Skylon”), IQON Financial Management Inc. (“IQON”) and Assante Corporation (“Assante”) for the entire period, but do not include their results in the comparative information for the entire period ending November 30, 2003, as Synergy, Skylon and Assante were acquired during the quarter ending November 30, 2003, and IQON was acquired after that date.

CI’s total managed assets at November 30, 2004 were $50.1 billion, up 12% from $44.8 billion at November 30, 2003, and up 4% from $48.3 billion at August 31, 2004. The increase of $5.3 billion from November 30, 2003 was attributed to market appreciation of approximately $3.5 billion, $0.1 billion in increased institutional assets from a combination of net assets and market appreciation, and $1.7 billion of net sales of CI’s funds.

At November 30, 2004, CI had total fee-earning assets of $66.4 billion. As shown in the chart “CI Fee-Earning Asset Profile,” these assets were comprised of managed assets of $50.1 billion, assets under administration of $15.6 billion at Assante and IQON (net of $8.1 billion of assets included in managed assets), and other administered assets of $0.7 billion, which were primarily labour-sponsored funds.

CI FEE-EARNING ASSET PROFILE

AS AT NOVEMBER 30

(billions of dollars)	**2004**	2003	% change
Mutual/segregated funds	**36.1**	32.2	12
Assante funds	**8.1**	7.2	13
Managed labour-sponsored funds	**0.2**	0.2	–
Structured products	**1.2**	0.8	50
Total managed retail assets	**45.6**	40.4	13
Managed institutional assets	**4.5**	4.4	2
Total managed assets	**50.1**	44.8	12
Other administered funds	**0.7**	0.7	–
Assante/IQON assets under administration (net of Assante funds)	**15.6**	10.9	43
Total fee-earning assets	**66.4**	56.4	18

CI's managed assets of $50.1 billion were comprised of $36.1 billion in mutual and segregated funds at CI ($32.2 billion at November 30, 2003), $8.1 billion of assets under management in proprietary funds at Assante ($7.2 billion at November 30, 2003), $4.5 billion in institutional assets ($4.4 billion at November 30, 2003), $0.2 billion of managed labour-sponsored fund assets ($0.2 billion at November 30, 2003) and $1.2 billion in structured products ($0.8 billion at November 30, 2003). The $36.1 billion in mutual and segregated funds included $2.1 billion in Class I funds, for which CI negotiates the management fees with institutional clients ($1.5 billion at November 30, 2003).

The average level of assets is the key determinant of revenues for the quarter and is more appropriate than ending assets for comparisons with actual financial results. Average managed assets for the quarter were approximately $49.0 billion (up 31% from $37.3 billion for the quarter ended November 30, 2003), and included average managed institutional assets of $4.6 billion and average managed retail assets of $44.4 billion. Average managed retail assets were comprised of average mutual and segregated fund assets of $35.0 billion ($32.6 billion for the quarter ended November 30, 2003); average Assante proprietary funds of $8.1 billion, average managed labour-sponsored fund assets of $0.2 billion, and average structured product assets of $1.1 billion. Average institutional assets of $4.6 billion were up 7.0% from $4.3 billion in the quarter ended November 30, 2003.

CI's assets as reported by IFIC were $41.7 billion at November 30, 2004. This figure is $3.9 billion below CI's actual $45.6 billion in managed retail assets because IFIC uses a narrow definition of assets under management that does not include $0.8 billion of Artisan funds and separately managed client accounts, $1.7 billion of segregated funds and hedge funds, $0.2 billion of managed labour-sponsored funds and $1.2 billion of structured products. As such, CI's assets as reported by IFIC should not be used when determining overall assets under management and product sales or conducting financial analysis of CI.

CI had overall net sales in its funds during the quarter of $297.8 million, consisting of $89.0 million of net sales of CI segregated and mutual funds, $83.4 million of net sales of Assante funds and $125.4 million in structured products. This was a significant improvement from the $314.4 million of net redemptions for the quarter ended November 30, 2003 and from net sales of $105.6 million in the quarter ended August 31, 2004.

During the quarter, CI continued to be one of the industry's leaders for performance as measured by Morningstar Canada fund rankings. At November 30, 2004, CI was first, with 28 funds with the top five-star rating, maintaining its position of being ranked as one of the top two companies in the industry for almost three years based on total five-star funds.

FINANCIAL REVIEW

CI's business has two key segments: Asset Management and Asset Administration. The Asset Management segment earns the majority of CI's income and involves offering funds through brokers, independent financial planners, insurance advisors, Assante financial advisors, IQON financial advisors and Clarica financial advisors and through other financial institutions as an underlying fund to their fund products. The Asset Administration segment involves the dealership operations of Assante and IQON. The revenues and expenses of these segments are summarized in Note 3 to the second quarter financial statements and are described in the detailed discussion of revenues and expenses below.

Three months ended November 30, 2004

Revenues

CI's total revenues for the quarter ended November 30, 2004, were $258.8 million, compared with $173.4 million in the prior year – an increase of 49%. The increase resulted from the higher level of fee-earning assets produced by market appreciation and net sales, the acquisitions of Synergy, Skylon and Assante in the second quarter of fiscal 2004, and the acquisition of IQON in the first quarter of fiscal 2005. The most significant component of revenues for the quarter was management fees, which increased by 41% from $151.8 million in the quarter ended November 30, 2003, to $213.3 million in the second quarter of fiscal 2005.

As a percentage of retail assets under management, management fees were 1.93% for the quarter, compared with 1.87% in the prior year. The increase was a result of the Assante acquisition, which increased the proportion of higher-margin equity funds within CI's overall asset mix.

Administration fees are fees earned predominantly on assets under administration in the Assante and IQON businesses net of fees earned on Assante proprietary funds and CI funds (which are eliminated on consolidation), as well as fees earned from certain labour-sponsored funds and the administration of third-party assets. Administration fees rose from $4.9 million in the prior year to $25.9 million and were primarily attributable to revenues earned by the Assante and IQON dealerships. Administration fee revenue from the dealer business should be considered in conjunction with investment dealer fee expenses of $18.5 million, which represent commission payments to Assante and IQON investment advisors on assets under administration under a specified formula or payout and which are described below under "Expenses". Details of revenues and expenses related to the Asset Administration segment before intersegment eliminations are on page 12 under "Segmented Reporting".

Redemption fees for the quarter increased from $10.2 million in fiscal 2004 to $11.9 million in fiscal 2005, due to the additional redemptions from the acquired Synergy and Assante funds and their related redemption fees.

There was a loss on sale of marketable securities of $0.7 million during the period, compared with no realized gain or loss in the prior year.

Other income was $8.4 million for the quarter ended November 30, 2004, up 29% from the prior year. The increase was primarily from non-administrative fee income earned by Assante of $3.5 million ($1.1 million in the prior year). As well, income from CI's U.S. subsidiary, BPI Global Asset Management LLP, was $5.0 million, up from $4.6 million in the prior year, due to increased fees from institutional assets. Other income also includes performance fees, which were separately disclosed prior to the quarter ended November 30, 2004. Minimal performance fees ($0.2 million in the quarter ended November 30, 2003) were earned during the quarter. Performance fees are generally based on calendar year results for the funds that generate them.

Expenses

Total selling, general and administrative ("SG&A") expenses rose 103% from $50.8 million to $103.3 million, reflecting the significant growth in the overall business, including the asset administration business, and $53 million in conjunction with the compensation payment to CI unitholders to be made in calendar 2005 as described in more detail under "Unitholder Compensation".

Expenses incurred in the operation of the retail managed funds – which include the CI and Assante funds and which are recovered from the funds generally as incurred – rose from $24.8 million to $27.0 million. The increase in the cost of fund operations reflected the additional cost of the Synergy, Skylon and Assante assets acquired in fiscal 2004. Due to the achievement of cost synergies on the acquired assets, combined with the benefits of economies of scale created by the market appreciation of the CI funds, the 9% cost increase was significantly below the 36% increase in average retail managed assets for the same period. This resulted in fund operating expenses as a percentage of managed retail assets declining 23% to 24 basis points for the quarter ended November 30, 2004, from 31 basis points in the quarter ended November 30, 2003. Fund operating expenses for the CI group of funds were 21 basis points, down 22% from the same quarter last year. This permitted CI to reduce the management expense ratios (MERs) for the CI funds effective September 30, 2004, and for the Assante funds effective January 1, 2005.

Net SG&A expenses (net of expenses recovered from the funds) rose from $26.0 million in fiscal 2004 to $76.4 million in fiscal 2005. Net SG&A expenses include the effect of a $0.3 million option expense accrual, reflecting the impact of a $0.13 increase in the price of CI common shares from $16.17 at August 31, 2004 to $16.30 at November 30, 2004, net of actual cash settlements. Net SG&A expenses for the quarter excluding this expense were $76.0 million, versus $9.6 million in the prior year.

The majority of the increase in overall net SG&A expenses was due to the $53 million expense relating to compensation to CI unitholders and to SG&A expenses of the acquired Assante and IQON operations. Net SG&A expenses attributable to the Asset Management segment were $65.7 million and $10.7 million was attributable to the Asset Administration segment. Net SG&A expenses of the Asset Management segment, adjusted for the compensation to CI unitholders and for the option expense, as a percentage of retail managed assets were 0.11% for the quarter, compared with 0.08% in the prior fiscal year. The increase reflected the higher level of net SG&A expenses associated with the Assante asset management business. Net SG&A expenses of the Asset Administration segment as a percentage of total assets under administration were 0.18% for the quarter (nil in the prior year). Expenses of the Asset Administration segment rose from the quarter ended August 31, 2004, due to additional expenditures on the dealer back office systems as part of an overall program to improve the Asset Administration business.

Portfolio management expenses paid to CI's investment managers were $15.4 million for the quarter, up 18% from $13.0 million – well below the 36% increase in average assets. As a percentage of retail assets under management, portfolio management expenses declined from 16.1 basis points in the prior fiscal year to 13.9 basis points for the quarter ended November 30, 2004. This reduction was achieved through cost-efficiencies realized by rationalizing investment management activities, efficiencies gained from market appreciation of the managed assets and changes to existing contracts.

Investment dealer fees are the direct costs attributable to the operation of the Assante and IQON dealerships and are primarily commission payments to financial advisors based on the revenues generated from assets under administration net of fees paid on Assante proprietary funds and CI funds (which are eliminated on consolidation). These fees were $18.5 million for the quarter ($2.8 million for the quarter ended November 30, 2003).

Trailer fees rose from $45.3 million in fiscal 2004 to $60.2 million in fiscal 2005, an increase of 33%. This increase, which was slightly below the 36% increase in average assets, reflected the trailer fees on the Skylon, Synergy and Assante assets, as well as the market appreciation of CI's funds.

Amortization of deferred sales commissions increased from $8.8 million to $13.0 million. The increase reflects the higher sales commissions paid in the past four quarters ($140.9 million), largely due to the acquisitions in the second quarter of fiscal 2004, versus those of the four quarters ending November 30, 2003 ($91.6 million).

Interest expense increased from $1.8 million in fiscal 2004 to $2.2 million in fiscal 2005 because of the higher levels of debt associated with CI's acquisitions of Skylon, Synergy, Assante and IQON.

Other expenses decreased slightly from $4.4 million in fiscal 2004 to $4.3 million in fiscal 2005. These include expenses related to the management of institutional assets at CI's U.S. subsidiary, BPI Global Asset Management LLP, which decreased to $2.5 million from $2.7 million in the prior year. Other expenses also includes distribution fees paid to limited partnerships, which decreased to $1.1 million from $1.4 million in the prior year. Prior to the quarter ended November 30, 2004, distribution fees to limited partnerships were separately disclosed. They have been included in other expenses because they are no longer considered material.

Minority interest for the quarter ended November 30, 2004 was $1.2 million, up slightly from $1.1 million in the prior year. Minority interest reflects the 34% of BPI Global Asset Management owned by the investment managers of that firm.

Income before taxes was $66.8 million for the quarter ended November 30, 2004, a decrease of 5% from $70.1 million in the prior year.

The income tax provision decreased from $54.9 million for the quarter ended November 30, 2003 to $25.3 million in the current year. The effective tax rate was 38% in the second quarter of fiscal 2005, compared with 78% in the second quarter of the prior fiscal year. The greater effective tax rate in fiscal 2004 was due to higher future income tax rates that arose from higher provincial corporate tax rates announced in the second quarter of fiscal 2004 which reduced net income in that period.

Net income for the period was $41.5 million ($0.14 per share), compared with net income of $15.2 million ($0.06 per share) in the prior year. This reflected an increase in the overall profitability of CI as a result of market appreciation in the funds and the realization of significant synergies subsequent to the acquisitions in the prior fiscal year, and the effect of eliminating the higher tax provision required in fiscal 2004 as previously discussed, reduced in part by the accrual of the cost of the compensation payment to CI unitholders. Though net income is the only measure of profitability that should be used, CI's option expense accrual, which changes based on the level of CI's share price, may cause shorter-term volatility in CI's net income. As a result, the effect of this expense is discussed for comparability purposes only. Adjusted for option expense, net income was $0.14 per share, compared with $0.10 in the prior year.

Earnings before interest, taxes, depreciation and amortization (EBITDA), free cash flow and operating margin, which are discussed below, are non-GAAP (generally accepted accounting principles) earnings measures; however, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these performance measures in analyzing CI's results.

As shown in the following chart, EBITDA was $87.0 million ($0.29 per share) for the quarter, an increase of 7% from $81.4 million ($0.33 per share) in fiscal 2004. Net of the effect of the option expense reversal, EBITDA was $87.4 million ($0.30 per share) for the quarter ended November 30, 2004.

EBITDA CALCULATION

FOR THE THREE MONTHS ENDED NOVEMBER 30

(millions of dollars)	**2004**	2003
Net Income	**41.5**	15.2
Add:		
Interest	**2.2**	1.8
Income taxes	**25.3**	54.9
Amortization	**18.0**	9.5
	45.5	66.2
EBITDA	**87.0**	81.4

As shown in the following chart, free cash flow (operating cash flow less sales commissions and minority interest) for the quarter was $42.4 million, down slightly from $43.8 million in the prior fiscal year. The primary contributors to the decrease in free cash flow were the increase in sales commissions and the cost of compensation to CI's unitholders, offset partially by an increase in profitability during the quarter. Free cash flow was approximately equal to the $44.3 million dividend ($0.15 per share) paid subsequent to the quarter on December 15, 2004.

CASH FLOW CALCULATION

FOR THE THREE MONTHS ENDED NOVEMBER 30

(millions of dollars)	**2004**	2003
Cash flow from operations	**72.6**	68.2
Less:		
Minority interest	**1.2**	1.2
Sales commissions	**29.0**	23.2
	30.2	24.4
Free Cash Flow	**42.4**	43.8

CI's operating margin (management fees less trailer fees, portfolio management expenses and net SG&A expenses as a percentage of average managed retail assets, but excluding the effect of the option expense and cost of compensation to CI's unitholders) on its asset management business is a measure of the contribution from CI's existing assets under management.

However, because it excludes revenue and expense items such as redemption fees, amortization of deferred sales contracts, amortization of fund contracts and distribution fees to limited partnerships, it should not be used as a proxy for calculating profit. It is useful for understanding the relative contribution and costs related to CI's assets under management for the quarter ended November 30, 2004. CI's operating margin was 1.14% for the quarter, up from 1.08% in the prior year. The increase from the prior year was attributable to higher management fees, which increased from 1.87% to 1.93%, offset in part by higher net SG&A expenses, which rose from 0.08% to 0.11%; lower portfolio management expenses, which declined from 0.16% to 0.15%, and lower trailer fees, which fell from 0.55% to 0.53%.

Segmented Reporting

CI has two reportable segments: Asset Management and Asset Administration, which are described in Note 3 to the second quarter financial statements. Segmented reporting was not provided for in the second quarter of the prior fiscal year and, as such, there are no comparable figures.

SEGMENTED HIGHLIGHTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2004

(millions of dollars)	Asset Management	Asset Administration
Management fees	213.3	–
Administration fees	–	50.6
Other revenue	18.2	1.4
Total revenue	**231.5**	**52.0**
Net selling, general and administrative	65.7	10.7
Portfolio management	15.4	–
Investment dealer fees	–	38.3
Trailer fees	63.8	–
Amortization of deferred sales commissions and fund contracts	13.6	0.4
Other expenses	4.2	–
Total expenses	**162.7**	**49.4**
Income before income taxes and non-segmented items (interest and minority interest)	**68.8**	**2.6**

The Asset Management segment had total revenues of $231.5 million, comprised mainly of management fees of $213.3 million. Expenses related to the Asset Management segment totalled $162.7 million, which included net selling, general and administrative expenses of $65.7 million, portfolio management expenses of $15.4 million, trailer fees of $63.8 million ($60.2 million net of intersegment eliminations), amortization of deferred sales commissions and fund contracts of $13.6 million, and other expenses of $4.2 million. As a result, income before taxes and non-segmented items was $68.8 million in the Asset Management business.

The Asset Administration segment had total revenues of $52.0 million, of which $50.6 million were administration fees ($25.9 million net of intersegment eliminations). Total expenses were $49.4 million, which includes net selling, general and administrative expenses of $10.7 million, investment dealer fees of $38.3 million ($18.5 million net of intersegment eliminations), and amortization of deferred sales commissions and fund contracts of $0.4 million. Income before taxes and non-segmented items was $2.6 million for the Asset Administration business and $1.6 million for the Assante and IQON dealerships. Total assets under administration (including assets invested in CI and Assante funds), at November 30, 2004 were $24.4 billion, versus $18.9 billion at the end of the second quarter of fiscal 2004.

Intersegment eliminations reduce income before income taxes and non-segmented items by $1.2 million. Non-segmented items are interest expense ($2.2 million), minority interest ($1.2 million) and provision for income taxes ($25.3 million).

FINANCIAL POSITION

In the second quarter of fiscal 2005, CI financed $29.0 million in sales commissions with cash, up from $23.2 million in the prior year. The increase reflects a higher level of sales on a deferred load basis. CI did not repurchase any shares during the quarter.

CI purchased a net $20.3 million in marketable securities during the quarter, representing portfolio investments of $40.1 million and portfolio sales of $19.8 million. At November 30, 2004, marketable securities which consisted of seed capital investments and other portfolio investments were recorded at $62.8 million and had an unrealized gain of $6.4 million. As these investments may increase or decrease in value, CI's future net income could be affected. A 10% increase or decrease in the market value of these securities relative to their current book value of $62.8 million would affect income before tax by approximately $6.3 million, which equates to an increase or decrease of approximately 9.4% of income before tax, based on the quarter ended November 30, 2004.

CI spent $2.7 million on capital assets in the quarter ended November 30, 2004, primarily on computer hardware and software related to the Assante business.

CI paid total dividends to holders of common shares during the quarter of $44.3 million, based on dividend payments of $0.15 per share.

These payments were made out of cash provided by operating activities of $128.8 million for the quarter.

At November 30, 2004, CI's total debt was $227.9 million, none of which is classified as current, as the facility was renewed in December 2004. The debt is part of CI's $500 million revolving bank loan facility, which is renewed annually in December. At November 30, 2004, there was $272.1 million in available unused borrowing capacity. Total debt, net of marketable securities, was $165.1 million at November 30, 2004, compared with $216.3 million at May 31, 2004.

At November 30, 2004, CI's mutual fund assets had a terminal redemption value of $817 million, unchanged from $817 million at May 31, 2004.

The increase in fund administration contracts ($36.2 million versus $31.9 million at year-end) and increase in goodwill ($951.0 million versus $919.2 million at year-end) are related to the acquisitions of IQON and Synera as described in Note 2 to the second quarter financial statements.

Six months ended November 30, 2004

Revenues

CI's total revenues for the six months ended November 30, 2004, were $522.5 million, compared with $325.7 million in the prior year – an increase of 60%. The increase resulted from the higher level of fee-earning assets produced by market appreciation and net sales, the acquisitions of Synergy, Skylon and Assante in the year ended May 31, 2004, and the acquisition of IQON at the beginning of the current fiscal year. The most significant component of revenues for the six months was management fees, which increased by 49% from $287.8 million in the quarter ended November 30, 2003, to $427.8 million in the second quarter of fiscal 2005.

Administration fees are fees earned predominantly on assets under administration in the Assante and IQON businesses net of fees earned on Assante proprietary funds and CI funds (which are eliminated on consolidation), as well as fees earned from certain labour-sponsored funds and the administration of third-party assets. Administration fees rose from $6.1 million in the prior year to $54.7 million and were primarily attributable to revenues earned by the Assante and IQON dealerships. Administration fee revenue from the dealer business should be considered in conjunction with net investment dealer fee expenses of $38.9 million, which represent payments to Assante and IQON investment advisors on assets under administration under a specified formula or payout and which are described below under "Expenses". Details of revenues and expenses related to the Asset Administration segment before intersegment eliminations for the six months ended November 30, 2004 are on page 18 under "Segmented Reporting".

Redemption fees for the six months increased from $19.9 million in fiscal 2004 to $23.2 million in fiscal 2005, due to the addition of the Synergy and Assante funds and their related redemption fees.

There was a loss on the sale of marketable securities of $0.8 million during the period, compared with a realized gain of $0.3 million in the prior year.

Other income was $17.5 million for the six months ended November 30, 2004, up 51% from the prior year. The increase was primarily from non-administrative fee income earned by Assante of $6.4 million ($1.1 million in the prior year). As well, income from CI's U.S. subsidiary, BPI Global Asset Management LLP, was $10.1 million, up from $8.9 million in the prior year, due to increased institutional assets. Other income also includes minimal performance fees ($0.2 million for the six months ended November 30, 2003) that were earned during the period. Performance fees are generally based on calendar year results for the funds that generate them.

Expenses

Total selling, general and administrative ("SG&A") expenses rose 74% from $87.8 million to $152.6 million, reflecting the significant growth in the overall business, including the asset administration business, and a $53 million accrual of compensation to CI's unitholders.

Expenses incurred in the operation of the retail managed funds – which include the CI and Assante funds and which are recovered from the funds generally as incurred – rose from $48.4 million to $56.1 million. The increase in the cost of fund operations reflected the additional cost of the Synergy, Skylon and Assante assets acquired in fiscal 2004. Due to the achievement of cost synergies on the acquired assets, combined with the benefits of economies of scale created by the market appreciation of the CI funds, the 16% cost increase was significantly below the 43% increase in average retail managed assets for the same period. This resulted in fund operating expenses as a percentage of managed retail assets declining 19% to 25 basis points for the six months ended November 30, 2004, from 31 basis points in the six months ended November 30, 2003.

SG&A expenses, net of expenses recovered from the funds, rose from $39.4 million in fiscal 2004 to $96.5 million in fiscal 2005.

The majority of the increase in overall net SG&A expenses was due to a $53 million accrual for expenses related to compensation to CI's unitholders and SG&A expenses of the acquired Assante and IQON operations. Net SG&A expenses attributable to the Asset Management segment were $76.9 million and $19.6 million was attributable to the Asset Administration segment. Net SG&A expenses, excluding the effect of the option expense and the cost of compensation to CI's unitholders, of the Asset Management segment as a percentage of retail managed assets were 0.11% for the quarter, compared with 0.07% in the prior fiscal year. Net SG&A expenses of the Asset Administration segment as a percentage of total assets under administration were 0.16% for the six months (nil in the prior year).

Portfolio management expenses were $32.3 million for the six months, up 31% from $24.7 million, but below the 43% increase in average assets. As a percentage of retail assets under management, portfolio management expenses declined from 16 basis points in the prior fiscal year to 15 basis points for the six months ended November 30, 2004. This reduction was achieved through cost efficiencies realized by rationalizing investment management activities, efficiencies gained from market appreciation of the managed assets, and changes to existing contracts.

Investment dealer fees are the direct costs attributable to the operation of the Assante and IQON dealerships, including commission payments to financial advisors based on the revenues generated from assets under administration net of fees paid on Assante proprietary funds and CI funds (which are eliminated on consolidation). These fees were $38.9 million for the six months ($2.8 million for the six months ended November 30, 2003).

Trailer fees rose from $84.6 million in fiscal 2004 to $118.1 million in fiscal 2005, an increase of 40%. This increase, which was slightly below the 43% increase in average assets, reflected the trailer fees on the Skylon, Synergy and Assante assets, as well as the market appreciation of CI's funds.

Amortization of deferred sales commissions increased from $15.5 million to $25.0 million. The increase reflects the higher sales commissions paid in the past four quarters ($140.9 million), largely due to the acquisitions in the second quarter of fiscal 2004, versus those of the four quarters ending November 30, 2003 ($91.6 million).

Interest expense increased from $3.4 million in fiscal 2004 to $4.0 million in fiscal 2005 because of the higher levels of debt associated with CI's acquisitions of Skylon, Synergy, Assante and IQON.

Other expenses decreased from $10.0 million in fiscal 2004 to $9.2 million in fiscal 2005. These include expenses related to the management of institutional assets at CI's U.S. subsidiary, BPI Global Asset Management LLP, which increased to $5.2 million from $5.0 million in the prior year. Other expenses also include distribution fees to limited partnerships of $2.3 million, down from $2.9 million in the prior year.

Minority interest for the six months ended November 30, 2004, was $2.5 million, equal to $2.5 million in the prior year. Minority interest reflects the 34% of BPI Global Asset Management owned by the investment managers of that firm.

Income before taxes was $194.5 million for the six months ended November 30, 2004, an increase of 36% from $142.8 million in the prior year.

The income tax provision decreased from $84.1 million in fiscal 2004 to $71.8 million in the current year. The effective tax rate was 36.9% for the six months ended November 30, 2004, compared with 58.9% in the prior fiscal year. The greater effective tax rate in fiscal

2004 was due to higher future income tax rates that arose because of announced increases to Ontario's corporate tax rate.

Net income for the period was $122.7 million ($0.42 per share), compared with net income of $58.7 million ($0.24 per share) in the prior year. This reflected an increase in the overall profitability of CI as a result of market appreciation in the funds, the realization of significant synergies subsequent to the acquisitions in the prior fiscal year and the negative impact in fiscal 2004 of higher tax provisions, offset partly by the accrual for expenses related to unitholder compensation.

As shown in the following chart, EBITDA was $232.4 million ($0.79 per share) for the six months, an increase of 43% from $162.8 million ($0.68 per share) in fiscal 2004.

EBITDA CALCULATION

FOR THE SIX MONTHS ENDED NOVEMBER 30

(millions of dollars)	**2004**	2003
Net Income	**122.7**	58.7
Add:		
Interest	**4.1**	3.4
Income taxes	**71.8**	84.1
Amortization	**33.8**	16.6
	109.7	104.1
EBITDA	**232.4**	162.8

As shown in the following chart, free cash flow (operating cash flow less sales commissions and minority interest) for the six months was $116.1 million, up from $87.3 million in the prior fiscal year. The primary contributor to the increase in free cash flow was the increase in profitability, offset partly by an increase in sales commissions paid during the quarter.

CASH FLOW CALCULATION

FOR THE SIX MONTHS ENDED NOVEMBER 30

(millions of dollars)	**2004**	2003
Cash flow from operations	**177.1**	133.3
Less:		
Minority interest	**2.5**	2.5
Sales commissions	**58.5**	43.5
	61.0	46.0
Free Cash Flow	**116.1**	87.3

Segmented Reporting

CI has two reportable segments: Asset Management and Asset Administration, which are described in Note 3 to the second quarter financial statements. CI did not provide segmented reporting in the first six months of the prior fiscal year and, as such, no comparable figures are provided.

The Asset Management segment had total revenues of $465.0 million, comprised mainly of management fees of $427.8 million. Expenses related to the Asset

SEGMENTED HIGHLIGHTS

FOR THE SIX MONTHS ENDED NOVEMBER 30, 2004

(millions of dollars)	Asset Management	Asset Administration
Management fees	427.8	–
Administration fees	–	103.1
Other revenue	37.2	2.7
Total revenue	**465.0**	**105.8**
Net selling, general and administrative	76.9	19.6
Portfolio management	32.3	–
Investment dealer fees	–	77.6
Trailer fees	125.1	–
Amortization of deferred sales commissions and fund contracts	26.1	0.8
Other expenses	9.0	0.1
Total expenses	**269.4**	**98.1**
Income before income taxes and non-segmented items (interest and minority interest)	**195.6**	**7.7**

Management segment totalled $269.4 million, which included net selling, general and administrative expenses of $76.9 million, portfolio management expenses of $32.3 million, trailer fees of $125.1 million, amortization of deferred sales commissions and fund contracts of $26.1 million and other expenses of $9.0 million. Income before taxes and non-segmented items was $195.6 million in the Asset Management business.

The Asset Administration segment had total revenues of $105.8 million, of which $103.1 million ($54.7 million net of intersegment eliminations) were from administration fees. Total expenses were $98.1 million, which includes net selling, general and administrative expenses of $19.6 million, investment dealer fees of $77.6 million ($38.9 million net of intersegment eliminations) and amortization of deferred sales commissions and fund contracts of $0.8 million. Income before taxes and non-segmented items was $7.7 million for the Asset Administration business and $5.6 million for the Assante and IQON dealerships.

Intersegment eliminations reduce income before income taxes and non-segmented items by $2.3 million.

Non-segmented items are interest expense ($4.0 million), minority interest ($2.5 million) and provision for income taxes ($71.8 million).

Unitholder Compensation

On December 16, 2004, CI announced that its subsidiary, CI Mutual Funds Inc., had agreed with the Ontario Securities Commission ("OSC") to pay investors in certain mutual funds $49.3 million as compensation for frequent trading market timing activities by a small number of other investors in the funds. As part of the review by the OSC, no evidence was found of any ongoing frequent trading market timing in CI's funds, nor was there any evidence of market timing by any insiders at CI and no evidence of late trading in CI's funds. CI accrued this expense plus interest and related costs in the quarter ended November 30, 2004 and expects the payment to be made by mid-2005.

OUTLOOK

Since November 30, 2004, markets have continued to improve, extending the gains made in the second quarter. As a result, CI's retail managed assets at December 31, 2004 were $47.0 billion, up 3.1% from $45.6 billion at November 30, 2004 and 5.9% above the $44.4 billion of average retail managed assets for the second quarter.

CI reported net sales of $81 million for December 2004, including CI and Assante funds. This represents an increase from $67 million in net sales in November 2004 and $5 million in net sales in December 2003.

On November 23, 2004, CI announced that it was changing its dividend policy to pay dividends monthly starting in January 2005. The initial monthly dividend would be $0.05 per share payable on January 15, 2005 to shareholders of record on January 1, 2005. This follows the dividend of $0.15 per share paid on December 15, 2004.

The Board of Directors declared a monthly dividend of $0.05 per common share payable on each of February 15, 2005, March 15, 2005 and April 15, 2005 to shareholders of record on February 1, March 1 and April 1, 2005, respectively.

WILLIAM T. HOLLAND

President and Chief Executive Officer

CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

FOR THE THREE MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars, except per share amounts)	**2004**	2003
REVENUE		
Management fees	**213,268**	151,816
Administration fees	**25,899**	4,900
Redemption fees	**11,898**	10,157
Gain (loss) on sale of marketable securities	**(721)**	–
Other income	**8,446**	6,477
	258,790	173,350
EXPENSES		
Selling, general and administrative *[note 6]*	**103,348**	50,794
Less: expenses recovered from funds	**26,978**	24,769
Net selling, general and administrative	**76,370**	26,025
Portfolio management	**15,380**	13,021
Investment dealer fees	**18,531**	2,815
Trailer fees	**60,235**	45,260
Amortization of deferred sales commissions and fund contracts	**13,733**	8,752
Interest	**2,240**	1,816
Other	**4,283**	4,414
	190,772	102,103
Minority interest	**1,236**	1,146
Income before income taxes	**66,782**	70,101
Provision for income taxes		
Current	**16,474**	25,043
Future	**8,844**	29,868
	25,318	54,911
Net income for the period	**41,464**	15,190
Deficit, beginning of period	**(162,748)**	(289,074)
Dividends declared	**(44,281)**	(23,450)
Deficit, end of period	**(165,565)**	(297,334)
Earnings per share *[note 4(c)]*	**0.14**	0.06

(see accompanying notes)

CONSOLIDATED STATEMENTS OF INCOME AND DEFICIT

FOR THE SIX MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars, except per share amounts)	**2004**	2003
REVENUE		
Management fees	**427,772**	287,848
Administration fees	**54,729**	6,106
Redemption fees	**23,209**	19,892
Gain (loss) on sale of marketable securities	**(793)**	259
Other income	**17,549**	11,576
	522,466	325,681
EXPENSES		
Selling, general and administrative *[note 6]*	**152,597**	87,798
Less: expenses recovered from funds	**56,120**	48,425
Net selling, general and administrative	**96,477**	39,373
Portfolio management	**32,279**	24,697
Investment dealer fees	**38,860**	2,815
Trailer fees	**118,137**	84,594
Amortization of deferred sales commissions and fund contracts	**26,490**	15,477
Interest	**4,041**	3,443
Other	**9,182**	10,016
	325,466	180,415
Minority interest	**2,466**	2,490
Income before income taxes	**194,534**	142,776
Provision for income taxes		
Current	**53,410**	50,000
Future	**18,394**	34,110
	71,804	84,110
Net income for the period	**122,730**	58,666
Deficit, beginning of period	**(207,114)**	(305,932)
Cost of shares repurchased in excess of stated value	**–**	(7,776)
Dividends declared	**(81,181)**	(42,292)
Deficit, end of period	**(165,565)**	(297,334)
Earnings per share *[note 4(c)]*	**0.42**	0.24

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars)	**2004**	2003
OPERATING ACTIVITIES		
Net income for the period	**41,464**	15,190
Add (deduct) items not involving cash		
Loss on sale of marketable securities	**721**	–
Amortization of deferred sales commissions and fund contracts	**13,733**	8,752
Amortization of other	**4,292**	721
Stock-based compensation	**2,301**	12,505
Minority interest	**1,236**	1,146
Future income taxes	**8,844**	29,868
	72,591	68,182
Net change in non-cash working capital balances related to operations	**56,249**	14,756
Cash provided by operating activities	**128,840**	82,938
INVESTING ACTIVITIES		
Additions to capital assets	**(2,694)**	(936)
Purchase of marketable securities	**(40,125)**	(15)
Proceeds on sale of marketable securities	**19,835**	1
Sales commissions	**(28,958)**	(23,189)
Cash paid on acquisitions, including transaction costs, net of cash acquired *[note 2]*	**–**	(411,937)
Cash used in investing activities	**(51,942)**	(436,076)
FINANCING ACTIVITIES		
Long-term debt	**(27,816)**	137,448
Issuance of share capital	**30**	266,345
Distributions to minority interest	**(1,090)**	(1,174)
Dividends paid to shareholders	**(44,281)**	(23,450)
Cash provided by (used in) financing activities	**(73,157)**	379,169
Net increase in cash during the period	**3,741**	26,031
Cash, beginning of period	**27,130**	1,476
Cash, end of period	**30,871**	27,507

SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	**1,999**	1,469
Income taxes paid	**14,217**	20,575

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE SIX MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars)	**2004**	2003
OPERATING ACTIVITIES		
Net income for the period	**122,730**	58,666
Add (deduct) items not involving cash		
Loss (gain) on sale of marketable securities	**793**	(259)
Amortization of deferred sales commissions and fund contracts	**26,490**	15,477
Amortization of other	**7,296**	1,089
Stock-based compensation	**(1,108)**	21,732
Minority interest	**2,466**	2,490
Future income taxes	**18,394**	34,110
	177,061	133,305
Net change in non-cash working capital balances related to operations	**62,028**	22,845
Cash provided by operating activities	**239,089**	156,150
INVESTING ACTIVITIES		
Additions to capital assets	**(4,631)**	(1,174)
Purchase of marketable securities	**(52,023)**	(24,917)
Proceeds on sale of marketable securities	**19,863**	5,715
Sales commissions	**(58,467)**	(43,472)
Cash paid on acquisitions, including transaction costs, net of cash acquired *[note 2]*	**(37,259)**	(411,937)
Cash used in investing activities	**(132,517)**	(475,785)
FINANCING ACTIVITIES		
Long-term debt	**(17,241)**	135,448
Repurchase of share capital	**–**	(11,880)
Issuance of share capital	**60**	266,381
Distributions to minority interest	**(2,456)**	(2,288)
Dividends paid to shareholders	**(81,181)**	(42,292)
Cash provided by (used in) financing activities	**(100,818)**	345,369
Net increase in cash during the period	**5,754**	25,734
Cash, beginning of period	**25,117**	1,773
Cash, end of period	**30,871**	27,507
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	**4,404**	3,041
Income taxes paid	**22,138**	44,804

(see accompanying notes)

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(thousands of dollars)	**As at November 30, 2004**	As at May 31, 2004
ASSETS		
Current		
Cash	**30,871**	25,117
Client and trust funds on deposit	**97,245**	89,966
Marketable securities	**62,831**	28,829
Accounts receivable and prepaid expenses	**97,967**	96,438
Income taxes recoverable	**1,045**	6,881
Future income taxes *[note 6]*	**30,229**	27,865
Total current assets	**320,188**	275,096
Capital assets	**23,904**	26,085
Deferred sales commissions, net of accumulated amortization of $290,754 (May 31, 2004 - $266,265)	**287,309**	253,867
Fund contracts	**1,014,280**	1,010,682
Goodwill	**951,026**	919,203
Other assets	**8,654**	8,829
	2,605,361	2,493,762
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities *[note 6]*	**166,083**	116,068
Client and trust funds payable	**97,245**	89,966
Income taxes payable	**21,396**	11,396
Stock-based compensation	**45,019**	46,127
Deferred revenue	**4,131**	4,272
Current portion of long-term debt	**–**	25,538
Total current liabilities	**333,874**	293,367
Deferred lease inducements	**2,462**	2,712
Long-term debt	**227,924**	219,627
Future income taxes	**464,475**	442,765
Total liabilities	**1,028,735**	958,471
Minority interest	**1,148**	1,422
Shareholders' equity		
Share capital *[note 4]*	**1,741,043**	1,740,983
Deficit	**(165,565)**	(207,114)
Total shareholders' equity	**1,575,478**	1,533,869
	2,605,361	2,493,762

(see accompanying notes)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2004 AND 2003 (UNAUDITED)

1. ACCOUNTING POLICIES

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except that certain disclosures required for annual financial statements have not been included. Accordingly, the unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended May 31, 2004. The unaudited interim financial statements have been prepared on a basis consistent with the accounting policies set out in the audited annual consolidated financial statements.

2. BUSINESS ACQUISITIONS

On June 3, 2004, CI completed its acquisition of all of the outstanding shares of IQON Financial Management Inc. and Synera Financial Services Inc., from Sun Life Assurance Company of Canada, a related party, which have networks of financial and insurance advisors. As consideration, CI paid $38.5 million in cash.

The above acquisitions were accounted for using the purchase method and the results of operations have been consolidated from the date of acquisition.

Details of the net assets acquired, at fair value, are as follows:

	($ thousands)
Cash	1,241
Trust funds on deposit	92
Accounts receivable and prepaid expenses	1,996
Capital assets	717
Marketable securities	1,053
Fund administration contracts	5,100
Other assets	335
Accounts payable and accrued liabilities	(2,175)
Trust funds payable	(92)
Future income taxes	(954)
Other liabilities	(636)
Goodwill on acquisition	31,823
	38,500

The goodwill on acquisitions is not deductible for income tax purposes and is included in the Asset Administration segment.

3. SEGMENTED INFORMATION

CI has two reportable segments: Asset Management and Asset Administration. These segments reflect CI's internal financial reporting and performance measurement. CI has realigned its internal financial reporting with the result that the former segment called Other is now combined with the Asset Management segment.

The Asset Management segment includes the operating results and net assets of CI Mutual Funds Inc. and Assante Asset Management Ltd., 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 net assets of Assante Advisory Services Ltd. and most of its subsidiaries including Assante Capital Management Ltd., Assante Financial Management Ltd. and IQON Financial Management Inc. These companies derive their revenues principally from commissions and fees earned on the sale of mutual and segregated funds and other financial products and ongoing service to clients.

Reportable segments did not exist in the second quarter of the prior fiscal year and, as such, no comparative figures are provided.

($ thousands)

For the three months ended November 30, 2004	**Asset Management**	**Asset Administration**	**Intersegment Eliminations**	**Total**
Management fees	213,268	–	–	213,268
Administration fees	–	50,637	(24,738)	25,899
Other revenue	18,229	1,394	–	19,623
Total revenue	231,497	52,031	(24,738)	258,790
Net selling, general and administrative	65,708	10,662	–	76,370
Portfolio management	15,380	–	–	15,380
Investment dealer fees	–	38,321	(19,790)	18,531
Trailer fees	63,786	–	(3,551)	60,235
Amortization of deferred sales commissions and fund contracts	13,588	376	(231)	13,733
Other expenses	4,212	71	–	4,283
Total expenses	162,674	49,430	(23,572)	188,532
Income before income taxes and non–segmented items	68,823	2,601	(1,166)	70,258
Interest expense				2,240
Minority interest				1,236
Provision for income taxes				25,318
Net income				41,464

($ thousands)

For the six months ended November 30, 2004	**Asset Management**	**Asset Administration**	**Intersegment Eliminations**	**Total**
Management fees	427,772	–	–	427,772
Administration fees	–	103,144	(48,415)	54,729
Other revenue	37,273	2,692	–	39,965
Total revenue	465,045	105,836	(48,415)	522,466
Net selling, general and administrative	76,850	19,627	–	96,477
Portfolio management	32,279	–	–	32,279
Investment dealer fees	–	77,592	(38,732)	38,860
Trailer fees	125,127	–	(6,990)	118,137
Amortization of deferred sales commissions and fund contracts	26,146	752	(408)	26,490
Other expenses	9,039	143	–	9,182
Total expenses	269,441	98,114	(46,130)	321,425
Income before income taxes and non-segmented items	195,604	7,722	(2,285)	201,041
Interest expense				4,041
Minority interest				2,466
Provision for income taxes				71,804
Net income				122,730
Identifiable assets	1,471,376	188,733	(5,774)	1,654,335
Goodwill	815,303	135,723	–	951,026
Total assets	2,302,685	324,456	(5,519)	2,605,361

4. SHARE CAPITAL

a) a summary of the changes to CI's share capital is as follows:

	Common Shares (thousands)	Amount ($ thousands)
May 31, 2004	295,199	1,740,983
Share issuance	2	30
August 31, 2004	295,201	1,741,013
Share issuance	2	30
November 30, 2004	295,203	1,741,043

b) a summary of changes in the incentive stock option plan is as follows:

	Number of Options (thousands)	Weighted average exercise price ($)
May 31, 2004	9,686	10.81
Options granted	15	15.86
Options exercised	(329)	5.64
Options cancelled	(30)	15.01
August 31, 2004	9,342	10.98
Options granted	15	15.67
Options exercised	(12)	5.55
Options cancelled	(27)	13.56
November 30, 2004	9,318	10.99

Options outstanding and exercisable as at November 30, 2004 are as follows:

Exercise price ($)	Number of options outstanding (thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (thousands)
4.00	15	0.1	15
4.15	20	0.1	20
4.51	771	0.8	771
4.73	773	0.9	773
4.78	175	0.4	175
10.51	1,780	3.4	572
11.00	1,064	1.3	784
11.27	1,214	2.3	599
12.01	1,246	2.5	814
15.59	2,230	4.4	–
15.67	15	4.9	–
15.86	15	4.6	–
4.00 to 15.86	9,318	2.6	4,523

c) The weighted average number of shares outstanding for the three month period ended November 30 were:

(thousands)	2004	2003
Basic and diluted	**295,203**	247,078

The weighted average number of shares outstanding for the six month period ended November 30 were:

(thousands)	2004	2003
Basic and diluted	**295,202**	240,835

d) The following table presents the maximum number of shares that would be outstanding if all of the outstanding options as at December 31, 2004 were exercised:

	(thousands)
Common shares outstanding at December 31, 2004	295,210
Options to purchase common shares	7,402
	302,612

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30, 2004 AND 2003 (UNAUDITED)

5. COMPARATIVE FIGURES

Certain figures for fiscal 2004 have been reclassified to conform with the financial presentation in the current year.

6. CONTINGENCIES AND COMMITMENTS

On December 10, 2004, CI Mutual Funds Inc. ("CIMF") reached a settlement with the Ontario Securities Commission relating to concerns raised with respect to certain trading by a small number of institutional investors in certain of CIMF's mutual funds. Under the settlement agreement, CIMF agreed to make a payment of $49.3 million, plus interest at the rate of 5% per annum from the date of settlement, to investors in its mutual funds that were affected by this trading. This payment is secured by a letter of credit. CI recorded a $33.9 million after-tax charge to income in the second quarter to reflect the settlement and related costs.

On January 11, 2005, the Board of Directors declared a cash dividend of $0.05 per share payable on each of February 15, March 15 and April 15, 2005 to shareholders of record on February 1, March 1 and April 1, 2005 respectively.

This Second Quarter Report contains forward-looking statements with respect to CI and its products and services, 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 actual results to differ materially from expectations 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.

CI FUND MANAGEMENT INC.