NOVEMBER 30, 2005

CI Financial

Financial Highlights

NOVEMBER 30

(thousands, except per share amounts)	2005	2004	% change
AS AT NOVEMBER 30			
Fee-earning assets	70,457,532	66,373,994	6
Assets under management	53,136,867	45,578,033	17
Redemption value of assets under management	785,000	817,000	(4)
Common shares outstanding	286,178	295,203	(3)
FOR THE SIX MONTH PERIOD			
Average assets under management	51,506,484	44,213,060	16
Gross sales of managed funds	5,108,663	3,365,604	52
Redemptions of managed funds	3,764,316	2,962,133	27
Net sales of managed funds	1,344,347	403,471	233
Net income	166,660	122,730	36
Earnings per share	0.58	0.42	38
EBITDA*	301,547	232,360	30
EBITDA* per share	1.05	0.79	33
Dividends per share	0.34	0.275	24
Average common shares outstanding	286,180	295,202	(3)
FOR THE THREE MONTH PERIOD			
Average assets under management	52,150,699	44,430,865	17
Gross sales of managed funds	2,455,388	1,912,059	28
Redemptions of managed funds	1,990,111	1,614,210	23
Net sales of managed funds	465,277	297,849	56
Net income	75,703	41,464	83
Earnings per share	0.26	0.14	86
EBITDA*	141,981	87,047	63
EBITDA* per share	0.50	0.29	72
Dividends per share	0.18	0.15	20
Average common shares outstanding	286,178	295,203	(3)

**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 page 6.*

WILLIAM T. HOLLAND
Chief Executive Officer

STEPHEN A. MACPHAIL
President and
Chief Operating Officer

Dear Shareholders,

MARKET REVIEW

The second quarter of fiscal 2006 provided a positive environment for our business, as Canadian and global equity markets continued to make gains. The S&P/TSX Composite Index rose 1.9% over the three months and 22.1% over the year ending November 30, 2005. This resulted in significant appreciation for our assets under management, given that the majority of our funds are Canadian based. In addition, during the quarter, the S&P 500 Index rose 1.4%, the Dow Jones Industrial Average rose 2.2%, the Nasdaq Composite Index rose 2.5% and the MSCI World Index rose 2.0% (all in Canadian dollars). However, the Canadian dollar gained 1.9% against the U.S. dollar during the quarter, which reduced returns on foreign investments for Canadian investors.

Industry net sales of mutual funds as reported by the Investment Funds Institute of Canada (IFIC) were positive, with $5.1 billion in net sales for the quarter ended November 30, 2005. This compared with industry net redemptions of $0.4 billion for the quarter ended November 30, 2004. Industry sales continued to be dominated by Canadian income and equity funds, as these categories have provided excellent returns over the past few years.

CI has a diverse and comprehensive lineup of funds and is well represented in the Canadian equity and income categories with a number of strong-performing funds. We have benefited from investors' focus on these sectors, and the IFIC reports can be seen as a useful indicator of trends affecting CI's business.

OPERATING REVIEW

We are pleased to report that CI posted solid results for the second quarter, as average assets grew 17% over the second quarter of the previous year and 3% over the last quarter. Even as assets increased, selling, general and administrative (SG&A) costs were reduced by $3.5 million from the same quarter of the previous year – before the inclusion of stock-based compensation expenses, which were $17.9 million in the second quarter of fiscal 2006 and

$0.4 million in the prior year, and a $53 million provision for compensation to unitholders of certain CI funds that was recorded in fiscal 2005.

CI's net income for the quarter was $75.7 million, or $0.26 per share. Compared with the second quarter of fiscal 2005, earnings were up 82% from $41.5 million and 86% from $0.14 per share. Excluding the stock-based compensation mentioned above, net income was $87.2 million ($0.30 per share), up from an adjusted $75.6 million ($0.26 per share) for the same period of the prior year.

Our assets under management at November 30, 2005 were $53.1 billion – an increase of $7.6 billion from a year earlier. Average assets under management were $52.151 billion for the second quarter of fiscal 2006, up 17% from $44.431 billion in the prior year. Of this increase, net sales accounted for $2.7 billion and market performance accounted for $5.0 billion.

We have continued to post strong growth in year-over-year sales. CI had gross sales of $2.5 billion and net sales of $465 million during the quarter, compared with $1.9 billion in gross sales and $298 million in net sales in the second quarter of the prior year.

CI paid $0.18 per share in dividends during the quarter at the monthly rate of $0.06 per share, a 20% increase over last year's level.

During the quarter, we intensified our efforts on behalf of unitholders to have the GST removed from the management of mutual and segregated funds. In an open letter to the leaders of Canada's political parties, we urged them to "stop GST on savings." This letter, which was published in December in full-page advertisements in the *National Post* and in *The Globe and Mail*, was timed to coincide with the federal election campaign. The application of the GST to mutual and segregated funds is discriminatory because the majority of other financial services are exempt. We estimate that unitholders in CI's funds pay approximately $75 million a year in GST. Although this issue does not directly affect CI, we believe we have a duty to speak out on behalf of our funds' investors.

OUTLOOK

Continued strength in the S&P/TSX Composite Index since November 30, 2005 has helped push CI's managed assets to $54.3 billion at December 31, 2005 from $53.1 billion at quarter-end, an increase of 2.3%. This is 4.1% above the average level of assets under management for the second quarter of fiscal 2006. CI also reported net sales of $65 million for December 2005.

The Board of Directors declared monthly dividends of $0.06 per share payable on February 15, March 15, and April 14, 2006 to shareholders of record on February 1, March 1, and April 1, 2006, respectively.

WILLIAM T. HOLLAND
Chief Executive Officer

STEPHEN A. MACPHAIL
President and Chief Operating Officer

MD&A

Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") presents commentary on CI Financial Inc. and its subsidiaries ("CI") as at and for the three and six months ended November 30, 2005 and is as of January 4, 2006. Financial information, except where noted otherwise, is presented in accordance with Canadian generally accepted accounting principles ("GAAP") and amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") (formerly CI Mutual Funds Inc.), Skylon Advisors Inc. ("Skylon"), United Financial Corporation ("United") (formerly Assante Asset Management Ltd.), Assante Advisory Services Ltd. ("AAS") and IQON Financial Management Inc. ("IQON"). The Asset Management segment of the business includes CI Investments, Skylon and United, while the Asset Administration segment consists of AAS and its subsidiaries, other than United, and IQON.

The MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. These statements involve risks and uncertainties, are based on assumptions and estimates, and therefore actual results may differ materially from those expressed or implied by CI. Factors that may cause such differences include, but are not limited to, general economic and market conditions including interest and foreign exchange rates, global financial markets, legislative and regulatory changes, industry competition, technological developments and catastrophic events. The reader is cautioned against undue reliance on these forward-looking statements.

This MD&A should be read in conjunction with the 2005 CI Financial Inc. Annual Report, which is available on SEDAR at www.sedar.com.

OVERALL PERFORMANCE

CI reported net income for the quarter ended November 30, 2005 of $75.7 million, an increase of 82% over the $41.5 million for the quarter ended November 30, 2004. On a per share basis, CI earned $0.26, up 86% from $0.14 in the prior year.

The results for the second quarter included stock-based compensation expenses that reduced earnings by $17.9 million ($11.5 million after tax) this year and by $0.4 million ($0.2 million after tax) in the prior year. As well, the second quarter of fiscal 2005 was impacted by a $53 million ($33.9 million after tax) provision for compensation to unitholders of certain CI funds. Net income before the above-noted items was $87.2 million ($0.30 per share) in the second quarter of fiscal 2006, versus $75.6 million ($0.26 per share) in the prior year, an increase of 15%.

For the six months ended November 30, 2005, CI earned $166.7 million or $0.58 per share. This is up 36% from the $122.7 million or $0.42 per share earned in the same period in the prior year.

EBITDA, operating profit margin and free cash flow, as defined below, are non-GAAP earnings measures that do not have any standardized meaning prescribed by GAAP. They are therefore unlikely to be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other

Reconciliation of EBITDA to Net Income

	Three months ended November 30		Six months ended November 30	
(millions, except per share amounts)	2005	2004	2005	2004
Net income	$75.7	$41.5	$166.7	$122.7
Add:				
Interest expense	3.0	2.2	6.2	4.1
Income tax expense	42.3	25.3	88.3	71.8
Amortization of DSC and fund contracts	19.6	13.7	37.7	26.5
Amortization of other	1.4	4.3	2.6	7.3
EBITDA	$142.0	$87.0	$301.5	$232.4
per share	$0.50	$0.29	$1.05	$0.79

stakeholders and investment analysts prefer to include the use of these performance measures in analyzing CI's results.

For the quarter ended November 30, 2005, earnings before interest, taxes, depreciation and amortization (EBITDA) totalled $142.0 million or $0.50 per share, as set out in the table above, which reconciles EBITDA to net income. This compares with $87.0 million or $0.29 per share in the same period a year earlier. EBITDA adjusted to eliminate the effect of the option expense in the second quarter of fiscal 2006 was $159.9 million or $0.56 per share, compared with $140.4 million or $0.48 per share in fiscal 2005, adjusted for option expenses and the provision for unitholder compensation.

In the six-month period ended November 30, 2005, EBITDA was $301.5 million, up 30% from $232.4 million in the same period of the prior year.

Income before income taxes was $118.0 million for the second quarter of this year, an increase of 77% from $66.8 million for the same quarter of the prior year. The income tax provision increased from $25.3 million to $42.3 million this year, of which $35.1 million was represented by current taxes and $7.2 million by future taxes. The provision for income taxes for the quarter ended November 30, 2005 results in an effective tax rate of 35.9%, versus 37.9% in the prior year. CI's statutory rate is currently 36.1%.

Fee-Earning Assets and Sales

Total fee-earning assets, which include mutual and segregated funds, Assante funds, managed labour-sponsored funds and structured products (collectively, managed retail assets), administered/other funds and Assante assets under administration (net of Assante funds) at November 30, 2005, were $70.5 billion, up 6% from $66.4 billion at November 30, 2004. CI's assets as reported by the Investment Funds Institute of Canada ("IFIC") were $50.0 billion at November 30, 2005.

Assets Under Management

(billions)	
Assets at August 31, 2005	$52.1
Gross Sales	2.5
Redemptions	2.0
Net Sales	0.5
Market Performance	0.5
Assets at November 30, 2005	$53.1

This figure is $3.1 billion below CI's actual $53.1 billion in assets under management because IFIC uses a narrow definition of assets under management that does not include the $1.7 billion in segregated funds, hedge funds, and pooled funds, $0.2 billion in managed labour-sponsored funds and $1.2 billion in structured products. As such, CI's assets as reported by IFIC should not be used when determining overall assets under management, product sales or conducting financial analysis of CI.

Average assets under management were $52.151 billion in the second quarter of fiscal 2006, an increase of 17% from $44.431 billion in the second quarter of fiscal 2005. 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. The increase in CI's average assets was the result of positive equity market performance and strong sales of CI's funds.

Gross sales of CI's managed funds were $2.5 billion for the quarter ended November 30, 2005, compared with $1.9 billion for the same period in 2004. Net sales (gross sales less redemptions) were $465 million for the quarter ended November 30, 2005, compared with $298 million for the same period in the prior year. For the six months ended November 30, 2005, gross sales were $5.1 billion and net sales were $1.3 billion, while last year gross and net sales were $3.4 billion and $0.4 billion, respectively.

The significant increase in CI's net sales over the previous year is due primarily to stronger sales at CI Investments, as net sales from United

Fee-Earning Asset Profile

AS AT DECEMBER 31

(billions)	2005	2004	% change
Mutual/segregated funds	$44.2	$37.3	18
Assante funds	9.1	8.3	10
Managed labour-sponsored funds	–	0.2	(100)
Structured products	1.0	1.2	(17)
Total assets under management	54.3	47.0	16
Administered/other assets	1.9	5.2	(63)
Assante/IQON assets under administration (net of Assante funds)	15.5	15.6	(1)
Total fee-earning assets	$71.7	$67.8	6

declined slightly year over year. Strong fund performance and the benefits of expanded distribution contributed to the increase in sales of CI funds.

At December 31, 2005, fee-earning assets totalled $71.7 billion, as shown in the chart above, represented by $44.2 billion in mutual and segregated funds, $9.1 billion in managed assets at Assante, $1.0 billion in structured products, $1.9 billion in administered/other assets such as labour-sponsored funds, and $15.5 billion in Assante and IQON assets under administration (net of Assante-managed assets described above).

LIQUIDITY AND CAPITAL RESOURCES

In the second quarter of this year, CI financed $38.8 million in sales commissions with its own cash resources, up from $29.0 million for the second quarter of the prior year. The increase resulted from CI financing the commission on an additional $0.2 billion in gross sales of back-end load units this year. The remaining $0.3 billion in increased gross sales over the prior year were sold on a front-end commission basis.

In the quarter, CI paid $51.5 million in dividends to holders of CI common shares, equivalent to $0.18 per share. The dividend was maintained at $0.06 per share per month during the quarter.

Capital expenditures incurred during the quarter ended November 30, 2005 of $11.4 million were primarily for leasehold improvements and office equipment, as well as computer hardware and software. The increase in the quarter was a result of completed renovations to leased space.

CI paid down its credit facility by $0.6 million during the quarter. At November 30, 2005, CI had drawn $348.3 million bearing an average rate of 3.25%, compared with $390.9 million drawn at an average rate of 2.90% at the end of May 2005 and $227.9 million at November 30, 2004. Net of marketable securities, debt was $334.1 million on November 30, versus $313.8 million on May 31. Interest expense for the quarter was $3.0 million this year, up from $2.2 million for the same period in the prior year, reflecting higher average debt levels, but still significantly below the level of operating cash flow.

As well, CI had net purchases of marketable securities in the amount of $5.9 million in the quarter that resulted in total marketable securities increasing from $8.3 million at August 31, 2005 to $14.2 million at November 30, 2005. Marketable securities are comprised of seed capital investments and other portfolio investments.

Cash on hand and cash provided by operating activities in the second quarter totalling $96.2 million met the above funding requirements.

For the six months ended November 30, 2005, operating cash flow of $163.6 million and net proceeds from the sale of marketable securities of $75.7 were used to fund sales commissions of $75.5 million, dividends of $97.4 million, capital asset additions of $15.9 million, share repurchases of $8.1 million and to pay down long-term debt by $42.6 million.

Free cash flow (cash flow from operations before net change in working capital less sales commissions for the period) was $79.6 million in the quarter, up significantly from $42.4 million in the second quarter of fiscal 2005, due to the lower net income in the prior year, as discussed above. This level of free cash flow exceeded the dividends paid during the quarter by $28.1 million. In the six-month period to November 30, 2005, free cash flow was $147.2 million, versus $116.1 million in the prior year. Based on this, CI currently has sufficient cash flow to meet anticipated capital expenditures, deferred sales commissions and dividends.

Contractual Obligations

The payments due by period, as set out in the May 31, 2005 MD&A, have been reduced in total by the $42.6 million reduction in long-term debt over the six months to November 30, 2005, as described above.

OFF-BALANCE SHEET ARRANGEMENTS

There have been no new off-balance sheet arrangements since May 31, 2005.

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions from those reported at May 31, 2005.

CRITICAL ACCOUNTING ESTIMATES

There were no changes to the critical accounting estimates from those reported at May 31, 2005.

CHANGE IN ACCOUNTING POLICIES

There were no new significant accounting policies adopted since May 31, 2005.

FINANCIAL INSTRUMENTS

The fair value of certain financial instruments approximates carrying value. This is the case for cash, accounts receivable and prepaid expenses, accounts payable and long-term debt. Marketable securities have a fair value based on quoted market prices for portfolio investments and seed capital.

CI has entered into a total return share swap transaction agreement with a Canadian chartered bank as a hedge against CI's exposure to fluctuations in the price of its common shares as it records its stock-based compensation liability. The swap is accounted for as an effective hedge and is netted against the stocked-based compensation liability. The carrying value matches its fair value.

At November 30, 2005, 2,171,400 common shares were subject to the swap at an average price of $16.88, resulting in a reduction to CI's stock-based compensation liability of $15.7 million, based on a $24.10 share price.

The table below sets out the relative carrying and fair values for each financial instrument other than the stock based compensation liability and the total return share swap.

Financial Instruments

	As at November 30, 2005		As at May 31, 2005	
(millions)	Carrying Value	Fair Value	Carrying Value	Fair Value
Cash	$28.2	$28.2	$28.3	$28.3
Marketable securities	14.2	14.2	77.2	79.1
Accounts receivable and prepaid expenses	95.1	95.1	94.2	94.2
	$137.5	$137.5	$199.7	$201.6
Accounts payable	$138.7	$138.7	$165.8	$165.8
Long-term debt	348.3	348.3	390.9	390.9
	$487.0	$487.0	$556.7	$556.7
Off Balance Sheet Arrangements	$ Nil	$ Nil	$ Nil	($0.1)

ASSET MANAGEMENT SEGMENT

Financial Review

For the second quarter, the Asset Management segment had income before income taxes of $117.9 million, an increase of $50.3 million from $67.6 million in the prior year. In the six month period ended November 30, 2005, this segment had income before income taxes of $257.2 million compared with $193.1 million in the same period in the prior year. The largest component of the year-over-year increase was the unitholder compensation discussed above which was charged to income in the second quarter of fiscal 2005. Operating income also improved and is detailed below.

Revenues

Revenues from management fees were $267.6 million for the quarter ended November 30, 2005, up 11% from $240.2 million for the same period in the prior year. The increase was mainly attributable to higher average assets under management in fiscal 2006, which were up 17% over the prior year. As a percentage of average assets under management, management fees were 2.06% for the second quarter of fiscal 2006, down from 2.17% in fiscal 2005.

In the six months ended November 30, 2005, management fee revenue was $537.6 million, an increase of 11% from the $483.9 million recorded in the prior year. Average assets under management for the period were up 16% over last year. Management fees averaged 2.08% for the period, versus 2.18% in the prior year.

Management fees were reduced on several fund families in the first half of fiscal 2006 and administration fees on the funds were fixed at lower levels. As well, there was a continuing trend towards a higher proportion of CI's assets being Class I and Class F funds, which have lower management fees. At November 30, 2005, there were $411 million and $3.9 billion in Class F and Class I funds, respectively, compared with $307 million and $2.1 billion on November 30, 2004. These factors resulted in a lower average management fee rate.

Other revenue was $15.6 million for the second quarter, down 14% from $18.2 million in fiscal 2005. The largest component of other revenue was redemption fees. Redemption fees decreased from $11.9 million to $10.8 million as a result of a decreased level of assets that are subject to redemption fees, and the aging of assets, which results in lower applicable redemption fees.

For the six-month period ended November 30, 2005, other revenue rose to $45.5 million from $37.3 million in the prior year, mainly because of the gain on the sale of marketable securities reported in the first quarter.

Expenses

Selling, general and administrative ("SG&A") expenses for this segment were $69.8 million in the second quarter of this year, compared with $108.0 million in the same quarter of the prior year. For the six-month period, SG&A expenses were $136.8 million this year versus $165.2 million in fiscal 2005. The difference is primarily because of the $53 million charge for unitholder compensation that was recorded in the prior year. As well, stock-based compensation expense in the amount of $17.9 million in the second quarter and $8.8 million in the first quarter of this year were significantly greater than the $0.4 million expense and $0.8 million recovery that were recorded in the second and first quarters, respectively, of the previous year.

At May 31, 2005, based on the price of CI shares of $17.30 per share, the potential payment on all options outstanding, including a portion of unvested amounts, was $28.7 million. At November 30, 2005, based on the price of CI shares of $24.10 per share, the potential payment on all options outstanding, including a portion of unvested amounts, increased by $16.8 million to $45.5 million. CI has recorded an expense in the first half of fiscal 2006 of $26.7 million, of which $9.9 million was from option holders electing cash settlement and $16.8 million representing the change in liability, net of the total return share swap transaction discussed above. Though CI acknowledges that the option expense is clearly a cost of business that is tied to the performance of CI's common share price, the financial results presented below exclude the expense to aid the reader in conducting a comparative analysis.

Net of the expense related to options and unitholder compensation, SG&A expenses for the second quarter this year were $51.9 million, down from $54.6 million in fiscal 2005. As a percentage of assets under management, SG&A expenses decreased to 0.40% in the second quarter of fiscal 2006 from 0.50% in fiscal 2005. For the six-month period, net SG&A expenses were $110.1 million this year, down from $112.6 million in the prior year. SG&A expenses averaged 0.43% this year, versus 0.51% in fiscal 2005. CI managed to contain spending below prior year levels even as assets under management increased.

Trailer fees increased from $63.8 million to $72.8 million in the second quarter this year. Net of intersegment amounts, this expense was up from $60.2 million in the prior year to $68.9 million this year. For the six months ended November 30, 2005, trailer fees were $146.5 million, up from $125.1 million in the same period of fiscal 2005. After intersegment eliminations, trailer fees were $138.7 million this year and $118.1 million in the prior year.

The overall increase resulted from increased assets under management due to market appreciation of the funds, partly offset by an increase in the percentage of CI's mutual fund assets in Class F and Class I funds, on which CI does not pay trailer fees. As a percentage of average assets under management, trailer fees were 0.54% in the six-month period this year, compared with 0.53% in fiscal 2005. In the most recent quarter, the percentages were 0.53% this year and 0.54% in the prior year.

CI monitors its operating profitability on assets under management by measuring the operating margin calculated as a percentage of average managed assets. CI's operating profit margin is defined as management fees from funds less trailer fees and SG&A expenses, calculated as a percentage of average assets under management. CI uses this measure to manage profitability so that when changes in the market value of assets under management affect revenue flows, CI will adjust discretionary expenditures to protect its margins.

In the second quarter, CI's operating margin on the Asset Management segment, as a percentage of average assets under management and adjusted for the $17.9 million option expense as discussed above, was 1.13%, unchanged from 1.13% in the prior fiscal year. This was a result of a lower average management fee rate that was offset by lower trailer fee and lower selling, general and administrative expense rate.

Commissions paid from CI's cash resources on the sale of funds on a deferred sales charge basis are, for financial reporting purposes, amortized evenly over the 84 months immediately following the sale of the funds. The actual cash payment in any period is reported in the Consolidated Statements of Cash Flows under Investing Activities as deferred sales commissions paid. Amortization of deferred sales commissions rose from $13.0 million in the second quarter of fiscal 2005 to $18.8 million this year. For the six-month period to November 30, amortization of deferred sales commissions was up to $36.3 million this year from $25.0 million in the prior year. The increase is consistent with the increase in deferred sales commissions paid in the last two fiscal years and the change in amortization period from 36 to 84 months at the beginning of fiscal 2004.

Other expenses dropped from $5.5 million in the second quarter of fiscal 2005 to $3.2 million in fiscal 2006. For the six-month period, other expenses were $4.8 million this year, down from $11.6 million. The primary contributor to other expenses in fiscal 2005 was the expense associated with CI's institutional business, which was $3.8 million in the second quarter and $7.6 million for the six months. CI's investment in this business was restructured last year and its accounts are no longer consolidated into CI's results. Distribution fees to limited partnerships totalled $0.9 million in the second quarter, down from $1.1 million in the second quarter of fiscal 2005. These fees totalled $1.9 million in the first half of this year, versus $2.3 million in the first half of the prior year.

ASSET ADMINISTRATION SEGMENT

Financial Review

The Asset Administration segment had income before income taxes of $3.8 million in the second quarter, up from $2.6 million in the second quarter of the prior year. For the six months ended November 30, 2005, income before income taxes for this segment was $5.4 million, a decrease from $7.7 million in the same period a year earlier.

Revenues

Administration fees are fees earned on assets under administration in the Assante business and fees earned from the administration of third-party business. In the second quarter, these fees increased to $56.5 million this year from $50.6 million in the prior year. Net of inter-segment amounts, administration fee revenue was $31.0 million this year, up 20% from $25.9 million in fiscal 2005.

For the six-month period to November 30, administration fee revenue was $113.3 million this year and $103.1 million in the prior year. After intersegment eliminations, these figures were $61.9 million and $54.7 million for fiscal 2006 and fiscal 2005, respectively. Administration fees should be considered in conjunction with investment dealer fees.

Other revenues earned by the Asset Administration segment totalled $1.6 million in the second quarter, for a total of $4.0 million for the six months ended November 30, 2005. The figures for the previous year were $1.4 million in the second quarter and $2.7 million for the six-month period. These amounts are mainly interest income on cash balances and custody fees.

Expenses

Selling, general and administrative costs for the segment were $10.0 million in the second quarter of fiscal 2006, down from $10.7 million in the second quarter of fiscal 2005. For the six months to November 30, SG&A expenses totalled $23.2 million in fiscal 2006, versus $19.6 million in fiscal 2005. SG&A costs were greater this year as integration activities continued, although they were down in the most recent quarter.

Investment dealer fees are the direct costs attributable to the operation of the Assante and IQON dealerships, including payments to financial advisors based on the revenues generated from assets under administration. These fees were $43.8 million in the second quarter, and should be viewed in conjunction with administrative fee revenue of $56.5 million as described above when calculating the gross contribution of the dealership operation before general and operating expenses. For the second quarter, gross margin was $12.7 million or 22%. In the second quarter of fiscal 2005, investment dealer fees were $38.3 million on revenue of $50.6 million, for a margin of $12.3 million or 24%.

For the six-month period to November 30, 2005, investment dealer fees were $87.7 million and the margin was $25.6 million or 23%. In the same period in the prior year, investment dealer fees were $77.6 million and the margin was $25.5 million or 25%. The decline in margin represents higher payouts to financial advisors.

Financial Statements

Consolidated Statements of Income and Deficit

FOR THE THREE MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars, except per share amounts)	2005	2004
REVENUE		
Management fees [note 1]	267,625	240,246
Administration fees	30,992	25,899
Redemption fees	10,755	11,898
Loss on sale of marketable securities	–	(721)
Other income	6,426	8,446
	315,798	285,768
EXPENSES		
Selling, general and administrative [note 1]	79,798	118,728
Investment dealer fees	23,394	18,531
Trailer fees	68,928	60,235
Amortization of deferred sales commissions and fund contracts	19,557	13,733
Interest	2,960	2,240
Other	3,150	5,519
	197,787	218,986
Income before income taxes	118,011	66,782
Provision for income taxes		
Current	35,098	16,474
Future	7,210	8,844
	42,308	25,318
Net income for the period	75,703	41,464
Deficit, beginning of period	(212,452)	(162,748)
Cost of shares repurchased in excess of stated value	–	–
Dividends	(51,482)	(44,281)
Deficit, end of period	(188,231)	(165,565)
Earnings per share [note 3(c)]	0.26	0.14

(see accompanying notes)

Consolidated Statements of Income and Deficit

FOR THE SIX MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars, except per share amounts)	2005	2004
REVENUE		
Management fees [note 1]	537,607	483,892
Administration fees	61,921	54,729
Redemption fees	21,120	23,209
Gain (loss) on sale of marketable securities	12,654	(793)
Other income	15,699	17,549
	649,001	578,586
EXPENSES		
Selling, general and administrative [note 1]	160,035	184,876
Investment dealer fees	46,655	38,860
Trailer fees	138,655	118,137
Amortization of deferred sales commissions and fund contracts	37,772	26,490
Interest	6,179	4,041
Other	4,777	11,648
	394,073	384,052
Income before income taxes	254,928	194,534
Provision for income taxes		
Current	76,805	53,410
Future	11,463	18,394
	88,268	71,804
Net income for the period	166,660	122,730
Deficit, beginning of period	(217,901)	(207,114)
Cost of shares repurchased in excess of stated value	(5,290)	–
Dividends	(131,700)	(81,181)
Deficit, end of period	(188,231)	(165,565)
Earnings per share [note 3(c)]	0.58	0.42

(see accompanying notes)

Consolidated Statements of Cash Flows

FOR THE THREE MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars)	2005	2004
OPERATING ACTIVITIES		
Net income for the period	75,703	41,464
Add (deduct) items not involving cash		
Loss on sale of marketable securities	–	721
Amortization of deferred sales commissions and fund contracts	19,557	13,733
Amortization of other	1,454	4,292
Stock-based compensation	14,434	2,301
Future income taxes	7,210	8,844
	118,358	71,355
Net change in non-cash working capital balances related to operations	(22,163)	57,485
Cash provided by operating activities	96,195	128,840
INVESTING ACTIVITIES		
Additions to capital assets	(11,361)	(2,694)
Purchase of marketable securities	(5,864)	(40,125)
Proceeds on sale of marketable securities	–	19,835
Deferred sales commissions paid	(38,802)	(28,958)
Cash used in investing activities	(56,027)	(51,942)
FINANCING ACTIVITIES		
Long-term debt	(648)	(27,816)
Issuance of share capital	30	30
Distributions to minority interest	–	(1,090)
Dividends paid to shareholders	(51,482)	(44,281)
Cash used in financing activities	(52,100)	(73,157)
Net increase (decrease) in cash during the period	(11,932)	3,741
Cash, beginning of period	40,177	27,130
Cash, end of period	28,245	30,871
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	2,716	1,999
Income taxes paid	28,887	14,217

(see accompanying notes)

Consolidated Statements of Cash Flows

FOR THE SIX MONTHS ENDED NOVEMBER 30 (UNAUDITED)

(thousands of dollars)	2005	2004
OPERATING ACTIVITIES		
Net income for the period	166,660	122,730
Add (deduct) items not involving cash		
(Gain) loss on sale of marketable securities	(12,654)	793
Amortization of deferred sales commissions and fund contracts	37,772	26,490
Amortization of other	2,669	7,296
Stock-based compensation	16,774	(1,108)
Future income taxes	11,463	18,394
	222,684	174,595
Net change in non-cash working capital balances related to operations	(59,086)	64,494
Cash provided by operating activities	163,598	239,089
INVESTING ACTIVITIES		
Additions to capital assets	(15,881)	(4,631)
Purchase of marketable securities	(42,839)	(52,023)
Proceeds on sale of marketable securities	118,552	19,863
Deferred sales commissions paid	(75,496)	(58,467)
Cash paid on acquisitions, including transaction costs, net of cash acquired	–	(37,259)
Cash used in investing activities	(15,664)	(132,517)
FINANCING ACTIVITIES		
Long-term debt	(42,644)	(17,241)
Repurchase of share capital	(8,051)	–
Issuance of share capital	60	60
Distributions to minority interest	–	(2,456)
Dividends paid to shareholders	(97,359)	(81,181)
Cash used in financing activities	(147,994)	(100,818)
Net increase (decrease) in cash during the period	(60)	5,754
Cash, beginning of period	28,305	25,117
Cash, end of period	28,245	30,871
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	5,861	4,404
Income taxes paid	71,607	22,138

(see accompanying notes)

Consolidated Balance Sheets

(UNAUDITED)

(thousands of dollars)	As at November 30, 2005	As at May 31, 2005
ASSETS		
Current		
Cash	28,245	28,305
Client and trust funds on deposit	79,045	93,099
Marketable securities	14,209	77,154
Accounts receivable and prepaid expenses	95,126	94,222
Income taxes recoverable	2,321	1,923
Future income taxes	27,818	16,006
Total current assets	246,764	310,709
Capital assets	34,763	21,276
Deferred sales commissions, net of accumulated amortization of $358,433 (May 31, 2005 - $322,163)	388,584	349,395
Fund contracts	1,011,276	1,012,778
Goodwill	951,026	951,026
Other assets	20,789	18,886
	2,653,202	2,664,070
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities [note 5]	138,738	165,830
Client and trust funds payable	79,045	93,099
Income taxes payable	26,710	20,537
Stock-based compensation	45,500	28,726
Deferred revenue	4,018	4,037
Current portion of long-term debt	–	40,722
Total current liabilities	294,011	352,951
Deferred lease inducements	1,961	2,211
Long-term debt	348,290	350,212
Future income taxes	509,209	485,934
Total liabilities	1,153,471	1,191,308
Shareholders' equity		
Share capital [note 3]	1,687,962	1,690,663
Deficit	(188,231)	(217,901)
Total shareholders' equity	1,499,731	1,472,762
	2,653,202	2,664,070

(see accompanying notes)

Notes to Consolidated Financial Statements

NOVEMBER 30, 2005 AND 2004 (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, 2005. The unaudited interim consolidated financial statements have been prepared on a basis consistent with the accounting policies set out in the audited annual consolidated financial statements, except for the following:

a) Effective June 1, 2005, CI made an accounting change related to the classification of expenses recovered from funds. This reflects a change in CI's business wherein the funds are to be charged a fixed fee depending on the type of fund and the fee is included in management fee revenue. Prior period amounts have been reclassified to conform to this presentation.

2. 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 net assets of CI Investments Inc., Skylon Advisors Inc. and United Financial Corporation, 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 funds and other financial products, and ongoing service to clients.

Notes to Consolidated Financial Statements

NOVEMBER 30, 2005 AND 2004 (UNAUDITED)

(thousands of dollars)

For the three months ended November 30	Asset Management 2005	Asset Management 2004	Asset Administration 2005	Asset Administration 2004	Intersegment Eliminations 2005	Intersegment Eliminations 2004	Total 2005	Total 2004
Management fees	267,625	240,246	–	–	–	–	**267,625**	**240,246**
Administration fees	–	–	56,475	50,637	(25,483)	(24,738)	**30,992**	**25,899**
Other revenues	15,581	18,229	1,600	1,394	–	–	**17,181**	**19,623**
Total revenue	283,206	258,475	58,075	52,031	(25,483)	(24,738)	**315,798**	**285,768**
Selling, general and administrative	69,827	108,066	9,971	10,662	–	–	**79,798**	**118,728**
Investment dealer fees	–	–	43,782	38,321	(20,388)	(19,790)	**23,394**	**18,531**
Trailer fees	72,799	63,786	–	–	(3,871)	(3,551)	**68,928**	**60,235**
Amortization of deferred sales commissions and fund contracts	19,699	13,588	375	376	(517)	(231)	**19,557**	**13,733**
Other expenses	2,978	5,448	172	71	–	–	**3,150**	**5,519**
Total expenses	165,303	190,888	54,300	49,430	(24,776)	(23,572)	**194,827**	**216,746**
Income before income taxes and non-segmented items	117,903	67,587	3,775	2,601	(707)	(1,166)	**120,971**	**69,022**
Interest expense							**2,960**	**2,240**
Provision for income taxes							**42,308**	**25,318**
Net income							**75,703**	**41,464**

Notes to Consolidated Financial Statements

NOVEMBER 30, 2005 AND 2004 (UNAUDITED)

(thousands of dollars)

For the six months ended November 30	Asset Management 2005	Asset Management 2004	Asset Administration 2005	Asset Administration 2004	Intersegment Eliminations 2005	Intersegment Eliminations 2004	**Total 2005**	**Total 2004**
Management fees	537,607	483,892	–	–	–	–	**537,607**	**483,892**
Administration fees	–	–	113,262	103,144	(51,341)	(48,415)	**61,921**	**54,729**
Other revenues	45,473	37,273	4,000	2,692	–	–	**49,473**	**39,965**
Total revenue	583,080	521,165	117,262	105,836	(51,341)	(48,415)	**649,001**	**578,586**
Selling, general and administrative	136,847	165,249	23,188	19,627	–	–	**160,035**	**184,876**
Investment dealer fees	–	–	87,728	77,592	(41,073)	(38,732)	**46,655**	**38,860**
Trailer fees	146,523	125,127	–	–	(7,868)	(6,990)	**138,655**	**118,137**
Amortization of deferred sales commissions and fund contracts	37,937	26,146	751	752	(916)	(408)	**37,772**	**26,490**
Other expenses	4,534	11,505	243	143	–	–	**4,777**	**11,648**
Total expenses	325,841	328,027	111,910	98,114	(49,857)	(46,130)	**387,894**	**380,011**
Income before income taxes and non-segmented items	257,239	193,138	5,352	7,722	(1,484)	(2,285)	**261,107**	**198,575**
Interest expense							**6,179**	**4,041**
Provision for income taxes							**88,268**	**71,804**
Net income							**166,660**	**122,730**
Identifiable assets	1,547,821	1,471,376	167,951	188,733	(13,596)	(5,774)	**1,702,176**	**1,654,335**
Goodwill	815,303	815,303	135,723	135,723	–	–	**951,026**	**951,026**
Total assets	2,363,124	2,286,679	303,674	324,456	(13,596)	(5,774)	**2,653,202**	**2,605,361**

Notes to Consolidated Financial Statements

NOVEMBER 30, 2005 AND 2004 (UNAUDITED)

3. SHARE CAPITAL

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

	Common Shares (thousands)	Stated Value ($ thousands)
May 31, 2005	286,643	1,690,663
Issuance of share capital	2	30
Share repurchase	(468)	(2,761)
August 31, 2005	286,177	1,687,932
Issuance of share capital	1	30
November 30, 2005	286,178	1,687,962

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

	Number of Options (thousands)	Weighted average exercise price ($)
Options outstanding May 31, 2005	8,399	13.37
Options granted	2,194	18.15
Options exercised	(1,142)	10.80
Options cancelled	(20)	–
Options outstanding August 31, 2005	9,431	14.79
Options exercised	(276)	10.91
Options outstanding November 30, 2005	9,155	14.90

Options outstanding and exercisable as at November 30, 2005 are as follows:

Exercise price ($)	Number of options outstanding (thousands)	Weighted average remaining contractual life (years)	Number of options exercisable (thousands)
10.51	1,513	2.4	904
11.00	119	0.3	119
11.27	752	1.3	448
12.01	783	1.5	783
15.59	2,135	3.4	699
15.67	15	3.9	5
15.86	15	3.6	5
17.04	1,630	4.5	–
18.15	2,193	4.6	–
10.51 to 18.15	9,155	3.3	2,963

Notes to Consolidated Financial Statements

NOVEMBER 30, 2005 AND 2004 (UNAUDITED)

c) The basic and diluted weighted average number of shares outstanding for the periods ended November 30 were:

(thousands)	2005	2004
Three months	286,178	295,203
Six months	286,180	295,202

d) The following table presents the maximum number of shares that would be outstanding if all of the outstanding options as at December 31, 2005 were exercised:

	(thousands)
Common shares outstanding at December 31, 2005	285,679
Options to purchase common shares	8,752
	294,431

4. FOREIGN CURRENCY TRANSLATION

In conjunction with marketable securities purchased in the prior year, CI held foreign currency denominated debt. During the period, foreign exchange gains of $5,300 were realized of which $1,300 relates to the most recent quarter.

5. SUBSEQUENT EVENT

On December 22, 2005, CI completed the sale of its VentureLink group of labour-sponsored investment funds which had $198 million of managed assets.

6. COMPARATIVE FIGURES

Certain figures for fiscal 2005 have been reclassified to conform with the financial presentation in the current year.

On January 10, 2006, the Board of Directors declared a cash dividend of $0.06 per share payable on each of February 15, March 15, and April 14, 2006 to shareholders of record on February 1, March 1, and April 1, 2006, respectively.

This Second Quarter 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 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.

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