

# **CI FINANCIAL INCOME FUND**

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**NOTICE OF MEETING  
AND  
MANAGEMENT INFORMATION CIRCULAR  
for the  
Annual and Special Meeting of Unitholders  
to be held on May 17, 2007**

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## CI FINANCIAL INCOME FUND

### NOTICE OF ANNUAL AND SPECIAL MEETING OF UNITHOLDERS

NOTICE IS HEREBY GIVEN that the annual and special meeting of holders (the “**Unitholders**”) of trust units (the “**Units**”) and special voting units (the “**Special Voting Units**”) and, together with the Units, the “**Voting Units**”) of CI Financial Income Fund (the “**Fund**”) will be held at Arcadian Court, 401 Bay Street, 8th Floor, Toronto, Ontario on May 17, 2007 at 2:00 p.m. (Toronto time) for the following purposes:

1. to receive the consolidated financial statements of the Fund for the fiscal year ended December 31, 2006, together with the auditors’ report thereon;
2. to elect trustees for the ensuing year;
3. to appoint auditors for the ensuing year and authorize the trustees to fix the auditors’ remuneration;
4. to consider and, if thought fit, to approve a resolution in the form set forth in Schedule “A” of the accompanying Management Information Circular authorizing certain amendments to the Unit Option Plan of the Fund, as more particularly set forth in the accompanying Management Information Circular; and
5. to transact such other business as may properly be brought before the meeting or any adjournment thereof.

The accompanying Management Information Circular provides additional information relating to matters to be dealt with at the meeting and is deemed to form part of this notice.

**Important: Unitholders who are unable to be present at the meeting are requested to complete and sign the accompanying proxy form and to return it to Computershare Investor Services Inc., Attention: Proxy Department, in the envelope provided for this purpose, or to hand deliver it to Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario so as to arrive, in either case, not later than 48 hours prior to the commencement of the meeting.**

DATED at Toronto, Canada this 23<sup>rd</sup> day of March, 2007.

By Order of the Board,



MICHAEL J. KILLEEN  
Senior Vice-President,  
General Counsel and Corporate Secretary,  
CI Financial General Partner Corp., general partner  
of Canadian International LP, administrator to CI  
Financial Income Fund

## CI FINANCIAL INCOME FUND

### MANAGEMENT INFORMATION CIRCULAR

This management information circular is furnished in connection with the solicitation by management of CI Financial General Partner Corp. (“CI General Partner”), general partner of Canadian International LP (“CI Public Partnership”), administrator to CI Financial Income Fund (the “Fund”) of proxies for use at the annual and special meeting (the “Meeting”) of holders (the “Unitholders”) of trust units (the “Units”) and special voting units (the “Special Voting Units” and, together with the Units, the “Voting Units”) of the Fund to be held on Thursday, May 17, 2007 at the time and place and for the purposes set forth in the accompanying notice of the Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Fund. The cost of such solicitation will be borne by the Fund. The Fund will reimburse intermediaries such as clearing agencies, securities dealers, banks, trust companies or their nominees for reasonable expenses incurred in sending proxy material to beneficial Unitholders and obtaining proxies therefrom.

Except as otherwise stated, the information contained in this circular is given as of March 23, 2007 and references to the Fund’s fiscal year ended December 31, 2006 are to the seven months ended December 31, 2006.

### THE FUND

The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated May 18, 2006 (the “**Declaration of Trust**”). Effective June 30, 2006, CI Financial Inc. (“**CI Financial**”) completed an arrangement pursuant to the *Business Corporations Act* (Ontario) (the “**Arrangement**”). Under the Arrangement, shareholders of CI Financial exchanged each of their common shares for one Unit or one Class B limited partner unit (“**Class B LP Unit**”) of CI Public Partnership (together with one Special Voting Unit). As of March 23, 2007, the Fund owned all of the common shares of CI General Partner and all of the Class A limited partner units of CI Public Partnership, which owns 100% of the outstanding capital of CI Investments Inc. (“**CI Investments**”, and together with the Fund, CI General Partner and CI Public Partnership and their respective subsidiaries, the “**Fund Group**”).

### Administration Agreement

The Fund, CI Public Partnership and CI Investments are party to an administration agreement dated June 30, 2006 (the “**Administration Agreement**”). Under the terms of the Administration Agreement, CI Public Partnership and CI Investments have agreed to provide administrative and support services required by the Fund, including (without limitation) those necessary to: (i) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation; (ii) provide investor relations services; (iii) provide or cause to be provided to Unitholders all information with respect to income taxes; (iv) call and hold meetings of Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings; (v) provide for the calculation of distributions to Unitholders; (vi) attend to all administrative and other matters arising in connection with any redemption of Units; and (vii) ensure compliance with the Fund Group’s limitations on non-resident ownership.

## APPOINTMENT AND REVOCATION OF PROXIES

The management representatives designated in the enclosed proxy form are officers of CI General Partner. **Each Unitholder has the right to appoint a person, other than the persons designated in the enclosed proxy form and who need not be a Unitholder, to represent that Unitholder at the Meeting.** Such right may be exercised by inserting in the blank space provided the name of the person to be appointed, signing and returning the proxy. The completed proxy must be returned to Computershare Investor Services Inc., Attention: Proxy Department, by using the envelope provided for this purpose, or by hand delivering it to Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario, so as to arrive, in either case, not later than 48 hours prior to the commencement of the Meeting or any adjournment thereof at which the proxy is to be used.

A Unitholder who has given a proxy has the right to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by that proxy and may do so: (a) by delivering another properly executed proxy bearing a later date and depositing it in the manner described in the preceding paragraph; (b) by depositing an instrument in writing revoking the proxy and executed by the Unitholder or by the Unitholder's attorney authorized in writing (i) at the registered office of the Fund at any time up to and including 5:00 p.m. (Toronto time) on the business day immediately preceding the day of the Meeting or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment thereof; or (c) in any other manner permitted by law.

In many cases, Voting Units of the Fund beneficially owned by a holder (a "**Non-Registered Holder**") are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the securities such as, among others, banks, trust companies, securities dealers, brokers, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with National Instrument 54-101, the Fund has distributed copies of the notice of the Meeting, this circular and the enclosed proxy form for the year ended December 31, 2006 (collectively the "**Meeting Materials**") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders. Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Typically, Intermediaries will use a service company (such as ADP Independent Investor Communications Corporation) to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (a) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of Units and Special Voting Units beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This form of proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the form of proxy and deposit it with Computershare Investor Services Inc. as described above; or
- (b) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Voting Units they beneficially own. Should a Non-Registered Holder who receives either a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend

and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons designated in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of the voting instruction form, follow the corresponding instruction on the form. In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries and their service companies.

### **EXERCISE OF DISCRETION BY PROXIES**

Voting Units represented by properly executed proxies in favour of the persons designated in the enclosed proxy form will be voted on any ballot that may be called for and, where the person whose proxy is solicited specifies a choice with respect to the matters identified in the proxy, the Voting Units will be voted in accordance with the specifications so made. **Where Unitholders have not specified in the proxy the manner in which the named proxyholders are required to vote the Voting Units represented thereby, such Voting Units will on any ballot be voted FOR the election of trustees, FOR the appointment of auditors and FOR the amendments to the Fund's Unit Option Plan, as described under those headings in this circular.**

The enclosed proxy form confers discretionary authority on the persons designated in the proxy to vote in their discretion with respect to amendments to or variations of the matters identified in the notice of the Meeting and other matters that may properly come before the Meeting or any adjournment thereof. At the date hereof, management of CI General Partner knows of no such amendments, variations or other matters to come before the Meeting.

### **VOTING SECURITIES AND PRINCIPAL UNITHOLDERS**

The Fund is authorized to issue an unlimited number of Units and Special Voting Units. As at March 23, 2007, 134,191,484 Units and 145,792,607 Special Voting Units were issued and outstanding (totalling 279,984,091 Voting Units). Each Unit and Special Voting Unit entitles the holder to one vote in respect of each matter to be voted on at the Meeting. The holders of Units and Special Voting Units will vote together, as a single class, on each matter to be voted on at the Meeting.

Pursuant to the terms of the limited partnership agreement governing CI Public Partnership and the terms of an exchange agreement entered into among the Fund, CI Public Partnership and CI General Partner, among others, holders of Class B LP Units of CI Public Partnership have the right to indirectly exchange their Class B LP Units for Units on a one-for-one basis, subject to certain adjustments and restrictions. There are currently 145,792,607 Class B LP Units outstanding that may be so exchanged. Class B LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Units. Holders of Class B LP Units are entitled to receive distributions or advances paid by CI Public Partnership, which distributions are equal, to the greatest extent practicable, to distributions paid by the Fund to holders of Units. Certificates representing each Class B LP Unit are issued together with a Special Voting Unit entitling the holder to one vote at all meetings of Unitholders for each Special Voting Unit held, subject to the customary anti-dilution adjustments set out in the Declaration of Trust.

The securities regulatory authorities in certain provinces have exempted CI Public Partnership from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (including the sending of a management information circular to securityholders of CI Public Partnership), provided that CI Public Partnership sends or causes to be sent to all holders of Class B LP Units all disclosure materials that are sent to holders of Units. Accordingly, while this management information circular relates solely to the Fund, it is also being sent to holders of Class B LP Units who have the ability to vote on all matters to be considered at the Meeting through their holding of Special Voting Units.

Each Unitholder of record at the close of business on March 19, 2007 (the “**Record Date**”) will be entitled to one vote at the Meeting for each Voting Unit of the Fund held by that Unitholder, even if that Unitholder has transferred such Voting Unit after the Record Date.

To the knowledge of the trustees of the Fund and officers of CI General Partner, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, Units or Special Voting Units carrying more than 10% of the voting rights attached to the outstanding Units or Special Voting Units, respectively, other than set forth in the table below.

<u>Name</u>	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Units or Special Voting Units Beneficially Owned, Controlled or Directed</u>	<u>Percentage of Outstanding Units or Special Voting Units</u>	<u>Percentage of Outstanding Voting Units</u>
Sun Life Financial Inc.	Units	Beneficial	14,110,900	10.5	5.0
Sun Life Financial Inc. <sup>(1)</sup>	Special Voting Units	Beneficial	88,198,995	60.5	31.5

Note:

(1) Through a wholly-owned subsidiary.

## PARTICULAR MATTERS TO BE ACTED UPON

### Election of Trustees

The board of trustees (the “**Board of Trustees**” or the “**Board**”) presently consists of eight trustees. George W. Oughtred, one of the existing trustees, has informed the Fund that he will not be standing for re-election to the Board at the Meeting. Accordingly, seven trustees are to be elected this year. The term of office of each of the eight existing trustees will expire immediately prior to the election of trustees at the Meeting. Each of the nominees listed below served as a trustee since June 30, 2006, other than Donald A. Stewart, and is proposed to be elected as a trustee of the Fund to serve until the termination of the next annual meeting of Unitholders or until his successor is elected or appointed. It is the intention of the individuals named in the enclosed form of proxy to vote in favour of the election of Ronald D. Besse, G. Raymond Chang, Paul W. Derksen, William T. Holland, A. Winn Oughtred, Donald A. Stewart and David J. Riddle, as trustees, to hold office until the close of the next annual meeting of Unitholders or until their successors are duly elected or appointed. Management does not contemplate that any of the nominees will be unable to serve as a trustee, but should that occur for any reason prior to the Meeting, the persons named in the enclosed proxy form reserve the right to vote in their discretion for other nominees.

The following table sets out the name and municipality of residence of each of the trustees, his other position or office with the Fund (if applicable) and principal occupation, the number of Units and Special Voting Units beneficially owned by him or over which he exercises control or direction and the date on which he became a director of CI Financial or, if appointed following the Arrangement, a trustee of the Fund.

<u>Name</u>	<u>Principal Occupation</u>	<u>Director of CI Financial Inc. or the Fund Since</u>	<u>Number of Units and Special Voting Units Beneficially Owned, Controlled or Directed</u>
<b>Ronald D. Besse</b> <sup>(1)(2)(3)</sup> Toronto, Ontario, Canada	President, Besseco Holdings Inc. (private investment company); Trustee and Lead Trustee of the Fund	October 11, 1995	36,966 Units and 60,684 Special Voting Units

Name	Principal Occupation	Director of CI Financial Inc. or the Fund Since	Number of Units and Special Voting Units Beneficially Owned, Controlled or Directed
<b>G. Raymond Chang</b> <sup>(2)(3)</sup> Toronto, Ontario, Canada	President, G. Raymond Chang Ltd. (private investment company); Non- Executive Chairman and Trustee of the Fund	April 12, 1994	66,600 Units and 13,912,692 Special Voting Units
<b>Paul W. Derksen</b> <sup>(2)(3)</sup> Clarksburg, Ontario, Canada	Corporate director; Trustee of the Fund	July 25, 2002	10,000 Units
<b>William T. Holland</b> Toronto, Ontario, Canada	Chief Executive Officer; Trustee of the Fund	April 12, 1994	11,916 Units and 12,969,730 Special Voting Units
<b>A. Winn Oughtred</b> <sup>(1)(3)</sup> Toronto, Ontario, Canada	Partner, Borden Ladner Gervais LLP (law firm); Trustee of the Fund	April 12, 1994	18,550 Units
<b>David J. Riddle</b> <sup>(1)(2)</sup> Vancouver, B.C., Canada	President, C-MAX Capital Inc. (private investment company); Trustee of the Fund	October 7, 1997	7,766 Units and 1,397,400 Special Voting Units
<b>Donald A. Stewart</b> Toronto, Ontario, Canada	Chief Executive Officer, Sun Life Financial Inc. (financial services company); Trustee of the Fund	September 12, 2006	–

Note:

- (1) Member of the Compensation Committee.
- (2) Member of the Audit Committee.
- (3) Member of the Governance Committee.

Further information about each proposed trustee is set out below.

**Mr. Besse**, 68, is President of Besseco Holdings Inc. Prior to assuming his current position, he was Chairman, President and Chief Executive Officer of Gage Learning Corporation (an educational publisher) and related predecessor companies from 1978 until 2003. Mr. Besse is a director of several companies including Rogers Communications Inc. (since 1984). Mr. Besse graduated from the Business Administration program at Ryerson University (1960) and was awarded the Alumni Award of Distinction, Business Administration (1998) and an Honorary Doctorate of Commerce (2004). Mr. Besse is a member of the World Presidents' Organization, and is a past president of the Canadian Book Publishers' Council.

**Mr. Chang**, 58, is President of G. Raymond Chang Ltd. and Non-Executive Chairman of the Board of the Fund. He joined the Fund Group in 1984 and, prior to assuming his Non-Executive Chairman role in January 2003, he was appointed President and Chief Executive Officer in June 1996 and then executive Chairman of the Board in November 1999. Mr. Chang is on the board of governors of Ryerson University and the Royal Ontario Museum and is a director of Toronto General & Western Hospital Foundation and Grace Kennedy & Company Limited. Mr. Chang is a Chartered Accountant and is a Chartered Financial Analyst charterholder.

**Mr. Derksen**, 56, is a corporate director. Prior to March 2007, he was Executive Vice-President and Chief Financial Officer of Sun Life Financial Inc., where he was responsible for Sun Life Financial's Actuarial, Investment and Risk Management functions and for Mergers & Acquisitions and Investor Relations. In prior positions, Mr. Derksen was Executive Vice-President and Chief Financial Officer of CT Financial Services Inc. and Canada Trustco Mortgage Company, Chairman of Truscan Property Corporation (Canada Trustco's real estate investment subsidiary), and Executive Vice-President of Merrill Lynch Canada Inc. Mr. Derksen is a Chartered Accountant and holds an Honours B.A. in Business Administration from the Ivey School of Business at the University of Western Ontario.

**Mr. Holland**, 48, is Chief Executive Officer of the Fund. Since joining the Fund Group in 1989, he has held positions of increasing responsibility and was appointed Chief Executive Officer in November 1999.

**Mr. Winn Oughtred**, 64, has been a partner with Borden Ladner Gervais LLP since 1977 and has practised corporate and securities law for over 35 years. Mr. Oughtred was called to the Ontario Bar in 1969 and is a member of the Law Society of Upper Canada and the Canadian Bar Association. He is a director and the secretary of Oppenheimer Holdings Inc., a director of State Bank of India (Canada) and a number of closely held corporations, and an Institute of Corporate Directors certified director.

**Mr. Riddle**, 51, has been President of C-MAX Capital Inc. since 2000. Prior to assuming his current position, he has over 20 years' experience in the financial services industry with major Canadian investment dealers and as a senior executive in the mutual fund industry.

**Mr. Stewart**, 60, has been Chief Executive Officer of Sun Life since 1998. He is on the board of directors of Sun Life Financial Inc. and of several Sun Life subsidiaries. Mr. Stewart is also a director of the Canadian Life & Health Insurance Association and the American Council of Life Insurers.

### **Appointment of Auditors**

It is proposed that Ernst & Young LLP, the present auditors of the Fund, be reappointed as the auditors of the Fund, to hold office until the termination of the next annual meeting of Unitholders, and that the trustees be authorized to fix the auditors' remuneration. The Audit Committee has recommended to the Board of Trustees and the Board has approved the nomination of Ernst & Young LLP for such reappointment. Ernst & Young LLP was first appointed as auditors of the Fund on May 18, 2006, being the date on which the Fund was formed.

**It is the intention of the individuals named in the enclosed form of proxy to vote in favour of the reappointment of Ernst & Young LLP as auditors of the Fund to hold office until the close of the next annual meeting of Unitholders and in favour of authorizing the trustees of the Fund to fix their remuneration, unless specifically instructed in the proxy to withhold such vote.**

See the heading "Audit Committee Information" in the Fund's 2006 Annual Information Form available on SEDAR at [www.sedar.com](http://www.sedar.com) for further details regarding the services and fees of the auditors provided to the Fund.

### **Amendments to Unit Option Plan**

At the Meeting, Unitholders are being asked to consider and, if thought fit, pass the resolution, with or without variation, which appears as Schedule "A" to this circular, confirming the resolution passed by the Board of Trustees on March 23, 2007, which is subject to regulatory approval and which:

- reinstates the Fund's Employee Incentive Unit Option Plan, as amended, (the "**Plan**") including an increase in the number of Units of the Fund that may be issued upon the exercise of options granted under the Plan by 6,998,588 Units, for a new aggregate limit of 14 million Units,
- amends the amendment provisions of the Plan, and
- extends the termination date of options that expire during a "blackout period".

### *Reinstatement of Option Plan and Increase of Options Issuable under the Plan*

Pursuant to the Arrangement, options granted under the CI Financial Employee Incentive Stock Option Plan as amended and restated on April 9, 2003 (collectively, the "**Original Plan**") were



exchanged for options to acquire Units under the Plan. When the Plan was adopted in connection with the Arrangement, it was done so for the purpose of governing the outstanding options to acquire Units and, at that time, the Fund had indicated that no further options would be granted following the effective date of the Arrangement. The Fund's decision at that time was based largely on the trustees' belief that the Plan could not be used as an effective compensation tool in an income fund model. Since that time, however, the Board has reviewed the option compensation model and determined that it may be appropriate to utilize this model in the future. This determination was based, in part, on the announcement of the "Tax Fairness Plan" by the Department of Finance (Canada) on October 31, 2006 whereby the income tax rules applicable to publicly traded trusts and partnerships will be significantly modified. In that context, the Board believes that the Plan can still be utilized to promote the long-term profitability of the Fund by fostering a proprietary interest in the Fund among key employees and by retaining and attracting qualified employees. Accordingly, the Board has approved amendments to the Plan, which allow the Fund to issue additional options to eligible participants under the Plan.

Prior to the Arrangement being adopted, there were a cumulative total of 41,722,566 common shares of CI Financial that were issuable since the inception of the Original Plan. Upon completion of the Arrangement and adoption of the Plan, the Plan provided that the number of Units that may be issued pursuant to the exercise of options shall not exceed 7,001,412, which represented the number of options that were then outstanding. Consistent with the reinstatement of the Plan, the Board has approved an amendment, which, if approved by Unitholders, would result in an increase in the number of Units issuable under the Plan by 6,998,588 Units, such that a total of 14 million Units (including the 4,332,090 options that are currently outstanding), representing approximately 5% of the outstanding Voting Units, would be issuable upon the exercise of options granted under the Plan.

#### *Other Amendments in connection with the Reinstatement of the Plan*

In addition to providing for the ability to issue additional options and an increase in the number of Units issuable upon exercises of options, the reinstatement of the Plan will require certain other amendments to the Plan to reflect the fact that additional options can be issued. These additional amendments include the addition of the following provisions (many of which were in the Original Plan): (i) a limitation on the number of Units that may, at any time, be reserved for issuance pursuant to options granted to insiders of the Fund to 10% of the issued Voting Units; (ii) a limitation on the number of Units that may be reserved for issuance to any one person pursuant to options to 5% of the issued Voting Units; (iii) options that expire, terminate or cease to be exercisable without having been exercised in full will remain in the Plan for future issuance and will not result in a decrease in the number of Units reserved for issuance pursuant to the exercise of options under the Plan; (iv) the inclusion of a provision that describes the eligibility of individuals to participate in the Plan (which will include employees of the Fund Group); and (v) the inclusion of a minimum exercise price of options granted, which will be equal to the weighted average trading price on the TSX for the five trading days preceding the date of grant.

#### *Amendment to the Plan's Amendment Provision*

On June 6, 2006, the TSX published a Staff Notice respecting security-based compensation arrangements, such as the Plan, relating to amendment procedures and the extension of option expiry dates, which fall within or soon after a blackout period.

Subject to certain exceptions and TSX approval, the Plan currently permits any amendments made at the discretion of the trustees. Pursuant to the Staff Notice, however, the Plan must adopt more specific amending procedures prior to June 30, 2007 in order to allow the trustees to make amendments without seeking Unitholder approval. The Board has amended the Plan, subject to the approval of Unitholders and the TSX, to specify those amendments to the Plan that can be made by the Board of Trustees without Unitholder approval (other than the approval at the Meeting to incorporate the

amendments described in this circular). As the TSX requires Unitholder approval for amendments of a material nature (notwithstanding what is contained in the Plan), the amendments provision proposed by the trustees allows the trustees to make changes that are generally of a “housekeeping nature” and which are consistent with the Staff Notice. The amendments that can be made without Unitholder approval include:

- amendments of a “housekeeping” nature;
- a change to the vesting provisions of any option;
- a change to the termination provisions of any option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of the provision providing for a blackout period extension discussed under “ — Introduction of Blackout Period Extension to the Plan” below);
- the introduction of a cashless exercise feature payable in securities, provided that such feature provides for a full deduction of the number of underlying securities from the Plan reserve;
- the addition of a form of financial assistance and any amendment to a financial assistance provision, which is adopted;
- a change to the eligible participants of the Plan; and
- the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Fund.

The Board of Trustees considers that the flexibility afforded by the proposed changes will enable the Plan to better achieve its purpose by enabling amendments to the Plan and options granted thereunder to be made on an expeditious basis, which would enable the Plan to efficiently address future regulatory and commercial requirements.

#### *Introduction of Blackout Period Extension to the Plan*

As is the case with all publicly traded entities, there are a number of periods each year during which trustees, officers and employees are precluded from trading in the Fund’s securities in accordance with the Fund’s disclosure policy. These periods are referred to as “blackout periods”. If an option expiration date falls within a blackout period, an optionee would be required to exercise that option to avoid its expiry. However, under applicable securities laws, the optionee would be precluded from trading in those securities until the blackout period ends. The TSX Staff Notice introduced the ability for the Plan to provide that, should an option expiration date fall during a blackout period or within nine business days following a blackout period, the expiration date can be extended for up to ten business days following the end of the blackout period. In the view of the trustees, it is consistent with the purpose and intent of the Plan to permit optionees to exercise their options for a brief period following a blackout period that falls on the expiration date. Specifically, optionees should not be penalized simply because their options expire during a blackout period.

For a description of the Plan, which reflects the proposed amendments, see “Executive Compensation – Equity Compensation Plan Information”.

The text of the ordinary resolution authorizing the amendments to the Amended and Restated Unit Option Plan outlined below is set forth in Schedule “A” to this circular. To be effective, the ordinary resolution amending the Unit Option Plan must be passed by a majority of the votes cast by Unitholders present in person or represented by proxy at the Meeting. **The persons named in the enclosed form of proxy intend to vote at the Meeting in favour of this resolution, unless the Unitholder has specified in the form of proxy that his or her units are to be voted against the resolution.**

## EXECUTIVE COMPENSATION

### Summary Compensation Table

The following table sets forth certain compensation information for the Fund's seven month fiscal period ended December 31, 2006 and for each of the three fiscal years ended May 31, 2006, 2005 and 2004 of CI General Partner's Chief Executive Officer and Chief Financial Officer and each of the three most highly compensated executive officers of CI General Partner (collectively the "Named Executive Officers").

Name and Principal Position	Fiscal Year Ended	Annual Compensation <sup>(1)</sup>		Long-Term Compensation Awards <sup>(2)</sup>			All Other Compensation <sup>(5)</sup>	Total Compensation
		Salary	Bonus	Number of Options Granted	Value of Options Granted <sup>(3)</sup>	Shares or Units Subject to Resale Restrictions (DEUs) <sup>(4)</sup>		
<b>William T. Holland</b> Chief Executive Officer, CI General Partner	2006 <sup>(6)</sup>	\$364,583	\$--	--	\$--	\$1,050,000	\$--	\$1,414,583
	2006 <sup>(7)</sup>	625,000	1,500,000	--	--	--	--	2,125,000
	2005	600,000	600,000	803,906	1,543,500	--	16,500	2,760,000
	2004	600,000	900,000	353,000	896,620	--	15,500	2,412,120
<b>Stephen A. MacPhail</b> President and Chief Operating Officer, CI General Partner	2006 <sup>(6)</sup>	247,917	--	--	--	700,000	--	947,917
	2006 <sup>(7)</sup>	425,000	1,200,000	--	--	--	--	1,625,000
	2005	400,000	400,000	463,281	889,500	--	16,500	1,706,000
	2004	400,000	600,000	185,000	469,900	--	15,500	1,485,400
<b>Peter W. Anderson</b> Executive Vice-President, CI General Partner	2006 <sup>(6)</sup>	247,917	--	--	--	700,000	--	947,917
	2006 <sup>(7)</sup>	425,000	1,000,000	--	--	--	--	1,425,000
	2005	400,000	400,000	463,281	889,500	--	16,500	1,706,000
	2004	400,000	600,000	185,000	469,900	--	15,500	1,485,400
<b>Douglas J. Jamieson</b> Senior Vice-President and Chief Financial Officer, CI General Partner	2006 <sup>(6)</sup>	140,000	80,000 <sup>(8)</sup>	--	--	80,600	--	300,600
	2006 <sup>(7)</sup>	225,000	195,000	--	--	--	--	420,000
	2005	180,000	120,000	24,000	43,440	--	--	343,440
	2004	165,000	200,000	21,000	53,340	--	--	418,340
<b>Michael J. Killeen</b> Senior Vice-President, General Counsel and Corporate Secretary, CI General Partner	2006 <sup>(6)</sup>	140,000	75,850 <sup>(8)</sup>	--	--	78,000	--	293,850
	2006 <sup>(7)</sup>	225,000	205,000	--	--	--	--	430,000
	2005	200,000	180,000	18,000	32,580	--	--	412,580
	2004	190,000	235,000	20,000	50,800	--	--	475,800

Note:

- (1) In all cases, the value of perquisites and other personal benefits is less than \$50,000 and 10% of the total of the annual salary and bonus.
- (2) Long-Term Compensation Awards reflect aggregate amounts awarded in respect of the relevant year.
- (3) The following assumptions were made for purposes of calculating the Value of Options Granted: an expected option term of 2.9 and 4.0 years to exercise for the 2004 and 2005 fiscal years, respectively; a dividend projected to grow \$0.04 and 10% per annum for the 2004 and 2005 fiscal years, respectively; projected stock price volatility of 27% and 17% for the 2004 and 2005 fiscal years, respectively; and a risk-free interest rate of 3.5% for each of the 2004 and 2005 fiscal years. The actual value realized, if any, on option exercises will be dependent on overall market conditions and the future performance of the Fund and its Units. The Fund cannot be certain that the actual value realized will approximate the amount calculated under the valuation model.
- (4) The value of the DEUs is based on the closing market price of the Units on the date of grant (which, for those DEU grants that are approved by the Board, is the date that the grant is approved by the Board). These amounts reflect the aggregate value of the DEUs held by the Named Executive Officers on the date of grant. In respect of the fiscal period ended December 31, 2006, William T. Holland was granted 40,400 DEUs, Stephen A. MacPhail and Peter W. Anderson were each granted 27,000 DEUs, Douglas J. Jamieson was granted 3,100 DEUs and Michael J. Killeen was granted 3,000 DEUs. These DEUs, representing the only DEUs granted to the Named Executive Officers, vest as to 50% on January 26, 2009 and as to the balance on January 25, 2010. See "Report of the Compensation Committee" below. The DEUs entitle the holders to distributions on the underlying Units.
- (5) These amounts represent a contribution by the Fund to a retirement savings plan specified by the Named Executive Officer. The Fund does not have a pension plan.
- (6) Includes information of the Fund for the seven month fiscal period ended December 31, 2006.
- (7) Includes information of CI Financial for the fiscal year ended May 31, 2006.
- (8) These Named Executive Officers elected to receive a portion of their bonus in the form of DEUs.

## Aggregated Option Exercises during the Most Recently Completed Fiscal Year and Year-End Option Values

The following table summarizes option exercises by the Named Executive Officers during the seven month fiscal period ended December 31, 2006 and the value of their unexercised options at December 31, 2006, on an aggregated basis.

Name	Number of Options Exercised <sup>(1)</sup>	Aggregate Value Realized <sup>(2)(3)</sup>	Number of Unexercised Options at December 31, 2006	Value of Unexercised In-the-Money Options at December 31, 2006
			Exercisable/Unexercisable <sup>(4)</sup>	Exercisable/Unexercisable <sup>(2)(3)</sup>
William T. Holland	381,779	\$4,375,614	0/ 658,637	\$0/ \$5,951,770
Stephen A. MacPhail	272,100	4,043,259	152,883/ 373,298	1,310,207/ 3,360,188
Peter W. Anderson	349,983	4,843,138	0/ 373,298	0/ 3,360,188
Douglas J. Jamieson	48,860	789,352	14,400/ 16,740	139,392/ 172,396
Michael J. Killeen	33,750	546,075	24,000/ 14,000	251,460/ 145,380

Note:

- (1) During the fiscal year ended May 31, 2006, William T. Holland exercised 713,490 options for an aggregate value realized of \$7,764,112, Stephen A. MacPhail exercised 297,000 options for an aggregate value realized of \$4,636,664, Peter W. Anderson exercised 292,000 options for an aggregate value realized of \$3,650,870, Douglas J. Jamieson exercised 47,500 options for an aggregate value realized of \$608,201 and Michael J. Killeen exercised 51,250 options for an aggregate value realized of \$574,991.
- (2) Value realized and value of unexercised options are calculated by determining the difference between the market value of the Units underlying the options and the exercise price of the options at exercise or December 31, 2006, respectively. The closing price of the Units on the Toronto Stock Exchange on December 31, 2006 was \$26.72.
- (3) In the event of a change of control of the Fund, all options held by the above officers become fully exercisable under the Plan.

## Voting Unit Ownership by Executive Officers and Trustees

The following table sets out information, as at March 19, 2007, with respect to ownership of Units and Special Voting Units by the Named Executive Officers and, to the knowledge of the trustees of the Fund and officers of CI General Partner, other management and trustees as a group.

Name	Number of Units and Special Voting Units Beneficially Owned, Controlled or Directed	Percentage of Outstanding Voting Units (%)	Value of Holding as Multiple of Base Salary <sup>(1)</sup>
William T. Holland	11,916 Units/ 12,969,730 Special Voting Units	4.6	566
Stephen A. MacPhail	246,585 Units/622,511 Special Voting Units	0.3	56
Peter W. Anderson	206,300 Units/486,300 Special Voting Units	0.2	44
Douglas J. Jamieson	125,700 Units/99,300 Special Voting Units	0.1	26
Michael J. Killeen	62,700 Units/94,300 Special Voting Units	0.1	18
Other Management and Trustees <sup>(2)</sup>	1,837,638 Units/22,563,196 Special Voting Units	8.7	—
Total		14.0	—

Note:

- (1) The multiple has been calculated based on (i) the closing price of the Units on the Toronto Stock Exchange on March 19, 2007 of \$27.23, and (ii) the individual's annual base salary at the end of the last fiscal year.

(2) See “Election of Trustees” above for the Voting Unit ownership by the trustees.

The Fund has adopted a policy that requires the Chief Executive Officer of CI General Partner to beneficially own that number of Voting Units of the Fund the market value of which is at least five times his current base salary and for each other executive officer to own the number of Voting Units the market value of which is at least two times his current base salary. This policy currently applies to the Named Executive Officers, each of whom holds Voting Units well in excess of his minimum requirement. New executive officers of CI General Partner to whom this policy applies will be given one year from the commencement of his or her appointment as CEO or as an executive officer to acquire at least the minimum number of Voting Units required to be held.

As part of such policy, each trustee (except trustees who are officers of CI General Partner or Sun Life Financial) is required to beneficially own that number of Voting Units the market value of which is at least three times the annual trustees’ fees paid to such trustee. Each such trustee holds Voting Units in excess of his minimum requirement.

### Employment Agreements

There are no employment agreements currently in effect for the Named Executive Officers.

### Equity Compensation Plan Information

The only compensation plan under which equity securities of the Fund are authorized for issuance is the Fund’s Employee Incentive Unit Option Plan (the “Plan”). The following table sets forth, as of December 31, 2006, information regarding the Plan.

Plan	Number of Units to be Issued Upon Exercise of Outstanding Options (a)	Weighted Average Exercise Price of Outstanding Options (b)	Number of Units Remaining Available for Future Issuance Under Equity Compensation Plans (excluding (a)) (c)
Equity compensation plans approved by securityholders	4,539,300	\$16.30	2,462,112

The Plan was adopted by CI Financial effective April 15, 1994 and originally provided that up to 12,800,000 common shares of CI Financial could be issued upon the exercise of options granted under the Plan. The shareholders of CI Financial, at subsequent meetings, authorized increases to an aggregate pre-Arrangement limit of 41,722,566 common shares issuable under the Plan, of which options to acquire 4,332,090 Units (representing 1.5% of the outstanding Voting Units) are currently outstanding. Pursuant to the Arrangement, each outstanding option to acquire common shares of CI Financial was exchanged for one option to acquire a Unit, having the same exercise price and vesting dates as the option it replaced. Upon completion of the Arrangement and adoption of the Plan, the Plan provided that the number of Units that may be issued pursuant to the exercise of options shall not exceed 7,001,412, which represented the number of options that were then outstanding. If Unitholders approve the amendments described under “Particular Matters to be Acted Upon – Amendments to Unit Option Plan”, a total of 14 million Units (including the 4,332,090 options that are currently outstanding), representing approximately 5% of the outstanding Voting Units, would be issuable upon the exercise of options granted under the Plan and a total of 13,997,000 Units will be reserved for issuance under the Plan, after taking into account the 3,000 Units that have been issued upon the exercise of options granted under the Plan.

The Plan is designed to promote the long-term profitability of the Fund by fostering a proprietary interest in the Fund among key employees, and by retaining and attracting qualified employees. The

Fund considers equity ownership by management to be an integral component of its reward system and therefore option grants under the Plan are an important element of overall compensation. Options may be granted under the Plan to executives and key employees of the Fund Group. Options may be granted for a term not to exceed ten years, at an exercise price equal to the weighted average trading price of the Units on the Toronto Stock Exchange for the five trading days preceding the grant. The Plan provides that the exercise of Options shall comply with the vesting provisions stipulated by the Board of Trustees at the date of grant. During the lifetime of an optionee, an Option shall be exercisable only by the optionee or, if the optionee is incapacitated, by the optionee's guardian, committee or other authorized legal representative, and except upon the death of an optionee, an Option shall not be assigned or transferred in any way or otherwise disposed of (whether by operation of law or otherwise) except where the Board of Trustees permits a transfer of the Option in compliance with applicable securities regulation and the rules or policies of the TSX.

If Unitholders approve the amendments described under "Particular Matters to be Acted Upon – Amendments to Unit Option Plan", the Board may at any time and from time to time amend the Plan to make amendments of a "housekeeping" nature; a change to the vesting provisions of any option; a change to the termination provisions of any option that does not entail an extension beyond the original expiration date (as such date may be extended by virtue of the provision providing for a blackout period extension discussed under " — Introduction of Blackout Period Extension to the Plan" below); the introduction of a cashless exercise feature payable in securities, provided that such feature provides for a full deduction of the number of underlying securities from the plan reserve; the addition of a form of financial assistance and any amendment to a financial assistance provision, which is adopted; a change to the eligible participants of the Plan, provided that no such amendment, suspension or termination shall adversely affect rights under any outstanding Options without the consent of the optionees to whom such Options were granted; and the addition of a deferred or restricted share unit or any other provision which results in participants receiving securities while no cash consideration is received by the Fund. All other amendments require the approval of a simple majority of the votes cast by the Unitholders. All amendments to the Plan shall be subject to the approval of the TSX. The Compensation Committee of the Board of Trustees is responsible for monitoring the Plan.

The Plan is subject to the following restrictions with respect to grants of options and issues of Units to insiders of the Fund:

- (a) the number of Units that may, at any time, be reserved for issue pursuant to options granted to insiders shall not in the aggregate exceed 5% of the issued Voting Units;
- (b) the number of Units that may, within any one year period, be issued to insiders on the exercise of options shall not exceed 5% of the issued Voting Units;
- (c) the number of Units that may be (i) reserved for issuance to insiders of the Fund at any time and (ii) issued to insiders of the Fund within any one year period, under the Plan, or when combined with all of the security based compensation arrangements of the Fund, shall not exceed 10% of the issued Voting Units;
- (d) the number of Units that may, within any one year period, be issued to any one insider (including associates of the insider) on the exercise of options shall not exceed 5% of the issued Voting Units; and
- (e) the number of Units that may be reserved for issue to any one person pursuant to options granted under the Plan shall not exceed 5% of the issued Voting Units.

The Plan allows holders of options under the Plan to elect, on the exercise of an option, to receive the “in the money” value of the option in lieu of Units.

Copies of the Plan are available for inspection by Unitholders at the Fund’s head office.

### **Composition of the Compensation Committee**

The Compensation Committee is responsible for and deals with, among other things, evaluating the performance of CI General Partner’s Chief Executive Officer (who essentially functions as the chief executive officer of the Fund) and determining his compensation and reviewing and making recommendations to the trustees with respect to the remuneration of the executive officers and trustees of the Fund Group, reviewing the design and competitiveness of the Fund Group’s overall compensation plan, monitoring the Plan, and reviewing the Fund Group’s succession planning for the executive officers and senior management of the Fund Group. The Compensation Committee consults with senior management with respect to the Fund’s compensation policies.

The Compensation Committee in the fiscal year ending December 31, 2006 was composed of four trustees, Messrs. R.D. Besse, A.W. Oughtred (Chair), G.W. Oughtred, and D.J. Riddle, all of whom are “independent” trustees of the Fund (see “Statement of Governance Practices” below). Mr. Riddle was an officer of a subsidiary of the Fund prior to July 1997. The Compensation Committee has prepared and submitted the report that follows.

### **Report of the Compensation Committee**

CI Financial’s last fiscal year end was May 31, 2006 and the Fund’s first fiscal year end was December 31, 2006. This Report of the Compensation Committee covers CI Financial’s fiscal year ended May 31, 2006, the period from June 1, 2006 to June 30, 2006 when the Executive Officers (as defined below) were employed by CI Financial and the period from June 30, 2006 to December 31, 2006 when the Executive Officers were employed by CI General Partner. CI General Partner is the general partner of CI Public Partnership, a limited partnership which owns 100% of CI Investments. CI Investments directly and indirectly carries on the operating financial services business of the Fund.

Up to June 30, 2006, the executive officers of CI Financial were William T. Holland (Chief Executive Officer), Stephen A. MacPhail (President and Chief Operating Officer) and Peter W. Anderson (Executive Vice-President). From June 30, 2006 to December 31, 2006, the same individuals held the same offices with CI General Partner and are collectively referred to in this Report as the “Executive Officers”. The roles and responsibilities of each of the Executive Officers as employees and officers of CI Financial and CI General Partner were and continue to be the same.

During the periods covered by this Report, the Compensation Committees of CI Financial and the Fund were comprised of R.D. Besse, A.W. Oughtred (Chair), G.W. Oughtred and D.J. Riddle. The role and responsibilities of the Compensation Committees during such periods included making recommendations to the board of directors of CI Financial and the Board of Trustees of the Fund with respect to the compensation of the Executive Officers and others and reviewing the design and competitiveness of CI Financial’s and the Fund’s compensation plans and reporting thereon to the Board of CI Financial and the Board of Trustees of the Fund.

### **June 1, 2005 to May 31, 2006**

In May 2005, the Compensation Committee recommended and the Board of CI Financial approved continuing the base salaries for the Executive Officers for the year ended May 31, 2006 at the levels reported above in the Summary Compensation Table. This was consistent with CI Financial’s

compensation policy for its senior executives of setting relatively modest base salaries and rewarding performance by the payment of cash and share-based compensation bonuses.

The Executive Officers of CI Financial work as a team led by Bill Holland, the chief executive officer. The Compensation Committee recommended and the board of CI Financial approved cash bonuses for the year ended May 31, 2006 of \$1,500,000 for Mr. Holland, \$1,200,000 for Mr. MacPhail and \$1,000,000 for Mr. Anderson. Because of the then pending conversion of CI Financial into an income trust, no options were granted to the Executive Officers for the year ended May 31, 2006 resulting in each of the Executive Officers receiving less total compensation for May 31, 2006 than that paid for the years ended May 31, 2005 and 2004. In recommending the May 31, 2006 cash bonuses, the Committee took into account the gains made by the Executive Officers on options granted in prior years.

The bonuses recommended by the Compensation Committee for May 31, 2006 were based on the performance of the chief executive officer and the other Executive Officers as a team and that of CI Financial in that year.

The twelve months ended May 31, 2006 included the following:

- CI Financial was positioned to convert into an income trust which took effect on June 30, 2006;
- mutual fund operating expenses continued to be reduced to establish CI Financial as one of the lowest cost Canadian fund managers;
- the integration of the Assante business into CI Financial was completed;
- CI Financial made \$18 million in capital and foreign exchange gains, mainly due to its investment in AMVESCAP which was made as part of an attempted acquisition of AMVESCAP;
- assets under management were increased from \$49.2 billion at May 31, 2005 to \$56.9 billion at May 31, 2006;
- a net mutual and segregated funds sales increase of \$1.4 billion in the year established CI Financial as the industry non-bank fund leader in net sales;
- CI Financial led the industry with the most Morningstar 5-star rated funds;
- selling, general and administrative expenses continued to be tightly controlled;
- the CI Financial total return of 85% outperformed the major market indexes for the period year (2611% increase since CI Financial went public in 1994); and
- CI Financial's net income increased from \$285 million in 2005 to \$309 million in 2006 with EBITDA increasing from \$529 million to \$577 million.

The base salaries and bonuses for the year ended May 31, 2006 for Messrs. D.J. Jamieson and M.J. Killeen were set by the chief executive officer of CI Financial in accordance with CI Financial's executive compensation policies.



## June 1, 2006 to December 31, 2006

In May 2006, the Compensation Committee recommended and the board of CI Financial approved continuing the base salaries for the Executive Officers at the levels reported above in the Summary Compensation Table, consistent with CI Financial's and the Fund's compensation policies.

In February 2007, the Compensation Committee of the Fund recommended and the Board of Trustees of the Fund approved bonuses for the Executive Officers for the period from June 1, 2006 to December 31, 2006 of \$1,050,000 (\$1,800,000 annualized) for Mr. Holland and \$700,000 (\$1,200,000 annualized) for each of Messrs. MacPhail and Anderson. On an annualized basis, the aggregate compensation paid to the Executive Officers was an increase of approximately 10% over the 12 months ended May 31, 2006. The bonus amounts were paid solely in Deferred Equity Units ("DEUs") of the Fund pursuant to its Deferred Equity Unit Plan (the "DEU Plan"), with 40,400 DEUs being awarded to Mr. Holland's account and 27,000 DEUs to the accounts of each of Messrs. MacPhail and Anderson. The DEUs vest as to 50% on January 26, 2009 and as to the balance on January 25, 2010. Each DEU entitles the holder to one unit of the Fund on the vesting of the DEU. In accordance with the DEU Plan, the Units underlying the DEUs were purchased in the market by the trust established under the DEU Plan, which will hold the Units for the Executive Officers until the DEUs vest.

The bonuses awarded to the Executive Officers for the period from June 1, 2006 to December 31, 2006 were based on the performances of the chief executive officer and the Executive Officers as a team and on the performance of CI Financial and the Fund. During this period:

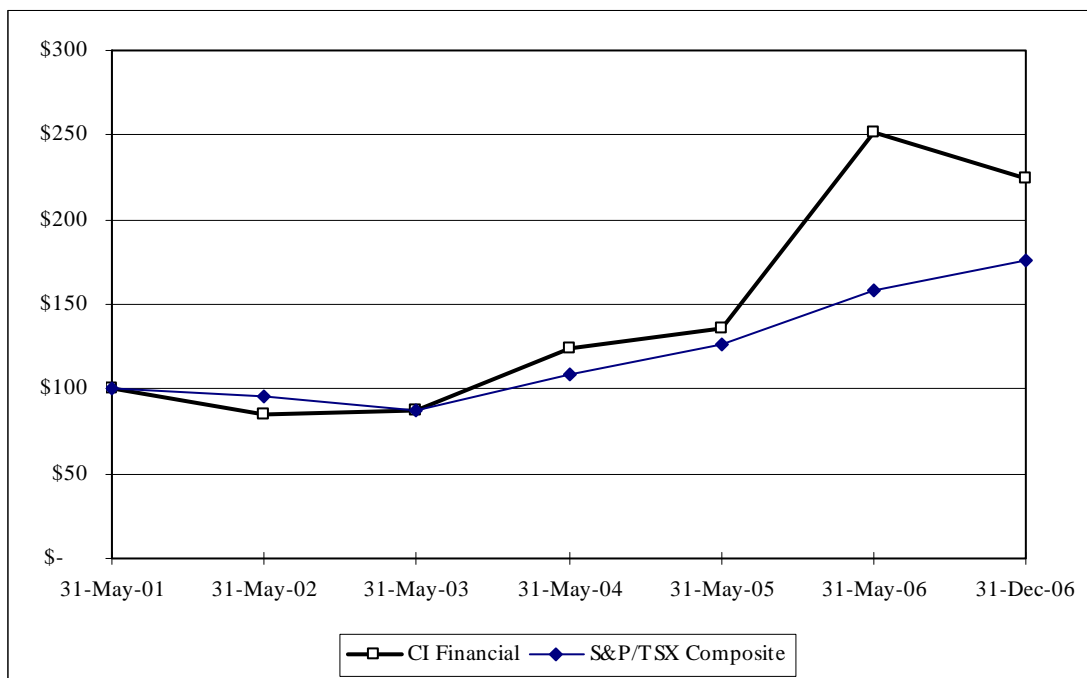
- CI Financial was successfully converted into the Fund effective June 30, 2006;
- net sales of mutual funds and segregated funds for the 12 months ended December 31, 2006 were \$2,207 million, the highest net sales of all non-bank Canadian fund companies and third of all fund companies including the banks;
- assets under management grew from \$56.9 billion at May 31, 2006 to \$62.7 billion at December 31, 2006;
- the Fund continued to lead the Canadian mutual fund industry with the most Morningstar 5-star rated funds for 2006;
- a significant number of new investment advisers were successfully added to the Assante platform;
- selling, general and administrative expenses continued to be tightly controlled; and
- a number of improvements and enhancements were made to the operations and management of the mutual funds managed by the Fund Group.

As with the period ending May 31, 2006, base salaries and bonuses for Messrs. D.J. Jamieson and M.J. Killeen were determined by the chief executive officer of CI General Partner in accordance with the Fund's compensation policies.

R.D. Besse  
A.W. Oughtred (Chair)  
G.W. Oughtred  
D.J. Riddle  
As at December 31, 2006

## Performance Graph

The following graph shows a comparison of the total securityholder return of an investment in common shares of CI Financial and, following June 30, 2006, Units of the Fund, with the S&P/TSX Composite Index from June 1, 2001 to December 31, 2006. It assumes that \$100 was invested in CI Financial on June 1, 2001 and that dividends of CI Financial and distributions of the Fund were reinvested when received. The comparative index assumes the same investment in the S&P/TSX Composite Index which incorporates dividend reinvestment.



## Compensation of Trustees

Mr. G.R. Chang, in his capacity as non-executive chairman of the Board of Trustees, is currently paid at an annual rate of \$100,000 per year.

Each of the other trustees who is not an employee of the Fund Group or Sun Life Financial is paid at a rate of \$75,000 per annum payable in quarterly instalments of \$9,375 in cash and by the issue of \$9,375 worth of Units. In each quarter, the number of Units to be issued is determined by dividing \$9,375 by the current market price of the Units. In the case of any trustee who is an officer of Sun Life Financial, \$75,000 per annum is paid to Sun Life Financial.

## Directors', Trustees' and Officers' Liability Insurance and Indemnification

The Fund has purchased directors', trustees' and officers' liability insurance for the benefit of the trustees, directors and officers of the Fund Group. The policy has an aggregate limit of \$25 million per policy year. A premium of \$249,420 was paid by the Fund for the insurance for the 12-month term which began on June 15, 2006. No part of this premium was paid by the directors, trustees or officers of the Fund. Any deductible payable by any director, trustee or officer making a claim under the policy is payable by the Fund and a \$500,000 deductible is also payable by the Fund.

The Fund will indemnify directors, trustees and officers in accordance with its specific indemnification agreements and to the maximum extent permitted under applicable law.

### **Indebtedness of Trustees and Executive Officers**

The following table summarizes the aggregate indebtedness to the Fund Group, as at March 23, 2007, of all executive officers, directors, trustees, employees and former executive officers, directors, trustees and employees of the Fund Group:

<b>Aggregate Indebtedness</b>	
<b>Purpose</b>	<b>To the Fund or its Subsidiaries</b>
Security Purchases	\$12,740,767
Other	-

The Fund (and, prior to June 30, 2006, CI Financial) maintains an Employee Security Purchase Loan Program (the “**Program**”) pursuant to which the Fund lends money to qualified key employees to purchase Units of the Fund (and, prior to June 30, 2006, common shares of CI Financial) in the market. The Program encourages long term equity investment by such employees. Loans may be made for one year terms, renewable at the option of the Fund for up to four additional one year terms, and bear interest at prescribed rates. Interest payments are made out of participants’ salaries, and principal payments are generally made from the proceeds of any sale of such shares. Unsold Units are held by the Fund as security against repayment of the loans. To the extent that the value of the Units held as collateral falls below the amount of the loan, the participant must post additional security or repay the loan. Each participant has agreed that his or her loan is to be repaid in accordance with its terms without exception.

Effective September 30, 2003, the Program was revised to provide that no further loans will be made to the senior executive officers of CI Financial. As at March 23, 2007, no participant with outstanding indebtedness under the Program is, or during the last fiscal year was, a trustee, director or executive officer of the Fund or CI General Partner. The Fund has never forgiven any amount of indebtedness under the Program. There are no other programs under which the trustees, directors or executive officers of the Fund or CI General Partner are indebted to the Fund or any of its subsidiaries.

### **STATEMENT OF GOVERNANCE PRACTICES**

The Board of Trustees and senior management consider good governance to be central to the effective and efficient operation of the Fund. As such, trustees of the Fund are committed to thorough and effective governance arrangements. The Board and management are therefore committed to maintaining a high standard of governance and compliance with the governance guidelines of the Canadian securities administrators.

#### **Description of the Board**

##### *Board Composition and Independence*

The Board of Trustees is currently composed of eight members. The Board considers its size and composition on a regular basis, each of which has been determined to be appropriate in view of its responsibilities and the risks and strategic direction of the Fund. This number of trustees permits the Board to operate in an efficient and cohesive manner. The Board believes that a diversity of views and experience enhances the ability of the Board as a whole to fulfill its responsibilities to the Fund and that the members of the Board collectively should possess a broad range of skills, expertise, industry and other knowledge, and business and other experience useful to the effective oversight of the Fund’s business. Trustees are not required to be specialists in the business of the Fund but rather to provide the benefit of

their business experience, judgment and vision. As well, the Board believes that the interests of the Fund are well served by the experience and expertise in the financial services industry that are brought to the Fund by the two trustees who are currently, or were until recently, officers of Sun Life Financial Inc. (“Sun Life”). Pursuant to governance guidelines adopted by the Board, the Governance Committee will review each trustee’s continuation on the Board every three years. This process also will allow each trustee the opportunity to confirm his or her desire to continue as a member of the Board.

In determining the “independence” of trustees, the Board applies the standards of applicable legal and regulatory requirements and recommendations. In particular, the Board views an individual as independent if he has no direct or indirect relationship with the Fund which could, in the view of the Board, be reasonably expected to interfere with the exercise of that individual’s independent judgment. Based upon information provided by each of the trustees and the discussion below, the Governance Committee and the Board have affirmatively determined that the following six nominees for election to the Board at the Meeting, being the majority, are independent: Ronald D. Besse, G. Raymond Chang, Paul W. Derksen, A. Winn Oughtred, Donald A. Steward and David J. Riddle. George W. Oughtred has informed the Fund that he will not be standing for re-election to the Board at the Meeting. The Governance Committee and the Board have determined that the remaining trustee, William T. Holland, is not independent as a result of his being the Chief Executive Officer of CI General Partner.

The Board of Trustees believes that the fact that seven of the eight current trustees of the Fund are “independent” under applicable legal and regulatory requirements and regulations is an important factor in assuring the ability of the Board to act independently of management. Mr. G.R. Chang, the Chairman of the Board of Trustees of the Fund, ceased to be an employee and a member of the management of CI Financial in January 2003. While Mr. Chang maintains an office in the Fund’s head offices, he is not in any way involved in or privy to the management of the Fund other than as the Non-Executive Chairman of the Board and as a trustee of the Fund. While in prior years it was the Board’s determination that Mr. Chang was, because of his prior involvement in management, a related trustee (under applicable guidelines), it is the Board’s current determination that because of the amount of time that has now elapsed since Mr. Chang ceased to be an employee and a member of management, he must now be considered an independent trustee. Notwithstanding such determination, the Board has continued the position of Lead Trustee. As Lead Trustee (or, prior to June 30, 2006, Lead Director) of the Board since 1999, Mr. R.D. Besse, an independent trustee, is responsible for ensuring that the Board of Trustees properly discharges its responsibilities and maintains its independence from management. Mr. Besse, as Lead Trustee, is responsible for chairing all Board meetings. The Fund has also split the offices of chairman of the Fund and chief executive officer of CI General Partner.

Sun Life is the owner of 36.5% of the Voting Units. Sun Life, CI Financial, G. Raymond Chang Ltd. and Messrs. G.R. Chang and W.T. Holland are parties to a shareholders’ agreement dated July 25, 2002 under which, from July 25, 2002 to July 25, 2005, Sun Life had the right to nominate two individuals for election as members of the board of directors of CI Financial and Messrs. Chang and Holland had agreed to vote in favour of these nominees. Mr. Derksen was one of the Sun Life nominees and Mr. C.J. Prieur (who resigned as a trustee on September 6, 2006 and was replaced with Mr. D.A. Stewart) was the other. Sun Life does not control the Fund. Although Mr. Stewart is a senior officer of Sun Life and Mr. Derksen was until February 28, 2007 a senior officer of Sun Life, as trustees of the Fund their obligations are to act in the best interests of the Fund. At his request, Mr. Stewart does not receive trustees’ compensation and, as stated under “Compensation of Trustees” above, Sun Life is paid an annual amount of \$75,000 for the services of Mr. Stewart as trustee being the equivalent of the trustees’ compensation paid to the Fund’s other independent trustees. Messrs. Derksen and Stewart have no other relationships with the Fund or its affiliates. Accordingly, the Governance Committee and the Board of Trustees (other than Messrs. Derksen and Stewart) have determined that neither Mr. Derksen nor Mr. Stewart, as an individual, has or had a direct or indirect relationship with the Fund which could reasonably interfere with the exercise of his independent judgment. If matters arise between the Fund and

Sun Life and its affiliates, Messrs. Derksen and Stewart would be required to declare their interests, refrain from voting and, if necessary, not participate in any trustees' meeting or any portion of a trustees' meeting dealing with such issues.

Certain members of the Board of Trustees serve as directors of other reporting issuers. In particular, Mr. Besse is a director of Rogers Communications Inc.; Mr. A.W. Oughtred is a director of Oppenheimer Holdings Inc.; and Mr. Stewart is a director of Sun Life. Additional information about each trustee who is standing for re-election can be found on pages 6-7 of this circular.

### *Board Meetings*

Four quarterly meetings of the Board are scheduled for each fiscal year, and special meetings are called as necessary. The frequency of meetings and the nature of agenda items depend on the state of the Fund's affairs and particular opportunities or risks that the Fund faces.

As part of each regular Board meeting, the independent trustees have the opportunity to meet alone in the absence of management to independently assess the performance of senior management and to discuss issues involving the Fund.

The information below reflects meetings of the Board of Trustees and its committees, together with meeting attendance for the seven month fiscal period ended December 31, 2006 for each trustee.

#### **Board and Committee Meetings Held**

Board of Trustees	4
Audit Committee	2
Compensation Committee	2
Governance Committee	2

<u>Name</u>	<u>Board Meetings Attended</u>	<u>Committee Meetings Attended</u>
Ronald D. Besse	4 of 4	6 of 6
G. Raymond Chang	4 of 4	4 of 4
Paul W. Derksen	4 of 4	4 of 4
William T. Holland	4 of 4	--
A. Winn Oughtred	4 of 4	4 of 4
George W. Oughtred	4 of 4	2 of 2
David J. Riddle	4 of 4	4 of 4
Donald A. Stewart <sup>(1)</sup>	2 of 2	--

Note:

(1) Mr. Stewart was elected to the Board of Trustees on September 12, 2006.

### **Mandate of the Board**

The mandate of the Board of Trustees is to supervise the management of the business and affairs of the Fund acting in the best interests of the Fund. In addition to dealing with and approving major transactions and matters legally requiring Board involvement, the Board is consulted regularly by senior management on significant business developments in the affairs of the Fund and its subsidiaries. The Board of Trustees has adopted a written charter, a copy of which is contained in Schedule "B".

## **Position Descriptions**

The Board has not yet developed a written position description for the Chairman or the Chair of any of the Board committees but intends to do so in fiscal 2007. The Board is of the view that these roles will be updated as necessary to the extent the assessments described below under “Board, Committee and Trustee Assessment” reflect that any of these roles is not being sufficiently served.

The Board has not developed a written position description for the Chief Executive Officer of CI General Partner and is of the view that there is no present need for a specific written mandate for the role of the Chief Executive Officer. The Board has delegated certain responsibilities to its committees and requires that each of them perform certain advisory functions and make recommendations to the Board in accordance with written charters. See “Committees” below.

## **Orientation and Education**

The Fund provides an orientation program for newly elected trustees and provides information for all trustees on the activities of the Fund Group on an ongoing basis. Trustees are offered the opportunity on a regular basis, and new trustees are required, to tour the Fund’s head office operations and to meet and make inquiries of the Fund Group’s senior managers. Regular communications between senior management, in particular the Chief Executive Officer, and the trustees also assists in the ongoing education of the trustees.

## **Ethical Business Conduct**

In November 2006, the Board of Trustees adopted a written code of business conduct and ethics for the Fund (the “**Code**”), which constitutes written standards that are designed to promote integrity and to deter wrongdoing. The Code addresses, among other things, the following issues:

- (a) compliance with laws, rules and regulations;
- (b) conflicts of interest;
- (c) confidential information;
- (d) Fund opportunities;
- (e) protection and proper use of Fund assets;
- (f) competition and fair dealing, including with the Fund’s competitors;
- (g) gifts and entertainment and payments to government personnel;
- (h) discrimination and harassment;
- (i) health and safety;
- (j) accuracy of Fund records and reporting; and
- (k) use of email and internet services.

Personnel are expected and encouraged to talk to supervisors, department heads or other appropriate personnel about observed illegal or unethical behaviour and when in doubt about the best course of action in a particular situation. It is the policy of the Fund not to allow retaliation for reports of

misconduct by others. The Code also outlines compliance procedures and procedures in respect of the reporting of any illegal or unethical behaviour, including in respect of accounting and auditing matters.

To ensure trustees exercise independent judgment in considering transactions, agreements or decisions in respect of which a trustee or executive officer has declared a material personal interest (in accordance with relevant provisions of the Declaration of Trust), the Board of Trustees follows a practice whereby any such board member must be absent during any board discussion pertaining thereto and not cast a vote on any such matter.

Under the Code, any waivers from the requirements in the Code that are to be granted for the benefit of the Fund's trustees or executive officers are to be granted by the Board of Trustees only (or a committee of the Board of Trustees to whom that authority has been delegated) and will be promptly disclosed as required by law or regulation. No waivers of the Code have been granted to date.

The Code can be viewed on the Fund's website at [www.ci.com](http://www.ci.com) or at [www.sedar.com](http://www.sedar.com).

## **Committees**

There are currently three standing committees of the Board - the Audit Committee, the Governance Committee and the Compensation Committee. The Board has delegated certain authority and responsibilities to each of these committees and has mandated that each of them perform certain advisory functions and make recommendations to the Board. Each committee has a written charter, copies of which are contained in Appendices "A" to "C" in the 2007 Annual Information Form of the Fund available on SEDAR at [www.sedar.com](http://www.sedar.com). Each committee is required to reassess its charter at least annually and report to the Board thereon.

### *Audit Committee*

The Audit Committee is currently composed of four independent trustees: Messrs. R.D. Besse, G.R. Chang, P.W. Derksen (Chair) and D.J. Riddle. The committee is responsible for reviewing quarterly financial statements, annual financial statements and other financial disclosure documents prior to their approval by the full Board of Trustees. The committee is also responsible for making recommendations to the Board regarding the appointment and compensation of the external auditors, reviewing the Fund's financial reporting process, internal controls and the performance of the Fund's external auditors, and approving non-audit services by the external auditors. The external auditors report directly to the committee. The committee has direct access to management and to the Fund's external auditors in order to review specific issues, and meets quarterly with the auditors without management present. Additional information regarding the Audit Committee, including its written charter, composition, and the relevant education and experience of its members, is contained under the heading "Audit Committee Information" in the Fund's 2007 Annual Information Form.

### *Governance Committee*

The Governance Committee is currently composed of four independent trustees: Messrs. R.D. Besse (Chair), G.R. Chang, P.W. Derksen and A.W. Oughtred. The committee is responsible for developing the Fund's approach to governance issues, ensuring the Board functions independently of management, assessing the effectiveness of the Board as a whole and the committees of the board and the contribution and performance of each incumbent trustee, and overseeing various matters in connection with the nomination of trustee candidates, including making recommendations to the Board on the size and composition of the Board, trustee succession planning and recruitment of new trustees, and the orientation and education of the trustees.

## *Compensation Committee*

The Compensation Committee is currently composed of four independent trustees: Messrs. R.D. Besse, A.W. Oughtred (Chair), G.W. Oughtred and D.J. Riddle. The committee is responsible for making recommendations to the Board regarding the remuneration of the trustees and the executive officers of the Fund Group, reviewing the design and competitiveness of the Fund Group's overall compensation plan, monitoring the Fund's Unit Option Plan, reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer of CI General Partner, evaluating the Chief Executive Officer's performance in light of such goals and objectives and determining the Chief Executive Officer's compensation levels based on such evaluation, reviewing executive compensation disclosure, reporting to securityholders on remuneration and related matters, reviewing the Fund's succession planning for the Chief Executive Officer and other senior executive officers of the Fund Group, and reporting to the Board and performing such other compensation related duties as may be required by the Board or the Chief Executive Officer of CI General Partner, as administrator, from time to time.

### **Board, Committee and Trustee Assessment**

The Governance Committee is responsible for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution and performance of each trustee. In connection with each fiscal year end, each trustee is required to complete an evaluation of the Board as a whole, each Board committee, the contribution of each trustee, and the Lead Trustee. The Lead Trustee annually is required to conduct informal interviews and meetings with each trustee to review the results of the trustees' assessments and other pertinent matters with respect to the Board and the contribution and performance of the individual trustee. The Chairman of the Board reviews the Lead Trustee assessments and is required to review the results with the Lead Trustee.

### **Trustees' Compensation**

The Board of Trustees, acting on the recommendations of the Compensation Committee, reviews the adequacy and form of the trustees' compensation annually and ensures that it reflects the workload, responsibilities and risks of the trustees. The Board has determined that the current policy and the level of compensation set out under "Compensation of Trustees" above are appropriate.

### **Retention of Outside Advisors**

The Board of Trustees or any committee thereof is authorized to, subject to prior consultation with the Chief Executive Officer or the President of CI General Partner (except in unusual circumstances), engage independent counsel and other advisors it determines necessary to carry out its duties and responsibilities, and set and require the Fund to pay the compensation and charged expenses for any such advisors.

### **Securityholder Relations and Communications**

The Board approves all of the Fund's major communications, including annual and quarterly reports, circulars, and financial press releases. The Fund communicates with its securityholders through a number of channels including its website, [www.ci.com](http://www.ci.com). Securityholders can provide feedback to the Fund in a variety of ways, including by sending an e-mail to [investorrelations@ci.com](mailto:investorrelations@ci.com) or calling a toll-free telephone number.

The President and Chief Operating Officer of CI General Partner is responsible for receiving and addressing securityholder inquiries and concerns and referring securityholder issues to the Chief Executive Officer and, where appropriate, to the Board. The Fund's policy is that management seek to



respond to securityholder's questions and concerns on a prompt basis, subject to limitations imposed by law and by the confidentiality of certain information.

### **NORMAL COURSE ISSUER BID**

Effective July 13, 2006, the Toronto Stock Exchange ("TSX") accepted the Fund's notice of intention to continue the normal course issuer bid originally commenced by CI Financial (the "Notice") through the facilities of the TSX. Under the bid, the Fund may purchase for cancellation up to 13,687,755 Units at the prevailing market price. Purchases under the bid will terminate no later than May 28, 2007. As of March 23, 2007, the Fund has acquired an aggregate of 4,417,100 Units under the bid at an average price of \$24.55 per Unit. Unitholders may obtain a copy of the Notice, without charge, by contacting the Corporate Secretary of CI General Partner.

### **ADDITIONAL INFORMATION**

Additional information relating to the Fund is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Fund's website at [www.ci.com](http://www.ci.com) under the "CI Financial" section. Detailed financial information is provided in the Fund's comparative financial statements and management's discussion and analysis ("MD&A") for its most recently completed financial year.

Securityholders may request copies of the Fund's financial statements, MD&A, Annual Information Form and Annual Report for the most recent fiscal year upon request to the Corporate Secretary of CI General Partner at the head office of the Fund, or obtain them on the Fund's website at [www.ci.com](http://www.ci.com).

### **OTHER BUSINESS**

Management of the Fund currently knows of no matter to come before the Meeting other than the matters referred to in the accompanying notice of the Meeting.

### **TRUSTEES' APPROVAL**

The contents and sending of this circular have been approved by the Board of Trustees of the Fund.

Toronto, Ontario  
March 23, 2007

By Order of the Board,



MICHAEL J. KILLEEN  
Senior Vice-President,  
General Counsel and Corporate Secretary,  
CI Financial General Partner Corp., general partner  
of Canadian International LP, administrator to CI  
Financial Income Fund

**SCHEDULE "A"**  
**RESOLUTION TO AMEND OPTION PLAN**

**RESOLVED** as an ordinary resolution, that:

1. subject to the approval of the Toronto Stock Exchange, the amendment of the Fund's Unit Option Plan to reflect the changes described in the Management Information Circular and approved by the Board of Trustees, is hereby approved and authorized; and
2. any trustee or officer of the Fund be and is hereby authorized for and on behalf of the Fund, to execute, deliver and file all such documents and to do all such acts or things that may be necessary or desirable to give effect to the foregoing.

## **SCHEDULE “B”**

### **BOARD OF TRUSTEES’ CHARTER**

#### **INTRODUCTION**

This charter (the “Charter”) has been adopted to govern the composition, mandate, responsibilities and authority of the Board of Trustees (the “Board”) of CI Financial Income Fund (the “Fund”).

#### **COMPOSITION**

The Board shall consist of no more than eight Trustees, a majority of whom are “independent” as defined by applicable regulatory authorities.

The Board shall consider its size and composition on a regular basis, in view of its responsibilities and the risks and strategic direction of the Fund. The number of Trustees to be elected each year at the annual meeting of securityholders of the Fund shall be determined by the Board.

The Board believes that a diversity of views and experience enhances the ability of the Board as a whole to fulfill its responsibilities to the Fund. Trustees are not required to be specialists in the business of the Fund but rather to provide the benefit of their business experience, judgment and vision. In addition, the professional and personal competencies and characteristics expected of Board members include:

- proven track record of sound business judgment and good business decisions;
- demonstrated integrity and high ethical standards;
- financial literacy;
- appropriate knowledge of business and industry issues;
- specific knowledge and experience to support the development and/or implementation of business strategy;
- communication and influencing skills;
- ability to contribute to the Board’s effectiveness and performance; and
- availability for Board and committee work.

#### **MANDATE AND RESPONSIBILITIES**

##### **Responsibilities**

The mandate of the Board is to supervise the management of the business and affairs of the Fund acting in the best interests of the unitholders of the Fund. In addition to dealing with and approving major transactions and matters legally requiring Board involvement, the Board shall be consulted regularly by senior management on significant business developments in the affairs of the Fund and entities controlled by the Fund (together, the “Fund Group”). In fulfilling its mandate, the Board’s responsibilities include:

- monitoring and overseeing the Fund’s strategic planning
- monitoring the performance of the Fund’s business, evaluating associated opportunities and risks, and controlling risk
- monitoring systems for audit, internal control and information management systems
- developing, together with the Chief Executive Officer, a clear position description for the Chief Executive Officer, which includes delineating management’s responsibilities and developing or

- approving the corporate goals and objectives that the Chief Executive Officer is responsible for meeting
- monitoring the performance of senior management, including the Chief Executive Officer
  - satisfying itself as to the integrity of the Chief Executive Officer and other senior management and ensuring that they create a culture of integrity throughout the organization
  - succession planning for senior management and Trustees
  - remuneration of the executive officers and reviewing general compensation policy for the Fund and its subsidiaries
  - governance, including composition and effectiveness of the Board, selection of Board nominees and ensuring the independence of the Board
  - monitoring compliance with the Code of Business Conduct and Ethics (the “Code”) adopted by the Board
  - considering and approving, if determined by the Board to be advisable, any waiver from the Code granted to Trustees or senior management of the Fund Group

### **Committees**

Subject to applicable laws and the Declaration of Trust governing the Fund, the Board shall delegate certain authority and responsibilities to its committees and require that each of them perform certain advisory functions and make recommendations to the Board in accordance with written charters. There shall be the following standing committees of the Board - the Audit Committee, the Compensation Committee, the Governance Committee and such other committees as the Board may determine from time to time. Each committee is required to reassess its written charter at least annually and report to the Board thereon.

### **Meetings**

The Board shall schedule four regular meetings in each fiscal year of the Fund, and special meetings shall be called as necessary. The frequency of meetings and the nature of agenda items shall depend on the state of the Fund’s affairs and particular opportunities or risks that the Fund faces. In its discretion, the Board may elect to conduct all or any part of its meetings in the absence of management and/or the non-independent Trustees.

### **Authority of the Board**

Subject to prior consultation with the Chief Executive Officer or the President of CI Financial General Partner Corp., in its capacity as administrator of the Fund, (except in unusual circumstances), the Board is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Board’s duties and responsibilities; and
2. set and require the Fund to pay the compensation and charged expenses for any advisors engaged by the Board.

### **Annual Review of the Charter**

At the Board meeting immediately following the fiscal year end of the Fund and as required, the Board shall review and reassess the Charter for adequacy and make changes as it deems necessary.

## **Board, Committee and Trustee Assessment**

Prior to each fiscal year end of the Fund, each Trustee shall be required to complete an evaluation of the Board as a whole, each Board committee, and the contribution of each Trustee and the Lead Trustee, in a form acceptable to the Board. The Lead Trustee (an independent Trustee of the Board) annually is required to conduct informal interviews and meetings with each Trustee to review the results of the Trustees' assessments and other pertinent matters with respect to the Board and the contribution and performance of the individual Trustee. The Chairman of the Board reviews the Lead Trustee assessments and is required to review the results with the Lead Trustee. The Chairman and the Lead Trustee are required to report their findings to the full Board.

## **Securityholder Relations and Communications**

The Board shall approve all of the Fund's major communications, including annual and quarterly reports, circulars, and financial press releases. Securityholders of the Fund can provide feedback to the Fund in a variety of ways, including by sending an e-mail to [investorrelations@ci.com](mailto:investorrelations@ci.com) or calling a toll-free telephone number.

The President and Chief Operating Officer of CI Financial General Partner Corp., in its capacity as administrator of the Fund, is responsible for receiving and addressing unitholder inquiries and concerns and referring securityholder issues to the Chief Executive Officer of CI Financial General Partner Corp. and, where appropriate, to the Board.

## **TERM**

The term of office of each Trustee shall expire at the termination of the next annual meeting of securityholders or until his successor is elected or appointed.

## **COMPENSATION OF TRUSTEES**

The Board, acting on the recommendations of the Compensation Committee, shall review the adequacy and form of the Trustees' compensation annually and ensure that it reflects the workload, responsibilities and risks of the Trustees.

Currently, annual Trustees' fees for each of the Trustees who is not an employee of the Fund or its subsidiaries or Sun Life shall be \$75,000 per annum payable in quarterly instalments of \$9,375 in cash and by the issue of \$9,375 worth of units of the Fund ("Units"). In each quarter, the number of Units to be issued shall be determined by dividing \$9,375 by the current market price of the Units. In the case of Trustees who are officers of Sun Life, \$75,000 per annum in cash is paid to Sun Life for the services of each such Trustee. The Non-Executive Chairman of the Board shall receive a fee in the amount of \$100,000, payable in cash quarterly.

## **ORIENTATION AND EDUCATION**

The Fund shall provide an orientation program for newly elected Trustees and provides information for all Trustees on the activities of the Fund and its subsidiaries on an ongoing basis. Trustees shall be offered the opportunity on a regular basis, and new Trustees are required, to tour the Fund's head office operations and to meet and make inquiries of senior management.

## **SECURITY OWNERSHIP BY TRUSTEES**

Each Trustee (except Trustees who are officers of the Fund or Sun Life) is required to beneficially own that number of securities of the Fund the market value of which is at least three times the

annual Trustees' fees paid to such Trustee. Each Trustee who is a member of management of the Fund is required to beneficially own that number of securities of the Fund the market value of which is at least five times his current base salary.

#### **EXPECTATIONS OF MANAGEMENT**

The Board expects management to perform its duties in an efficient, professional and ethical manner in the best interests of the Fund and its unitholders.



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