EVENT:	CI FINANCIAL CORP. 2009 FIRST QUARTER RESULTS CONFERENCE CALL
TIME:	13H00 E.T.
LENGTH:	APPROXIMATELY 33 MINUTES
DATE:	MAY 12, 2009

OPERATOR: Good afternoon, ladies and gentlemen. Welcome to the CI Financial 2009 First Quarter Results conference call. At this time, all participants are in a listen-only mode. Later we will conduct a question and answer session with instructions provided. If anyone has any difficulties hearing the conference, please press star, zero for Operator assistance. I would like to remind everyone that this conference is being recorded today, Tuesday, May 12th, 2009, at 4:00 p.m. Eastern Time.

This presentation contains forward-looking statements reflecting management's current expectations regarding the future performance of CI, as well as earnings measures prescribed by GAAP. For further information regarding these statements and earnings measures, please refer to the second slide in this presentation and to management's discussion and analysis available at www.ci.com/cix.

And I would now like to turn the conference over to Mr. William Holland, Chief Executive Officer of CI Financial. Please go ahead, sir.

WILLIAM HOLLAND (Chief Executive Officer, CI): Thank you, Lou. Certainly 2009 is a year where we have seen both sides of this volatility gain. If you were to just look at our assets on May the 12th year-to-date, it looks like just a real decent, stable year. As we all know, it's been anything but. The heart-stopping decline in global markets of January and February turned in March into the biggest rally we've ever seen. The net result of that is our assets are actually up almost $10 billion from the low of eight weeks ago and that the very nasty negative operating leverage story is now a spectacular example of the positive operating leverage that we have in our business. The EBITDA has increased from about a… by about $120 million during this period of time.

Now all of this has made the first quarter results all but irrelevant so I'll just breeze over the highlights and then give you a sense on what things look like today. I'd like to say, though, as ugly as the first quarter was, I think we managed it very, very well here at CI. After significant cuts late last year, I can't say that we can identify any real negative impact from those reductions, which, of course, is always possible when you make cuts at a level of $45 million. That being said, at the market lows in March when we started to examine costs again, we really struggled to find out where they may come from.

First of all, on a year… Looking at the first quarter, our total fee earning assets were $78 billion, down 3 percent. Average retail assets were also… retail AUM was also down by 3 percent. EBITDA at $0.43 was down 7 percent on a quarter-over-quarter basis, which I think is the best measurement given the huge volatility in the market. Earnings actually increased by 5 percent to $0.20 a share. Gross sales I would have to say were a pretty positive story at $2.1 billion for the quarter, down 13 percent over the fourth quarter of '08, but in the environment we were in, I would say that was exceptional.

The real star story, though, was the fact that redemptions stayed at historical low levels. Our redemptions were actually down 24 percent to $1.9 billion in the first quarter of 2009 over the fourth quarter of 2008. Our net sales of $178 million during the quarter were $280 million better than the $102 million redemptions that we had in the fourth quarter. Just as an aside, if you look at the EBITDA, half of the 7 percent decline could be accounted for by the fact that there were two fewer days in the first quarter than there were in the fourth quarter of 2008.

I'd like to look at the operating margin because I think that's an area where we distinguish ourselves considerably during this difficult period. In the first quarter, we had management fees of 191 basis points. That's down from 192 in the fourth quarter and 196 a year earlier. Trailer fees have stayed pretty consistent at 55 or 56 basis points. But our net SG&A was flat quarter-over-quarter and, on a year-over-year basis, actually dropped by 1 basis point, giving us an operating margin of 99 basis points, flat over the fourth quarter of 2008 and down 3 basis points from a year earlier.

Now all of that and more could be assigned to the fact that our management fees dropped by 5 basis points. Of the 5 basis points, half of it is because our money market fund doubled in size during that period of time because of the tremendous fear out there; the other half to the fact that we are aggressively growing our I Class business, which we are convinced doesn't cannibalize our fund business; it's just incremental business.

On the sales front, our sales continued to be very good. If you look at long-term sales till April 30th, we had $1.1 billion. We also redeemed about $650 million worth of equity-linked notes, which we have no control over; they're just triggered by certain points in a market decline. Looking at sales on a year-to-date basis, we continue to be very competitive. Year-to-date we're at about $237 million worth of long-term sales and I would say this, that sales are picking up considerably over the last three or four weeks. I think the best indicator of sales – and I know I say this every time but I think it's always worth repeating – is fund performance. This is still a business where the better the performance, the better the likelihood of getting decent businesses.

If you look at CI's performance today as an organization, it is exceptional. On a year-to-date basis, 71 percent of our assets are in the top two quartiles, over one year at 70 percent. Over five years, 68 percent of our assets are in the top quartile and 77 percent in the top two quartiles. And over 10 years, a stunning 73 percent of our assets are in the top quartile and 81 percent of all of our assets are in the top two quartiles over a decade.

If you look at our three largest money management groups, Harbour, Signature and Tetrem, they have… starting with Harbour. Harbour has no less than 95 percent of its assets over any period -- from year-to-date, one-year, three-year, five-year or 10-year -- in the top two quartiles. Signature is… the lowest they have is over one year and three years are 51 percent of their assets in the top two quartiles but over five and 10 years, they're 76 percent and 71 percent of their assets in the top two quartiles. And Tetrem, managed by Danny Bubis, has 100 percent of all assets he manages in the top two quartiles on a year-to-date basis, one-year, three-year, five-year and 10-year. Often people look at mutual funds in terms of their Morningstar ratings. As of April the 30th, 73 percent of CI's assets are rated four-star or better.

Now given the huge increase in assets over such a short period of time, I think what would be helpful is to just take a quick snapshot at our business today. If you look at our assets under management, it's now $55 billion as of yesterday's close. Our operating margin, if you assume it to be 99 basis points – and this is not a forecast; this is really a snapshot and I think we can do a little better than 99 basis points just given the growth… the quick growth in our assets – that will generate total EBITDA now of $140 million on a quarterly run rate basis, $560 million on an annualized basis or $1.91 a share. That equates to now having… If you look at our debt at $900 billion, our net debt to EBITDA is 1.6 times right now. Our net debt to enterprise value is only 15 percent.

Just a quick outlook, net sales continue to pick up considerably. We are over $75 million in long-term net sales in May already. We're fortunate that the redemption levels continue to stay at historically low levels. As I pointed out, our fund performance continues to be very strong and it's actually picked up over the last couple of months. Our segregated fund business is now over 22 percent of the total assets under management at our company. This is by a mile our most profitable business. The average expectancy… life expectancy of that business is probably around 15 years and the average ticket size is about 10 times that of a normal mutual fund.

Looking at our debt, we would expect that our net debt to be down to about $750 million by year end. That could be as low as 1.3 times EBITDA and I would say now that we have a clearer indication that the credit market is greatly improved. I suspect that that's probably lower than our target rate, and I think we would probably want to leverage a touch higher than that. And finally, today we announced that we are increasing our dividend. We will also pay it monthly now at the rate of $0.05 per month.

That is my quick update, and I would be glad to take any questions that people have.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct a question and answer session. If you do have a question, please press the star, followed by the one on your touchtone phone. You will hear a tone acknowledging your request. As a reminder, if you are using a speaker phone, please lift the handset before pressing any keys.

Your first question today comes from Stephen Boland of GMP Securities. Please go ahead.

STEPHEN BOLAND: Good afternoon, Bill.

WILLIAM HOLLAND: Good afternoon.

STEPHEN BOLAND: Just on your cash flow and talking about getting your net debt down, that $900 million, that's… Is that as of March or as of May 9th? I'm just trying to get that…

WILLIAM HOLLAND: That's current.

STEPHEN BOLAND: Okay, that's current, sorry. Okay. So you… Okay, that makes sense. So I just want to confirm that when I look at your dividend coming on-stream in Q2, debt repayment and you bought back $12.5 million worth of stock in Q1. Do any of those have to be sacrificed in your opinion? Or you can you manage to do all three, do you think, going forward here?

WILLIAM HOLLAND: I think we can manage to do all three. I mean things have changed so remarkably. If you were to ask me the same question at our last conference call, which coincided with the low of the market, March the 12th, you know, I would have had a very different view. The fact that from that day, our EBITDA has increased by $120 million, I think I have a different view. I also have a different view having renegotiated our annual credit facility and recognizing that the credit market is easing quite a bit, I don't have the same concerns that I would have had three months ago.

STEPHEN BOLAND: I guess the second thing, you mentioned net sales have really picked up. Is this advisors… advisor-driven, do you think? Or is it, you know, investor-sentiment driven? Or is it a combination? Like what are you hearing in terms of the mood?

WILLIAM HOLLAND: Well I think the… we continue to benefit by the fact that redemptions are just very low across the industry; that's one point. There's just a lot less activity. And I think that the first three or four weeks of this stunning rally, I don't think that retail investor was clamoring to get in but you're seeing it, you know, incrementally every day a little more. And I think if the market were to stay stable or, even more fortunately, rise a little bit from here, I think you could see, you know, pretty decent sales come out of a company like CI, maybe even very good. We're not there yet.

STEPHEN BOLAND: Okay. I guess last question, just have to ask, about, you know, is there any further update talks with Scotia in terms of broadening your relationship at all?

WILLIAM HOLLAND: Well, you know, over the last 60 days, we've had tons of conversations and we're looking at everything from banking to how they may be helpful to us in the distribution. I don't have anything to report today, but I suspect that by the next conference call we'll be in a position to understand, you know, what benefits the two sides can bring to each other. It's not as simple as, you know, we'd like to think but I would say that the early call on this is it's… is that the relationship is exceptional; they're very easy to deal with. But like any big organization, it's going to take a while.

STEPHEN BOLAND: Okay, great. Thanks very much, Bill.

OPERATOR: Your next question comes from Gabriel Dechaine of Genuity Capital Markets. Please go ahead.

GABRIEL DECHAINE: Good afternoon, Bill. Just based on your comments there, the money market funds in your AUM is about 5 percent of the total retail AUM. Did I understand that correctly that some of that shifts back into long-term funds? There's about a 2.5 basis point uptick to your operating margin potentially?

WILLIAM HOLLAND: We went back to just where we were a year ago. We were… We've almost doubled in size from Q1 of '08 and our money market got probably as high as 6.6 percent; it's about 5.5 percent today, maybe a little lower, maybe 5.3 percent. So you're starting to see a little bit of movement. Remember also that the money market effectively yields zero.

GABRIEL DECHAINE: Mm-hmm.

WILLIAM HOLLAND: And so what that creates is an environment where, if really the… When the risk tolerance was zero, zero was an acceptable return. I suspect it's not anymore. I also think that that's one of the reasons why our segregated funds are selling so well, because if money markets are yielding so low and you can get some kind of guarantee and what effectively looks like a warrant on the future, that seems like a pretty good deal and that's probably why the seg funds have sold so well over the last, you know, 100 days or so.

GABRIEL DECHAINE: Well speaking of the seg funds, the 22 percent of your total AUM in the seg funds, is it around… I think is there about $10 billion at Sun Life? Is that approximately the number there?

WILLIAM HOLLAND: Yes, a little more.

GABRIEL DECHAINE: And what's the… I guess the fee structure is, you know, quite more… a lot more favourable selling Sun Life funds, or seg funds. Is there any, review of that fee structure planned in the next little while?

WILLIAM HOLLAND: I think that most of the insurance companies in North America have been pretty up-front about the fact that they will re-look at the pricing – re-look at the pricing, of course, is a euphemism for going up – at some time this year. The costs of insuring the assets has gone up and I think the tolerance for risk at the insurance companies has gone down. So I think the pricing will change, but I think it's still a product that insurance companies are very, very keen to be competitive in.

GABRIEL DECHAINE: Okay. And lastly, the… I noticed the amount of options went up quite a bit this quarter, more than doubled. Could you… Is that anything related to the trust conversion?

WILLIAM HOLLAND: Not at all. The… Probably the top seven or eight employees at CI, all of their variable compensation was paid in the form of options. The last couple of years we got trust units; unfortunately, they didn't perform so well. But this year, as we converted back to a corporation, all of our compensation… all of our variable compensation was in the form of options. That's what the… our directors felt very strongly that, you know, our fortunes should be tied to the stock price over the next three or four years. So we issued options at our compensation meeting, which I think was on March the 13th so… or about then. So that's why the options go up. They probably won't move again for the rest of the year.

I do want to say, though, that, you know, I think Derek DeCloet or somebody wrote an article today about compensation in our business. Our compensation, by almost any standards, is very reasonable. Some of the numbers he was throwing around today would be two times or three times the entire named executive officers of our company in our circular. And so, you know, I think that when people look at the compensation that CI had for an exceptionally good year given the conditions, I think they will see it as being modest.

GABRIEL DECHAINE: Okay. And just the way those are structured, are there any kind of – I (unintelligible) options expert – but do they have a change of control provisions built into them, like in terms of…

WILLIAM HOLLAND: Do they automatically vest on a change of control?

GABRIEL DECHAINE: Yes.

WILLIAM HOLLAND: I don't know that for sure. I think that we've been reworking our option plan as we went back to a corporation so that is something that I don't know but something that it may not… it maybe just what it was when we were issuing options four years ago, which I think had a change of control provision in them.

GABRIEL DECHAINE: Okay. All right, Bill. Thanks.

WILLIAM HOLLAND: Thank you.

OPERATOR: Your next question comes from Geoff Kwan of RBC Capital Markets. Please go ahead.

GEOFF KWAN: Good afternoon. Just had a couple of questions. First off was, in the press release you came out, I think it was last week, talking about wanting to build out the institutional part of your business. Can you talk about whether or not this was something of just maybe more formalizing what you'd been doing before and then maybe what some of your goals, or at least your strategy to capitalizing on this market?

WILLIAM HOLLAND: Well I think it's both. I mean we are formalizing what we did. When we merged the KBSH assets into Eric Bushell's group at Signature and they were looking to start to build out a more institutional business and so all we did was then formalize it. I think it's too early to say what our expectations are, although, you know, I suspect that we should have reasonably good prospects. Most of the institutional business people associated with us is our ownership of Altrinsic in Connecticut and they've got probably about $8 billion U.S. under management right now, of which we own 25 percent. But we will build a significant presence in the Canadian business. It's just selectiveness; we're not looking to necessarily go after the completely commoditized pension business, but I think there's opportunities that will avail themselves that CI would be well suited for.

GEOFF KWAN: Okay. And the second question I had was, you had talked previously – or at least in prior quarters – about wanting to do some acquisitions. We haven't seen, obviously, seen anything over the past several months. Is that an indication of how the M&A market is? Or can you maybe provide some colour?

WILLIAM HOLLAND: Well, during the fourth quarter, we certainly got some indications that there were interested sellers and that completely seemed to have dried up in the first quarter. I think there's very few companies that we would actually be interested in acquiring, to be honest. But I think that when the market was dropping at such a precipitous rate, there were no transactions that were going to happen. And I get the feeling that the M&A market may pick up a little bit now but it… I certainly felt when it… when I was talking to you on our last conference call that the acquisition market was all but dead. I think eight weeks of very strong markets may liven it up a bit. But I don't get the sense that there's a lot of activity that's brewing imminently.

GEOFF KWAN: Okay, great. Thank you.

OPERATOR: Your next question comes from Doug Young of TD Newcrest. Please go ahead.

DOUG YOUNG: Hi, Bill. Just on the costs side, I just noted on the asset admin line, I guess the SG&A was flat sequentially. I guess I had expected maybe there would be further cuts there. Is there further room to… for you to pull a lever on that to rein in expenses? Or are we essentially where you think the run rate will be?

WILLIAM HOLLAND: I think that given where our assets are today, (inaudible) be highly unlikely that we would have any cost cutting from here. That being said, you know, our assets are up 8 percent from where we were at the beginning of the year so if our assets are 8 percent higher and we cut all the costs we have, it obviously gives us some pretty impressive leverage here. I would say, though, that, in fact, in theory, costs could go up; if our assets go up a lot higher from here, we may have higher compensation costs at the end of the year.

DOUG YOUNG: Well that's kind of my other point, is a question was, your leverage… I mean you've made a lot of cost cuts here, you know… Should we be expecting your margins to actually peak out above where they have peaked out previously? Or is the shift in mix in business such that that's not going to happen? Or is, you know, is this… Are we going to get to a point where costs are going to start to creep up? And I know compensation's one; is there other things that… where you could start to spend more on?

WILLIAM HOLLAND: I don't think the costs are going to creep up. I really… I don't. I think that if you segment our business and say, we have our retail business and then we have our I Class or institutional business. I think that our margins on the retail business are increasing right now, just because we cut our costs so significantly and our assets are doing much better than we would have forecasted. We just forecasted a continuation of core markets. So you… The overall margin may look the same or go up or down slightly, but the margin on our retail business is improving. The business that we do I Class is just incremental to it. We really should segment this out to show you that the… that there isn't margin erosion. If the market continues to do well, I would suspect that we'll get our money market back to historical levels sooner than we normally would because interest rates are so low. Investors will not stick around at 0 percent yields for very long if they're no longer terrified.

DOUG YOUNG: Okay. Great, thank you.

OPERATOR: Your next question comes from John Reucassel of BMO Capital Markets. Please go ahead.

JOHN REUCASSEL: Thanks. Bill, just a question on the taxes, that I'd note there is a maintenance issue but you had an $8 million gain in the quarter. What… You know, for modeling this, what rate should we use for your tax rate and I guess this year and then next year?

WILLIAM HOLLAND: Well I think… we won't have any cash taxes payable probably till some time in… around the middle of next year. And I think the statutory rate at that time is 30 (unintelligible) is 32 percent.

JOHN REUCASSEL: Okay.

WILLIAM HOLLAND: And so…

JOHN REUCASSEL: So that's the number we should stick with.

WILLIAM HOLLAND: I think so.

JOHN REUCASSEL: Okay. And just the… just getting back to the leverage, I guess in simpler terms, if your average AUM is up, Bill, what would you expect your – you said up 10 percent – what would you expect your EBITDA to be up? Is it going to be up 12 percent or would it be up…

WILLIAM HOLLAND: First of all, our average assets as of yesterday are up… Our assets as of yesterday are up 13 percent over the average for the first quarter but, clearly, those aren't the average for this quarter either. They're just an end point at a particularly appealing time. But I would think that, right now, if you went quarter-over-quarter and our EBITDA… and our assets… average assets were up 10 percent, I would expect our EBITDA to be up, like 12.5 percent if it was that clean.

JOHN REUCASSEL: Okay. On the notes, Bill, does that money ever come back?

WILLIAM HOLLAND: I don't think so. I think that in total, we lost about just a little over $1 billion, I guess, and really that… there's just a trigger set at a level of the market and the money is gone. I think that it's late enough in this cycle of those that it's unlikely to come back. So I suspect that that is now money gone. And keep in mind, we do talk about it as if it's a one-time redemption, yet when it comes in, it's not a one-time sale; it doesn't come in all at once. It comes in over many, many years, but it often goes out in big chunks in a day.

JOHN REUCASSEL: Okay. Two last questions. First, on the decision to go monthly versus quarterly, what was the discussion there on the dividend? And then if you could talk a little bit… It's an interesting relationship you have with Scotia in the sense they're your largest bank and they're also your largest shareholder. How do you manage that relationship and are there potential conflicts there? Or how do you deal with that?

WILLIAM HOLLAND: Well, okay, the dividend it's payable monthly. There was no magic to it; it just seemed… that it doesn't cost anything anymore to pay the dividend out and we get paid daily in our business, and so we just thought that most of our investors would find it more appealing to get paid monthly. It was nothing more than that.

With regards to having your largest shareholder your banker, I… Yes, I think that's tricky. I think that it's one of those things that you have to manage carefully. It's like when… what do they say? How do porcupines make love? You know, very carefully. I think it's probably something along the lines of that because, you know, I suspect that we've managed this relationship very well. They've been our banker… our lender for a long, long time. And now there's a quite obvious conflict if they're our largest shareholder and we have a disagreement on… And it's not that easy to sit and argue about funding costs and stuff like that. That being said, we have now settled on our line of credit for the next 12 months. This is not really going to be an issue again until June 1st of 2010.

JOHN REUCASSEL: Okay. Thank you.

OPERATOR: Your next question comes from John Aiken of Dundee Capital Markets. Please go ahead.

JOHN AIKEN: Good afternoon. Bill, just a couple of quick questions. You mentioned in your prepared comments $45 million in your expense reductions; this is obviously up from the $40 million you were talking about last quarter?

WILLIAM HOLLAND: Right.

JOHN AIKEN: Okay. And how does that factor into your statement of the fact that you think the 99 basis points, in terms of operating margin, can be exceeded? Is it… Are you factoring in these cuts on a run rate basis? Or is this more shifting mix of AUM out of money market into equity or balanced funds?

WILLIAM HOLLAND: Well it's really both. I mean the real… The movement could be as simple as just getting our money market back to a more normal size and I think that it's… If the market stays okay, that money market will decline very quickly. The rates are just too low. And really I think that that's it. You know, as I said, I don't think there's a lot of room for us to cut more. Based on the asset level that we thought we were going to be at, which is considerably lower than where we are today, we cut out $45 million. So if our assets are materially higher than what we had forecasted, we will have a margin rate that exceeds 99, at least in the short run. You know, we'll do everything we can to not allow costs to creep into the business in any significant way and so if that… When assets go up in a very short period of time, it does have a very positive impact on your margins.

You know, one of the things that I assured our investors of, either in the last call or the call before, is that we just wouldn't lose money on our AUA business. And if you look at it, you know, if you look at our Blackmont Assante business on the dealership basis, we didn't lose money. And I'm… I'm not even going to try to tell you that we can make money at Assante paying out 81 basis points, but I'm willing to commit that we won't lose money on it. And so do I think we've got the costs under control in really all parts of our business and that the… that margin you're looking at today is an accurate reflection of what we should be able to do at a minimum.

JOHN AIKEN: Thanks for the colour, Bill. And just any comments on the strategic interest in acquiring Perimeter and what that brings to the business? I know it's probably not going to be material but what does that bring to your operations that you didn't have?

WILLIAM HOLLAND: It doesn't bring anything to it. I think Steve MacPhail looked at the business and thought it was really interesting. We've known Doug Steiner for years; we were an investor in the business, and I think we probably we owned about 10 percent of it. You know, I think the electronic fixed-income market is probably more interesting today than it's ever been, given that we have a bond issuance, you know, pretty much three times a week now. So I think we look at it as an interesting opportunity; it doesn't have a lot of synergies with our other business. But I'll commit to you that it's not a business that we will… we will not lose money on it under any circumstances, and we will earn a decent return on it at least.

JOHN AIKEN: Okay. Thanks, Bill.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the star, followed by the one. Mr. Holland, there are no further questions at this time. Please continue.

WILLIAM HOLLAND: Why thank you very much. Well at this point then, I will say good-bye. Thank you very much for attending our first quarter of 2009 conference call and I very much am interested in updating you on the second quarter in three months. Bye now.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for your participation. You may now disconnect your lines.

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