CI FINANCIAL CORP.

FIRST QUARTER 2012 RESULTS

CONFERENCE CALL

MAY 8, 2012

Corporate Participants

Stephen MacPhail
President and Chief Executive Officer, CI Financial

Doug Jamieson
Chief Financial Officer, CI Financial

OPERATOR: Good afternoon. My name is Audrey and I'll be your conference operator today. At this time, I would like welcome everyone to the CI Financial 2012 First Quarter results conference call. All lines are in a listen-only mode. After the speakers' remarks there will be a question and answer session. This presentation contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services including its business operations, strategy and financial performance and conditions. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risk and uncertainties. For further information regarding factors that could cause actual results to differ from expectations, please refer to management discussions and analysis available at www.cifinancial.com. This presentation includes several non-IFRS financial measures that do not have any standardized meanings prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. These non-IFRS measures and reconciliation to IFRS, where necessary, are included in the management discussion and analysis available at www.cifinancial.com. Now, I would like to turn the call over to Mr. Stephen MacPhail, President and CEO of CI Financial. Mr. MacPhail, you may begin.

STEPHEN MACPHAIL: Thank you. Good afternoon. Thank you for calling in to our Q1 2012 conference call. Q1 was an excellent quarter for CI, with net income up 8% from the previous quarter. Our gross and net sales were up significantly from the prior two quarters. CI's overall SG&A remained at 40 basis points. We increased the dividend in March to eight cents monthly, which equates to 96 cents annually. We repurchased $6.5 million worth of shares at an average price of $21.51 [per share] during the quarter, and lastly, our net debt declined by $84 million.

Looking specifically at the changes from the prior quarter, you can see that CI's average assets under management were up 4% to $72.3 billion. Net income, as I mentioned, rose 8% from $87.8 million to $94.6 million, which, on a per share basis, equated to an increase from 31 cents per share to 33 cents per share. EBITDA increased from $173.6 million to $176.5 million. Operating cash flow jumped from $131.9 million to $139.8 million. Dividends paid during the quarter increased from $64.1 million to $65.2 million, reflecting the increase that was effective March 15, 2012, and net debt declined from $730.7 million by 11% to $646.7 million from surplus cash generated and from freeing up of certain regulatory capital.

From a sales perspective, we saw gross sales increase substantially from the previous quarter, resulting in net sales of $160 million. We experienced positive sales for both retail and institutional. Retail had net sales of about $204 million, while institutional had net sales of $84 million. The only soft area was third party class side business where we really have no influence, and it had net redemptions of $128 million, most of which occurred in January. What was encouraging was that our gross sales were up from the last three quarters. In addition, when we look at year over year, retail redemptions are actually down. We experienced solid net sales from our Sun Life, Assante and Edwards Jones relationships during the quarter. We remain pretty cautious; however, as sales continue to be impacted by investor fatigue relating to market uncertainty and also by continuing segregated fund maturities, especially those through third parties.

Looking forward, our second Las Vegas Conference is next week with over 800 advisors attending. This is a significant increase from last year with strong representation from the Sun, Assante and Edward Jones relationships, but what's really encouraging is the big increase in representation from IIROC advisors. We're also hosting the annual Assante Conference in Chicago at the end of the May which also being very well attended. We continue to get strong performance from our money managers, which has been reflected in CI's strong asset growth relative to our competitors this year. And lastly, we are encouraged by the increasing popularity of the Cambridge Funds. If you recall, this asset management team was only really finalized last September. And with that, I'm going to turn it over to Doug Jamieson, CI's Chief Financial Officer to provide some more financial details. Doug?

DOUG JAMIESON: Thank you Steve. Steve has talked about our consecutive quarter comparison and shared the year-over-year comparison. Looking at our first quarter this year compared to the first quarter last year, we see that average assets under management were down 2% from $74.1 billion a year ago. Last year's first quarter included a $4.9 million dollar insurance settlement so that we can see on an adjusted basis, earnings per share were 34 cents last year, just a penny higher than this year. And similarly, EBITDA was down 3% year over year. Dividends paid were up 8% as CI paid out $60.5 million last year at a rate of 7 cents per month and $65.2 million this year at a rate of 7 and a half cents in January and February, and then eight cents in March, which is, as Steve mentioned, our current monthly dividend rate. And net debt, which is total debt less cash and marketable securities not required for regulatory working capital, declined 17% from $777 million to under $650 million.

CI's EBITDA margin grew over the year by 0.7% to 48.2% as total revenues declined 4.1% year over year and EBITDA only dropped 3.9%. Meanwhile, from last quarter, the margin is down slightly from 48.7% as total revenues gained 2.7% and EBITDA grew 1.7%. But the first quarter is typically a softer quarter for this margin as the dealership revenues are higher during RSP season and we only earn a gross margin of approximately 20% on that business. CI's total SG&A as a percentage of assets under management, and expressed in basis points, has stayed very steady over the past year, averaging just over 40 basis points even as our average assets under management dropped by 5% in the third quarter. This 40 basis points includes the cost to administer CI's funds, pay its internal and external portfolio managers and corporate and marketing costs at both CI and Assante.

Next, we have the last five quarters of free cash flow, which has been higher during the three non-RSP quarters as one would expect. Free cash flow for the first quarter this year is consistent with last year's flow of just under $100 million, as operating cash flow and the spend on deferred sales commission were both slightly higher. And here is the detail on the free cash flow. Last year's operating cash flow of $147 million less commissions of $49 million gave us $98 million in free cash. And this year, we had $140 million of operating cash flow and $41 million of commissions paid for free cash flow of $99 million.

The next section details the amounts returned to shareholders via share buybacks and dividends. Last year, CI didn't buy any stock in the first quarter and paid out $61 million dollars in dividends. This year, CI bought back $6 million in stock and increased dividends paid to $65 million for a total of $71 million returned to shareholders this year. This left a surplus of $28 million this past quarter, which was used to pay down the balance on our credit facility. That line is currently not drawn and CI's total debt stands at $750 million, down $100 million from one year ago. I will now turn it back to Steve.

MACPHAIL: Thanks Doug. If we look at assets under management, you can see that we finished April 2012 up almost $1 billion from the Q1 2012 average. As it stands with the shaded area, our average assets are up over where they were for Q1. However, I'll caution, after a day in the markets like today, it is hard to predict where the current quarter will end, but I can assure you we'll continue to be cautious with our expenses just as you would expect CI to be.

Moving forward, we continue our expansion into alternative investments. Assets in Red Sky Capital continue to build. Lawrence Park Capital Partners, which we recently partnered with, is also getting a lot of attention. Both advisory firms have been asked to be represented at our Las Vegas and Chicago conferences and I view that as very positive when the advisors themselves are calling us and asking if these new businesses that we started up can be represented and present.

We continue to have a company-wide focus on all our distributor relationships and we keep building our sales and marketing team accordingly. To pay for it, our operations managers are continuously looking for additional scale efficiencies in every part of our operations. We continue to build the foundation for our institutional business for the Cambridge and Signature Funds. Altrinsic, which is already at almost $12 billion in assets, has taken on a strategic partner that I believe could result in a doubling of that business. Peter Anderson, who was key to building CI's mutual fund business as President of CI Investments, has moved his focus to CI's institutional business, which he is running. With that, Doug and I would be happy to entertain any questions that you might have.

[Directions from Operator]

SCOTT CHAN, Cannacord Genuity: Hi guys. I'm just trying to break down the net sales, obviously a very challenging environment for everybody, especially independents. The Class I that you mentioned that were in net redemptions, is mostly related to the seg fund maturities?

MACPHAIL: Absolutely. So that's the one I gave you. When we reported $160 million, the institutional I said was $84 million, our retail was $204 million and then the Class I third-party funds were minus $128 million. But most of that is related to these seg fund maturities from third parties.

CHAN: I know things have changed drastically in the quarter, but [last quarter] you mentioned the seg funds could possibly get net sales in 2012 after a challenging 2011 with the seg fund maturities. But with Sun Life's announcement to discontinue selling [Sun*Wise* Essential Series] to third-party advisors, I mean, how is that going to strain gross sales until a couple of new guaranteed products are going to be released?

Steve: Certainly, any products in that area have slowed in popularity when you look at some of things that the amount of capital required to be tied up with them, etc. So isn't anything that's new to us and we've really moved our emphasis onto looking for growth in other products. And I would say I agree with you that when you see what's been announced over the last three or four months with people de-emphasizing some of these products, we're not looking for a major contribution to growth sales from these products. We'll definitely get business there, but it just won't be the growth area of our business.

CHAN: Historically, with that product, was it about 50/50 in terms of gross sales from third party versus Sun Life advisors?

MACPHAIL: It's really dependent on the period of time that you looked at if you went back over a 10-year period of time. There were times when third-party advisors put a lot of money into those areas. But in more recent years, certainly, the Sun Life channel has been a much more steady and good channel for that business.

CHAN: Okay. My last question relates to the institutional segment. I guess $84 million in net sales is pretty decent in Q1, but a lot lower than last year at this time. Can you just provide us an update on if it has ramped up and the RFP activity? You just mentioned that Peter Anderson is going to help spearhead that, and as well, are the Cambridge mandates on that yet and have they got any business?

MACPHAIL: We're only really just getting those mandates up and going, and the track records are slowly being established, and if you look at the process involved, these things just take time. And even if they were up and running and going tomorrow, if there's no mandates that are up for review at that point in time, then you can't force a mandate review. We're doing everything possible to position ourselves as mandates come up that we can go for them. The Signature Funds certainly have a lot more traction than Cambridge would at this point in time, and over the course of the year we're seeing a lot of opportunities for the Signature Funds. They've got good performance, so I wouldn't be surprised if Signature does a decent amount of business this year. But with the

Cambridge group we're really trying to plan for one, two or three years down and build something to keep this thing growing for the next four or five years as opposed to just what we can get in the first quarter of 2012.

GEOFFREY KWAN, RBC Capital Markets: Hi. This is just following up on Scott's question on the institutional business. Are you able to say if we're trying to gauge the growth net business or the assets in the pure institutional, not including the I Class, where would you be today?

MACPHAIL: Where we would be in total assets in that business?

KWAN: Yeah.

MACPHAIL: Our total institutional business is about $3 billion.

KWAN: The second question I had was just with some of the investments you made. Obviously you had Altrinisic and a few others that you've done like Red Sky. Over a decade ago you guys were a little bit into the alternative products and you had pulled back and I recall it was an area that wasn't necessarily high appetite. I'm just trying think about how CI's looking at it going forward that, are we to expect more exposure to these types of investments in companies or types of products?

MACPHAIL: I don't think you can compare where we originally got into alternative investments. You remember we inherited that with the BPI acquisition and it was a bit of a sideline to that business. We didn't design that whole thing and it worked out okay for a while but after that, it didn't. I'd say our real foray into the business came with the Trident Funds, and Nandu [Narayanan] has had phenomenal performance in that area. We just haven't got as much traction as we would have liked. I think a lot of investors [hedge fund investors in general] were chasing Salida-type returns, where they thought they were going to get on the upside, but unfortunately they got the 60% and 70% downsides. But with our structure today, we're taking a much longer-term view and the alternative asset managers we pick today are ones that we think and get sustainable growth over the next five years. I've raised this one before, that we hope to get about five alternative asset managers under our wing and probably put an overlay over top of it so that we can use strategies like corporate class, etc., with them and really create a good product in that mix for the advisors that want to use this. Most of them will really be more conservative in nature. We're not looking for any type of alternative asset manager that can be up 60% one year and down 50% the next because those numbers just never add up for us.

DOUG YOUNG, TD Securities: Hi, good afternoon. Just on the retail net sales, Steve, with Sun, Assante, Edward Jones, can you give us a sense of the split? Is it pretty equal, that $204 million across each of those channels, and can you maybe give us a sense have things improved at all or have you noticed any improvements on the IROC side?

MACPHAIL: The Sun Life and Assante channels contribute a lot more than Jones would, but those are just bigger businesses, and our relationship is really evolving with Edward Jones right now. We've gotten other products that we're hoping to make more inroads with them. They're very good partners, and they evaluate your products very, very thoroughly before they get submitted to their shelf. But once they're on there, then it can be positive growth. As it stands right now, the Assante channel and Sun Life channels were both very strong for us in the first quarter, and Edward Jones we are very, very pleased with also.

YOUNG: Can you talk about the potential upside as you get more penetration in the Edward Jones channel?

MACPHAIL: I think that's certainly possible to get more penetration within that channel. When I talked with Derek Green, he continues to increase the number of resources that are focused on the Edward Jones channel. We've got good representation by Edward Jones people at the Las Vegas Conference, which I view as very positive for us. So I see this as a real opportunity where we can get increased penetration.

YOUNG: On the seg fund maturities or the outflows on the seg fund side, was that just outflows, or were you removed from any products?

MACPHAIL: No, we've never been removed from the products. These are just outflows. You've got to remember, our business was so successful 10 or 12 years ago in this area that these products are just maturing and a lot of people that bought them were probably 57, 58 years old and now they're close to 70. Those funds just mature and move on to do other things. So the product definitely served its purpose over time, and in a way we're just a bit of a victim of our own success.

YOUNG: And on the institutional side, what is Cambridge and Castlerock up to in terms of assets? I know you talked about $600 million of net sales as kind of a target in the institutional side. It's obviously a tougher environment out there. Is that still your target for 2012?

MACPHAIL: Are you asking me how much institutional business Cambridge has right now? Because they don't have any.

YOUNG: No, just assets at Cambridge and Castlerock.

MACPHAIL: With the Cambridge Funds, I think they're at $2.5 billion. I don't have the sheet right in front of me. That business has been growing steadily. If you look at the performance, or I'll say the outperformance of those funds, it has been pretty spectacular, and we only see that continuing to grow. I remain committed to my view that over a five-year period of time the Cambridge Funds are going to get up to $10 billion. And Castlerock is really just a brand within CI, so it's all kind of one and the same.

YOUNG: Okay, and then the $600 million target?

MACPHAIL: I think it's certainly doable. But I suppose we really shouldn't even put targets for institutional. I'd like to back away from putting targets. What I really mean, is for us to get out there after every mandate possible and if we have a high success rate and we get $400 million one year and $900 million the next, I'm just as happy at that as getting $600 million each year. So the $600 million certainly is doable, but it's definitely not predictable.

YOUNG: That's fair enough. And then just on the tax rate, is this indicative of the tax rate that we should be expecting or is there anything else that was in the tax rate this quarter?

JAMIESON: As we said, like our statutory rate is 26.3%. We typically have a roll every quarter on future tax that can knock it down half a percent, maybe a touch more, and we did have a small adjustment this quarter that brought us under 25%. So going forward, we should be around 26%.

JOHN REUCASSEL, BMO Capital Markets: What are the net flows looking like in April and I know it's early in May, but can you just give us some update on what the business looks like?

MACPHAIL: You know what, we usually don't disclose till the end of the quarter. We definitely weren't disappointed at all with what went on in our April business, and to be honest with you, May and June, if you go back for the last 20 years, are typically what I would call the slowest two months in the mutual fund business. Everyone's kind of made it through tax time, and so it's really early to tell what's going to go on during the next two months. But I would say if we came through the quarter flat-ish we'd probably be pretty happy.

REUCASSEL: And the trend in gross sales that you talked about was still evident post quarter?

MACPHAIL: That's correct. We had good gross sales business in April. We were happy with that.

REUCASSEL: And for the use of free cash flow, you paid down debts and did a little buyback. Assuming the markets are stable, is that what you expect to do, given where your stock price is? To focus more on debt as opposed to share buybacks?

MACPHAIL: We actually don't have any focused strategy to reduce debt. We are happy with where we started the year and probably our debt has gone below where we normally would keep that debt right now. My views are we're well positioned to go back to the market and buy stock in CI when the opportunities are there. So when we see weakness in our stock you'll see CI back in and buying shares in the open market.

REUCASSEL: So you're happy to let the cash kind of pile up without reducing debt right now? Is that fair to say, Steve?

MACPHAIL: We're not in a position to reduce debt because we don't have any money drawn on our bank lines, first of all, and we have a debt maturity of $250 million in December, but we can't pay that down any earlier. So our only choice is to build surplus cash right now.

REUCASSEL: When you talked about your new product, Steve, I was interested on the alternative side. So you would like to have five products and wrap them together as one product? Is that what you were talking about, with one fee? Is that what you were thinking of?

MACPHAIL: That's a bit like it. What we'd like to do is put an overlay on top where we can create an environment for investors to invest in the individual funds or we can create a blend. But what we want to do at CI is create a product where the fees make sense. You go back to some of that old stuff where guys were getting up to 6 and 40%, and 6 and 60%. Absolutely ridiculous. Our goal is to create an alternative asset management product that, from a fee perspective, makes sense for our clients. A great example, there's been a lot of discussion with Assante about them wanting alternative assets. I've talked to a lot of the advisors over the last year, and they ultimately could see 5% of the assets under administration into alternative assets. And you go, "That's like $1.2 billion." And if you spread that over five funds, then you start to do the math and that's about $240 million into each fund and all of a sudden a light goes on, $240 million in each of these funds, and you actually have a spectacular business all of a sudden. So sure, today Red Sky's not a big money maker for us and LP's not a money maker, but you can quickly see how it could be a very attractive product for us as a manufacturer, but also for our clients at the same time. And that's how we're going to get growth, I think.

REUCASSEL: Okay, that's helpful. And then just the last thing is acquisitions. Is there any activity going on out there or is it pretty quiet? And should we think of CI as really an organic grower as opposed to new acquisitions?

MACPHAIL: There's always going to be opportunities out there. I just don't think there are opportunities to buy good mutual fund companies anymore. Maybe our acquisition of Hartford was the last one. But it's very problematic to buy any companies that are in heavy net redemptions. When you actually do the real math, you're buying them with dollars that aren't tax deductible and you're getting fully taxed cash flows off them in a declining environment, then you'd be shocked at how little value they're ultimately worth to you, and to your shareholders. So when I go down the list of companies out there, I really can't see how it's all that attractive to us. Our is preference to just go after those assets that are being redeemed from them rather than own the asset and find out that our competitors are getting 75% of the assets being redeemed. I'd rather get 25% of the assets being redeemed, if you understand what I'm saying there. But I think there are some smaller things that, I'm not going to say are game changers just like Hartford wasn't a game changer, but it was small but very important. We got great distribution out of it, we got good money managers out of it and we got great economies of scale. So I think there are more little transactions like that. We're working on a couple of things right now that have a reasonable probability of success, but until they're announced, they're not done.

FRANK SOAVE, CIBC Wood Gundy: Quick question, what's your ownership structure in Altrinsic and Bill Priest's company as well Red Sky and this new company, Lawrence Park?

MACPHAIL: Okay. So we own 24.9% of Altrinsic because at one point in time we were at 50% but many years ago we sold that down to 24.9%. It was a strategic decision to help him grow his business more. There's also another 24.9% owner in it. A major Australian bank owns it and that's the partner I referred to. So between the two of us, we own just shy of 50%, and then the management of Altrinsic owns the other 50% which I think that's a fantastic mix for us. We don't own anything of Bill Priest's company. We just have a sub-advisory role with Bill Priest. It's John Hock that runs Altrinsic just in case there was any confusion there. That being said, I could see owning some of Bill Priest's company. He's got a pretty good business there, but I don't think it's for sale. With regards to Red Sky and LP Partners, we're in the 30% range in both of those companies. We think that's a good percentage ownership, but I think the key thing to understand is that we're their major relationship, so when we develop new products our expectation would be to kind of pick something up on the manufacturing side but ensure we have businesses where, if they're successful CI also gets paid. So I think we've done a lot of work on these structures and they're well positioned, if the companies grow, that we can make money.

SOAVE: One other quick question. What are the assets with Red Sky and Lawrence Park with you that they are managing right now?

MACPHAIL: I don't know if Red Sky's disclosed their exact number. I haven't looked in the last couple of days, but I think they're around $60 million, and LP Partners just launched 30 days ago. I think they're just shy of $40 million.

PAUL HOLDEN, CIBC World Markets: I want to talk a little bit about gross sales and we saw it come off 12% year over year. Some obvious problems at the industry level in terms of increased volatility, but are there any indications maybe we can look for in terms of when gross sales might start picking up?

MACPHAIL: I really don't have the answer to that question. We need some stability in the marketplace. Days like today definitely don't help. I think days like today occur because of what's happening over in Europe in that instability and I think that's what's causing this investor fatigue. People are concerned. Once we get more long-term stability in the market, then I could see gross sales coming back in limited cases, but it's been a zero sum game and I don't think gross sales are coming back for a lot of our competitors, to be perfectly honest with you. We've talked about this for many years, that sales will continue to be concentrated into smaller areas. So I do think when they come back to the independents, CI's probably in one of the best positions to capture them and we certainly have evidence of that because the last three quarters our gross sales have continued to improve. When I look across some of the non-banks, I haven't seen that trend line occurring with others.

HOLDEN: Do you think your ownership of distribution has been a major factor in that?

MACPHAIL: Oh, absolutely. If we didn't have this relationship with distribution, then I don't think we'd be any different than anyone else. You've got to remember, it provided a lot of things. There are three things. We always argued that you needed economies of scale and you needed good relationships with distribution and you had to have really good money managers. But in order to hire really money managers, you have to have size. We couldn't have hired the Cambridge group if we didn't run a good business and have size. They're just too expensive for a small company to hire on, but within our context we could take advantage of it. If we didn't have the size, we couldn't run things like the conference we're doing in Las Vegas or the size of the conference we're doing with Assante again. So there are economies of scale. But we also have the distribution arrangement that allows us to do it. So they all go hand in hand. So it's not a single factor that makes it all, but had we not got ourselves aligned with distribution, we'd be in a much different position today.

HOLDEN: Any thoughts, then, given to materially expanding distribution through Assante?

MACPHAIL: We think about that all the time, and we're doing everything possible to work with them to make them want to increase their penetration to CI products. We can't force them to do it; you've got to remember that. So the only way it happens is if we can provide better service and better products and we seem to successful with that, so the penetration is growing. I've mentioned before I don't think it's unreasonable to set a target of 70% penetration over time with the Assante advisors, given where our relationship is with them today and what we've been trying to accomplish. Does that come at the expense of other third parties? Obviously it does, but we just think we can provide a lot more to them, but we think about that every day. The other thing is we are adding advisors into the Assante channel. It's not a fast thing. We're not going out there and publicizing it because we don't want everyone adding up every advisor every quarter that we have, but Steve Donald and Bob Dorrell are doing an excellent job at bringing new advisors in and we've seen some really good advisors come in over the last six months and the pipeline, from what I see, is pretty decent.

HOLDEN: And so with that 70% target, can you remind us where the penetration is today?

MACPHAIL: It's just a little under, it's about 54%.

HOLDEN: Thanks for your answers.

MACPHAIL: You're welcome.

MACPHAIL: I just want to say thank you very much for participating again. We do have our annual meeting in two weeks on May 24, so if any of you are there, I hope to see you there. Make sure you come up and say hello. And with that, otherwise, I'll talk to you August the 9th is when we report our second quarter results.