CI FINANCIAL CORP.

SECOND QUARTER 2012 RESULTS

CONFERENCE CALL

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Corporate Participants

Stephen MacPhail
President and Chief Executive Officer, CI Financial

Doug Jamieson
Chief Financial Officer, CI Financial

OPERATOR: Good afternoon ladies and gentlemen. At this time, I would like to welcome everyone to the CI Financial second quarter 2012 results conference call. All lines are in 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 risks and uncertainties. For further information regarding factors that could cause actual results to differ from expectations, please refer to management's discussions and analysis available at www.ci.com/cix. This presentation includes several non-IFRS financial measures that do not have any standardized meeting 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 investments analysts prefer to include the use of these financial measures in analyzing CIX results. These non-IFRS measures, and reconciliation to IFRS where necessary, are included in management's discussion and analysis, available at www.ci.com/cix. I would now like to turn the call over to Mr. Stephen MacPhail, President and CEO of CI Financial. Mr. MacPhail, please go ahead.

STEPHEN MACPHAIL: Thank you. Welcome to CI's second quarter earnings call and thank you for joining us today. We're very happy with what CI was able to achieve in Q2, despite difficult equity market conditions. CI's earnings per share, before the effect of the Ontario tax increase, were down only one cent from the prior quarter. Unfortunately, the

Ontario tax increase reduced this quarter's earnings by 22%, or seven cents per share. This is a one-time expense, on the assumption that we don't experience further negative tax changes.

On the business side, however, with the extensive sales and marketing activities that occurred in the second quarter, we are still able to contain our SG&A expenses and keep them down. Our EBITDA margin was unchanged from second quarter. Excellent cash flow resulted in CI's debt declining by $33 million, even after the payment of CI's dividend and having bought back half a million shares.

Looking specifically at some of the high-level financial metrics, our average assets under management were down under $900 million, an amount we have since made up with recent market asset increases. As mentioned earlier, earnings per share were almost unchanged from the prior quarter, down only one cent. EBITDA was $173.1 million, down slightly from $176.5 million from the prior quarter. This equated to 61 cents per share for the quarter. Dividends paid totalled $68.1 million, up from $65.2 million in the prior quarter, which you recall, was when we increased our dividend. CI's net debt dropped $614 million during the quarter, well below the one-time annualized EBITDA levels.

On the sales side, gross sales of CI's funds totalled over $2 billion for the quarter. Though we recorded just under $240 million in long-term net redemptions during the quarter, there were a lot of positives on the retail side. Retail fund sales were essentially flat for the quarter but with Sun Life, Assante, Edward Jones and the MFDA channels all having positive net sales. The biggest impact in the quarter was a single legacy client [redemption] from the KBSH institutional assets for $150 million. In addition, third party segregated fund redemptions essentially accounted for the rest of our redemptions.

The more encouraging news is that CI experienced positive net sales in July. A lot of factors impact sales, but certainly one of the big positives is performance. Eighty-one percent of CI's AUM are first or second quartile year-to-date. In addition, 84% of CI's assets under management are first or second quartile over 10 years. The Signature yield funds under Eric

Bushell and his team, where we're seeing a lot of business, are first quartile across all time periods.

Of our increasingly popular managed solutions, 95% are in the top two quartiles year-to-date, and an incredible 100% are top two quartiles over 10 years. CI's Cambridge funds under Alan Radlo and Bob Swanson have brought in over $250 million in net sales year-to-date, and actually experienced higher net sales in Q2 than Q1 as momentum for this money management group continues to build.

On the alternative asset side, Lawrence Park, which we launched in the beginning of March, has had outstanding performance and by all accounts, I believe, are top performers in their category. In addition, Red Sky continues to outperform the TSX since its inception, but with significantly reduced volatility, making CI very optimistic about the growth prospects for both these firms.

Given that a picture is worth a 1,000 words, I thought this slide really puts the performance of some of CI's key funds in perspective. Signature, Harbour and Cambridge all are outperforming, and are as well positioned as we could hope for growth. And on that note, let me turn things over to Doug Jamieson, CI's Chief Financial Officer.

DOUG JAMIESON: Thank you, Steve. Looking at page six, here we have quarterly highlights comparing the second quarter of this year with the second quarter of last year. You can see average assets under management were down 4% from $74.5 billion a year ago to $71.4 billion. Earnings per share were 34 cents last year and were down two cents on an adjusted basis this year. That is primarily due to the drop in average AUM, and also the change in asset mix over the year towards fixed-income product.

Next, we have EBITDA and, similarly, that was down 6% year-over-year. SG&A is down $4.4 million, or 6%. That drop in spend is greater than the decline in average AUM. Dividends paid were up 5%, as CI paid out $64.9 million last year at a rate of seven and a half cents per month and $68.1 million this year at a rate of eight cents per month, and that is our current monthly dividend rate. And net debt, which is total debt less cash and marketable securities that are not required for regulatory working capital, declined $93 million over the past 12 months from $707 million to $614 million.

CI's EBITDA margin dropped slightly from the second quarter last year to 48.2% this quarter, but was flat quarter-over-quarter and has held between 48% and 49% over the past year. CI's SG&A, as a percentage of assets under management expressed in basis points, has declined steadily over the past year and is now slightly below 40 basis points. As we saw from the quarterly highlight slide, even as CI's average assets dropped by 4% from last year, the SG&A spend fell 6% and that's what gives us the drop in basis points.

Next, we have the last five quarters of free cash flow. Last year in the second quarter CI used a $20 million tax loss, and that boosted free cash to $127 million. We have adjusted for that down to $107 million a year ago and free cash has been in the $104 million to $107 million range for non-RSP quarters and slightly lower during last quarter when DSC spend is higher.

Here is the detail on the free cash flow. Last quarter's operating cash flow of $140 million, less commissions of $41 million, gave us $99 million dollars in free cash. This quarter, we had $134 million of operating cash and $29 million of commissions paid, for a free cash flow of $105 million.

The next section details the amounts returned to shareholders as both share buybacks and dividends. Last quarter, CI bought back $6 million in stock in the first quarter and paid $65 million in dividends. This quarter, CI bought back $12 million and increased dividends paid to $68 million for a total of $80 million, up from $71 million last quarter. Together, this left a surplus of $53 million so far this year, which was used to pay down a $33 million dollar balance on our credit facility at year-end. The remainder has increased CI's cash and marketable securities balances.

CI has significant and growing cash and marketable securities on hand, and an available $250 million credit facility. That provides financial flexibility to fund share buybacks when opportune and also for the timing of issuing new debt around the maturity date of our existing debt. I will now hand it back to Steve.

MACPHAIL: Thanks Doug. As you can see from this chart on assets under management, the dark line represents the actual level of assets under management and the shaded represents the average level of assets under management. Clearly, assets under management for CI are the driver of our earnings growth. You can see that in Q1 that markets were increasing and we had substantial asset growth, which, for the most part, reversed itself in the second quarter. But the positive news is, if we look now at the start of the third quarter to get us more current, you can see that on balance our assets are up. As of today, with our assets at $72.4 billion, we're up over 2% from the Q2 average, and we're actually now slightly above the Q1 average level of assets.

From an outlook perspective, looking at our Cambridge funds, they have posted solid net sales every month this year and we fully expect momentum to keep growing in these funds. We have a very extensive marketing program for the fall of 2012, which will help us build on the successful conferences we held in May of 2012, where between the two conferences we had over 1,300 advisors attend to hear the CI and Assante story.

Also on a positive note, on the institutional side we have won approximately $700 million in institutional mandates which will fund this fall, with the prospect of actually winning some mandates in addition to the $700 million.

And lastly, core to any successful investment company is obviously fund performance, and as I pointed out earlier, CI is in the fortunate position to be heading into the fall campaign season with exceptional performance. Thank you very much, and with that, we're happy to entertain any questions.

SCOTT CHAN, Canaccord Genuity: In your press release you mentioned that you expected a slowdown in segregated fund product sales. I'm assuming that relates to the announcement on April 30th on the third party stuff. And you mentioned just now in the conference call about the seg fund maturities. Can you comment on the seg fund maturities? Is it still a big portion? Is it getting better quarter over quarter, and do you expect that to tail off? Because it's been a headwind for the last two years since the product was, I think, launched back in 2000.

MACPHAIL: I'm not going to say they are particularly headwinds at this point in time, but all products become more or less popular at different points in time. The most popular funds we have right now are income-oriented funds. Segregated funds, for a variety of reasons, aren't as available as they used to be, number one, and just aren't as popular with investors. So we're getting natural levels of redemptions, which aren't being offset by new sales. So I don't see anything continuing or changing on that front for the foreseeable future.

CHAN: On the Sun Life distribution channel, on Sun Life's conference call today they said they're attracting 14% in mutual fund sales versus 11% last quarter. So I'm assuming it looks like they're taking a bit more of the piece of the pie in terms of gross sales. I'm assuming 86% from 90% before. Is that kind of correct?

MACPHAIL: Well you know I actually don't have insight into all the business that they would do, but I'm sure they're correct in what they're saying. We're not seeing a particularly dramatic change. I think the support for CI's products within that channel is as high as ever. In fact, our assets are at record highs with the Sun Life channel. Our assets are as high as they've ever been at this point in time. And, as I said in the last conference call, they've got some interesting products in there, so I'm not surprised that the advisors on the Sun Life side are adding some of those products. We still are, by far, the dominant provider to that channel. I don't see dramatic changes in that over the foreseeable future.

CHAN: Okay. And on the institutional side, the $700 million dollar pipeline, I'm assuming that's all Signature?

MACPHAIL: Yeah. Well actually through a variety of places, and so I'm not really at liberty to talk about it at this point in time, but the majority of it's through Signature, you're correct.

CHAN: Was there a certain mandate that stood out, like income, equity, or was it kind of just all around?

MACPHAIL: I'll just leave it at that. I'll be in a better position to talk to you in a month or so on it.

DOUG YOUNG, TD Securities: So just following up on the Sun Life relationship. As you probably know, they've discontinued the GMWB product they were selling through third parties, and they're going to re-launch a new seg fund lineup for third party advisors. Are you on that platform?

MACPHAIL: We're working with them on all those types of things. I just don't want to get into the specifics of where we are on those products with them. I think what's more important is what we're seeing in sales trends. We're seeing historic seg fund sales within those channels are being supplemented by mutual fund product sales within that same channel, which is a little bit more critical from our perspective.

YOUNG: That's fair. On the net outflows, you singled out one institutional and then you talked about the seg funds. If you back out the seg fund flows and the institutional mandate, were you net positive?

MACPHAIL: Yeah. If you backed out those two, yes, we would have been net positive.

YOUNG: You were net positive. And then on the cost side, obviously you guys have done a good job keeping costs in check. Where have the cuts come on the cost side, and do you have further leverage you can pull to reduce expenses if need be?

MACPHAIL: I would say “cost cuts” is misleading. We haven’t been cost cutting here in some time. I would say most, or almost everything, is coming from cost efficiency operations on our technology side. I give our technology group tremendous credit. They restructured a whole number of things and were able to come up with substantial savings for the company. So that’s a real source right there.

Again, another place where we saved money is on the real estate side of the business as when we renegotiated into lower-priced premises at places like 15 York and the old leases fall off. So our cost has naturally come down. At this stage of the game, any cost savings that we have aren’t really from cuts, they’re from efficiency measures themselves. I would say, if anything, we’ve added resources in places like sales and marketing, so we’ve added costs into that area, but they were more than offset by savings we’ve gotten on the operational and technology sides.

YOUNG: And what else? Obviously your tech guys have done a good job. Is there more leverage you can pull if need be?

MACPHAIL: Well, if you had to cost cut, you can always cut costs. I just don’t think that’s particularly good for building the business. You know, I said that when we talked about our big advisor conference we ran early in the spring, we spent a lot of money on that. We just had to find it from other parts of the business. We can always cut back, I’m just not particularly interested in cutting back on things. We have a big training initiative going on, and it would be pretty shortsighted to say, “Hey, I can save a million dollars by cutting that out.” It’s just not worth our while. Our real driver right now is to take advantage of all the good work that we’ve done with the Assante advisors, with the Sun Life advisors, with Edward Jones and within the IIROC channel to really try to drive this with more sales right now. That’s why we’re investing more in the business on that front.

I know I keep saying that we can never find more cost savings, but people around CI just seem to find more cost savings whether I ask them to or not. So I’ve got to give them credit. I guess they want bigger bonuses or something.

YOUNG: Just lastly on the net flow side, you brought up the IIROC channel. Any change in the flows through that channel? It's still pretty challenging, I would imagine?

MACPHAIL: Yes, I'd say it's pretty challenging, but there are some bright lights in there. When we had our conference earlier this year, we had a number of IIROC advisors show up for it, much more than the prior year. And when we've gone back and done an assessment of the sales patterns with those advisors, they've actually increased their business with us. From our perspective that's been very positive. A lot of IIROC advisors within the bank channel have moved more of their money within the bank system, so it's a little more difficult. So I don't see that as a massive opportunity, but we certainly have made some inroads and slowed down some of the negative business there.

JOHN REUCASSEL, BMO Capital: Going back to the Sun Life relationship, just to make sure, when Sun sold the stake in CI in 2008, you renegotiated the contract for 10 years. Do I have that detail right?

MACPHAIL: I don't think we disclosed all the details, but we have a long-term contract with Sun Life.

REUCASSEL: Okay. Does anything change in the next year or so under that contract?

MACPHAIL: No.

REUCASSEL: Okay. On the IIROC channel, remind me, is the issue there on the net redemptions, is it gross sales, or is it redemptions?

MACPHAIL: A combination of both.

REUCASSEL: The combination of both. And is it mainly in the bank channel?

MACPHAIL: It would be mainly in the bank channel, that's correct.

REUCASSEL: Okay. At what point, Steve, do you say, "You know, maybe servicing these guys isn't worth it?" I'm just trying to understand, how do you look at this channel now and servicing them and dealing with them? I know there are a lot of high net worth people in there, but if they're not doing business with you…

MACPHAIL: What might be interesting at some point in time is I think I should get all the analysts to come in. We've just instituted a whole new sales system at CI and from everything I can see about it, its way more efficient for us in analyzing who we're doing business with, and in trying to take advantage of opportunities and being more targeted in what we're presenting to them and pitching to them.

So a good example would be within the IIROC channel. We're seeing increased interest in this new Private Investment Management product that we've put out, and so we're encouraged by that. Just straight up fund sales, probably not the biggest thing, but on managed solutions we're starting to find that maybe that's a route that we can go to get renewed interest in a number of our products.

REUCASSEL: Even in the bank channel?

MACPHAIL: Even within the bank channel. The other place we've seen more increasing interest and it's not translating to a lot of business, but we're getting a lot more questions, would be in the alternative asset channel. Maybe it turns out that we have to do a closed-end fund or something of that nature, like put a Red Sky and Lawrence Park together and do a closed-end fund with that, maybe add a third manager in. There seems to be a lot of people asking us to do something along those lines, so we're detecting that there's some interest coming in this, and so we've got an obligation to look at that very seriously.

I think we're seeing a bit of change. The other one is that the Cambridge funds really seem to have piqued the interest more of the IIROC people. When we assessed the attendance of the

IIROC advisors who were at our big spring conference, and tracked where they went, who they went to see, it seemed that there was a lot of interest on the Cambridge side. So if Derek Green was here to talk to you about it, he would say that would be another place where they're positioning to try to get targeted sales. I would never give up on that channel, you just have to be pretty selective on what you go after. You're not going to try to work with an advisor who's never going to do any business with you, but there are advisors who are interested in doing some business with us and we just have to build on those relationships specifically.

REUCASSEL: Sure. And then on the seg funds, is it net redemptions of $50 million a month, or $20 million, or $100 million a month? How should we look at that business?

MACPHAIL: We have a natural level of redemptions within our business and, John, to be honest with you, I think if you start looking at each little product and say what is it going to redeem every month, I'm not sure what you're going to get anything out of it. I would just say that we look at the level of redemptions that we get each month. Our redemptions aren't up year over year. I think the level we experienced today aren't that far off of where they're going to be. The key thing for us on the growth side is to increase the gross sales. We have pretty good gross sales, but when you really want to turn the tap from a flattish month to up one or $200 million, it just doesn't take that much more in gross sales because the redemption level hasn't changed that much. So, if I was you, my focus would be more on how are we going to get those gross sales back up because the redemption level is just not going to change.

REUCASSEL: Okay. The last question, Steve, you know, in the past you talked about the M&A environment. How would you characterize it now? Is there still lots of activity out there or has it slowed down?

MACPHAIL: You know, it's interesting, I saw that McLean Budden sold its high net worth business to CIBC. I thought that was an interesting transaction. We saw a lot of the earnings that have been coming out recently and there are a lot of companies that are really struggling out there. I really honestly don't know how they make in on their own, and so I think that's just going to lead to more transactions. To me it makes all the sense in the world that there's no sense waiting until your company's done before you do a transaction, and I think, with exception to CI, you've seen a lot of these companies really struggle in this quarter. Even today, one company came out with zero earnings per share. It's kind of hard do much on zero earnings per share.

GEOFFREY KWAN, RBC Capital Markets: Hi. I was cut off for a bit and I apologize if you already answered it. But just going back to the Sun Life relationship, I would say that I think that the percentage has come down, but are you able to clarify or ballpark how much of the gross and the net sales are coming from that channel for CI?

MACPHAIL: Well, we've had solid net sales from the Sun Life channel for as long as I can remember. We still do, we had it in the first six months. We had good net sales in July of this month from them, though we haven't disclosed what our number was for July. I can just say its excellent business for us and the Sun Life advisors are highly supportive of CI and the number was 85% and I've mentioned before I'm really pleased with the 85% number.

KWAN: Sorry, 85% was in relation to?

MACPHAIL: I think we were at 85% of total sales within that channel. That was the number that Sun Life disclosed, that's not the number I'm giving you. I was just told that a few minutes ago.

KWAN: Right. But would it be as a percentage of CI's gross or net sales, would it be less than 10% today or?

MACPHAIL: Oh, let's see, of gross sales, it would be under 20%.

KWAN: Okay. On that institutional flow that you're expecting to fund towards the end of the year, is the pricing on that more like traditional institutional or is there some sort of specialized mandates that might have been able to garner higher pricing?

MACPHAIL: It's traditional institutional pricing.

MACPHAIL: I just want to say on behalf of CI thank you very much for attending our call. If there's any follow-up questions, I'll be here at the office all day tomorrow but not after that. So get those questions in tomorrow and thank you again very much. Bye now.