



SECOND QUARTER REPORT  
30 | JUNE | 2015



CI Financial

SECOND QUARTER REPORT  
30 | JUNE | 2015



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## FINANCIAL HIGHLIGHTS

<i>[millions of dollars, except share amounts]</i>	As at and for the quarters ended					% change	% change
	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	quarter- over- quarter	year- over- year
Assets under management	108,839	109,137	102,886	100,810	99,882	—	9
Assets under administration	31,520	31,595	29,695	29,201	28,951	—	9
Total assets	140,359	140,732	132,581	130,011	128,833	—	9
Average assets under management	109,750	106,531	101,120	101,016	97,895	3	12
Management fees	453.8	439.9	428.5	430.7	415.6	3	9
Total revenues	504.2	501.0	485.0	480.6	464.7	1	9
Selling, general & administrative	91.8	90.8	87.0	86.2	84.9	1	8
Trailer fees	140.5	135.8	131.8	132.3	127.4	3	10
Net income attributable to shareholders	138.9	144.5	140.4	135.1	127.8	(4)	9
Basic earnings per share	0.50	0.51	0.50	0.48	0.45	(2)	11
Diluted earnings per share	0.50	0.51	0.50	0.48	0.45	(2)	11
EBITDA <sup>1</sup>	239.8	235.4	230.0	230.8	221.5	2	8
EBITDA <sup>1</sup> per share	0.86	0.84	0.82	0.81	0.78	2	10
Return on equity <sup>2</sup>	29.4%	28.8%	27.9%	26.8%	25.8%	2	14
Dividends recorded per share	0.325	0.315	0.310	0.300	0.295	3	10
Dividend yield	3.9%	3.6%	3.9%	3.6%	3.4%		
Average shares outstanding	279,861,494	281,740,107	282,056,756	283,484,029	284,542,521	(1)	(2)
Shares outstanding	278,624,442	280,597,610	281,708,663	282,860,534	284,423,806	(1)	(2)
Share price							
High	36.25	36.00	34.51	36.05	37.00		
Low	33.38	31.07	30.56	33.55	32.88		
Close	33.60	35.41	32.29	33.77	35.05		
Increase (decrease) in share price	(5.1%)	9.7%	(4.4%)	(3.7%)	0.5%		
Total shareholder return	(4.2%)	10.7%	(3.5%)	(2.8%)	1.4%		
Market capitalization	9,362	9,936	9,096	9,552	9,969		
Price to earnings multiple <sup>2</sup>	16.9	18.3	17.4	19.2	21.0		
Long-term debt (including the current portion)	383.5	311.5	307.4	499.3	499.1		
Net debt <sup>1</sup>	266.0	210.7	185.2	220.2	252.6		
Net debt to EBITDA	0.28	0.22	0.20	0.24	0.28		

<sup>1</sup> EBITDA (Earnings before interest, taxes, depreciation and amortization) and Net debt are not standardized earning measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

<sup>2</sup> Trailing twelve months

## LETTER TO SHAREHOLDERS

### DEAR SHAREHOLDERS,

In the second quarter of 2015, equity markets and bond prices softened as investors followed events in Greece and China with great concern. At the same time, US economic numbers showed a slow second quarter and Canada continued to struggle with the collapse of oil prices and declines in most other commodity prices.

The S&P/TSX Composite Index declined 1.6% during the quarter while the MSCI World Index climbed 0.5% and the S&P 500 Index rose by 0.3%. However, a stronger Canadian dollar during the quarter reduced the MSCI World Index return to a drop of 1.1% and the S&P 500 Index return to a decline of 1.3%.

CI's assets under management ("AUM") finished the quarter at \$108.8 billion, a decrease of 0.3% from the end of the first quarter and up 9.0% year over year. Average AUM of \$109.8 billion for the quarter was 3.1% above the \$106.5 billion average for the first quarter and 12.1% above the \$97.9 billion average for the same quarter a year ago. Net income, primarily driven by the increases in average AUM, was \$142.4 million (\$0.51 per share) for the quarter (adjusted for a legal provision), up 0.7% from \$141.4 million (\$0.50 per share) in the first quarter (after a fair value adjustment to contingent consideration, acceleration of fund management contracts and a legal provision), and up 11.4% from \$127.8 million (\$0.45 per share) in the second quarter of last year.

Gross sales of funds, at \$4.207 billion, were up 20.1% from \$3.504 billion in the second quarter of last year. While redemptions of funds were \$2.719 billion in the second quarter versus \$2.508 billion last year, net sales were \$1.488 billion during the quarter, compared to net sales of \$0.996 billion in the second quarter of 2014. Year-to-date net sales were at the same level as last year.

Dealer revenues at Assante Wealth Management were up 11.3% year over year to \$81.5 million from \$73.2 million, as administered assets grew 8.6% from \$29.0 billion at June 30, 2014 to \$31.5 billion as at June 30, 2015. Assante continues to benefit from strong market performance and net sales of CI and third-party investment products.

Equity markets climbed higher in July, and a Bank of Canada rate cut coupled with continued weakness in commodities drove the Canadian dollar lower. CI's AUM ended July at \$111.1 billion, up 2% from June. Average assets for the month were \$110.2 billion, or 0.4% above the average for the second quarter. As well, gross sales were steady in July.

The Board of Directors declared monthly cash dividends of \$0.11 per share payable on September 15, October 15 and November 13, 2015 to shareholders of record on August 31, September 30 and October 31, 2015, respectively.

Sincerely,

Handwritten signature of William T. Holland in black ink.

William T. Holland  
Chairman

Handwritten signature of Stephen A. MacPhail in black ink.

Stephen A. MacPhail  
President and Chief Executive Officer

AUGUST 6, 2015

MANAGEMENT'S  
DISCUSSION AND ANALYSIS

30 | JUNE | 2015

CI FINANCIAL CORP.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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This Management's Discussion and Analysis ("MD&A") dated August 6, 2015 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at June 30, 2015, compared with December 31, 2014, and the results of operations for the quarter and six months ended June 30, 2015, compared with the quarter and six months ended June 30, 2014 and the quarter ended March 31, 2015.

CI's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Amounts are expressed in Canadian dollars. The principal subsidiaries referenced herein include CI Investments Inc. ("CI Investments") and Assante Wealth Management (Canada) Ltd. ("AWM"). The Asset Management segment of the business includes the operating results and financial position of CI Investments and its subsidiaries, including CI Private Counsel LP ("CIPC"). The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

This MD&A 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 condition. When used in this MD&A, such statements use such words as "may", "will", "expect", "believe", and other similar terms. These statements are not historical facts but instead represent management beliefs regarding future events, many of which, by their nature are inherently uncertain and beyond management control. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, such statements involve risks and uncertainties. Factors that could cause actual results to differ materially from expectations include, among other things, general economic and market conditions, including interest and foreign exchange rates, global financial markets, changes in government regulations or in tax laws, industry competition, technological developments and other factors described under "Risk Factors" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. However, management uses these financial measures and also believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. Descriptions of these non-IFRS measures and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

Note that figures in tables may not add due to rounding.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**TABLE 1: SUMMARY OF QUARTERLY RESULTS**

*[millions of dollars, except per share amounts]*

	2015		2014				2013	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
<b>INCOME STATEMENT DATA</b>								
Management fees	453.8	439.9	428.5	430.7	415.6	394.4	382.2	363.5
Administration fees	37.8	36.2	35.4	36.2	34.7	35.1	33.3	31.8
Other revenues	12.6	24.9	21.1	13.7	14.4	16.1	16.1	10.6
Total revenues	504.2	501.0	485.0	480.6	464.7	445.6	431.6	405.9
Selling, general & administrative	91.8	90.8	87.0	86.2	84.9	83.7	82.4	78.5
Trailer fees	140.5	135.8	131.8	132.3	127.4	120.1	115.5	109.2
Investment dealer fees	30.9	29.4	28.4	29.0	27.7	28.0	26.4	25.1
Amortization of deferred sales commissions	36.0	36.7	37.4	37.9	38.3	38.4	38.6	38.5
Interest expense	3.4	3.2	4.4	4.6	4.5	4.6	4.5	4.7
Other expenses	9.0	12.3	5.5	5.6	5.9	4.4	5.0	2.8
Total expenses	311.6	308.1	294.5	295.6	288.7	279.2	272.4	258.8
Income before income taxes	192.7	192.9	190.5	185.0	176.0	166.4	159.2	147.1
Income taxes	53.5	49.2	50.1	50.0	47.9	44.5	42.8	39.3
Non-controlling interest	0.2	(0.9)	—	(0.1)	0.3	0.2	0.2	—
Net income attributable to shareholders	138.9	144.5	140.4	135.1	127.8	121.7	116.2	107.8
Earnings per share	0.50	0.51	0.50	0.48	0.45	0.43	0.41	0.38
Diluted earnings per share	0.50	0.51	0.50	0.48	0.45	0.43	0.41	0.38
Dividends recorded per share	0.325	0.315	0.310	0.300	0.295	0.285	0.280	0.270



### OVERVIEW

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, structured products and other fee-earning investment products for Canadian investors. They are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM and AFM financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenue principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

The key performance indicator for the Asset Management segment is the level of assets under management ("AUM") and for the Asset Administration segment is the level of assets under administration ("AUA"). CI reports each of these numbers monthly, and together they form CI's total assets. CI's AUM and AUA are driven by the gross sales and redemptions of investment products, and fund performance. As most of CI's revenues and expenses are based on daily asset levels throughout the year, average assets for a particular period are critical to the analysis of CI's financial results. While some expenses, such as trailer fees, vary directly with the level of AUM, about half of CI's expenses do not. In particular, the amount of amortization of deferred sales commissions depends on the amount of sales commissions paid on deferred load fund sales over the past seven years and the redemptions of those funds. Over the long term, CI manages the level of its discretionary spend within SG&A expenses to be consistent with or below the growth in its average AUM.

CI uses several performance indicators to assess its results. These indicators are described throughout the results of operations and the discussion of the two operating segments and include the following measures prescribed by IFRS: net income and earnings per share; and measures not prescribed by IFRS: pre-tax operating earnings, EBITDA, EBITDA margin, dealer gross margin, net debt, operating cash flow, free cash flow, asset management margin, and SG&A efficiency margin. Descriptions of these non-IFRS measures and reconciliations to IFRS are provided below.

## NON-IFRS MEASURES

### EBITDA AND EBITDA MARGIN

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization), net of non-controlling interest and non-recurring items, to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions ("DSC"), fund contracts and capital assets. This permits comparisons of companies within the industry, normalizing for different financing methods, levels of taxation and mix of business between front-end load funds and deferred load funds under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

**TABLE 2: EBITDA AND EBITDA MARGIN**

	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Jun. 30, 2014	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
<i>[millions of dollars, except per share amounts]</i>					
Net Income	139.2	143.7	128.1	282.8	250.0
Add:					
Interest expense	3.4	3.2	4.5	6.6	9.1
Provision for income taxes	53.5	49.2	47.9	103.7	92.4
Amortization of DSC and fund contracts	36.8	40.4	39.2	77.2	78.5
Amortization of other items	2.4	2.3	2.3	4.6	4.6
Provision for future legal costs	4.8	4.0	—	8.8	—
Fair value adjustment to contingent consideration	—	(7.5)	—	(7.5)	—
Non-controlling interest	(0.2)	0.1	(0.5)	(0.1)	(1.0)
<b>EBITDA</b>	<b>239.8</b>	<b>235.4</b>	<b>221.5</b>	<b>475.2</b>	<b>433.6</b>
EBITDA per share	0.86	0.84	0.78	1.69	1.52
Total revenue	504.2	501.0	464.7	1,005.2	910.3
Less:					
Fair value adjustment to contingent consideration	—	7.5	—	7.5	—
	504.2	493.5	464.7	997.7	910.3
<b>EBITDA margin</b>	<b>47.6%</b>	<b>47.7%</b>	<b>47.8%</b>	<b>47.6%</b>	<b>47.6%</b>

### NET DEBT

CI calculates net debt as long-term debt (including the current portion) less cash and marketable securities net of cash required for regulatory purposes and non-controlling interests. Net debt is a measure of leverage and CI uses this measure to assess its financial flexibility.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**TABLE 3: NET DEBT**

<i>[millions of dollars]</i>	As at Jun. 30, 2015	As at Dec. 31, 2014
Current portion of long-term debt	10.5	2.0
Long-term debt	373.0	305.4
	383.5	307.4
Less:		
Cash and short-term investments	60.7	51.2
Marketable securities	76.6	83.7
Add:		
Regulatory capital and non-controlling interests	19.7	12.8
<b>Net Debt</b>	<b>266.0</b>	<b>185.2</b>

### PRE-TAX OPERATING EARNINGS

CI defines pre-tax operating earnings as net income plus amortization of deferred sales commissions and fund contracts and income taxes, less redemption fee revenue, non-recurring items, performance fees, investment gains, and non-controlling interest. This adjusts for non-core items and removes the impact of financing deferred load AUM. CI uses pre-tax operating earnings to assess its underlying profitability.

**TABLE 4: PRE-TAX OPERATING EARNINGS**

<i>[millions of dollars, except per share amounts]</i>	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Jun. 30, 2014	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
Net Income	139.2	143.7	128.1	282.8	250.0
Add:					
Amortization of DSC and fund contracts	36.8	40.4	39.2	77.2	78.5
Provision for income taxes	53.5	49.2	47.9	102.7	92.4
Provision for future legal costs	4.8	4.0	—	8.8	—
Less:					
Redemption fees	4.9	5.4	5.2	10.2	10.5
Performance fees	—	0.2	—	0.2	—
Fair value adjustment to contingent consideration	—	7.5	—	7.5	—
Gain on marketable securities	1.0	2.8	—	3.7	0.1
Non-controlling interest	0.2	(0.1)	0.5	0.1	1.0
<b>Pre-tax operating earnings</b>	<b>228.3</b>	<b>221.6</b>	<b>209.5</b>	<b>449.9</b>	<b>409.3</b>
Pre-tax operating earnings per share	0.82	0.79	0.74	1.60	1.44

## DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring the dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the margin remaining after the payout to advisors.

**TABLE 5: DEALER GROSS MARGIN**

	Quarter ended	Quarter ended	Quarter ended	Six months ended	Six months ended
<i>[millions of dollars]</i>	Jun. 30, 2015	Mar. 31, 2015	Jun. 30, 2014	Jun. 30, 2015	Jun. 30, 2014
Administration fees	75.7	73.9	68.0	149.6	136.8
Less:					
Investment dealer fees	61.9	60.3	54.8	122.2	110.2
	13.8	13.6	13.2	27.4	26.6
<b>Dealer gross margin</b>	<b>18.2%</b>	<b>18.4%</b>	<b>19.4%</b>	<b>18.3%</b>	<b>19.5%</b>

## OPERATING CASH FLOW AND FREE CASH FLOW

CI measures its operating cash flow before the change in operating assets and liabilities and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Operating assets and liabilities are affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual.

Free cash flow is calculated as operating cash flow less sales commissions paid and CI uses this measure, among others, when determining how to deploy capital.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**TABLE 6: OPERATING CASH FLOW AND FREE CASH FLOW**

<i>[millions of dollars]</i>	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Jun. 30, 2014	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
Cash provided by operating activities	174.1	146.0	198.0	320.0	314.5
Add:					
Income taxes paid	50.8	84.0	44.5	134.8	102.7
Interest paid	6.0	0.4	8.9	6.4	9.2
Less:					
Net change in operating assets and liabilities	56.0	55.4	83.5	111.3	93.7
<b>Operating cash flow</b>	<b>174.9</b>	<b>175.0</b>	<b>167.8</b>	<b>349.9</b>	<b>332.8</b>
Less:					
Sales commissions paid	23.8	32.0	29.9	55.8	71.7
<b>Free cash flow</b>	<b>151.1</b>	<b>143.0</b>	<b>137.9</b>	<b>294.1</b>	<b>261.1</b>

### ASSET MANAGEMENT MARGIN

CI assesses the overall performance of the asset management segment using a trailing 12-month asset management margin, where amortization of DSC, trailer fees, and SG&A expenses are deducted from management fees, measured as a percentage of management fees. This margin removes any distortion caused by other revenues and expenses, eliminates the financing impact of back-end load funds because it is net of trailer fees and DSC, and it also eliminates revenue mix variances because it is measured as a percentage of management fees and not average AUM. Using a trailing 12-month margin eliminates any seasonality associated with spending on SG&A expenses.

**TABLE 7: ASSET MANAGEMENT MARGIN**

<i>[millions of dollars – trailing 12 months]</i>	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014
Management fees	1,752.9	1,714.6	1,669.1	1,622.7	1,555.7
Less:					
Amortization of DSC	151.7	154.0	155.7	156.9	157.6
Trailer fees	563.7	549.9	533.4	516.3	492.1
<b>Net management fees</b>	<b>1,037.4</b>	<b>1,010.7</b>	<b>980.0</b>	<b>949.5</b>	<b>906.0</b>
Less:					
SG&A	291.6	285.1	279.2	275.6	269.1
	745.9	725.6	700.8	673.9	636.9
<b>Asset management margin</b>	<b>42.6%</b>	<b>42.3%</b>	<b>42.0%</b>	<b>41.5%</b>	<b>40.9%</b>

## MANAGEMENT'S DISCUSSION & ANALYSIS

### SG&A EFFICIENCY MARGIN

CI uses a trailing 12-month SG&A efficiency margin to assess its ability to control costs relative to management fees earned, net of amortization of DSC and trailer fees, which are not controllable by CI. SG&A expenses are subtracted from these net management fees and measured as a percentage of net management fees. Using a trailing 12-month margin eliminates any seasonality associated with spending on SG&A expenses.

**TABLE 8: SG&A EFFICIENCY MARGIN**

<i>[millions of dollars – trailing 12 months]</i>	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014
Management fees	1,752.9	1,714.6	1,669.1	1,622.7	1,555.7
Less:					
Amortization of DSC	151.7	154.0	155.7	156.9	157.6
Trailer fees	563.7	549.9	533.4	516.3	492.1
<b>Net management fees</b>	<b>1,037.4</b>	<b>1,010.7</b>	<b>980.0</b>	<b>949.5</b>	<b>906.0</b>
Less:					
SG&A	291.6	285.1	279.2	275.6	269.1
	745.9	725.6	700.8	673.9	636.9
<b>SG&amp;A efficiency margin</b>	<b>71.9%</b>	<b>71.8%</b>	<b>71.5%</b>	<b>71.0%</b>	<b>70.3%</b>

### ASSETS AND SALES

CI is the third-largest investment fund company in Canada with AUM of \$108.8 billion and AUA of \$31.5 billion at June 30, 2015, as shown in Table 9. The increases of 9% were primarily due to market performance and net sales of funds. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration, were \$140.4 billion at June 30, 2015, an increase of 9% from \$128.8 billion at June 30, 2014.

**TABLE 9: TOTAL ASSETS**

<i>[billions of dollars]</i>	As at June 30, 2015	As at June 30, 2014	% change
Assets under management	108.8	99.9	9
Assets under administration <sup>1</sup>	31.5	28.9	9
<b>Total assets</b>	<b>140.4</b>	<b>128.8</b>	<b>9</b>

<sup>1</sup>Includes \$17.7 billion and \$15.4 billion of managed assets in CI funds in 2015 and 2014, respectively.

The change in AUM during each of the past five quarters is detailed in Table 10. Fund performance of 5% contributed \$5.0 billion of the \$9.0 billion increase in AUM from \$99.9 billion at the end of June 2014 and net sales were \$3.9 billion. Ending AUM for the second quarter was down 0.3% from the end of the first quarter. CI's average AUM in the second quarter of 2015 increased 12.1% from the same period in 2014 and 3.0% from the prior quarter.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**TABLE 10: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT**

<i>[billions of dollars]</i>	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Jun. 30, 2014
Assets under management, beginning	109.137	102.886	100.810	99.882	96.445
Gross sales	4.207	4.504	3.453	3.042	3.504
Redemptions	2.719	3.292	2.942	2.340	2.508
Net sales	1.488	1.212	0.511	0.702	0.996
Fund performance	(1.786)	5.039	1.565	0.226	2.441
Assets under management, ending	108.839	109.137	102.886	100.810	99.882
Average assets under management for the quarter	109.750	106.531	101.120	101.016	97.895

## RESULTS OF OPERATIONS

### QUARTER ENDED JUNE 30, 2015

For the quarter ended June 30, 2015, CI reported net income attributable to shareholders of \$138.9 million (\$0.50 per share) versus \$127.8 million (\$0.45 per share) for the quarter ended June 30, 2014 and \$144.5 million (\$0.51 per share) for the quarter ended March 31, 2015. The second quarter of 2015 included a \$4.8 million (\$3.5 million after tax) provision for a legal settlement and the first quarter of 2015 included a \$7.5 million fair value adjustment to contingent consideration, a \$3.0 million (\$1.4 million after tax and non-controlling interest) acceleration in the amortization of fund management contracts and a \$4.0 million (\$2.9 million after tax) provision for future legal costs. Net income adjusted for these items was \$142.4 million (\$0.51 per share) in the quarter ended June 30, 2015, up 0.7% from \$141.4 million (\$0.50 per share) in the quarter ended March 31, 2015 and up 11.4% year over year. Average assets under management for the second quarter of 2015 were up 3.0% from the first quarter of 2015 and up 12.1% from the second quarter of 2014. All further discussion of earnings measures in this document are assumed to adjust for the above items where this will assist in a comparison of results across reporting periods.

For the second quarter of 2015, CI recorded \$53.5 million in income tax expense for an effective tax rate of 27.8% compared to \$47.9 million in the second quarter of 2014 for an effective tax rate of 27.2%. Income tax expense in the first quarter of 2015 was \$49.2 million, for an effective tax rate of 25.5%. The lower effective tax rate for the first quarter of 2015 reflects the non-taxable fair value adjustments to contingent consideration and variations in the level of non-deductible items and items taxed as capital gains. The second quarter of 2015 included a \$0.8 million write-off of a deferred tax asset that had previously been recorded in a subsidiary, which impacted the effective tax rate by 0.4% in the quarter. CI's statutory tax rate for 2015 is 26.5%.

## MANAGEMENT'S DISCUSSION & ANALYSIS

Total revenues increased 8.5% in the second quarter of 2015 to \$504.2 million compared with \$464.7 million in the same period in 2014. The main contributor to this change was the 9.2% increase in management fee revenues as average AUM rose 12.1%. Administration fee revenue from third-party fund companies grew 8.9%, representing the growth in Assante's revenues net of intercompany eliminations; however, redemption fee revenue was down 5.8%. On a quarter-over-quarter basis, total adjusted revenues increased 2.2% from \$493.5 million in the first quarter of 2015 as average AUM increased 3.0%, and management fee revenues increased 3.2%. Assante administration fee revenues increased 4.4% net of intercompany eliminations and redemption fee revenue fell 9.3%, as there are typically more redemptions of deferred load funds in the first quarter.

SG&A expenses for the second quarter of 2015 were \$91.8 million, up 8.1% from \$84.9 million for the same period in 2014 – an increase that was significantly less than the 12.1% growth in average AUM. This level of spend is a 1.1% increase from \$90.8 million in the first quarter of 2015. Included in SG&A expenses are portfolio management fees, which are largely driven by the level of average AUM; however, CI has also added staff to its in-house portfolio management teams and increased the amount of discretionary spend on sales and marketing. While SG&A has increased in dollar terms, as an annualized percentage of average AUM, the level of SG&A expenses declined to 33.6 basis points from 34.8 basis points in the second quarter of 2014 and from 34.6 basis points in the first quarter of 2015. This represents the lowest level of SG&A spend in CI's history.

Amortization of deferred sales commissions and fund contracts was \$36.8 million in the second quarter of 2015, a decrease from \$39.2 million in the second quarter of 2014 and a decrease from \$40.4 million in the first quarter of 2015, or \$37.4 million after adjusting for \$3.0 million of accelerated amortization. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been deferred load funds versus front-end load funds.

Interest expense of \$3.4 million was recorded for the quarter ended June 30, 2015 compared with \$4.5 million for the quarter ended June 30, 2014 and \$3.2 million for the quarter ended March 31, 2015. The changes in interest expense reflects the changes in average debt levels, as discussed under "Liquidity and Capital Resources."

As discussed in the "Non-IFRS Measures" section and as set out in Table 4, pre-tax operating earnings were \$228.3 million (\$0.82 per share) in the second quarter of 2015, an increase of 9.0% from the same quarter of 2014 and up 3.0% from the prior quarter. These changes primarily reflect the change in average AUM, which was up 12.1% from the second quarter of 2014 and up 3.0% from the prior quarter, as well as an increase in the proportion of assets in high net worth products and separately managed accounts.

EBITDA for the quarter ended June 30, 2015 was \$239.8 million (\$0.86 per share), up 8.3% from \$221.5 million (\$0.78 per share) for the quarter ended June 30, 2014 and up 1.9% from \$235.4 million (\$0.84 per share) for the quarter ended March 31, 2015. The changes in quarterly EBITDA generally reflect the changes in average assets under management, offset by the impact of the change in asset mix. EBITDA margin for the second quarter of 2015 was 47.6%, down slightly from both 47.8% in the second quarter of 2014 and 47.7% in the prior quarter. For detailed calculations and reconciliations of net income to EBITDA, refer to the "Non-IFRS Measures" section and Table 2.



## ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments and CIPC. Table 11 presents the operating results for the Asset Management segment.

**TABLE 11: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT**

<i>[millions of dollars]</i>	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Jun. 30, 2014	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
Management fees	453.8	439.9	415.6	893.7	810
Other revenue	6.8	19.1	9.3	25.9	20.4
<b>Total revenue</b>	<b>460.6</b>	<b>459.0</b>	<b>424.9</b>	<b>919.6</b>	<b>830.4</b>
Selling, general and administrative	75.3	74.2	68.8	149.5	137.1
Trailer fees	146.6	141.7	132.8	288.4	258
Amortization of deferred sales commissions and intangibles	37.4	41.1	39.9	78.5	79.8
Other expenses	1.8	6.3	2.8	8.0	5.3
<b>Total expenses</b>	<b>261.1</b>	<b>263.3</b>	<b>244.3</b>	<b>524.4</b>	<b>480.2</b>
Non-controlling interest	0.1	(1.2)	0.5	(1.1)	1.0
Income before taxes and non-segmented items	199.4	196.9	180.1	396.3	349.2

### QUARTER ENDED JUNE 30, 2015

#### Revenues

Revenues from management fees were \$453.8 million for the quarter ended June 30, 2015, an increase of 9.2% from \$415.6 million for the quarter ended June 30, 2014 and an increase of 3.2% from \$439.9 million for the quarter ended March 31, 2015. The changes were mainly attributable to the levels of average assets under management, which were up 12.1% and 3.0% from the quarters ended June 30, 2014 and March 31, 2015, respectively, and the impact of one extra day in the second quarter compared to the first quarter. The average management fee rate, as a percentage of average AUM, declined from 1.703% in the second quarter of 2014 to 1.675% in the first quarter of 2015 and to 1.659% in the second quarter of 2015, as a result of the change in asset mix to a higher proportion of Class F, separately managed accounts, and high net worth products that generally pay a lower management fee than Class A funds.

While the management fee rate declined, the asset management margin increased to 42.6% from 42.3% in the 12-month period ended March 31, 2015 and from 40.9% in the 12-month period ended June 30, 2014. The asset management margin for the second quarter of 2015 was 43.0%, compared to 42.1% in the second quarter of 2014. Both the trailing 12-month and current quarter margins show that for every dollar of management fees earned over the past year, CI continues to be more profitable. Calculations and definitions of asset management margin can be found in the “Non-IFRS Measures” section and in Table 7.

For the quarter ended June 30, 2015, other revenue was \$6.8 million versus \$9.3 million and \$19.1 million for the quarters ended June 30, 2014 and March 31, 2015, respectively. The first quarter of 2015 included a \$7.5 million fair value adjustment to contingent consideration. Excluding this adjustment, the largest component of other revenue is redemption fees, which were \$4.9 million for the quarter ended June 30, 2015 compared with \$5.2 million and \$5.4 million for the quarters ended June 30, 2014 and March 31, 2015, respectively. The first quarter also included a \$2.8 million gain on the sale of marketable securities, compared to a gain of \$1.0 million in the second quarter of 2015 and \$nil in the second quarter of 2014.

### Expenses

SG&A expenses for the Asset Management segment were \$75.3 million for the quarter ended June 30, 2015, a 9.4% increase from \$68.8 million for the second quarter in 2014 and up 1.5% from \$74.2 million for the quarter ended March 31, 2015. As a percentage of average assets under management, SG&A expenses declined to 0.275% for the quarter ended June 30, 2015 from 0.282% for the quarter ended June 30, 2014 and from 0.283% in the quarter ended March 31, 2015. The decrease in this rate resulted from economies of scale in CI's fixed costs and operating efficiencies within the back office and support functions, which offset increased spending on sales and marketing initiatives and portfolio management.

Another measure that CI uses to assess its ability to control spending is the SG&A efficiency margin, as discussed in the “Non-IFRS Measures” section and as set out in Table 8. CI's current quarter SG&A efficiency margin has increased to 72.2% compared to 71.8% in the second quarter of last year, and the trailing 12-month SG&A efficiency margin has increased over the past five quarters as CI has spent a declining proportion of the amount available after deducting trailer fees and amortization of DSC from management fees, continuing its prudent deployment of earnings to support the growth of the business.

Trailer fees were \$146.6 million for the quarter ended June 30, 2015, up 10.4% from \$132.8 million for the quarter ended June 30, 2014 and up 3.5% from \$141.7 million for the quarter ended March 31, 2015. Net of inter-segment amounts, this expense was \$140.5 million for the quarter ended June 30, 2015 versus \$127.4 million for the second quarter of 2014 and \$135.8 million for the first quarter of 2015. These increases primarily reflect the increase in average assets under management, and the impact of one extra day in the second quarter compared to the first quarter. Trailer fees when measured as a percentage of AUM have declined since the trend towards fee-based accounts, which have no trailer fee, has outweighed the trend towards front-end products, which have a higher trailer fee.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was \$37.4 million for the quarter ended June 30, 2015, down from \$39.9 million in the same quarter a year ago and down from \$38.1 million in the previous quarter, after adjusting for \$3.0 million of accelerated amortization. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years.

Other expenses for the quarter ended June 30, 2015 were \$1.8 million, down slightly from the first quarter after adjusting for a \$4.0 million provision for future legal costs. Other expenses in last year's second quarter were \$2.8 million and the decline reflects lower expenses in subsidiaries.

## MANAGEMENT'S DISCUSSION & ANALYSIS

Income before income taxes and interest expense for CI's principal segment was \$199.4 million for the quarter ended June 30, 2015, up 10.7% from \$180.1 million in the same period in 2014 and up 1.3% from \$196.9 million in the previous quarter, or 2.2% from adjusted pre-tax income of \$195.3 million. Income has increased slightly less than average assets under management year over year due to the decline in the average management fee rate, which has been partially mitigated by the decline in amortization of deferred sales commissions and SG&A expenses as a percentage of average AUM.

### ASSET ADMINISTRATION SEGMENT

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. Table 12 presents the operating results for the Asset Administration segment.

**TABLE 12: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT**

<i>[millions of dollars]</i>	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Jun. 30, 2014	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
Administration fees	75.7	73.9	68.0	149.6	136.8
Other revenue	5.8	5.7	5.2	11.6	10.1
Total revenue	81.5	79.7	73.2	161.2	146.9
Selling, general and administrative	16.5	16.5	16.1	33.1	31.5
Investment dealer fees	61.9	60.3	54.8	122.2	110.2
Amortization of intangibles	0.5	0.6	0.6	1.1	1.1
Other expenses	6.1	2.0	1.8	8.1	2.6
Total expenses	85.1	79.4	73.3	164.5	145.4
Income before taxes and non-segmented items	(3.6)	0.3	(0.1)	(3.4)	1.5

### QUARTER ENDED JUNE 30, 2015

#### Revenues

Administration fees were \$75.7 million for the quarter ended June 30, 2015, an increase of 11.3% from \$68.0 million for the same period a year ago and an increase of 2.4% from the prior quarter. Net of inter-segment amounts, administration fee revenue was \$37.8 million for the quarter ended June 30, 2015, up from \$34.7 million for the quarter ended June 30, 2014 and up from \$36.2 million in the previous quarter. The increase in administration fees is primarily attributable to the growth in average assets under administration.

Other revenues earned by the Asset Administration segment are mainly comprised of non-advisor-related activities. For the quarter ended June 30, 2015, other revenues were \$5.8 million, up from \$5.2 million for the second quarter of 2014 and up from \$5.7 million in the first quarter of 2015.

### Expenses

Investment dealer fees were \$61.9 million for the quarter ended June 30, 2015 compared to \$54.8 million for the second quarter of 2014 and \$60.3 million for the quarter ended March 31, 2015.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 5, dealer gross margin was \$13.8 million or 18.2% of administration fee revenue for the quarter ended June 30, 2015 compared to \$13.2 million or 19.4% for the second quarter of 2014 and \$13.6 million or 18.4% for the previous quarter. The changes in gross margin from the comparable quarters correspond primarily to the level of payout to financial advisors on their 12-month rolling administration fee revenues. The advisor payout rate generally increases as their 12-month rolling administration fee revenue increases.

SG&A expenses for the segment were \$16.5 million for the quarter ended June 30, 2015 compared to \$16.1 million in the second quarter of 2014 and \$16.5 million in the first quarter of 2015. The change in SG&A expenses is largely attributable to the level of discretionary spend each quarter.

The Asset Administration segment had a loss before income taxes and non-segmented items of \$3.6 million for the quarter ended June 30, 2015, compared to a loss of \$0.1 million for the second quarter of 2014 and down from a gain of \$0.3 million for the prior quarter. The decrease from the prior quarters is mainly due to a \$4.8 million provision for a legal settlement included in other expenses in the quarter ended June 30, 2015.

### LIQUIDITY AND CAPITAL RESOURCES

CI generated \$349.9 million of operating cash flow in the six months ended June 30, 2015, up \$17.1 million from \$332.8 million for the same period of 2014. As detailed in Table 13, free cash flow was \$294.1 million in the six months ended June 30, 2015, up 13% from \$261.1 million in the same period of 2014. Calculations of both measures and reconciliations to cash flow from operations are provided in the "Non-IFRS Measures" section, and set out in Table 6.

CI's main uses of capital are the financing of deferred sales commissions, the payment of dividends on its shares, the funding of capital expenditures and the repurchase of shares through its normal course issuer bid. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations and pay down debt.

## MANAGEMENT'S DISCUSSION & ANALYSIS

**TABLE 13: SUMMARY OF CASH FLOWS**

<i>[millions of dollars]</i>	Six months ended Jun. 30, 2015	Six months ended Jun. 30, 2014
Operating Cash Flow	349.9	332.8
Less:		
Deferred sales commissions paid	55.8	71.7
Free cash flow	294.1	261.1
Less:		
Marketable securities, net	(11.7)	4.6
Capital expenditures	1.2	1.5
Share repurchases	118.1	14.4
Dividends paid	178.9	163.9
Debt repaid (drawn)	(76.0)	—
Working capital and other items	74.1	22.2
	284.6	206.6
Net change in cash	9.5	54.5
Cash at January 1	51.2	118.8
Cash at June 30	60.7	173.3

The only aspects of seasonality to CI's cash flows are that one-third of deferred sales commissions are typically paid out in the first quarter and the balance of cash income taxes and incentive compensation are paid at the end of February. This may cause cash flow fluctuations from quarter to quarter of up to \$75 million.

CI paid deferred sales commissions of \$55.8 million in the first half of 2015 compared to \$71.7 million in the first half of last year. The decrease in deferred sales commissions paid compared to the prior year is a result of the trend towards lower sales of deferred load funds.

CI invested \$6.6 million in marketable securities in the first half of 2015. During the same period, CI received proceeds of \$18.3 million from the disposition of marketable securities, resulting in a gain of \$3.7 million. The fair value of marketable securities at June 30, 2015 was \$76.6 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the six months ended June 30, 2015, CI incurred capital expenditures of \$1.2 million, down from \$1.5 million in the first six months of 2014. These related primarily to leasehold improvements and investments in technology.

During the first six months of 2015, CI repurchased 3.4 million shares under its normal course issuer bid at a total cost of \$118.1 million or \$35.14 per share. CI paid dividends of \$178.9 million, which represented 63% of net income and 60% of free cash flow for the first half. CI's most recent dividend payments were \$0.11 per share per month, or approximately \$367.8 million per fiscal year.

CI's working capital and other items increased \$74.1 million in the first six months of 2015 (\$22.2 million in 2014), primarily due to \$38.2 million being placed on account with the CRA in conjunction with the filing of a notice of objection.

## MANAGEMENT'S DISCUSSION & ANALYSIS

The statement of financial position for CI at June 30, 2015 reflects total assets of \$3.052 billion, an increase of \$36 million from \$3.016 billion at December 31, 2014. This change can be attributed primarily to the funds on deposit with the CRA as discussed above as well as the following discussion of significant balance sheet assets.

CI's cash and cash equivalents increased by \$9.5 million in the first six months of 2015, as operating cash flows plus the amount of drawn debt exceeded the outlay for new investments in deferred sales commissions and capital assets, dividends paid, and the repurchase of shares. Marketable securities decreased by \$7.2 million on the net redemption of \$11.7 million in securities and unrealized gains recorded as a result of positive market performance. Accounts receivable and prepaid expenses increased by \$0.7 million to \$99.6 million, in conjunction with the growth in accrued fee revenues at CI Investments and AWM.

Deferred sales commissions decreased \$16.8 million to \$384.5 million as a result of the \$72.6 million in amortization expense offset by the \$55.8 million in sales commissions paid. Capital assets decreased \$2.7 million during the six month period as a result of \$3.9 million amortized during the quarter offset by \$1.2 million in capital additions.

Total liabilities increased by \$49 million during the first six months of 2015 to \$1.158 billion at June 30, 2015. The primary contributors to this change were a \$76 million increase in long-term debt offset by a \$25 million decrease in income taxes payable and a \$2 million decrease in current liabilities. Current liabilities decreased primarily in conjunction with the payment of incentive compensation and income taxes in February.

At June 30, 2015, CI was in a negative working capital position, which has typically been the case when there is a significant current balance of long-term debt. However this may also occur when CI has paid down its debt and has less cash on hand because CI receives the majority of its management fee revenues daily, whereas its significant expenses are accrued and paid subsequent to the period-end. There is minimal impact to CI as there has been sufficient cash on hand and availability of CI's credit facility to meet cash flow requirements.

At June 30, 2015, CI had drawn \$84 million against its \$250 million credit facility. Principal repayments on any drawn amounts are only required should the bank decide not to renew the facility on its anniversary, in which case 6.25% of the principal would be repaid at each calendar quarter-end, with the balance payable at the end of the credit facility term (March 11, 2018). These payments would be payable beginning March 31, 2016 should the bank not renew the facility.

At June 30, 2015, CI had \$300 million in outstanding debentures at an interest rate of 3.94% with a carrying value of \$299.5 million, essentially unchanged from December 31, 2014. Net debt, as discussed in the "Non-IFRS Measures" section and as set out in Table 3, was \$266.0 million at June 30, 2015, up from \$185.2 million at December 31, 2014. The average debt level for the six months ended June 30, 2015 was approximately \$344 million, compared to \$500 million for the same period last year.

CI's ratio of debt to EBITDA and net debt to EBITDA are 0.4 to 1 and 0.3 to 1, respectively, giving CI significant financial flexibility for future debt financing. CI's intention is to not let the ratio of debt to EBITDA move lower as it is expected that free cash flow will be returned to shareholders. CI is within its financial covenants with respect to its credit facility, which requires that the debt to EBITDA ratio remain below 2.5 to 1, and assets under management not fall below \$60 billion, based on a rolling 30-day average.

Shareholders' equity was \$1.891 billion at June 30, 2015, a decrease of \$11.6 million during the first six months of 2015, which approximates net income less dividends and share repurchases.

### RISK MANAGEMENT

There is risk inherent in the conduct of a wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are, by their nature, outside of direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives. It is an on-going process involving the Board of Directors, management and other personnel. Management has developed an enterprise wide approach to risk management that involves executives in each core business unit and operating area of CI. These executives identify and evaluate risks, applying both a quantitative and a qualitative analysis and then assess the likelihood of occurrence of a particular risk event. They then identify mitigating factors or strategies and a course for implementing mitigation procedures to bring each risk event to an acceptable risk level.

### MARKET RISK

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity and commodity prices. A description of each component of market risk is described below:

- Interest rate risk is the risk of gain or loss due to the volatility of interest rates.
- Foreign exchange rate risk is the risk of gain or loss due to volatility of foreign exchange rates.
- Equity risk is the risk of gain or loss due to the changes in prices and volatility of individual equity instruments and equity indexes.

CI's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect CI's assets under management, management fees and revenues, which would reduce cash flow to CI and ultimately impact CI's ability to pay dividends.

### ASSET MANAGEMENT SEGMENT

CI is subject to market risk throughout its Asset Management business segment. The following is a description of how CI mitigates the impact this risk has on its financial position and operating earnings.

Management of market risk within CI's assets under management is the responsibility of the Chief Operating Officer, with the assistance of the Chief Compliance Officer. CI has a control environment that ensures risks are reviewed regularly and that risk controls throughout CI are operating in accordance with regulatory requirements. CI's compliance group carefully reviews the exposure to interest rate risk, foreign currency risk and equity risk. When a particular market risk is identified, portfolio managers of the funds are directed to mitigate the risk by reducing their exposure.

At June 30, 2015, approximately 28% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 50 basis point change in interest rates would cause a change of about \$6 million in annual pre-tax earnings in the Asset Management segment.

At June 30, 2015, about 55% of CI's assets under management were based in Canadian currency, which diminishes the exposure to foreign exchange risk. However, at the same time, approximately 26% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management upon which CI's management fees are calculated. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of about \$27 million in the Asset Management segment's annual pre-tax earnings.

About 61% of CI's assets under management were held in equity securities at June 30, 2015, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of about \$63 million in annual pre-tax earnings.

### ASSET ADMINISTRATION SEGMENT

CI's Asset Administration business is exposed to market risk. The following is a description of how CI mitigates the impact this risk has on its financial position and results of operations.

Risk management for administered assets is the responsibility of the Chief Compliance Officer and senior management. Responsibilities include ensuring policies, processes and internal controls are in place and in accordance with regulatory requirements. CI's internal audit department reviews CI's adherence to these policies and procedures.

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 1% of the total income before non-segmented items (this segment had loss of \$3.6 million before income taxes and non-segmented items for the quarter ended June 30, 2015). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than \$2 million to the Asset Administration segment's annual pre-tax earnings.

### CREDIT RISK

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses and other financial intermediaries, as well as issuers whose securities are held by CI. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral where appropriate.



One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties. CI has concluded that current economic and credit conditions have not significantly impacted its financial assets.

### LIQUIDITY RISK

Liquidity risk is the risk that CI may not be able to generate sufficient funds and within the time required in order to meet its obligations as they come due. While CI currently has access to financing, unfavourable market conditions may affect the ability of CI to obtain loans or make other arrangements on terms acceptable to CI.

### STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and the ability of CI to successfully implement proposed strategies. The key strategic risk is the risk that management fails to anticipate, and respond to changes in the business environment including demographic and competitive changes. CI's performance is directly affected by financial market and business conditions, including the legislation and policies of the governments and regulatory authorities having jurisdiction over CI's operations. These are beyond the control of CI; however, an important part of the risk management process is the ongoing review and assessment of industry and economic trends and changes. Strategies are then designed to mitigate the impact of any anticipated changes, including the introduction of new products and cost control strategies.

### DISTRIBUTION RISK

CI distributes its investment products through a number of distribution channels, including brokers, independent financial planners and insurance advisors. CI's access to these distribution channels is impacted by the strength of the relationship with certain business partners and the level of competition faced from the financial institutions that own those channels. While CI continues to develop and enhance existing relationships, there can be no assurance that CI will continue to enjoy the level of access that it has in the past, which would adversely affect its sales of investment products.

### OPERATIONAL RISKS

Operational risks are risks related to the actions, or failure in the processes, that support the business, including administration, information technology, product development and marketing. The administrative services provided by CI depend on software supplied by third-party suppliers. Failure of a key supplier, the loss of these suppliers' products, or problems or errors related to such products would have a material adverse effect on the ability of CI to provide these administrative services. Changes to the pricing arrangement with such third-party suppliers because of upgrades or other circumstances could have an adverse effect upon the profitability of CI. There can be no assurances that CI's systems will operate or that CI will be able to prevent an extended systems failure in the event of a subsystem component or software failure or in the event of an earthquake, fire or any other natural disaster, or a power or telecommunications failure. Any systems failure that causes interruptions in the operations of CI could have a material adverse effect on its business, financial condition and operating results. CI may also experience losses in connection with employee errors. Although expenses incurred by CI in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

### INFORMATION TECHNOLOGY RISK

CI uses information technology and the internet to streamline business operations and to improve client and advisor experience. However, with the use of information technology and the internet, CI is exposed to information technology events that could potentially have an adverse impact on its business. These events could result in unauthorized access to sensitive information, theft and operational disruption. While CI is actively monitoring this risk and continues to develop controls to protect against cyber threats that are becoming more sophisticated and pervasive, it is possible that CI may not be able to fully mitigate the risk associated with information technology security.

### TAXATION RISK

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency and, as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

### COMPETITION

CI operates in a highly competitive environment, with competition based on a variety of factors, including the range of products offered, brand recognition, investment performance, business reputation, financing strength, the strength and continuity of institutional, management and sales relationships, quality of service, level of fees charged and level of commissions and other compensation paid. CI competes with a large number of mutual fund companies and other providers of investment products, investment management firms, broker-dealers, banks, insurance companies and other financial institutions. Some of these competitors have greater capital and other resources, and offer more comprehensive lines of products and services than CI. The trend toward greater consolidation within the investment management industry has increased the strength of a number of CI's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants have resulted in increased competition. CI's competitors seek to expand market share by offering different products and services than those offered by CI. While CI continues to develop and market new products and services, there can be no assurance that CI will maintain its current standing or market share, and that may adversely affect the business, financial condition or operating results of CI.

### REGULATORY AND LEGAL RISK

Certain subsidiaries of CI are heavily regulated in all jurisdictions where they carry on business. Laws and regulations applied at the national and provincial level generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of CI, including the power to limit or restrict business activities as well as impose additional disclosure requirements on CI products and services. Possible sanctions include the revocation or imposition of conditions on licenses to operate certain businesses, the suspension or expulsion from a particular market or jurisdiction of any of CI's business segments or its key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a subsidiary's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to CI. To the extent that existing or future regulations affecting the sale or offering of CI's product or services or CI's investment strategies cause or contribute to reduced sales of CI's products or lower margins or impair the investment performance of CI's products, CI's aggregate assets under management and its revenues may be adversely affected.

Given the nature of CI's business, CI may from time to time be subject to claims or complaints from investors or others in the normal course of business. The legal risks facing CI, its directors, officers, employees or agents in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. Some violations of securities laws and breach of fiduciary duty could result in civil liability, fines, sanctions, or expulsion from a self-regulatory organization or the suspension or revocation of CI's subsidiaries' right to carry on their existing business. CI may incur significant costs in connection with such potential liabilities.

### CAPITAL RISK

Certain subsidiaries of CI are subject to minimum regulatory capital requirements. This may require CI to keep sufficient cash and other liquid assets on hand to maintain capital requirements rather than using them in connection with its business. Failure to maintain required regulatory capital by CI may subject it to fines, suspension or revocation of registration by the relevant securities regulator. A significant operating loss by a registrant subsidiary or an unusually large charge against regulatory capital could adversely affect the ability of CI to expand or even maintain its present level of business, which could have a material adverse effect on CI's business, results of operations, financial condition and prospects.

### KEY PERSONNEL RISK

The success of CI and its strategic focus is dependent to a significant degree upon the contributions of senior management. The loss of any of these individuals, or an inability to attract, retain and motivate sufficient numbers of qualified senior management personnel on the part of CI, could adversely affect CI's business. CI has not purchased any "key man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

The success of CI is also dependent upon, among other things, the skills and expertise of its human resources, including the management and investment personnel and its personnel with skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These individuals play an important role in developing, implementing, operating, managing and distributing CI's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to CI's performance. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products have increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increase observed in other industries and the rest of the labour market. CI believes that it has the resources necessary for the operation of CI's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could adversely affect CI's business.

The market for financial advisors is extremely competitive and is increasingly characterized by frequent movement by financial advisors among different firms. Individual financial advisors of AWM have regular direct contact with clients, which can lead to a strong and personal client relationship based on the client's trust in the individual financial advisor. The loss of a significant number of financial advisors could lead to the loss of client accounts which could have a material adverse effect on the results of operations and prospects of AWM and, in turn, CI. Although AWM uses or has used a combination of competitive compensation structures and equity with vesting provisions as a means of seeking to retain financial advisors, there can be no assurance that financial advisors will remain with AWM.

### INSURANCE RISK

CI maintains various types of insurance which include financial institution bonds, errors and omissions insurance, directors', trustees' and officers' liability insurance, agents' insurance and general commercial liability insurance. There can be no assurance that a claim or claims will not exceed the limits of available insurance coverage that any insurer will remain solvent or willing to continue providing insurance coverage with sufficient limits or at a reasonable cost or that any insurer will not dispute coverage of certain claims due to ambiguities in the relevant policies. A judgment against CI in excess of available coverage could have a material adverse effect on CI both in terms of damages awarded and the impact on the reputation of CI.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### INFORMATION REGARDING GUARANTORS

The following tables provide unaudited consolidated financial information for CI, CI Investments and non-guarantor subsidiaries for the periods identified below, presented with a separate column for: (i) CI; (ii) CI Investments, (iii) the non-guarantor subsidiaries of CI on a combined basis [the "Other Subsidiaries"]; (iv) consolidating adjustments; and (v) the total consolidated amounts.

### CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE MONTHS ENDED JUNE 30, 2015 AND 2014 (unaudited)

<i>[millions of dollars]</i>	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	48.6	87.0	448.4	411.4	99.3	123.7	(92.1)	(157.4)	504.2	464.7
Net income	48.1	85.3	133.6	116.4	5.6	11.4	(48.2)	(85.0)	139.1	128.1
Net income attributable to shareholders	48.1	85.3	133.6	116.4	5.3	11.4	(48.1)	(85.0)	138.9	128.1

### CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND 2014 (unaudited)

<i>[millions of dollars]</i>	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	189.3	178.1	892.3	809.4	199.3	269.2	(275.7)	(346.4)	1,005.2	910.3
Net income	185.4	174.5	269.7	232.0	16.1	46.8	(188.4)	(203.3)	282.8	250.0
Net income attributable to shareholders	185.4	174.5	269.7	232.0	16.5	46.0	(188.2)	(203.0)	283.4	249.5

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA AS AT MARCH 31, 2015 AND DECEMBER 31, 2014 (unaudited)

<i>[millions of dollars]</i>	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Current assets	295.3	295.2	319.0	373.0	227.9	232.1	(460.8)	(535.8)	381.4	364.5
Non-current assets	2,131.7	2,054.3	3,007.8	3,000.3	180.6	280.4	(2,649.0)	(2,683.5)	2,671.1	2,651.5
Current liabilities	449.8	402.2	146.9	180.8	188.6	174.1	(384.8)	(354.3)	400.5	402.8
Non-current liabilities	72.3	12.4	1,074.5	1,164.1	0.8	8.2	(389.8)	(478.0)	757.8	706.7

## SHARE CAPITAL

As at June 30, 2015, CI had 278,624,442 shares outstanding.

At June 30, 2015, 7.6 million options to purchase shares were outstanding, of which 2.6 million options were exercisable.

## CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at June 30, 2015.

### PAYMENTS DUE BY YEAR

<i>[millions of dollars]</i>	Total	1 year or less	2	3	4	5	More than 5 years
Long-term debt	384.0	10.5	321.0	52.5	—	—	—
Operating leases	83.1	10.6	9.8	8.9	8.5	8.3	37.0
Total	467.1	21.1	330.8	61.4	8.5	8.3	37.0

## SIGNIFICANT ACCOUNTING ESTIMATES

The June 30, 2015 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the December 31, 2014 Notes to the Consolidated Financial Statements. Included in the December 31, 2014 Notes to the Consolidated Financial Statements is Note 4 which provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, are responsible for the design of CI's disclosure controls and procedures. Management has evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures as at June 30, 2015. Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these Disclosure Controls and Procedures were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

## MANAGEMENT'S DISCUSSION & ANALYSIS

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Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. The COSO framework was used to assist management, along with the CEO and CFO, in the evaluation of these internal control systems. Management, under the direction of the CEO and CFO, has concluded that the internal controls over financial reporting are effective. Management used various tools to evaluate internal controls over financial reporting which included interaction with key control systems, review of policy and procedure documentation, observation or reperformance of control procedures to evaluate the effectiveness of controls and concluded that these controls are effective. For the quarter ended June 30, 2015, there have been no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to affect, internal controls over financial reporting.

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*Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).*

CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

30 | JUNE | 2015

(UNAUDITED)

CI FINANCIAL CORP.

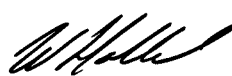


## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

<i>[in thousands of Canadian dollars]</i>	As at June 30, 2015	As at December 31, 2014
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	60,714	51,246
Client and trust funds on deposit	144,504	130,665
Marketable securities	76,563	83,718
Accounts receivable and prepaid expenses	99,637	98,881
<b>Total current assets</b>	<b>381,418</b>	<b>364,510</b>
Capital assets, net	35,214	37,952
Deferred sales commissions, net of accumulated amortization of \$442,838 [December 31, 2014 – \$469,645]	384,491	401,321
Intangibles	2,183,933	2,189,091
Other assets	67,432	23,093
<b>Total assets</b>	<b>3,052,488</b>	<b>3,015,967</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	159,821	172,674
Provision for other liabilities [note 3]	12,081	1,293
Dividends payable [note 5]	61,300	59,161
Client and trust funds payable	143,251	128,715
Income taxes payable	13,580	38,940
Current portion of long-term debt [note 2]	10,500	2,000
<b>Total current liabilities</b>	<b>400,533</b>	<b>402,783</b>
Deferred lease inducement	13,641	14,238
Long-term debt [note 2]	373,040	305,392
Provision for other liabilities [note 3]	9,948	19,251
Deferred income taxes	361,122	367,865
<b>Total liabilities</b>	<b>1,158,284</b>	<b>1,109,529</b>
<b>Equity</b>		
Share capital [note 4(a)]	1,947,099	1,968,692
Contributed surplus	11,855	10,386
Deficit	(76,855)	(84,692)
Accumulated other comprehensive income	9,027	8,311
<b>Total equity attributable to the shareholders of the Company</b>	<b>1,891,126</b>	<b>1,902,697</b>
<b>Non-controlling interests</b>	<b>3,078</b>	<b>3,741</b>
<b>Total equity</b>	<b>1,894,204</b>	<b>1,906,438</b>
<b>Total liabilities and equity</b>	<b>3,052,488</b>	<b>3,015,967</b>

*(see accompanying notes)*

On behalf of the Board of Directors:



William T. Holland  
Director



Paul Derksen  
Director

# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

For the three-month period ended June 30

	2015	2014
	\$	\$
<i>[in thousands of Canadian dollars, except per share amounts]</i>		
<b>REVENUE</b>		
Management fees	453,843	415,609
Administration fees	37,782	34,707
Redemption fees	4,862	5,184
Gain on sale of marketable securities	952	—
Other income	6,800	9,242
	<b>504,239</b>	<b>464,742</b>
<b>EXPENSES</b>		
Selling, general and administrative <i>[note 9]</i>	91,818	84,906
Trailer fees	140,497	127,399
Investment dealer fees	30,874	27,738
Amortization of deferred sales commissions	35,953	38,251
Amortization of intangibles	1,109	1,208
Interest <i>[note 2]</i>	3,413	4,545
Other	7,889	4,733
	<b>311,553</b>	<b>288,780</b>
<b>Income before income taxes</b>	<b>192,686</b>	<b>175,962</b>
<b>Provision for income taxes</b>		
Current	57,636	51,028
Deferred	(4,112)	(3,120)
	<b>53,524</b>	<b>47,908</b>
<b>Net income for the period</b>	<b>139,162</b>	<b>128,054</b>
<b>Net income attributable to non-controlling interests</b>	<b>218</b>	<b>287</b>
<b>Net income attributable to shareholders</b>	<b>138,944</b>	<b>127,767</b>
<b>Other comprehensive income, net of tax</b>		
Unrealized gain (loss) on available-for-sale financial assets, net of income taxes of (\$69) [2014 – \$332]	(453)	2,175
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of (\$84) [2014 – nil]	(548)	—
Total other comprehensive income (loss), net of tax	(1,001)	2,175
<b>Comprehensive income for the period</b>	<b>138,161</b>	<b>130,229</b>
<b>Comprehensive income attributable to non-controlling interests</b>	<b>218</b>	<b>287</b>
<b>Comprehensive income attributable to shareholders</b>	<b>137,943</b>	<b>129,942</b>
<b>Basic earnings per share attributable to shareholders <i>[note 4(c)]</i></b>	<b>\$0.50</b>	<b>\$0.45</b>
<b>Diluted earnings per share attributable to shareholders <i>[note 4(c)]</i></b>	<b>\$0.50</b>	<b>\$0.45</b>

*(see accompanying notes)*

# CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

For the six-month period ended June 30

	2015	2014
<i>[in thousands of Canadian dollars, except per share amounts]</i>	\$	\$
<b>REVENUE</b>		
Management fees	893,722	809,989
Administration fees	74,014	69,811
Redemption fees	10,234	10,525
Gain on sale of marketable securities	3,727	123
Other income	23,519	19,856
	<b>1,005,216</b>	<b>910,304</b>
<b>EXPENSES</b>		
Selling, general and administrative <i>[note 9]</i>	182,589	168,589
Trailer fees	276,289	247,499
Investment dealer fees	60,259	55,774
Amortization of deferred sales commissions	72,629	76,632
Amortization of intangibles	5,158	2,416
Interest <i>[note 2]</i>	6,606	9,128
Other	16,134	7,920
	<b>619,664</b>	<b>567,958</b>
<b>Income before income taxes</b>	<b>385,552</b>	<b>342,346</b>
<b>Provision for income taxes</b>		
Current	109,575	94,979
Deferred	(6,852)	(2,593)
	<b>102,723</b>	<b>92,386</b>
<b>Net income for the period</b>	<b>282,829</b>	<b>249,960</b>
<b>Net income (loss) attributable to non-controlling interests</b>	<b>(663)</b>	<b>493</b>
<b>Net income attributable to shareholders</b>	<b>283,492</b>	<b>249,467</b>
<b>Other comprehensive income, net of tax</b>		
Unrealized gain (loss) on available-for-sale financial assets, net of income taxes of \$541 [2014 – \$648]	3,543	4,247
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of (\$432) [2014 – (\$14)]	(2,827)	(94)
Total other comprehensive income, net of tax	716	4,153
<b>Comprehensive income for the period</b>	<b>283,545</b>	<b>254,113</b>
<b>Comprehensive income (loss) attributable to non-controlling interests</b>	<b>(663)</b>	<b>493</b>
<b>Comprehensive income attributable to shareholders</b>	<b>284,208</b>	<b>253,620</b>
<b>Basic earnings per share attributable to shareholders <i>[note 4(c)]</i></b>	<b>\$1.01</b>	<b>\$0.88</b>
<b>Diluted earnings per share attributable to shareholders <i>[note 4(c)]</i></b>	<b>\$1.01</b>	<b>\$0.87</b>

*(see accompanying notes)*

# CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

for the six-month period ended June 30

	Share capital [note 4(a)]	Contributed surplus	Accumulated other comprehensive income	Deficit	Total shareholders' equity	Non- controlling interests	Total equity
<i>[in thousands of Canadian dollars]</i>	\$	\$	\$	\$	\$	\$	\$
<b>Balance, January 1, 2015</b>	1,968,692	10,386	(84,692)	8,311	1,902,697	3,741	1,906,438
Comprehensive income	—	—	283,492	716	284,208	(663)	283,545
Dividends declared [note 5]	—	—	(181,020)	—	(181,020)	—	(181,020)
Shares repurchased	(23,497)	—	(94,635)	—	(118,132)	—	(118,132)
Issuance of share capital on exercise of options	1,904	(1,834)	—	—	70	—	70
Compensation expense for equity-based plans	—	3,303	—	—	3,303	—	3,303
Change during the period	(21,593)	1,469	7,837	716	(11,571)	(663)	(12,234)
<b>Balance, June 30, 2015</b>	<b>1,947,099</b>	<b>11,855</b>	<b>(76,855)</b>	<b>9,027</b>	<b>1,891,126</b>	<b>3,078</b>	<b>1,894,204</b>
<b>Balance, January 1, 2014</b>	1,987,642	8,350	(183,349)	6,684	1,819,327	4,295	1,823,622
Comprehensive income	—	—	249,467	4,153	253,620	493	254,113
Dividends declared [note 5]	—	—	(166,625)	—	(166,625)	—	(166,625)
Shares repurchased	(2,947)	—	(11,452)	—	(14,399)	—	(14,399)
Issuance of share capital on exercise of options	2,972	(2,905)	—	—	67	—	67
Compensation expense for equity-based plans	—	2,446	—	—	2,446	—	2,446
Change during the period	25	(459)	71,390	4,153	75,109	493	75,602
<b>Balance, June 30, 2014</b>	<b>1,987,667</b>	<b>7,891</b>	<b>(111,959)</b>	<b>10,837</b>	<b>1,894,436</b>	<b>4,788</b>	<b>1,899,224</b>

(see accompanying notes)

## CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three-month period ended June 30

	2015	2014
<i>[in thousands of Canadian dollars]</i>	\$	\$
<b>OPERATING ACTIVITIES (*)</b>		
Net income	139,162	128,054
Add (deduct) items not involving cash		
Gain on sale of marketable securities	(952)	—
Equity-based compensation	1,646	1,381
Amortization of deferred sales commissions	35,953	38,251
Amortization of intangibles	1,109	1,208
Amortization and depreciation of other	2,074	2,034
Deferred income taxes	(4,112)	(3,120)
<hr style="border-top: 1px dashed black;"/>		
Cash provided by operating activities before changes		
in operating assets and liabilities	174,880	167,808
Net change in operating assets and liabilities	(812)	30,218
<hr style="border-top: 1px dashed black;"/>		
<b>Cash provided by operating activities</b>	<b>174,068</b>	<b>198,026</b>
<hr style="border-top: 1px dashed black;"/>		
<b>INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(300)	(682)
Proceeds on sale of marketable securities	2,445	1
Additions to capital assets	(875)	(828)
Deferred sales commissions paid	(23,759)	(29,930)
Decrease (increase) in other assets	(40,599)	179
Additions to intangibles	—	(16)
<hr style="border-top: 1px dashed black;"/>		
<b>Cash used in investing activities</b>	<b>(63,088)</b>	<b>(31,276)</b>
<hr style="border-top: 1px dashed black;"/>		
<b>FINANCING ACTIVITIES</b>		
Increase in long-term debt	72,000	—
Repurchase of share capital	(71,168)	(5,430)
Issuance of share capital	49	—
Dividends paid to shareholders	(89,992)	(82,605)
<hr style="border-top: 1px dashed black;"/>		
<b>Cash used in financing activities</b>	<b>(89,111)</b>	<b>(88,035)</b>
<hr style="border-top: 1px dashed black;"/>		
Net increase in cash and cash equivalents during the period	21,869	78,715
Cash and cash equivalents, beginning of period	38,845	94,582
<hr style="border-top: 1px dashed black;"/>		
<b>Cash and cash equivalents, end of period</b>	<b>60,714</b>	<b>173,297</b>
<hr style="border-top: 1px solid black;"/>		
<b>(*) Included in operating activities are the following:</b>		
Interest paid	6,023	8,870
Income taxes paid	50,753	44,459

*(see accompanying notes)*

## CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

for the six-month period ended June 30

	2015	2014
<i>[in thousands of Canadian dollars]</i>	\$	\$
<b>OPERATING ACTIVITIES (*)</b>		
Net income	282,829	249,960
Add (deduct) items not involving cash		
Gain on sale of marketable securities	(3,727)	(123)
Fair value adjustment to contingent consideration	(7,500)	—
Equity-based compensation	3,303	2,446
Amortization of deferred sales commissions	72,629	76,632
Amortization of intangibles	5,158	2,416
Amortization and depreciation of other	4,086	4,070
Deferred income taxes	(6,852)	(2,593)
Cash provided by operating activities before changes		
in operating assets and liabilities	349,926	332,808
Net change in operating assets and liabilities	(29,884)	(18,265)
<b>Cash provided by operating activities</b>	<b>320,042</b>	<b>314,543</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of marketable securities	(6,630)	(5,352)
Proceeds on sale of marketable securities	18,337	712
Additions to capital assets	(1,200)	(1,537)
Deferred sales commissions paid	(55,799)	(71,706)
Increase in other assets	(44,339)	(3,817)
Additions to intangibles	—	(145)
<b>Cash used in investing activities</b>	<b>(89,631)</b>	<b>(81,845)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in long-term debt	76,000	—
Repurchase of share capital	(118,132)	(14,399)
Issuance of share capital	70	67
Dividends paid to shareholders	(178,881)	(163,881)
<b>Cash used in financing activities</b>	<b>(220,943)</b>	<b>(178,213)</b>
Net increase in cash and cash equivalents during the period	9,468	54,485
Cash and cash equivalents, beginning of period	51,246	118,812
Cash and cash equivalents, end of period	60,714	173,297
(*) Included in operating activities are the following:		
Interest paid	6,432	9,210
Income taxes paid	134,786	102,719

*(see accompanying notes)*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ [in thousands of dollars, except per share amounts]

CI Financial Corp. ["CI"] is incorporated under the laws of the Province of Ontario. CI's primary business is the management and distribution of a broad range of financial products and services, including mutual funds, segregated funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of CI have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* ["IAS 34"] as issued by the International Accounting Standards Board ["IASB"] and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2014.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of CI on August 6, 2015.

#### BASIS OF PRESENTATION

The unaudited interim condensed consolidated financial statements of CI have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The unaudited interim condensed consolidated financial statements have been prepared on a going concern basis. CI's presentation currency is the Canadian dollar. The functional currency of CI and its subsidiaries is also the Canadian dollar. The notes presented in these unaudited interim condensed consolidated financial statements include, in general, only significant changes and transactions occurring since CI's last year end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2014.

#### BASIS OF CONSOLIDATION

The unaudited interim condensed consolidated financial statements include the accounts of CI, CI Investments Inc. ["CI Investments"] and Assante Wealth Management (Canada) Ltd. ["AWM"] and their subsidiaries, which are entities over which CI has control. Control exists when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity, is exposed to variable returns from its activities, and is able to use its power to affect such variable returns to which it is exposed. Hereinafter, CI and its subsidiaries are referred to as CI.

CI holds a controlling 65% interest in Marret Asset Management Inc. ["Marret"]. A non-controlling interest is recorded in the unaudited interim condensed consolidated statement of income and comprehensive income to reflect the non-controlling interest's share of the net income and comprehensive income, and a non-controlling interest is recorded within equity in the unaudited interim condensed consolidated statement of financial position to reflect the non-controlling interest's share of the net assets of Marret.

## | NOTES TO CONSOLIDATED FINANCIAL STATEMENTS |

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### 2. LONG-TERM DEBT

Long-term debt consists of the following:

	As at June 30, 2015 \$	As at December 31, 2014 \$
<b>Credit facility</b>		
Banker's acceptances	84,000	8,000
	84,000	8,000
<b>Debentures</b>		
\$300 million, 3.94% until December 13, 2015 and floating rate until December 14, 2016	299,540	299,392
	299,540	299,392
<b>Long-term debt</b>	<b>383,540</b>	<b>307,392</b>
<b>Current portion of long-term debt</b>	<b>10,500</b>	<b>2,000</b>

#### Credit facility

Effective February 3, 2015, CI renewed its revolving credit facility with two chartered banks. The revolving credit period begins March 12, 2015 and ends March 11, 2016. The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. The financial covenant regarding CI's assets under management was amended, such that they cannot fall below \$60 billion, calculated based on a rolling 30-day average.

#### Debentures

The 2016 Debentures are fully and unconditionally guaranteed by CI.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ *[in thousands of dollars, except per share amounts]*

### 3. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

CI is a party to a number of claims, proceedings and investigations, including legal, regulatory and tax, in the ordinary course of its business. Due to the inherent uncertainty involved in these matters, it is difficult to predict the final outcome or the amount and timing of any outflow related to such matters. Based on current information and consultations with advisors, CI does not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on its financial position or on its ability to continue normal business operations.

CI has made provisions based on current information and the probable resolution of any such contingent consideration, claims, proceedings and investigations. The movement in amounts provided for contingent liabilities and related expenses during the six months ended June 30, 2015 and year ended December 31, 2014, are as follows:

	6 months 2015	2014
	\$	\$
Provision for other liabilities, beginning of period	20,544	22,636
Additions	11,188	4,767
Amounts used	(1,649)	(1,773)
Amounts reversed	(8,054)	(5,086)
<b>Provision for other liabilities, end of period</b>	<b>22,029</b>	<b>20,544</b>
<b>Current portion of provision for other liabilities</b>	<b>12,081</b>	<b>1,293</b>

CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the three and six months ended June 30, 2015, CI received insurance proceeds of \$356 related to the settlement of legal claims [Year 2014 – \$499]. As at June 30, 2015 and December 31, 2014, CI has accrued \$371 and \$906, respectively, for amounts to be received under insurance policies, which is included in accounts receivable.

#### LITIGATION

CI is a defendant to certain lawsuits of which two are class action lawsuits related to events and transactions that gave rise to a settlement agreement with the Ontario Securities Commission in 2004. Although CI continues to believe that this settlement fully compensated investors affected by frequent trading activity, a provision has been made based on the probable resolution of these claims and related expenses.

#### TAXATION

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency ("CRA"), and as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustment.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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In March 2015, CI received notices of reassessment (“NOR”) from CRA relating to the interest rate charged on subordinated notes within CI’s income trust structure from 2006 to 2008. The NOR from CRA and provincial revenue ministries are expected to total \$260,000. CI strongly disagrees with CRA’s position and has filed a notice of objection. However, notwithstanding the filing of a notice of objection, CI is required to make a minimum payment of 50% of the amount payable under the NOR, estimated to be at least \$130,000, which would remain on account until the dispute is resolved, which may take considerable time. Included in other assets as at June 30, 2015, are deposits of \$38,152 made towards the NOR. While CI believes it will be able to successfully defend its position, CI has recorded a provision of \$4,000 for expenses to mount this defense.

### CONTINGENT CONSIDERATION

CI entered into an acquisition agreement with the shareholders of Marret that provided for contingent consideration payable in common shares of CI in the amount of \$12,500, three years from the date of acquisition, if certain financial targets were met based on earnings before interest, tax, depreciation and amortization generated during that period. Included in other income for the six months ended June 30, 2015 is a fair value adjustment of \$7,500 [six months ended June 30, 2014 – nil] recorded as at March 31, 2015 to reduce the estimated fair value of the contingent consideration to be nil [December 31, 2014 – \$7,500].

## 4. SHARE CAPITAL

A summary of the changes to CI’s share capital for the period is as follows:

### [A] AUTHORIZED AND ISSUED

	Number of shares <i>[in thousands]</i>	Stated value \$
<b>Authorized</b>		
An unlimited number of common shares of CI		
<b>Issued</b>		
<b>Common shares, balance, December 31, 2013</b>	<b>284,396</b>	<b>1,987,642</b>
Issuance of share capital on exercise of share options	493	3,279
Share repurchase	(3,181)	(22,229)
<b>Common shares, balance, December 31, 2014</b>	<b>281,708</b>	<b>1,968,692</b>
Issuance of share capital on exercise of share options	214	1,630
Share repurchases	(1,325)	(9,259)
<b>Common shares, balance, March 31, 2015</b>	<b>280,597</b>	<b>1,961,063</b>
Issuance of share capital on exercise of share options	64	274
Share repurchases	(2,037)	(14,238)
<b>Common shares, balance, June 30, 2015</b>	<b>278,624</b>	<b>1,947,099</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ *[in thousands of dollars, except per share amounts]*

### [B] EMPLOYEE INCENTIVE SHARE OPTION PLAN

CI has an employee incentive share option plan [the “Share Option Plan”], as amended and restated, for the executives and key employees of CI. CI granted 220 and 2,772 options during the three months ended June 30 and March 31, 2015, respectively [three months ended June 30 and March 31, 2014 – 260 and 1,964 options, respectively] to employees. The fair value method of accounting is used for the valuation of the 2015 and 2014 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 0% and 3.7% for the options issued during the three months ended June 30 and March 31, 2015, respectively [three months ended June 30 and March 31, 2014 – 0% and 1.5%, respectively], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to share capital. The fair value of the 2015 and 2014 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2015		2014	
# of options grants <i>[in thousands]</i>	220	2,772	260	1,964
Vesting terms	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	4.125% – 4.296%	4.358% – 4.539%	4.033% – 4.286%	3.911% – 4.156%
Expected volatility (*)	16.0%	16.0%	15.5%	15.5%
Risk-free interest rate	0.980% – 1.057%	0.913% – 0.998%	1.499% – 1.718%	1.477% – 1.773%
Expected life [years]	2.4 – 3.4	2.4 – 3.4	2.8 – 3.9	2.8 – 3.9
Forfeiture rate	0%	3.7%	0%	1.5%
Fair value per stock option	\$2.55 – \$2.84	\$2.36 – \$2.62	\$2.61 – \$2.92	\$2.71 – \$3.06
Exercise price	\$35.88	\$33.96	\$34.52	\$35.60

(\*) Based on historical volatility of CI's share price.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ [in thousands of dollars, except per share amounts]

A summary of the changes in the Share Option Plan is as follows:

	Number of options [in thousands]	Weighted average exercise price \$
<b>Options outstanding, December 31, 2013</b>	<b>4,771</b>	<b>24.00</b>
<b>Options exercisable, December 31, 2013</b>	<b>807</b>	<b>20.47</b>
Options granted	2,223	35.47
Options exercised (*)	(1,338)	22.22
Options cancelled	(104)	30.12
<b>Options outstanding, December 31, 2014</b>	<b>5,552</b>	<b>28.91</b>
<b>Options exercisable, December 31, 2014</b>	<b>1,335</b>	<b>23.48</b>
Options granted	2,772	33.96
Options exercised (*)	(754)	23.12
Options cancelled	(25)	29.68
<b>Options outstanding, March 31, 2015</b>	<b>7,545</b>	<b>31.34</b>
<b>Options exercisable, March 31, 2015</b>	<b>2,454</b>	<b>27.29</b>
Options granted	220	35.88
Options exercised (*)	(103)	22.76
Options cancelled	(65)	33.65
<b>Options outstanding, June 30, 2015</b>	<b>7,597</b>	<b>31.57</b>
<b>Options exercisable, June 30, 2015</b>	<b>2,554</b>	<b>27.59</b>

(\*) Weighted-average share price of options exercised was \$35.61 and \$34.20 during the three and six months ended June 30, 2015 [year ended December 31, 2014 – \$35.07]

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ [in thousands of dollars, except per share amounts]

Options outstanding and exercisable as at June 30, 2015 are as follows:

Exercise price \$	Number of options outstanding [in thousands]	Weighted average remaining contractual life [years]	Number of options exercisable [in thousands]
21.55	170	0.6	170
21.73	93	1.9	93
21.98	636	1.6	636
22.45	53	0.7	53
27.03	1,426	2.6	802
30.27	125	2.9	83
33.96	2,730	4.6	—
34.52	260	3.9	87
35.60	1,884	3.6	630
35.88	220	4.8	—
<b>21.55 to 35.88</b>	<b>7,597</b>	<b>3.5</b>	<b>2,554</b>

### [C] BASIC AND DILUTED EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share for the three and six months ended June 30:

[in thousands]	3 months ended June 30, 2015	6 months ended June 30, 2015	3 months ended June 30, 2014	6 months ended June 30, 2014
<b>Numerator:</b>				
Net income attributable to shareholders – basic and diluted	<b>\$138,944</b>	<b>\$283,492</b>	\$127,767	\$249,467
<b>Denominator:</b>				
Weighted average number of common shares – basic	<b>279,862</b>	<b>280,796</b>	284,543	284,579
Weighted average effect of dilutive stock options (*)	<b>706</b>	<b>742</b>	1,019	1,053
<b>Weighted average number of common shares – diluted</b>	<b>280,568</b>	<b>281,538</b>	285,562	285,632
<b>Net earnings per common share attributable to shareholders</b>				
<b>Basic</b>	<b>\$0.50</b>	<b>\$1.01</b>	\$0.45	\$0.88
<b>Diluted</b>	<b>\$0.50</b>	<b>\$1.01</b>	\$0.45	\$0.87

(\*) The determination of the weighted average number of common shares – diluted excludes 5,093 shares related to stock options that were anti-dilutive for the three and six months ended June 30, 2015 [2,203 shares for the three and six months ended June 30, 2014]

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2015 and 2014 ▪ *[in thousands of dollars, except per share amounts]*

### [D] MAXIMUM SHARE DILUTION

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at July 31, 2015 were exercised:

*[in thousands]*

Shares outstanding at July 31, 2015	278,555
Options to purchase shares	7,573
	286,128

### 5. DIVIDENDS

The following dividends were paid by CI during the three and six months ended June 30, 2015:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2014	January 15, 2015	0.105	29,640
January 31, 2015	February 13, 2015	0.105	29,600
February 28, 2015	March 13, 2015	0.105	29,649
Paid during the three months ended March 31, 2015			88,889
March 31, 2015	April 15, 2015	0.105	29,616
April 30, 2015	May 15, 2015	0.105	29,522
May 31, 2015	June 15, 2015	0.11	30,854
Paid during the three months ended June 30, 2015			89,992
Paid during the six months ended June 30, 2015			178,881

The following dividends were declared but not paid during the three months ended June 30, 2015:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
June 30, 2015	July 15, 2015	0.11	30,650
July 31, 2015	August 14, 2015	0.11	30,650
Declared and accrued as at June 30, 2015			61,300

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The following dividends were paid by CI during the three and six months ended June 30, 2014:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
December 31, 2013	January 15, 2014	0.095	27,072
January 31, 2014	February 14, 2014	0.095	27,099
February 28, 2014	March 14, 2014	0.095	27,105
Paid during the three months ended March 31, 2014			81,276
March 31, 2014	April 15, 2014	0.095	27,054
April 30, 2014	May 15, 2014	0.095	27,039
May 31, 2014	June 13, 2014	0.10	28,512
Paid during the three months ended June 30, 2014			82,605
Paid during the six months ended June 30, 2014			163,881

The following dividends were declared but not paid during the three months ended June 30, 2014:

Record date	Payment date	Cash dividend per share \$	Total dividend amount \$
June 30, 2014	July 15, 2014	0.10	28,443
July 31, 2014	August 15, 2014	0.10	28,444
Declared and accrued as at June 30, 2014			56,887

On August 6, 2015, The Board of Directors declared monthly cash dividends of \$0.11 per share payable on September 15, October 15 and November 13, 2015 to shareholders of record on August 31, September 30 and October 31, 2015, respectively.

## 6. FINANCIAL INSTRUMENTS

Financial assets are classified at fair value through profit or loss ["FVPL"], available-for-sale ["AFS"] or loans and receivables. Financial liabilities are classified as FVPL or other.

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVPL are added to the carrying amount of the asset or liability.

CI uses valuation techniques to determine the fair value of financial instruments where active market quotes are not available. This involves developing estimates and assumptions consistent with how market participants would price the instrument. CI bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- Level 3 – valuation techniques with significant unobservable market inputs.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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The carrying amounts of the financial instruments are presented in the table below and are classified according to the following categories:

	June 30, 2015	December 31, 2014
	\$	\$
<b>Financial assets</b>		
<i>Fair value through profit or loss</i>		
Cash and cash equivalents	60,714	51,246
<i>Loans and receivables</i>		
Client and trust funds on deposit	144,504	130,665
Accounts receivable	85,108	88,154
Other assets	56,248	15,702
<i>Available-for-sale</i>		
Marketable securities	76,563	83,718
Total financial assets	423,137	369,485
<b>Financial liabilities</b>		
<i>Fair value through profit or loss</i>		
Provisions for other liabilities	—	7,500
<i>Other financial liabilities</i>		
Accounts payable and accrued liabilities	150,895	161,923
Provisions for other liabilities	22,029	13,044
Dividends payable	61,300	59,161
Client and trust funds payable	143,251	128,715
Long-term debt	383,540	307,392
Total financial liabilities	761,015	677,735

Financial assets and liabilities classified as FVPL are measured at fair value and classified in the Level 1 fair value hierarchy.

CI's financial assets at June 30, 2015 and December 31, 2014 include CI's marketable securities which consist of investments in mutual fund securities. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI considers mutual fund securities that are valued daily to be in the Level 1 fair value hierarchy and those mutual fund securities valued less frequently to be in the Level 2 fair value hierarchy. As at June 30, 2015, CI's marketable securities of \$76,563 [December 31, 2014 – \$83,718] are carried at fair value of which \$18,005 have been classified in the Level 1 fair value hierarchy and \$58,558 in the Level 2 fair value hierarchy [December 31, 2014 – \$13,226 in the Level 1 fair value hierarchy and \$70,492 in the Level 2 fair value hierarchy]. There have been no transfers between Level 1 and Level 2 during the three and six month periods.

## | NOTES TO CONSOLIDATED FINANCIAL STATEMENTS |

JUNE 30, 2015 and 2014 ▪ *[in thousands of dollars, except per share amounts]*

Included in provision for other liabilities, as at June 30, 2015 is contingent consideration of nil [December 31, 2014 – \$7,500] carried at fair value and classified in the Level 3 fair value hierarchy. Long-term debt as at June 30, 2015 includes Debentures with a fair value of \$303,384 [December 31, 2014 – \$305,601], as determined by quoted market prices and have been classified in the Level 1 fair value hierarchy.

### 7. CAPITAL MANAGEMENT

CI's objectives in managing capital are to maintain a capital structure that allows CI to meet its growth strategies and build long-term shareholder value, while satisfying its financial obligations and meeting its long-term debt covenants. CI's capital is comprised of shareholders' equity and long-term debt (including current portion of long-term debt).

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. As at June 30, 2015, cash and cash equivalents of \$19,090 [December 31, 2014 – \$12,552] was required to be on hand for regulatory capital maintenance. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. CI from time to time provides loans to its subsidiaries for operating purposes and may choose to subordinate these loans in favour of general creditors. The repayment of subordinated loans is subject to regulatory approval. As at June 30, 2015 and December 31, 2014, CI met its capital requirements.

CI's capital consists of the following:

	As at June 30, 2015	As at December 31, 2014
	\$	\$
Shareholders' equity	1,891,126	1,902,697
Long-term debt	383,540	307,392
Total capital	2,274,666	2,210,089

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 8. SEGMENTED INFORMATION

CI has two reportable segments: asset management and asset administration. These segments reflect CI's internal financial reporting and performance measurement.

The asset management segment includes the operating results and financial position of CI Investments, CI Private Counsel LP and Marret which derive their revenues principally from the fees earned on the management of several families of mutual and segregated funds.

The asset administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. and Assante Financial Management Ltd. These companies derive their revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients.

Segmented information for the three-month period ended June 30, 2015 is as follows:

	Asset Management \$	Asset Administration \$	Intersegment eliminations \$	Total \$
Management fees	453,843	—	—	453,843
Administration fees	—	75,655	(37,873)	37,782
Other revenue	6,776	5,838	—	12,614
<b>Total revenue</b>	<b>460,619</b>	<b>81,493</b>	<b>(37,873)</b>	<b>504,239</b>
Selling, general and administrative	75,270	16,548	—	91,818
Trailer fees	146,635	—	(6,138)	140,497
Investment dealer fees	—	61,889	(31,015)	30,874
Amortization of deferred sales commissions and intangibles	37,433	550	(921)	37,062
Other expenses	1,770	6,119	—	7,889
<b>Total expenses</b>	<b>261,108</b>	<b>85,106</b>	<b>(38,074)</b>	<b>308,140</b>
<b>Income before income taxes and non-segmented items</b>	<b>199,511</b>	<b>(3,613)</b>	<b>201</b>	<b>196,099</b>
Interest expense				(3,413)
Provision for income taxes				(53,524)
<b>Net income for the period</b>				<b>139,162</b>

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Segmented information for the three-month period ended June 30, 2014 is as follows:

	Asset Management \$	Asset Administration \$	Intersegment eliminations \$	Total \$
Management fees	415,609	—	—	415,609
Administration fees	—	68,027	(33,320)	34,707
Other revenue	9,278	5,148	—	14,426
<b>Total revenue</b>	424,887	73,175	(33,320)	464,742
Selling, general and administrative	68,788	16,118	—	84,906
Trailer fees	132,807	—	(5,408)	127,399
Investment dealer fees	—	54,811	(27,073)	27,738
Amortization of deferred sales commissions and intangibles	39,853	550	(944)	39,459
Other expenses	2,891	1,842	—	4,733
<b>Total expenses</b>	244,339	73,321	(33,425)	284,235
<b>Income before income taxes and non-segmented items</b>	180,548	(146)	105	180,507
Interest expense				(4,545)
Provision for income taxes				(47,908)
<b>Net income for the period</b>				128,054

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Segmented information as at and for the six-month period ended June 30, 2015 is as follows:

	Asset Management \$	Asset Administration \$	Intersegment eliminations \$	Total \$
Management fees	893,722	—	—	893,722
Administration fees	—	149,595	(75,581)	74,014
Other revenue	25,900	11,580	—	37,480
<b>Total revenue</b>	<b>919,622</b>	<b>161,175</b>	<b>(75,581)</b>	<b>1,005,216</b>
Selling, general and administrative	149,497	33,092	—	182,589
Trailer fees	288,360	—	(12,071)	276,289
Investment dealer fees	—	122,238	(61,979)	60,259
Amortization of deferred sales commissions and intangibles	78,537	1,101	(1,851)	77,787
Other expenses	8,038	8,096	—	16,134
<b>Total expenses</b>	<b>524,432</b>	<b>164,527</b>	<b>(75,901)</b>	<b>613,058</b>
<b>Income before income taxes and non-segmented items</b>	<b>395,190</b>	<b>(3,352)</b>	<b>320</b>	<b>392,158</b>
Interest expense				(6,606)
Provision for income taxes				(102,723)
<b>Net income for the period</b>				<b>282,829</b>
Identifiable assets	640,188	285,962	(10,052)	916,098
Indefinite life intangibles				
Goodwill	944,726	192,582	—	1,137,308
Fund contracts	999,082	—	—	999,082
<b>Total assets</b>	<b>2,583,996</b>	<b>478,544</b>	<b>(10,052)</b>	<b>3,052,488</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Segmented information for the six-month period ended June 30, 2014 is as follows:

	Asset Management \$	Asset Administration \$	Intersegment eliminations \$	Total \$
Management fees	809,989	—	—	809,989
Administration fees	—	136,798	(66,987)	69,811
Other revenue	20,409	10,095	—	30,504
<b>Total revenue</b>	<b>830,398</b>	<b>146,893</b>	<b>(66,987)</b>	<b>910,304</b>
Selling, general and administrative	137,127	31,462	—	168,589
Trailer fees	258,039	—	(10,540)	247,499
Investment dealer fees	—	110,160	(54,386)	55,774
Amortization of deferred sales commissions and intangibles	79,839	1,101	(1,892)	79,048
Other expenses	5,244	2,676	—	7,920
<b>Total expenses</b>	<b>480,249</b>	<b>145,399</b>	<b>(66,818)</b>	<b>558,830</b>
<b>Income before income taxes and non-segmented items</b>	<b>350,149</b>	<b>1,494</b>	<b>(169)</b>	<b>351,474</b>
Interest expense				(9,128)
Provision for income taxes				(92,386)
Net income for the period				249,960
<b>As at December 31, 2014</b>				
<b>Identifiable assets</b>	<b>560,572</b>	<b>329,481</b>	<b>(10,476)</b>	<b>879,577</b>
Indefinite life intangibles				
Goodwill	944,726	192,582	—	1,137,308
Fund contracts	999,082	—	—	999,082
<b>Total assets</b>	<b>2,504,380</b>	<b>522,063</b>	<b>(10,476)</b>	<b>3,015,967</b>

### 9. SELLING, GENERAL AND ADMINISTRATIVE

Included in selling, general and administrative expenses ["SG&A"] are salaries and benefits of \$48,850 and \$97,639 for the three and six months ended June 30, 2015, respectively [three and six months ended June 30, 2014 – \$45,611 and \$90,092, respectively]. Also included in SG&A is depreciation of capital assets of \$1,999 and \$3,934 for the three and six months ended June 30, 2015, respectively [three and six months ended June 30, 2014 – \$1,904 and \$3,810, respectively]. Other SG&A of \$40,969 and \$81,016 for the three and six months ended June 30, 2015, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [three and six months ended June 30, 2014 – \$37,391 and \$74,687, respectively].



