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Operator: Good morning, ladies and gentlemen. At this time, I would like to welcome everyone to the CI Financial 2020 3rd Quarter Results Webcast. All lines are in listen-only mode. After the speaker's remarks, there will be a question and answer session. If you would like to ask a question during this time, simply press star, then the number one on your telephone keypad. If you would like to withdraw your question, please press star two. Please take note of the cautionary language regarding forward-looking statements and the non-IFRS measures on the second page of the presentation.

I would now like to turn the call over to Mr. Kurt MacAlpine, CEO of CI Financial. Mr. MacAlpine, you may begin.

Kurt MacAlpine: Good morning, everyone, And welcome to CI Financials Third Quarter Earnings Call. Joining me on today's call is our CFO, Doug Jamieson, and our new Vice President of Investor Relations And Strategy, Jason Weyeneth. Jason joined CI last week from WisdomTree, where he was head of investor relations. Prior to that, he was a sell-side analyst covering asset and wealth managers at Piper Jaffray. We are excited to welcome Jason to CI.

During the call, we will cover these topics: a discussion of the highlights and challenges of the third quarter; a review of our financial performance during the quarter; an update on our sales to date for the fourth quarter; an update on the execution of select items of our corporate strategy. Then we will take your questions.

We had another strong quarter as markets and our AUM continued to rebound. EPS of 62 cents for the quarter represents the best quarter of the year and a 3% growth from a year ago. We remained focused on controlling costs, even as we continue to execute on our strategic priorities. SG&A declined nearly $16 million or 13% from a year ago and was flat on a sequential basis despite onboarding several new businesses. Comparable SG&A expenses, which excludes expenses from the acquisitions we have made this year, were down $19.4 million or almost 16% from the third quarter 2019, and down $1.7 million sequentially.

We continue to take a dynamic approach to capital allocation that includes debt reduction, the return of capital to shareholders through share repurchases and dividends, and acquisitions. During the quarter, we spent $78 million to repurchase 4.3 million shares. We retired $26 million of debt and we paid $39 million in dividends.

On the sales front, although the company continues to be in redemptions, we generated strong gross sales results, which increased 23% from a year ago and 8% sequentially. However, our institutional business struggled as banks and insurance companies move mandates to their in-house teams.

We continue to make great strides executing our corporate strategy. We continue to scale our wealth management platforms in the US, having completed or announced 12 transactions for the year to date, representing nearly $22 billion of AUM. We made considerable progress across our rebranding efforts with the rollout of our new website in October. In May, we shared with you the details of our rebranding initiative, which is aimed at more effectively communicating to the marketplace, the breadth and depth of CI's capabilities and highlighting the firm as an integrated global asset and wealth management company.

Last week, we announced our application to cross-list our common shares on the New York stock exchange. Trading is expected to begin next Tuesday, the 17th, under the symbol CIXX. We expect the cross-listing to increase CI's corporate profile in US, expand our investor base and allow us to offer us dollar denominated shares in future US RA acquisitions.

Finally, Cabana Group, one of our US RAs launched $1 billion-dollar lineup of target drawdown strategy ETFs in September. This represents one of the largest, if not the largest ETF launch in history and illustrates the type of high quality, fast-growing firms we are choosing as our US partners.

Now, Doug will review the financial results for the quarter.

Doug: Thank you, Kurt. Core average assets under management, which represent the assets managed by CI in Canada and GSFM in Australia, were up 5% in the quarter to $126.4 billion. The revenue earned on these assets is recorded in the asset management segment. US assets under management are reported separately as the revenues earned on those assets are part of an overall fee paid by clients for wealth management and are reported in the wealth segment. In the third quarter, US AUM grew 10% to $4.7 billion on net sales of $300 million and market performance. Wealth management assets jumped to $66.1 billion on market performance, and with the addition of BDF[?] and Congress in the third quarter. Net income and adjusted net income of $130.6 million is up 9% from $120.2 million last quarter. Earnings per share of 62 cents was up 6 cents per share from the second quarter, and up 2 cents from the third quarter last year. And this is CI's third best quarterly earnings per share number since converting back to a corporation a decade ago.

Free cash flow was up 12% to $143.9 million from $128.3 million last quarter. CI's SG&A in the third quarter was $108.8 million down from $109 million last quarter, and $124.6 million in the third quarter last year. Spend in the asset management segment declined $1.1 million from last quarter, even as average AUM increased 5%, and is down $16.1 million from one year ago as we continue to streamline asset management operations. SG&A and the wealth segment moved up slightly to $30.4 million, even though incremental SG&A from RAs acquired this year was more than $2.9 million in the quarter. Note, there is $3.8 million of inner segment expense that gets eliminated in arriving at total SG&A.

Free cash flow in the quarter of $144 million exceeded dividends and buybacks of $116 million by $28 million. And CI bought back 4.25 million shares in the quarter as we continued to direct cash flow to buying back shares and to making acquisitions in the wealth management segment. CI's gross debt finished the quarter at $1.96 billion and a reported debt to EBITDA ratio of 2.4 times as EBITDA rebounded 10% in the third quarter to $204.6 million from $186.6 million last quarter. Net debt increased to $1.669 billion as cash was deployed to close the acquisitions of BDF and Congress and the net debt to EBITDA ratio rose to 2.1 times.

So now I'll hand it back over to Kurt.

Kurt MacAlpine: Thanks Doug. Before I discuss our sales for the quarter to date, I want to provide you with a brief update on our assets for the month of October. We reported total assets of $202.4 billion, up 4% from September and another all-time high for CI. This includes $125.4 billion of assets under management and $77 billion of wealth management assets. In October, we saw a 19% improvement in Canadian retail net sales and a 63% improvement in institutional net sales on a sequential basis. On a year-over-year basis, our gross[?] have declined primarily, driven primarily by our large asset base in Canadian equity and Canadian balance categories, which accounted for the majority of our redemptions. The Canadian equity and Canadian balance categories are two of the three most redeemed categories in the industry year to date. On the positive front, nine of our top selling funds in a month are liquid alternatives and fixed income strategies, two increasingly important categories where we are growing our market share. We are in the early stages of a strategic transformation of our sales function and our investment platform. And we are confident that these actions will lead to better flows. I will share more details on the investment platform changes in a few moments.

I will now provide an update on the progress we've made on some of our strategic initiatives. As a reminder, here's a quick review of our three strategic priorities, which are modernizing asset management, expanding wealth management and globalizing our company. All of our initiatives will support one or more of these strategic priorities.

First on the US wealth management initiative, we have continued to make great progress in executing our strategy, building on the momentum of what we believe is the fastest growing RA platform in the market. In the past 10 days, we have announced three new transactions, Davids[?] & Cohen, a US$570 million woman-owned Houston-based RIA[?] with a focus in financial planning and servicing corporate executives in the oil and gas industry. Doyle Wealth Management, a US$1.1 billion RIA based in the Tampa Bay area, a popular destination for Canadian retirees. And Roosevelt Investments, a US$2.7 billion RIA based in New York City, our first acquisition in the world's largest financial market.

After all these announced transactions closed, we will have accumulated RIA assets of US$16.5 billion or C$22 billion this year alone. In addition to inorganic growth, the companies we've acquired are also experiencing strong organic growth. In fact, all of the businesses we've acquired this year have grown organically. In late August, we rolled out our cross border wealth management partnership program where our advisors in Canada and the US are working together to holistically service clients north and south of the border. In our Canadian business alone, we have financial advisory relationships with over 300,000 families, many of whom have assets in the US today. The program is off to a strong start and acquisitions such as Davison Cohen, that are focused on the energy business, and Doyle, with their strategic location, in Florida will be great additions to this program.

I'm incredibly pleased by the progress we've made in growing our wealth management business in a short period of time, but I'm even more encouraged by how well our differentiated story is resonating in the US marketplace, positioning us well for continued future growth. Consistent with what I shared with you during the second quarter, I will provide an update on the magnitude of growth of new advisor assets on our wealth management platform. This chart outlines new advisor assets that have been onboarded to our wealth platform over the past three years in comparison to the amount that we've onboarded so far in 2020. As you can see, we've experienced phenomenal growth this year. After closing the transactions we've announced over the past few days, we will have the added C$31.2 billion in new assets to our platform so far this year with two months left to go.

I also wanted to provide some additional information on our run rate wealth management profitability after the deals we've announced recently have closed. The impact is a $58 million increase in our run rate wealth management EBITDA, which translates to $73 million [inaudible] or 387% improvement from 2019. I want to be clear that this is not a forecast. This number only includes our current interest in these companies and does not include any growth or market assumptions. It also excludes any strategic or cost synergies, asset management product sales, business model improvements, and planned but on announced transactions. We are confident that meaningful synergy opportunities exist, but we prefer not to give guidance. This information is meant to help quantify the impact we've made in a short period in executing against our wealth management strategy. It also shows the magnitude of the opportunity for growth and profitability going forward.

Next, I will update you on our corporate rebranding initiative. I announced on our Q1 earnings call in May that we were planning a corporate rebranding aimed at streamlining and simplifying our business, removing unnecessary complexity and making it easier for our clients to do business with us. Fast forwarding to today, our rebranding effort as well underway. All of our corporate logos have been updated to the new ones shown on this page. Our signage has been changed and our websites are being transformed, which started with the new CI Financial website that we rolled out a couple of weeks ago. We anticipate that the rebranding effort will be fully completed by Q1 2021. Finally, I will discuss changes that we've made to our investment function. In conjunction with the rebranding of CI Investments to CI Global Asset Management, we are phasing out the brands associated with our investment boutiques and moving to an integrated investment management platform under the CI Global Asset Management name. We're also taking this opportunity to better structure our investment platform to foster improved communication and collaboration across the organization, positioning us to deliver the full scale and capabilities of CI to our clients, not just the capabilities of our legacy investment boutiques. We believe these changes will improve the client experience, not only through the potential for improved performance, but by simplifying our offering while strengthening our value proposition.

We are making these changes while protecting the elements of our investment platform that make us unique. We are not changing portfolio managers on funds, the investment management processes they follow, or our fund line-up. This approach limits or eliminates the client disruption typically associated with investment platform changes. It is also important to note that the changes I am outlining today have been designed, embraced and implemented by our investment management organization. Our investment professionals have full conviction that this new model will deliver better outcomes and a better experience for our clients.

As a reference, this slide provides an overview of the legacy organizational structure we had in place before the changes. You will note that our business was aligned by boutique brands with many of the brands offering competing mandates and capabilities. The ability for any boutique to deliver scale benefits was driven by the scale they had generated independently.

This slide provides a snapshot of our new investment management organizations. You will see that we are now organized by investment capability, not by a boutique or sub-brand. This new approach allows us to deliver CI's full-scale to our clients; organize ourselves by investment capability; share information more freely throughout the organization, ideally leading to better problem-solving and investment outcomes; reduce complexity in our investment organization, creating a more client friendly platform; great consistency in our objectives; address gaps in our platform holistically; and align the compensation model across teams.

I would now like to open up the call for questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad now. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a, to allow everyone an opportunity to signal for questions.

The first question will come from Geoff Kwan with RBC Capital Markets. Please go ahead.

Geoff Kwan: Hi, good morning. So you've had some redemptions in recent quarters, just from some companies that have bringing in-house mandates that that you were sub-advising on. When we look at your AUM right now, like on the retail side, like how much would you have, even ballpark, that would be sub-advised and therefore, maybe at risk to being brought in-house at some point in the future? And is there a portion of that AUM that you think would be unlikely to be brought in-house in the future and why would that be?

Kurt MacAlpine: Good morning, Geoff. It's a tough one to predict what I would say. We have sized the potential at-risk opportunity through sub-advised mandates that exist on bank or insurance owned platforms that have their own capabilities internally. So that really seems to be where our institutional business has experienced the vast majority of our redemptions over the past year.

I believe that number right now, in terms of the assets at risk, is probably in the range of C$2.5-3 billion total. And then from there, you'd have to determine, obviously, what percentage do you think ultimately will move. So as it relates to the total AUM size of CI in its current standing, very small but that's essentially a little bit of more information in terms of what's remaining, fitting those specific criteria.

Geoff Kwan: Okay. Thanks. And then just on the RIA's[?] acquisition pipeline, how would you describe the size of it today? What sort of hit rate do you think you would be able to get, looking out over the next year?

Kurt MacAlpine: It really depends. I don't like to give guidance on anything as I think oftentimes it's just guessing. But what I would say is if I look at the building and the momentum of the pipeline that we've created over the past few months, I think it's truly remarkable. If you rewind to January, this isn't even a segment or a market that we were in. If you fast forward to today, just looking at the deals we've done over the past six or seven months, we believe we have the fastest growing RA[?] platform ever. The velocity of deals that we're able to do is picking up. And the part that I'm most excited about is we're doing deals with truly exceptional, very high quality firms.

So I can tell you from a sales process perspective or from an M &A process, it is a lot easier to do deals now that we have announced 12 deals in the marketplace than it was several months ago, we were starting to build story and build that momentum from scratch. So I remain very optimistic. If I look at just the pipeline of firms that we are having conversations with, it's really increasing on an ongoing basis.

I would say if you think about the journey we've been on the first few deals that we had started with or prioritized were firms that I had professional relationships with in prior lives. So we have a working relationship. I had a good understanding of their particular businesses, their capabilities, their teams, and their growth rate. So I had a high degree of confidence in them and they had a working familiarity with me.

Once we started to do deals in the space, we started to hit the radar of a lot of the banks that are working with these firms to help them transact. And that was really the next tranche of deals. And now we're at a fascinating place where I probably get a couple of firms reaching out every week, directly bypassing a bank or a process, just looking to do a deal with CI specifically. So I feel fantastic about the progress we've made. I think we're ahead of schedule relative to what we would have initially anticipated. I think our momentum continues to pick up on a month-by-month basis. And I'm just really excited about how well our differentiated value proposition is resonating compared to other stories that are in the marketplace currently.

Geoff Kwan: Maybe if I could ask in another way, then is, so when you are in discussions with a potential acquisition – you may get pitched but you may, for whatever reason, decide not to do it, but for those that you actually are doing some level of engagement with, are you having to deal with auction-type situations? And also two is when you are again in those discussions, are you generally closing on them? And if you're not, what would be the reasons why you're not completing them?

Kurt; Some of the deals that we are doing are part of an auction process that we're participating in; others are not, and reach out to us offline, just given there's, I guess, an appeal of some firms just to transact with CI directly. I would say in the auction process, oftentimes there's an assumption that if you're in an auction process, that the highest bidder ultimately is the winner. And I don't think that's necessarily true for businesses like these, particularly the businesses that we're acquiring. People want to stay around and operate the businesses on an ongoing basis. They want to benefit from an integrated platform. They see the benefits of scale, collaboration and national platform across border referrals. So we are fortunate enough to be winning the vast majority of auctions that we are in. We are getting feedback that we are not necessarily the highest bidder on these, but I think it's really our value proposition that's differentiating ourselves.

In terms of when we choose to pass, and we absolutely pass on a lot of platforms that get presented to us, we're really looking for high quality, well-run businesses, great profitability and dynamic management teams that collectively feel that they will benefit, and we will all benefit from working together as opposed to working independently. Oftentimes, firms will initiate transactions for financial reasons, personal liquidity events to initiate a retirement or something like that. And those are all fine reasons to do it. It just doesn't really fit in in regards to what we're trying to build, which is ultimately the leading private wealth platform in the US.

So we do pass a lot. We also pass a lot for cultural reasons because we think it's critically important in asset management and wealth management, these are human capital and people businesses, and we want to make sure that we're excited about all the individuals that we're ultimately partnering with.

Operator: Thank you for the question. The next question will come from Tom McKinnon with BMO Capital, please go ahead.

Tom McKinnon: Yeah, thanks very much. Just following on that, maybe on that C$2.5-3 billion institutional that you mentioned earlier, I assume this is low margin. Maybe you can just share with us what the margins would be on that business, and I've just got a follow up.

Kurt MacAlpine: Sure. So Tom, we don't typically break up the margin. The C$2.5-3 billion,, as I mentioned, is what we determine could potentially be at risk. It might be, it might not be. But yes, the margins on the institutional business are lower than what we would see on retail. It is more dynamically priced, so there is a range of pricing within it. So it's not easy to say, 'Here's the specific number,' as it really depends upon the mandate, the strategy, the platform size and some things like that.

Tom McKinnon: And then with respect to the brand initiative, is there any impact on the SG&A as a result of this?

Kurt MacAlpine: Not so much. I mean, I think we are – currently, we are operating in and essentially redeploying our marketing spend. So we're doing things more digital. We're essentially redesigning our websites and really focusing on different areas. I would anticipate over time when we think about the SG&A reductions that we've made overall, what we're trying to do is to right-size the businesses that have declined or are experiencing some declines and redeploying that SG&A to growth areas and growth initiatives of our business. Our marketing spend to date, we've essentially been self-funding this initiative within the existing marketing expense base. But that's not to say, depending on how the business evolves over time, that we may spend a little bit more on a go-forward basis, but it's not something we've done to date.

Operator: Thank you for the question. The next question will come from Scott Chan with Canaccord. Please go ahead.

Scott Chan: Good morning. On that wealth management slide, I guess the [inaudible] progression[?] year to date from 15 to 73, can you quantify how much that comes from Aligned to get a sense on the US RIA[?] traction?

Kurt MacAlpine: It's a smaller portion of Aligned, Scott. We don't break out the specific numbers, but if you look at what we disclosed last quarter, what we've disclosed this quarter, Aligned with not in last quarter, they are in this quarter, as are a few other businesses. So it is not by any means the majority or a meaningful portion of that number. It is a profitable business on a standalone basis.

Scott Chan: And the three transactions you announced in the last 10 days, would that be included in that number?

Kurt MacAlpine: It is. Yep. So the three transactions plus Boeing, which we announced earlier in the quarter, so it'd be the combination of those four plus Aligned.

Scott Chan: And Kurt, I guess now going back to I guess the marketing sales process, you talked early on about a machine-learning analytics model, and I was just wondering if you could provide an update or progress on that initiative.

Kurt MacAlpine: Sure. So we rolled out the first – just for reference for, for others on the call that might not be familiar with what Scott's referencing, we rolled out where we believe is Canada's first machine-learning model or predictive algorithm for a sales and marketing process in Canadian asset wealth management. So we built that over the course of the winter. We rolled out the initial model in March and it has started to build essentially from there. So every month, essentially we capture all of the inputs from various levels of engagement and the model gets smarter and more detailed.

So we have been using the model as a starting point – I mentioned earlier, we're in the process of transforming our sales function and that the insights from the model has led us to recut and reposition some of our sales territories. It has informed our digital marketing campaigns. All of our email campaigns that we're doing today are based off of insights that we're receiving from that model. But instead of it being a one-and-done campaign, we're actually using the responses, some of the particular initial campaign to set up and structure a series of sequential campaigns.

So I would say Scott, it's still very early days. I've been very pleased by how well our sales team has embraced the model in terms of using the insights to identify and prioritize the opportunities in their territories. And I've been very pleased by how well our marketing team has embraced it to really set up and structure all of the campaigns and engagement models that we're ultimately building.

Operator: Thank you for the question. The next question will come from Gary Ho with Desjardins Capital Markets. Please go ahead.

Gary Ho: Good morning, Kurt. Just want to go back to the US RA acquisitions a little bit. And, just to be clear, maybe it was Scott's question as well, but that's slide 14 where you had the C$73 million in wealth[?] EBITDA. So does that include the acquisitions that are announced, but not closed, such as the Roosevelt or the Doyle acquisitions that were announced earlier this week, last week?

Kurt MacAlpine: Yes, it does. And what we're trying to do, Gary and Scott, just to clarify, the reason this is important is we're obviously transforming our business relatively quickly from all of our economic profits coming from asset management to more balance. So as we work through and announced and finalize these acquisitions, the goal is to provide our investors with a roadmap essentially for how our business is evolving. So you will – it is our intent to continue to show these two slides on an ongoing basis so you can really chart the journey that we're on.

Gary Ho: That is helpful. And that leads me to the second question, which is, I think on your financial statement, you disclose the purchase price of roughly $400 million for the US RA acquisition that's closed up to September. I think that includes the cash consideration and the contingent payment. So if I go back to the same slide last quarter, where you had the C$40 million EBITDA lift, so am I wrong to think that's the EBITDA contribution related to that C$400 million acquisitions? Or are there pieces that I'm missing from those two numbers?

Kurt MacAlpine: I would say directionally it's in the right direction, Gary. I think there's probably a little bit more there than that, plus everything that we've shared and we'll continue to share will pre synergies, just given my preference not to provide go-forward guidance or projections.

Operator: Thank you. The next question will come from Graham Raynak[?] with TD securities. Please go ahead.

Graham Raynak: Good morning. Just looking at your leverage just over two times in your current free cash flow run rate, how are you feeling about sustaining this level of RIA acquisitions? Can you do this without issuing equity or at some point, if you're going to keep this run rate going of acquisitions, do you need to start using equity a bit?

Kurt MacAlpine: So Graham, in terms of the current run rate, it's hard to predict go-forward acquisitions based on the current run rate. As everyone knows, M&A in and of itself is quite lumpy. And it really depends upon the quality of platforms that are coming to market, and then how fast or slow those processes ultimately move. I would say our approach to capital allocation overall has been very dynamic. We do think that our share price is significantly undervalued. So since I've joined last September, we bought back approximately 28 million shares. During the height of the pandemic, we did feel the leverage was a little bit high relative to our comfort zone. And we reduced our credit revolver by C$175 million in short order by redeploying. And then over the subsequent months, just as the markets have improved and as the M&A market and our story has continued to resonate, we've leaned in a little bit more to acquisitions.

So what I would say is we are listing ourselves on the New York stock exchange effective next week. To the extent that we can use our stock accretively to do these types of transactions, it is something we would consider, using as part of the purchase price which would reduce our free cash flow obligations. But it is something that we're monitoring. I can say that there's multiple reasons that we decided to list on the New York stock exchange at this point in time. One of the, I guess, call it more minor reasons based upon interest from RAs is the ability to take stock as part of the transaction. So it is a lever that we could use, but we'll do it in a very disciplined manner when we do.

Graham Raynak: Okay. Understood. And then on the integration of your investment management teams, it sounds like this is more about process and driving fund performance as opposed to servicing cost synergies, but there does seem to be a lot of fun to overlap when you look across the different legacy boutiques. Is there an opportunity to continue to streamline your fund lineup?

Kurt MacAlpine: There will be over time, but that wasn't really the focus of the effort. I mean, the biggest challenge was we would constantly get feedback from clients that it's complex and challenging to do business with CI. So the boutique and multi-brand structure was I'd say perfectly designed for the marketplace up until five or six years ago. So if you think about the nature of distribution at that point in time, the corporate class that we had, some of the exclusive distribution partnerships, business was coming to CI. And then the question was, well, which of the CI businesses would it ultimately come to? A lot of those benefits, the corporate class changes that have been pushed through, the dynamics of the distribution marketplace where some of those exclusive distribution arrangements have changed. A lot of the bank-owned platforms are prioritizing their own strategy. So we needed to evolve our investment platform.

So we're doing it to better – first off to simplify and create a better client experience based upon feedback from advisors that we receive constantly that we're just historically been hard to do business with in today's environment. The second thing is that when you look at our individual businesses, we're a C$202 billion company, but the way we had structured our investment platform is we were only able to deliver the scale at the individual boutique level. So take Harbour as an example, Harbour in the old model prior to this week had the ability to deliver C$3-4 billion of total scale. Under the current model, the Harbour business is part of broader CI Global Asset Management, benefits from that scale, partnership access to better resources and things like that.

So you are right through the legacy model we had, we naturally have a lot of overlapping and redundant capabilities, which over time might clear themselves out, but that wasn't the reason we initiated this process. And it hasn't been a focus for us so far. So you're right, it's not a cost-cutting effort, it is designed to deliver a better experience and ultimately a better investment performance. But as we naturally work through it, if there's opportunities to deliver a better client experience through consolidation, it's something we would look at, as we would look at all opportunities across our businesses.

Graham Raynak: Okay, great. Just maybe one last one, if I could, asset management flows, where do you see the biggest opportunity to move the needle on flows? And where do you see the process perhaps being a longer effort to turn the ship around?

Kurt MacAlpine: Yeah, I think the biggest opportunity for us is really twofold. The first one is in the segments of advisors that we're selling products to. So historically a lot of our flows and assets sit with legacy MFDA advisors that have been in the industry for an extended period of time. So they may not be growing their businesses, they may be transitioning to more lifestyle practices or transitioning out of the business.

So when I look at a couple of layers below the service flow, the parts that excite me the most about our business, one, the pivot that we made to [inaudible] and our team has done a really nice job of shifting the business mix to be more balanced between MFDA and [inaudible]. And I think we're off to a really great start in liquid alternatives. I believe we're still number one in flows and market share, and that's very important, a very fast-growing category.

And I would say the other area that I have a lot of excitement for is our fixed income and the relationship that we've struck with DoubleLine and the very early success that we've experienced there on a go-forward basis. I think the vulnerabilities – so I'd say that's what I'm most excited about the pivot to [inaudible] in those particular categories. I would say the vulnerabilities remain the vulnerabilities that we currently have. We have a very high concentration of Canadian equity and Canadian balanced funds that have been higher redeemed categories in the industry. And the concentration of advisors that are holding them tend to be those, as I mentioned, that are older MFDA advisors that might not be in growth mode on their businesses. And then as a result, typically their clients are in natural redemption mode, as they navigate through retirement.

I did share some additional guidance on the institutional business in that breakdown. So while we have experienced a couple of lumpy quarters of redemptions, virtually all of those have come from banking, insurance owned platforms that are moving those assets in-house, specifically to an in-house team doing essentially the same thing. The size of that pool of assets, as I mentioned, is a lot smaller today than what it was before, therefore, the likely continued redemption rate that we've seen on a go-forward basis, just based on the size of the business and what's already moved, it is less likely to continue. So when you look at holistically, the combination of the pivots

we've made on the sales front, the enhancements we've made to the product line-up through the liquid [inaudible] DoubleLine, plus the re-platforming of our investment organization to really make it more modern and integrated, I am optimistic that we're going to work through the redemptions and put ourselves on a better path forward.

Operator: Thank you. The next question will come from Geoff Kwan with RBC Capital Markets. Please go ahead.

Geoff Kwan: Just a follow-up is on M&A [inaudible] a sign of the wealth business. Can you describe what your appetite is for asset management, M&A, or other businesses that you would view as being complimentary to your growth strategy?

Kurt MacAlpine: Sure. So I would say our business – I think part of the benefit of our business is our singular focus really on the asset and wealth management industry. So any M&A that you would see us doing would be in one of those two areas, aligned against the three strategic priorities that we had outlined. When you think about M&A and wealth management versus asset management, it's really a different approach. So for wealth management, because of the fragmentation of the RIA marketplace, in order for us to create scale, we really have to do a lot of acquisitions. There are very few – I think our integrated platform is one of the five largest RA platforms in the US currently; if not, we're pretty close. And we're only US$16.5 billion so far. So the ability to buy at scale in wealth management, given where we're focused, doesn't really exist. So our ability to get to much larger asset levels will be a function of a series of consistent transactions.

When you think about asset management acquisitions, there's probably two types of acquisitions that would potentially make sense for CI. One would be capability expansions. So as we continue – now that we have this integrated investment platform where we have clarity and consistency, we do have some gaps in our platform, and there could be opportunities for us to acquire specialized capabilities, alternatives as an example, or something like that.

And the other type of opportunity that could exist would be an opportunity for us to diversify beyond the Canadian marketplace. Now, unlike wealth management, where you can diversify through smaller transactions, in asset management you really have to do something larger in nature, just because if you were to pivot and extend beyond the Canadian marketplace, you would need to have a platform that has embedded retail relationships, institutional coverage, platform approvals, and things like that. So you can't build a small platform – or essentially build a large platform via small acquisitions in asset management. So the approach would be different.

So I would say the focus so far has been wealth management, clearly given the velocity of deals we've done in the RA space. If we were to do a wealth deal – sorry, an asset management deal, it would either be to acquire a capability we don't have, or to expand the footprint to a market that we're not currently in. I don't think you'll see us doing straight scale acquisitions in asset management, doubling down on capabilities that we already have in markets that we're already present.

Geoff Kwan: And so that's been helpful. Is that something that is – well, how does that prioritize for you? Obviously you're very active on the wealth side, but on the asset management side, is that a priority? And, how does that landscape look for you?

Kurt MacAlpine: Yeah, the business itself and growing our asset management platforms is absolutely a priority for us. I feel very good about what the changes we've made in the Canadian marketplace. Absent a couple of specialized capabilities, that we're in good shape and have a good platform for go-forward growth. As we think about globalizing, what I would say is, I'm not sure if we'll do something to globalize. If we did do it, it would be in the US marketplace. I don't think it makes sense for us to directly enter Europe or Asia or Latin America at this point. And it would be more opportunistic in nature.

Like I said, the wealth strategies are a very deliberate and methodical approach for us to build a leading integrated private wealth platform in the US. The asset management we do, look at things opportunistically, but it really has to fit what we're building on the integrated asset and wealth management side. So growing and building and improving the business is critically important to our strategy. I don't feel that it is imperative that we do it via major M&A. So if the opportunity presents itself, it's financially attractive, accretive and a great opportunity to diversify and transform the business, we will look. But it is a different approach, and I want to make sure that's coming through than the methodical approach we're taking to the wealth management space.

Operator: Thank you for the question. Next question will come from Gary Ho with Desjardins Capital Markets. Please go ahead.

Gary Ho: Thanks. Just one follow-up, just going back to the comment on the institutional AUM at risk C$2.5-3 billion, I thought at one point that number or your institutional AUM was that C$10-15 billion. Did I remember that correctly? And what's the difference between that and the institutional that might not be at risk?

Kurt MacAlpine: Sure. So it depends, Gary, on when you're having a conversation. When I look at our institutional business overall, what I would say is there's probably three different chunks of business. And once again, that was a speculation based upon the breakdown of the platform. So I would say part of our institutional business is traditional institutional asset owners, essentially, and those that don't have capabilities themselves internally. So they're small endowments, foundations, pensions, and things like that.

The second part of our institutional business would be the retirement space, typically working with employers on defined contribution plans. And then the third part of our institutional business would be sub-advisory mandates, which is really broken into two pieces. Sub-advisory mandates that have been outsourced to us specifically by firms that have their own competing capabilities internally, and then sub-advisory mandates that have been outsourced to us by firms that don't.

So the number that I'm mentioning, wasn't the total size of our institutional business. It also, just to continue to reiterate, wasn't planned redemptions. I was isolating and looking at the business as it stands today, and the percentage and dollar of assets that we have tied to sub-advisory mandates, linked to bank and insurance on platforms that have their own capabilities internally. There is a scenario where none of that redeems, there's a scenario where all of it redeems and every scenario in between.

There also is the possibility in our other segments of institutional for the traditional institutional business to grow or shrink. That business has been relatively flat for us over the past little while. And we have a new head of institutional now that's working to grow it. And the retirement space or the defined contribution space has been relatively flat for us as well. And that's an area we're looking to grow.

So what I was trying to do in responding to the question was provide the visibility into the breakdown of the institutional and assigning the assets to that particular segment or sub-segment.

Gary Ho: And if I take the total of the three segments, am I correct in the c$10-15 billion estimate?

Kurt MacAlpine: Around that, yeah. I don't have the exact number in front of me, but you're in the ballpark.

Operator: Thank you. The next question will come from Tom McKinnon with BMO Capital, please go ahead.

Tom McKinnon: Yeah, thanks very much. If I look at what you're doing in the US with respect to RIA, I wonder if you could compare your business model to say competitors here. And we certainly know there's one public [inaudible] competitor. But what do you bring to the table that that they don't, what differentiates you as you embark on this strategy?

Kurt MacAlpine: So I think that the main difference between us and our competitors, and we thought a lot about this in advance of entering the RA space, which was, we recognize that others have been in this space earlier. So the bar for us entering was obviously higher, and it was really important for us to do something very differentiated than what exists in the marketplace. So think about the spectrum of competitors that exist. On one hand, you've seen more financially oriented buyers that are essentially looking to take equity stakes in individual businesses, and then participating in the ongoing cash flows of those businesses. So very much structured as a, almost like a multi-boutique asset manager, but on the wealth management side. So they're taking some form of stake in the business and allowing the business to continue to operate in a freestanding independent basis.

So that's one extreme end of the spectrum. On the other end of the spectrum, you essentially have aggregators or integrator platforms that will do a deal with you, but the terms and conditions by which they'll transact with you are that you need to change everything about your platform to fit into their platform. And there's a few firms that fit this mold and may be called serial aggregators or something like that.

So where we come in is we come in in the middle. And then on top of that, if you look at the marketplace, I'd say somewhere around 90 cents on the dollar, ex CI, have money in the space right now is, is private equity or private equity related. And so we come into the marketplace, we're strategic, permanent capital. We've been operators of wealth management businesses in Canada for decades. And we're offering a very differentiated value proposition, which is the goal is to build a leading integrated platform in the US. But instead of just focusing on financial element or pursuing a full integration, we are working with our partners to collectively build that platform.

And that's a major nuance for a lot of firms that are selling and looking to stay in the business. They recognize the need to get bigger. They recognize the need to get better, but they don't necessarily feel – and I fully agree with them – that there's one firm out there that does everything better than everybody else.

So through our strategic, integrated, collaborative approach, we will naturally work our way to an integrated platform, but the major nuances, that will be done by the leaders of the business as opposed to done to the leaders of the business by CI. And I think that that's really resonating. So when we look at opportunities, there's two things that have to remain intact for us to be willing to do a deal. The first one is that we need the client experience to be equal, but ideally significantly better post CI transaction and pre CI transaction. And that's really important to us because these are people businesses, and the ultimate goal of them is delivery to deliver great investment in planning outcomes for clients. So if we're not additive to the process on the client front, we're not interested.

And then the second piece is as it relates to the employees, and I would call this a close second or a 1a) and it's a human capital business and the primary relationship of any wealth managers is between the advisor team and the client in particular. And we want to make sure that the individuals are excited about joining our platform, share our collective vision for creating something integrated, differentiated, unique, and really working ourselves towards a path of being the most integrated platform out there.

So, sorry, Tom, a little bit long-winded but we really do sit in the middle of these two more extreme models. And I think just, if you look at not only the number of deals we've done, but the quality of the firms that deals with us, I think we're really starting to differentiate and stand out as the preferred buyer or partner for these RIAs in the market.

Tom McKinnon: Oh, that's great. So if I summarize, it seems to be an integrated platform and permanent capital, would those be…?

Kurt MacAlpine: Yup. Okay. And the integrated platform built by the leaders of the businesses based upon the feedback from their clients. I know it sounds like a minor distinction, but that is very different from us doing an acquisition saying, 'We're going to buy your business. And on day one, everything that you do is what we do.' I just really don't think you can do that and guarantee a better client experience and guarantee a better employee experience. Because the one thing is we see a lot of businesses, as you could imagine, given the number of transactions we've done, every single firm that we come across, I guarantee does something better than every other firm. And by us focusing on essentially just fitting a framework or fitting that firm into a framework, we're losing a lot of the individuality or the specialty that they bring to us.

And I think when I look across our 12 platforms, take Davids & Cohen, as an example, they have a phenomenal focus on serving corporate executives in the oil and gas industry, which creates a very interesting energy corridor opportunity for us partnering with [inaudible]. If you take Doyle Wealth Management, the greater Tampa Bay area is one of the biggest hot beds for Canadian retirees, period. And they have a very unique approach which includes use tax planning and estate and retirement that's probably more advanced than the typical wealth management platform. So by leveraging the best of what they do while integrating, we're going to get the best of all of the platforms we acquire, as opposed to pushing them onto a platform that already exists.

Tom McKinnon: All right. Thanks for the color.

Operator: Thank you. We have no further questions at this time. I'll turn the conference back over to our speakers.

Kurt MacAlpine: Thank you all for the time today. We appreciate the interest in CI Financial, and we look forward to connecting next quarter.

Operator: Ladies and gentlemen, this concludes today's event. You may now disconnect your lines and enjoy the rest of your day.