Management's Discussion and Analysis

This Management's Discussion and Analysis ("MD&A") dated February 16, 2012, presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2011, compared with December 31, 2010, and the results of operations for the year ended and quarter ended December 31, 2011, compared with the year ended and quarter ended December 31, 2010 and the quarter ended September 30, 2011.

On January 1, 2011, CI adopted International Financial Reporting Standards ("IFRS") for financial reporting purposes, using a transition date of January 1, 2010. The financial statements for the three months and year ended December 31, 2011, including required comparative information, have been prepared in accordance with IFRS 1, *First-time Adoption of International Financial Reporting Standards*, and with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Prior to the adoption of IFRS, CI prepared its Interim and Annual Consolidated Financial Statements in accordance with Canadian generally accepted accounting principles ("GAAP").

The adoption of IFRS has not had an impact on CI's operations, strategic decisions and cash flow. Information on the transition to IFRS is provided in the Notes to Consolidated Financial Statements for the year ended December 31, 2011.

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 Castlerock Investments Inc. ("Castlerock") and 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. For a more complete discussion of the risk factors that may impact actual results, please refer to the "Risk Factors" section of this MD&A and to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

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 believes that most shareholders, creditors, other stakeholders and investment analysts prefer to include the use of these financial measures in analyzing CI's results. These non-IFRS measures and reconciliations to IFRS, where necessary, are shown as highlighted footnotes to the discussion throughout the document.

TABLE 1: SELECTED ANNUAL INFORMATION

	FISCAL YEARS ENDING DECEMBER 31		
(millions, except per share amounts)	2011	2010	2009(GAAP)
Total revenue	$1,496.3	$1,379.7	$1,218.5
Total expenses	$975.2	$905.1	$877.0
Income before income taxes	$521.1	$474.6	$341.5
Income taxes	$144.2	$146.0	$45.3
Net income	$376.9	$328.6	$296.2
Earnings per share from continuing operations	$1.31	$1.14	$1.01
Diluted earnings per share from continuing operations	$1.31	$1.13	$1.01
Dividends recorded per share	$0.89	$0.77	$0.63
EBITDA	$726.2	$669.7	$539.3
Total assets	$3,085.0	$3,206.4	$3,006.4
Gross debt	$780.4	$870.4	$676.5
Net debt (gross debt less excess cash)	$730.7	$789.1	$672.9
Average shares outstanding	287.0	289.1	292.5
Shares outstanding	283.6	287.4	291.8
Share price	$21.10	$22.50	$22.00
Market capitalization	$5,983.3	$6,467.3	$6,420.1

TABLE 2: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	312.1	321.4	337.3	332.0	315.3	294.0	294.0	289.7
Administration fees	30.6	31.6	33.2	36.8	33.7	29.6	30.4	33.2
Other revenues	14.0	14.4	15.0	17.9	19.6	12.7	14.4	13.1
Total revenues	356.7	367.4	385.5	386.7	368.6	336.3	338.8	336.0
Selling, general & administrative	70.2	72.2	75.1	73.3	73.0	67.3	56.3	67.1
Trailer fees	90.8	93.7	98.3	96.6	91.3	85.1	85.9	83.9
Investment dealer fees	23.8	24.8	26.0	29.1	25.8	22.9	23.8	25.8
Amortization of deferred sales commissions	40.5	41.1	41.3	41.4	42.3	41.6	41.4	41.0
Interest expense	6.8	7.0	6.7	7.0	5.4	4.1	4.2	4.3
Other expenses	1.6	3.0	2.4	2.5	3.5	2.2	2.2	4.8
Total expenses	233.7	241.8	249.8	249.9	241.3	223.2	213.8	226.9
Income before income taxes	123.0	125.6	135.7	136.8	127.3	113.1	125.0	109.1
Income taxes	35.2	34.8	37.4	36.7	39.9	37.2	35.5	33.4
Net income	87.8	90.8	98.3	100.1	87.4	75.9	89.5	75.7
Earnings per share	0.31	0.32	0.34	0.35	0.30	0.26	0.31	0.26
Diluted earnings per share	0.31	0.31	0.34	0.35	0.30	0.26	0.31	0.26
Dividends recorded per share	0.225	0.225	0.225	0.215	0.205	0.195	0.190	0.180

Business 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.

Business Strategy

CI maximizes shareholder value by increasing and retaining assets under management and assets under administration on which it earns an acceptable margin. Management believes this can be achieved by focusing on the following factors: diversity of products offered by CI; experience and depth of investment managers; performance of the funds; service levels provided to dealers and investors; and the skill and knowledge of its employees.

CI offers investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM and Sun Life Financial. Several acquisitions of fund management companies have allowed CI to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry, including the largest lineup of segregated funds.

CI uses three teams of in-house and 14 external investment managers to provide investment advice regarding the portfolios of the funds. These investment managers typically have long careers in the industry as well as extensive track records with CI. This lineup of investment managers provides a wide selection of styles and areas of expertise for CI's funds.

CI selects managers with a reputation for skilled investment management. CI has significantly sized mandates available to attract the top talent in this field. Many of CI's investment managers have provided excellent long-term performance for our largest funds. However, CI can and will make changes to its investment managers when unsatisfactory investment performance has occurred.

CI is the manager of the funds and provides services that include managing or arranging for the management of investment portfolios, marketing of the funds, maintaining securityholders' records and accounts, reporting to the securityholders and processing transactions relating to securities of the funds. CI has invested in information systems and internal training of staff to an extent which ensures it provides accurate and timely service to dealers and agents selling CI's products and to investors.

Management of CI has the specialized skills and knowledge to focus on several key objectives. These include meeting the needs of its clients, developing new products, enhancing investor awareness and increasing market share by marketing to investment dealers, mutual fund dealers and life insurance agents.

Key Performance Drivers

CI's results are driven primarily by the level of its assets under management, which are in turn driven by the returns earned by its funds and the net sales of its funds. The margin earned on these assets under management determines, to a large extent, CI's profitability.

The returns of each fund reflect the returns of equities and bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the outperformance or underperformance of the investment manager of each fund. In years when markets decline (such as 2008), CI's assets will decline. Conversely, CI's assets will appreciate in years when markets perform well. For a particular period, the average assets under management will drive CI's results as CI receives the majority of its fees on a daily basis.

Fund sales and acquisitions also affect CI's assets under management. While sales results help increase assets under management, they are also an indicator of the level of demand for CI's products and our success in delivering attractive products.

CI uses several performance indicators to assess its results. These are described throughout the results of operations and the discussion of the two operating segments and include the following: net income, earnings per share, pre-tax operating earnings, EBITDA, EBITDA margin, and dealer gross margin.

2011 Overview

CI's average assets under management for 2011 increased 10% from 2010. This increase was primarily a result of strong market performance of the funds as well as $323 million in net sales of CI's funds. Net income was up 15% to $376.9 million in 2011.

Primarily as a result of the change in average assets under management, CI's revenues and pre-tax operating earnings increased 8% year over year. While some expenses, such as trailer fees, vary directly with the level of assets under management, most of CI's expenses are fixed in nature. This point is illustrated by the 8% increase in SG&A excluding equity-based compensation, which is lower than the increase in average assets under management.

Stock markets around the world were volatile in 2011. The European debt crisis and risks to the U.S. and Chinese economies weighed heavily on investors' minds with the result that market gains experienced in the first six months of 2011 were completely erased by early October. Industry gross sales also slowed considerably in the latter half of the year, and CI's gross sales declined 7% year over year. This, coupled with some large Class I fund redemptions caused CI's net sales to fall below $1 billion for the first time since 2003.

CI continued to be the third-largest investment fund company in Canada with total assets under management of $69.6 billion at December 31, 2011. CI's market share is approximately 9%.

According to Morningstar, CI led the entire industry with the most Four and Five-star rated funds (including multiple versions) for all of 2011 and has ranked either first or second place for the past 10 years. In addition, CI has won 45 Canadian Investment Awards since 1998 and 31 Lipper Awards since 2007.

Key Events

In May, CI held a very successful three-day sales conference, attended by over 500 leading investment advisors. The presentations and discussion focused on the world economy and financial markets in general, and CI's investment products in particular. CI's sales team, senior management and several portfolio managers presented their outlooks, opinions and strategies to these key distributors of CI's funds.

CI continues to introduce new products as part of its strategy to provide superior service to its clients and their financial advisors. In August, CI added three Black Creek-branded funds to its Corporate Class structure to offer the portfolio management expertise of the Black Creek Investment Management team to investors in CI's funds. Black Creek is also a sub-advisor to three Castlerock funds. In early October, CI launched the CI Private Investment Management program, which offers tax-efficient access to CI's leading portfolio managers and product platforms at preferred pricing for larger accounts.

CI also launched CI Mobile, an iPad app that offers convenient on-the-go access to key facts about the company's products, including the following: daily fund prices, fund codes and performance; the latest commentary from CI's portfolio management teams; profiles of CI's funds and portfolio management teams; and illustration tools and financial calculators. The app also allows investors to view their CI account information through secure access to CI's InvestorOnline, while advisors have access to their CI accounts through AdvisorOnline.

CI expanded its in-house portfolio management teams, including the hiring of Robert Swanson, who joined the Cambridge Advisors investment team. At Cambridge, Mr. Swanson is working with a team led by Chief Investment Officer Alan Radlo and Portfolio Manager Brandon Snow. This move reunites the three managers, who worked together at another fund company as key members of its Canadian investment team.

CI also streamlined its portfolio management lineup by bringing 26 mandates in-house during the year. These changes will improve the performance of the funds as well as reduce SG&A expenses over the long term.

At its annual meeting in June 2011, CI's shareholders voted by an overwhelming margin to continue the company's shareholder protection plan until its expiry date of 2014. CI's Shareholder Rights Plan was approved by shareholders in 2008 and, under the terms of the plan, independent shareholders must ratify its continuance after three years.

CI's Shareholder Rights Plan does not prevent a takeover of CI but ensures that any change of control transaction is conducted in a manner that is fair and in the best interests of all shareholders. The Plan's objective is that all shareholders be offered an opportunity to tender their shares and receive a premium in the event of a change of control. Therefore, the Plan prevents a "creeping takeover" of CI or a transfer of control in which only certain shareholders are paid a premium for their shares.

Assets and Sales

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were $91.1 billion at December 31, 2011, a decrease of 4% from $95.3 billion at December 31, 2010. The decline in year-over-year ending assets is due to the volatility of global stock markets caused by the European debt crisis and the perception of slowing growth in the world's largest economies. As shown in Table 3, these assets consisted of $69.6 billion in assets under management and $21.5 billion in assets under administration at December 31, 2011.

TABLE 3: TOTAL ASSETS

(in billions)	As at Dec. 31, 2011	As at Dec. 31, 2010	% change
Assets under management	$69.6	$72.8	(4)
Assets under administration*	21.5	22.5	(4)
Total assets under management	$91.1	$95.3	(4)

*Includes $9.8 billion and $10.2 billion of managed assets in CI and United funds in 2011 and 2010, respectively.

Assets under management form the majority of CI's total assets and provide most of its revenue and net income. The change in assets under management during each of the past two years is detailed in Table 4. The $3.2 billion drop in assets under management in 2011 was due to a $3.5 billion decline in market performance partially offset by $0.3 billion in net sales.

TABLE 4: CHANGE IN ASSETS UNDER MANAGEMENT

(in billions)	2011	2010
Assets under management at January 1	$72.8	$64.2
Gross sales	9.1	9.8
Redemptions	8.8	8.7
Net sales	0.3	1.1
Market performance	(3.5)	7.5
Assets under management at December 31	$69.6	$72.8

Table 5 sets out the levels and changes in CI's average assets under management and the gross and net sales for the relevant periods. CI's average assets in the fourth quarter of 2011 were relatively unchanged from the same period in 2010 and down 2% from the prior quarter. This decline was caused by stock market volatility in the latter half of 2011. As most of CI's revenues and expenses are based on assets throughout the year, average asset levels are critical to the analysis of CI's financial results.

TABLE 5: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

(in billions)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010
Average assets under management	$69.349	$70.823	$69.297
Change to December 31, 2011		(2.1%)	0.1%
Gross sales	$1.7	$1.8	$2.3
Net sales	($0.4)	($0.1)	($0.2)

Results of Operations

Year ended December 31, 2011

For the year ended December 31, 2011, CI reported net income of $376.9 million ($1.31 per share) versus $328.6 million ($1.14 per share) for the year ended December 31, 2010. The increase of 15% was primarily due to the 10% growth in average assets under management.

In 2011, CI recorded $144.2 million in income tax expense for an effective tax rate of 27.7%, compared to an effective tax rate of 30.8% in 2010. The change in CI's statutory tax rate from 30.9% in 2010 to 28.2% in 2011 was the main reason for the drop in the effective rate.

In 2011, CI generated total revenues of $1,496.3 million, an increase of 8% from 2010. The increase in average assets under management was the main contributor to this change.

For the year ended December 31, 2011, redemption fee revenue was $28.6 million compared with $30.9 million for the year ended December 31, 2010. The decrease is a result of a decline in redemptions of deferred load funds that are subject to redemption fees.

Other income for the year ended December 31, 2011 was $33.1 million compared to $29.1 million in the prior year. The change was due to an additional $1.6 million in income from strategic investments and an increase of $1.0 million in interest income.

Sales, general and administrative ("SG&A") expenses increased 10% year-over-year from $263.6 million for 2010 to $290.8 million in 2011. This change relates to investments in sales and marketing initiatives, variable expenses tied to the increase in average assets under management and a $6.5 million increase in equity-based compensation as CI changed its accounting methodology in July 2010.

Amortization of deferred sales commissions and fund contracts was $166.7 million in 2011, a decrease from $169.7 million in 2010. This represents the average amount of deferred sales commissions paid in the last seven years plus a small amount of accelerated amortization as deferred load units are redeemed ahead of their seven-year scheduled term. The level of spending on deferred sales commissions has declined from that of the prior year.

Interest expense of $27.5 million was recorded for the year ended December 31, 2011 compared with $18.0 million for the year ended December 31, 2010. The increase in interest expense reflected higher average debt levels and higher average borrowing costs, as discussed under "Liquidity and Capital Resources."

Other expenses for the year ended December 31, 2011 were $6.9 million compared to $8.9 million in the prior year. The prior year included Castlerock acquisition costs.

CI's pre-tax operating earnings, as set out in Table 6, adjust for the impact of equity-based compensation, gains and losses on marketable securities, performance fees and non-recurring items. Redemption fee revenue and the amortization of deferred sales commissions and fund contracts are netted out to remove the impact of financing back-end assets under management.

Pre-tax operating earnings were $661.8 million in 2011, an increase of 8% from 2010. This change reflects the 10% change in average assets under management.

TABLE 6: PRE-TAX OPERATING EARNINGS

CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as income before income taxes less redemption fee revenue, non-recurring items, performance fees and investment gains, plus amortization of deferred sales commissions and fund contracts, and equity-based compensation expense.

(in millions, except per share amounts)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Income before income taxes	$123.0	$125.6	$127.3	$521.1	$474.6
Less:					
Redemption fees	6.9	6.9	8.4	28.6	30.9
Non-recurring item(s)	–	–	3.7	4.9	3.7
Gain (loss) on marketable securities	(0.1)	0.7	-	(0.5)	(0.1)
Add:					
Amortization of DSC and fund contracts	41.1	41.7	42.9	166.7	169.7
Equity-based compensation expense	1.7	1.8	2.8	7.0	0.5
Pre-tax operating earnings	$159.0	$161.5	$160.9	$661.8	$610.3
per share	$0.56	$0.56	$0.56	$2.31	$2.11

As illustrated in Table 7, EBITDA for the year ended December 31, 2011 was $726.2 million ($2.53 per share) compared with $669.7 million ($2.32 per share) for the year ended December 31, 2010. The 8% year-over-year increase in EBITDA was primarily due to the 10% increase in average assets under management offset by a $6.5 million increase in equity-based compensation. EBITDA as a percentage of total revenues (EBITDA margin) for 2011 was 48.5%, unchanged from 2010. This metric indicates that CI is earning the same amount of profits for every dollar of revenue earned.

Quarter ended December 31, 2011

For the quarter ended December 31, 2011, CI reported net income of $87.8 million ($0.31 per share) versus $87.4 million ($0.30 per share) for the quarter ended December 31, 2010 and $90.8 million ($0.32 per share) for the quarter ended September 30, 2011.

For the fourth quarter of 2011, CI recorded $35.2 million in income tax expense for an effective tax rate of 28.6%, compared to $39.9 million in the fourth quarter of 2010 for an effective tax rate of 31.4%. The third quarter of 2011 included $34.8 million in income tax expense, for an effective tax rate of 27.7%. The decrease in the year-over-year effective tax rates was a result of the decrease in both federal and provincial corporate income tax rates.

Total revenues declined 3% in the fourth quarter of 2011 compared with the same period in 2010. The main contributor to this change was a $4.1 million decline in other income. The fourth quarter of 2010 included a non-recurring fee of $5.0 million ($3.7 million net of expenses).

For the quarter ended December 31, 2011, redemption fee revenue was $6.9 million compared with $8.4 million for the quarter ended December 31, 2010 and unchanged from the quarter ended September 30, 2011. The decrease from 2010 related to a decrease in redemptions from deferred load funds.

TABLE 7: EBITDA AND EBITDA MARGIN

CI uses EBITDA (earnings before interest, taxes, depreciation and amortization) to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions, fund contracts and capital assets. This also permits comparisons of companies within the industry, before any distortion caused by different financing methods, levels of taxation and mix of business between front-end and back-end sales commission assets under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

(in millions, except per share amounts)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Net income	$87.8	$90.8	$87.4	$376.9	$328.6
Add (deduct):					
Interest expense	6.8	7.0	5.4	27.5	18.0
Income tax expense	35.2	34.8	39.9	144.2	146.0
Amortization of DSC and fund contracts	41.1	41.7	42.9	166.7	169.7
Amortization of other items	2.7	2.5	1.9	10.9	7.4
EBITDA	$173.6	$176.8	$177.5	$726.2	$669.7
per share	$0.61	$0.61	$0.62	$2.53	$2.32
EBITDA margin (as a % of revenue)	48.7%	48.1%	48.2%	48.5%	48.5%

The fourth quarter of 2011 included SG&A expenses of $70.2 million. This 4% decline from the fourth quarter of 2010 relates to a 2% decline in average assets under management and a $1.1 million decline in equity-based compensation.

Amortization of deferred sales commissions and fund contracts was $41.1 million in the fourth quarter of 2011, a decrease from $42.9 million in the fourth quarter of 2010 and from $41.7 million in the third quarter of 2011. This decline is consistent with the drop in the level of spending on deferred sales commissions over the past year.

Interest expense of $6.8 million was recorded for the quarter ended December 31, 2011 compared with $5.4 million for the quarter ended December 31, 2010 and $7.0 million for the quarter ended September 30, 2011. As mentioned earlier, the increase in interest expense from the prior-year period reflected higher average debt levels at higher average rates, as discussed under "Liquidity and Capital Resources."

Pre-tax operating earnings were $159.0 million in the fourth quarter of 2011, a decrease of 1% from the fourth quarter of 2010 and 2% from the prior quarter. These changes primarily reflect the change in average assets under management, which were unchanged from the fourth quarter of 2010 and down 2% from the prior quarter.

As illustrated in Table 7, EBITDA for the quarter ended December 31, 2011 was $173.6 million ($0.61 per share) compared with $177.5 million ($0.62 per share) for the quarter ended December 31, 2010 and $176.8 million ($0.61 per share) for the quarter ended September 30, 2011. The 2% year-over-year decrease in quarterly EBITDA reflects the change in average assets under management as well as the $5.0 million ($3.7 million net of expenses) non-recurring item mentioned earlier.

EBITDA as a percentage of total revenues (EBITDA margin) for the fourth quarter of 2011 was 48.7%, up from 48.2% in the last quarter of 2010 and 48.1% in the prior quarter. This indicates that CI is earning more profit for every dollar of revenue earned.

Asset Management Segment

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments, Castlerock and CIPC.

TABLE 8: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

(in millions)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Management fees	$312.1	$321.4	$315.3	$1,302.8	$1,193.0
Other revenue	10.2	10.3	15.8	45.5	44.5
Total revenue	$322.3	$331.7	$331.1	$1,348.3	$1,237.5
Selling, general and administrative	$57.3	$58.6	$59.1	$235.9	$210.5
Trailer fees	94.3	97.3	95.0	394.1	360.3
Amortization of deferred sales commissions and fund contracts	41.8	42.4	43.6	169.7	172.6
Other expenses	0.8	1.7	2.2	4.1	5.4
Total expenses	$194.2	$200.0	$199.9	$803.8	$748.8
Income before taxes and non-segmented items	$128.1	$131.7	$131.2	$544.5	$488.7

Year ended December 31, 2011

Revenues

Revenues from management fees were $1,302.8 million for the year ended December 31, 2011, an increase of 9% from the year ended December 31, 2010. The change was mainly attributable to the change in average assets under management, which was up 10% from 2010.

For the year ended December 31, 2011, other revenue was $45.5 million versus $44.5 million for the year ended December 31, 2010. The largest component of other revenue is redemption fees. Redemption fees were $28.6 million for 2011 compared with $30.9 million for 2010. While total redemptions were up slightly, redemptions of deferred load funds declined.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $235.9 million for the year ended December 31, 2011, an increase from $210.5 million for the year ended December 31, 2010. Included in SG&A are expenses relating to CI's equity-based compensation plan. The year ended December 31, 2011 included an equity-based compensation expense of $7.0 million compared with an expense of $0.5 million in the year ended December 31, 2010.

On July 1, 2010, CI modified its equity-based compensation plan. This affected CI's reporting by changing the fair value of outstanding options at that date as well as the expense related to the amortization of that fair value over the options' remaining life. Equity-based compensation expense has been a volatile component of compensation that is tied to the performance of CI's share price, and so the financial results presented hereinafter exclude the expense to aid the reader in conducting a comparative analysis.

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were $228.9 million for 2011, up 9% from $210.0 million for 2010. This increase reflects items within CI's SG&A that fluctuate with asset levels, including the cost of external investment managers, as well as the cost of sales and marketing initiatives launched in 2011.

As a percentage of average assets under management, net SG&A expenses were 0.317% for the year ended December 31, 2011, down from 0.319% for the year ended December 31, 2010. Although spending increased, a large proportion of CI's costs are fixed, which is why SG&A decreased as a percentage of average assets.

Trailer fees were $394.1 million for 2011 compared with $360.3 million for 2010. Net of inter-segment amounts, this expense was $379.5 million for the year ended December 31, 2011 versus $346.2 million for the year ended December 31, 2010. The 10% increase in trailer fees from the prior year is consistent with the 10% increase in average assets under management from 2010.

Amortization of deferred sales commissions and fund contracts was $169.7 million for 2011, down from $172.6 million for the prior year. This change is consistent with the change in deferred sales commissions paid in the past several years.

Other expenses were $4.1 million for the year ended December 31, 2011 compared to $5.4 million for the year ended December 31, 2010. The decrease from the prior year is due to acquisition expenses in 2010.

Income before income taxes and interest expense for CI's principal segment was $544.5 million for 2011 compared with $488.7 million in 2010. The 11% increase from last year is primarily due to the increase in average assets under management.

Quarter ended December 31, 2011

Revenues

Revenues from management fees were $312.1 million for the quarter ended December 31, 2011, a decrease of 1% from the quarter ended December 31, 2010 and 3% from $321.4 million for the quarter ended September 30, 2011. The changes were mainly attributable to changes in average assets under management, which were unchanged and down 2% from the quarters ended December 31, 2010 and September 30, 2011, respectively.

For the quarter ended December 31, 2011, other revenue was $10.2 million versus $15.8 million and $10.3 million for the quarters ended December 31, 2010 and September 30, 2011, respectively. The fourth quarter of 2010 included a non-recurring fee of $5.0 million ($3.7 million net of expenses). Redemption fees were $6.9 million for the quarter ended December 31, 2011 compared with $8.4 million and $6.9 million for the quarters ended December 31, 2010 and September 30, 2011, respectively.

Expenses

Selling, general and administrative ("SG&A") expenses for the Asset Management segment were $57.3 million for the quarter ended December 31, 2011, a decrease from $59.1 million for the fourth quarter in 2010 and from $58.6 million for the quarter ended September 30, 2011. As mentioned earlier, included in SG&A are expenses relating to CI's equity-based compensation plan. The quarter ended December 31, 2011 included an equity-based compensation expense of $1.7 million compared with an expense of $2.8 million in the quarter ended December 31, 2010. The quarter ended September 30, 2011 had an equity-based compensation expense of $1.8 million.

SG&A expenses, net of the amount related to equity-based compensation ("net SG&A"), were $55.6 million for the quarter ended December 31, 2011, down from $56.3 million for the comparable quarter in 2010 and down from $56.8 million for the prior quarter.

As a percentage of average assets under management, net SG&A expenses were 0.318% for the quarter ended December 31, 2011, down from 0.322% for the quarter ended December 31, 2010 and unchanged from 0.318% for the quarter ended September 30, 2011. As mentioned earlier, the decrease is a result of a large proportion of CI's costs being fixed expenses.

Trailer fees were $94.3 million for the quarter ended December 31, 2011 compared with $95.0 million for the quarter ended December 31, 2010 and $97.3 million for the quarter ended September 30, 2011. Net of inter-segment amounts, this expense was $90.8 million for the quarter ended December 31, 2011 versus $91.3 million for the fourth quarter of 2010 and $93.7 million for the third quarter of 2011. The decrease from the comparable periods is primarily due to the changes in average assets under management.

Amortization of deferred sales commissions and fund contracts was $41.8 million for the quarter ended December 31, 2011, down from $43.6 million in the same quarter last year and from $42.4 million in the previous quarter. This decrease is consistent with the decrease in deferred sales commissions paid in the recent years.

Other expenses were $0.8 million for the quarter ended December 31, 2011 compared to $2.2 million in the quarter ended December 31, 2010 and $1.7 million in the prior quarter. The decrease from the prior year period related to acquisition expenses in 2010.

Income before income taxes and interest expense for CI's principal segment was $128.1 million for the quarter ended December 31, 2011 compared with $131.2 million in the same period in 2010 and $131.7 million in the previous quarter. The decrease from the comparable periods is primarily due to the changes in average assets under management.

Asset Administration Segment

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

TABLE 9: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

The table that follows presents the operating results for the Asset Administration segment:

(in millions)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Administration fees	$52.5	$54.3	$56.9	$226.2	$219.3
Other revenue	3.8	4.0	3.8	15.6	15.4
Total revenue	$56.3	$58.3	$60.7	$241.8	$234.7
Selling, general and administrative	$12.9	$13.6	$13.9	$54.8	$53.1
Investment dealer fees	41.5	43.1	44.5	179.5	172.5
Amortization of fund contracts	0.4	0.4	0.4	1.5	1.5
Other expenses	0.2	0.8	0.5	2.8	3.6
Total expenses	$55.0	$57.9	$59.3	$238.6	$230.7
Income before taxes and non-segmented items	$1.3	$0.4	$1.4	$3.2	$4.0

Year ended December 31, 2011

Revenues

Administration fees are earned on assets under administration in the AWM business. These fees were $226.2 million for the year ended December 31, 2011, an increase of 3% from $219.3 million for the same period last year. Net of inter-segment amounts, administration fee revenue was $132.3 million for the year ended December 31, 2011, up from $126.9 million for the year ended December 31, 2010. The increase from the prior year was mainly attributable to a 5% improvement in average assets under administration. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

TABLE 10: 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.

(in millions)	Quarter ended Dec. 31, 2011	Quarter ended Sept. 30, 2011	Quarter ended Dec. 31, 2010	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010
Administration fees	$52.5	$54.3	$56.9	$226.2	$219.3
Less:					
Investment dealer fees	41.5	43.1	44.5	179.5	172.5
	$11.0	$11.2	$12.4	$46.7	$46.8
Dealer gross margin	21.0%	20.6%	21.8%	20.6%	21.3%

Other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, and foreign exchange gains and losses. For 2011, other revenues were $15.6 million, increasing slightly from $15.4 million for 2010.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were $179.5 million for the year ended December 31, 2011, compared to $172.5 million for the year ended December 31, 2010. This increase relates to the increase in administration fees discussed earlier.

As detailed in Table 10, dealer gross margin was $46.7 million or 20.6% of administration fee revenue for 2011, compared to $46.8 million or 21.3% for 2010. The change in gross margin from the prior period relates to the change in average investment dealer fees paid out to financial advisors on their administration fees. Generally, as an advisor's assets under administration and administration fee revenues grow, the payout rates to the respective advisor will correspondingly increase up to a maximum payout rate.

Selling, general and administrative ("SG&A") expenses for the segment were $54.8 million for the year ended December 31, 2011 compared to $53.1 million in the year ended December 31, 2010.

The Asset Administration segment had income before income taxes and non-segmented items of $3.2 million for 2011, down from $4.0 million in 2010. The year-over-year decrease is due primarily to the decrease in dealer gross margin.

Quarter ended December 31, 2011

Revenues

Administration fees were $52.5 million for the quarter ended December 31, 2011, a decrease of 8% from $56.9 million for the same period last year and a decrease of 3% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $30.6 million for the quarter ended December 31, 2011, down from $33.7 million for the quarter ended December 31, 2010 and from $31.6 million in the previous quarter. The decrease from the prior year was mainly attributable to a decrease in sales commissions received.

As mentioned earlier, other revenues earned by the Asset Administration segment are mainly comprised of interest income on cash balances, and foreign exchange gains and losses. For the quarter ended December 31, 2011, other revenues were $3.8 million, unchanged from $3.8 million for the fourth quarter of last year and down from $4.0 million in the third quarter of 2011.

Expenses

Investment dealer fees were $41.5 million for the quarter ended December 31, 2011 compared to $44.5 million for the fourth quarter last year and $43.1 million for the quarter ended September 30, 2011.

As detailed in Table 10, dealer gross margin was $11.0 million or 21.0% of administration fee revenue for the quarter ended December 31, 2011 compared to $12.4 million or 21.8% for the fourth quarter of 2010 and $11.2 million or 20.6% for the previous quarter. The decrease in gross margin from the prior year period relates to financial advisors earning a higher average investment dealer fee rate on their administration fees.

Selling, general and administrative ("SG&A") expenses for the segment were $12.9 million for the quarter ended December 31, 2011 compared to $13.9 million in the fourth quarter in 2010 and $13.6 million in the third quarter of 2011.

The Asset Administration segment had income before income taxes and non-segmented items of $1.3 million for the quarter ended December 31, 2011, down slightly from $1.4 million for the fourth quarter in 2010 and up from $0.4 million for the prior quarter.

Liquidity and Capital Resources

CI generated $574.7 million of operating cash flow in the year ended December 31, 2011 up $73.3 million from $501.4 million in 2010. CI measures its operating cash flow before the change in working capital and the actual cash amount paid for interest and income taxes, as these items often distort the cash flow generated during the period. Working capital is affected by seasonality, interest is primarily paid semi-annually, and tax instalments paid may differ materially from the cash tax accrual. 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 program. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations and pay down debt.

CI paid sales commissions of $141.2 million in 2011. This compares to $157.8 million in 2010. The decrease in sales commissions from the prior year is consistent with the trend in lower gross sales for 2011.

CI invested $43.7 million in marketable securities in 2011. During the same period, CI received proceeds of $32.1 million from the disposition of marketable securities, resulting in a realized loss of $0.5 million. The fair value of marketable securities at December 31, 2011 was $42.1 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the year ended December 31, 2011, CI incurred capital expenditures of $21.5 million of which $15.2 million related to leasehold improvements. The improvements should be viewed in conjunction with leasehold inducements of $21.1 million provided in the prior year. The remaining capital expenditures related to the purchase of new technology systems and upgrades and office equipment.

The statement of financial position for CI at December 31, 2011 reflects total assets of $3.085 billion, a decrease of $121.0 million from $3.206 billion at December 31, 2010. This change can be attributed to a decrease in current assets of $93.9 million and a decrease in long-term assets of $27.6 million.

CI's cash and cash equivalents decreased by $94.0 million in 2011 primarily due to the payment of $100 million of floating rate debentures that matured on December 16, 2011. Accounts receivable and prepaid expenses decreased to $70.2 million at December 31, 2011 from $95.1 million at December 31, 2010. The decrease primarily related to a $14.0 million leasehold inducement receivable at December 31, 2010 which was received during the first quarter of 2011.

Deferred sales commissions decreased $23.2 million to $491.2 million as a result of the $164.4 million in amortization expense offset by the $141.2 million in sales commissions paid. Capital assets increased $11.7 million during the year.

Total liabilities decreased by $175.6 million during 2011 to $1.465 billion at December 31, 2011. The primary contributors to this change were a $90.0 million decrease in long-term debt and a $82.1 million decrease in income taxes payable.

At December 31, 2011, CI had $750 million in outstanding debentures at an average interest rate of 3.24% with a carrying value of $747.4 million. In addition, CI had $33.0 million drawn against its credit facility at an average rate of 2.17%. At December 31, 2010, CI had $870.4 million of debt outstanding at an average rate of 3.14%. Net of cash and marketable securities, debt was $615.7 million at December 31, 2011, down from $620.5 million at December 31, 2010. The average debt level for the year ended December 31, 2011 was approximately $848 million, compared to $693 million for 2010.

As mentioned earlier, at December 31, 2011 CI had drawn $33.0 million against its $150 million credit facility. Principal repayments on CI's credit facility are only required under the facility 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 17, 2014). These payments would be payable beginning March 31, 2012 should the bank not renew the facility. CI has requested the renewal and extension of its credit facility.

CI's current ratio of debt (net of excess cash) to EBITDA is at 1.1 to 1, just above CI's long-term target of 1 to 1. CI expects that, absent acquisitions in which debt is increased, the amount of excess cash flow generated will pay down debt and the ratio of debt to EBITDA will trend lower. 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 $40 billion, based on a rolling 30-day average.

Shareholders' equity increased by $54.1 million in 2011 to $1.620 billion at December 31, 2011. During the same period, CI repurchased 4.7 million shares at a cost of $95.2 million under its normal course issuer bid. CI declared dividends of $236.4 million ($254.2 million paid), which was less than net income for the year by $140.5 million. CI's current dividend payments are $0.075 per share per month, or approximately $255 million per fiscal year.

On December 17, 2012, $250 million in outstanding debentures will mature. CI intends to use available cash on hand and its credit facility to repay this amount. To the extent that these sources of funds are insufficient at that time, CI will be required to issue equity or public debt, or increase the size of its credit facility.

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 requires management to identify and anticipate risks in order to development strategies and procedures which minimize or avoid the negative consequences. Management has developed an approach to risk management which 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 they assess the likelihood of occurrence of a particular risk. The final step in the process is to identify mitigating factors or strategies and a process for implementing mitigation processes.

The disclosures below provide a summary of the key risks and uncertainties that affect CI's financial performance. For a more complete discussion of the risk factors which may adversely impact CI's business, please refer to the "Risk Factors" section of CI's most recent Annual Information Form which is available at www.sedar.com.

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 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 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 December 31, 2011, approximately 22% 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 $1 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2011, about 82% 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 15% 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 $13 million in the Asset Management segment's annual pre-tax earnings.

About 65% of CI's assets under management were held in equity securities at December 31, 2011, 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 $54 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 income of $3.2 million before income taxes and non-segmented items for the year ended December 31, 2011). 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 $1 million to the Asset Administration segment's 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 within the time required in order to meet its obligations as they come due. While CI monitors its liquidity risk through a daily cash management process, access to financing may be negatively impacted by unprecedented market volatility and the European debt crisis. These factors may affect the ability of CI to obtain funds or make other arrangements on terms favourable to CI.

Strategic Risks

Strategic risks are risks that directly impact the overall direction of CI and 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 on-going 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 CI has implemented a system of internal controls to mitigate potential losses due to system failure or employee errors, there can be no assurance that these losses will not be incurred in the future.

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.

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.

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.

Commitment of Financial Advisors and Other Key Personnel

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.

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.

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.

STATEMENT OF INCOME DATA FOR THE YEAR ENDED DECEMBER 31*

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Revenue	669.8	12.7	1,358.4	1,211.2	395.7	373.8	(927.6)	(217.9)	1,496.3	1,379.8
Net income	654.4	(4.9)	379.7	283.6	37.1	38.1	(694.3)	11.8	376.9	328.6

STATEMENT OF FINANCIAL POSITION DATA AS AT DECEMBER 31*

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Current assets	486.8	262.4	172.5	278.2	199.9	192.3	(499.4)	(279.2)	359.8	453.7
Non-current assets	1,699.9	1,837.8	2,936.1	3,360.4	137.4	157.7	(2,048.2)	(2,603.2)	2,725.2	2,752.7
Current liabilities	301.9	164.1	106.9	202.4	150.4	172.8	(3.2)	(43.6)	556.0	495.7
Non-current liabilities	222.1	467.7	1,302.0	1,486.1	0.2	19.0	(615.4)	(828.2)	908.9	1,144.6

*Some comparative figures have been reclassified to conform to the presentation in the current year.

Related Party Transactions

The Bank of Nova Scotia ("Scotiabank") owns approximately 37% of the common shares of CI, and is therefore considered a related party. CI has entered into transactions related to the advisory and distribution of its mutual funds with Scotiabank and its related parties. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the three and twelve months ended December 31, 2011, CI incurred charges for deferred sales commissions of $1.0 million and $4.9 million, respectively [three and twelve months ended December 31, 2010 – $0.5 million and $2.5 million, respectively] and trailer fees of $5.0 million and $20.0 million, respectively [three and twelve months ended December 31, 2010 – $1.8 million and $7.0 million, respectively] which were paid or payable to Scotiabank and its related parties. The balance payable to Scotiabank and its related parties as at December 31, 2011 of $1.7 million [December 31, 2010 – $0.6 million] is included in accounts payable and accrued liabilities.

Share Capital

As at December 31, 2011, CI had 283,567,039 shares outstanding.

At December 31, 2011, 6.0 million options to purchase shares were outstanding, of which 1.6 million options were exercisable.

Contractual Obligations

The table that follows summarizes CI's contractual obligations at December 31, 2011.

PAYMENTS DUE BY YEAR

(millions)	Total	Less than 1 year	1 – 2	2 – 3	3 – 4	4 – 5	5 or more years
Credit facility	$33.0	$8.3	$8.2	$16.5	$-	$-	$-
Debentures	750.0	250.0	-	200.0	-	300.0	-
Operating leases	110.7	11.3	9.6	8.9	8.3	8.3	64.3
Total	$893.7	$269.6	$17.8	$225.4	$8.3	$308.3	$64.3

Significant Accounting Estimates

The December 31, 2011 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the Notes to the Consolidated Financial Statements. Included in the 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.

CI carries significant goodwill and intangible assets on its statement of financial position. CI uses valuation models that use estimates of future market returns and sales and redemptions of investment products as the primary determinants of fair value. CI also uses a valuation approach based on a multiple of assets under management and assets under administration for each of CI's operating segments. The multiple used by CI reflects recent transactions and research reports by independent equity research analysts. CI has reviewed these key variables in light of the current economic climate. Estimates of sales and redemptions are very likely to change as economic conditions either improve or deteriorate, whereas estimates of future market returns are less likely to do so. The models are most sensitive to current levels of assets under management and administration as well as estimates of future market returns. While these balances are not currently impaired, a decline of 20% in the fair value of certain models may result in an impairment of goodwill or other intangibles recorded on the statement of financial position.

Adoption of International Financial Reporting Standards

CI adopted IFRS effective January 1, 2011 with a transition date of January 1, 2010. The adoption of IFRS has not had an impact on CI's operations, strategic decisions and cash flow. CI's IFRS accounting policies are provided in Note 1 of the Notes to the Consolidated Financial Statements. In addition, Note 19 to the Consolidated Financial Statements presents reconciliations between CI's 2010 GAAP results and the 2010 IFRS results and explanations of the adjustments to transition to IFRS. The reconciliations include the Consolidated Net Income, Comprehensive Income and Cash Flows for the year ended December 31, 2010 as well as a reconciliation of Shareholder's Equity as at December 31, 2010 and January 1, 2010.

Highlights of the Impact of IFRS

Deferred sales commissions

Net income and earnings per share under IFRS will generally be slightly higher than under GAAP for the next six years due to the $59.2 million reduction in deferred sales commissions on the statement of financial position on January 1, 2010. This reduces the amount to be amortized over the next six years. This effect will be most pronounced in the first year under IFRS and will subside each year. The pre-tax effect was approximately $4 million in 2010.

EBITDA will not be impacted by the change to deferred sales commissions, as this measure reports income before this type of charge.

Legal provisions

CI recorded legal provisions of $12.1 million upon the adoption of IFRS, and, as these obligations are settled or reversed, net income and earnings per share will be greater than they would have been under GAAP by the after-tax amount of the reduction to this balance. The timing of this is not certain and could take many years to be realized.

EBITDA will also be positively impacted by the legal provisions, eventually in the full amount of the initial provision as this is a pre-tax measure of income.

Impact of IFRS on earnings volatility

In periods where redemptions of CI's funds fluctuate significantly, CI's earnings will become less volatile under IFRS than under GAAP, as any increase (decrease) in redemption fee revenue will be substantially offset by an increase (decrease) in the amortization of deferred sales commissions.

In periods where CI faces an increase in legal claims or litigation, CI's earnings will become more volatile. This is primarily as a result of recording changes to contingent liabilities each quarter, where IFRS has a lower probability threshold for recording a provision.

Alternatives and policy choices under IFRS

CI elected to use certain optional exemptions from full retrospective application of IFRS for business combinations and share-based payments. CI did not restate the purchase equations for acquisitions that occurred prior to January 1, 2010 as the amount of goodwill and intangibles recorded would not have materially changed. Similarly, CI did not revalue vested options under IFRS methodology as at the January 1, 2010 transition date, but instead only revalued unvested options. As CI used the intrinsic value method prior to July 1, 2010, an appropriate amount had already been expensed with respect to these vested options.

Disclosure Controls and Internal Controls over Financial Reporting

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, is 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 December 31, 2011. 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, 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, have 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 year ended December 31, 2011, 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.

Additional information relating to CI, including the most recent audited financial statements, management information circular and annual information form are available on SEDAR at www.sedar.com.