Management's Discussion and Analysis

December 31, 2012

CI Financial Corp.

This Management's Discussion and Analysis ("MD&A") dated February 14, 2013 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2012, compared with December 31, 2011, and the results of operations for the year ended and quarter ended December 31, 2012, compared with the year ended and quarter ended December 31, 2011 and the quarter ended September 30, 2012.

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

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

(millions, except per share amounts)	FISCAL YEARS ENDING DECEMBER 31 2012	2011	2010
Total revenue	$1,457.8	$1,496.3	$1,379.7
Total expenses	954.0	975.2	905.1
Income before income taxes	$503.8	$521.1	$474.6
Income taxes	151.6	144.2	146.0
Net income	$352.2	$376.9	$328.6
Earnings per share	$1.24	$1.31	$1.14
Diluted earnings per share	$1.24	$1.31	$1.13
Dividends recorded per share	$0.96	$0.89	$0.77
EBITDA (see Table 7)	$703.6	$726.2	$669.7
Total assets	$2,971.6	$3,085.0	$3,206.4
Gross debt	$594.4	$780.4	$870.4
Net debt (gross debt less excess cash)	$526.5	$730.7	$789.1
Average shares outstanding	283.4	287.0	289.1
Shares outstanding	282.9	283.6	287.4
Share price	$24.93	$21.10	$22.50
Market capitalization	$7,053.1	$5,983.3	$6,467.3

TABLE 2: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)	2012				2011			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	325.8	318.8	313.5	319.6	312.1	321.4	337.3	332.0
Administration fees	31.7	30.1	31.3	32.8	30.6	31.6	33.2	36.8
Other revenues	13.8	12.6	14.0	13.8	14.0	14.4	15.0	17.9
Total revenues	371.3	361.5	358.8	366.2	356.7	367.4	385.5	386.7
Selling, general & administrative	73.2	69.9	70.7	72.2	70.2	72.2	75.1	73.3
Trailer fees	95.8	93.5	91.6	93.0	90.8	93.7	98.3	96.6
Investment dealer fees	24.7	23.3	24.5	25.8	23.8	24.8	26.0	29.1
Amortization of deferred sales commissions	40.4	40.4	41.0	41.4	40.5	41.1	41.3	41.4
Interest expense	6.2	6.3	6.1	6.3	6.8	7.0	6.7	7.0
Other expenses	1.7	2.5	1.9	1.6	1.6	3.0	2.4	2.5
Total expenses	242.0	235.9	235.8	240.3	233.7	241.8	249.8	249.9
Income before income taxes	129.3	125.6	123.0	125.9	123.0	125.6	135.7	136.8
Income taxes	34.3	34.3	51.7	31.3	35.2	34.8	37.4	36.7
Net income	95.0	91.3	71.3	94.6	87.8	90.8	98.3	100.1
Earnings per share	0.34	0.32	0.25	0.33	0.31	0.32	0.34	0.35
Diluted earnings per share	0.34	0.32	0.25	0.33	0.31	0.31	0.34	0.35
Dividends recorded per share	0.240	0.240	0.240	0.235	0.225	0.225	0.225	0.215

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: quality and 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 15 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 over or under performance 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.

2012 OVERVIEW

CI's average assets under management for 2012 increased 1% from 2011 as a result of the strong performance of CI's funds and $973 million in net sales. However, a greater factor in CI's performance this year was the continued trend of investor preference for fixed income products, which generally carry a lower management fee. As well, a larger proportion of CI's assets under management are now institutional mandates, which carry a lower management fee. The resulting change in asset mix reduced management fee revenues by 2% notwithstanding the increase in average assets under management.

This was mitigated by a similar impact on trailer fee expense, which fell 1% year over year, and management's efforts to control spending in which selling, general and administrative ("SG&A") expenses dropped 2% during the year. However, pre-tax operating earnings, as set out in Table 6, still declined 2% in 2012 versus 2011.

While markets in 2012 faced challenges, including lingering concerns over the European debt crisis, the slowing Chinese economy, and the U.S. "fiscal cliff," volatility eventually subsided and investors responded. Industry gross sales of funds picked up in 2012 and CI's gross sales increased 16% year over year and net sales increased 201% year over year.

CI continued to be the third-largest investment fund company in Canada with assets under management of $75.7 billion at December 31, 2012. 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 2012 and has ranked either first or second place for the past 10 years. In addition, CI and its own portfolio managers have won 47 Canadian Investment Awards since 1998 and 39 Lipper Awards since 2007.

KEY EVENTS

In February, CI announced that it had acquired a significant minority stake in Lawrence Park Capital Partners Ltd., an alternative asset manager focusing on fixed-income and credit strategies. This relationship is part of CI's strategy to seek selected growth opportunities in the alternative asset management space.

In May, CI held its second annual sales conference, a four-day event attended by over 800 leading investment advisors. This was an opportunity for advisors to watch presentations and participate in discussions covering economic and financial issues, and to learn more about CI's investment products. 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 introduced several new products during the year as it continued its strategy to provide a broad shelf of products to its clients and their financial advisors. In January, CI partnered with Sun Life Financial to enhance the Sun*Wise* Essential Series segregated fund program which includes an option to receive guaranteed income for life as early as age 55. CI Private Investment Management was also added to the program in order to meet the needs of higher net worth investors. In October, the institutional division of CI Investments announced the offering of CI LifeCycle Portfolios, a multi-asset class, multi-manager program of seven target date retirement funds that is designed to service pension plan sponsors and members.

CI continued to expand its in-house portfolio management teams, particularly within the Cambridge team, adding three new members and the Signature team, adding four new members during the year. This expansion of internal portfolio management expertise should be viewed in conjunction with the move to reduce the number of external sub-advisory mandates that have been inherited as part of previous asset management company acquisitions. These changes are made to improve performance of the funds as well as to reduce SG&A expenses over the long term.

ASSETS AND SALES

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were $98.9 billion at December 31, 2012, an increase of 9% from $91.1 billion at December 31, 2011. As shown in Table 3, these assets consisted of $75.7 billion in assets under management and $23.2 billion in assets under administration at December 31, 2012, which increased 9% and 8%, respectively during the year, primarily due to market performance.

TABLE 3: TOTAL ASSETS

(in billions)	As at Dec. 31, 2012	As at Dec. 31, 2011	% change
Assets under management	$75.7	$69.6	9
Assets under administration*	23.2	21.5	8
Total assets under management	$98.9	$91.1	9

**Includes $10.9 billion and $9.8 billion of managed assets in CI and United funds in 2012 and 2011, 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. Gross sales increased in 2012 as CI won additional institutional mandates and strong fund performance led to higher retail sales.

TABLE 4: CHANGE IN ASSETS UNDER MANAGEMENT

(in billions)	2012	2011
Assets under management at January 1	$69.6	$72.8
Gross sales	10.6	9.1
Redemptions	9.6	8.8
Net sales	1.0	0.3
Market performance	5.1	(3.5)
Assets under management at December 31	$75.7	$69.6
Average assets under management for the year	$72.6	$72.2

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. 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, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011
Average assets under management for the quarter	$74.323	$72.437	$69.349
Change to December 31, 2012		2.6%	7.2%
Gross sales	$3.5	$2.4	$1.7
Net sales	$0.7	$0.4	($0.4)

The Investment Funds Institute of Canada (IFIC) reported $30.4 billion in industry net sales of mutual funds for the year ended December 31, 2012, up $9.2 billion from net sales of $21.2 billion in the same period for 2011. Total industry assets as reported by IFIC at December 31, 2012 of $849.7 billion were up 10% from $769.7 billion at December 31, 2011.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2012

For the year ended December 31, 2012, CI reported net income of $352.2 million ($1.24 per share) versus $376.9 million ($1.31 per share) for the year ended December 31, 2011. Included in 2011 was $4.9 million ($3.5 million after-tax) in revenue from an insurance settlement and 2012 included an $18.8 million non-cash future tax provision. Adjusting for these items, the year-over-year decline in net income was only $2.4 million, or less than 1%.

CI's pre-tax operating earnings, as set out in Table 6, adjust for the impact of 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 $641.5 million in 2012, a decrease of 2% from 2011, reflecting the decline in management fee revenue as a result of the change in asset mix toward fixed-income products.

In 2012, CI recorded $151.6 million in income tax expense for an effective tax rate of 30.1%. In the second quarter of 2012, CI recorded a non-cash future income tax provision of $18.8 million. Adjusting for this, CI's effective tax rate for 2012 was 26.4%, compared to an effective tax rate of 27.7% in 2011. CI's statutory rate for 2012 was 26.5% versus 28.2% in 2011.

For the year ended December 31, 2012, redemption fee revenue was $27.4 million compared with $28.6 million for the year ended December 31, 2011. 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, 2012 was $26.7 million compared to $32.6 million in the prior year. The decline was primarily due to the non-recurring $4.9 million in insurance proceeds received in 2011.

Amortization of deferred sales commissions and fund contracts was $165.4 million in 2012, a decrease from $166.7 million in 2011. 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 $24.9 million was recorded for the year ended December 31, 2012 compared with $27.5 million for the year ended December 31, 2011. The decrease in interest expense reflects lower average debt levels during 2012, as discussed under "Liquidity and Capital Resources."

Other expenses for the year ended December 31, 2012 were $5.3 million compared to $6.9 million in the prior year. The decline from the prior year is primarily a result of the elimination of capital taxes payable by CI mid-way through 2011.

As illustrated in Table 7, EBITDA for the year ended December 31, 2012 was $703.6 million ($2.48 per share) compared with $726.2 million ($2.53 per share) for the year ended December 31, 2011. The 3% decline is consistent with the above discussion on pre-tax operating earnings. EBITDA as a percentage of total revenues (EBITDA margin) for 2012 was 48.3%, consistent with that of 2011.

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 (DSC) and fund contracts.

(in millions, except per share amounts)	Quarter ended Dec. 31, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Income before income taxes	$129.3	$125.6	$123.0	$503.8	$521.1
Less:					
Redemption fees	6.1	6.5	6.9	27.4	28.6
Non-recurring item(s)	–	–	–	–	4.9
Gain (loss) on marketable securities	0.1	–	(0.1)	0.3	(0.5)
Add:					
Amortization of DSC and fund contracts	40.9	40.9	41.1	165.4	166.7
Pre-tax operating earnings	$164.0	$160.0	$157.3	$641.5	$654.8
per share	$0.58	$0.56	$0.55	$2.26	$2.28

QUARTER ENDED DECEMBER 31, 2012

For the quarter ended December 31, 2012, CI reported net income of $95.0 million ($0.34 per share) versus $87.8 million ($0.31 per share) for the quarter ended December 31, 2011 and $91.3 million ($0.32 per share) for the quarter ended September 30, 2012. Average assets under management for the fourth quarter of 2012 were up 2.6% from the level of the third quarter and 7.2% from the fourth quarter of 2011.

Pre-tax operating earnings were $164.0 million in the fourth quarter of 2012, an increase of 4% from $157.3 million in the fourth quarter of 2011 and 2% higher than the $160.0 million in the prior quarter. These increases reflect the change in assets under management as well as the change in asset mix, which reduced management fee revenues.

For the fourth quarter of 2012, CI recorded $34.3 million in income tax expense for an effective tax rate of 26.5%, compared to $35.2 million in the fourth quarter of 2011 for an effective tax rate of 28.6%. The third quarter of 2012 included $34.3 million in income tax expense, for an effective tax rate of 27.3%. The decrease in the year over year effective tax rates reflects the decrease in statutory tax rates.

For the quarter ended December 31, 2012, redemption fee revenue was $6.1 million compared with $6.9 million for the quarter ended December 31, 2011 and $6.5 million from the quarter ended September 30, 2012. The decrease from these prior periods relates 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, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Net income	$95.0	$91.3	$87.8	$352.2	$376.9
Add (deduct):					
Interest expense	6.2	6.3	6.8	24.9	27.5
Income tax expense	34.3	34.3	35.2	151.6	144.2
Amortization of DSC and fund contracts	40.9	40.9	41.1	165.4	166.7
Amortization of other items	2.4	2.4	2.7	9.5	10.9
EBITDA	$178.8	$175.2	$173.6	$703.6	$726.2
per share	$0.63	$0.62	$0.61	$2.48	$2.53
EBITDA margin (as a % of revenue)	48.2%	48.5%	48.7%	48.3%	48.5%

Amortization of deferred sales commissions and fund contracts was $40.9 million in the fourth quarter of 2012, a decrease from $41.1 million in the fourth quarter of 2011 and unchanged from the third quarter of 2012. The trend of lower amortization expense is consistent with the trend in lower spending on deferred sales commissions in recent years.

Interest expense of $6.2 million was recorded for the quarter ended December 31, 2012 compared with $6.8 million for the quarter ended December 31, 2011 and $6.3 million for the quarter ended September 30, 2012. As mentioned earlier, the decrease in interest expense from the prior year period reflected lower average debt levels, as discussed under "Liquidity and Capital Resources."

As illustrated in Table 7, EBITDA for the quarter ended December 31, 2012 was $178.8 million ($0.63 per share) compared with $173.6 million ($0.61 per share) for the quarter ended December 31, 2011 and $175.2 million ($0.62 per share) for the quarter ended September 30, 2012. The 3% year-over-year increase in quarterly EBITDA reflects the increase in average assets under management offset by the effect of the change in asset mix. EBITDA as a percentage of total revenues (EBITDA margin) for the fourth quarter of 2012 was 48.2%, down slightly from 48.7% in the last quarter of 2011 and 48.5% in the prior quarter.

ASSET MANAGEMENT SEGMENT

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

TABLE 8: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

The following table presents the operating results for the Asset Management segment:

(in millions)	Quarter ended Dec. 31, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Management fees	$325.8	$318.8	$312.1	$1,277.7	$1,302.8
Other revenue	10.1	9.0	10.2	39.0	45.5
Total revenue	$335.9	$327.8	$322.3	$1,316.7	$1,348.3
Selling, general and administrative	$59.6	$57.7	$57.3	$233.3	$235.9
Trailer fees	99.7	97.4	94.3	389.1	394.1
Amortization of deferred sales commissions and fund contracts	41.6	41.6	41.8	168.1	169.7
Other expenses	0.3	1.1	0.8	2.0	4.1
Total expenses	$201.2	$197.8	$194.2	$792.5	$803.8
Income before taxes and non-segmented items	$134.7	$130.0	$128.1	$524.2	$544.5

YEAR ENDED DECEMBER 31, 2012

Revenues

Revenues from management fees were $1,278 million for the year ended December 31, 2012, a decrease of 2% from $1,303 million for the year ended December 31, 2011. While average assets under management were up 1% year over year, the change in asset mix toward fixed-income products and institutional mandates reduced the average management fee rate in 2012 to 1.760% from 1.805% in 2011.

For the year ended December 31, 2012, other revenue was $39.0 million versus $45.5 million for the year ended December 31, 2011. The largest component of other revenue is redemption fees. Redemption fees were $27.4 million for 2012 compared with $28.6 million for 2011. The prior year also included $4.9 million in proceeds from an insurance settlement.

Expenses

SG&A expenses for the Asset Management segment were $233.3 million for the year ended December 31, 2012, a decrease from $235.9 million for the year ended December 31, 2011. As a percentage of average assets under management, SG&A expenses were 0.321% in 2012 and 0.327% in 2011, as spending declined 1.1% and average assets were up 0.6%. Although spending was increased on certain product initiatives and on in-house portfolio management teams, offsetting cost savings were found in other areas of the business.

Trailer fees were $389.1 million for 2012 compared with $394.1 million for 2011. Net of inter-segment amounts, this expense was $374.0 million for the year ended December 31, 2012 versus $379.5 million for the year ended December 31, 2011. The decline in trailer fee expense is a result of the change in asset mix, as lower trailer fees are paid on fixed-income products compared to equity products, and institutional funds where trailers are typically not paid.

Amortization of deferred sales commissions and fund contracts was $168.1 million for 2012, down from $169.7 million for the prior year. This change is consistent with the change in deferred sales commissions paid in recent years and the amount of accelerated amortization related to redemptions of deferred load funds.

Other expenses were $2.0 million for the year ended December 31, 2012 compared to $4.1 million in the year ended December 31, 2011. The decline in these expenses is primarily due to the legislated elimination of capital taxes on CI in 2011.

Income before income taxes and interest expense for CI's principal segment was $524.2 million for 2012, compared with $544.5 million in 2011. The decrease from the prior year is primarily due to the change in asset mix which reduced management fee revenue.

QUARTER ENDED DECEMBER 31, 2012

Revenues

Revenues from management fees were $325.8 million for the quarter ended December 31, 2012, an increase of 4% from $312.1 million for the quarter ended December 31, 2011 and 2% from $318.8 million for the quarter ended September 30, 2012. The changes were mainly attributable to increases in average assets under management, which were up 7.2% and up 2.6% from the quarters ended December 31, 2011 and September 30, 2012, respectively. The average management fee rate declined from 1.786% in the fourth quarter of 2011 to 1.751% in the third quarter of 2012 and to 1.744% in the fourth quarter of 2012, again as a result of the change in asset mix.

For the quarter ended December 31, 2012, other revenue was $10.1 million versus $10.2 million and $9.0 million for the quarters ended December 31, 2011 and September 30, 2012, respectively. The largest component of other revenue is redemption fees, which were $6.1 million for the quarter ended December 31, 2012 compared with $6.9 million and $6.5 million for the quarters ended December 31, 2011 and September 30, 2012, respectively.

Expenses

SG&A expenses for the Asset Management segment were $59.6 million for the quarter ended December 31, 2012, an increase from $57.3 million for the fourth quarter in 2011 and from $57.7 million for the quarter ended September 30, 2012. As a percentage of average assets under management, SG&A expenses were 0.319% for the quarter ended December 31, 2012, down from 0.328% for the quarter ended December 31, 2011 and up slightly from 0.317% for the quarter ended September 30, 2012. Generally, the decrease in this rate over time results from CI's ongoing drive to find operating efficiencies in its fixed costs, which account for a large proportion of CI's total costs. At the same time, in any given quarter, management may choose to increase or decrease discretionary spending.

Trailer fees were $99.7 million for the quarter ended December 31, 2012 compared with $94.3 million for the quarter ended December 31, 2011 and $97.4 million for the quarter ended September 30, 2012. Net of inter-segment amounts, this expense was $95.8 million for the quarter ended December 31, 2012 versus $90.8 million for the fourth quarter of 2011 and $93.5 million for the third quarter of 2012. The increase from the comparable periods is primarily due to the respective increases in average assets under management, tempered by the changes in asset mix.

Amortization of deferred sales commissions and fund contracts, before intersegment eliminations, was $41.6 million for the quarter ended December 31, 2012, down from $41.8 million in the same quarter last year and unchanged from the previous quarter. This decrease is consistent with the decrease in deferred sales commissions paid in the past several years.

Income before income taxes and interest expense for CI's principal segment was $134.7 million for the quarter ended December 31, 2012 compared with $128.1 million in the same period in 2011 and $130.0 million in the previous quarter. Income has generally increased in line with the increase in average assets under management over the comparable periods.

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 following table presents the operating results for the Asset Administration segment:

(in millions)	Quarter ended Dec. 31, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Administration fees	$55.2	$52.6	$52.5	$220.7	$226.2
Other revenue	3.7	3.6	3.8	15.0	15.6
Total revenue	$58.9	$56.2	$56.3	$235.7	$241.8
Selling, general and administrative	$13.6	$12.3	$12.9	$52.7	$54.8
Investment dealer fees	43.6	41.3	41.5	174.5	179.5
Amortization of fund contracts	0.4	0.4	0.4	1.6	1.5
Other expenses	0.8	0.8	0.2	3.2	2.8
Total expenses	$58.4	$54.8	$55.0	$232.0	$238.6
Income before taxes and non-segmented items	$0.5	$1.4	$1.3	$3.7	$3.2

YEAR ENDED DECEMBER 31, 2012

Revenues

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were $220.7 million for the year ended December 31, 2012, a decrease of 2% from $226.2 million for the same period last year. Net of inter-segment amounts, administration fee revenue was $126.0 million for the year ended December 31, 2012, down from $132.3 million for the year ended December 31, 2011. The decrease from the prior year is a result of lower commission revenue earned on the sale of mutual funds and other securities. Administration fees should be considered in conjunction with investment dealer fees, an expense that represents the payout to financial advisors.

Other revenues earned by the Asset Administration segment are generally derived from non-advisor related activities. For 2012, other revenues were $15.0 million, decreasing slightly from $15.6 million for 2011.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were $174.5 million for the year ended December 31, 2012, compared to $179.5 million for the year ended December 31, 2011. The decrease in these fees relates directly to the decrease in administration fee revenues discussed above.

As detailed in Table 10, dealer gross margin was $46.2 million or 21.0% of administration fee revenue for 2012, compared to $46.7 million or 20.6% for 2011. 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.

SG&A expenses for the segment were $52.7 million for the year ended December 31, 2012 compared to $54.8 million in the year ended December 31, 2011. The level of discretionary spending decreased during 2012 compared to 2011.

The Asset Administration segment had income before income taxes and non-segmented items of $3.7 million for 2012, up from $3.2 million in 2011. This increase is a result of the decline in SG&A spend and dealer gross margin rose slightly year over year.

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, 2012	Quarter ended Sept. 30, 2012	Quarter ended Dec. 31, 2011	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Administration fees	$55.2	$52.6	$52.5	$220.7	$226.2
Less:					
Investment dealer fees	43.6	41.3	41.5	174.5	179.5
	$11.6	$11.3	$11.0	$46.2	$46.7
Dealer gross margin	21.1%	21.4%	21.0%	21.0%	20.6%

QUARTER ENDED DECEMBER 31, 2012

Revenues

Administration fees were $55.2 million for the quarter ended December 31, 2012, an increase of 5% from $52.5 million for the same period last year and an increase of 5% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $31.7 million for the quarter ended December 31, 2012, up from $30.6 million for the quarter ended December 31, 2011 and from $30.1 million in the previous quarter. The increase from the prior year was primarily attributable to an increase in assets under administration during the fourth quarter of 2012 leading to higher trailer commissions earned.

As mentioned above, other revenues earned by the Asset Administration segment are mainly comprised of non-advisor related activities. For the quarter ended December 31, 2012, other revenues were $3.7 million, down from $3.8 million for the fourth quarter of 2011 and up from $3.6 million in the third quarter of 2012.

Expenses

Investment dealer fees were $43.6 million for the quarter ended December 31, 2012, compared to $41.5 million for the fourth quarter of 2012 and $41.3 million for the quarter ended September 30, 2012.

As detailed in Table 10, dealer gross margin was $11.6 million or 21.1% of administration fee revenue for the quarter ended December 31, 2012 compared to $11.0 million or 21.0% for the fourth quarter of 2011 and $11.3 million or 21.4% for the previous quarter. The changes in gross margin from the comparable quarters correspond to the level of payout to financial advisors on their 12-month rolling administration fee revenues.

SG&A expenses for the segment were $13.6 million for the quarter ended December 31, 2012 compared to $12.9 million in the fourth quarter of 2011 and $12.3 million in the third quarter of 2012, as the spending on marketing initiatives increased during the quarter.

The Asset Administration segment had income before income taxes and non-segmented items of $0.5 million for the quarter ended December 31, 2012, down from $1.3 million for the fourth quarter of 2011 and from $1.4 million for the prior quarter. The decline in the fourth quarter of 2012 was due to the increase in SG&A expenses exceeding the increase in gross margin.

LIQUIDITY AND CAPITAL RESOURCES

As detailed in Table 11, CI generated $548.1 million of operating cash flow in the year ended December 31, 2012 down $26.6 million from $574.7 million in 2011. 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.

TABLE 11: SUMMARY OF CASH FLOWS

(in millions)	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011
Operating Cash Flow	$548.1	$574.7
Less:		
Deferred sales commission paid	124.2	141.2
Marketable securities, net	21.5	11.6
Capital expenditures	5.6	21.5
Share repurchases	30.5	95.2
Dividends paid	269.2	254.2
Debt repaid	187.0	90.9
Working capital and other	8.6	54.0
	646.6	668.6
Net change in cash	(98.5)	(93.9)
Cash at January 1	122.6	216.5
Cash at December 31	$24.1	$122.6

CI paid sales commissions of $124.2 million in 2012 compared to $141.2 million in 2011. The decrease in sales commissions from the prior year is consistent with the trend to lower sales of deferred load funds.

CI invested $26.8 million in marketable securities in 2012. During the same period, CI received proceeds of $5.3 million from the disposition of marketable securities, resulting in a gain of $0.3 million. The fair value of marketable securities at December 31, 2012 was $66.2 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the year ended December 31, 2012, CI incurred capital expenditures of $5.6 million, primarily relating to leasehold improvements and investments in technology.

During the year, CI repurchased 1.4 million shares at a cost of $30.5 million under its normal course issuer bid. CI declared dividends of $271.9 million ($269.2 million paid), which was less than net income for the year by $80.3 million. At year end, CI's dividend payments were $0.08 per share per month, or approximately $272 million per fiscal year.

The statement of financial position for CI at December 31, 2012 reflects total assets of $2.972 billion, a decrease of $113.0 million from $3.085 billion at December 31, 2011. This change can be attributed to a decrease in current assets of $71.2 million and a decrease in long-term assets of $42.2 million.

CI's cash and cash equivalents decreased by $98.4 million in 2012 primarily due to the repayment of a debenture that matured on December 17, 2012. Marketable securities increased by $24.1 million due to a $20.0 million investment along with some smaller investments. Accounts receivable and prepaid expenses remain relatively unchanged at $70.6 million compared to $70.2 million.

Deferred sales commissions decreased $38.9 million to $452.3 million as a result of the $163.1 million in amortization expense offset by the $124.2 million in sales commissions paid. Capital assets decreased $2.7 million during the year as a result of $8.3 million amortized during the year offset by $5.6 million in capital additions.

Total liabilities decreased by $169.2 million during 2012 to $1.296 billion at December 31, 2012. The primary contributors to this change were a $186.0 million decrease in long-term debt offset by a $17.8 million increase in future income taxes. The increase in future income taxes relates to the Ontario government's decision to rescind previously legislated reductions in corporate tax rates.

On December 17, 2012, CI repaid $250 million of debentures that matured. At December 31, 2012, CI had $500 million in outstanding debentures at an average interest rate of 3.51% with a carrying value of $498.4 million. In addition, CI had $96.0 million drawn against its credit facility at an average rate of 1.83%. At December 31, 2011, CI had $780.4 million of debt outstanding at an average rate of 3.19%. Net of cash and marketable securities, debt was $504.1 million at December 31, 2012, down from $615.7 million at December 31, 2011. The average debt level for the year ended December 31, 2012 was approximately $749 million, compared to $848 million for 2011.

As mentioned earlier, at December 31, 2012 CI had drawn $96.0 million against its $250 million credit facility. Principal repayments on any drawn amounts are only required should the bank decide not to renew the facility on its anniversary, in which case 6.25% of the principal would be repaid at each calendar quarter-end, with the balance payable at the end of the credit facility term (March 14, 2015). These payments would be payable beginning March 31, 2013 should the bank not renew the facility.

CI's current ratio of debt (net of excess cash) to EBITDA is at 0.7 to 1, well below CI's long-term target of 1 to 1. CI expects that, absent acquisitions in which debt is increased, excess cash flow will be used to 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 $55.8 million in 2012 to $1.676 billion at December 31, 2012 which approximates net income less dividends and share repurchases.

RISK MANAGEMENT

There is risk inherent in the conduct of a wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are by their nature outside of direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives. It requires management to identify and anticipate risks in order to develop strategies and procedures which minimize or avoid negative consequences. Management has developed an approach to risk management that involves executives in each core business unit and operating area of CI. These executives identify and evaluate risks, applying both a quantitative and a qualitative analysis and then assess the likelihood of occurrence of a particular risk. The final step in the process is to identify mitigating factors or strategies and a course for implementing mitigation procedures.

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

Asset Management Segment

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

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

At December 31, 2012, approximately 26% 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 the value of these securities would cause a change of about $1 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2012, about 65% 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 20% 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 $16 million in the Asset Management segment's annual pre-tax earnings.

About 67% of CI's assets under management were held in equity securities at December 31, 2012, 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 $56 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 $3.7 million before income taxes and non-segmented items for the year ended December 31, 2012). 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 and within the time required in order to meet its obligations as they come due. While CI currently has access to financing, unfavourable market conditions may affect the ability of CI to obtain loans or make other arrangements on terms acceptable to CI.

STRATEGIC RISKS

Strategic risks are risks that directly impact the overall direction of CI and the ability of CI to successfully implement proposed strategies. The key strategic risk is the risk that management fails to anticipate, and respond to changes in the business environment including demographic and competitive changes. CI's performance is directly affected by financial market and business conditions, including the legislation and policies of the governments and regulatory authorities having jurisdiction over CI's operations. These are beyond the control of CI; however, an important part of the risk management process is the 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 expenses incurred by CI in connection with employee errors have not been significant in the past, there can be no assurances that these expenses will not increase in the future.

TAXATION RISK

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

COMPETITION

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

REGULATORY AND LEGAL RISK

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

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.

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31* (unaudited)

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Revenue	225.3	669.8	1,289.5	1,358.4	389.0	395.7	(446.1)	(927.6)	1,457.7	1,496.3
Net income	211.0	654.4	312.8	380.0	39.3	37.1	(210.9)	(694.6)	352.2	376.9

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA AS AT DECEMBER 31* (unaudited)

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Current assets	215.6	486.8	206.2	170.2	196.4	199.9	(329.6)	(497.1)	288.6	359.8
Non-current assets	1,836.2	1,697.5	2,875.6	2,936.1	176.3	137.4	(2,205.1)	(2,045.8)	2,683.0	2,725.2
Current liabilities	70.0	301.9	116.1	106.9	152.9	150.4	(16.5)	(3.3)	322.5	555.9
Non-current liabilities	270.7	222.1	1,129.8	1,302.0	0.5	0.2	(427.9)	(615.4)	973.1	908.9

**Some comparative figures have been reclassed 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. These transactions are in the normal course of operations and are recorded at the agreed upon exchange amounts. During the three and 12 months ended December 31, 2012, CI incurred charges for deferred sales commissions of $1.0 million and $4.9 million, respectively [three and 12 months ended December 31, 2011 – $1.0 million and $4.9 million, respectively] and trailer fees of $5.1 million and $20.3 million, respectively [three and 12 months ended December 31, 2011 – $5.0 million and $20.0 million, respectively] which were paid or payable to Scotiabank. The balance payable to Scotiabank as at December 31, 2012 of $1.7 million [December 31, 2011 – $1.7 million] is included in accounts payable and accrued liabilities.

SHARE CAPITAL

As at December 31, 2012, CI had 282,914,642 shares outstanding.

At December 31, 2012, 6.4 million options to purchase shares were outstanding, of which 2.4 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at December 31, 2012.

PAYMENTS DUE BY YEAR

(millions of dollars)	Total	1 year or less	2	3	4	5	More than 5 years
Credit facility	96.0	24.0	24.0	48.0	—	—	—
Debentures	500.0	—	200.0	—	300.0	—	—
Operating leases	104.9	11.0	9.6	9.1	9.0	8.6	57.6
Total	700.9	35.0	233.6	57.1	309.0	8.6	57.6

SIGNIFICANT ACCOUNTING ESTIMATES

The December 31, 2012 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 3 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 balance sheet. 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 renewed 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.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, are responsible for the design of CI's disclosure controls and procedures. Management has evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures as at December 31, 2012. 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, 2012, 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.