MANAGEMENT'S DISCUSSION AND ANALYSIS

31 | DECEMBER | 2015

CI FINANCIAL CORP.

FINANCIAL HIGHLIGHTS

[millions of dollars, except share amounts]	As at and for the quarters ended					% change quarter-over-quarter	% change year-over-year
	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014		
Assets under management	111,124	105,296	108,839	109,137	102,886	6	8
Assets under advisement	34,552	33,249	33,897	33,939	31,874	4	8
Total assets	145,676	138,545	142,736	143,076	134,761	5	8
Average assets under management	108,688	108,541	109,750	106,531	101,120	—	7
Management fees	444.8	449.4	453.8	439.9	428.5	(1)	4
Total revenues	493.5	499.0	504.2	501.0	485.0	(1)	2
Selling, general & administrative	96.9	92.9	91.8	90.8	87.0	4	11
Trailer fees	137.7	139.6	140.5	135.8	131.8	(1)	4
Net income attributable to shareholders	127.2	142.8	138.9	144.5	140.4	(11)	(9)
Basic earnings per share	0.46	0.51	0.50	0.51	0.50	(10)	(8)
Diluted earnings per share	0.46	0.51	0.50	0.51	0.50	(10)	(8)
EBITDA[1]	228.2	237.0	239.8	235.4	230.0	(4)	(1)
EBITDA[1] per share	0.83	0.85	0.86	0.84	0.82	(2)	1
Return on equity[2]	29.2%	29.9%	29.4%	28.8%	27.9%	(2)	5
Dividends recorded per share	0.330	0.330	0.325	0.315	0.310	—	6
Dividend yield	4.3%	4.4%	3.9%	3.6%	3.9%		
Average shares outstanding	276,031,411	277,770,913	279,861,494	281,740,107	282,056,756	(1)	(2)
Shares outstanding	276,026,778	276,397,053	278,624,442	280,597,610	281,708,663	—	(2)
Share price							
High	32.44	34.35	36.25	36.00	34.51		
Low	29.48	27.84	33.38	31.07	30.56		
Close	30.60	30.30	33.60	35.41	32.29		
Increase (decrease) in share price	1.0%	(9.8%)	(5.1%)	9.7%	(4.4%)		
Total shareholder return	2.1%	(8.9%)	(4.2%)	10.7%	(3.5%)		
Market capitalization	8,446	8,375	9,362	9,936	9,096		
Price to earnings multiple[2]	15.4	15.0	16.9	18.3	17.4		
Long-term debt (including the current portion)	559.3	435.6	383.5	311.5	307.4		
Net debt[1]	433.1	321.7	266.0	210.7	185.2		
Net debt to EBITDA	0.48	0.34	0.28	0.22	0.20		

[1] *EBITDA and Net debt are not standardized earning measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.*

[2] *Trailing 12 months*

This Management's Discussion and Analysis ("MD&A") dated February 10, 2016 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2015, compared with December 31, 2014, and the results of operations for the year ended and quarter ended December 31, 2015, compared with the year ended and quarter ended December 31, 2014 and the quarter ended September 30, 2015.

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

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

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

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

TABLE 1: SELECTED ANNUAL INFORMATION

	Fiscal Years Ending December 31		
[millions, except per share amounts]	**2015**	**2014**	**2013**
Total revenue	$1,997.6	$1,875.9	$1,616.7
Total expenses	1,240.1	1,158.0	1,034.2
Income before income taxes	$757.6	$717.9	$582.5
Income taxes	204.9	192.5	155.9
Non-controlling interest	(0.9)	0.3	0.2
Net income available to shareholders	$553.5	$525.0	$426.4
Basic earnings per share	$1.99	$1.85	$1.50
Diluted earnings per share	$1.98	$1.84	$1.50
Dividends recorded per share	$1.30	$1.19	$1.07
EBITDA[1]	$940.4	$894.5	$769.6
Total assets	$3,297.4	$3,016.0	$3,094.0
Gross debt	$559.3	$307.4	$498.9
Net debt[1]	$433.1	$185.2	$315.3
Average shares outstanding	278.8	283.7	283.6
Shares outstanding	276.0	281.7	284.4
Share price	$30.60	$32.29	$35.35
Market capitalization	$8,446	$9,096	$10,053

[1]*EBITDA and Net debt are not standardized earning measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.*

TABLE 2: SUMMARY OF QUARTERLY RESULTS

[millions of dollars, except per share amounts]	2015				2014			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	444.8	449.4	453.8	439.9	428.5	430.7	415.6	394.4
Administration fees	36.6	36.0	37.8	36.2	35.4	36.2	34.7	35.1
Other revenues	12.1	13.6	12.6	24.9	21.1	13.7	14.4	16.1
Total revenues	493.5	499.0	504.2	501.0	485.0	480.6	464.7	445.6
Selling, general & administrative	96.9	92.9	91.8	90.8	87.0	86.2	84.9	83.7
Trailer fees	137.7	139.6	140.5	135.8	131.8	132.3	127.4	120.1
Investment dealer fees	29.9	29.4	30.9	29.4	28.4	29.0	27.7	28.0
Amortization of deferred sales commissions	33.6	34.8	36.0	36.7	37.4	37.9	38.3	38.4
Interest expense	4.0	3.5	3.4	3.2	4.4	4.6	4.5	4.6
Other expenses	14.8	3.2	9.0	12.3	5.5	5.6	5.9	4.4
Total expenses	316.9	303.5	311.6	308.1	294.5	295.6	288.7	279.2
Income before income taxes	176.7	195.5	192.7	192.9	190.5	185.0	176.0	166.4
Income taxes	49.6	52.7	53.5	49.2	50.1	50.0	47.9	44.5
Non-controlling interest	(0.2)	(0.1)	0.2	(0.9)	—	(0.1)	0.3	0.2
Net income attributable to shareholders	127.2	142.8	138.9	144.5	140.4	135.1	127.8	121.7
Earnings per share	0.46	0.51	0.50	0.51	0.50	0.48	0.45	0.43
Diluted earnings per share	0.46	0.51	0.50	0.51	0.50	0.48	0.45	0.43
Dividends recorded per share	0.330	0.330	0.325	0.315	0.310	0.300	0.295	0.285

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, exchange-traded 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, exchange-traded 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 earns fee revenue on its assets under management ("AUM") and assets under administration ("AUA") and strives to maximize the growth of those assets 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 global 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 and years of product innovation and development have allowed CI to offer investors the broadest selection of investment funds in Canada.

CI uses six in-house teams and 18 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 and has the size and scale to attract the top talent in this field. Many of CI's investment managers have excellent long-term fund performance. 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 provide more 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 fund performance 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, bonds or other securities held by the fund. These returns will reflect the returns of equity and bond indexes plus the over or underperformance of the investment manager of each fund. In years when markets generally decline, CI's assets will likely decline. Conversely, CI's assets will likely 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, which help determine longer-term trends for CI's market share.

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

NON-IFRS MEASURES

EBITDA AND EBITDA MARGIN

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

TABLE 3: EBITDA AND EBITDA MARGIN

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Net Income	127.0	142.8	140.4	552.6	525.4
Add:					
Interest expense	4.0	3.5	4.4	14.1	18.1
Provision for income taxes	49.6	52.7	50.1	204.9	192.5
Amortization of deferred sales commissions	33.6	34.8	37.4	141.0	152.0
Amortization of intangibles	1.1	1.1	1.0	7.4	4.6
Amortization and depreciation of other	2.1	2.2	1.8	8.4	7.9
Provision for legal costs	—	—	—	8.8	—
Provision for fund remediation	10.8	—	—	10.8	—
Fair value adjustment to contingent consideration	—	—	(5.0)	(7.5)	(5.0)
Non-controlling interest	0.1	—	—	—	(0.9)
EBITDA	**228.2**	**237.0**	**230.0**	**940.4**	**894.5**
EBITDA per share	0.83	0.85	0.82	3.37	3.15
Total revenue	493.5	499.0	485.0	1,997.6	1,875.9
Less:					
Fair value adjustment to contingent consideration	—	—	5.0	7.5	5.0
	493.5	499.0	480.0	1,990.1	1,870.9
EBITDA margin	**46.3%**	**47.5%**	**47.9%**	**47.3%**	**47.8%**

NET DEBT

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

TABLE 4: NET DEBT

[millions of dollars]	As at Dec. 31, 2015	As at Dec. 31, 2014
Current portion of long-term debt	2.0	2.0
Long-term debt	557.3	305.4
	559.3	307.4
Less:		
Cash and short-term investments	56.6	51.2
Marketable securities	78.7	83.7
Add:		
Regulatory capital and non-controlling interests	9.1	12.7
Net Debt	**433.1**	**185.2**

PRE-TAX OPERATING EARNINGS

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

TABLE 5: PRE-TAX OPERATING EARNINGS

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Net Income	127.0	142.8	140.4	552.6	525.4
Add:					
Amortization of deferred sales commissions	33.6	34.8	37.4	141.0	152.0
Amortization of intangibles	1.1	1.1	1.0	7.4	4.6
Provision for income taxes	49.6	52.7	50.1	204.9	192.5
Provision for legal costs	—	—	—	8.8	—
Provision for fund remediation	10.8	—	—	10.8	—
Less:					
Redemption fees	4.2	4.6	4.9	19.0	20.4
Performance fees	—	—	—	0.2	—
Fair value adjustment to contingent consideration	—	—	5.0	7.5	5.0
Gain on marketable securities	0.4	1.7	—	5.9	0.4
Non-controlling interest	(0.1)	—	—	(0.1)	0.9
Pre-tax operating earnings	**217.5**	**225.0**	**219.0**	**892.9**	**847.8**
Pre-tax operating earnings per share	0.79	0.81	0.78	3.20	2.99

DEALER GROSS MARGIN

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

TABLE 6: DEALER GROSS MARGIN

[millions of dollars]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Administration fees	74.1	73.2	69.7	296.9	276.7
Less:					
Investment dealer fees	60.6	60.0	56.4	242.9	223.3
	13.4	13.2	13.3	54.0	53.4
Dealer gross margin	**18.1%**	**18.1%**	**19.1%**	**18.2%**	**19.3%**

OPERATING CASH FLOW AND FREE CASH FLOW

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

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

TABLE 7: OPERATING CASH FLOW AND FREE CASH FLOW

[millions of dollars]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Cash provided by operating activities	146.8	180.6	187.2	647.4	702.6
Add:					
Income taxes paid	52.5	56.7	41.7	244.0	186.0
Interest paid	6.9	0.7	9.0	14.0	18.2
Less:					
Net change in operating assets and liabilities	48.1	58.4	66.3	217.7	229.4
Operating cash flow	**158.2**	**179.6**	**171.6**	**687.7**	**677.4**
Less:					
Sales commissions paid	16.5	18.8	23.3	91.1	120.0
Free cash flow	**141.6**	**160.8**	**148.3**	**596.6**	**557.4**

ASSET MANAGEMENT MARGIN

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

TABLE 8: ASSET MANAGEMENT MARGIN

[millions of dollars – trailing 12 months]	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014
Management fees	1,787.9	1,771.6	1,752.9	1,714.6	1,669.1
Less:					
Amortization of DSC	144.7	148.6	151.7	154.0	155.7
Trailer fees	577.9	571.5	563.7	549.9	533.4
Net management fees	**1,065.3**	**1,051.5**	**1,037.4**	**1,010.7**	**980.0**
Less:					
SG&A	305.6	297.1	291.6	285.1	279.2
	759.7	754.4	745.9	725.6	700.8
Asset management margin	**42.5%**	**42.6%**	**42.6%**	**42.3%**	**42.0%**

SG&A EFFICIENCY MARGIN

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

TABLE 9: SG&A EFFICIENCY MARGIN

[millions of dollars – trailing 12 months]	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014
Management fees	1,787.9	1,771.6	1,752.9	1,714.6	1,669.1
Less:					
Amortization of DSC	144.7	148.6	151.7	154.0	155.7
Trailer fees	577.9	571.5	563.7	549.9	533.4
Net management fees	**1,065.3**	**1,051.5**	**1,037.4**	**1,010.7**	**980.0**
Less:					
SG&A	305.6	297.1	291.6	285.1	279.2
	759.7	754.4	745.9	725.6	700.8
SG&A efficiency margin	**71.3%**	**71.7%**	**71.9%**	**71.8%**	**71.5%**

ASSETS AND SALES

CI is the third-largest investment fund company in Canada with assets under management of $111.1 billion and assets under advisement of $34.6 billion at December 31, 2015, as shown in Table 10. Assets under advisement are comprised of AUA and assets held by clients of advisors with Stonegate Private Counsel. The increase of 8% each was primarily due to net sales of funds, market performance, and in the case of assets under management, CI's acquisition of First Asset. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, exchange-traded funds, pooled assets and assets under advisement, were $145.7 billion at December 31, 2015, an increase of 8% from $134.8 billion at December 31, 2014.

TABLE 10: TOTAL ASSETS

[billions of dollars]	As at December 31, 2015	As at December 31, 2014	% change
Assets under management	111.1	102.9	8
Assets under advisement[1]	34.6	31.9	8
Total assets	**145.7**	**134.8**	**8**

[1] *Includes $20.7 billion and $18.6 billion of assets managed by CI and held by clients of advisors with Assante and Stonegate in 2015 and 2014, respectively*

Assets under management form the majority of CI's total assets and provide most of its revenue and net income. The change in AUM during each of the past two years is detailed in Table 11. Industry gross sales of funds picked up in 2015. CI's gross sales remained strong and increased $1,020 million from the prior year. However, an increase in redemptions resulted in a $498 million decrease in net sales from the prior year, totaling $3.4 billion in 2015.

TABLE 11: CHANGE IN ASSETS UNDER MANAGEMENT

[billions of dollars]	2015	2014
Assets under management at January 1	102.886	91.090
Gross sales	15.425	14.405
Redemptions	11.994	10.477
Net sales	3.431	3.928
Acquisitions	3.028	—
Fund performance	1.779	7.868
Assets under management at December 31	111.124	102.886
Average assets under management for the year	108.384	98.408

The change in AUM during each of the past five quarters is detailed in Table 12. Consistently positive net sales, CI's acquisition of First Asset and strong fund performance in the first and last quarters all contributed to CI's increase in assets under management during the year. Market declines in the second and third quarters offset some of this growth.

TABLE 12: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

[billions of dollars]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Jun. 30, 2015	Quarter ended Mar. 31, 2015	Quarter ended Dec. 31, 2014
Assets under management, beginning	105.296	108.839	109.137	102.886	100.810
Gross sales	3.646	3.068	4.207	4.504	3.453
Redemptions	3.348	2.636	2.719	3.292	2.942
Net sales	0.299	0.431	1.488	1.212	0.511
Acquisitions	3.028	—	—	—	—
Fund performance	2.501	(3.974)	(1.786)	5.039	1.565
Assets under management, ending	111.124	105.296	108.839	109.137	102.886
Average assets under management for the quarter	108.688	108.541	109.750	106.531	101.120

2015 OVERVIEW

CI's average assets under management for 2015 increased 10% from 2014 primarily as a result of strong fund performance as well as $3.4 billion in net sales. The acquisition of First Asset had a very small impact on average assets for the year as it was only included in CI's assets for the last month of the year. The increase in year-over-year average assets under management was the primary driver of the 5% increase in net income, as approximately 90% of CI's revenue is derived directly from the level of assets under management in the form of management fee revenue.

The trend towards lower average management fee rates continued in 2015, primarily because the proportion of high net worth products within CI's assets under management continues to grow and these products typically bear a lower management fee. This is discussed in the "Asset Management Segment" below.

The decline in average management fee revenue was mitigated somewhat by a similar impact on trailer fee expense since high net worth products have lower or no trailer fees. However, the proportion of funds purchased on a front-end load basis is also increasing. These funds carry higher trailer fee rates and helped cause trailer fee expenses to increase 8% year over year. Selling, general and administrative ("SG&A") expenses increased by 9% in 2015, less than the increase in average AUM. The impact of fixed expenses that changed less than the increase in AUM was offset somewhat by investments in sales, marketing and portfolio management. The decline in sales of deferred load funds over the past several years is being reflected in reduced spend on deferred sales commissions, and the amortization of deferred sales commissions was lower in 2015 than in 2014.

According to Morningstar, CI led the industry with the most four and five-star rated investment funds (including multiple versions) for all of 2015 and has ranked either first or second place for the past 10 years. In addition, CI and its portfolio managers have won 55 Morningstar Awards since 1998 and 54 Lipper Awards since 2007.

In April 2015, CI Investments discovered an administrative error. Approximately $156.1 million of interest had not been properly recorded as an asset in the accounting records of certain funds, on total assets of approximately $9.8 billion as of May 29, 2015, with the result being that the NAVs of these funds, and any funds that had invested in these funds, had been understated for several years. The interest at all times remained in bank accounts as an asset of these funds and was never comingled with the property of CI Investments. Once the error was discovered, CI Investments, with the assistance of an independent consulting firm, undertook a comprehensive investigation into how the error occurred and developed a plan to put affected investors into the economic position they would have been in if the interest had been recorded (the "Plan"). CI Investments also enhanced its systems and processes to help prevent similar errors from occurring in the future. CI Investments self-reported the error to the OSC. On February 10, 2016, CI Investments entered into a no-contest settlement agreement with the OSC in connection with the administrative error. As part of the no-contest settlement agreement, CI Investments agreed to, among other things, implement the Plan and make a voluntary payment of $8 million (and $50,000 towards costs) to the OSC. CI has made a provision of $10.75 million, net of recoveries, for the cost of this settlement as well as the costs to remediate.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2015

For the year ended December 31, 2015, CI reported net income attributable to shareholders of $553.5 million ($1.99 per share) versus $525.0 million ($1.85 per share) for the year ended December 31, 2014. Net income attributable to shareholders for the year ended December 31, 2015, excluding a $7.5 million fair value adjustment to contingent consideration, an $8.8 million ($6.4 million after tax) provision for legal costs, a $10.8 million ($9.8 million after tax) provision for fund remediation, and a $3.0 million ($1.4 million after tax and non-controlling interest) acceleration in the amortization of fund management contracts, was $563.7 million ($2.02 per share). The year ended December 31, 2014 included a $5.0 million fair value adjustment to contingent consideration. Adjusting for these items, net income for 2015 was up 8.4% from 2014. All further discussion of annual earnings measures in this document are assumed to adjust for the above items, as this will assist in a comparison of results across reporting periods.

The increase in net income has been primarily driven by and is generally in line with the increase in average AUM for this period. However, to the extent that certain revenues or expenses do not vary with the level of AUM, CI's net income will experience positive or negative operating leverage. The most significant of these types of revenue are redemption fees, the sales commissions earned and reported within administration fees, and other income. These revenue items have not increased over the past year at the same rate as AUM and therefore reduced the growth rate of CI's net income relative to asset growth. The most significant expenses that do not vary with the level of average AUM are the fixed components within SG&A, amortization of deferred sales commissions, and interest expense. These expense items have either decreased over the past year or increased at lower rates than AUM and therefore increased the rate of growth of CI's net income relative to AUM growth.

Total revenues increased 6.5% in 2015 to $1,997.6 million compared with $1,875.9 million in 2014. The main contributor to this change was the 7.1% increase in management fee revenues, as average AUM increased 10.1%. Management fees rose less than average AUM as a higher proportion of assets were invested in classes of funds designated for high net worth clients/fee-based accounts, which have lower management fee rates than traditional retail funds. Administration fee revenue from third-party fund companies grew 3.8%, representing the growth in Assante's revenues net of intercompany eliminations.

For the year ended December 31, 2015, redemption fee revenue declined 6.9% to $19.0 million compared with $20.4 million for the year ended December 31, 2014. The decrease is a result of a decline in redemptions of deferred load funds that are subject to redemption fees.

Other revenue for the year ended December 31, 2015 declined by 2.2% to $44.1 million compared to $45.1 million in the prior year. The decrease was generally a result of decreased revenues earned through CI's financial interests in Altrinsic Global Advisors LLC and Marret Asset Management Inc. ("Marret"), somewhat offset by an increase in gains on the sale of marketable securities.

In 2015, SG&A expenses were $372.5 million, a 9.0% increase from $341.8 million for 2014. This change was below the 10.1% increase in average AUM. Included in SG&A expenses are portfolio management fees, which are largely driven by the level of average AUM; however, CI has also added staff to its in-house portfolio management teams and increased the amount of discretionary spend on sales and marketing. While SG&A has increased in dollar terms because of this, as a percentage of average AUM, the level of SG&A spend declined to 0.344% from 0.347% in 2014.

Amortization of deferred sales commissions was $141.0 million in 2015, a decrease from $152.0 million in 2014. 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 three or seven-year scheduled term. The level of spending on deferred sales commissions has generally declined over the past several years as a smaller proportion of sales have been deferred load funds versus front-end load funds.

Interest expense of $14.1 million was recorded for the year ended December 31, 2015 compared with $18.1 million for the year ended December 31, 2014. The decrease in interest expense reflects lower average debt levels at lower average interest rates during 2015 relative to 2014, as discussed under "Liquidity and Capital Resources."

Other expenses for the year ended December 31, 2015 were $31.9 million compared to $16.9 million in the prior year. The increase from the prior year is primarily a result of an increase in legal provisions as well as a provision for fund remediation. The impact of these provisions was slightly offset by a reduction in expenses related to CI's investment in Marret.

In 2015, CI recorded $204.9 million in income tax expense for an effective tax rate of 27.1% compared to CI's statutory rate of 26.5%. For the prior year, the effective tax rate was 26.8% compared with a statutory rate of 26.5%.

CI's pre-tax operating earnings, as discussed in the "Non-IFRS Measures" section and as set out in Table 5, adjust for the impact of gains and losses on marketable securities, performance fees and other provisions and adjustments. 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 $892.9 million in 2015, an increase of 5.3% from 2014, reflecting the higher average assets under management less the decline in average margin earned on those assets, as discussed below in the Asset Management Segment.

As discussed in the "Non-IFRS Measures" section and as illustrated in Table 3, EBITDA for the year ended December 31, 2015 was $940.4 million ($3.37 per share) compared with $894.5 million ($3.15 per share) for the year ended December 31, 2014. The 5.1% increase is consistent with the level of average AUM and the margin earned thereon, offset by the additional impact of a decline in redemption fee revenue. EBITDA margin for 2015 was 47.3%, down from 47.8% in 2014.

QUARTER ENDED DECEMBER 31, 2015

For the quarter ended December 31, 2015, CI reported net income attributable to shareholders of $127.2 million ($0.46 per share) versus $140.4 million ($0.50 per share) for the quarter ended December 31, 2014 and $142.8 million ($0.51 per share) for the quarter ended September 30, 2015. The fourth quarter of 2015 included a $10.8 million ($9.8 million after tax) provision for fund remediation. Net income adjusted for this item was $137.0 million ($0.50 per share) in the quarter ended December 31, 2015. The fourth quarter of 2014 included a $5.0 million fair value adjustment to contingent consideration. Net income adjusted for this item was $135.4 million ($0.48 per share) for the quarter ended December 31, 2014. Including these adjustments, net income for the quarter ended December 31, 2015 was down 4.1% from the quarter ended September 30, 2015 and up 1.2% year over year. The change in net income was primarily driven by the change in average assets under management, which was up 0.1% from the third quarter of 2015 and up 7.5% from the fourth quarter of 2014. All further discussion of earnings measures in this document are assumed to adjust for the above items, as this will assist in a comparison of results across reporting periods.

Total revenues increased 1.8% in the fourth quarter of 2015 to $493.5 million compared to $485.0 million in the same period in 2014. The main contributor to this change was the 3.8% increase in management fee revenues as average AUM rose 7.5%. Management fees rose less than average AUM as a higher proportion of assets were invested in classes of funds designated for high net worth clients/fee-based accounts, which have lower management fee rates than traditional retail funds. Assante's revenues net of intercompany eliminations increased 3.6%, representing the administration fee revenue from third-party fund companies. On a quarter-over-quarter basis, total revenues decreased 1.1% from $499.0 million in the third quarter of 2015 as average AUM increased 0.1% and management fee revenues decreased 1.0%. Assante administration fee revenues, net of intercompany eliminations, increased 1.8% from the prior quarter.

SG&A expenses for the fourth quarter of 2015 were $96.9 million, up 11.4% from $87.0 million for the same period in 2014, greater than the 7.5% growth in average AUM. This level of spend is a 4.3% increase from $92.9 million in the third quarter of 2015. Included in SG&A expenses are portfolio management fees, which are largely driven by the level of average AUM; however, CI has also added staff to its in-house portfolio management teams and increased the amount of discretionary spend on sales and marketing. The level of SG&A expenses, as an annualized percentage of average AUM, grew to 0.354% from 0.341% in the fourth quarter of 2014 and from 0.340% in the third quarter of 2015.

Amortization of deferred sales commissions was $33.6 million in the fourth quarter of 2015, a decrease from $37.4 million in the fourth quarter of 2014 and a decrease from $34.8 million in the third quarter of 2015. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been deferred load funds versus front-end load funds.

Interest expense of $4.0 million was recorded for the quarter ended December 31, 2015 compared with $4.4 million for the quarter ended December 31, 2014 and $3.5 million for the quarter ended September 30, 2015. The changes in interest expense primarily reflect the changes in average debt levels, as discussed under "Liquidity and Capital Resources."

For the fourth quarter of 2015, CI recorded $49.6 million in income tax expense for an effective tax rate of 28.1% compared to $50.1 million in the fourth quarter of 2014 for an effective tax rate of 26.3%. Income tax expense in the third quarter of 2015 was $52.7 million, for an effective tax rate of 26.9%. The higher effective tax rate for the fourth quarter of 2015 reflects the non-deductible nature of a large component of the provision for fund remediation. CI's statutory tax rate for 2015 was 26.5%.

As discussed in the "Non-IFRS Measures" section and as set out in Table 5, pre-tax operating earnings were $217.5 million ($0.79 per share) in the fourth quarter of 2015, a decrease of 0.7% from the same quarter of 2014 and down 3.3% from the prior quarter. These changes reflect lower average margins earned on AUM due to a higher proportion of assets being invested in classes of funds with lower management fee rates in combination with increased SG&A expenses to support CI's growth strategy.

EBITDA for the quarter ended December 31, 2015 was $228.2 million ($0.83 per share), down 0.8% from $230.0 million ($0.82 per share) for the quarter ended December 31, 2014 and down 3.7% from $237.0 million ($0.85 per share) for the quarter ended September 30, 2015. Similar to the change in pre-tax operating earnings, these changes reflect lower average margins earned on AUM due to a higher proportion of assets being invested in classes of funds with lower management fee rates in combination with increased SG&A expenses to support CI's growth strategy. EBITDA margin for the fourth quarter of 2015 was 46.3%, down from 47.9% in the fourth quarter of 2014 and 47.5% in the prior quarter. For detailed calculations and reconciliations of net income to EBITDA, refer to the "Non-IFRS Measures" section and Table 3.

ASSET MANAGEMENT SEGMENT

The Asset Management segment includes the operating results and financial position of AWM and its subsidiaries. Table 13 presents the operating results for the Asset Management segment.

TABLE 13: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

[millions of dollars]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Management fees	444.8	449.4	428.5	1,787.9	1,669.1
Other revenue	6.8	8.5	15.6	41.2	44.8
Total revenue	451.6	457.9	444.1	1,829.1	1,713.9
Selling, general and administrative	79.7	76.4	71.3	305.6	279.2
Trailer fees	143.8	145.7	137.4	577.9	533.4
Amortization of deferred sales commissions and intangibles	35.0	36.3	38.8	149.8	158.1
Other expenses	13.3	2.5	2.3	23.8	10.1
Total expenses	271.8	260.9	249.8	1,057.2	980.7
Non-controlling interest	(0.2)	(0.1)	—	(1.4)	0.5
Income before taxes and non-segmented items	179.9	197.0	194.3	773.3	732.7

YEAR ENDED DECEMBER 31, 2015

Revenues

Revenues from management fees were $1,787.9 million for the year ended December 31, 2015, an increase of 7% from $1,669.1 million for the year ended December 31, 2014. While average assets under management were up 10% year over year, the average management fee rate in 2015 dropped to 1.650% from 1.696% in 2014.

CI has experienced two trends that have lowered its average management fee rate. First, a greater percentage of AUM is in classes of funds designated for fee-based accounts, which have lower management fees than traditional retail funds. This trend is expected to continue as more advisors transition into fee-based operating models and move their clients into products that do not pay a trailer fee. Second, as CI and its distribution partners attract mass affluent and high net worth clients and as existing clients' assets increase beyond certain key thresholds, they are able to move away from typical retail funds into affluent and high net worth products that also generally pay a lower management fee. This trend is also expected to continue as this area of CI's business grows.

For the year ended December 31, 2015, other revenue was $41.2 million versus $44.8 million for the year ended December 31, 2014. The largest component of other revenue is redemption fees. Redemption fees were $19.0 million for 2015 compared with $20.4 million for 2014 as the level of deferred load business done with CI continues to decline and there are fewer deferred load redemptions. Other revenue was also lower in 2015 primarily as a result of lower revenues earned from Marret offset somewhat by an increase in gains on the sale of marketable securities.

Expenses

SG&A expenses for the Asset Management segment were $305.6 million for the year ended December 31, 2015, an increase from $279.2 million for the year ended December 31, 2014. As a percentage of average assets under management, SG&A expenses declined to 0.282% in 2015 from 0.284% in 2014, as spending increased 9.5% and average assets were up 10.1%. Certain expenses are fixed in nature and CI benefits from scale as its AUM grows. A portion of the cost savings relative to asset growth was used to fund increased spending on sales and marketing initiatives and on increasing portfolio management staff.

Trailer fees were $577.9 million for 2015, up 8.3% from $533.4 million for 2014. Net of inter-segment amounts, this expense was $553.6 million for the year ended December 31, 2015 versus $511.6 million for the year ended December 31, 2014. The change in trailer fee expense was a function of the change in average AUM as well as the change in the asset mix. The change in asset mix, where trailers are not paid on specific classes of funds, pushed trailer fee expense lower as a percentage of average AUM. However, the trend towards more front-end retail business, where trailer fees are typically higher, has helped mitigate the decline.

Amortization of deferred sales commissions and intangibles was $149.8 million for 2015, down from $158.1 million for the prior year. This change is consistent with the decline in deferred sales commissions paid over the past several years and the amount of accelerated amortization related to redemptions of deferred load funds.

Other expenses were $23.8 million for the year ended December 31, 2015 compared to $10.1 million in the year ended December 31, 2014. The increase in these expenses is primarily due to the $10.8 million ($9.8 million after tax) provision for fund remediation and $3.0 million ($1.4 million after tax and non-controlling interest) acceleration in the amortization of fund management contracts mentioned earlier.

Income before income taxes and interest expense for CI's principal segment was $773.3 million for 2015 compared with $732.7 million in 2014. The 5.5% increase from the prior year was lower than the 10.1% change in average AUM due to the lower average management fee rate and the other provisions and adjustments discussed above. Excluding these, income before income taxes and interest expense for CI's principal segment increased 7.4% from the prior year.

QUARTER ENDED DECEMBER 31, 2015

Revenues

Revenues from management fees were $444.8 million for the quarter ended December 31, 2015, an increase of 3.8% from $428.5 million for the quarter ended December 31, 2014 and a decrease of 1.0% from $449.4 million for the quarter ended September 30, 2015. The changes were partly attributable to the change in average assets under management, which were up 7.5% and up 0.1% from the quarters ended December 31, 2014 and September 30, 2015, respectively. The average management fee rate, as a percentage of average AUM, declined from 1.681% in the fourth quarter of 2014 and 1.643% in the third quarter of 2015 to 1.623% in the fourth quarter of 2015 as a result of the change in asset mix towards classes of funds designated for high net worth clients/fee-based accounts, which have lower management fee rates than traditional retail funds.

The asset management margin for the 12-month period ended December 31, 2015 was 42.5%, a decrease from 42.6% in the 12-month period ended September 30, 2015 and an increase from 42.0% in the 12-month period ended December 31, 2014. The year-over-year increase is primarily due to the reduction in amortization of DSC. The asset management margin for the fourth quarter of 2015 was 42.0%, compared to 42.3% in the fourth quarter of 2014. Calculations and definitions of asset management margin can be found in the "Non-IFRS Measures" section and in Table 8.

For the quarter ended December 31, 2015, other revenue was $6.8 million versus $15.6 million and $8.5 million for the quarters ended December 31, 2014 and September 30, 2015, respectively. The largest component of other revenue is redemption fees, which were $4.2 million for the quarter ended December 31, 2015 compared with $4.9 million and $4.6 million for the quarters ended December 31, 2014 and September 30, 2015, respectively. The fourth quarter of 2015 included a $0.4 million gain on the sale of marketable securities, compared to a gain of $1.7 million in the previous quarter and nil in the fourth quarter of 2014. The fourth quarter of 2014 also included a $5.0 million fair value adjustment to contingent consideration.

Expenses

SG&A expenses for the Asset Management segment were $79.7 million for the quarter ended December 31, 2015, an 11.8% increase from $71.3 million for the fourth quarter in 2014 and up 4.3% from $76.4 million for the quarter ended September 30, 2015. As a percentage of average AUM, SG&A expenses were 0.291% for the quarter ended December 31, 2015, up from 0.280% for the quarter ended December 31, 2014 and 0.279% in the quarter ended September 30, 2015. The rate of increase in spend year over year was slightly greater than the change in average AUM as CI continued to invest in sales initiatives and portfolio management.

Another measure that CI uses to assess its ability to control spending is the SG&A efficiency margin, as discussed in the "Non-IFRS Measures" section and as set out in Table 9. CI's current quarter SG&A efficiency margin decreased to 70.1% compared to 71.8% in the fourth quarter of last year, and the current trailing 12-month SG&A efficiency margin of 71.3% has decreased from 71.5% in the same period in 2014 as CI has spent an increased proportion of the amount available after deducting trailer fees and amortization of DSC from management fees to support sales, marketing and investment management initiatives.

Trailer fees were $143.8 million for the quarter ended December 31, 2015, up 4.7% from $137.4 million for the quarter ended December 31, 2014 and down 1.3% from $145.7 million for the quarter ended September 30, 2015. Net of inter-segment amounts, this expense was $137.7 million for the quarter ended December 31, 2015 versus $131.8 million for the fourth

quarter of 2014 and $139.6 million for the third quarter of 2015. These changes primarily reflect the change in average assets under management. Trailer fees when measured as a percentage of AUM have declined because the trend towards fee-based accounts, which have no trailer fee, has outweighed the trend towards front-end products, which have a higher trailer fee.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $35.0 million for the quarter ended December 31, 2015, down from $38.8 million in the same quarter a year ago and down from $36.3 million in the previous quarter. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years.

Other expenses for the quarter ended December 30, 2015 were $13.3 million, compared to $2.5 million in the third quarter and $2.3 million in the fourth quarter of last year. The increase in other expenses is primarily due to the $10.8 million ($9.8 million after tax) provision for fund remediation discussed earlier.

Income before taxes and non-segmented items for CI's principal segment was $179.9 million for the quarter ended December 31, 2015, down 7.4% from $194.3 million in the same period in 2014 and down 8.7% from $197.0 million in the previous quarter. Excluding the provision for fund remediation, income before taxes and non-segmented items for CI's principal segment was down 1.9% relative to the same period in 2014 and down 3.2% relative to the prior quarter.

ASSET ADMINISTRATION SEGMENT

The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries. Table 14 presents the operating results for the Asset Administration segment.

TABLE 14: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

[millions of dollars]	Quarter ended Dec. 31, 2015	Quarter ended Sep. 30, 2015	Quarter ended Dec. 31, 2014	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Administration fees	74.1	73.2	69.7	296.9	276.7
Other revenue	5.3	5.1	5.4	21.9	20.7
Total revenue	79.3	78.3	75.1	318.8	297.4
Selling, general and administrative	17.2	16.6	15.7	66.8	62.6
Investment dealer fees	60.6	60.0	56.4	242.9	223.3
Amortization of intangibles	0.6	0.6	0.6	2.2	2.2
Other expenses	0.4	(0.4)	2.0	8.1	6.8
Total expenses	78.8	76.7	74.7	320.0	294.9
Income before taxes and non-segmented items	0.6	1.7	0.4	(1.1)	2.5

YEAR ENDED DECEMBER 31, 2015

Revenues

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were $296.9 million for the year ended December 31, 2015, an increase of 7.3% from $276.7 million in 2014. Net of inter-segment amounts, administration fee revenue was $146.6 million for the year ended December 31, 2015, up from $141.3 million for the year ended December 31, 2014. The increase in administration fees from the prior year is mainly a result of higher asset-based revenues such as trailer fees earned from higher average assets under administration. 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 2015, other revenues were $21.9 million, increasing from $20.7 million for 2014.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were $242.9 million for the year ended December 31, 2015, compared to $223.3 million for the year ended December 31, 2014. The increase in these fees relates directly to the increase in administration fee revenues discussed above.

As discussed in the "Non-IFRS Measures" section and as set out in Table 6, dealer gross margin was $54.0 million or 18.2% of administration fee revenue for 2015, compared to $53.4 million or 19.3% for 2014. 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 corresponding fee revenues grow, the payout rate to the advisor will increase up to a maximum payout rate.

SG&A expenses for the segment were $66.8 million for the year ended December 31, 2015 compared to $62.6 million in the year ended December 31, 2014. The 6.7% increase was largely due to an increase in the level of discretionary spending.

The Asset Administration segment had a loss before income taxes and non-segmented items of $1.1 million for 2015, down from income before income taxes and non-segmented items of $2.5 million in 2014. This decrease was primarily due to the reduction in dealer gross margin discussed earlier.

QUARTER ENDED DECEMBER 31, 2015

Revenues

Administration fees were $74.1 million for the quarter ended December 31, 2015, an increase of 6.3% from $69.7 million for the same period a year ago and an increase of 1.2% from the prior quarter. The change in administration fees is primarily attributable to the change in AUA, which increased from $29.7 billion on December 31, 2014 to $30.7 billion on September 30, 2015 and then to $31.9 billion on December 31, 2015. Net of inter-segment amounts, administration fee revenue was $36.6 million for the quarter ended December 31, 2015, up from $35.4 million for the quarter ended December 31, 2014 and up from $36.0 million in the previous quarter.

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, 2015, other revenues were $5.3 million, down from $5.4 million for the fourth quarter of 2014 and up from $5.1 million in the third quarter of 2015.

Expenses

Investment dealer fees were $60.6 million for the quarter ended December 31, 2015 compared to $56.4 million for the fourth quarter of 2014 and $60.0 million for the quarter ended September 30, 2015.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 6, dealer gross margin was $13.4 million or 18.1% of administration fee revenue for the quarter ended December 31, 2015 compared to $13.3 million or 19.1% for the fourth quarter of 2014 and $13.2 million or 18.1% for the previous quarter. The changes in gross margin from the comparable quarters correspond primarily to the level of payout to financial advisors on their 12-month rolling administration fee revenues. The advisor payout rate generally increases as their 12-month rolling administration fee revenue increases.

SG&A expenses for the segment were $17.2 million for the quarter ended December 31, 2015 compared to $15.7 million in the fourth quarter of 2014 and $16.6 million in the third quarter of 2015. The change in SG&A expenses is largely attributable to the level of discretionary spend each quarter.

The Asset Administration segment had income before taxes and non-segmented items of $0.6 million for the quarter ended December 31, 2015, compared to income of $0.4 million for the fourth quarter of 2014 and income of $1.7 million for the prior quarter.

LIQUIDITY AND CAPITAL RESOURCES

CI generated $687.7 million of operating cash flow in the year ended December 31, 2015, up $10.3 million from $677.4 million for the same period of 2014. As detailed in Table 15, free cash flow was $596.6 million in the year ended December 31, 2015, up 7.0% from $557.4 million in the same period of 2014. Calculations of both measures and reconciliations to cash flow from operations are provided in the "Non-IFRS Measures" section, and set out in Table 7.

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

TABLE 15: SUMMARY OF CASH FLOWS

[millions of dollars]	Year ended Dec. 31, 2015	Year ended Dec. 31, 2014
Operating Cash Flow	687.7	677.4
Less:		
Deferred sales commissions paid	91.1	120.0
Free cash flow	596.6	557.4
Less:		
Marketable securities, net	(9.0)	7.1
Capital expenditures	3.0	2.9
Share repurchases	243.6	108.1
Dividends paid	362.2	335.5
Debt repaid / (drawn)	(249.3)	191.7
Working capital and other items	240.7	(20.3)
	591.2	625.0
Net change in cash	5.4	(67.6)
Cash at January 1	51.2	118.8
Cash at December 31	56.6	51.2

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

CI paid deferred sales commissions of $91.1 million in 2015 compared to $120.0 million in 2014. The decrease in deferred sales commissions paid compared to the prior year is a result of the trend towards lower sales of deferred load funds.

CI invested $18.4 million in marketable securities in 2015. During the same period, CI received proceeds of $27.4 million from the disposition of marketable securities, which resulted in a gain of $5.9 million. The fair value of marketable securities at December 31, 2015 was $78.7 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the year ended December 31, 2015, CI incurred capital expenditures of $3.0 million, up from $2.9 million in 2014. These related primarily to leasehold improvements and investments in technology.

During the year, CI repurchased 7.4 million shares under its normal course issuer bid at a total cost of $243.6 million or $32.92 per share. CI paid dividends of $362.2 million, which represented 64% of net income and 61% of free cash flow for the year. CI's most recent dividend payments were $0.11 per share per month, or approximately $364.4 million per fiscal year.

CI's working capital and other items increased to $240.7 million in 2015, compared to a decrease of $20.3 million in 2014, primarily due to $172.1 million being placed on account with the CRA in conjunction with the filing of a notice of objection as well as the cash paid to acquire First Asset.

The statement of financial position for CI at December 31, 2015 reflects total assets of $3.297 billion, an increase of $281 million from $3.016 billion at December 31, 2014. This change can be attributed primarily to the funds on deposit with the CRA as discussed above, as well as to other developments outlined in the following discussion of significant balance sheet assets.

CI's cash and cash equivalents increased by $5.4 million in 2015, as operating cash flows plus the amount of drawn debt exceeded the outlay for new investments in deferred sales commissions and capital assets, dividends paid, and the repurchase of shares. Marketable securities decreased by $5.0 million during the year on the net redemption of $9.0 million in securities and unrealized gains recorded as a result of positive market performance. Accounts receivable and prepaid expenses increased by $23.6 million to $122.5 million as of December 31, 2015, in conjunction with the growth in accrued fee revenues at CI Investments and AWM.

Deferred sales commissions decreased $49.9 million in 2015 to $351.4 million as a result of the $141.0 million in amortization expense offset by the $91.1 million in sales commissions paid. Capital assets decreased $4.8 million during the year as a result of $7.8 million amortized during the year offset by $3.0 million in capital additions.

Total liabilities increased by $291 million during the year to $1.400 billion at December 31, 2015. The primary contributors to this change were a $252 million increase in long-term debt and a $27 million increase in client and trust funds payable, offset by a $25 million decrease in income taxes payable.

At December 31, 2015, CI was in a negative working capital position, which has typically been the case when there is a significant current balance of long-term debt. However, this may also occur when CI has elected to pay down its credit facility with cash on hand, and because CI receives the majority of its management fee revenues daily, whereas its significant expenses are accrued and paid subsequent to the period-end. There is minimal impact to CI as there has been sufficient cash on hand and availability of CI's credit facility to meet cash flow requirements.

At December 31, 2015, CI had drawn $110 million against its $350 million credit facility. Principal repayments on any drawn amounts are only required at the maturity of the facility, which is December 11, 2018.

At December 31, 2015, CI had $450 million in outstanding debentures at an interest rate of 2.645% with a carrying value of $447.3 million. Net debt, as discussed in the "Non-IFRS Measures" section and as set out in Table 4, was $433.1 million at December 31, 2015, up from $185.2 million at December 31, 2014. This increase is primarily due to the change in CI's working capital and other items, as discussed above, as well as an increase in share repurchases, offset by an increase in free cash flow and an increase in the cash balance at December 31, 2015 compared to December 31, 2014. The average debt level for the year ended December 31, 2015 was approximately $402 million, compared to $492 million for the same period last year.

CI's ratio of debt to EBITDA and net debt to EBITDA were 0.6 to 1 and 0.5 to 1, respectively, which provides CI with significant financial flexibility for future debt financing. CI's intention is to maintain the ratio of net debt to EBITDA between 0.5 to 1 and 0.75 to 1 as it is expected that free cash flow will be returned to shareholders. CI is within its financial covenants with respect to its credit facility, which requires that the debt to EBITDA ratio remain below 2.5 to 1, and assets under management not fall below $60 billion, based on a rolling 30-day average.

Shareholders' equity was $1.894 billion at December 31, 2015, a decrease of $8.6 million for the year, which approximates net income less dividends and share repurchases.

RISK MANAGEMENT

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

MARKET RISK

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

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

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

ASSET MANAGEMENT SEGMENT

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

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

At December 31, 2015, approximately 29% 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 $7 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2015, about 51% 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 24% 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 $24 million in the Asset Management segment's annual pre-tax earnings.

About 58% of CI's assets under management were held in equity securities at December 31, 2015, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer-specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of about $59 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 a gain of $0.6 million before income taxes and non-segmented items for the quarter ended December 31, 2015). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of approximately $2 million to the Asset Administration segment's annual pre-tax earnings.

CREDIT RISK

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

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

LIQUIDITY RISK

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

STRATEGIC RISKS

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

DISTRIBUTION RISK

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

OPERATIONAL RISKS

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

INFORMATION TECHNOLOGY RISK

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

TAXATION RISK

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

COMPETITION

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

REGULATORY AND LEGAL RISK

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

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

CAPITAL RISK

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

KEY PERSONNEL RISK

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

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

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

INSURANCE RISK

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

SHARE CAPITAL

As at December 31, 2015, CI had 276,026,778 shares outstanding.

At December 31, 2015, 7.0 million options to purchase shares were outstanding, of which 2.0 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at December 31, 2015.

PAYMENTS DUE BY YEAR

[millions of dollars]	Total	1 year or less	2	3	4	5	More than 5 years
Long-term debt	562.0	2.0	—	110.0	—	450.0	—
Operating leases	101.2	12.4	11.7	10.8	10.4	9.8	46.1
Total	663.2	14.4	11.7	120.8	10.4	459.8	46.1

SIGNIFICANT ACCOUNTING ESTIMATES

The December 31, 2015 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the Notes to the Consolidated Financial Statements. Included in the Notes to the Consolidated Financial Statements is Note 2, which provides a discussion regarding the methodology used for business acquisitions. 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.

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, 2015. Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these Disclosure Controls and Procedures were effective and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. The COSO framework was used to assist management, along with the CEO and CFO, in the evaluation of these internal control systems. Management, under the direction of the CEO and CFO, has concluded that the internal controls over financial reporting are effective. Management used various tools to evaluate internal controls over financial reporting which included interaction with key control systems, review of policy and procedure documentation, observation or reperformance of control procedures to evaluate the effectiveness of controls and concluded that these controls are effective. For the quarter ended December 31, 2015, there have been no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to affect, internal controls over financial reporting.

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