Management's Discussion and Analysis

December 31, 2014

CI Financial Corp.

Financial Highlights

(in millions of dollars, except per share and share amounts)	As at and for the quarters ended					% change quarter-over-quarter	% change year-over-year
	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014	Mar. 31, 2014	Dec. 31, 2013		
Assets under management	102,886	100,810	99,882	96,445	91,090	2	13
Assets under administration	29,695	29,201	28,951	28,206	26,960	2	10
Total assets	132,581	130,011	128,833	124,651	118,050	2	12
Average assets under management	101,120	101,016	97,895	93,488	88,558	—	14
Management fees	428.5	430.7	415.6	394.4	382.2	(1)	12
Total revenues	485.0	480.6	464.7	445.6	431.6	1	12
Selling, general & administrative	87.0	86.2	84.9	83.7	82.4	1	6
Trailer fees	131.8	132.3	127.4	120.1	115.5	—	14
Net income attributable to shareholders	140.4	135.1	127.8	121.7	116.2	4	21
Basic earnings per share	0.50	0.48	0.45	0.43	0.41	4	22
Diluted earnings per share	0.50	0.48	0.45	0.43	0.41	4	22
EBITDA[1]	230.0	230.8	221.5	212.2	205.2	—	12
EBITDA[1] per share	0.82	0.81	0.78	0.75	0.72	1	14
Return on equity[2]	27.9%	26.8%	25.8%	25.1%	24.3%	4	15
Dividends recorded per share	0.310	0.300	0.295	0.285	0.280	3	11
Dividend yield	3.9%	3.6%	3.4%	3.3%	3.3%		
Average shares outstanding	282,056,756	283,484,029	284,542,521	284,615,785	284,096,992	(1)	(1)
Shares outstanding	281,708,663	282,860,534	284,423,806	284,520,332	284,396,101	—	(1)
Share price							
High	34.51	36.05	37.00	36.14	35.59		
Low	30.56	33.55	32.88	33.49	31.17		
Close	32.29	33.77	35.05	34.87	35.35		
Increase (decrease) in share price	(4.4%)	(3.7%)	0.5%	(1.4%)	13.5%		
Total shareholder return	(3.5%)	(2.8%)	1.4%	(0.6%)	14.4%		
Market capitalization	9,096	9,552	9,969	9,921	10,053		
Price to earnings multiple[2]	17.4	19.2	21.0	22.0	23.5		
Long-term debt (including the current portion)	307.4	499.3	499.1	499.0	498.9		
Net debt[1]	185.2	220.2	252.6	334.3	315.3		
Net debt to EBITDA	0.20	0.24	0.28	0.39	0.39		

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

[2] *Trailing twelve months*

This Management's Discussion and Analysis ("MD&A") dated February 12, 2015 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2014, compared with December 31, 2013, and the results of operations for the year ended and quarter ended December 31, 2014, compared with the year ended and quarter ended December 31, 2013 and the quarter ended September 30, 2014.

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

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

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

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

TABLE 1: SELECTED ANNUAL INFORMATION

(millions, except per share amounts)	Fiscal Years Ending December 31 2014	2013	2012
Total revenue	$1,875.9	$1,616.7	$1,457.8
Total expenses	1,158.0	1,034.2	954.0
Income before income taxes	$717.9	$582.5	$503.8
Income taxes	192.5	155.9	151.6
Non-controlling interest	0.3	0.2	—
Net income available to shareholders	$525.0	$426.4	$352.2
Basic earnings per share	$1.85	$1.50	$1.24
Diluted earnings per share	$1.84	$1.50	$1.24
Dividends recorded per share	$1.19	$1.07	$0.96
EBITDA[1]	$894.5	$769.6	$703.6
Total assets	$3,016.0	$3,094.0	$2,971.6
Long-term debt (including the current portion)	$307.4	$498.9	$594.4
Net debt[1]	$185.2	$315.3	$526.5
Average shares outstanding	283.7	283.6	283.4
Shares outstanding	281.7	284.4	282.9
Share price	$32.29	$35.35	$24.93
Market capitalization	$9,096	$10,053	$7,053

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

TABLE 2: SUMMARY OF QUARTERLY RESULTS

(millions of dollars, except per share amounts)	2014				2013			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
INCOME STATEMENT DATA								
Management fees	428.5	430.7	415.6	394.4	382.2	363.5	351.0	335.8
Administration fees	35.4	36.2	34.7	35.1	33.3	31.8	33.0	33.1
Other revenues	21.1	13.7	14.4	16.1	16.1	10.6	13.2	13.0
Total revenues	485.0	480.6	464.7	445.6	431.6	405.9	397.2	381.9
Selling, general & administrative	87.0	86.2	84.9	83.7	82.4	78.5	77.5	76.2
Trailer fees	131.8	132.3	127.4	120.1	115.5	109.2	104.9	99.6
Investment dealer fees	28.4	29.0	27.7	28.0	26.4	25.1	25.9	26.0
Amortization of deferred sales commissions	37.4	37.9	38.3	38.4	38.6	38.5	39.0	39.7
Interest expense	4.4	4.6	4.5	4.6	4.5	4.7	4.9	5.0
Other expenses	5.5	5.6	5.9	4.4	5.0	2.8	2.5	1.7
Total expenses	294.5	295.6	288.7	279.2	272.4	258.8	254.7	248.2
Income before income taxes	190.5	185.0	176.0	166.4	159.2	147.1	142.5	133.7
Income taxes	50.1	50.0	47.9	44.5	42.8	39.3	38.5	35.2
Non-controlling interest	—	(0.1)	0.3	0.2	0.2	—	—	—
Net income attributable to shareholders	140.4	135.1	127.8	121.7	116.2	107.8	104.0	98.5
Earnings per share	0.50	0.48	0.45	0.43	0.41	0.38	0.37	0.35
Diluted earnings per share	0.50	0.48	0.45	0.43	0.41	0.38	0.37	0.35
Dividends recorded per share	0.310	0.300	0.295	0.285	0.280	0.270	0.265	0.250

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 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 four in-house teams and 13 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 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 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 (earnings before interest, taxes, depreciation and amortization), net of non-controlling interest and non-recurring items, to assess its underlying profitability prior to the impact of its financing structure, income taxes and the amortization of deferred sales commissions ("DSC"), fund contracts and capital assets. This permits comparisons of companies within the industry, normalizing for different financing methods, levels of taxation and mix of business between front-end load funds and deferred load funds under management. EBITDA is a measure of operating performance, a facilitator for valuation and a proxy for cash flow.

TABLE 3: EBITDA AND EBITDA MARGIN

(In millions except per share amount)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Net Income	140.4	135.0	116.4	525.4	426.6
Add:					
Interest expense	4.4	4.6	4.5	18.1	19.1
Provision for income taxes	50.1	50.0	42.8	192.5	155.9
Amortization of DSC and fund contracts	38.1	38.8	39.3	155.5	158.2
Amortization of other items	2.0	2.3	2.5	8.9	10.1
Fair value adjustment to contingent consideration	(5.0)	—	—	(5.0)	—
Non-controlling interest	—	0.1	(0.3)	(0.9)	(0.3)
EBITDA	**230.0**	**230.8**	**205.2**	**894.5**	**769.6**
EBITDA per share	0.82	0.81	0.72	3.15	2.71
Total revenue	485.0	480.6	431.6	1,875.9	1,616.7
Less:					
Fair value adjustment to contingent consideration	5.0	—	—	5.0	—
	480.0	480.6	431.6	1,870.9	1,616.7
EBITDA margin	**47.9%**	**48.0%**	**47.5%**	**47.8%**	**47.6%**

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

(In millions)	As at Dec. 31, 2014	As at Dec. 31, 2013
Current portion of long-term debt	2.0	199.8
Long-term debt	305.4	299.1
	307.4	498.9
Less:		
Cash and short-term investments	51.2	118.8
Marketable securities	83.7	74.4
Add:		
Regulatory capital and non-controlling interests	12.7	9.7
Net Debt	**185.2**	**315.3**

PRE-TAX OPERATING EARNINGS

CI's pre-tax operating earnings adjust for the impact of gains and losses on marketable securities, performance fees and non-recurring items. CI uses pre-tax operating earnings to assess its underlying profitability. CI defines pre-tax operating earnings as net income plus amortization of deferred sales commissions and fund contracts and income taxes, less redemption fee revenue, non-recurring items, performance fees, investment gains, and non-controlling interest.

TABLE 5: PRE-TAX OPERATING EARNINGS

(In millions except per share amount)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Net Income	140.4	135.0	116.4	525.4	426.6
Add:					
Amortization of DSC and fund contracts	38.1	38.8	39.3	155.5	158.2
Provision for income taxes	50.1	50.0	42.8	192.5	155.9
Less:					
Redemption fees	4.9	4.8	5.3	20.4	22.5
Fair value adjustment to contingent consideration	5.0	—	—	5.0	—
Gain on marketable securities	—	0.3	0.9	0.4	2.0
Non-controlling interest	—	(0.1)	0.3	0.9	0.3
Pre-tax operating earnings	**$218.7**	**$218.8**	**$192.0**	**$846.8**	**$715.9**
Pre-tax operating earnings per share	$0.78	$0.77	$0.68	$2.99	$2.52

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

(In millions)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Administration fees	$69.7	$70.2	$63.1	$276.7	$243.5
Less					
Investment dealer fees	$56.4	$56.8	$50.6	$223.3	$194.2
	$13.3	$13.4	$12.5	$53.4	$49.3
Dealer gross margin	**19.1%**	**19.2%**	**19.8%**	**19.3%**	**20.2%**

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 when determining how best to deploy capital.

TABLE 7: OPERATING CASH FLOW AND FREE CASH FLOW

(In millions)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Cash provided by operating activities	187.2	200.8	176.6	702.6	621.4
Add:					
Income taxes paid	41.7	41.6	36.5	186.0	146.6
Interest paid	9.0	—	9.9	18.2	19.1
Less:					
Net change in operating assets and liabilities	66.3	69.5	66.9	229.4	194.0
Operating cash flow	**171.6**	**172.9**	**156.0**	**677.4**	**593.1**
Less:					
Sales commissions paid	23.3	24.9	31.5	120.0	136.8
Free cash flow	**148.3**	**148.0**	**124.5**	**557.4**	**456.2**

ASSET MANAGEMENT MARGIN

CI assesses the overall performance of the asset management segment using a trailing twelve 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.

TABLE 8: ASSET MANAGEMENT MARGIN

(In millions – trailing twelve months)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Jun. 30, 2014	Quarter ended Mar. 31, 2014	Quarter ended Dec. 31, 2013
Management fees	1,669.1	1,622.7	1,555.7	1,491.1	1,432.6
Less:					
Amortization of DSC	155.7	156.9	157.6	158.4	159.7
Trailer fees	533.4	516.3	492.1	468.5	447.0
Net management fees	**980.0**	**949.5**	**906.0**	**864.2**	**825.9**
Less:					
SG&A	279.2	275.6	269.1	263.0	256.2
	700.8	673.9	636.9	601.2	569.7
Asset management margin	**42.0%**	**41.5%**	**40.9%**	**40.3%**	**39.8%**

SG&A EFFICIENCY MARGIN

CI uses a trailing twelve 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.

TABLE 9: SG&A EFFICIENCY MARGIN

(In millions – trailing twelve months)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Jun. 30, 2014	Quarter ended Mar. 31, 2014	Quarter ended Dec. 31, 2013
Management fees	1,669.1	1,622.7	1,555.7	1,491.1	1,432.6
Less:					
Amortization of DSC	155.7	156.9	157.6	158.4	159.7
Trailer fees	533.4	516.3	492.1	468.5	447.0
Net management fees	**980.0**	**949.5**	**906.0**	**864.2**	**825.9**
Less:					
SG&A	279.2	275.6	269.1	263.0	256.2
	700.8	673.9	636.9	601.2	569.7
SG&A efficiency margin	**71.5%**	**71.0%**	**70.3%**	**69.6%**	**69.0%**

ASSETS AND SALES

Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, pooled assets and assets under administration were $132.6 billion at December 31, 2014, an increase of 12% from $118.0 billion at December 31, 2013. As shown in Table 10, these assets consisted of $102.9 billion in assets under management and $29.7 billion in assets under administration at December 31, 2014. The respective increases of 13% and 10% were primarily due to market performance and net sales of funds. While most global equity markets turned in strong performances in 2014, the Canadian market suffered through a collapse in commodity prices, particularly oil. However, financial advisors continued to put their clients into fund products, and CI was well positioned with its wide selection of products and strong fund performance.

TABLE 10: TOTAL ASSETS

(in billions)	As at December 31, 2014	As at December 31, 2013	% change
Assets under management	$102.9	$91.1	13
Assets under administration[1]	29.7	26.9	10
Total assets	**$132.6**	**$118.0**	**12**

[1]*Includes $16.4 billion and $13.9 billion of managed assets in CI and United funds in 2014 and 2013, 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 2014. CI's gross sales remained strong and increased $547 million as its as strong fund performance led to higher retail sales. Net sales increased by $242 million from the prior year totaling almost $4 billion in 2014.

TABLE 11: CHANGE IN ASSETS UNDER MANAGEMENT

(in billions)	2014	2013
Assets under management at January 1	$91.090	$75.723
Gross sales	14.405	13.858
Redemptions	10.477	10.172
Net sales	3.928	3.686
Market performance	7.868	11.681
Assets under management at December 31	$102.886	$91.090
Average assets under management for the year	$98.408	$83.325

Table 12 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 12: CHANGE IN AVERAGE ASSETS UNDER MANAGEMENT

(in billions)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Jun. 30, 2014	Quarter ended Mar. 31, 2014	Quarter ended Dec. 31, 2013
Assets under management, beginning	$100.810	$99.882	$96.445	$91.090	$85.557
Gross sales	3.453	3.042	3.504	4.406	3.516
Redemptions	2.942	2.340	2.508	2.687	2.809
Net sales	0.511	0.702	0.996	1.719	0.707
Fund performance	1.565	0.226	2.441	3.636	4.826
Assets under management, ending	$102.886	$100.810	$99.882	$96.445	$91.090
Average assets under management for the quarter	$101.120	$101.016	$97.895	$93.488	$88.558

2014 OVERVIEW

CI's average assets under management for 2014 increased 18% from 2013 as a result of the strong performance of CI's funds and $3.9 billion in net sales. This was the primary driver of the 23% increase in net income year over year since 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 2014, 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 is 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, causing trailer fee expenses to increase 19% year over year. Management's efforts to control spending resulted in selling, general and administrative ("SG&A") expenses increasing by only 9% in 2014, half of the increase in average AUM. 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 2014 than in 2013.

According to Morningstar, CI led the entire industry with the most four and five-star rated investment funds (including multiple versions) for all of 2014 and has ranked either first or second place for the past 10 years. In addition, CI and its portfolio managers have won 51 Canadian Investment Awards since 1998 and 54 Lipper Awards since 2007.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2014

For the year ended December 31, 2014, CI reported net income attributable to shareholders of $525.0 million ($1.85 per share) versus $426.4 million ($1.50 per share) for the year ended December 31, 2013. In 2014, CI recorded $192.5 million in income tax expense for an effective tax rate of 26.8% compared to CI's statutory rate of 26.5% in 2014, both of which are unchanged from 2013. Net income attributable to shareholders for the year ended December 31, 2014, excluding a $5.0 million fair value adjustment to contingent consideration, was $520.0 million ($1.83 per share).

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, with the exception of other income, have generally 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 remained relatively flat or decreased over the past year and therefore increased the rate of growth of CI's net income relative to AUM growth.

Total revenues increased 16.0% in 2014 to $1,875.9 million compared with $1,616.7 million in 2013. The main contributor to this change was the 16.5% increase in management fee revenues, as average AUM jumped 18.1%. However, administration fee revenue from third-party fund companies grew 7.7%, representing the growth in Assante's revenues net of intercompany eliminations.

For the year ended December 31, 2014, redemption fee revenue declined 9.3% to $20.4 million compared with $22.5 million for the year ended December 31, 2013. 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, 2014 grew by 48.4% to $45.1 million compared to $30.4 million in the prior year. The increase was primarily due to the inclusion of the revenues of Marret Asset Management Inc. ("Marret"), which CI began to include in other revenue with the closing of the acquisition of 65% of Marret in December 2013.

In 2014, SG&A expenses were $341.8 million, an 8.7% increase from $314.5 million for 2013. This change was less than half of the 18.1% 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 34.7 basis points from 37.7 basis points in 2013.

Amortization of deferred sales commissions and fund contracts was $155.5 million in 2014, a decrease from $158.2 million in 2013. 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 $18.1 million was recorded for the year ended December 31, 2014 compared with $19.1 million for the year ended December 31, 2013. The decrease in interest expense reflects lower average debt levels during 2014, as discussed under "Liquidity and Capital Resources."

Other expenses for the year ended December 31, 2014 were $16.9 million compared to $8.9 million in the prior year. The increase from the prior year is primarily a result of an increase in legal provisions as well as the inclusion of Marret's expenses.

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 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 $846.8 million in 2014, an increase of 18% from 2013, 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, 2014 was $894.5 million ($3.15 per share) compared with $769.6 million ($2.71 per share) for the year ended December 31, 2013. The 16% 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 2014 was 47.8%, up slightly from 47.6% in 2013.

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For the quarter ended December 31, 2014, CI reported net income attributable to shareholders of $140.4 million ($0.50 per share) versus $116.2 million ($0.41 per share) for the quarter ended December 31, 2013 and $135.1 million ($0.48 per share) for the quarter ended September 30, 2014. Average assets under management for the fourth quarter of 2014 were flat from the level of the third quarter of 2014 and up 14.2% from the fourth quarter of 2013. Net income attributable to shareholders for the fourth quarter, excluding a $5.0 million fair value adjustment to contingent consideration, was $135.4 million ($0.48 per share).

For the fourth quarter of 2014, CI recorded $50.1 million in income tax expense for an effective tax rate of 26.3%, compared to $42.8 million in the fourth quarter of 2013 for an effective tax rate of 26.9%. The third quarter of 2014 included $50.0 million in income tax expense, for an effective tax rate of 27.0%. The decrease in the year-over-year effective tax rates reflects a slight change in the level of non-deductible items and the non-taxable fair value adjustment to contingent consideration.

Total revenues increased 12.4% in the fourth quarter of 2014 to $485.0 million compared with $431.6 million in the same period in 2013. The main contributor to this change was the 12.1% increase in management fee revenues, as average AUM rose 14.2%. However, administration fee revenue from third-party fund companies grew 6.3%, representing the growth in Assante's revenues net of intercompany eliminations.

For the quarter ended December 31, 2014, redemption fee revenue declined 7.5% to $4.9 million compared with $5.3 million for the quarter ended December 31, 2013 and $4.9 million for the quarter ended September 30, 2014. The decrease from the prior year relates to a decrease in redemptions from deferred load funds. Other revenue grew by 50% primarily due to the $5 million fair value adjustment to contingent consideration. Total revenues increased slightly by 0.9% from the prior quarter, again primarily due to the AUM being flat in the quarter.

The fourth quarter of 2014 included SG&A expenses of $87.0 million, a 5.6% increase from $82.4 million for the same period in 2013 and less than half of the 14.2% increase in average AUM. This level of spend is only a 0.9% increase from $86.2 million in the third quarter of 2014. 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 34.1 basis points from 36.9 basis points in the fourth quarter of 2013 and up slightly from 33.8 basis points in the third quarter of this year.

Amortization of deferred sales commissions and fund contracts was $38.1 million in the fourth quarter of 2014, a decrease from $39.3 million in the fourth quarter of 2013 and a decrease from $38.8 in the third quarter of 2014. The trend of lower amortization expense is consistent with the trend in lower spending on deferred sales commissions in recent years. However, as noted above, redemptions were slightly higher in the fourth quarter of 2014 compared to the third quarter and the slightly lower amortization in the fourth quarter is due to the accelerated amortization of commissions related to redeemed funds.

Interest expense of $4.4 million was recorded for the quarter ended December 31, 2014 compared with $4.5 million for the quarter ended December 31, 2013 and $4.6 million for the quarter ended September 30, 2014. As mentioned earlier, the decrease in interest expense reflects lower average debt levels, as discussed under "Liquidity and Capital Resources."

As discussed in the "Non-IFRS Measures" section, and as set out in Table 5, pre-tax operating earnings were $218.7 million ($0.78 per share) in the fourth quarter of 2014, an increase of 13.9% from the same quarter of 2013 and slightly lower from the prior quarter. These changes primarily reflect the change in average AUM, which was up 14.2% from the fourth quarter of 2013 and flat from the prior quarter.

EBITDA for the quarter ended December 31, 2014 was $230.0 million ($0.82 per share) up 12.1% from $205.2 million ($0.72 per share) for the quarter ended December 31, 2013 and down 0.3% from $230.8 million ($0.81 per share) for the quarter ended September 30, 2014. The changes in quarterly EBITDA generally reflect the changes in average assets under management, offset by the change in asset mix. EBITDA margin for the fourth quarter of 2014 was 47.9%, up from 47.5% in the last quarter of 2013 and relatively unchanged from 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 is CI's principal business segment and includes the operating results and financial position of CI Investments and CIPC.

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

TABLE 13: RESULTS OF OPERATIONS – ASSET MANAGEMENT SEGMENT

(in millions)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Management fees	$428.5	$430.7	$382.2	$1,669.1	$1,432.6
Other revenue	15.6	8.7	11.8	44.8	36.5
Total revenue	$444.1	$439.4	$394.0	$1,713.9	$1,469.1
Selling, general and administrative	$71.3	$70.8	$67.6	$279.2	$256.2
Trailer fees	137.4	138.0	120.3	533.4	447.0
Amortization of deferred sales commissions and intangibles	38.8	39.5	40.0	158.1	160.8
Other expenses	2.3	2.4	3.5	10.1	5.0
Total expenses	$249.8	$250.7	$231.4	$980.7	$869.0
Non-controlling interest	—	(0.2)	0.3	0.5	0.3
Income before taxes and non-segmented items	$194.3	$188.9	$162.3	$732.7	$599.8

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Revenues

Revenues from management fees were $1,669.1 million for the year ended December 31, 2014, an increase of 17% from $1,432.6 million for the year ended December 31, 2013. While average assets under management were up 14% year over year, the average management fee rate in 2014 dropped to 1.696% from 1.719% in 2013.

CI has experienced two trends that have lowered its average management fee rate. First, a greater percentage of AUM is in Class F and separately managed accounts, which have lower management fees than Class A funds. This trend is expected to continue as more advisors transition into fee-based operating models and move their clients into products that have lower management fees or 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, 2014, other revenue was $44.8 million versus $36.5 million for the year ended December 31, 2013. The largest component of other revenue is redemption fees. Redemption fees were $20.4 million for 2014 compared with $22.5 million for 2013 as the level of deferred load business done with CI continues to decline and there are fewer deferred load redemptions. Other revenue was higher in 2014 due to the inclusion of Marret revenues, the fair value adjustment to contingent consideration, interest income as a result of higher average cash levels during the year and foreign exchange gains on CI's U.S. holdings as a result of a stronger U.S. dollar.

Expenses

SG&A expenses for the Asset Management segment were $279.2 million for the year ended December 31, 2014, an increase from $256.2 million for the year ended December 31, 2013. As a percentage of average assets under management, SG&A expenses declined to 0.284% in 2014 from 0.307% in 2013, as spending increased 9.0% and average assets were up 18.1%. 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 product initiatives and on increasing portfolio management staff.

Trailer fees were $533.4 million for 2014, up 19.3% from $447.0 million for 2013. Net of inter-segment amounts, this expense was $511.6 million for the year ended December 31, 2014 versus $429.2 million for the year ended December 31, 2013. The change in trailer fee expense matched the change in average AUM as two trends offset each other. The change in asset mix, where lower trailer fees are paid on fixed-income products compared to equity products and where trailers are not paid on Class F 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, increased trailer fee expense as a percentage of average AUM.

Amortization of deferred sales commissions and intangibles was $158.1 million for 2014, down from $160.8 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 $10.1 million for the year ended December 31, 2014 compared to $5.0 million in the year ended December 31, 2013. The increase in these expenses is primarily due to the inclusion of Marret's expenses for a full year partially offset by a decrease in expenses related to legal provisions and other non-recurring items.

Income before income taxes and interest expense for CI's principal segment was $732.7 million for 2014, compared with $599.8 million in 2013. The 22.2% increase from the prior year was higher than the 18.1% change in average AUM because the impact of lower average management fee revenue and higher other expense was more than offset by higher other income and the declines in the amortization of deferred sales commissions and SG&A as a percentage of average AUM.

QUARTER ENDED DECEMBER 31, 2014

Revenues

Revenues from management fees were $428.5 million for the quarter ended December 31, 2014, an increase of 12.1% from $382.2 million for the quarter ended December 31, 2013 and a decrease of 0.5% from $430.7 million for the quarter ended September 30, 2014. The changes were mainly attributable to the levels of average assets under management, which were up 14.2% and flat from the quarters ended December 31, 2013 and September 30, 2014, respectively. The average management fee rate declined from 1.712% in the fourth quarter of 2013 to 1.691% in the third quarter of 2014 and to 1.681% in the fourth quarter of 2014, again as a result of the change in asset mix.

While the management fee rate declined, the asset management margin increased to 42.0% from 41.5% in the twelve month period ended September 30, 2014 and from 39.8% in the twelve month period ended December 31, 2013. This shows that for every dollar of management fees earned, CI continues to be more profitable. Calculations and definitions of asset management margin can be found in the "Non-IFRS Measures" section and in Table 8.

For the quarter ended December 31, 2014, other revenue was $15.6 million versus $11.8 million and $8.7 million for the quarters ended December 31, 2013 and September 30, 2014, respectively. The largest component of other revenue is redemption fees, which were $4.9 million for the quarter ended December 31, 2014 compared with $5.3 million and $4.9 million for the quarters ended December 31, 2013 and September 30, 2014, respectively. In comparison to the quarter ended December 31, 2013, other income in the fourth quarter benefited from the inclusion of Marret's revenue while compared to the third quarter of 2014, other income was higher due to year-end distribution income on CI's marketable securities. The fourth quarter also included a $5.0 million fair value adjustment to contingent consideration.

Expenses

SG&A expenses for the Asset Management segment were $71.3 million for the quarter ended December 31, 2014, an increase from $67.6 million for the fourth quarter in 2013 and from $70.8 million for the quarter ended September 30, 2014. As a percentage of average assets under management, SG&A expenses declined to 0.280% for the quarter ended December 31, 2014 from 0.303% for the quarter ended December 31, 2013 and increased slightly from the quarter ended September 30, 2014. The decrease in this rate over the past year resulted from economies of scale in CI's fixed costs and operating efficiencies within the back office and support functions, which offset increased spending on sales and marketing initiatives and portfolio management.

Another measure that CI uses to assess its spend is the SG&A efficiency margin, as discussed in the "Non-IFRS Measures" section and as set out in Table 9. CI's trailing twelve month SG&A efficiency margin has climbed over the past five quarters as CI has spent a declining proportion of the amount available after deducting trailer fees and amortization of DSC from management fees, continuing its prudent deployment of earnings to support the growth of the business.

Trailer fees were $137.4 million for the quarter ended December 31, 2014, up 14.2% from $120.3 million for the quarter ended December 31, 2013 and down 0.4% from $138.0 million for the quarter ended September 30, 2014. Net of inter-segment amounts, this expense was $131.8 million for the quarter ended December 31, 2014 versus $115.5 million for the fourth quarter of 2013 and $132.3 million for the third quarter of 2014. The increase from the fourth quarter of 2013 primarily reflects the increase in average assets under management, as well as a slightly larger impact from the trend towards front-end products versus the trend towards fixed-income products, which resulted in higher trailer fees as a percentage of AUM.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $38.8 million for the quarter ended December 31, 2014, down from $40.0 million in the same quarter a year ago and down from $39.5 million in the previous quarter. The decline in amortization expense over the comparable periods is consistent with the decline in lower deferred sales commissions paid in recent years. As a result of slightly lower redemptions in the fourth quarter, accelerated amortization of commissions related to redeemed funds was also lower than in the comparable periods.

Income before income taxes and interest expense for CI's principal segment was $194.3 million for the quarter ended December 31, 2014, up 19.7% from $162.3 million in the same period in 2013 and up 2.9% from $188.9 million in the previous quarter. This segment's income has increased slightly more than the increase in average assets under management for the comparable periods, largely because the increases in SG&A expenses have been kept at or below the increase in average AUM and the amortization of deferred sales commissions has declined over the previous quarters.

ASSET ADMINISTRATION SEGMENT

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

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

TABLE 14: RESULTS OF OPERATIONS – ASSET ADMINISTRATION SEGMENT

(in millions)	Quarter ended Dec. 31, 2014	Quarter ended Sep. 30, 2014	Quarter ended Dec. 31, 2013	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Administration fees	$69.7	$70.2	$63.1	$276.7	$243.5
Other revenue	5.4	5.1	4.3	20.7	16.4
Total revenue	$75.1	$75.3	$67.4	$297.4	$259.9
Selling, general and administrative	$15.7	$15.4	$14.8	$62.6	$58.3
Investment dealer fees	56.4	56.8	50.6	223.3	194.2
Amortization of intangibles	0.6	0.5	0.6	2.2	2.2
Other expenses	2.0	2.0	0.4	6.8	3.9
Total expenses	$74.7	$74.7	$66.4	$294.9	$258.6
Income before taxes and non-segmented items	$0.4	$0.6	$1.0	$2.5	$1.3

YEAR ENDED DECEMBER 31, 2014

Revenues

Administration fees are earned on assets under administration in the AWM business and from the administration of third-party business. These fees were $276.7 million for the year ended December 31, 2014, an increase of 13.6% from $243.5 million in 2013. Net of inter-segment amounts, administration fee revenue was $141.3 million for the year ended December 31, 2014, up from $131.2 million for the year ended December 31, 2013. 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 2014, other revenues were $20.7 million, increasing from $16.4 million for 2013.

Expenses

Investment dealer fees represent the payout to advisors on revenues they generate and were $223.3 million for the year ended December 31, 2014, compared to $194.2 million for the year ended December 31, 2013. 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 $53.4 million or 19.3% of administration fee revenue for 2014, compared to $49.3 million or 20.2% for 2013. 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 $62.6 million for the year ended December 31, 2014 compared to $58.3 million in the year ended December 31, 2013. The 7.4% increase was largely due to an increase in the level of discretionary spending.

The Asset Administration segment had income before income taxes and non-segmented items of $2.5 million for 2014, up from $1.3 million in 2013. This increase is mainly attributed to the increase in the level of assets under administration and administration fee revenues.

QUARTER ENDED DECEMBER 31, 2014

Revenues

Administration fees were $69.7 million for the quarter ended December 31, 2014, an increase of 10.5% from $63.1 million for the same period a year ago and a decrease of 0.7% from the prior quarter. Net of inter-segment amounts, administration fee revenue was $35.4 million for the quarter ended December 31, 2014, up from $33.3 million for the quarter ended December 31, 2013 and down from $36.2 million in the previous quarter. The fluctuation in administration fees is primarily attributable to the fluctuation in average assets under administration during the quarters.

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, 2014, other revenues were $5.4 million, up from $4.3 million for the fourth quarter of 2013 and up slightly from $5.1 million in the third quarter of 2014.

Expenses

Investment dealer fees were $56.4 million for the quarter ended December 31, 2014, compared to $50.6 million for the fourth quarter of 2013 and $56.8 million for the quarter ended September 30, 2014.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 6, dealer gross margin was $13.3 million or 19.1% of administration fee revenue for the quarter ended December 31, 2014 compared to $12.5 million or 19.8% for the fourth quarter of 2013 and $13.4 million or 19.2% 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 $15.7 million for the quarter ended December 31, 2014 compared to $14.8 million in the fourth quarter of 2013 and $15.4 million in the third quarter of 2014. The fluctuation in SG&A expenses is largely attributed to the level of discretionary spend each quarter; with the rate of change being in line with change in administration fee revenue.

The Asset Administration segment had income before income taxes and non-segmented items of $0.4 million for the quarter ended December 31, 2014, down from $1.0 million for the fourth quarter of 2013 and down from $0.6 million for the prior quarter. The decline from the prior quarters is mainly due to lower asset administration fees in comparison to the third quarter and higher total expense in comparison to the quarter ended December 31, 2013.

LIQUIDITY AND CAPITAL RESOURCES

As detailed in Table 15, CI generated $677.4 million of operating cash flow in the year ended December 31, 2014 up $84.3 million from $593.1 million in 2013. Free cash flow was $557.4 million in the year ended December 31, 2014, up 22% from $456.2 million in the same period of 2013. 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 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 15: SUMMARY OF CASH FLOWS

(in millions)	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013
Operating Cash Flow	$677.4	$593.1
Less:		
Deferred sales commissions paid	120.0	136.8
Free cash flow	557.4	456.2
Less:		
Marketable securities, net	7.1	(1.2)
Capital expenditures	2.9	4.5
Share repurchases	108.1	—
Dividends paid	335.5	297.7
Debt repaid	191.7	96.0
Working capital and other	(20.3)	(35.4)
	625.0	361.6
Net change in cash	(67.6)	94.7
Cash at January 1	118.8	24.1
Cash at December 31	$51.2	$118.8

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 $120.0 million in 2014 compared to $136.8 million in 2013. The decrease in deferred sales commissions paid compared to the prior year is a result of the continued trend towards lower sales of deferred load funds as a percentage of total sales.

CI invested $9.7 million in marketable securities in 2014. During the same period, CI received proceeds of $2.6 million from the disposition of marketable securities, resulting in a gain of $0.4 million. The fair value of marketable securities at December 31, 2014 was $83.7 million. Marketable securities are comprised of seed capital investments in its funds and strategic investments.

During the year ended December 31, 2014, CI incurred capital expenditures of $2.9 million, down from $4.5 million in 2013. These related primarily to leasehold improvements and investments in technology.

During the year, CI repurchased 3.2 million shares under its normal course issuer bid at a total cost of $108.1 million or $33.98 per share. CI paid dividends of $335.5 million, which represented 64% of net income and 60% of free cash flow for the year. At year-end, CI's dividend payments were $0.105 per share per month, or approximately $355 million per fiscal year.

CI's working capital and other increased $20.3 million in 2014 ($35.4 million in 2013) primarily due to the increase in monthly and quarterly accrued liabilities and a larger income taxes payable balance (above required instalment payments), which were greater than the increase in management fees accrued in accounts receivable.

The statement of financial position for CI at December 31, 2014 reflects total assets of $3.016 billion, a decrease of $78.0 million from $3.094 billion at December 31, 2013. This change can be attributed to a decrease in current assets of $41.0 million and a decrease in deferred sales commissions of $32.0 million.

CI's cash and cash equivalents decreased by $67.6 million in 2014, as the outlay for new investments in deferred sales commissions and capital assets, dividends paid, repurchase of shares and the repayment of outstanding debt exceeded operating cash flows. Marketable securities increased by $9.3 million on the net purchase of $7.1 million in securities and unrealized gains recorded as a result of positive market performance. Accounts receivable and prepaid expenses increased by $16.8 million to $98.9 million, in conjunction with the growth in fee revenues at CI Investments and AWM.

Deferred sales commissions decreased $32.0 million to $401.3 million as a result of the $152.0 million in amortization expense offset by the $120.0 million in sales commissions paid. Capital assets decreased $4.8 million during the year as a result of $7.7 million amortized during the year offset by $2.9 million in capital additions.

Total liabilities decreased by $160.8 million during the year to $1.110 billion at December 31, 2014. The primary contributors to this change were a $197.8 million decrease in the current portion of long-term debt offset by a $45.3 million increase in other current liabilities. Current liabilities increased primarily in conjunction with the growth in expense levels at CI along with an increase in income taxes payable as a result of higher earnings.

At December 31, 2014, CI was in a negative working capital position, which has typically been the case when there is a significant current balance of long-term debt. However this may also occur when CI has paid down its debt and has less cash on hand because CI receives the majority of its management fee revenues daily whereas its significant expenses are accrued and paid subsequent to the period end. There is minimal impact to CI as there has been sufficient cash on hand and availability of CI's credit facility to meet cash flow requirements.

At December 31, 2014, CI had drawn $8 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, 2017). These payments would be payable beginning March 31, 2015 should the bank not renew the facility.

At December 31, 2014, CI had $300 million in outstanding debentures at an interest rate of 3.94% with a carrying value of $299.4 million. At December 31, 2013, CI had $498.9 million of debt outstanding at an average rate of 3.50%. Net debt, as discussed in the "Non-IFRS Measures" section, and as set out in Table 4, was $185.2 million at December 31, 2014, down from $315.3 million at December 31, 2013. The average debt level for the year ended December 31, 2014 was approximately $492 million, compared to $551 million for 2013.

CI's current ratio of debt to EBITDA and net debt to EBITDA are 0.3 to 1 and 0.2 to 1, respectively, giving CI significant financial flexibility for future debt financing. 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 was $1.903 billion at December 31, 2014, an increase of $83.4 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, 2014, 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 interest rates would cause a change of about $5 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2014, about 52% 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 27% 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 $28 million in the Asset Management segment's annual pre-tax earnings.

About 60% of CI's assets under management were held in equity securities at December 31, 2014, 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 $62 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 $2.4 million before income taxes and non-segmented items for the year ended December 31, 2014). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of less than $2 million to the Asset Administration segment's annual pre-tax earnings.

CREDIT RISK

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

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

LIQUIDITY RISK

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

STRATEGIC RISKS

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

DISTRIBUTION RISK

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

OPERATIONAL RISKS

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

INFORMATION TECHNOLOGY RISK

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

TAXATION RISK

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

COMPETITION

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

REGULATORY AND LEGAL RISK

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

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

CAPITAL RISK

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

KEY PERSONNEL RISK

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

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

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

INSURANCE RISK

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

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, 2014 and 2013 (unaudited)

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Revenue	382.6	395.3	1,661.7	1,435.5	531.9	442.1	(700.3)	(656.2)	1,875.9	1,616.7
Net income	375.9	387.6	474.3	386.6	74.6	56.2	(399.5)	(403.8)	525.3	426.6
Net income attributable to shareholders	375.9	387.6	474.3	386.6	74.0	56.0	(399.2)	(403.8)	525.0	426.4

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION DATA AS AT DECEMBER 31, 2014 and 2013 (unaudited)*

	CI Financial		CI Investments		Other Subsidiaries		Consolidating Adjustments		Total Consolidated Amounts	
(in millions of dollars)	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current assets	295.2	295.1	373.0	277.0	232.1	210.5	(535.8)	(377.1)	364.5	405.5
Non-current assets	2,054.3	1,902.4	3,000.3	2,882.9	280.4	248.0	(2,683.5)	(2,344.8)	2,651.5	2,688.5
Current liabilities	402.2	335.5	180.8	163.3	174.1	169.1	(354.3)	(112.7)	402.8	555.2
Non-current liabilities	12.4	11.5	1,164.1	1,119.6	8.2	4.5	(478.0)	(420.5)	706.7	715.1

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

SHARE CAPITAL

As at December 31, 2014, CI had 281,708,663 shares outstanding.

At December 31, 2014, 5.6 million options to purchase shares were outstanding, of which 1.3 million options were exercisable.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at December 31, 2014.

PAYMENTS DUE BY YEAR

(millions of dollars)	Total	1 year or less	2	3	4	5	More than 5 years
Long-term debt	308.0	2.0	302.0	4.0	—	—	—
Operating leases	87.9	10.3	10.1	9.3	8.7	8.3	41.2
Total	395.9	12.3	312.1	13.3	8.7	8.3	41.2

SIGNIFICANT ACCOUNTING ESTIMATES

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

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, 2014. 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, 2014, 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.

Consolidated Financial Statements

December 31, 2014

CI Financial Corp.

Independent Auditors' Report

TO THE SHAREHOLDERS OF CI FINANCIAL CORP.

We have audited the accompanying consolidated financial statements of CI Financial Corp. ["CI"], which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CI as at December 31, 2014 and 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
February 12, 2015

Consolidated Statements of Financial Position

[in thousands of Canadian dollars]	**As at December 31, 2014 $**	As at December 31, 2013 $
ASSETS		
Current		
Cash and cash equivalents	**51,246**	118,812
Client and trust funds on deposit	**130,665**	130,194
Marketable securities	**83,718**	74,403
Accounts receivable and prepaid expenses	**98,881**	82,065
Total current assets	**364,510**	405,474
Capital assets, net *[note 3]*	**37,952**	42,717
Deferred sales commissions, net of accumulated amortization of $469,645 [December 31, 2013 – $484,142]	**401,321**	433,314
Intangibles *[note 4]*	**2,189,091**	2,191,248
Other assets *[note 5]*	**23,093**	21,216
Total assets	**3,015,967**	3,093,969
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**172,674**	150,546
Provision for other liabilities *[note 7]*	**1,293**	2,334
Dividends payable *[note 9]*	**59,161**	54,143
Client and trust funds payable	**128,715**	128,274
Income taxes payable *[note 10]*	**38,940**	20,209
Current portion of long-term debt *[note 6]*	**2,000**	199,765
Total current liabilities	**402,783**	555,271
Deferred lease inducement	**14,238**	15,816
Long-term debt *[note 6]*	**305,392**	299,107
Provision for other liabilities *[note 7]*	**19,251**	20,302
Deferred income taxes *[note 10]*	**367,865**	379,851
Total liabilities	**1,109,529**	1,270,347
Equity		
Share capital *[note 8(a)]*	**1,968,692**	1,987,642
Contributed surplus	**10,386**	8,350
Deficit	**(84,692)**	(183,349)
Accumulated other comprehensive income	**8,311**	6,684
Total equity attributable to the shareholders of the Company	**1,902,697**	1,819,327
Non-controlling interests	**3,741**	4,295
Total equity	**1,906,438**	1,823,622
Total liabilities and equity	**3,015,967**	3,093,969

(see accompanying notes)

On behalf of the Board of Directors:

William T. Holland
Director

Paul Derksen
Director

Consolidated Statements of Income and Comprehensive Income

for the years ended December 31

[in thousands of Canadian dollars, except per share amounts]	**2014** **$**	2013 $
REVENUE		
Management fees	**1,669,125**	1,432,559
Administration fees	**141,346**	131,227
Redemption fees	**20,361**	22,459
Gain on sale of marketable securities	**379**	1,970
Other income *[note 5]*	**44,706**	28,438
	1,875,917	1,616,653
EXPENSES		
Selling, general and administrative *[note 17]*	**341,751**	314,457
Trailer fees	**511,610**	429,161
Investment dealer fees	**113,198**	103,420
Amortization of deferred sales commissions	**151,969**	155,834
Amortization of intangibles *[note 4]*	**4,571**	3,351
Interest *[note 6]*	**18,056**	19,058
Other *[note 5]*	**16,870**	8,881
	1,158,025	1,034,162
Income before income taxes	**717,892**	582,491
Provision for income taxes *[note 10]*		
Current	**204,769**	160,207
Deferred	**(12,234)**	(4,304)
	192,535	155,903
Net income for the year	**525,357**	426,588
Net income attributable to non-controlling interests	**313**	193
Net income attributable to shareholders	**525,044**	426,395
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets, net of income taxes of $298 [2013 – $823]	**1,956**	5,385
Reversal of (gains) losses to net income on available-for-sale financial assets, net of income taxes of ($50) [2013 – $172]	**(329)**	1,129
Total other comprehensive income, net of tax	**1,627**	6,514
Comprehensive income for the year	**526,984**	433,102
Comprehensive income attributable to non-controlling interests	**313**	193
Comprehensive income attributable to shareholders	**526,671**	432,909
Basic earnings per share attributable to shareholders *[note 8(c)]*	**$1.85**	$1.50
Diluted earnings per share attributable to shareholders *[note 8(c)]*	**$1.84**	$1.50

(see accompanying notes)

Consolidated Statements of Changes in Shareholders' Equity

for the years ended December 31

[in thousands of Canadian dollars]	Share capital *[note 8(a)]* $	Contributed surplus $	Deficit $	Accumulated other comprehensive income $	Total shareholders' equity $	Non-controlling interests *[note 2]* $	Total equity $
Balance, January 1, 2014	**1,987,642**	**8,350**	**(183,349)**	**6,684**	**1,819,327**	**4,295**	**1,823,622**
Comprehensive income	**—**	**—**	**525,044**	**1,627**	**526,671**	**313**	**526,984**
Dividends declared *[note 9]*	**—**	**—**	**(340,528)**	**—**	**(340,528)**	**(867)**	**(341,395)**
Shares repurchased	**(22,229)**	**—**	**(85,859)**	**—**	**(108,088)**	**—**	**(108,088)**
Issuance of share capital on exercise of options	**3,279**	**(3,170)**	**—**	**—**	**109**	**—**	**109**
Compensation expense for equity-based plans	**—**	**5,206**	**—**	**—**	**5,206**	**—**	**5,206**
Change during the year	**(18,950)**	**2,036**	**98,657**	**1,627**	**83,370**	**(554)**	**82,816**
Balance, December 31, 2014	**1,968,692**	**10,386**	**(84,692)**	**8,311**	**1,902,697**	**3,741**	**1,906,438**
Balance, January 1, 2013	1,964,433	14,511	(303,126)	170	1,675,988	—	1,675,988
Comprehensive income	—	—	426,395	6,514	432,909	193	433,102
Business combination *[note 2]*	12,500	—	—	—	12,500	4,102	16,602
Dividends declared *[note 9]*	—	—	(306,618)	—	(306,618)	—	(306,618)
Issuance of share capital on exercise of options	10,709	(10,570)	—	—	139	—	139
Compensation expense for equity-based plans	—	4,409	—	—	4,409	—	4,409
Change during the year	23,209	(6,161)	119,777	6,514	143,339	4,295	147,634
Balance, December 31, 2013	1,987,642	8,350	(183,349)	6,684	1,819,327	4,295	1,823,622

(see accompanying notes)

Consolidated Statements of Cash Flows

for the years ended December 31

[in thousands of Canadian dollars]	2014 $	2013 $
OPERATING ACTIVITIES (*)		
Net income	**525,357**	426,588
Add (deduct) items not involving cash		
Gain on sale of marketable securities	**(379)**	(1,970)
Fair value adjustment to contingent consideration	**(5,000)**	—
Equity-based compensation	**5,206**	4,409
Amortization of deferred sales commissions	**151,969**	155,834
Amortization of intangibles	**4,571**	3,351
Amortization and depreciation of other	**7,907**	9,157
Deferred income taxes	**(12,234)**	(4,304)
Cash provided by operating activities before changes in operating assets and liabilities	**677,397**	593,065
Net change in operating assets and liabilities	**25,193**	28,369
Cash provided by operating activities	**702,590**	621,434
INVESTING ACTIVITIES		
Purchase of marketable securities	**(9,692)**	(25,758)
Proceeds on sale of marketable securities	**2,631**	26,988
Additions to capital assets	**(2,908)**	(5,100)
Dispositions of capital assets	**—**	609
Deferred sales commissions paid	**(119,976)**	(136,829)
Decrease (increase) in other assets	**(1,877)**	1,233
Cash and cash equivalents acquired	**—**	6,012
Additions to intangibles	**(2,414)**	(304)
Cash used in investing activities	**(134,236)**	(133,149)
FINANCING ACTIVITIES		
Increase (decrease) in long-term debt	**8,286**	(96,000)
Repayment of debentures	**(200,000)**	—
Repurchase of share capital	**(108,088)**	—
Issuance of share capital	**109**	119
Dividends paid to shareholders	**(335,510)**	(297,729)
Dividends paid to non-controlling Interests	**(717)**	—
Cash used in financing activities	**(635,920)**	(393,610)
Net increase (decrease) in cash and cash equivalents during the year	**(67,566)**	94,675
Cash and cash equivalents, beginning of year	**118,812**	24,137
Cash and cash equivalents, end of year	**51,246**	118,812
(*) Included in operating activities are the following:		
Interest paid	**18,242**	19,112
Income taxes paid	**186,007**	146,553

(see accompanying notes)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements of CI have been prepared in accordance with International Financial Reporting Standards ["IFRS"] as issued by the International Accounting Standards Board ["IASB"].

These consolidated financial statements were authorized for issuance by the Board of Directors of CI on February 12, 2015.

BASIS OF PRESENTATION

The consolidated financial statements of CI have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements have been prepared on a going concern basis. CI's presentation currency is the Canadian dollar. The functional currency of CI and its subsidiaries is also the Canadian dollar.

BASIS OF CONSOLIDATION

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

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

CI manages a range of mutual funds, segregated funds, structured products and other funds that meet the definition of structured entities under IFRS. CI earns fees for providing management and administrative services to these investment funds. Fees are calculated on assets under management in these funds which totalled $102.9 billion as at December 31, 2014 [2013 – $91.1 billion]. CI does not consolidate these investment funds because the form of fees and ownership interest are not significant enough to meet the definition of control under IFRS. CI provides no guarantees against the risk of financial loss to the investors of these investment funds.

REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that economic benefits will flow to CI and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. In addition to these general principles, CI applies the following specific revenue recognition policies:

Management fees are based upon the net asset value of the funds managed by CI and are recognized on an accrual basis.

Administration fees and other income are recognized as services are provided under contractual arrangements. Administration fees include commission revenue, which is recorded on a trade date basis and advisory fees, which are recorded when the services related to the underlying engagements are completed.

Redemption fees payable by securityholders of deferred sales charge mutual funds, the sales commission of which was financed by CI, are recognized as revenue on the trade date of the redemption of the applicable mutual fund securities.

FINANCIAL INSTRUMENTS

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

Financial instruments are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than at FVPL are added to the carrying amount of the asset or liability. Financial instruments classified as FVPL are carried at fair value in the statement of financial position and any gains or losses are recorded in net income in the period in which they arise. Financial instruments classified as FVPL include cash and cash equivalents as well as contingent consideration included in provision for other liabilities.

Financial assets classified as AFS are carried at fair value in the statement of financial position. Movements in the fair value are recorded in other comprehensive income until disposed, at which time the cumulative amount recorded in comprehensive income is recognized in net income. Where there is objective evidence that an AFS asset is impaired, the cumulative impairment loss is reclassified from other comprehensive income to net income with subsequent movements also recognized in net income. Financial assets classified as AFS include marketable securities.

Loans and receivables and other financial liabilities are recognized at amortized cost using the effective interest rate method. Such accounts include client and trust funds on deposits, accounts receivable, accounts payable and accrued liabilities, dividends payable, client and trust funds payable, provision for other liabilities and long-term debt.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit, highly liquid investments and interest bearing deposits with original maturities of 90 days or less.

Client and trust funds

Client and trust funds on deposit include amounts representing cash held in trust with Canadian financial institutions for clients in respect of self-administered Registered Retirement Savings Plans and Registered Retirement Income Funds, and amounts received from clients for which the settlement date on the purchase of securities has not occurred or accounts in which the clients maintain a cash balance. Client and trust funds on deposit also include amounts for client transactions that are entered into on either a cash or margin basis and recorded on the trade date of the transaction. Amounts are due from clients on the settlement date of the transaction for cash accounts. For margin accounts, CI extends credit to a client for the purchase of securities, collateralized by the financial instruments in the client's account. Amounts loaned are limited by margin regulations of the Investment Industry Regulatory Organization of Canada ["IIROC"] and other regulatory authorities, and are subject to CI's credit review and daily monitoring procedures. The corresponding liabilities related to the above accounts and transactions are included in client and trust funds payable.

Marketable securities

Marketable securities consist of investments in mutual fund securities. Marketable securities are measured at fair value and recognized on trade date. Mutual fund securities are valued using the net asset value per unit of each fund. Realized and unrealized gains and losses are recognized using average cost. Except for impairment losses, gains and losses in the fair value of marketable securities are recorded as other comprehensive income until disposed of, at which time any gain or loss is recorded in net income. When a decline in fair value is other than temporary and there is objective evidence of impairment, the cumulative loss that had been recognized directly in other comprehensive income is removed and recognized in net income, even though the financial asset has not been derecognized. Distributions from mutual fund securities are recorded as other income. Distributions that are reinvested increase the cost base of the marketable securities.

FAIR VALUE MEASUREMENT

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

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

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.

- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.

- Level 3 – valuation techniques with significant unobservable market inputs.

For assets and liabilities that are recognized in the financial statements on a recurring basis, CI determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

CAPITAL ASSETS

Capital assets are recorded at cost less accumulated amortization. These assets are amortized over their estimated useful lives as follows:

Computer hardware	Straight-line over three years
Office equipment	Straight-line over five years
Leasehold improvements	Straight-line over the term of the lease

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for the acquisition of subsidiaries by CI, whereby the purchase consideration is allocated to the identifiable assets and liabilities on the basis of fair value at the date of acquisition. Provisional fair values allocated at a reporting date are finalized as soon as the relevant information is available, within a period not to exceed twelve months from the acquisition date, with retroactive restatement of the impact of adjustments to those provisional fair values effective as at the acquisition date.

CI elects on a transaction-by-transaction basis whether to measure any non-controlling interest at fair value, or at the proportionate share of the recognized amount of the identifiable net assets of the acquired subsidiary, at the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred and equity interests issued by CI. Consideration also includes the fair value of any contingent consideration. Subsequent to the acquisition, contingent consideration that is based on an earnings target and classified as a liability is measured at fair value with any resulting gain or loss recognized in net income. Acquisition-related costs are expensed as incurred.

INTANGIBLES

Fund contracts

Fund administration contracts and fund management contracts [collectively, "fund contracts"] are recorded net of any write-down for impairment. CI evaluates the carrying amounts of fund contracts for potential impairment by comparing the recoverable amount with their carrying amounts. These evaluations are performed on an annual basis or more frequently if events or changes in circumstances indicate a potential impairment. Any impairment would be written off to income.

Fund administration contracts are amortized on a straight-line basis over 25 years. Fund management contracts with a finite life are amortized on a straight-line basis over a period of up to 20 years, depending on the contractual terms of such agreements and management's best estimate of their useful lives. Fund management contracts with an indefinite life are not amortized.

Goodwill

Goodwill is recorded as the excess of purchase price over identifiable assets acquired. Following initial recognition, goodwill is stated at cost less any accumulated impairment losses. Goodwill is evaluated for impairment at least annually and any impairment is recognized immediately in income and not subsequently reversed. Goodwill is allocated to the appropriate cash-generating unit for the purpose of impairment testing.

Other intangibles

Other intangibles include the costs of trademarks and computer software, capitalized where it is probable that future economic benefits that are attributable to the assets will flow to CI and the cost of the assets can be measured reliably. Computer software is recorded initially at cost and amortized over its expected useful life of two to ten years on a straight-line basis. Trademarks have an indefinite life and are not amortized.

Deferred sales commissions

Commissions paid on sales of deferred sales charge mutual funds represent commissions paid by CI to brokers and dealers, and are recorded on the trade date of the sale of the applicable mutual fund product. Deferred sales commissions are amortized over the expected investment period of 24 to 84 months on a straight-line basis from the date recorded. When redemptions occur, the actual investment period is shorter than expected, and the unamortized deferred sales commission related to the original investment in the mutual funds is charged to net income and included in the amortization of deferred sales commissions.

EQUITY-BASED COMPENSATION

CI uses the fair value method to account for equity-settled employee incentive share options. The value of the equity-based compensation, as at the date of grant, is recognized over the applicable vesting period as compensation expense with a corresponding increase in contributed surplus. When options are exercised, the proceeds received, together with the amount in contributed surplus, are credited to share capital.

The amount recognized as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service condition at the vesting date.

DEFERRED LEASE INDUCEMENTS

Lease inducements are deferred and amortized on a straight-line basis over the term of the lease.

INCOME TAXES

Current income tax liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the statement of financial position date.

The liability method of tax allocation is used in accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based on differences between the carrying amount and tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws that will be in effect when the differences are expected to reverse. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax liabilities are recognized for taxable temporary differences arising in investments in subsidiaries and joint ventures except where the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on temporary differences that arise from the initial recognition of goodwill which is not deductible for tax purposes. Deferred tax assets and liabilities are not recognized in respect of temporary differences that arise on initial recognition of assets and liabilities acquired other than in a business combination.

PROVISION FOR OTHER LIABILITIES

A provision for other liabilities is recognized if, as a result of a past event, CI has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. In the event that the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects a current market assessment of the time value of money and the risks specific to the liability.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the statement of financial position date. Non-monetary assets and liabilities are translated into Canadian dollars using historical exchange rates. Revenue and expenses are translated at average rates prevailing during the month. Other foreign currency transactions are translated into Canadian dollars using the exchange rate in effect on the transaction date. Translation exchange gains and losses are included in other income in the month in which they occur.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying CI's accounting policies, management has made significant judgments involving estimates and assumptions which are summarized as follows:

(i) Impairment of intangible assets

Finite life intangible assets, including deferred sales commissions, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Indefinite life intangible assets, including goodwill, are tested for impairment annually or more frequently if changes in circumstances indicate that the carrying amount may be impaired. The values associated with intangibles involve estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates require significant judgment regarding market growth rates, fund flow assumptions, expected margins and costs which could affect CI's future results if the current estimates of future performance and fair values change. These determinations also affect the amount of amortization expense on intangible assets with finite lives recognized in future periods.

(ii) Deferred tax assets

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Provision for other liabilities

Due to the nature of provisions, a considerable part of their determination is based on estimates and judgments, including assumptions concerning the future. The actual outcome of these uncertain factors may be materially different from the estimates, causing differences with the estimated provisions. Further details are provided in Note 7.

(iv) Share-based payments

The cost of employee services received (compensation expense) in exchange for awards of equity instruments recognized is estimated using a Black-Scholes option valuation model which requires the use of assumptions. Further details regarding the assumptions used in the option pricing model are provided in Note 8 [b].

2. BUSINESS ACQUISITION

On November 29, 2013, CI acquired 65% of the issued capital and control of Marret Asset Management Inc. and its subsidiaries, an investment management company, for equity consideration of $12,500 and contingent consideration payable in common shares with an estimated fair value of $12,500. CI accounted for the acquisition using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired, at fair value, are as follows:

	$
Cash and cash equivalents	6,012
Accounts receivable and prepaid expenses	1,920
Management contracts	15,510
Other non-current assets	35
Accounts payable and accrued liabilities	(7,627)
Deferred tax liability	(4,130)
Fair value of identifiable net assets	**11,720**
Non-controlling interest (35% of identifiable net assets)	(4,102)
Goodwill on acquisition	17,382
Total acquired cost	**25,000**

The acquired fund management contracts with a fair value of $15,510 have a finite life ranging between eight months to 20 years. The goodwill on acquisition is not deductible for income tax purposes. Goodwill of $17,382 relates to the Asset Management segment.

Details of consideration as at the date of acquisition is as follows:

	$
Common shares issued, at fair value	12,500
Contingent consideration liability	12,500
Total consideration	**25,000**

CI issued 358,061 common shares in total as consideration for the 65% interest in Marret with a fair value of $12,500. The common shares issued were valued at $34.91 per common share.

The acquisition agreement provided for contingent consideration payable in common shares of CI, three years from the date of acquisition, if certain financial targets are met based on earnings before interest, tax, depreciation and amortization ["EBITDA"] generated during that period. The contingent consideration could range between nil and $20,000 depending on EBITDA generated. While it is not possible to determine the exact amount of contingent consideration, CI has estimated the fair value of the contingent consideration to be $7,500 as at December 31, 2014 [2013 – $12,500]. The fair value of the contingent consideration is based on management's best estimate of Marret's EBITDA over the three years from the acquisition date. The contingent consideration has been included in provisions for other liabilities on the statement of financial position as at December 31, 2014 and 2013.

Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	6,012
Transaction costs (included in cash flows from operating activities)	(202)
Net cash inflow on acquisition	**5,810**

3. CAPITAL ASSETS

Capital assets consist of the following:

	Computer hardware $	Office equipment $	Leasehold improvements $	Total $
Cost				
Balance, December 31, 2012	**11,655**	**10,178**	**57,624**	**79,457**
Additions	2,272	430	2,398	5,100
Disposed	—	—	(679)	(679)
Retired	(2,360)	(83)	—	(2,443)
Balance, December 31, 2013	**11,567**	**10,525**	**59,343**	**81,435**
Additions	1,517	636	755	2,908
Retired	(1,919)	(44)	(1,219)	(3,182)
Balance, December 31, 2014	**11,165**	**11,117**	**58,879**	**81,161**
Accumulated depreciation				
Balance, December 31, 2012	**9,003**	**6,338**	**17,237**	**32,578**
Depreciation	2,623	1,252	4,778	8,653
Disposed	—	—	(70)	(70)
Retired	(2,360)	(83)	—	(2,443)
Balance, December 31, 2013	**9,266**	**7,507**	**21,945**	**38,718**
Depreciation	1,368	1,299	5,006	7,673
Retired	(1,919)	(44)	(1,219)	(3,182)
Balance, December 31, 2014	**8,715**	**8,762**	**25,732**	**43,209**
Carrying amounts				
At December 31, 2012	**2,652**	**3,840**	**40,387**	**46,879**
At December 31, 2013	**2,301**	**3,018**	**37,398**	**42,717**
At December 31, 2014	**2,450**	**2,355**	**33,147**	**37,952**

4. INTANGIBLES

Intangible assets consist of the following:

	Goodwill $	Fund administration contracts $	Fund management contracts finite life $	Fund management contracts indefinite life $	Other intangibles $	Total $
Cost						
Balance, December 31, 2012	1,119,926	37,600	27,500	999,082	24,064	2,208,172
Additions	17,382	—	15,510	—	304	33,196
Balance, December 31, 2013	1,137,308	37,600	43,010	999,082	24,368	2,241,368
Additions	—	—	—	—	2,414	2,414
Balance, December 31, 2014	1,137,308	37,600	43,010	999,082	26,782	2,243,782
Accumulated amortization						
Balance, December 31, 2012	—	13,560	16,456	—	16,753	46,769
Amortization	—	1,504	902	—	945	3,351
Balance, December 31, 2013	—	15,064	17,358	—	17,698	50,120
Amortization	—	1,504	2,055	—	1,012	4,571
Balance, December 31, 2014	—	16,568	19,413	—	18,710	54,691
Carrying amounts						
At December 31, 2012	1,119,926	24,040	11,044	999,082	7,311	2,161,403
At December 31, 2013	1,137,308	22,536	25,652	999,082	6,670	2,191,248
At December 31, 2014	1,137,308	21,032	23,597	999,082	8,072	2,189,091
Remaining term	N/A	13.9 – 14.4 yrs	12.2 – 18.9 yrs	N/A	0.1 – 9.9 yrs	

(a) Cash-generating units

CI has two cash-generating units ["CGU"] for the purpose of assessing the carrying amount of the allocated goodwill and intangible assets, being the asset management and asset administration operating segments as described in Note 15.

(b) Impairment testing of goodwill

As at December 31, 2014, CI has allocated goodwill of $944,726 [2013 – $944,726] to the asset management segment and $192,582 [2013 – $192,582] to the asset administration operating segment. The recoverable amount of goodwill for the asset management and asset administration operating segments as at December 31, 2014 and 2013 has been determined based on a fair value less costs to sell calculation. For the asset management segment, CI uses two approaches to determine the goodwill valuation. The first methodology compares CI's market capitalization against the carrying amount of goodwill for the segment. Market capitalization is based on the share price of CI, a level 1 fair value input. The second methodology, applies a trading multiple, a level 3 fair value input, to CI's assets under management. This methodology is also used to determine the fair value of the asset administration segment however a trading multiple is applied to CI's assets under administration. This methodology is commonly used in the marketplace by independent equity research analysts.

The calculation of the recoverable amounts exceeds the carrying amounts of both the asset management and the asset administration operating segments, including goodwill. Recent equity market performance, recent market transactions and CI's current market capitalization provide additional evidence that the recoverable amount of these operating segments is in excess of the carrying amounts.

(c) Impairment testing of fund contracts

As at December 31, 2014 and 2013, CI had indefinite life fund management contracts within the asset management CGU of $999,082. These are contracts for the management of open end funds, which have no expiry or termination provisions. The fair value of indefinite life intangibles within the asset management operating segment as at December 31, 2014 and 2013 has been determined based on a value in use calculation, using 10 year forecasts and a terminal value for the period thereafter. CI uses a 10 year period to reflect the fact that following an acquisition, it may take several years to integrate operations and benefit from synergies. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. Market appreciation rates are determined using historical inflation adjusted index returns adjusted for CI's average management fee. Net sales are determined based on the historical two year average as well as management's forecasts for future sales. Inputs to the operating margin include estimates for management and trailer fees using current average fee rates and historical rates for selling, general and administrative costs that are applied to forecasted average assets under management over the 10 year period. The terminal value has been calculated assuming a long-term growth rate of 2% per annum in perpetuity based on a long-term real GDP growth rate as at December 31, 2014 and 2013. A discount rate of 7.25% per annum has been applied to the recoverable calculation as at December 31, 2014 and 2013.

The calculation of the recoverable amount exceeds the carrying amount of indefinite life management contracts as at December 31, 2014 and 2013. Recent equity market performance provides additional evidence that the recoverable amount of indefinite life intangibles is in excess of the carrying amount.

5. OTHER ASSETS, INCOME AND EXPENSE

Other assets consists mainly of long-term investments, long-term accounts receivable, deferred charges and loans advanced to employees, shareholders and investment advisors.

CI has an employee share purchase loan program for key employees. These loans are renewable yearly and bear interest at prescribed rates. As at December 31, 2014, the carrying amount of employee share purchase loans is $6,722 [2013 – $6,952] and is included in other assets. These loans become due immediately upon termination of employment or sale of the shares that are held as collateral. As at December 31, 2014, the shares held as collateral have a market value of approximately $13,869 [2013 – $16,158].

Other assets include shareholder loans in the amount of $379 as at December 31, 2014 [2013 – $2,464] issued primarily to investment advisors. These amounts are secured by common shares of CI that are held as collateral. These loans become due immediately either on termination of the advisor relationship or upon the sale of CI shares that are held as collateral. As at December 31, 2014, the shares held as collateral have a market value of approximately $656 [2013 – $4,708].

CI has a hiring and retention incentive program whereby loans are extended to current investment advisors. These loans are initially recorded at their fair value, may bear interest at prescribed rates and are contractually forgiven on a straight-line basis over the applicable contractual period, which varies in length from three to seven years. CI utilizes the effective interest rate method to amortize the forgiven amount. The forgiven amount is included in selling, general and administrative expenses. As at December 31, 2014, loans to investment advisors of $5,058 [2013 – $5,151] are included in other assets. These loans become due on demand upon termination or breach in the terms of the agreements.

Other income consists mainly of fees received for the administration of third-party mutual funds, custody fees, investment income, foreign exchange gains (losses), interest income and the revenue earned by Marret. Other income also includes the fair value adjustment to the contingent consideration discussed in Note 2. Other expenses consist mainly of distribution fees to limited partnerships, legal settlements, amortization of debenture transaction costs and the expenses incurred by Marret.

6. LONG-TERM DEBT

Long-term debt consists of the following:

	As at December 31, 2014 $	As at December 31, 2013 $
Credit facility		
Banker's acceptances	**8,000**	—
	8,000	—
Debentures		
$200 million, 4.19%, due December 16, 2014	**—**	199,765
$300 million, 3.94% until December 13, 2015 and floating rate until December 14, 2016	**299,392**	299,107
	299,392	498,872
Long-term debt	**307,392**	498,872
Current portion of long-term debt	**2,000**	199,765

CREDIT FACILITY

Effective February 14, 2014, CI renewed its revolving credit facility with two chartered banks. There were no amendments made to the terms of the financial terms of the credit facility. Amounts may be borrowed under the facility in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate and the Canadian Deposit Offering Rate plus 1.00%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 0.75%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the bank's reference rate for loans made by it in Canada in U.S. funds and the federal funds effective rate plus 1.00%, or LIBOR loans which bear interest at LIBOR plus 0.75%.

CI may also borrow under this facility in the form of letters of credit, which bear a fee of 0.75% on any undrawn portion. As at December 31, 2014 and 2013, CI had not accessed the facility by way of letters of credit.

Loans are made by the bank under a 364-day revolving credit facility, the term of which may be extended annually at the bank's option. If the bank elects not to extend the term, 50% of the outstanding principal amount shall be repaid in equal quarterly instalments over the following two years, with the remaining 50% of the outstanding principal balance due two years following the first quarter-end payment.

The credit facility is fully and unconditionally guaranteed by CI Investments, a wholly owned subsidiary of CI, and may be guaranteed by certain other subsidiaries of CI. The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. CI is within its financial covenants with respect to its credit facility, which require that the funded debt to annualized earnings before interest, taxes, depreciation and amortization ratio remain below 2.5:1 and that CI's assets under management not fall below $40 billion, calculated based on a rolling 30-day average. There can be no assurance that future borrowings or equity financing will be available to CI or available on acceptable terms.

DEBENTURES

On December 16, 2014, $200 million in outstanding debentures matured [the "2014 Debentures"].

For the year ended December 31, 2014, interest expense attributable to the 2014 Debentures and the debentures due December 14, 2016 ["2016 Debentures"] was $5,468 and $11,820, respectively [2013 – $5,758 and $11,820, for the 2014 Debentures and the 2016 Debentures, respectively].

Issuance costs and the issuance discount are amortized over the term of the Debentures using the effective interest rate method. The amortization expense related to the discount and transaction costs for CI's issued Debentures for the year ended December 31, 2014 was $522 [2013 – $504] which is included in other expenses.

CI Investments may, at its option, redeem the 2016 Debentures, in whole or in part, from time to time, on not less than 30 nor more than 60 days' prior notice to the registered holder, at a redemption price which is equal to the greater of par or the Government of Canada Yield, plus 37.5 basis points. CI considers this embedded prepayment option to be closely related to the Debentures and, as such, does not account for it separately as a derivative.

In the event that both a change of control occurs and the rating of the Debentures is lowered to below investment grade, defined as below BBB- by Standard and Poor's and BBB (low) by DBRS Limited, CI will be required to make an offer to repurchase all or, at the option of each holder, any part of each holder's Debentures at a purchase price payable in cash equivalent to 101% of the outstanding principal amount of the Debentures together with accrued and unpaid interest, to the date of purchase.

The 2016 Debentures are fully and unconditionally guaranteed by CI.

7. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

CI is a party to a number of claims, proceedings and investigations, including legal, regulatory and tax, in the ordinary course of its business. In addition, CI has provided for contingent consideration payable as discussed in Note 2. Due to the inherent uncertainty involved in these matters, it is difficult to predict the final outcome or the amount and timing of any outflow related to such matters. Based on current information and consultations with advisors, CI does not expect the outcome of these matters, individually or in aggregate, to have a material adverse effect on its financial position or on its ability to continue normal business operations.

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

	2014 **$**	2013 $
Provision for other liabilities, beginning of year	**22,636**	7,708
Additions (*)	**4,767**	17,323
Amounts used	**(1,773)**	(2,062)
Amounts reversed (*)	**(5,086)**	(333)
Provision for other liabilities, end of year	**20,544**	22,636
Current portion of provision for other liabilities	**1,293**	2,334

(*) 2013 includes contingent consideration of $12,500; 2014 amounts reversed includes a fair value adjustment to contingent consideration of $5,000 [Note 2]

CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the year ended December 31, 2014, CI received insurance proceeds of $499 related to the settlement of legal claims [2013 – $501]. As at December 31, 2014, CI has accrued $906 for amounts to be received under insurance policies [2013 – $792], which is included in accounts receivable.

LITIGATION

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

TAXATION

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected. CI Investments is considered a large case file by the Canada Revenue Agency, 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.

CONTINGENT CONSIDERATION

CI entered into an acquisition agreement with the shareholders of Marret that provides for contingent consideration to be paid. Details of this agreement and the basis of calculation of the fair value of the contingent consideration are summarized in Note 2.

8. SHARE CAPITAL

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

[A] AUTHORIZED AND ISSUED

	Number of shares *[in thousands]*	Stated value $
Authorized		
An unlimited number of common shares of CI		
Issued		
Common shares, balance, December 31, 2012	**282,915**	**1,964,433**
Issuance of share capital on exercise of share options	1,123	10,709
Issued for acquisition	358	12,500
Common shares, balance, December 31, 2013	**284,396**	**1,987,642**
Issuance of share capital on exercise of share options	493	3,279
Share repurchases	(3,181)	(22,229)
Common shares, balance, December 31, 2014	**281,708**	**1,968,692**

During the year ended December 31, 2014, 3,181 shares were repurchased under a normal course issuer bid at an average cost of $33.98 per share for total consideration of $108,088. Deficit was increased by $85,859 during the year 2014 for the cost of the shares repurchased in excess of their stated value. CI did not repurchase any shares under a normal course issuer bid during the year 2013.

[B] EMPLOYEE INCENTIVE SHARE OPTION PLAN

CI has an employee incentive share option plan [the "Share Option Plan"], as amended and restated, for the executives and key employees of CI.

During the year, CI granted 2,223 options [2013 – 2,120 options] to employees. The fair value method of accounting is used for the valuation of the 2014 and 2013 share option grants. Compensation expense is recognized over the three-year vesting period, assuming an estimated forfeiture rate of 0% and 1.5%, [options issued 2013 – 0% and 1.3%], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder is credited to share capital. The fair value of the 2014 and 2013 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	2014	2014	2013	2013
# of options grants [in thousands]	260	1,963	125	1,995
Vesting terms	1/3 end of each year	1/3 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	4.033% – 4.286%	3.911% – 4.156%	4.013% – 4.308%	4.265% – 4.550%
Expected volatility (*)	15.5%	15.5%	16%	16%
Risk-free interest rate	1.499% – 1.718%	1.477% – 1.773%	1.536% – 1.739%	1.509% – 1.692%
Expected life [years]	2.8 – 3.9	2.8 – 3.9	2.7 – 4.0	2.7 – 4.0
Forfeiture rate	0%	1.5%	0%	1.3%
Fair value per stock option	$2.61 – $2.92	$2.71 – $3.06	$2.38 – $2.68	$2.07 – $2.33
Exercise price	$34.52	$35.60	$30.27	$27.03

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

The maximum number of shares that may be issued under the Share Option Plan is 14,000 shares. As at December 31, 2014, there are 5,552 shares [2013 – 4,771 shares] reserved for issuance on exercise of share options. These options vest over periods of up to five years, may be exercised at prices ranging from $19.48 to $35.60 per share and expire at dates up to 2019.

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

	Number of options *[in thousands]*	Weighted average exercise price $
Options outstanding, December 31, 2012	**6,364**	**20.45**
Options exercisable, December 31, 2012	**2,418**	**18.34**
Options granted	2,120	27.22
Options exercised (*)	(3,629)	19.70
Options cancelled	(84)	22.35
Options outstanding, December 31, 2013	**4,771**	**24.00**
Options exercisable, December 31, 2013	**807**	**20.47**
Options granted	2,223	35.47
Options exercised (*)	(1,338)	22.22
Options cancelled	(104)	30.12
Options outstanding, December 31, 2014	**5,552**	**28.91**
Options exercisable, December 31, 2014	**1,335**	**23.48**

(*) Weighted-average share price of options exercised was $35.07 during the year 2014 [2013 – $28.79]

The equity-based compensation expense under the Share Option Plan for the year ended December 31, 2014 of $5,206 [2013 – $4,409] has been included in selling, general and administrative expenses.

Options outstanding and exercisable as at December 31, 2014 are as follows:

Exercise price $	Number of options outstanding *[in thousands]*	Weighted average remaining contractual life *[years]*	Number of options exercisable *[in thousands]*
19.48	17	0.4	17
21.27	151	0.2	151
21.55	237	1.1	237
21.73	162	2.4	85
21.98	977	2.1	372
22.45	53	1.2	53
27.03	1,656	3.1	378
30.27	125	3.4	42
34.52	260	4.4	—
35.60	1,914	4.1	—
19.48 to 35.60	**5,552**	**3.1**	**1,335**

[C] BASIC AND DILUTED EARNINGS PER SHARE

The following table presents the calculation of basic and diluted earnings per common share for the years ended December 31:

[in thousands]	**2014**	2013
Numerator:		
Net income attributable to shareholders of the Company – basic and diluted	**$525,044**	$426,395
Denominator:		
Weighted average number of common shares – basic	**283,667**	283,640
Weighted average effect of dilutive stock options (*)	**982**	1,251
Weighted average number of common shares – diluted	**284,649**	284,891
Net earnings per common share attributable to shareholders of the Company		
Basic	**$1.85**	$1.50
Diluted	**$1.84**	$1.50

(*) *The determination of the weighted average number of common shares – diluted excludes 2,173 thousand shares related to stock options that were anti-dilutive for the year ended December 31, 2014 [2013 – 125 thousand shares].*

[D] MAXIMUM SHARE DILUTION

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

[in thousands]	
Shares outstanding at January 31, 2015	281,726
Options to purchase shares	5,328
	287,054

9. DIVIDENDS

The following dividends were paid by CI during the year ended December 31, 2014:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2013	January 15, 2014	0.095	27,070
January 31, 2014	February 14, 2014	0.095	27,099
February 28, 2014	March 14, 2014	0.095	27,106
March 31, 2014	April 15, 2014	0.095	27,055
April 30, 2014	May 15, 2014	0.095	27,040
May 31, 2014	June 13, 2014	0.10	28,512
June 30, 2014	July 15, 2014	0.10	28,515
July 31, 2014	August 15, 2014	0.10	28,431
August 31, 2014	September 15, 2014	0.10	28,401
September 30, 2014	October 15, 2014	0.10	28,343
October 31, 2014	November 14, 2014	0.10	28,273
November 30, 2014	December 15, 2014	0.105	29,665
Paid during the year ended December 31, 2014			335,510

The following dividends were declared but not paid by CI during the year ended December 31, 2014:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2014	January 15, 2015	0.105	29,580
January 31, 2015	February 13, 2015	0.105	29,581
Declared and accrued as at December 31, 2014			59,161

The following dividends were paid by CI during the year ended December 31, 2013:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2012	January 15, 2013	0.08	22,627
January 31, 2013	February 15, 2013	0.08	22,655
February 28, 2013	March 15, 2013	0.085	24,067
March 31, 2013	April 15, 2013	0.085	24,076
April 30, 2013	May 15, 2013	0.085	24,083
May 31, 2013	June 14, 2013	0.09	25,523
June 30, 2013	July 15, 2013	0.09	25,528
July 31, 2013	August 15, 2013	0.09	25,539
August 31, 2013	September 13, 2013	0.09	25,551
September 30, 2013	October 15, 2013	0.09	25,547
October 31, 2013	November 15, 2013	0.09	25,556
November 30, 2013	December 13, 2013	0.095	26,977
Paid during the year ended December 31, 2013			297,729

The following dividends were declared but not paid by CI during the year ended December 31, 2013:

Record date	Payment date	Cash dividend per share $	Total dividend amount $
December 31, 2013	January 15, 2014	0.095	27,072
January 31, 2014	February 14, 2014	0.095	27,071
Declared and accrued as at December 31, 2013			54,143

10. INCOME TAXES

[a] The following are the major components of income tax expense for the years ended December 31:

	2014 **$**	2013 $
Statement of Income		
Current income tax expense		
Based on taxable income of the current year	**204,329**	161,947
Adjustments in respect of prior years	**440**	(1,740)
	204,769	160,207
Deferred income tax expense		
Origination and reversal of temporary differences	**(11,103)**	(4,162)
Other	**(1,131)**	(142)
	(12,234)	(4,304)
Income tax expense reported in the statement of income	**192,535**	155,903
Statement of Other Comprehensive Income		
Deferred income taxes		
Unrealized gain on available-for-sale financial assets	**298**	823
Reversal of (gains) losses to net income on available-for-sale financial assets	**(50)**	172
Income tax expense reported in the statement of other comprehensive income	**248**	995

[b] The following is a reconciliation between CI's statutory and effective income tax rates for the years ended December 31:

	2014 **$**	2013 $
Combined Canadian federal and provincial income tax rate	**26.5**	26.5
Increase (decrease) in income taxes resulting from		
Impact of rate changes on deferred income taxes	**(0.2)**	—
Recovery of prior years' provisions for settled tax items	**0.1**	(0.1)
Other, net	**0.4**	0.4
	26.8	26.8

[c] Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2014:

	As at December 31, 2013 $	Recognized in net income $	Recognized in other comprehensive income $	As at December 31, 2014 $
Deferred income tax liabilities				
Fund contracts	277,972	(1,089)	—	276,883
Deferred sales commissions	112,690	(8,656)	—	104,034
Total deferred income tax liabilities	390,662	(9,745)	—	380,917
Deferred income tax assets				
Equity-based compensation	985	238	—	1,223
Non-capital loss carry forwards	1,829	104	—	1,933
Provision for other liabilities	2,604	578	—	3,182
Other	5,393	1,569	(248)	6,714
Total deferred income tax assets	10,811	2,489	(248)	13,052
Net deferred income tax liabilities	379,851	(12,234)	248	367,865

Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2013:

	As at December 31, 2012 $	Recognized in net income $	Recognized in other comprehensive income $	Business combination $	As at December 31, 2013 $
Deferred income tax liabilities					
Fund contracts	274,617	(755)	—	4,110	277,972
Deferred sales commissions	117,719	(5,029)	—	—	112,690
Total deferred income tax liabilities	392,336	(5,784)	—	4,110	390,662
Deferred income tax assets					
Equity-based compensation	1,034	(49)	—	—	985
Non-capital loss carryforwards	4,918	(3,089)	—	—	1,829
Provision for other liabilities	1,869	735	—	—	2,604
Other	5,485	923	(995)	(20)	5,393
Total deferred income tax assets	13,306	(1,480)	(995)	(20)	10,811
Net deferred income tax liabilities	379,030	(4,304)	995	4,130	379,851

The ultimate realization of deferred tax assets is dependent upon future taxable profits during the periods in which those temporary differences become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is probable that CI will realize the benefits of these deductible differences.

11. FINANCIAL INSTRUMENTS

Financial assets are classified into three categories, FVPL, loans and receivables and AFS. Financial liabilities are classified as FVPL or other.

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

	December 31, 2014 $	December 31, 2013 $
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**51,246**	118,812
Loans and receivables		
Client and trust funds on deposit	**130,665**	130,194
Accounts receivable	**88,154**	73,313
Other assets	**15,702**	16,989
Available-for-sale		
Marketable securities	**83,718**	74,403
Total financial assets	**369,485**	413,711
Financial liabilities		
Fair value through profit or loss		
Provision for other liabilities	**7,500**	12,500
Other financial liabilities		
Accounts payable and accrued liabilities	**161,923**	143,121
Provision for other liabilities	**13,044**	10,136
Dividends payable	**59,161**	54,143
Client and trust funds payable	**128,715**	128,274
Long-term debt	**307,392**	498,872
Total financial liabilities	**677,735**	847,046

CI's financial assets at December 31, 2014 and 2013 include CI's marketable securities which consist of investments in mutual fund securities. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI considers mutual fund securities that are valued daily to be in the level 1 fair value hierarchy and those mutual fund securities valued less frequently to be in the level 2 fair value hierarchy. As at December 31, 2014, CI's marketable securities of $83,718 [2013 – $74,403] are carried at fair value of which $13,226 have been classified in the level 1 fair value hierarchy and $70,492 in the level 2 fair value hierarchy [2013 – $9,410 in the level 1 fair value hierarchy and $64,993 in the level 2 fair value hierarchy]. There have been no transfers between level 1 and level 2 during the year.

Included in provision for other liabilities, as at December 31, 2014 is contingent consideration of $7,500 [2013 – $12,500] carried at fair value and classified in the level 3 fair value. Long-term debt as at December 31, 2014 includes Debentures with a fair value of $305,601 [2013 – $516,210], as determined by quoted market prices and have been classified in the level 1 fair value hierarchy.

12. RISK MANAGEMENT

Risk management is an integrated process with independent oversight. Management has developed an enterprise wide approach to risk management that involves executives in each core business unit and operating area of CI. Using a quantitative and qualitative analysis, risk factors are assessed and procedures are implemented to mitigate the various events that could impact CI's financial position and results of operations.

CI's financial instruments bear the following financial risks:

[A] 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 prices. The corporate finance group reviews the exposure to interest rate risk, foreign exchange risk and equity risk by identifying, monitoring and reporting potential market risks to the Chief Financial Officer. 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 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 the prices and the 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 the performance and may adversely affect CI's assets under management and financial results.

[i] Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Fluctuations in interest rates have a direct impact on the interest payments CI makes on its long-term debt.

Debt outstanding on CI's credit facility of $8,000 [2013 – $nil] is borrowed at a floating interest rate. The existing credit facility provides CI with the option of fixing interest rates, should CI change its view on its exposure to rising interest rates. As at December 31, 2014, CI also has $300,000 fixed interest rate Debentures [2013 – $500,000]. Based on the amount borrowed under the credit facility and Debentures outstanding as at December 31, 2014, each 0.50% increase or decrease in interest rates would result in annual interest expense increasing or decreasing by $40 [2013 – $1,000], respectively.

[ii] Foreign exchange risk

As at December 31, 2014, net financial assets of $9,051 [2013 – $24,381] were denominated in U.S. currency. A 10% increase or decrease in U.S. exchange rates would result in a foreign exchange gain or loss of $905 [2013 – $2,438], respectively. CI may enter into forward contracts to manage its foreign exchange exposure.

[iii] Equity risk

CI's marketable securities as at December 31, 2014 of $83,718 [2013 – $74,403] are exposed to equity risk. Based on the carrying amount of these assets, an increase or decrease in equity market prices by 10% would result in estimated gains or losses of $8,372 [2013 – $7,440], respectively.

[B] LIQUIDITY RISK

Liquidity risk arises from the possibility that CI will encounter difficulties in meeting its financial obligations as they fall due. CI manages its liquidity risk through a combination of cash received from operations as well as borrowings under its revolving credit facility. Liquidity is monitored through a daily cash management process that includes the projection of cash flows to ensure CI meets its funding obligations.

CI's liabilities have contractual maturities, excluding interest payments, as follows:

	Total $	2015 $	2016 $	2017 $
Accounts payable and accrued liabilities	161,923	161,923	—	—
Dividends payable	59,161	59,161	—	—
Client and trust funds payable	128,715	128,715	—	—
Long-term debt	308,000	2,000	302,000	4,000
Provision for other liabilities	7,500	—	7,500	—
Total	665,299	351,799	309,500	4,000

[C] CREDIT RISK

Credit risk arises from the potential that investors, clients or counterparties fail to satisfy their obligations.

As at December 31, 2014, financial assets of $234,521 [2013 – $220,496], represented by client and trust funds on deposit of $130,665 [2013 – $130,194], accounts receivable of $88,154 [2013 – $73,313] and other assets of $15,702 [2013 – $16,989], were exposed to credit risk. 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.

Client and trust funds on deposit consist mainly of cash deposits or unsettled trade receivables. CI may also extend amounts to clients on a margin basis for security purchases. Collateral is provided in margin accounts by each client in the form of securities purchased and/or other securities and cash balances. 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.

Credit risk associated with accounts receivable is limited as the balance primarily consists of trade receivables that are outstanding for less than 90 days.

Other assets primarily represent loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program. Employee loans are collateralized by CI shares and become due immediately upon termination of the employee or upon the sale of the shares held as collateral. Commissions may be used to offset loan amounts made to investment advisors in the event of default. Credit risk associated with other assets is limited given the nature of the relationship with the counterparties.

13. CAPITAL MANAGEMENT

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

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. As at December 31, 2014, cash and cash equivalents of $12,552 was required to be on hand for regulatory capital maintenance. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. CI from time to time provides loans to its subsidiaries for operating purposes and may choose to subordinate these loans in favour of general creditors. The repayment of subordinated loans is subject to regulatory approval. As at December 31, 2014 and 2013, CI met its capital requirements.

CI's capital consists of the following:

	As at December 31, 2014 $	As at December 31, 2013 $
Shareholders' equity	**1,902,697**	1,819,327
Long-term debt	**307,392**	498,872
Total capital	**2,210,089**	2,318,199

14. COMMITMENTS

LEASE COMMITMENTS

CI has entered into leases relating to the rental of office premises and computer equipment. CI has the option to renew certain leases. The approximate future minimum annual rental payments under such leases are as follows:

	$
2015	10,271
2016	10,097
2017	9,340
2018	8,714
2019	8,306
2020 and thereafter	41,170

ADVISOR SERVICES AGREEMENTS

CI is a party to certain advisor services agreements, which provide that the advisor has the option to require CI to purchase a practice that cannot otherwise be transitioned to a qualified buyer. The purchase price would be in accordance with a pre-determined formula contained in the advisor services agreements.

INDEMNITIES

CI has agreed to indemnify its directors and officers, and certain of its employees in accordance with its by-laws. CI maintains insurance policies that may provide coverage against certain claims.

15. SEGMENTED INFORMATION

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

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

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

Segmented information as at and for the year ended December 31, 2014 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	1,669,125	—	—	1,669,125
Administration fees	—	276,723	(135,377)	141,346
Other revenue	44,779	20,667	—	65,446
Total revenue	1,713,904	297,390	(135,377)	1,875,917
Selling, general and administrative	279,196	62,555	—	341,751
Trailer fees	533,396	—	(21,786)	511,610
Investment dealer fees	—	223,332	(110,134)	113,198
Amortization of deferred sales commissions and intangibles	158,107	2,203	(3,770)	156,540
Other expenses	10,052	6,818	—	16,870
Total expenses	980,751	294,908	(135,690)	1,139,969
Income before income taxes and non-segmented items	733,153	2,482	313	735,948
Interest expense				(18,056)
Provision for income taxes				(192,535)
Net income for the year				525,357
Identifiable assets	560,572	329,481	(10,476)	879,577
Indefinite life intangibles				
Goodwill	944,726	192,582	—	1,137,308
Fund contracts	999,082	—	—	999,082
Total assets	2,504,380	522,063	(10,476)	3,015,967

Segmented information as at and for the year ended December 31, 2013 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	1,432,559	—	—	1,432,559
Administration fees	—	243,509	(112,282)	131,227
Other revenue	36,503	16,364	—	52,867
Total revenue	1,469,062	259,873	(112,282)	1,616,653
Selling, general and administrative	256,196	58,261	—	314,457
Trailer fees	446,995	—	(17,834)	429,161
Investment dealer fees	—	194,208	(90,788)	103,420
Amortization of deferred sales commissions and intangibles	160,825	2,203	(3,843)	159,185
Other expenses	4,938	3,943	—	8,881
Total expenses	868,954	258,615	(112,465)	1,015,104
Income before income taxes and non-segmented items	600,108	1,258	183	601,549
Interest expense				(19,058)
Provision for income taxes				(155,903)
Net income for the year				426,588
Identifiable assets	675,648	293,203	(11,272)	957,579
Indefinite life intangibles				
Goodwill	944,726	192,582	—	1,137,308
Fund contracts	999,082	—	—	999,082
Total assets	2,619,456	485,785	(11,272)	3,093,969

16. COMPENSATION OF KEY MANAGEMENT

The remuneration of directors and other key management personnel of CI during the years ended December 31, is as follows:

	2014 **$**	2013 $
Salaries	**12,752**	12,204
Equity-based compensation	**1,188**	1,290
Total	**13,940**	13,494

17. SELLING, GENERAL AND ADMINISTRATIVE

Included in selling, general and administrative expenses ["SG&A"] are salaries and benefits of $182,647 for the year ended December 31, 2014 [2013 – $167,604]. Also included in SG&A is depreciation of capital assets of $7,673 for the year ended December 31, 2014 [2013 – $8,653]. Other SG&A of $151,431 for the year ended December 31, 2014, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [2013 – $138,200].

18. FUTURE ACCOUNTING CHANGES

The following standards have been issued, but are not yet effective on the date of issuance of CI's financial statements. CI is currently evaluating the impact of the application of these standards on the financial statements and will adopt these standards when they become effective.

IFRS 9:

IFRS 9 *Financial Instruments* ("IFRS 9") was issued in July 2014 and will replace IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 provides a new approach for the classification of financial assets, which shall be based on the cash flow characteristics of the asset and the business model of the portfolio in which the asset is held. This final version includes requirements on: (1) Classification and measurement of financial assets and liabilities; (2) Impairment; and (3) Hedge accounting. Accounting for macro hedging has been decoupled from IFRS 9 and will not be considered and issued as a separate standard. For financial liabilities designated at fair value through profit or loss, IFRS 9 requires the presentation of the effects of changes in the liability's credit risk in OCI instead of net income. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. Retrospective application is required, but comparative information is not compulsory.

IFRS 15:

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") was issued in May 2014. IFRS 15 replaces prior guidance, including IAS 18 Revenue. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new guidance includes a five-step recognition and measurement approach, requirements for accounting of contract costs, and enhanced quantitative and qualitative disclosure requirements. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard is effective for annual periods beginning on or after January 1, 2017 and is to be applied retrospectively.

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