
CI FINANCIAL INCOME FUND
ANNUAL INFORMATION FORM
February 13, 2007



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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form is stated as of December 31, 2006 and all references to the Fund's fiscal year ended December 31, 2006 are to the seven month period ended December 31, 2006.

In this annual information form, unless the context otherwise requires, all references to the Fund are to CI Financial Inc., prior to the Arrangement (defined below), and to CI Financial Income Fund, following the Arrangement, and all references to the "Fund Group" are to CI Financial Inc. and its subsidiaries prior to the Arrangement and to CI Financial Income Fund and entities controlled by it following the Arrangement.

FORWARD-LOOKING INFORMATION

This annual information form contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to the Fund Group and its products and services, including its business operations, strategy and financial performance and condition. When used in this annual information form, 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 making 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.

Except as otherwise stated, these statements are made as of the date of this document and, except as required by applicable law, management and the board of trustees of the Fund (the "**Board of Trustees**") undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

CORPORATE STRUCTURE

Name, Address and Formation

CI Fund Management Inc. was incorporated by articles of incorporation under the *Business Corporations Act* (Ontario) ("**OBCA**") on January 14, 1994 (amended on April 14, 1994, June 1, 1994, December 6, 1994 and October 29, 2002) and, pursuant to articles of amendment dated December 1, 2005, changed its name to CI Financial Inc. ("**CI Financial**").

Pursuant to an arrangement agreement dated May 26, 2006 (the "**Arrangement Agreement**"), CI Financial completed an arrangement pursuant to the OBCA (the "**Arrangement**") effective June 30, 2006, which resulted in the creation of CI Financial Income Fund (the "**Fund**"). The Fund is an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario, pursuant to a declaration of trust (the "**Fund Declaration of Trust**") dated May 18, 2006.

Pursuant to the Arrangement, on June 30, 2006 shareholders of CI Financial exchanged each of their common shares for one trust unit of the Fund ("**Unit**") or one Class B limited partnership unit

("Class B LP Unit") of Canadian International LP ("CI Public Partnership"). Each Class B LP Unit is issued together with one special voting unit of the Fund ("Special Voting Unit" and, together with the Units, the "Voting Units").

The Fund owns all of the common shares of CI Financial General Partner Corp. ("CI General Partner") and all of the Class A limited partnership units of CI Public Partnership ("Class A LP Units"). CI Public Partnership owns 100% of the outstanding capital of CI Investments Inc. ("CI Investments").

The head office of the Fund is 2 Queen Street East, Twentieth Floor, Toronto, Ontario, Canada M5C 3G7.

Intercorporate Relationships

The principal business of the Fund is carried on through its indirect wholly-owned subsidiaries, CI Investments, United Financial Corporation ("United"), and Assante Wealth Management (Canada) Ltd. ("AWM").

The table below shows the principal entities controlled by the Fund as at January 31, 2007, including (i) the percentage of votes attaching to all voting securities of the entity beneficially owned, controlled or directed by the Fund, and (ii) the jurisdiction of incorporation or formation:

Entity	Jurisdiction	Ownership %
CI Public Partnership	Manitoba	100% of the Class A Limited Partnership Units
CI Financial General Partner Corp.	Ontario	100%
CI Investments Inc.	Ontario	100%
United Financial Corporation	Canada	100%
Assante Wealth Management (Canada) Ltd.	Canada	100%

GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

The Fund's principal business is carried on through CI Investments, United and AWM. CI Investments is a fund management company engaged in the business of sponsoring, managing, distributing and administering investment funds in Canada. United is an investment management and wealth planning firm engaged in the businesses of managing mutual funds and providing investment counselling, portfolio management and wealth management services. United designs custom-tailored, integrated wealth management solutions for individuals, families and businesses across Canada.

AWM's subsidiaries include financial services distribution companies engaged in the business of providing financial planning, investment advice, wealth management, estate and succession planning and insurance services.

As at December 31, 2006, CI Investments managed approximately 100 mutual funds which are sold to the public under various family names including CI Funds, CI Corporate Class, Harbour Funds, Portfolio Series, Portfolio Select Series, Signature Funds and Synergy Funds. As at December 31, 2006, CI Investments managed 13 closed-end investment funds which are also known as structured products

(collectively hereafter referred to as the “**Skylon Funds**”). CI Investments also manages or administers certain segregated funds. All such funds are collectively hereafter referred to as the “**CI Funds**”.

As at December 31, 2006, fee-earning assets under management of CI Investments were approximately \$52.8 billion. According to information provided by The Investment Funds Institute of Canada as at December 31, 2006, CI Investments was the second largest independent (not owned by a chartered bank, insurance company or major trust company) mutual fund group in Canada in terms of assets under management.

As at December 31, 2006, United (formerly called Assante Asset Management Ltd.) managed 30 mutual funds which are sold to the public under the family names United Pools, Artisan Portfolios and Institutional Managed Portfolios (collectively hereafter referred to as the “**Assante Funds**”). As at December 31, 2006, fee-earning assets under management of United were approximately \$10.0 billion.

Collectively the CI Funds, the Skylon Funds and the Assante Funds are hereafter referred to as the “**Managed Funds**”.

AWM, through its subsidiaries Assante Capital Management Ltd., Assante Financial Management Ltd., IQON Financial Inc., IQON Insurance Brokerage Inc. and Assante Estate and Insurance Services Inc., administers mutual funds, stocks, bonds, GIC's, insurance products and other investments for its clients.

As at December 31, 2006, the Fund Group had more than \$81.8 billion in fee-earning assets and the number of unitholder accounts under management of CI Investments and United exceeded two million.

Most of the Fund Group's growth in fee-earning assets has been derived from the acquisitions described immediately below under “Acquisitions”.

Acquisitions

Spectrum Investment Management Limited and Clarica Diversico Ltd.

On July 25, 2002 (the “**Sun Life Acquisition Date**”), CI Financial acquired all of the issued and outstanding shares of Spectrum Investment Management Limited (“**Spectrum**”), the mutual fund subsidiary of Sun Life Assurance Company of Canada (“**Sun Life Assurance**”), and Clarica Diversico Ltd. (“**Diversico**”), the mutual fund subsidiary of Clarica Life Insurance Company (“**Clarica**”), from Sun Life Assurance and Clarica, respectively (collectively, the “**Sun Life Acquisitions**”). The Sun Life Acquisitions were completed pursuant to a purchase agreement among CI Financial, Sun Life Financial Services of Canada Inc. (now Sun Life Financial Inc.) (“**Sun Life Financial**”), Sun Life Assurance and Clarica dated May 22, 2002, as amended (the “**Purchase Agreement**”). Spectrum and Diversico sponsored, managed and administered the Spectrum and Clarica families of mutual funds, respectively. The Sun Life Acquisitions increased the Fund Group's assets under management by approximately \$11.7 billion.

Under the Sun Life Acquisitions, CI Financial issued approximately 71.21 million common shares to Sun Life Assurance and Clarica representing 30% of the total number of outstanding common shares after giving effect to the Sun Life Acquisitions. The total value of the Sun Life Acquisitions was \$652 million based on the weighted average price per CI Financial common share on the day before the Sun Life Acquisition Date. Under the Purchase Agreement, Sun Life Financial agreed not to increase its ownership interest in CI Financial beyond 34% (the “**Standstill Obligation**”) for a period terminating no later than July 25, 2005. Accordingly, Sun Life Financial is no longer subject to the Standstill Obligation.

The Sun Life Acquisitions also included a shareholders' agreement (the "**Shareholders' Agreement**") between G. Raymond Chang, G. Raymond Chang Ltd., William T. Holland, Sun Life Assurance and CI Financial dated July 25, 2002. Under the Shareholders' Agreement, for a period terminating no later than July 25, 2005, Sun Life Assurance: (i) was granted a pre-emptive right (the "**Pre-emptive Right**"), whereby if CI Financial issued any additional common shares, Sun Life Assurance had the right to acquire such number of common shares as would permit it to maintain its share ownership at the level it was at immediately prior to the issuance of such additional common shares; and (ii) was permitted to nominate two individuals for election as members of the board of directors of CI. Accordingly, Sun Life Assurance's Pre-emptive Right and right to nominate two directors expired on July 25, 2005. The remaining terms of the Shareholders' Agreement, including Sun Life Assurance's right of first refusal to acquire CI Financial common shares (now Units of the Fund) from certain management shareholders, survived the Arrangement and will terminate no later than July 25, 2007.

As part of the Sun Life Acquisitions, CI Financial obtained preferred access to approximately 4,000 independent career advisors of Clarica pursuant to a distribution agreement entered into on the Sun Life Acquisition Date. The distribution agreement has an initial term of six years and thereafter will be renewable with the concurrence of the parties for further one year terms, unless terminated in certain circumstances. In addition, as part of the Sun Life Acquisitions, Sun Life Assurance and Clarica retained CI Investments to manage and administer the Sun Life and Clarica families of retail segregated funds, respectively, pursuant to a segregated fund management agreement entered into on the Sun Life Acquisition Date.

Synergy Asset Management Inc.

On October 6, 2003, CI Financial completed the acquisition of all of the issued and outstanding shares of Synergy Asset Management Inc. ("**Synergy**") (the "**Synergy Acquisition**"). Synergy sponsored, managed and administered the Synergy family of mutual funds. The Synergy Acquisition increased the Fund Group's assets under management by approximately \$1.5 billion.

Under the Synergy Acquisition, CI Financial issued approximately 1.66 million common shares and paid approximately \$94 million in cash to the shareholders of Synergy. The total value of the Synergy Acquisition was \$117 million based on the weighted average price per CI Financial common share at the time of the announcement of the Synergy Acquisition of \$13.40.

Sun Life Financial supported the transaction by purchasing approximately 0.86 million common shares for approximately \$10.8 million which maintained Sun Life Financial's ownership interest in the Fund at 34%.

In connection with the Synergy Acquisition, Joseph C. Canavan, the President and Chief Executive Officer of Synergy, entered into an employment agreement with CI Financial under which he agreed (i) to be employed by CI Financial for a minimum period of three years as chief executive officer of Assante Corporation (now United), subject to rights of termination in certain circumstances, and (ii) that he may not be employed by, purchase or form, or have any significant economic interest in, a competing retail mutual fund or retail segregated fund management, distribution or marketing business within Canada for a period of time following any termination of his employment (subject to the usual exception for minority, passive investments in publicly traded entities).

Skylon Capital Corp.

On November 7, 2003, CI Financial completed the acquisition of all of the issued and outstanding shares of Skylon Capital Corp. and its affiliates (the "**Skylon Acquisition**"). CI Investments has since amalgamated with Skylon and currently manages and administers the Skylon family of structured

products. The Skylon Acquisition increased the Fund Group's assets under management by approximately \$780 million.

Under the Skylon Acquisition, CI Financial paid approximately \$34 million in cash to the shareholders of Skylon Capital Corp.

Assante Corporation

On November 14, 2003, CI Financial completed the acquisition of Assante Corporation's ("**Assante**") Canadian operations for \$846 million in cash and common shares based on the August 21, 2003 closing price of \$13.40 per common share. Under the agreement to acquire Assante, CI Financial issued approximately 38.8 million common shares and paid approximately \$310 million in cash.

In connection with the sale, Assante spun-off its U.S. operations ("**Assante US**") by distributing the shares of Assante US to its shareholders by way of a return of capital. CI Financial purchased the shares of Assante following the spin-off. The transaction, including the Assante US spin-off and CI Financial's acquisition, was accomplished through a court-approved Plan of Arrangement (the "**Assante Arrangement**") under section 192 of the *Canada Business Corporations Act* (the "**CBCA**"). The Assante Arrangement was approved by at least two-thirds of the votes cast at the special meeting of Assante securityholders held on November 7, 2003 to consider the Assante Arrangement.

After the spin-off of Assante US, pursuant to the terms of the Assante Arrangement, Assante securityholders received a combination of cash and common shares for each common share of Assante (an "**Assante Share**"). Assante securityholders were able to elect to receive all cash or all common shares, or any combination of the two, for their Assante Shares, subject to pro-rata to reflect the total amount of cash available under the Assante Arrangement, and the total available common shares. For pro-rata purposes, the total cash available was \$1.87 per Assante Share, and the total common shares available was 0.47574 of a common share per Assante Share. Assante securityholders who elected to receive common shares were allocated \$1.466034 in cash and 0.50586283 common shares for each Assante Share. Assante securityholders who elected to receive cash received \$8.25 per Assante Share. In addition, Assante securityholders received one share of Assante US per Assante Share.

Sun Life Financial supported the transaction by purchasing approximately 19.8 million common shares for \$254.5 million. As a result, Sun Life Financial maintained its ownership interest in the Fund at 34%.

IQON Financial Management Inc. and Synera Financial Services Inc.

On June 3, 2004, CI Financial completed the acquisitions of IQON Financial Management Inc. ("**IQON**") and Synera Financial Services Inc. ("**Synera**") for \$38.5 million in cash. IQON is a financial planning firm with approximately 263 independent advisors and administers approximately \$3.8 billion in assets.

Rockwater Capital Corporation

On February 12, 2007, the Fund announced an agreement under which the Fund has agreed to make a take-over bid for all of the outstanding shares of Rockwater Capital Corporation ("**Rockwater**"), and Rockwater has agreed to support and facilitate the offer. The offer will be made at an offer price of \$7.65 per Rockwater share. Rockwater shareholders can choose to be paid, at their election, in (i) cash, (ii) Units or, subject to certain limits, Class B LP Units of CI Public Partnership (in each case based upon the volume weighted average closing price of the Units over the five business days ending one business day before the expiry of the offer), or (iii) a combination of the foregoing. The offer, which is expected to

close in late March, 2007, will be conditional upon a minimum of 66 2/3% of the fully-diluted common shares being deposited, regulatory approvals and other customary conditions. If completed, the acquisition would continue the Fund's strategy of expanding its distribution capabilities and building increased scale in the asset management segment.

Dispositions

Altrinsic Advisors, LLC

Effective November 1, 2004, CI Financial and Altrinsic Global Advisors, LLC dissolved Altrinsic Advisors, LLC (“**Altrinsic**”). The Fund continues to have a 24.99% interest in the net profits of Altrinsic Global Advisors, LLC.

BPI Global Asset Management LLP

Effective January 19, 2005, CI Financial sold its 66% interest in BPI Global Asset Management LLP (“**BGAM**”) to JBS Advisors, Inc. BGAM and Trilogy Global Advisors, LLC subsequently merged on May 31, 2005. In connection with the sale, CI Investments entered into a revised sub-advisory agreement between CI Investments and Trilogy to add the funds previously sub-advised by BGAM. The Fund continues to have a 32% interest in the net revenues derived from BGAM’s institutional clients.

Webb Capital Management LLP

Effective May 31, 2005, CI Financial and Derek H. Webb dissolved Webb Capital Management LLP (“**WCM**”) and Webb Capital Partners, LLC (“**WCP**”).

VentureLink Funds

Effective December 22, 2005, CI Financial sold its interest in the management agreements of the labour-sponsored investment funds acquired in the Skylon Acquisition to VentureLink LP. VentureLink LP is controlled by the funds’ management team and CI Investments is a limited partner of VentureLink LP.

DESCRIPTION OF THE BUSINESS

General

The Fund consists of two reportable segments: the asset management segment and the asset administration segment. The asset management segment includes the operating results and financial position of CI Investments and United, which derive their revenues 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 includes the operating results and financial position of AWM and its subsidiaries, which derive their revenues principally from commissions and fees earned on the sale of mutual funds and other financial products, and ongoing service to clients.

The majority of the Fund’s income relates to the asset management segment, which offers the Managed Funds through investment dealers, mutual fund dealers, insurance advisors, and AWM, IQON and Clarica financial advisors. CI Financial acquired and commenced the asset administration segment with the acquisition of Assante in 2003.

Asset Management Segment

Summary

The asset management segment, carried on by CI Investments and United (collectively, the “**Managers**”), offers the Managed Funds through investment dealers, mutual fund dealers, insurance advisors, and AWM, IQON and Clarica financial advisors in all jurisdictions in Canada. Financial information regarding the asset management segment is provided in the Fund’s annual financial statements for the fiscal year ended December 31, 2006 and related management’s discussion and analysis, which are available on SEDAR at www.sedar.com.

Products and Services

The Managed Funds

At December 31, 2006, the Managed Funds consist of over 200 investment funds established primarily under the laws of Ontario. The Managed Funds are sold to the public in all provinces and territories of Canada.

The Fund offers Canadian investors a wide range of Canadian and international investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include AWM, IQON and Clarica financial advisors. The Managed Funds are managed by a diverse group of in-house portfolio managers employed by the Managers in addition to outside investment advisory firms, all supported by a team of marketing, administrative and technical specialists. The diversity of the Managed Funds allows the Fund to take advantage of the expected continued growth in the Canadian investment fund industry. The addition, through acquisitions, of the funds managed by Spectrum and Diversico in July 2002 and by United, Synergy and Skylon in 2003 allowed the Fund to offer investors what management believes to be the broadest selection of investment funds in the Canadian mutual fund industry.

In addition, United designs custom-tailored, integrated wealth management solutions for individuals, families and businesses across Canada.

Management of the Managed Funds

The Managers are promoters and managers of all of the Managed Funds. As managers, the Managers provide all of the management services required by the Managed Funds including managing or arranging for the management of investment portfolios, marketing of the Managed Funds, keeping of securityholder records and accounts, reporting to the securityholders and processing transactions relating to the purchase, transfer and redemption of securities of the Managed Funds.

The Managers have entered into a management agreement with each of the Managed Funds. For the management and administrative services provided to the Managed Funds, the Managers are generally paid a fee based on the average daily net asset value of each of the Managed Funds. The net asset value of a Managed Fund depends primarily on its level of net sales and the market value of its portfolio investments. The management fees paid to the Managers are comparable to other management fees charged in the Canadian investment fund industry.

The Managers bear all of the operating expenses of the open-end mutual funds managed by the Managers (other than certain taxes, borrowing costs, new governmental fees and forward contract costs) in return for fixed annual administration fees. In general, each other Managed Fund is responsible for its own administrative and operating expenses including, without limitation, audit and legal fees, registry and

transfer agency fees, custodian fees, portfolio and investment costs, expenses of communication with securityholders, all costs imposed by statute or regulation, and applicable GST.

Investment Managers

The Managers currently use in-house and outside investment managers to provide investment advice regarding the investment portfolios of the Managed Funds. Pursuant to investment advisor agreements between the Managers and certain investment management firms, the Managers have retained outside investment management firms to provide advice regarding the investment portfolios of certain Managed Funds. In general, the Managers pay the outside investment management firms an annual fee equal to a percentage of the net asset value of the Managed Funds. Generally, these rates are reduced as the net asset value exceeds certain specified levels. All investment management firms currently retained by the Managers are independent of the Managers.

Distribution and Marketing of the Managed Funds

Like other asset management companies not affiliated with financial institutions, the Managers rely on investment dealers and mutual fund dealers for the sale of securities of the Managed Funds. Individual variable annuity contracts and variable annuity policies providing for CI Guaranteed Investment Funds and SunWise Segregated Funds are sold through licensed life insurance agents.

The management of the Fund believes that the following factors are responsible for increasing and retaining assets in the Managed Funds under the management of the Managers: diversity of products offered by the Fund; experience and depth of the investment managers of the Managed Funds; service levels to the dealer and the investor; and performance of the Managed Funds. The Managers focus on personalized service and assistance to dealers and agents who are selling the Managed Funds, including providing materials to communicate the important features of the Managed Funds to investors and providing access to the investment managers.

The Managers pay trailer fees to assist dealers in providing ongoing service to clients. These fees are payable to dealers in respect of their sales representatives who have client assets in qualifying Managed Funds throughout a calendar month. Payment is made either monthly or quarterly and is equal to a percentage of the total client assets of such sales representatives throughout the month.

The Managers have a program to spend a certain amount to assist dealers and their representatives in marketing the Managed Funds. This program is subject to regulatory requirements and may be discontinued or modified at any time.

Sales Charges Relating to the Distribution of the Managed Funds

Investors may choose to purchase securities of the Managed Funds under the deferred sales charge method or under the initial sales commission method.

In general, if the investor purchases under the deferred sales charge method, no initial commission is paid, the entire investment is invested in securities and, upon redemption within seven years of purchase, a redemption fee will be deducted from the proceeds of redemption. On redemption, the redemption fee is calculated as a percentage of the net asset value at the time of the issue of the securities, which percentage decreases, for the standard deferred sales charge option, over a seven year period from 5.5% in the first year to nil at the end of the period, and for the low-load sales charge option, over a three-year period from 3.0% in the first year to nil at the end of the period. The redemption fee will be deferred in respect of redemptions of securities of a Fund up to a maximum established by the Managers from time to time.

In general, if the investor purchases securities of the Managed Funds under the initial sales commission method, a sales commission is paid at the time of purchase and no commission is charged at the time of redemption. For purchases of securities of the Managed Funds under the initial sales commission method, the commission is negotiable between the dealer and the investor, with the maximum generally ranging from 1% to 5%. No fees or charges are otherwise deducted by the Managed Funds on redemption except for applicable short-term trading fees and in the case of a registered plan or on a transfer to other Managed Funds.

Specialized Skill and Knowledge

A company requires certain specialized skills and knowledge in the asset management industry in order for it to grow and succeed. The Managers have the skills and knowledge to continue to focus on meeting the investment needs of their clients, developing new products, increasing market share penetration through targeting of knowledgeable, successful investment dealers, mutual fund dealers and life insurance agents and other alternative distribution channels, and enhancing investor awareness. The Managers' objective is to continue to offer a wide range of investment products that are managed by a diversified group of investment advisors while emphasizing their strength in both international and domestic equity fund products. The Managers' experienced marketing teams have also been instrumental in enabling the Managers to achieve market share growth through the investment dealer and mutual fund dealer network and, more recently, life insurance agents. In recent years, the Managers have enhanced recognition of their names and their Managed Funds through various forms of advertising including television, radio and billboard advertising and event sponsorship.

To handle future growth, the Fund will continue, as appropriate, to upgrade its advanced information systems and increase internal training and development, all with the objective of ensuring that it provides accurate and timely service to registered dealers and agents selling the Managers' products and to investors. As a result of its investment in computer facilities and its efficient approach to service and marketing, the Fund believes that the Managers will not have to increase their personnel in the same proportion as the growth in assets of the Managed Funds under their management.

Competitive Conditions

The Canadian mutual fund industry has grown from \$3.6 billion to \$660.2 billion of mutual fund assets during the period from December 1980 to December 2006 (according to The Investment Funds Institute of Canada).

The long-term growth in the mutual fund industry is attributable to many factors including a decline in inflation, lower interest rates and increased marketing of mutual funds. Government policies, at both the federal and provincial levels, also are contributing significantly to this growth by encouraging Canadians to save for retirement by increasing contribution levels.

The growth in the mutual fund industry has resulted in increased competition. Since the entrance of the banks and trust companies into the mutual fund industry in the late 1980s, competition from financial institutions has increased significantly. With the entrance of the banks and trust companies and, more recently, insurance companies, the market has developed into two distinct segments: mutual fund groups owned by chartered banks, insurance companies and major trust companies; and the independent mutual fund groups. According to data from The Investment Funds Institute of Canada, as at December 31, 2006, mutual fund companies owned by chartered banks, insurance companies or major trust companies had a combined market share of approximately 40.1% all mutual fund assets. Several foreign mutual fund groups currently operate in Canada. The addition of well capitalized foreign mutual fund groups in the Canadian mutual fund industry has increased competition even further.

There has been significant consolidation among Canadian mutual fund management companies, driven by a desire to achieve economies of scale in marketing, distribution and administration. The consequences of this consolidation include:

- (a) a decline in the number of mutual fund and institutional asset management companies listed on the Toronto Stock Exchange (“TSX”), which has declined in number from 15 in 1998 to 9 in 2006;
- (b) a segmentation of the industry into two distinct parts: mutual fund management groups owned in whole or in part by chartered banks, insurance companies or other large domestic and foreign groups, and independent mutual fund management companies; and
- (c) an increasing concentration of the larger industry participants in terms of mutual fund assets under management. As at December 31, 2006, the 10 largest Canadian mutual fund management companies controlled approximately 78% of the total industry mutual fund assets under management.

There has been significant public pressure on the mutual fund industry to lower costs and improve the transparency of fees paid by investors. In response, in August 2005, the Fund Group obtained the approval of securityholders of the open-end mutual funds managed by the Managers to permit the Managers to bear all of the operating expenses of those funds (other than certain taxes, borrowing costs, new governmental fees and forward contract costs) in return for fixed annual administration fees. As a result of this change, the management expense ratio (or MER) for the affected funds has become relatively fixed and predictable.

The following table sets forth the aggregate net asset value for the Canadian mutual fund industry and the Managers’ aggregate relative position in the Canadian mutual fund industry.

Mutual Fund Assets As at December 31, 2006 (in millions of dollars except percentages)	
Total Canadian mutual fund industry ⁽¹⁾	\$660,247
Managers’ Managed Funds ⁽²⁾	\$61,814
Managers’ Managed Funds ⁽²⁾ as an aggregate % of total industry	9.36%

Notes:

(1) Source: The Investment Funds Institute of Canada.

(2) Includes only the open-end mutual fund and segregated fund assets managed by the Managers.

In Canada, the investment management industry, and in particular the mutual fund segment, is a highly regulated industry. Applicable securities legislation imposes restrictions on, among other things, incentives that may be offered to dealers and the forms of advertising which may be used by mutual fund managers, and disclosure and reporting requirements on the Managed Funds (see “Risk Factors – Regulation of the Fund and its Subsidiaries” below).

New Products

In the year ended December 31, 2006, the Managers introduced several classes of units to existing Managed Funds, ten new corporate funds, and four mutual funds, and participated in the launch of eighteen principal protected note securities.

Intangible Properties

The Managers own or license certain registered and unregistered trade-marks such as CI Funds, Synergy Funds, Harbour Funds, Signature Funds, United Pools, Artisan Portfolios and Optima Strategy. These trade-marks are important elements in differentiating the Managed Funds from the Managers' competitors and marketing the Managed Funds to clients and advisors.

Cycles

Generally, revenues are consistent throughout the year, with a slight increase in the first quarter due to increased investment activity during the Canadian RRSP season. See "Risk Factors - Changes in Economic, Political and Market Conditions" below.

Employees

As at December 31, 2006, a total of 916 persons were employed by the Managers.

Asset Administration Segment

Summary

The asset administration segment, carried on by AWM and its subsidiaries, offers clients in Canada a wide range of products and services, which encompass a multidisciplinary approach to financial planning, investment advice, wealth management, estate and succession planning and insurance services. Financial information regarding the asset administration segment is provided in the Fund's annual financial statements for the fiscal year ended December 31, 2006 and related management's discussion and analysis, which are available on SEDAR at www.sedar.com.

Products and Services

AWM's and its subsidiaries' principal businesses are the provision of products and services tailored to meet the specific objectives and the financial planning and financial management needs of their clients. These products and services are developed and/or distributed through United, AWM and their subsidiaries, which include securities dealers, mutual fund dealers and life insurance agents.

AWM's affiliates provide a wide range of products and services, including portfolio management, investment advisory services, distribution of securities (including mutual funds), insurance products and banking services and wealth management, including financial, tax and estate planning services.

AWM's unique distribution strategy and operating platform distinguish it in its sector. Its distribution network provides AWM direct access to experienced advisors with an established and growing base of clients. Through these advisors, many of those clients are electing to delegate responsibility for portfolio management, manager selection and monitoring, and wealth management to AWM's core group of investment and wealth management professionals. In particular, advisors are abandoning their "ad hoc" approach of investing client assets in third-party mutual funds and opting instead to use United to provide a more sophisticated, disciplined and consistent approach to managing their clients' wealth.

AWM's operating platform is designed to allow the advisor to work with a team of professionals to provide best-in-class advice and one-stop solutions for many of the increasingly complicated and sophisticated needs of its clients.

AWM's products and services are built on a foundation of some combination of portfolio management, investment advice, distribution of securities, insurance products, banking products and financial, tax, succession, wealth and estate planning. The principal markets for AWM's products and services are affluent and high net worth individuals residing in Canada.

Specialized Skill and Knowledge

See "Description of the Business – Asset Management Segment – Specialized Skill and Knowledge" above.

Competitive Conditions

The financial services industry is very competitive with many institutions and companies such as banks, trust companies, insurance companies, portfolio managers, security brokerage companies and mutual fund dealers all competing for the business of a relatively fixed number of affluent clients. In addition, foreign based mutual fund companies and banks have also established operations in Canada. The financial services industry in Canada has also moved toward offering comprehensive fee-based investment management services for clients.

AWM believes that it is well positioned in terms of its competitors in the marketplace. While there is a larger number of organizations providing financial advisory and financial management services or manufacturing investment products, very few of them are similar to AWM in providing financial product manufacturing integrated with the delivery of a full menu of products and services (including proprietary products) through their own distribution network. The operation of a unified financial advisory business in Canada is designed to provide synergies and economies of scale for AWM's wealth management programs and financial advisor network.

Intangible Properties

AWM owns or licenses certain registered and unregistered trade-marks such as Assante and Assante Wealth Management. These trade-marks are important elements in differentiating AWM's services from its competitors.

Cycles

Generally, revenues are consistent throughout the year, with a slight increase in the first quarter due to increased investment activity during the Canadian RRSP season. See "Risk Factors - Changes in Economic, Political and Market Conditions" below.

Employees

As at December 31, 2006, a total of 261 persons were employed by AWM and its subsidiaries.

Credit Facility

The Fund has arranged a revolving credit facility (the "**Credit Agreement**") with a Canadian chartered bank for general corporate purposes for \$700 million. Amounts may be borrowed under this facility in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate and one-month bankers' acceptance rates plus 0.75%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 0.30%. 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 overnight rate plus 0.75%, or LIBOR loans which bear interest at LIBOR plus 0.30%.

The Fund may also borrow under this facility in the form of letters of credit, which bear a fee of 0.30% on any undrawn portion. At December 31, 2006, the Fund had accessed \$840,000 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, the outstanding principal amount shall be repaid in equal monthly instalments over the following four years.

The facility is collateralized by a registered general security agreement from the Fund and certain subsidiaries of the Fund, assignment of the shares in CI Investments, United, AWM, and certain subsidiaries of AWM, and assignment of the management agreements and redemption fees of CI Investments and United. The facility also requires the Fund to meet certain financial covenants on a quarterly basis, including a debt service ratio (earnings before interest, taxes, depreciation and amortization divided by interest and principal payable in current quarter) that must not be less than 1.5:1 and a funded debt to earnings before interest, taxes, depreciation and amortization ratio that must not be more than 2.25:1. In addition, the Credit Agreement imposes restrictions on the ability of the Fund and the guarantors to incur additional debt, make liens, dispose of assets, make or guarantee loans, undertake a corporate reorganization, merge or acquire other businesses, amend management contracts, declare or pay dividends, make capital expenditures, enter into transactions with affiliates or enter into hedging transactions. These covenants restrict numerous aspects of the business of the Fund.

As at December 31, 2006, approximately \$576 million has been drawn on this facility in the form of bankers' acceptances at an effective interest rate of 4.60%. Interest expense attributable to the long-term debt for the seven-month period ended December 31, 2006 was approximately \$13 million.

Reorganizations

See "Corporate Structure" above for a description of the Arrangement.

DESCRIPTION OF THE FUND

The Fund is an unincorporated, open-ended limited purpose trust governed by the laws of the Province of Ontario and created pursuant to the Fund Declaration of Trust. The Fund qualifies as a "mutual fund trust" for the purposes of the *Income Tax Act* (Canada), as amended and the regulations thereunder (the "**Tax Act**"). The Fund owns all of the issued and outstanding Class A LP Units of CI Public Partnership and shares of CI General Partner.

The following is a summary of the material attributes and characteristics of the Units and certain provisions of the Fund Declaration of Trust, which summary does not purport to be complete. Reference is made to the Fund Declaration of Trust for a complete description of the Units and the full text of its provisions.

Activities of the Fund

The Fund Declaration of Trust provides that the Fund's operations and activities shall be restricted to:

- acquiring, investing in, transferring, disposing of and otherwise dealing with securities of CI General Partner, CI Public Partnership and other corporations, partnerships, trusts or other

persons engaged, directly or indirectly, in the provision of financial services, including, without limiting the foregoing, investment fund management and wealth management services, and such other investments as the trustees of the Fund (the “**Trustees**”) may determine;

- acquiring, investing in, transferring, disposing of and otherwise dealing, directly or indirectly, with securities of any member of the Fund Group in connection with the Fund’s obligations under the Arrangement Agreement and/or the exchange agreement entered into on June 30, 2006 among the Fund, CI Public Partnership, CI General Partner and holders of the Class B LP Units (the “**Exchange Agreement**”);
- temporarily holding cash in interest-bearing accounts, short-term government debt or investment grade corporate debt for the purposes of paying the expenses and liabilities of the Fund, paying amounts owing by the Fund in connection with the redemption of any Units or other securities of the Fund and making distributions to Unitholders;
- issuing Units, Special Voting Units and other securities of the Fund (including convertible securities or securities exchangeable for Units or warrants, options or other rights to acquire Units or other securities of the Fund), including for the purpose of:
 - (i) obtaining funds to conduct the activities of the Fund, including raising funds for acquisitions and business development;
 - (ii) implementing Unitholder rights plans, distribution reinvestment plans, distribution reinvestment and Unit purchase plans, incentive option plans or other compensation plans, if any, established by the Fund or any member of the Fund Group;
 - (iii) making non-cash distributions to holders of Units as contemplated by the Fund Declaration of Trust, including pursuant to distribution reinvestment plans, if any, established by the Fund; and
 - (iv) giving effect to the exchanges contemplated by the Exchange Agreement;
- issuing debt securities (including debt securities convertible into, or exchangeable for, Units or other securities of the Fund) or otherwise borrowing and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering any of the property of the Fund as security;
- guaranteeing (as guarantor, surety or co-principal obligor) the payment of any indebtedness, liability or obligation of any member of the Fund Group, and mortgaging, pledging, charging, granting a security interest in or otherwise encumbering all or any part of the property of the Fund, including securities issued any member of the Fund Group, as the case may be, as security for that guarantee;
- disposing of any part of the property of the Fund subject to the provisions of the Fund Declaration of Trust;
- issuing or redeeming rights and Units pursuant to any Unitholder rights plan adopted by the Fund;
- repurchasing securities issued by the Fund, including Units, subject to the provisions of the Fund Declaration of Trust and applicable law;

- satisfying the obligations, liabilities or indebtedness of the Fund;
- implementing and administering any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan contemplated by the Fund Declaration of Trust; and
- undertaking all other usual and customary actions for the conduct of the activities of the Fund in the ordinary course, including investing in securities and compliance with public issuer obligations, as shall be approved by the Trustees from time to time or as contemplated by the Fund Declaration of Trust,

provided that the Fund shall not undertake any activity, take any action, fail to take any action, or make or retain any investment that would result in the Fund not being considered a mutual fund trust for purposes of the Tax Act. In connection with this duty, the Trustees have broad authority and will be entitled to take such actions as they consider necessary or appropriate in accordance with the Fund Declaration of Trust to preserve the mutual fund status of the Fund.

Units and Special Voting Units

The beneficial interests in the Fund are divided into interests of two classes, described and designated as “Units” and “Special Voting Units”, respectively. An unlimited number of Units and Special Voting Units are issuable pursuant to the Fund Declaration of Trust. As at December 31, 2006, 133,673,930 Units and 146,458,757 Special Voting Units (and Class B LP Units) were issued and outstanding.

Each Unit is transferable and represents an equal undivided beneficial interest in any distributions from the Fund whether of net income, net realized capital gains or other amounts and in the net assets of the Fund in the event of a termination or winding up of the Fund. All Units are of the same class with equal rights and privileges. The Units will not be subject to future calls or assessments and will entitle the holder thereof to one vote for each whole Unit held at all meetings of holders of Units (“**Unitholders**”) and Special Voting Units (the “**Special Voting Holders**” and, together with the Unitholders, the “**Voting Unitholders**”). Except as set out under “– Redemption Right” below, the Units have no conversion, retraction, redemption or pre-emptive rights.

Special Voting Units are not entitled to any beneficial interest in any distribution from the Fund whether of net income, net realized capital gains or other amounts, or in the net assets of the Fund in the event of a termination or winding up of the Fund. Special Voting Units may be redeemed by the holder at any time for no consideration.

Special Voting Units are only issued in connection with or in relation to Class B LP Units and, if the Trustees so determine, other exchangeable securities, in each case for the sole purpose of providing voting rights with respect to the Fund to the holders of such securities. Special Voting Units are issued in conjunction with, and are attached to the Class B LP Units (or other exchangeable securities) to which they relate, and are evidenced only by a certificate representing Class B LP Units. Special Voting Units are not transferable separately from their related Class B LP Units (or other exchangeable securities). Each Special Voting Unit entitles the holder thereof to one vote at any meeting of Voting Unitholders. Upon the exchange of a Class B LP Unit (or other exchangeable security) for a Unit, the Special Voting Unit that is attached to such Class B LP Unit (or other exchangeable security) will immediately be cancelled for no consideration without any further action of the holder or the Trustees, and the former holder of such Special Voting Unit will cease to have rights with respect thereto.

Issued and outstanding Units and Special Voting Units may be subdivided or consolidated from time to time by the Trustees without notice to or the approval of the Voting Unitholders.

Issuance of Units

The Fund Declaration of Trust provides that the Units or rights to acquire Units may be issued, at such times, to such persons, for such consideration and on such terms and conditions, as the Trustees may determine. At the option of the Trustees, Units may be issued in satisfaction of any distribution to Unitholders on a *pro rata* basis to the extent that the Fund does not have available cash to fund such distribution. The Fund Declaration of Trust also provides that, immediately after any distribution of Units to all Unitholders in satisfaction of all or any part of any such distribution, the number of outstanding Units will automatically be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the distribution, except where tax was required to be withheld in respect of the Unitholder's share of such distribution. In the case of such a consolidation, each certificate representing a number of Units prior to the distribution will be deemed to represent the same number of Units after the distribution and the consolidation. Where Unitholders that are non-residents are subject to withholding tax in respect of such distribution, the consolidation will not result in such Unitholders holding the same number of Units. Such Unitholders will be required to surrender the certificates, if any, representing their original Units in exchange for a certificate representing their post consolidation Units. Non-residents should consult their own tax advisors regarding the consequences of investing in Units.

The Trustees may refuse to allow the issue or register the transfer of any Units, where such issuance or transfer would, in their opinion, adversely affect the treatment of the Fund or the entities in which it directly or indirectly invests under applicable Canadian tax legislation or their qualification to carry on any relevant business or under any other regulations. See “– Limitation on Non-resident Ownership” and “– Restrictions on Ownership and Transfer of Units” below.

Cash Distributions

The Fund intends to make monthly cash distributions of such portion, as may be determined by the Trustees, of its average monthly distributable cash, to be comprised of all amounts received by the Fund, including, without limitation, distributions (if any) on or in respect of the Class A LP Units owned by the Fund, together with any other income or cash receipts during the relevant period, less:

- (a) administrative expenses and other obligations of the Fund, including any tax liability;
- (b) amounts that may be paid by the Fund in connection with any cash redemptions or repurchases of Units;
- (c) satisfaction of the Fund's debt service obligations (principal and interest) on indebtedness, if any, incurred by the Fund; and
- (d) any amount that may reasonably be considered to be necessary to provide for the payment of any costs or expenses, including any tax liability that had been or will reasonably be expected to be incurred in the activities and operations of the Fund and/or such other reserves (including regulatory capital reserves) as the Trustees may at any time, in their sole discretion, deem necessary or advisable.

The Fund's distributions may vary. See “Risk Factors” below.

Monthly distributions are to be payable to Unitholders of record on the last business day of each calendar month or such other date as may be determined from time to time by the Trustees (provided that December 31 in each calendar year shall be a distribution record date) and are to be paid, generally, on the 15th day of the following month.

The Fund may make additional distributions in excess of the monthly distributions during the year, as it sees fit, in the sole discretion of the Trustees. The distribution declared in respect of the month ending December 31 in each year may include an amount in respect of the taxable income and net realized capital gains, if any, of the Fund for such year to the extent necessary to ensure that the Fund will not be liable for income taxes under the Tax Act in such year and, in such case, the amount of income allocated to Unitholders may exceed the amount of cash distributed.

Any income of the Fund that is applied to cash redemptions of Units or is otherwise unavailable for cash distributions will, to the extent necessary to ensure that the Fund will not be liable for income taxes, be distributed to Unitholders in the form of additional Units. Such additional Units are expected to be issued pursuant to applicable exemptions under applicable securities laws, discretionary exemptions granted by applicable securities regulatory authorities or by way of a prospectus or similar filing. The Fund Declaration of Trust provides that immediately after any *pro rata* distribution of Units to all Unitholders in satisfaction of any non-cash distribution, the number of outstanding Units will be consolidated such that each Unitholder will hold after the consolidation the same number of Units as the Unitholder held before the non-cash distribution (except where tax was required to be withheld in respect of the Unitholders share of the distribution as described below). In this case, each certificate representing a number of Units prior to the non-cash distribution will be deemed to represent the same number of Units after the non-cash distribution and the consolidation. Where non-resident Unitholders are subject to withholding tax in respect of such distribution, the consolidation will not result in such non-resident Unitholders holding the same number of Units.

Although the Fund intends to make distributions of its available cash, these distributions are not assured. The actual distributions will depend on numerous factors. See “Risk Factors” below.

The after-tax return from an investment in Units to Unitholders who are subject to Canadian income tax will depend, in part, on the composition for tax purposes of distributions paid by the Fund (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). Management expects that all, or substantially all, of the distributions paid by the Fund will be taxable and not a return of capital. The composition for tax purposes of such distributions may change over time, thus affecting the after-tax return to Unitholders, and are expected to be generally taxed as ordinary income or as dividends in the hands of a Unitholder. Returns of capital are generally non-taxable to a Unitholder, but reduce the Unitholder’s adjusted cost base in the Unit for tax purposes.

Unitholders who are non-residents will be required to pay all withholding taxes payable in respect of any distributions by the Fund, whether those distributions are in the form of cash or additional Units. Non-residents should consult their own tax advisors regarding the tax consequences of investing in Units.

Redemption Right

Units are redeemable at any time on demand by their holders upon delivery to the Fund of a duly completed and properly executed redemption notice requesting redemption in a form approved by the Trustees specifying the number of Units to be redeemed. A Unitholder wishing to exercise their redemption right will be required to obtain a redemption notice form from the Fund’s registrar and transfer agent, Computershare Investor Services Inc. Upon receipt of the redemption notice by the Fund, all rights to and under the Units tendered for redemption will be surrendered and the Unitholder will be entitled to receive a “Redemption Price” per Unit equal to the lesser of:

- (a) 90% of the “market price” of the Units calculated as of the redemption date; and
- (b) 100% of the “closing market price” of the Units on the redemption date.

The “market price” of a Unit for the purpose of the foregoing calculations, as at the specified date, shall be (i) an amount equal to the weighted average trading price of a Unit on the principal exchange or market on which the Units are listed or quoted for trading during the period of 10 consecutive trading days ending on such date; (ii) an amount equal to the weighted average of the highest and lowest closing prices of a Unit on the principal market on which the Units are listed or quoted for trading on each day on which there was a trade during the period of 10 consecutive trading days ending on such date, if the applicable exchange or market does not provide information necessary to compute a weighted average trading price; or (iii) if there was trading on the applicable exchange or market for fewer than five of the 10 trading days, an amount equal to the simple average of the following prices established for each of the 10 consecutive trading days ending on such date: (A) the simple average of the last bid and last asking prices for each day on which there was no trading; (B) the closing price of the Units for each day on which there was trading, if the stock exchange or market provides a closing price; and (C) the average of the highest and lowest prices of the Units for each day on which there was trading, if the stock exchange or market provides only the highest and lowest prices of Units traded on a particular day.

The “closing market price” shall be an amount equal to:

- (i) the closing price of the Units on the principal market or exchange, if there was a trade on the specified date and the principal market or exchange provides only a closing price of the Units on the specified date;
- (ii) the simple average of the highest and lowest prices of the Units on the principal market or exchange, if there was trading on the specified date and the principal exchange or market provides only the highest and lowest trading prices of the Units on the specified date; or
- (iii) the simple average of the last bid and last asking prices of the Units on the principal market or exchange, if there was no trading on the specified date.

The aggregate Redemption Price payable by the Fund in respect of any Units surrendered for redemption during any calendar month will be satisfied by way of a cash payment by the Fund no later than the last day of the calendar month following the month in which the Units were tendered for redemption, provided that the entitlement of Unitholders to receive cash upon the redemption of their Units is subject to the limitations that:

- the total amount payable by the Fund in cash in respect of such Units and all other Units tendered for redemption in the same calendar month will not exceed \$50,000, provided that such limitation may be waived in the sole discretion of the Trustees in respect of all Units to be redeemed in any month;
- at the time such Units are tendered for redemption, the outstanding Units shall be listed for trading on the TSX or traded or quoted on another stock exchange or market which the Trustees consider, in their sole discretion, provides representative fair market value prices for the Units; or
- the normal trading of Units is not suspended or halted on any stock exchange on which the Units are listed (or, if not listed on a stock exchange, on any market on which the Units are quoted for

trading) on the redemption date or for more than five trading days during the 10 trading day period ending on the redemption date.

If a Unitholder is not entitled to receive cash upon the redemption of Units as a result of one or more of the foregoing limitations, then the Redemption Price per Unit to which a Unitholder would otherwise be entitled shall be paid and satisfied by way of a distribution to such Unitholder, at the discretion of the Trustees, of securities of the Fund, CI Public Partnership or any other entity in which the Fund has a direct or indirect interest, and may include securities of a new entity. Such securities will have a fair market value, as determined by the Trustees, equal to the Redemption Price of the surrendered Units. The Redemption Price payable in respect of Units tendered for redemption during any month shall, subject to receipt of all necessary regulatory approvals, be paid to, or to the order of, the Unitholder who exercised the right of redemption.

The securities which may be distributed *in specie* to Unitholders in connection with the redemption will not be listed on any stock exchange, no market is expected to develop for such securities, and they may be subject to resale restrictions under applicable securities laws. Any such securities so distributed may not be qualified investments for trusts governed by plans, including registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, (“Plans”) depending upon the circumstances at the time.

Repurchase of Units

The Fund is allowed, from time to time, to purchase Units for cancellation in accordance with applicable securities legislation and the rules prescribed under applicable stock exchange or regulatory policies. Any such repurchase will constitute an “issuer bid” under applicable Canadian provincial securities legislation and must be conducted in accordance with the applicable requirements thereof.

Meetings of the Voting Unitholders

Meetings of Voting Unitholders are required to be called and held annually for the election of Trustees and the appointment of auditors of the Fund and transacting such other business as the Trustees may determine or as may be properly brought before the meeting. The Fund Declaration of Trust provides that the Voting Unitholders will be entitled to pass resolutions that will bind the Fund only with respect to:

- the election or removal of any Trustees;
- the appointment or removal of the auditors of the Fund;
- the appointment of an inspector to investigate the performance by the Trustees in respect of their responsibilities and duties in relation to the Fund;
- the approval of amendments to the Fund Declaration of Trust (except as described under “– Amendments to the Fund Declaration of Trust”);
- the sale of all or substantially all of the assets of the Fund;
- the exercise of certain voting rights attached to any member of the Fund Group held by the Fund (as contemplated by “– Exercise of Certain Voting Rights Attached to Securities of CI Public Partnership or CI General Partner”);
- the termination, dissolution or winding-up of the Fund prior to the end of its term;

- the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit option plan or other compensation plan requiring Unitholder approval; and
- any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to the Voting Unitholders for their approval,

provided that the Voting Unitholders shall not pass any resolution that would cause the Fund or any of the members of the Fund Group to breach the terms of the Exchange Agreement or their constating documents or that would result in the Fund not being considered a “mutual fund trust” for purposes of the Tax Act.

Resolutions regarding: (i) the election or removal of any Trustees; (ii) the appointment or removal of the auditors of the Fund; (iii) the appointment of an inspector; (iv) the ratification of any Unitholder rights plan, distribution reinvestment plan, distribution reinvestment and Unit purchase plan, Unit Option Plan or other compensation plan requiring Unitholder approval; or (v) any other matters required by securities law, stock exchange rules or other laws or regulations to be submitted to Voting Unitholders for their approval, must be passed by a majority of the votes cast by Voting Unitholders (an “**Ordinary Resolution**”). The balance of the foregoing matters must be passed by more than 66-2/3% of the votes cast by Voting Unitholders (a “**Special Resolution**”).

A meeting of the Voting Unitholders may be convened at any time and for any purpose by the Trustees and must be convened, except in certain circumstances, if requisitioned by the holders of not less than 5% of the Units then outstanding, by a written requisition to such effect. A requisition must state in reasonable detail the business proposed to be transacted at the meeting.

Voting Unitholders may attend and vote at all meetings of the Voting Unitholders either in person or by proxy, and a proxy holder need not be a Voting Unitholder. Two or more persons present in person or represented by proxy and representing in the aggregate not less than 10% of the votes attached to all outstanding Units will constitute a quorum for the transaction of business at all such meetings.

The Fund Declaration of Trust contains provisions as to the notice required for, and other procedures with respect to the calling and holding of, meetings of the Voting Unitholders.

Exercise of Certain Voting Rights Attached to Securities of CI Public Partnership or CI General Partner

The Fund Declaration of Trust provides that the Fund will not vote the Class A LP Units, or CI General Partner common shares that it holds, nor will it permit CI Public Partnership or CI General Partner to vote the securities held by them, to authorize any transaction which is adverse to the Voting Unitholders, including:

- (a) any sale, lease or other disposition of all or substantially all of the assets of any member of the Fund Group except in conjunction with an internal reorganization or good faith pledges or mortgages in the ordinary course of business involving any member of the Fund Group;
- (b) any amalgamation, arrangement or other merger of any member of the Fund Group with any other entity except in conjunction with an internal reorganization;
- (c) the winding-up or dissolution of any member of the Fund Group prior to the end of the term of the Fund except in conjunction with an internal reorganization; or

- (d) any material amendment to the constating documents of any member of the Fund Group which may be prejudicial to the Fund,

without the approval of the Voting Unitholders by Special Resolution.

Trustees

The Fund is required to have a minimum of one Trustee and a maximum of 15 Trustees, the majority of whom must be residents of Canada at all times (within the meaning of the Tax Act). The Trustees supervise the activities and manage the affairs of the Fund.

The Fund Declaration of Trust provides that, subject to its terms and conditions, the Trustees have full, absolute and exclusive power, control, authority and discretion over the Fund's assets and over the affairs of the Fund to the same extent as if the Trustees were the sole and absolute legal and beneficial owners of the Fund assets. Subject only to express limitations in the Fund Declaration of Trust, the Trustees' powers and authorities include:

- maintaining records and providing reports to Voting Unitholders;
- supervising the activities and managing the investments and affairs of the Fund; and
- effecting payments of distributions from the Fund to Unitholders.

Any one or more of the Trustees may resign upon written notice to the Fund and the vacancy created by such resignation may be filled by the affirmative vote of a quorum of the Trustees, failing which it may be filled by an Ordinary Resolution at the next meeting of Voting Unitholders. Any one or more Trustees may also be removed by an Ordinary Resolution and the vacancy created by such removal may be filled at the same meeting, failing which it may be filled by the affirmative vote of a quorum of the Trustees.

Trustees will be appointed at each annual meeting of Voting Unitholders to hold office for a term expiring at the close of the next annual meeting. A quorum of the Trustees will be a majority of the Trustees then holding office. A majority of the Trustees may fill a vacancy in the Trustees, except a vacancy resulting from an increase in the minimum or maximum number of Trustees or from a failure of the Voting Unitholders to elect the minimum required number of Trustees. In the absence of a quorum of Trustees, or if the vacancy has arisen from a failure of the Voting Unitholders to elect the required number of Trustees, the Trustees will promptly call a special meeting of the Voting Unitholders to fill the vacancy. If the Trustees fail to call that meeting or if there are not Trustees then in office, any Voting Unitholder may call the meeting. Except as otherwise provided in the Fund Declaration of Trust, the Trustees may, between annual meetings of Voting Unitholders, appoint one or more additional Trustees to serve until the next annual meeting of Voting Unitholders, but the number of additional Trustees will not at any time exceed one third of the number of Trustees who held office at the expiration of the immediately preceding annual meeting of Voting Unitholders.

The Fund Declaration of Trust provides that the Trustees must act honestly and in good faith with a view to the best interests of the Voting Unitholders and will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Fund Declaration of Trust provides that each Trustee (and former Trustee) will be entitled to indemnification from the Fund in respect of the exercise of the Trustee's power and the discharge of the Trustee's duties, provided that the Trustee acted honestly and in good faith with a view to the best interests of the Voting Unitholders or, in the case of a criminal or administrative action or proceeding that is enforced by a

monetary penalty, where the Trustee had reasonable grounds for believing that his or her conduct was lawful.

The Board of Trustees has adopted a written charter that sets out its mandate and responsibilities. A copy of the charter is attached hereto as Appendix "A".

Liability of Trustees

The Fund Declaration of Trust contains customary provisions limiting the liability of the Trustees. The Trustees will not be liable to any Voting Unitholder or any other person, in tort, contract or otherwise, for: any action taken in good faith in reliance on any documents that are, prima facie, properly executed; for any depreciation of, or loss to, the Fund incurred by reason of the sale of any asset; for the loss or disposition of money or securities; or any action or failure to act of any other person to whom the Trustees have delegated any of their duties under the Fund Declaration of Trust; or for any other action or failure to act (including failure to compel in any way any former Trustee to redress any breach of trust or any failure by any person to perform its duties under or delegated to it, under the Fund Declaration of Trust), unless, in each case, such liabilities arise out of a breach of the Trustees' standard of care, diligence and skill or breach of the restrictions on the Trustees' powers as set out in the Fund Declaration of Trust. If the Trustees have retained an appropriate expert, advisor or legal counsel with respect to any matter connected with their duties under the Fund Declaration of Trust, the Trustees may act or refuse to act based on the advice of such expert, advisor or legal counsel, and the Trustees will not be liable for and will be fully protected from any loss or liability occasioned by any action or refusal to act based on the advice of such expert, advisor or legal counsel. In the exercise of the powers, authorities or discretion conferred on the Trustees under the Fund Declaration of Trust, the Trustees are and will be conclusively deemed to be acting as Trustees of the Fund's assets and will not be subject to any personal liability for any debts, liabilities, obligations, claims, demands, judgments, costs, charges or expenses against or with respect to the Fund or the Fund's assets.

Insurance Coverage for the Fund and Related Entities and Indemnification

The Fund has obtained policies of insurance for the Trustees of the Fund and for the directors and officers of the Fund Group for liabilities they incur in such capacities. The aggregate limit of liability applicable to the insured Trustees, directors and officers under the policies is \$25 million. Under the policies, each member of the Fund Group will have reimbursement coverage to the extent that it has indemnified any such Trustees, directors and officers. The total limit of liability is shared among the members of the Fund Group and their respective Trustees, directors and officers so that the limit of liability will not be exclusive to any one of the entities or their respective Trustees, directors and officers.

The constating documents of each member of the Fund Group (where applicable) provide for the indemnification of its directors and officers from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations. The Fund Declaration of Trust also provides for the indemnification of the Trustees and officers of the Fund from and against liability and costs in respect of any action or suit brought against them in connection with the execution of their duties of office, subject to certain limitations.

Amendments to the Fund Declaration of Trust

The Fund Declaration of Trust may be amended or altered from time to time by Special Resolution, except where otherwise provided in the Fund Declaration of Trust. Subject to the approval of the Voting Unitholders by Special Resolution, no amendment may be made to the Fund Declaration of Trust to (i) modify the voting rights attributable to the Units and Special Voting Units, (ii) to reduce the

fractional undivided beneficial interest in the property of the Fund represented by any Units, or (iii) to cause the Fund to fail to qualify as a mutual fund trust under the Tax Act.

The Trustees may, without the approval of the Voting Unitholders, make certain amendments to the Fund Declaration of Trust, including amendments:

- for the purpose of ensuring continuing compliance with applicable laws, regulations, requirements or policies of any governmental authority having jurisdiction over the Trustees or over the Fund or any member of the Fund Group (including ensuring that the Fund continues to qualify as a “mutual fund trust” under the Tax Act);
- which, in the opinion of the Trustees, are necessary or desirable as a result of changes in taxation law or policies of any government authority having jurisdiction over the Trustees or the Fund;
- to give effect to any agreements relating to matters of governance;
- which, in the opinion of counsel to the Fund, provide additional protection or added benefits for Voting Unitholders; and
- to remove any conflicts or inconsistencies in the Fund Declaration of Trust or to make minor changes or corrections (including the correction or rectification of any ambiguities, defective provisions, errors, mistakes or omissions) which, in the opinion of the Trustees, are necessary or desirable and not prejudicial to the Voting Unitholders.

Term of the Fund

At any time prior to the expiry of the term of the Fund, the Voting Unitholders may by Special Resolution require the Trustees to commence to wind-up the affairs of the Fund.

The Fund Declaration of Trust provides that, upon being required to commence to wind up the affairs of the Fund, the Trustees will give notice thereof to the Voting Unitholders. Following a Special Resolution to terminate the Fund, the Trustees will proceed to wind up the affairs of the Fund as soon as may be reasonably practicable and for such purpose will, subject to any direction to the contrary in respect of a termination authorized by a Special Resolution:

- sell and convert into money all of the Fund assets in one transaction or a series of transactions at public or private sale;
- discharge or pay its liabilities; and
- do all other acts appropriate to liquidate the Fund.

After paying, retiring, discharging or making provision for the payment, retirement or discharge of all known liabilities and obligations of the Fund and providing for indemnity against any other outstanding liabilities and obligations, the Trustees will distribute the remaining proceeds of the sale of the Fund assets, together with any cash forming part of the assets of the Fund, among the Unitholders in accordance with their *pro rata* interests. If the Trustees are unable to sell all or any part of the assets which comprise part of the Fund by the date set for termination, the Trustees may distribute the remaining assets *in specie* directly to the Unitholders in accordance with their *pro rata* interests, subject to obtaining all required regulatory approvals. The Trustees will have no liability for the amount so paid provided that they have acted in good faith in such regard.

Take-Over Bids

The Fund Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the Units (including Units that may be acquired on the exchange of any Class B LP Units, but excluding Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by Unitholders who did not accept the take-over bid on the terms on which the offeror acquired Units from Unitholders who accepted the take-over bid.

The CI Public Partnership Agreement (defined below) provides that if a non-exempt take-over bid by a person acting at arm's length to holders of Class B LP Units (or any associate or affiliate thereof) is made for the Units and a contemporaneous identical offer is not made for Class B LP Units held by persons other than any member of the Fund Group (in terms of price, timing, proportion of securities sought to be acquired and conditions, provided that the offer for Class B LP Units may be conditional on Units being taken up and paid for under the takeover bid), then, provided that (i) not less than 25% of the Units (other than Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken-up and paid for pursuant to the non-exempt bid from and after the date of first take up of Units under the said take-over bid in excess of the foregoing threshold, and (ii) the takeover bid is not for any and all Units tendered and is not structured such that holders of Class B LP Units can exchange into Units conditional on take-up, Class B LP Units held by persons other than the Fund will be exchangeable at an exchange ratio equal to 110% of the exchange ratio previously in effect, such that, based on the current one-to-one exchange ratio, on exchange the holder of Class B LP Units will receive 1.1 Units for each Unit that the holder would otherwise have received. Notwithstanding any adjustment on completion of an exclusionary offer as described above, the voting rights attaching to the Special Voting Units will not be similarly adjusted, and the distribution rights attaching to Class B LP Units will also not be adjusted until the exchange right is actually exercised.

The CI Public Partnership Agreement also provides that no holder of Class B LP Units is permitted to transfer such Class B LP Units, other than for Units in accordance with the terms of the Exchange Agreement.

Information and Reports

The Fund is required to furnish to Voting Unitholders, in accordance with applicable securities laws, all financial statements of the Fund (including quarterly and annual financial statements) and other reports as are from time to time required by applicable law, including prescribed forms needed for the completion of Unitholders' tax returns under the Tax Act and equivalent provincial legislation.

Prior to each meeting of Voting Unitholders, the Trustees are required to provide to the Voting Unitholders (along with notice of the meeting) all information, together with such certifications, as is required by applicable law and by the Fund Declaration of Trust to be provided to Voting Unitholders.

The chief executive officer and chief financial officer of CI General Partner perform functions similar to a chief executive officer and chief financial officer of the Fund. As such, the chief executive officer and chief financial officer of CI General Partner are required to execute the certificates required to be filed pursuant to Multilateral Instrument 52-109 – "Certification of Disclosure in Issuers' Annual and Interim Filings".

Trustees of the Fund and directors and senior officers of each corporate member of the Fund Group are required to comply with insider trading and reporting provisions of applicable Canadian securities legislation (unless exempt) in respect of trades made by such persons in Units and Class B LP Units.

Administration Agreement

On June 30, 2006, the Fund, CI Public Partnership and CI Investments entered into the Administration Agreement. Under the terms of the Administration Agreement, CI Public Partnership and CI Investments will provide administrative and support services to the Fund including, without limitation, those necessary to:

- (a) ensure compliance by the Fund with continuous disclosure obligations under applicable securities legislation;
- (b) provide investor relations services;
- (c) provide or cause to be provided to Unitholders all information to which Unitholders are entitled under the Fund Declaration of Trust, including relevant information with respect to financial reporting and income taxes;
- (d) call and hold meetings of Voting Unitholders and distribute required materials, including notices of meetings and information circulars, in respect of all such meetings;
- (e) assist in calculating distributions to Unitholders;
- (f) attend to all administrative and other matters arising in connection with any redemption of Units;
- (g) ensure compliance with the Fund's limitations on ownership; and
- (h) generally provide all other services as may be necessary or as may be requested by the Trustees.

The Administration Agreement has an initial term of 10 years, and will be extended for additional five-year periods at the option of the Fund, CI Public Partnership and CI Investments. The Administration Agreement may be terminated by a party in the event of the insolvency or receivership of the other party, or in the case of default by a party in the performance of a material obligation under the Administration Agreement, with certain exceptions, which is not remedied within 30 days after written notice has been delivered.

Limitation on Non-resident Ownership

In order for the Fund to maintain its status as a mutual fund trust under the Tax Act, the Fund must not be established or maintained primarily for the benefit of non-residents and, pursuant to certain proposed amendments to the Tax Act, not more than 50% of the aggregate fair market value of the Units may be held by non-residents and/or partnerships (other than Canadian partnerships as defined in the Tax Act). Accordingly, the Fund Declaration of Trust provides that at no time may non-residents and partnerships (other than Canadian partnerships) be the beneficial owners of more than 45% of the Units (on either a non-diluted and fully-diluted basis for these purposes). The Trustees may require declarations as to the jurisdictions in which beneficial owners of Units are resident or as to their status as Canadian partnerships.

If the Trustees become aware that the beneficial owners of 45% of the Units then outstanding are or may be non-residents or partnerships (other than Canadian partnerships) or that such a situation is imminent, the Trustees may make a public announcement thereof and will not accept a subscription for Units from, or issue or register a transfer of Units to, any person unless the person provides a declaration

that he or she is not a non-resident or a partnership other than a Canadian partnership. If, notwithstanding the foregoing, the Trustees determine that more than 45% of the Units are held by non-residents or partnerships (other than Canadian partnerships), the Trustees may send a notice to such holders of Units, chosen in inverse order to the order of acquisition or registration or in such manner as the Trustees may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not more than 60 days. If the Unitholders receiving such notice have not sold the specified number of Units or provided the Trustees with satisfactory evidence that they are not non-residents, the Trustees may sell such Units on behalf of such Unitholders and, in the interim, the voting and distribution rights attached to such Units will be suspended. Upon such sale, the affected holders will cease to be holders of the Units and their rights will be limited to receiving the net proceeds of such sale.

On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more Non-Resident persons or partnerships that are not “Canadian partnerships” (as defined in the Tax Act) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust’s property is “taxable Canadian property” or certain other types of property. To date, the Department of Finance has not tabled a Notice of Ways and Means Motion which includes these proposed changes, and the Department of Finance has indicated that the implementation of the proposed changes would be suspended pending further consultation with interested parties. Depending on the final form of the draft amendments as enacted, it may be necessary to amend the Fund Declaration of Trust to take into account these new restrictions. This amendment may be made without Unitholder approval.

Restrictions on Ownership and Transfer of Units

Pursuant to rules established by certain securities regulatory authorities in Canada, the direct or indirect ownership of shares of a dealer or advisor (in any category) is subject to certain restrictions. To enable Assante Capital Management Ltd., Assante Financial Management Ltd., IQON and any other registrant within the Fund Group to comply with these requirements, the Declaration of Trust contains certain provisions pursuant to which:

- the Fund may require a proposed subscriber or transferee of Voting Units to submit a declaration with respect to the holding of Units as beneficial owner and any other matter that the Trustees consider relevant to determine if the registration of the subscription or transfer would result in a violation of the Declaration of Trust or applicable legislative or regulatory requirements. The Fund also may require a declaration at any time if proxies are solicited from Voting Unitholders at any meeting of Voting Unitholders or before such a meeting or when, in the opinion of the Trustees, the holding of Voting Units by any person could violate the Declaration of Trust or applicable legislative or regulatory requirements;
- the Fund has the power to refuse to issue or record a transfer and to withdraw the voting rights of any Voting Units if:
 - following the issue or recording of the transfer, the holder of Voting Units (along with his or her associates and affiliates) would beneficially own or control, directly or indirectly, a “significant equity interest” in the Fund, unless notice and/or the required approvals from all relevant securities regulatory authorities, self-regulatory organizations and stock exchanges have been obtained; or
 - the person requesting the issue or recording of the transfer refuses to sign and deliver a declaration with respect to his or her beneficial ownership of the Voting Units of the Fund.

For these purposes, a “significant equity interest” is defined to include, among others:

- (a) in respect of the applicable rules of the Investment Dealers Association of Canada, the holding of (i) voting securities carrying 10% or more of the votes carried by all voting securities of the member or of a holding company of a member; (ii) 10% or more of the outstanding participating securities of the member or of a holding company of a member; or (iii) an interest of 10% or more of the total equity in the member;
 - (b) in respect of the applicable rules of the Mutual Fund Dealers Association of Canada, the holding of (i) voting securities carrying 20% or more of the votes carried by all voting securities of the member or of a holding company of a member; (ii) 20% or more of the outstanding participating securities of the member or of a holding company of a member; or (iii) an interest of 20% or more of the total equity in the member;
 - (c) in respect of the applicable rules of the TSX the holding, directly or indirectly and alone or in combination with any other person, of securities: (i) carrying 20% or more of the votes carried by all voting securities; (ii) carrying the right to receive 20% or more of any distribution of earnings; and (iii) accounting for 20% or more of the total capital or equity of the issuing person; and
 - (d) in respect of the applicable rules of the Autorité des marchés financiers du Québec, the direct or indirect ownership or holding of more than 10% of the voting rights attached to securities issued by an investment dealer or the person controlling it.
- The Fund will be entitled to sell, as agent and, in the interim, suspend the voting rights attached to any number of Voting Units of any class held by any person in violation of the Fund Declaration of Trust, or held by any person who fails to reply to a request for a declaration (as outlined above), if the Trustees determine that the sale is necessary or advisable to ensure compliance with the Fund Declaration of Trust and applicable legislative and regulatory requirements, and their holder has not sold the Voting Units so held in violation of the Fund Declaration of Trust.

These restrictions relating to the transfer and the issue of Voting Units shall not apply in the case of an issue or a transfer in favour of an investment dealer or a holding company of an investment dealer so long as the transfer is effected in the ordinary course of the activities of its securities business.

Conflicts of Interest

The Fund Declaration of Trust contains “conflict of interest” provisions that serve to protect Unitholders without creating undue limitations on the Fund. The Fund Declaration of Trust provides that, if a Trustee or an officer of the Fund is a party to a material contract or transaction or proposed material contract or transaction with the Fund, or is a director or officer or employee of, or has a material interest in, any person who is a party to a material contract or transaction or proposed material contract or transaction with the Fund, such Trustee or officer of the Fund or of any investees, as the case may be, shall disclose in writing to the Trustees or request to have entered in the minutes of meetings of Trustees the nature and extent of such interest. Except in certain specified circumstances, a Trustee who is a party to or so interested in such a material contract or transaction will be precluded from voting on such a material contract or transaction, but the presence of such Trustee at the relevant meeting shall be counted towards any quorum requirement. These provisions in the Fund Declaration of Trust are intended to be equivalent to the analogous provisions of the OBCA applicable to directors and officers of a corporation.

DESCRIPTION OF CI PUBLIC PARTNERSHIP

The following is a summary of the material attributes and characteristics of CI Public Partnership and partnership units that are issued under the limited partnership agreement dated as of May 19, 2006 in respect of CI Public Partnership (the “**CI Public Partnership Agreement**”). This summary is qualified in its entirety by reference to the provisions of the CI Public Partnership Agreement, which contains a complete statement of those attributes and characteristics.

General

CI Public Partnership is a limited partnership established under the laws of the Province of Manitoba to directly or indirectly acquire the CI Financial business and to conduct any other businesses or other activities as CI General Partner may determine (including, without limitation, directly or indirectly, the provision of financial services such as investment fund management and wealth management services). The general partner of CI Public Partnership is CI General Partner.

Capitalization

CI Public Partnership is entitled to issue various partnership interests for such consideration and on such terms and conditions as may be determined by CI General Partner. CI Public Partnership issued a general partner interest to CI General Partner, Class A LP Units to the Fund and Class B LP Units to former shareholders of CI Financial that elected to receive such units. Additionally, Class B LP Units are accompanied by Special Voting Units that entitle the holder to receive notice of, attend and vote at all meetings of Voting Unitholders. CI General Partner holds the general partner interest in CI Public Partnership. As at December 31, 2006, 133,673,930 Class A LP Units and 146,458,757 Class B LP Units were issued and outstanding.

Distributions

CI Public Partnership distributes to limited partners (of record) holding partnership units on the last day of each month such portion as may be determined by the board of directors of CI General Partner of CI Public Partnership’s distributable cash as set out below. Distributions on the limited partner units are intended to be received by the Fund prior to its distributions to Unitholders. CI Public Partnership may, at the discretion of the board of directors of CI General Partner, afford limited partners the option to elect to be loaned the amount of distributions by CI Public Partnership up to the amount which would otherwise have been distributed. Any such loan would be non-interest bearing and payable on the first business day of the fiscal year next succeeding the fiscal year in which the loan was made. Any distribution for which a loan was made in a fiscal year would be made to the limited partner on the first business day of the next succeeding fiscal year and first applied in satisfaction of the repayment of the corresponding loan. Distributions on the Class B LP Units are intended to be received by holders of such units at the same time (and in the same amount) as distributions on Units are received by Unitholders. CI Public Partnership may, in addition, make a distribution at any other time.

Distributable cash represents, in general, all of CI Public Partnership’s cash (including fees earned for services provided pursuant to the Management Agreement (defined below)), after:

- satisfaction of its debt service obligations (principal and interest) under credit facilities or other agreements with third parties;
- satisfaction of general and administrative expenses and other expense obligations;

- deduction for income tax obligations of any entity controlled by CI Public Partnership directly or indirectly; and
- retaining reasonable reserves for administrative and other expense obligations and reasonable reserves (including regulatory capital reserves) as may be considered appropriate by the board of directors of CI General Partner.

Class B LP Units

Class B LP Units are intended to be, to the greatest extent practicable, the economic equivalent of Units. Holders of Class B LP Units are entitled to receive distributions or advances paid by CI Public Partnership, which distributions are equal, to the greatest extent practicable, to distributions paid by the Fund to holders of Units. Certificates representing each Class B LP Unit are issued together with a Special Voting Unit entitling the holder to one vote at all meetings of Unitholders for each Special Voting Unit held, subject to the customary anti-dilution adjustments set out in the Fund Declaration of Trust. Each Class B LP Unit is indirectly exchangeable for one Unit, subject to the customary anti-dilution adjustments set out in the Exchange Agreement and the CI Public Partnership Agreement. Class B LP Units may not be transferred except in connection with an exercise of the Exchange Rights (defined below) or upon the death of a holder thereof. The Class B LP Units are not listed on the TSX or on any other stock exchange or quotation system. Although Class B LP Units are intended, to the greatest extent practicable, to be economically equivalent to Units, there are certain tax consequences to holders of Class B LP Units, some of which may be adverse. There are consequences related to the ownership of Class B LP Units that differ from the consequences of owning Units. See “Risk Factors” below.

Exchange Rights

Pursuant to the exchange rights (“**Exchange Rights**”), holders of Class B LP Units are entitled to require CI Public Partnership to exchange any or all of the Class B LP Units held by such holder for an equal number of Units, subject to the customary anti-dilution adjustments set out in the Exchange Agreement. Holders of Class B LP Units may effect such exchange by presenting a certificate or certificates to CI Public Partnership representing the number of Class B LP Units the holder desires to exchange together with such other documents as CI Public Partnership and the Fund may require to effect the exchange. CI Public Partnership will deliver or cause the Fund’s transfer agent to deliver the aggregate number of Units for which Class B LP Units are exchanged. Concurrent with the exchange of each Class B LP Unit for a Unit, the related Special Voting Unit will be cancelled.

Pursuant to the Exchange Agreement, the Fund will agree, among other things, to provide CI Public Partnership with Units sufficient to allow CI Public Partnership to meet its obligations under the Exchange Agreement and the CI Public Partnership Agreement.

Exchange Rights may be exercised by a holder of Class B LP Units, at its discretion, at any time so long as all of the following conditions have been met:

- the exchange would not cause the Fund to breach the restrictions respecting non-resident ownership contained in the Fund Declaration of Trust as described in “Description of the Fund – Limitation on Non-resident Ownership”;
- the Fund is legally entitled to issue the Units in connection with the exercise of the Exchange Rights; and
- the person receiving the Units upon the exercise of the Exchange Rights complies with all applicable securities laws.

The Fund is required to make such filings and seek such regulatory consents and approvals as are necessary such that the Units issuable upon the exchange of Class B LP Units will be issued in compliance with applicable securities law in Canada and may be traded freely on the TSX or such other exchange on which the Units may be listed, quoted or posted for trading from time to time.

Call on Class B LP Units

In certain circumstances, including the death of an individual holder of Class B LP Units (unless transferred to a spouse or a validly created spousal trust), a take-over bid whereby the holders of not less than 90% of the Units (including Units issuable upon the exchange of Class B LP Units) have tendered to the bid, or in the event that there are outstanding less than 2% of the number of Class B LP Units issued on June 30, 2006, CI Public Partnership will have the right, subject to applicable law, to acquire outstanding Class B LP Units in exchange for an equal number of Units, subject to adjustment in accordance with the Exchange Agreement and the CI Public Partnership Agreement. Upon the exercise by CI Public Partnership of such call right, the holder's presentation and surrender of the certificates representing the Class B LP Units and such other documents as may be required at the registered office of CI Public Partnership, CI Public Partnership will deliver to such holder certificates representing the aggregate number of Units to which such holder is entitled, registered as such holder may request.

Distribution Rights

Distributions or advances to be made to holders of Class B LP Units are, to the greatest extent practicable, economically equivalent to the cash distributions made to the holders of Units. Without limiting the generality of the foregoing, holders of Class B LP Units are entitled to receive, subject to applicable law, distributions or advances:

- in the case of a cash distribution declared on the Units, an amount in cash for each Class B LP Unit corresponding to the cash distribution declared on each Unit; or
- in the case of a distribution declared on the Units in property (other than a distribution of Units and immediate consolidation thereafter such that the number of outstanding Units both immediately prior to and following such transaction remains the same), in such type and amount of property as is the same as, or economically equivalent to (as determined by the board of directors of CI General Partner, in good faith and in its sole discretion), the type and amount of property declared as a distribution on each Unit.

Voting Rights

The holders of Class A LP Units have the right to exercise 100% of the votes in respect of all matters to be decided by the limited partners of CI Public Partnership, and the holders of Class B LP Units will not have the right to exercise any votes in respect of such matters. The Fund is the holder of Class A LP Units. The holders of Class B LP Units are not entitled, as such, to receive notice of or to attend any meeting of limited partners of CI Public Partnership or to vote at any such meeting. Pursuant to the Arrangement, each of the holders of Class B LP Units received one Special Voting Unit for each Class B LP Unit held. Each Special Voting Unit entitles the holder to one vote at meetings of Unitholders, subject to the customary anti-dilution adjustments. Each Special Voting Unit is intended to be, to the greatest extent practicable, the voting equivalent of a Unit and, accordingly, entitles the holder thereof to one vote at any meeting of Voting Unitholders. However, other than voting rights, the holders of Special Voting Units have no rights (whether as to distributions or otherwise) in respect of the Fund. Special Voting Units will be evidenced only by the certificates representing the Class B LP Units to which they relate and will be non-transferable. Upon exchange of Class B LP Units for Units, the corresponding Special Voting Units will be redeemed for no consideration and cancelled.

Each holder of a Class B LP Unit on the record date for any meeting at which Unitholders are entitled to vote is entitled to instruct the Fund to exercise that number of votes attached to the Special Voting Units relating to the Class B LP Units held by such holder.

The Fund is required to send to the holders of the Class B LP Units the notice of each meeting at which the Unitholders are entitled to vote, together with the related meeting materials and a statement as to the manner in which the holder may instruct the Fund to exercise the votes attaching to the Special Voting Units, at the same time as the Fund sends such notice and materials to the Unitholders. The Fund is also required to send to the holders of Class B LP Units copies of all information statements, interim and annual financial statements, reports and other materials sent by the Fund to the Unitholders at the same time as such materials are sent to the Unitholders. To the extent such materials are provided to the Fund by other persons, the Fund is also required to send to the holders all materials sent by third parties to Unitholders, including dissident proxy circulars and take-over bid circulars, as soon as possible after such materials are first sent to Unitholders.

With the exception of administrative changes for the purpose of adding covenants for the protection of the holders of the Class B LP Units, making necessary amendments or curing ambiguities or clerical errors (in each case provided that the Trustees and the board of directors of CI General Partner are of the opinion that such amendments are not prejudicial to the interests of the holders of the Class B LP Units), the Exchange Agreement may not be amended without the approval of the Fund, CI Public Partnership, CI General Partner and holders of the Class B LP Units.

Allocation of Net Income and Losses

The income or loss for tax purposes of CI Public Partnership for a particular fiscal year will be allocated to each partner in an amount calculated by multiplying the total income or loss for tax purposes to be allocated to the partners by a fraction, the numerator of which is the sum of the cash distributions or advances received by that partner with respect to that fiscal year and the denominator of which is the total amount of the cash distributions or advances made by CI Public Partnership to all partners with respect to that fiscal year (other than distributions that are used by the partner to repay advances to CI Public Partnership) in accordance with the provisions of the Tax Act. The amount of income allocated to a partner may exceed or be less than the amount of cash distributed or advanced by CI Public Partnership to that partner.

Management Agreement

CI Public Partnership, CI Investments and United entered into a management agreement (the “**Management Agreement**”) pursuant to which CI Public Partnership provides certain management and finance related services to CI Investments, United and their respective Affiliates.

Limited Liability

CI Public Partnership is required to operate in a manner as to ensure to the greatest extent possible the limited liability of the limited partners. The limited partners may lose their limited liability in certain circumstances. If limited liability is lost by reason of the negligence of CI General Partner in performing its duties and obligations under the CI Public Partnership Agreement, CI General Partner has agreed to indemnify holders of partnership units against all claims arising from assertions that their liability is not limited as intended by the CI Public Partnership Agreement. However, since CI General Partner has no significant assets or financial resources, this indemnity may have nominal value.

Reimbursement of the General Partner

CI Public Partnership is required to reimburse CI General Partner, as the general partner of CI Public Partnership, for all direct costs and expenses incurred by it in the performance of its duties on behalf of CI Public Partnership under the CI Public Partnership Agreement.

Transfer of Partnership Units

The Class A LP Units are transferable in accordance with the CI Public Partnership Agreement or otherwise with the consent of CI General Partner and such transfer is also subject to compliance with applicable securities law restrictions, provided that Excluded Shareholders may not acquire or hold a Class A LP Unit. The Class B LP Units are not transferable, except in connection with the exercise of the Exchange Rights or in the event of death.

Amendment

The CI Public Partnership Agreement may be amended with the prior consent of the holders of at least 66-2/3% of the Class A LP Units voted on at a duly constituted meeting or by a written resolution of partners holding all the Class A LP Units which would have been entitled to vote at a duly constituted meeting (a “**CI Public Partnership Special Resolution**”). Notwithstanding the foregoing, certain amendments require unanimous approval of holders of Class A LP Units, including: (i) changing the liability of any limited partner; (ii) changing the right of a limited partner to vote at any meeting; or (iii) changing CI Public Partnership from a limited partnership to a general partnership.

In addition:

- no amendment which would adversely affect the rights and obligations of CI General Partner, as general partner, may be made without its consent;
- no amendment which affects, or purports to affect, the rights, benefits or entitlement of the holders of Class B LP Units may be made unless approved by a special resolution of the holders of Class B LP Units;
- no amendment which affects, or purports to affect, any holder of Class A LP Units differently from any other holder of Class A LP Units may be made unless approved unanimously by all holders of Class A LP Units and, further, no amendment which affects, or purports to affect, any holder of Class B LP Units differently from any other holder of Class B LP Units may be made unless approved by the majority of the minority holders of Class B LP Units; and
- CI Public Partnership may make amendments to the CI Public Partnership Agreement to reflect: (i) a change in the name of CI Public Partnership or the location of the principal place of business of CI Public Partnership or the registered office of the CI Public Partnership; (ii) a change in the governing law of CI Public Partnership to any other province of Canada; (iii) admission, substitution, withdrawal or removal of limited partners in accordance with the CI Public Partnership Agreement; (iv) a change that, as determined by CI General Partner, is reasonable and necessary or appropriate to qualify or continue the qualification of CI Public Partnership as a limited partnership in which the limited partners have limited liability under applicable laws; (v) a change that, as determined by CI General Partner, is reasonable and necessary or appropriate to enable CI Public Partnership to take advantage of, or not be detrimentally affected by, changes in the Tax Act or other taxation laws; (vi) to create a new class of partnership units in connection with the issuance of convertible indebtedness of the Fund; or (vii) a change to amend or add any provision or to cure any ambiguity or to correct or supplement any provisions contained in the CI

Public Partnership Agreement which may be defective or inconsistent with any other provision contained in the CI Public Partnership Agreement.

Meetings

CI General Partner may call meetings of partners and will be required to convene a meeting on receipt of a request in writing of the holder(s) of not less than 10% of the outstanding Class A LP Units. A quorum at a meeting of partners consists of one or more partners present in person or by proxy.

Excluded Persons

At no time may a holder of partnership units be: (i) a non-resident; (ii) a person that is generally exempt from Part I of the Tax Act; (iii) a partnership; (iv) a person that acquires Class B LP Units as a “tax shelter investment” for purposes of the Tax Act or an interest in which is a “tax shelter investment” for the purposes of the Tax Act (each, an “**Excluded Person**”). Shareholders or other persons that acquire Class B LP Units are required to covenant, agree and undertake to immediately notify CI General Partner that the holder of partnership units has become an Excluded Person. CI General Partner will be entitled at any time to request from any holder of partnership units of CI Public Partnership evidence that is satisfactory to CI General Partner that such holder has not become an Excluded Person. In the event that a holder of partnership units has become an Excluded Person (by contract, emigration or otherwise) in contravention of the foregoing restrictions, the holder of the Class B LP Units shall be deemed to have ceased to be a partner with effect immediately before the date of contravention and to have exchanged such holder’s Class B LP Units into the applicable number of Units at that time. Any such holder will not be entitled to any distributions on the Class B LP Units so deemed to have been exchanged from such time.

In addition, CI General Partner may determine, in its sole discretion, that no more than 50% of the aggregate fair market value of the partnership units may be held by holders that are “financial institutions” under the Tax Act. Upon request, shareholders or other persons that acquire Class B LP Units will be required to notify CI General Partner if the holder of partnership units is a “financial institution” under the Tax Act. CI General Partner will be entitled at any time to request from any holder of partnership units of CI Public Partnership evidence that is satisfactory to CI General Partner that such holder is not a “financial institution” under the Tax Act.

Notwithstanding anything contained herein, in the event that CI General Partner determines that persons who are “financial institutions” under the Tax Act hold partnership units of CI Public Partnership which represent more than 50% of the aggregate fair market value of all CI Public Partnership partnership units, each person who is a “financial institution” (other than Sun Life Financial and any of its affiliates that held Class B LP Units on June 30, 2006) may be required to exchange such number of Class B LP Units, *pro rata*, as is required so that the fair market value of Class B LP Units held by them, together with the Class B LP Units held by Sun Life (and any of its affiliates that held Class B LP Units on June 30, 2006), represents 49% of the aggregate fair market value of all partnership units of CI Public Partnership, and to have exchanged such Class B LP Units into the applicable number of Units.

DESCRIPTION OF CI GENERAL PARTNER

General

CI General Partner is a corporation existing under the laws of Ontario which acts as the general partner of CI Public Partnership. The Fund owns all of the outstanding common shares of CI General Partner.

Functions and Powers of CI General Partner

CI General Partner has exclusive authority to manage the business and affairs of CI Public Partnership, to make all decisions regarding the business of CI Public Partnership and to bind CI Public Partnership. CI General Partner shall exercise its powers and discharge its duties honestly, in good faith and in the best interests of CI Public Partnership and exercise the care, diligence and skill of a reasonably prudent person in comparable circumstances. The authority and power vested in CI General Partner to manage the business and affairs of CI Public Partnership includes all authority necessary or incidental to carry out the objects, purposes and business of CI Public Partnership, including without limitation, the ability to engage agents to assist CI General Partner to carry out its management obligations or substantially administrative functions. CI General Partner cannot dissolve CI Public Partnership or wind up CI Public Partnership's affairs except in accordance with the provisions of the CI Public Partnership Agreement.

Withdrawal or Removal of CI General Partner

CI General Partner may resign on not less than 30 days written notice to the limited partners of CI Public Partnership, provided that CI General Partner will not resign if the effect would be to dissolve CI Public Partnership.

CI General Partner may not be removed as the general partner of CI Public Partnership unless: (i) CI General Partner has committed a material breach of the CI Public Partnership Agreement, which breach has continued for 30 days after notice, and that removal is also approved by a not less than 66-2/3% of the votes cast at a meeting of voting limited partners of CI Public Partnership on a resolution regarding such removal; or (ii) the shareholders or directors of CI General Partner pass a resolution approving or otherwise in furtherance of the bankruptcy, dissolution, liquidation or winding-up of CI General Partner, or CI General Partner commits certain other acts of bankruptcy or ceases to be a subsisting corporation, provided that certain other conditions are satisfied, including a requirement that a successor general partner with the same ownership and governance structure at the relevant time agrees to act as general partner under the CI Public Partnership Agreement.

RISK FACTORS

Risks Related to the Business

Changes in Economic, Political and Market Conditions

The Fund's performance is directly affected by conditions in the financial markets and political conditions including the legislation and policies of governments. The financial markets and businesses operating in the securities industry are volatile and are directly affected by, among other factors, domestic and foreign economic conditions and general trends in business and finance, all of which are beyond the control of the Fund. There can be no assurance that financial market performance will be favourable in the future. Any decline in the financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect the Fund Group's assets under management, fees and/or revenues, which would reduce cash flow to the Fund.

Competition

The Fund Group 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 the level of commissions and other compensation paid.

The Fund Group 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 the Fund Group. The trend toward greater consolidation within the investment management industry has increased the strength of a number of the Fund Group's competitors. Additionally, there are few barriers to entry by new investment management firms, and the successful efforts of new entrants has resulted in increased competition. Competitors of the Fund Group are also seeking to expand market share by offering different products and services than offered by the Fund Group. There can be no assurance that the Fund will maintain its current standing in the market or its current market share, and that may adversely affect the business, financial condition or operating results of the Fund Group.

Consolidation within Third-Party Distribution Channel

Access to the third-party distribution channel for investment funds is highly competitive. Consolidation within this channel has resulted in the acquisition of several dealers by the Fund Group's competitors. As a result of these consolidations, these dealers, including bank-owned dealers, may offer solely or partially their related proprietary investment funds which could have an adverse effect on the Fund's operations and prospects.

Dependence on Senior Management

The success of the Fund Group and its strategic focus is dependent to a significant degree upon the contributions of senior management, including William T. Holland, Chief Executive Officer. 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 the Fund Group, could adversely affect the Fund Group's business.

Commitment of Financial Advisors and Other Key Personnel

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

The success of the Fund Group 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 the Fund Group's products and services. Accordingly, the recruitment of competent personnel, continuous training and transfer of knowledge are key activities that are essential to the Fund Group'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. The Fund believes that it has the resources necessary for the operation of the Fund Group's business. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could affect the Fund Group's business.

General Business Risk and Liability

Given the nature of the Fund Group's businesses, the Fund Group 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 the Fund Group, its directors, trustees, 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 the Fund Group's members right to carry on their existing business. The Fund may incur significant costs in connection with such potential liabilities.

Integration Risk

The acquisitions made by the Fund Group from time to time, including those described above and any future acquisitions, involve the combination of companies that have similar or complementary business operations. An important factor in the success of these acquisitions will be the success of the management of the Fund Group in managing the acquired companies and, if appropriate, integrating all or part of the operations and personnel of such companies following the completion of the acquisitions. These acquisitions and/or the integration of the companies can result in unanticipated operational problems, expenses and liabilities and diversion of management attention. There can be no assurance that such acquisitions or integration efforts will be successful or that the combination will not adversely affect the business, financial condition or operating results of the Fund Group. In addition, the Fund Group may incur charges related to the acquisitions and related to integrating the companies. There can be no assurance that the Fund Group will not incur additional material charges in subsequent quarters to reflect additional costs associated with these acquisitions.

Sales, Redemptions and Investment Performance of the Managed Funds

The Fund Group earns revenue primarily from management fees earned by the Managers for advising and managing mutual funds. These revenues depend largely on the value and composition of mutual fund assets under management. The level of assets under management is influenced by three factors: (i) sales, (ii) redemption rates, and (iii) investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors, and there can be no certainty that sales and redemptions will continue at levels experienced in the past. The success of the Fund Group is also dependent on its ability to achieve superior returns relative to its competitors. If the Managed Funds are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by the Fund Group's competitors, should a sizeable number of clients seek to terminate their agreements with the Fund Group and withdraw their assets or should investment management agreements pursuant to which the Managers manage a major percentage of the Fund Group's assets under management be terminated, there would be a material adverse effect on the Fund Group's management fee revenue and profitability.

Management Fees and Other Costs

The Fund Group's ability to maintain its management fee structure is dependent on the Managers' ability to provide investors with products and services that will cause investors to be willing to pay those fees and that are competitive. There can be no assurance that the Fund Group will not come under

competitive pressures to lower the fees the Managers charge or that it will be able to retain the Managers' current fee structure or, with such fee structure, retain their investors in the future. Changes to management fees, commission rates, structures or service fees related to the sale of mutual funds and closed-end funds could have an adverse effect on the Fund Group's operating results. By reason of the Fund Group's implementation in 2005 of fixed MERs for its mutual funds, a significant decrease in the value of the relevant Managed Funds, in combination with the fixed administration fees, could reduce margins and have an adverse effect on the Fund Group's operating results.

Regulation of the Fund Group

Certain members of the Fund Group are heavily regulated in almost 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 the Fund Group, including the power to limit or restrict business activities. 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 the Fund Group's business segments or their key personnel or financial advisors, and the imposition of fines and censures. It is also possible that the laws and regulations governing a member of the Fund Group's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to the Fund Group. To the extent that existing or future regulations affecting the sale or offering of the Fund Group's products or services or the Fund Group's investment strategies cause or contribute to reduced sales of the Fund Group's products or lower margins or impair the investment performance of the Fund Group's products, the Fund Group's aggregate assets under management and its revenues may be adversely affected.

Sufficiency of Insurance

Members of the Fund Group maintains various types of insurance which may 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 any member of the Fund Group in excess of available coverage could have a material adverse effect on the Fund Group both in terms of damages awarded and the impact on the reputation of the Fund Group.

Administration Vulnerability and Error

The administrative services provided by the Fund Group 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 the Fund Group 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 the Fund Group.

There can be no assurances that the Fund Group's systems will operate or that the Fund Group 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 the Fund Group could have a material adverse effect on its business, financial condition and operating results. The Fund Group may also experience losses in connection with employee errors. Although expenses incurred by the Fund Group 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.

Risks Related to the Units

Dependence on CI Public Partnership

The Fund is an open-ended, limited purpose trust, which is, for purposes of its income, entirely dependent on CI Public Partnership and CI Public Partnership's direct and indirect interests in CI Investments and United. Although the Fund intends to make distributions based on distributions received on the Class A LP Units earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the Fund's ability to make distributions, which remains dependent upon the ability of CI Public Partnership to pay distributions or other returns of capital in respect of the Class A LP Units, which ability, in turn, is dependent upon the operations and assets of CI Investments and United.

Unpredictability and Volatility of Unit Price

A publicly-traded income trust does not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Units will trade cannot be predicted. The market price of the Units could be subject to significant fluctuations in response to variations in quarterly operating results, distributions and other factors. The market price for the Units may be adversely affected by changes in general market conditions, fluctuations in the market for equity or debt securities and numerous other factors beyond the control of the Fund Group. The annual yield on the Units as compared to the annual yield on other financial instruments may also influence the price of Units in the public trading markets. An increase in market interest rates may lead purchasers of Units to demand a higher annual yield and this could adversely affect the market price of the Units. In addition, the securities markets have experienced significant price and volume fluctuations from time to time in recent years that often have been unrelated or disproportionate to the operating performance of particular issuers. These broad fluctuations may adversely affect the market price of the Units.

Nature of Units

The Units are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act and are not insured under the provisions of that Act or any other legislation. Furthermore, the Fund is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company. In addition, although the Fund qualifies as a "mutual fund trust" as defined by the Tax Act, the Fund is not a "mutual fund" as defined by applicable securities legislation.

Securities like the Units are hybrids in that they share certain attributes common to both equity securities and debt instruments. The Units do not represent a direct investment in the business of CI Investments, United and their respective affiliates and should not be viewed by investors as shares or interests in CI Investments, United and their respective affiliates or any other company. The Units do not represent debt instruments and there is no principal amount owing to Unitholders. As holders of Units, Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions. Each Unit represents an equal, undivided, beneficial interest in the Fund. The Fund's principal assets are Class A LP Units. The price per Unit is a function of the Fund's anticipated distributable cash at any time, which is, in turn dependent on the distributable cash of CI Investments and United.

Leverage and Restrictive Covenants

The ability of the Fund Group to make distributions or dividends or make other payments or advances is subject to applicable laws and contractual restrictions contained in the instruments governing

any indebtedness of the Fund Group (including the Fund Group's credit facility). The degree to which the Fund Group is leveraged could have important consequences to the Unitholders including: the Fund Group's ability to obtain additional financing for working capital, capital expenditures or acquisitions in the future may be limited; the Fund Group may be unable to refinance indebtedness on terms acceptable to it or at all; a significant portion of the Fund Group's cash flow from operations may be dedicated to the payment of the principal of and interest on its indebtedness, thereby reducing funds available for future operations; certain of the Fund Group's borrowings are at variable rates of interests, which exposes the Fund Group to the risk of increased interest rates; and the Fund Group may be more vulnerable to economic downturns and be limited in its ability to withstand competitor pressures. These factors may increase the sensitivity of distributable cash to interest rate variations.

The Fund Group's current credit facilities contain numerous restrictive covenants that limit the discretion of the Fund Group with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Fund to create liens or other encumbrances, to pay distributions or make certain other payments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, such credit facilities contain a number of financial covenants that require CI Public Partnership to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Fund Group's credit facilities could result in a default which, if not cured or waived, could result in a termination of distributions by the Fund and permit acceleration of the relevant indebtedness. If the indebtedness under the Fund Group's current credit facilities were to be accelerated, there can be no assurance that the assets of the Fund Group would be sufficient to repay in full that indebtedness. In addition, the Fund Group's current credit facilities mature no later than the fourth anniversary thereof (unless the bank elects to extend the term). There can be no assurance that future borrowings or equity financing will be available to the Fund Group, or available on acceptable terms, in an amount sufficient to fund the Fund Group's needs.

Cash Distributions Are Not Guaranteed and Will Fluctuate with the Performance of the Business

Although the Fund intends to distribute the income earned by the Fund, less expenses and amounts, if any, paid by the Fund in connection with the redemption of Units, there can be no assurance regarding the amount of cash distributions distributed upstream by CI Public Partnership, CI Investments and United and, thus, eventually available for distribution. The actual amount of distributions paid in respect of the Units depend upon numerous factors, all of which are susceptible to a number of risks and other factors beyond the control of the Fund Group. Distributions are not guaranteed and will fluctuate with CI Investments' and United's performance. CI Public Partnership, CI Investments and United and have the discretion to establish cash reserves (including regulatory capital reserves) for the proper conduct of their business. Adding to these reserves (including regulatory capital reserves) in any year would reduce the amount of distributable cash and, hence, of cash available for distributions in that year. Accordingly, there can be no assurance regarding the actual levels of distributions by the Fund.

Structural Subordination of the Units

In the event of a bankruptcy, liquidation or reorganization of a member of the Fund Group (other than the Fund), holders of certain of its indebtedness and certain trade creditors will generally be entitled to payment of their claims from the assets of such entity before any assets are made available for upstream distribution (eventually) to the Fund. The Units are effectively subordinated to the existing credit facilities and most of the other indebtedness and liabilities of the Fund Group. None of the members of the Fund Group are limited (other than pursuant to the existing credit facilities) in their respective ability to incur secured or unsecured indebtedness.

Capital Investment

The timing and amount of capital expenditures by CI Public Partnership, CI Investments and United directly affects the amount of distributable cash available for them to distribute, including, ultimately, the cash available for distributions to Unitholders. Such distributions may be reduced, or even eliminated, at times when Trustees deem it necessary to make significant capital or other expenditures.

Distributable cash may be dependent upon the ability of CI Public Partnership, CI Investments and United to fund a portion of their capital expenditures and working capital with cash generated from operations. The Fund may be required to reduce distributions or sell additional Units in order to accommodate these items. There can be no assurance that sufficient capital will be available on acceptable terms to the Fund for necessary or desirable capital expenditures or that the amount required will be the same as currently estimated.

Restrictions on Potential Growth

The payout by CI Investments and United of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of CI Investments and United and their cash flow.

Limitation on Non-resident Ownership

The Fund Declaration of Trust imposes various restrictions on Unitholders. Non-resident Unitholders and partnerships (other than Canadian partnerships) are prohibited from beneficially owning more than 45% of Units (on a non-diluted and fully-diluted basis). These restrictions may limit (or inhibit the exercise of) the rights of certain persons, including non-residents and partnerships, to acquire Units, to exercise their rights as Unitholders and to initiate and complete take over bids in respect of the Units. As a result, these restrictions may limit the demand for Units from certain Unitholders and thereby adversely affect the liquidity and market value of the Units held by the public.

Redemption Right

It is anticipated that the redemption right will not be the primary mechanism for Unitholders to liquidate their investment. Upon a redemption of Units or termination of the Fund, the Trustees may distribute, at the discretion of the Trustees, securities or debt obligations of the Fund, CI Public Partnership or any other entity in which the Fund has a direct or indirect interest, directly to the Unitholders, subject to obtaining any required regulatory approvals and complying with the requisite terms and conditions of such approvals. Assets so distributed may not be qualified investments for trusts governed by Plans depending upon the circumstances at the time. Additionally, such securities will not be listed on any stock exchange and no established market is expected to develop in such securities and they may be subject to resale restrictions under applicable securities laws.

Dilution

The Fund Declaration of Trust authorizes the Fund to issue an unlimited number of Units for the consideration and on those terms and conditions as are established by the Trustees without the approval of any Unitholders. Any further issuance of Units may dilute the interests of existing Unitholders.

Future Sales of Units

The sales of a substantial number of Units in the public market or otherwise by Unitholders could adversely affect the prevailing market price of the Units and could impair the Fund's ability to raise additional capital through an offering of its equity securities.

Distribution of Class A LP Units on Termination of the Fund

Upon termination of the Fund, the Trustees may distribute the Class A LP Units and any other downstream assets owned directly by any member of the Fund Group (and, therefore, indirectly by the Fund) directly to the Unitholders, subject to obtaining all required regulatory approvals. There is currently no market for the Class A LP Units or any of the other foregoing assets. In addition, none of the foregoing assets are freely tradeable, nor are any of them currently listed on any stock exchange or qualified investments for Plans.

Tax Related Risks

Income Tax Matters

There can be no assurance that Units will continue to be qualified investments under the Tax Act for Plans. The Tax Act imposes penalties or other tax consequences for the acquisition or holding of nonqualified investments. In addition, there can be no assurance that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

Currently, a trust will not be considered to be a mutual fund trust if it is established or maintained primarily for the benefit of Non-Residents unless all or substantially all of its property is property other than taxable Canadian property as defined in the Tax Act. The Fund Declaration of Trust contains mechanisms to ensure that the Fund is not maintained primarily for the benefit of Non-Residents. On September 16, 2004, the Minister of Finance (Canada) released draft amendments to the Tax Act. Under the draft amendments, a trust would lose its status as a mutual fund trust if the aggregate fair market value of all units issued by the trust held by one or more Non-Resident persons or partnerships that are not "Canadian partnerships" (as defined in the Tax Act) is more than 50% of the aggregate fair market value of all the units issued by the trust where more than 10% (based on fair market value) of the trust's property is "taxable Canadian property" or certain other types of property. To date, the Department of Finance has not tabled a Notice of Ways and Means Motion which includes these proposed changes, and the Department of Finance has indicated that the implementation of the proposed changes would be suspended pending further consultation with interested parties. Depending on the final form of the draft amendments as enacted, it may be necessary to amend the Fund Declaration of Trust to take into account these new restrictions. This amendment may be made without Unitholder approval.

If the liability of the Fund in respect of the CI Public Partnership ceases to be limited in any respect, the Fund may cease to be a "mutual fund trust" under the Tax Act.

Income fund structures generally involve significant amounts of inter-company or similar debt, generating substantial interest expense, which serves to reduce earnings and therefore income tax payable. There can be no assurance that taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against CI Investments or United, it would materially adversely affect the amount of cash available to the Fund for distribution to Unitholders. The Fund believes that the interest expense inherent in the structure of the Fund is supportable and reasonable. On October 31, 2003 the Department of Finance released, for public comment, proposed amendments to the Tax Act that relate to the deductibility of interest and other expenses for income tax purposes. In

general, the proposed amendments may deny the realization of losses in respect of a business if there is no reasonable expectation that the business will produce a cumulative profit over the period that the business can reasonably be expected to be carried on. As part of the release of the February 23, 2005 Federal Budget, the Minister of Finance (Canada) announced that many commentators had expressed concern with the October 31, 2003 proposals; in particular that a codification of the “reasonable expectation of profit” test might inadvertently limit the deductibility of a wide variety of ordinary commercial expenses. The Department of Finance has sought to respond by developing a more modest legislative initiative that would respond to those concerns while still achieving the government’s objectives. The Department of Finance indicated that it will release an alternative proposal for public comment at its earliest opportunity. The Fund has advised counsel that it does not believe that the amendments as proposed on October 31, 2003 would have a material effect on its tax position.

The Fund Declaration of Trust provides that a sufficient amount of the Funds’ net income and net realized capital gains will be distributed each year to Unitholders in order to eliminate the Funds’ liability for tax under Part I of the Tax Act. Where such amount of net income and net realized capital gains of the Fund in a taxation year exceeds the cash available for distribution in the year, such excess net income and net realized capital gains will be distributed to Unitholders in the form of additional Units. Unitholders will generally be required to include an amount equal to the fair market value of those Units in their taxable income, in circumstances where they do not directly receive a cash distribution.

On October 31, 2006, the Department of Finance (Canada) announced the “Tax Fairness Plan” whereby the income tax rules applicable to publicly traded trusts and partnerships will be significantly modified. In particular, certain income of (and distributions made by) these entities will be taxed in a manner similar to income earned by (and distributions made by) a corporation. These proposals will be effective for the 2007 taxation year with respect to trusts which commence public trading after October 31, 2006, but the application of the rules will be delayed to the 2011 taxation year with respect to trusts which were publicly traded prior to November 1, 2006 (although the announcement suggested that this transitional relief could be lost under certain circumstances, including the “undue expansion” of an income trust). On December 21, 2006, the Department of Finance issued for public comment the draft legislation to implement these proposals. There is no assurance that the draft legislation will be enacted in the manner proposed or at all.

On December 15, 2006, the Department of Finance (Canada) released guidance for income trusts and other flow-through entities that qualify for the four-year transitional relief. The guidance establishes objective tests with respect to how much an income trust is permitted to grow without jeopardizing its transitional relief. In general, the Fund will be permitted to issue new equity over the next four years equal to its market capitalization as of the end of trading on October 31, 2006 (subject to certain annual limits). Market capitalization, for these purposes, is to be measured in terms of the value of the Fund's issued and outstanding publicly-traded units. If these limits are exceeded, the Fund may lose its transitional relief and thereby become immediately subject to the proposed rules.

The Fund is considering these announcements and the possible impact of the proposed rules to the Fund. The proposed rules (including the guidance released on December 15, 2006) may adversely affect the marketability of the Fund’s units and the ability of the Fund to undertake financings and acquisitions, and, at such time as the proposed rules apply to the Fund, the distributable cash of the Fund may be materially reduced.

The after-tax return to Unitholders subject to Canadian federal income tax from an investment in Units will depend, in part, on the composition for tax purposes of distributions paid by the Fund. It is expected that substantially all of the distributions paid by the Fund will be treated as taxable income in the hands of Unitholders for Canadian income tax purposes.

Class B LP Units

Any redemption or exchange of Class B LP Units may be a taxable event for the holder of Class B LP Units. In particular, the Class B LP Units may (at the option of CI Public Partnership) be exchanged for Units if the aggregate number of issued and outstanding Class B LP Units (excluding any Class B LP Units held by the Fund, the CI Public Partnership or their affiliates) is less than 2% of the number of Class B LP Units issued on the effective date of the Arrangement and following the completion of certain take-over bids.

Distributions received by a holder of Class B LP Units from CI Public Partnership during a fiscal year may result in the adjusted cost base of the holder's Class B LP Units being a negative amount at the end of the fiscal period of the CI Public Partnership. Where, at the end of a fiscal period of the CI Public Partnership, a holder's adjusted cost base of Class B LP Units becomes a negative amount, the negative amount will be deemed to be a capital gain realized by such holder at that time from the disposition of the Class B LP Units and, immediately after that time, the holder's adjusted cost base will be increased by an amount equal to that deemed capital gain.

Class B LP Units are intended to be, to the greatest extent possible, the economic equivalent of Units. Moreover, it is anticipated that the primary mechanism for holders of Class B LP Units to dispose of such units will be the exercise of the Exchange Rights and subsequent disposition of the Units received pursuant thereto. Accordingly, many of the risks associated with the holding of Units, including (among others) risks relating to distributions on Units and the future value of Units, also apply to holders of Class B LP Units. In addition, as described above, Class B LP Units are subject to a number of restrictions and limitations, including (but not limited to) restrictions on (i) transferability of Class B LP Units, and (ii) the exercise of the Exchange Rights. Under certain circumstances, a Public Partnership will have the right to acquire all outstanding Class B LP Units in exchange for an equal number of Units, subject to adjustment in accordance with the Exchange Agreement. See "Description of CI Public Partnership – Class B LP Units" and "Description of CI Public Partnership – Transfer of Partnership Units" above.

The proportions of cash distributions received by holders of Class B LP Units from CI Public Partnership that are taxable as income for purposes of the Tax Act may not be the same as, and may be higher than, the proportion of corresponding cash distributions received by Unitholders from the Fund that are taxable as income for purposes of the Tax Act.

A holder of Class B LP Units may be subject to provincial income tax in the provinces in which the business of CI Public Partnership is carried on during a year in accordance with the provisions of the income tax statute of each such province, and may be required to file a provincial tax return in such province.

DISTRIBUTIONS

The current policy of each of the Fund and CI Public Partnership, commencing January 2007, is to pay distributions of \$0.18 per Unit and Class B LP Unit, respectively, to the holders thereof on a monthly basis. The Trustees intend to continue to make monthly cash distributions. This policy is reviewed from time to time by the Board of Trustees after giving consideration to the Fund's cash flow, financial position, net earnings, sales outlook and other relevant factors. Full particulars of the distribution policy are set forth under the heading "Description of the Fund – Cash Distributions".

The following table sets forth the monthly cash distribution per Unit paid by the Fund in each month for the six months ended December 31, 2006:

Payment Date	Distribution per Unit ⁽¹⁾ (\$)
December 2006	0.1675
November 2006	0.1675
October 2006	0.1675
September 2006	0.1675
August 2006	0.1675
July 2006	0.1675

(1) The same cash distribution per unit was declared and paid by CI Public Partnership to holders of Class B LP Units.

Prior to the Arrangement, CI Financial paid aggregate cash dividends per common share of \$0.06 during June 2006 and \$0.70 and \$0.675 during the fiscal years ended May 31, 2006 and 2005, respectively.

MARKET FOR SECURITIES

Trading Price and Volume

The Units are listed and posted for trading on the TSX under the stock symbol “CIX.UN”. The price ranges and volume traded of (i) the common shares of CI Financial on the TSX for the each of the first six calendar months of 2006 and (ii) the Units on the TSX for each month of the first completed fiscal year of the Fund in which the Units traded on the TSX are set out below.

Month	Price (\$)		Trading Volume (000's)
	High	Low	
January	27.25	24.79	11,321
February	28.28	26.27	7,814
March	32.70	27.69	19,125
April	33.39	31.81	12,022
May	32.25	29.00	11,598
June	31.48	28.26	11,352
July	29.75	28.50	18,780
August	30.93	28.85	12,461
September	31.03	29.20	9,759
October	30.05	27.80	14,966
November	26.89	23.38	24,692
December	26.92	25.77	8,687

TRUSTEES AND OFFICERS

Name, Occupation and Security Holding

The name, occupation and security holdings of each of the Trustees of the Fund and executive officers of CI General Partner at January 31, 2007 are as follows:

Name and Address	Principal Occupation and Positions with the Fund	Trustee Since ⁽⁴⁾	Number of Units, Special Voting Units and Class B LP Units Beneficially Owned, Controlled or Directed
PETER W. ANDERSON Markham, Ontario, Canada	Executive Vice-President, CI Financial General Partner Corp.	--	206,300 Units and 486,300 Special Voting Units and

Name and Address	Principal Occupation and Positions with the Fund	Trustee Since ⁽⁴⁾	Number of Units, Special Voting Units and Class B LP Units Beneficially Owned, Controlled or Directed
			Class B LP Units
RONALD D. BESSE ⁽¹⁾⁽²⁾⁽³⁾ Toronto, Ontario, Canada	President, Besseco Holdings Inc. (private investment company); Trustee and Lead Trustee of the Fund	October 11, 1995	36,966 Units and 60,684 Special Voting Units and Class B LP Units
G. RAYMOND CHANG ⁽²⁾⁽³⁾ Toronto, Ontario, Canada	President, G. Raymond Chang Ltd. (private investment company); Non-Executive Chairman and Trustee of the Fund	April 12, 1994	66,600 Units and 13,912,692 Special Voting Units and Class B LP Units
PAUL W. DERKSEN ⁽²⁾⁽³⁾⁽⁵⁾ Toronto, Ontario, Canada	Executive Vice-President and Chief Financial Officer, Sun Life Financial Inc. (financial services company); Trustee of the Fund	July 25, 2002	--
WILLIAM T. HOLLAND Toronto, Ontario, Canada	Chief Executive Officer, CI Financial General Partner Corp.; Trustee of the Fund	April 12, 1994	11,916 Units and 12,969,730 Special Voting Units and Class B LP Units
DOUGLAS J. JAMIESON Toronto, Ontario, Canada	Senior Vice-President and Chief Financial Officer, CI Financial General Partner Corp.	--	125,700 Units and 99,300 Special Voting Units and Class B LP Units
MICHAEL J. KILLEEN Toronto, Ontario, Canada	Senior Vice-President, General Counsel and Corporate Secretary, CI Financial General Partner Corp.	--	62,700 Units and 94,300 Special Voting Units and Class B LP Units
STEPHEN A. MACPHAIL Toronto, Ontario, Canada	President and Chief Operating Officer, CI Financial General Partner Corp.	--	246,585 Units and 622,511 Special Voting Units and Class B LP Units
A. WINN OUGHTRED ⁽¹⁾⁽³⁾ Toronto, Ontario, Canada	Partner, Borden Ladner Gervais LLP (law firm); Trustee of the Fund	April 12, 1994	18,550 Units
GEORGE W. OUGHTRED ⁽¹⁾⁽⁶⁾ Calgary, Alberta, Canada	President, Privatbanken Holdings Inc. (private investment company); Trustee of the Fund	April 12, 1994	208,466 Units and 4,505,498 Special Voting Units and Class B LP Units
DAVID J. RIDDLE ⁽¹⁾⁽²⁾ Vancouver, British Columbia, Canada	President, C-MAX Capital Inc. (private investment company); Trustee of the Fund	October 7, 1997	7,766 Units and 1,397,400 Special Voting Units and Class B LP Units
DONALD A. STEWART Toronto, Ontario, Canada	Chief Executive Officer, Sun Life Financial Inc. (financial services company); Trustee of the Fund	September 12, 2006	--

Notes:

(1) Member of the Compensation Committee.

(2) Member of the Audit Committee.

(3) Member of the Governance Committee.

(4) Indicates date on which each Trustee other than D.A. Stewart became a director of CI Financial. Each Trustee other than D.A. Stewart has served as a Trustee of CI Financial Income Fund since June 30, 2006.

(5) Mr. P.W. Derksen has announced that he will retire from his position of Executive Vice-President and Chief Financial Officer of Sun Life Financial at the end of February 2007.

(6) Mr. G.W. Oughtred has informed the Fund that he will not stand for re-election at the Fund's annual and special meeting scheduled to be held on May 17, 2007.

Each of the Trustees and executive officers has held the same principal occupation within the five preceding years except: Mr. Besse, who prior to September 2003 was Chairman, President and Chief Executive Officer of Gage Learning Corporation (publishing company); Mr. Chang, who prior to January 2003 was Chairman (executive) of CI Financial; and Mr. Jamieson, who prior to May 2005 held senior financial positions in various subsidiaries of CI Financial.

The term of office of each Trustee will expire at the termination of the next annual meeting of holders of the Voting Units or until his successor is elected or appointed.

As at January 31, 2007, the Trustees of the Fund and executive officers of CI General Partner as a group beneficially owned, directly or indirectly, or exercised control or direction over approximately 991,549 Units (representing approximately 0.7% of the outstanding Units) and 34,148,415 Class B LP Units and Special Voting Units (representing approximately 23.4% of the outstanding Class B LP Units and Special Voting Units), which Units and Special Voting Units represent, in the aggregate, approximately 12.5% of the outstanding Voting Units.

Penalties and Sanctions

Sun Life Financial currently owns Units and Special Voting Units representing, in the aggregate, 36.5% of the Voting Units and Messrs. Derksen and Stewart are executive officers of Sun Life Financial. Sun Life Financial's subsidiary, Massachusetts Financial Services Company, settled two administrative proceedings in 2004 with the Securities and Exchange Commission and other regulators in the United States as described in Sun Life Financial's press releases dated February 5, 2004 and March 31, 2004, which may be found on SEDAR at www.sedar.com.

Conflicts of Interest

Sun Life Financial currently owns 36.5% of the Voting Units. A potential conflict of interest may exist between the Fund and two Trustees of the Fund who are also currently directors of Sun Life Financial or its affiliates. These two Trustees (Messrs. Derksen and Stewart) are required to absent themselves from meetings of the Board of Trustees of the Fund or its committees where matters involving, or that may affect, Sun Life Financial are discussed.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

CI Investments is a party to three class action proceedings, in each case asking for unspecified damages resulting from CI Investments' alleged failure to implement measures to fully protect the funds' investors against costs of frequent trading market timing activity. The issues and the allegations in each of the proceedings are generally the same. The proceedings are in their early stage and the outcome cannot be ascertained.

Regulatory Actions

On December 16, 2004, the Ontario Securities Commission (the "OSC") approved a settlement agreement between CI Investments and the OSC relating to concerns raised by the OSC in the context of its review of late trading and market timing in the Canadian mutual fund industry. Further information is available in CI Financial's press release dated December 16, 2004, which may be found on SEDAR at www.sedar.com and which is incorporated by reference in this annual information form.

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc. acts as Transfer Agent and Registrar for the Units and Class B LP Units (which are accompanied by the Special Voting Units) and maintains registers of transfers of the Units in Toronto, Montreal and Vancouver.

MATERIAL CONTRACTS

The following contracts can reasonably be regarded as material to the Fund:

- (a) the Purchase Agreement described under “General Development of the Business - Acquisitions – Spectrum Investment Management Limited and Clarica Diversico Ltd.”;
- (b) the Shareholders’ Agreement described under “General Development of the Business - Acquisitions – Spectrum Investment Management Limited and Clarica Diversico Ltd.”;
- (c) the Arrangement Agreement described under “Corporate Structure – Name, Address and Formation”;
- (d) the Fund Declaration of Trust described under “Description of the Fund”;
- (e) the Exchange Agreement described under “Description of the Fund – Activities of the Fund”;
- (f) the CI Public Partnership Agreement described under “Description of CI Public Partnership”;
- (g) the Administration Agreement described under “Description of the Fund – Administration Agreement”;
- (h) the Management Agreement described under “Description of CI Public Partnership – Management Agreement”; and
- (i) the Credit Agreement described under “Description of the Business – Credit Facility”.

INTERESTS OF EXPERTS

Ernst & Young LLP, Chartered Accountants, the external auditors of the Fund, reported on the fiscal 2006 audited financial statements of the Fund which were filed with securities regulators pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*. Ernst & Young LLP is independent with respect to the Fund in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

Audit Committee’s Charter

The Audit Committee has adopted a written charter that sets out its mandate and responsibilities. A copy of the charter is attached hereto as Appendix “B”.

Composition of the Audit Committee

As of February 13, 2007, the Audit Committee is comprised of four Trustees, each of whom is independent and financially literate (as such terms are defined under Multilateral Instrument 52-110 – *Audit Committees*): Messrs. Paul W. Derksen (Chairman), Ronald D. Besse, G. Raymond Chang and David J. Riddle.

Relevant Education and Experience

The following summarizes the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member.

Paul W. Derksen, 56, is, since February 2000, Executive Vice-President and Chief Financial Officer of Sun Life Financial Inc., where he is responsible for Sun Life Financial's Actuarial, Investment and Risk Management functions and for Mergers & Acquisitions and Investor Relations. In prior positions, Mr. Derksen was Executive Vice-President and Chief Financial Officer of CT Financial Services Inc. and Canada Trustco Mortgage Company, Chairman of Truscan Property Fund, Canada Trustco's real estate investment subsidiary, and Executive Vice-President of Merrill Lynch Canada Inc. Mr. Derksen is a Chartered Accountant and holds an Honours B.A. in Business Administration from the Ivey School of Business at the University of Western Ontario.

Ronald D. Besse, 68, is President of Besseco Holdings Inc. In prior positions, Mr. Besse was Chairman, President and Chief Executive Officer of Gage Learning Corporation and related predecessor companies from 1978 until 2003. Mr. Besse is a director of several companies including Rogers Communications Inc. (since 1984) where he is the Chair of the Audit Committee, and Luxembourg Cambridge Holding Group. Mr. Besse graduated from the Business Administration program at Ryerson University (1960) and was awarded the Alumni Award of Distinction, Business Administration (1998) and an Honorary Doctorate of Commerce (2004). Mr. Besse is a member of the Chief Executives' Organization and the World Presidents' Organization, and is a past president of the Canadian Book Publishers' Council.

G. Raymond Chang, 58, is President of G. Raymond Chang Ltd. From 1984 when he joined the predecessor of the Fund until assuming his Non-Executive Chairman role in 2003, Mr. Chang held several senior executive positions within the Fund Group. Prior to 1984, Mr. Chang spent 10 years with Coopers & Lybrand (now PricewaterhouseCoopers LLP) as a senior auditor and manager of emerging business services. Mr. Chang is a Chartered Accountant and holds his Chartered Financial Analyst designation.

David J. Riddle, 51, has been President of C-MAX Capital Inc. since 2000. In prior positions, Mr. Riddle has over 20 years' experience in the financial services industry with major Canadian investment dealers and as a senior executive in the mutual fund industry. Mr. Riddle received a Bachelor of Arts in Economics from the University of Calgary.

Pre-Approval Policies and Procedures

The following policies and procedures have been adopted by the Audit Committee for the engagement of the Fund's external auditors for non-audit services.

On proposed non-audit services, the timing of which is not urgent, management is required to submit a request for pre-approval of same at the next quarterly Audit Committee meeting.

For all other proposed non-audit services, the Committee has delegated to its Chairman the responsibility and authority to review and, in his discretion, approve the proposed non-audit services under the following procedures. Designated finance personnel are required to submit to the Chairman of the Committee, in writing, a request for pre-approval of the particular non-audit service, such request to disclose all necessary details of the proposed non-audit services such as the scope of work, the estimated time for completion, and the estimated fees for such services. Except in extenuating circumstances, requests shall be made to the Chairman prior to the engagement of the auditors for the particular service. Upon receipt of the request, the Chairman of the Committee shall promptly either accept the request or decline the request with brief reasons, in either case in writing and after taking into account the impact of the services on the auditors' independence. Management must present any request pre-approvals to the Committee at its next quarterly meeting. The Fund shall retain all correspondence pertaining to the requests in its records.

External Auditors' Service Fees

The aggregate amounts paid or accrued by the Fund with respect to fees, excluding expenses, payable to the Fund's external auditors for audit, audit-related, tax and other services for the fiscal years ended December 31, 2006 and May 31, 2006 were as follows:

Type of Service	Seven month fiscal year ended December 31, 2006 (\$)	Fiscal year ended May 31, 2006 (\$)
Audit.....	820,500	768,500
Audit-Related ⁽¹⁾	55,000	316,000
Tax ⁽²⁾	45,000	81,000
All Other Fees ⁽³⁾	25,000	22,000
Total	945,500	1,187,500

Note:

- (1) The services comprising these fees were income trust conversion analysis, quarterly reviews, translation, and acquisition analysis.
- (2) The services comprising these fees were tax compliance and tax election assistance relating to the income trust conversion, tax returns, and other tax advice.
- (3) The services comprising these fees included GST research.

ADDITIONAL INFORMATION

General

Additional information relating to the Fund may be found on SEDAR at www.sedar.com.

Additional information, including trustees' and officers' remuneration and indebtedness, principal holders of Trust Units, options to purchase Trust Units, and securities authorized for issuance under equity compensation plans, will be contained in the Management Information Circular of the Fund for its first annual meeting of securityholders. Additional financial information is provided in the Fund's financial statements and management's discussion and analysis for its most recently completed fiscal year. A copy of the charter of the Board of Trustees and each committee of the Board of Trustees is attached hereto as Appendices "A" to "D".

APPENDIX “A”
CI FINANCIAL INCOME FUND
BOARD OF TRUSTEES’ CHARTER

INTRODUCTION

This charter (the “Charter”) has been adopted to govern the composition, mandate, responsibilities and authority of the Board of Trustees (the “Board”) of CI Financial Income Fund (the “Fund”).

COMPOSITION

The Board shall consist of no more than eight Trustees, a majority of whom are “independent” as defined by applicable regulatory authorities.

The Board shall consider its size and composition on a regular basis, in view of its responsibilities and the risks and strategic direction of the Fund. The number of Trustees to be elected each year at the annual meeting of securityholders of the Fund shall be determined by the Board.

The Board believes that a diversity of views and experience enhances the ability of the Board as a whole to fulfill its responsibilities to the Fund. Trustees are not required to be specialists in the business of the Fund but rather to provide the benefit of their business experience, judgment and vision. In addition, the professional and personal competencies and characteristics expected of Board members include:

- proven track record of sound business judgment and good business decisions;
- demonstrated integrity and high ethical standards;
- financial literacy;
- appropriate knowledge of business and industry issues;
- specific knowledge and experience to support the development and/or implementation of business strategy;
- communication and influencing skills;
- ability to contribute to the Board’s effectiveness and performance; and
- availability for Board and committee work.

MANDATE AND RESPONSIBILITIES

Responsibilities

The mandate of the Board is to supervise the management of the business and affairs of the Fund acting in the best interests of the unitholders of the Fund. In addition to dealing with and approving major transactions and matters legally requiring Board involvement, the Board shall be consulted regularly by senior management on significant business developments in the affairs of the Fund and entities controlled by the Fund (together, the “Fund Group”). In fulfilling its mandate, the Board’s responsibilities include:

- monitoring and overseeing the Fund’s strategic planning
- monitoring the performance of the Fund’s business, evaluating associated opportunities and risks, and controlling risk

- monitoring systems for audit, internal control and information management systems
- developing, together with the Chief Executive Officer, a clear position description for the Chief Executive Officer, which includes delineating management's responsibilities and developing or approving the corporate goals and objectives that the Chief Executive Officer is responsible for meeting
- monitoring the performance of senior management, including the Chief Executive Officer
- satisfying itself as to the integrity of the Chief Executive Officer and other senior management and ensuring that they create a culture of integrity throughout the organization
- succession planning for senior management and Trustees
- remuneration of the executive officers and reviewing general compensation policy for the Fund and its subsidiaries
- governance, including composition and effectiveness of the Board, selection of Board nominees and ensuring the independence of the Board
- monitoring compliance with the Code of Business Conduct and Ethics (the "Code") adopted by the Board
- considering and approving, if determined by the Board to be advisable, any waiver from the Code granted to Trustees or senior management of the Fund Group

Committees

Subject to applicable laws and the Declaration of Trust governing the Fund, the Board shall delegate certain authority and responsibilities to its committees and require that each of them perform certain advisory functions and make recommendations to the Board in accordance with written charters. There shall be the following standing committees of the Board - the Audit Committee, the Compensation Committee, the Governance Committee and such other committees as the Board may determine from time to time. Each committee is required to reassess its written charter at least annually and report to the Board thereon.

Meetings

The Board shall schedule four regular meetings in each fiscal year of the Fund, and special meetings shall be called as necessary. The frequency of meetings and the nature of agenda items shall depend on the state of the Fund's affairs and particular opportunities or risks that the Fund faces. In its discretion, the Board may elect to conduct all or any part of its meetings in the absence of management and/or the non-independent Trustees.

Authority of the Board

Subject to prior consultation with the Chief Executive Officer or the President of CI Financial General Partner Corp., in its capacity as administrator of the Fund, (except in unusual circumstances), the Board is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Board's duties and responsibilities; and
2. set and require the Fund to pay the compensation and charged expenses for any advisors engaged by the Board.

Annual Review of the Charter

At the Board meeting immediately following the fiscal year end of the Fund and as required, the Board shall review and reassess the Charter for adequacy and make changes as it deems necessary.

Board, Committee and Trustee Assessment

Prior to each fiscal year end of the Fund, each Trustee shall be required to complete an evaluation of the Board as a whole, each Board committee, and the contribution of each Trustee and the Lead Trustee, in a form acceptable to the Board. The Lead Trustee (an independent Trustee of the Board) annually is required to conduct informal interviews and meetings with each Trustee to review the results of the Trustees' assessments and other pertinent matters with respect to the Board and the contribution and performance of the individual Trustee. The Chairman of the Board reviews the Lead Trustee assessments and is required to review the results with the Lead Trustee. The Chairman and the Lead Trustee are required to report their findings to the full Board.

Securityholder Relations and Communications

The Board shall approve all of the Fund's major communications, including annual and quarterly reports, circulars, and financial press releases. Securityholders of the Fund can provide feedback to the Fund in a variety of ways, including by sending an e-mail to investorrelations@ci.com or calling a toll-free telephone number.

The President and Chief Operating Officer of CI Financial General Partner Corp., in its capacity as administrator of the Fund, is responsible for receiving and addressing unitholder inquiries and concerns and referring securityholder issues to the Chief Executive Officer of CI Financial General Partner Corp. and, where appropriate, to the Board.

TERM

The term of office of each Trustee shall expire at the termination of the next annual meeting of securityholders or until his successor is elected or appointed.

COMPENSATION OF TRUSTEES

The Board, acting on the recommendations of the Compensation Committee, shall review the adequacy and form of the Trustees' compensation annually and ensure that it reflects the workload, responsibilities and risks of the Trustees.

Currently, annual Trustees' fees for each of the Trustees who is not an employee of the Fund or its subsidiaries or Sun Life shall be \$75,000 per annum payable in quarterly instalments of \$9,375 in cash and by the issue of \$9,375 worth of units of the Fund ("Units"). In each quarter, the number of Units to be issued shall be determined by dividing \$9,375 by the current market price of the Units. In the case of Trustees who are officers of Sun Life, \$75,000 per annum in cash is paid to Sun Life for the services of each such Trustee. The Non-Executive Chairman of the Board shall receive a fee in the amount of \$100,000, payable in cash quarterly.

ORIENTATION AND EDUCATION

The Fund shall provide an orientation program for newly elected Trustees and provides information for all Trustees on the activities of the Fund and its subsidiaries on an ongoing basis. Trustees shall be offered the opportunity on a regular basis, and new Trustees are required, to tour the Fund's head office operations and to meet and make inquiries of senior management.

SECURITY OWNERSHIP BY TRUSTEES

Each Trustee (except Trustees who are officers of the Fund or Sun Life) is required to beneficially own that number of securities of the Fund the market value of which is at least three times the annual Trustees' fees paid to such Trustee. Each Trustee who is a member of management of the Fund is required to beneficially own that number of securities of the Fund the market value of which is at least five times his current base salary.

EXPECTATIONS OF MANAGEMENT

The Board expects management to perform its duties in an efficient, professional and ethical manner in the best interests of the Fund and its unitholders.

APPENDIX “B”
CI FINANCIAL INCOME FUND
AUDIT COMMITTEE CHARTER

INTRODUCTION

This charter (the “Charter”) has been adopted to govern the composition, mandate, responsibilities and authority of the Audit Committee (the “Committee”) of the Board of Trustees (the “Board”) of CI Financial Income Fund (the “Fund”).

COMPOSITION

The Committee shall be appointed by the Board and shall be composed of at least three Trustees, each of whom is “independent” and “financially literate” as required by Multilateral Instrument 52-110 (the “Instrument”) of the Canadian Securities Administrators.

PRIMARY RESPONSIBILITIES OF THE COMMITTEE

The primary responsibilities of the Committee are:

1. to recommend to the Board:
 - the external auditor (the “Auditors”) to be nominated for appointment by the securityholders of the Fund for the purpose of preparing or issuing the auditors’ report or performing other audit, review or attest services for the Fund; and
 - the compensation of the Auditors;
2. to be directly responsible for overseeing the work of the Auditors in preparing or issuing the auditors’ report on the Fund’s annual consolidated financial statements or performing other audit, review or attest services for the Fund, including the resolution of disagreements between management of the Fund and entities controlled by the Fund (together, the “Fund Group”) and the Auditors regarding financial reporting;
3. to pre-approve, as required by the Instrument, all non-audit services to be provided to the Fund by the Auditors. The Committee may, in accordance with the requirements of the Instrument, delegate to one or more members of the Committee the authority to pre-approve non-audit services to be provided by the Auditors;
4. to review:
 - the Fund’s unaudited quarterly consolidated financial statements for the first, second and third quarters of the Fund’s fiscal year (“quarterly statements”) and the Fund’s audited annual consolidated financial statements (“annual statements”);
 - the Management’s Discussion and Analysis (“MD&A”) prepared in conjunction with the quarterly and annual statements; and

- all press releases to be issued by the Fund with respect to its annual and quarterly earnings and press releases (other than monthly sales and assets press releases) on other material financial reporting matters prior to the public disclosure of such information by the Fund;
5. to satisfy itself that adequate procedures are adopted by the Fund for the review of the Fund's public disclosure of financial information extracted or derived from the Fund's financial statements other than the public disclosure referred to in section 4 above and to regularly assess the adequacy of such procedures;
 6. to establish and oversee the maintenance of procedures for:
 - the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters; and
 - the confidential anonymous submission by employees of the Fund and its subsidiaries of concerns regarding questionable accounting or auditing matters; and
 7. to review and approve the Fund Group's hiring policies regarding partners, employees and former partners and employees of the current and former Auditors of the Fund Group and the mutual funds managed by the Fund Group.

AUTHORITY OF THE COMMITTEE

Subject to prior consultation with the Chief Executive Officer or the President of CI Financial General Partner Corp., in its capacity as administrator of the Fund, (except in unusual circumstances), the Committee is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Committee's duties and responsibilities;
2. set and require the Fund to pay the compensation and charged expenses for any advisors engaged by the Committee; and
3. communicate directly with the internal audit staff of the Fund and the Fund Group (if any) and the Auditors.

ADDITIONAL RESPONSIBILITIES AND DUTIES OF THE COMMITTEE

Auditors

1. The Committee shall ensure that the Fund requires and instructs the Auditors to report directly to the Committee.
2. The Committee is responsible for ensuring the independence of the Auditors. On an annual basis, the Committee shall obtain a formal written statement from the Auditors delineating all relationships between the Auditors and the Fund and confirming the independence of the Auditors. This written statement shall be obtained in conjunction with the audit of the annual statements after each fiscal year end. In addition, on a quarterly basis, the Committee shall obtain verbal or written confirmation of the independence of the Auditors.

Review of Annual Financial Statements

The Committee shall review the annual statements of the Fund prior to their public release and shall report the results of its review to the Board and make recommendations to the Board with respect to Board approval of the annual statements. At the Committee meeting at which the Fund's annual statements are to be reviewed, the Committee shall meet, in person, with representatives of the Auditors and with the Fund Group's management to assess and understand the annual statements and the results of the audit including, but not limited to:

1. that the Fund's system of internal controls and financial reporting systems are adequate to produce fair and complete disclosure of its financial results;
2. that the Fund's reporting is complete and fairly presents its financial condition in accordance with generally accepted accounting principles;
3. that accounting judgments and estimates used by management are reasonable and do not constitute earnings management;
4. that risk management policies are in place to identify and reduce significant financial and business risks; and
5. that the Fund has in place a system to ensure compliance with applicable laws, regulations and policies.

Review of Quarterly Financial Statements

The Committee shall review the quarterly statements of the Fund prior to their public release and make recommendations to the Board with respect to Board approval of the quarterly statements. The review by the Committee shall be substantially completed prior to the issuance of a press release respecting the quarterly financial results. The Committee shall meet, in person, with representatives of the Auditors and with the Fund Group's management to assess and understand the quarterly statements and to discuss the results of their preparation and review. At each meeting, the Committee will request that the Auditors communicate to the Committee their findings based on the quarterly procedures performed by the Auditors. In addition, the Committee will request that the Auditors communicate any findings which would modify or change the report provided by the Auditors to the Committee in connection with the Fund's last annual statements.

Other Responsibilities and Duties

1. As part of the quarterly and annual reviews described above, the Committee will:
 - review quarterly and annual chief executive officer and chief financial officer certifications on financial statements and controls required by the Instrument;
 - meet with management in the absence of the Auditors;
 - meet with the Auditors in the absence of management;
 - review with management and the Auditors any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;

- review with management and the Auditors any significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - review any problems experienced by the Auditors in performing the annual audit or quarterly procedures, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management;
 - obtain an explanation from management of all significant variances between comparative reporting periods;
 - review the post-audit or management letter, containing the recommendations of the Auditors, and management's response and subsequent follow up to matters raised by the Auditors;
 - review any evaluation of internal controls by the Auditors, together with management's response;
 - review and make recommendations to the Board with respect to the appointments and duties of the Chief Financial Officer of CI Financial General Partner Corp., administrator of the Fund, and the Fund's hiring policies regarding other key financial personnel involved in the financial reporting process;
 - review and reassess the Charter for adequacy at least annually and make changes as it deems necessary; and
 - report to the Board on the adequacy of the Charter at each Board meeting which immediately precedes the fiscal year end of the Fund.
2. In addition to the quarterly and annual reviews, the Committee will:
- prior to the commencement of each annual audit, meet with the Auditors to review the Auditors' audit plan for the ensuing audit;
 - review with management and the Auditors all material accounting and financial issues affecting the Fund not dealt with in annual and quarterly reviews; and
 - review annually and recommend changes to the Fund's code of conduct.
3. The Committee shall perform such other duties as may be required by the Board or as may be delegated to the Committee by the Board.

APPENDIX “C”
CI FINANCIAL INCOME FUND
COMPENSATION COMMITTEE CHARTER

INTRODUCTION

This charter (the “Charter”) has been adopted to govern the composition, mandate, responsibilities and authority of the Compensation Committee (the “Committee”) of the Board of Trustees (the “Board”) of CI Financial Income Fund (the “Fund”).

COMPOSITION

The Committee shall be appointed by the Board and shall consist of at least three Trustees, each of whom is “independent” as defined by applicable regulatory authorities.

MANDATE AND RESPONSIBILITIES

Committee Meetings

The Committee shall meet at least once per fiscal year.

Responsibilities

The Committee is responsible for the following:

1. making recommendations to the Board with respect to the remuneration (including benefits, bonuses, perquisites, and long-term incentives) of executive officers of entities controlled by the Fund (together, the “Fund Group”) and the Trustees of the Fund;
2. reviewing the design and competitiveness of the Fund Group’s overall compensation plan and reporting to the Board with respect thereto;
3. monitoring the Fund’s Unit Option Plan;
4. reviewing and approving corporate goals and objectives relevant to the compensation of the Chief Executive Officer of CI Financial General Partner Corp., evaluating the Chief Executive Officer’s performance in light of such corporate goals and objectives and determining (or making recommendations to the Board with respect to) the Chief Executive Officer’s compensation level based on such evaluation;
5. reviewing executive compensation disclosure prior to the Fund publicly disclosing such information;
6. reporting to securityholders on remuneration and related matters;
7. reviewing the Fund’s succession planning for the Chief Executive Officer of CI Financial General Partner Corp. and senior executive officers of the Fund Group and reporting to the Board with respect thereto; and

8. performing such other compensation-related duties as may be required by the Board or the Chief Executive Officer of CI Financial General Partner Corp., as administrator of the Fund, from time to time.

Authority of the Committee

Subject to prior consultation with the Chief Executive Officer or the President of CI Financial General Partner Corp., in its capacity as administrator of the Fund, (except in unusual circumstances), the Committee is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Committee's duties and responsibilities; and
2. set and require the Fund to pay the compensation and charged expenses for any advisors engaged by the Committee.

Annual Review of the Charter

The Committee shall review and reassess the Charter for adequacy at least annually and make changes as it deems necessary. The Committee shall report to the Board on the adequacy of the Charter at the Board meeting immediately following the fiscal year end of the Fund.

APPENDIX “D”
CI FINANCIAL INCOME FUND
GOVERNANCE COMMITTEE CHARTER

INTRODUCTION

This charter (the “Charter”) has been adopted to govern the composition, mandate, responsibilities and authority of the Governance Committee (the “Committee”) of the Board of Trustees (the “Board”) of CI Financial Income Fund (the “Fund”).

COMPOSITION

The Committee shall be appointed by the Board and shall consist of at least four Trustees, each of whom is “independent” as defined by applicable regulatory authorities.

MANDATE AND RESPONSIBILITIES

Committee Meetings

The Committee shall meet at least once per fiscal year on a formal basis. In its discretion, the Committee may elect to conduct all or any part of its meetings in the absence of management. In addition to any formal meetings, the Committee shall maintain regular communications with management on governance matters.

Responsibilities

The Committee is responsible for the following:

1. developing the Fund’s approach to governance issues;
2. ensuring the Board functions independently of management;
3. assessing the effectiveness of the Board as a whole;
4. making recommendations to the Board on (i) the independence of each member of the Board; (ii) the size and composition of the Board; (iii) the contribution and performance of the incumbent Trustees; (iv) Trustee succession planning and recruitment, including the nomination of new Trustees; and (v) the orientation and education of Trustees;
5. reviewing on an annual basis the Fund’s statement of governance practices required by applicable legislation; and
6. performing such other governance-related duties as may be required by the Board from time to time.

Authority of the Committee

Subject to prior consultation with the Chief Executive Officer or the President of CI Financial General Partner Corp., in its capacity as administrator of the Fund, (except in unusual circumstances), the Committee is authorized to:

1. engage independent counsel and other advisors it determines necessary to carry out the Committee's duties and responsibilities; and
2. set and require the Fund to pay the compensation and charged expenses for any advisors engaged by the Committee.

Annual Review of the Charter

The Committee shall review and reassess the Charter for adequacy at least annually and make changes as it deems necessary. The Committee shall report to the Board on the adequacy of the Charter at the Board meeting which immediately precedes the fiscal year end of the Fund.