CI Financial

ANNUAL

Financial Report | December 31, 2017

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CI Financial Corp. is an independent Canadian company offering global asset management and wealth management advisory services. Since 1965, we have been driven by a commitment to provide our clients with the highest-quality investments and advice. We have $143.0 billion in assets under management and $42.7 billion in assets under advisement (at December 31, 2017). **We are guided by our core beliefs that active management adds value to clients' portfolios and that investors benefit from working with professional financial advisors.** CI became a public company in June 1994 and is listed on the Toronto Stock Exchange under the symbol CIX.

CI operates primarily through subsidiaries CI Investments Inc., Assante Wealth Management (Canada) Ltd., Stonegate Private Counsel LP, First Asset Investment Management Inc., BBS Securities Inc. and Grant Samuel Funds Management of Australia.

- CI Investments is one of Canada's pre-eminent investment managers and offers a wide selection of investment solutions and leading portfolio management teams. CI Institutional Asset Management serves the institutional marketplace.
- Assante Wealth Management provides financial advisory services through 830 professional advisors across Canada.
- Stonegate Private Counsel, a division of CI Private Counsel LP, provides wealth planning services to high net worth individuals and families.
- First Asset is a leader in providing innovative, actively managed exchange-traded funds to the Canadian marketplace.
- Grant Samuel Funds Management (GSFM) is a leading manager and distributor of investment strategies and products to Australian institutional and retail investors.

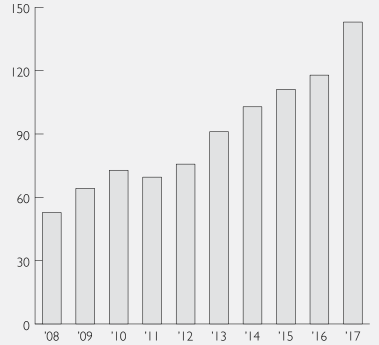
CI also owns a majority stake in Marret Asset Management Inc., a Toronto-based fixed-income investment manager, and minority interests in Altrinsic Global Advisors, LLC, a global asset manager based in Greenwich, Connecticut, and Lawrence Park Capital Partners Ltd. of Toronto, which specializes in alternative fixed-income strategies.

HISTORICAL FINANCIAL HIGHLIGHTS

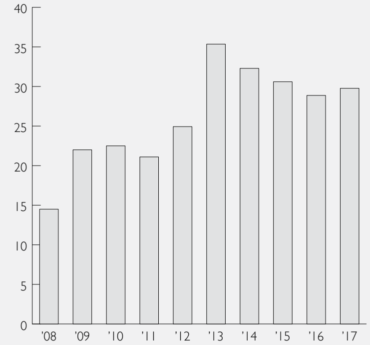
[In millions of dollars, except per share amounts]

	Years Ended Dec. 31			
(from continuing operations)	**2017**	**2016**	**2015**	**2014**
Assets under management, end of year	**143,028**	117,889	111,124	102,886
Assets under advisement†	**42,699**	38,235	34,552	31,874
Total assets	**185,727**	156,124	145,676	134,761
Net sales of funds	**(1,464)**	(5,916)	3,431	3,928
Management fees	**1,897.1**	1,748.7	1,787.9	1,669.1
Other income	**214.2**	199.6	209.8	206.8
Total revenues	**2,111.3**	1,948.3	1,997.6	1,875.9
Selling, general and administrative	**459.1**	396.8	372.5	341.8
Trailer fees	**587.4**	540.2	553.6	511.6
Other expenses	**324.3**	321.3	314.0	304.6
Total expenses	**1,370.8**	1,258.3	1,240.1	1,158.0
Income taxes	**240.7**	187.3	204.9	192.5
Net income	**499.8**	502.8	552.6	525.4
Adjusted net income*	**579.2**	532.1	563.7	520.0
Adjusted EBITDA*	**923.1**	879.0	940.4	894.5
Earnings per share	**1.89**	1.86	1.99	1.85
Adjusted earnings* per share	**2.19**	1.96	2.02	1.83
Adjusted EBITDA* per share	**3.49**	3.24	3.37	3.15
Dividends recorded per share	**1.40**	1.36	1.30	1.19
CIX Share Price	**29.77**	28.87	30.60	32.29
Shares outstanding, end of year	**271,884,495**	265,302,141	276,026,778	281,708,663

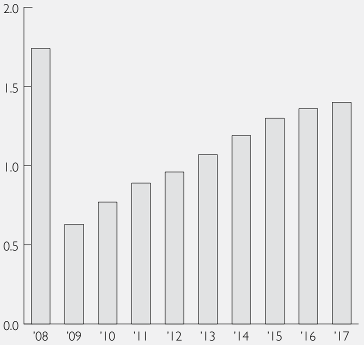
ASSETS UNDER MANAGEMENT
(AS AT FISCAL YEAR-END IN $ BILLIONS)



CIX SHARE PRICE
(AS AT FISCAL YEAR-END IN $)



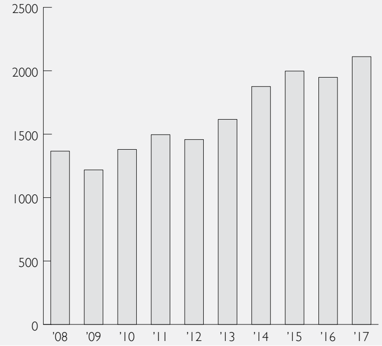
DIVIDENDS PER SHARE
(FOR THE FISCAL YEAR IN $)



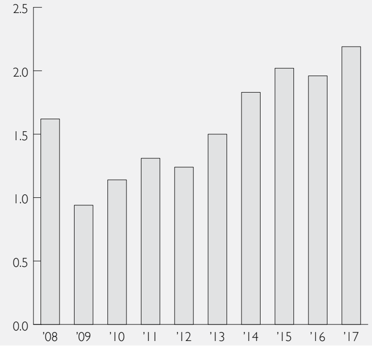
† Includes assets managed by CI and held by clients of advisors with Assante and Stonegate.
* Adjusted net income, adjusted earnings per share, adjusted EBITDA (earnings before interest, tax, depreciation, and amortization), and adjusted EBITDA per share are not standardized earnings measures prescribed by IFRS. A description of these non-IFRS measures and a reconciliation to IFRS is provided in the "Non-IFRS Measures" section on page 37 of this report.

	Years Ended Dec. 31						
	2013	2012	2011	2010	2009	2008	2007
	91,090	75,723	69,558	72,825	64,226	52,801	67,171
	28,766	24,586	22,698	23,645	22,414	19,236	26,538
	119,856	100,309	92,257	96,470	86,640	72,037	93,709
	3,686	973	323	1,059	1,451	1,740	1,898
	1,432.6	1,277.7	1,302.8	1,193.0	1,041.5	1,163.8	1,292.7
	184.1	180.1	193.5	186.7	177.0	202.4	210.3
	1,616.7	1,457.8	1,496.3	1,379.7	1,218.5	1,366.2	1,503.0
	314.5	286.0	290.8	263.6	278.9	256.4	291.1
	429.2	374.0	379.5	346.2	299.7	336.1	369.1
	290.5	294.0	304.9	295.4	298.4	340.0	291.7
	1,034.2	954.0	975.2	905.2	877.0	932.5	951.9
	155.9	151.6	144.2	146.0	45.3	(17.5)	(54.4)
	426.6	352.2	376.9	328.6	296.2	451.2	605.5
	426.4	352.2	376.9	328.4	275.9	451.2	605.5
	769.6	703.6	726.2	669.7	539.3	638.6	724.3
	1.50	1.24	1.31	1.14	1.01	1.62	2.15
	1.50	1.24	1.31	1.14	0.94	1.62	2.15
	2.71	2.48	2.53	2.32	1.84	2.29	2.57
	1.065	0.955	0.89	0.77	0.63	1.74	2.25
	35.35	24.93	21.10	22.50	22.00	14.50	28.07
	284,396,101	282,914,642	283,567,039	287,434,257	291,821,114	292,492,805	281,514,003

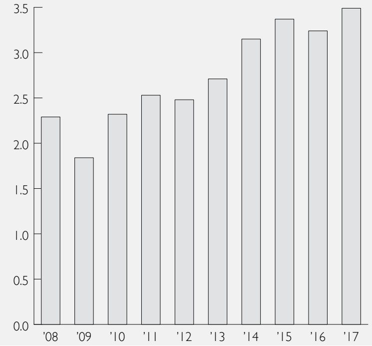
TOTAL REVENUES
(FOR THE FISCAL YEAR IN $ MILLIONS)



ADJUSTED EARNINGS PER SHARE*
(FOR THE FISCAL YEAR IN $)



ADJUSTED EBITDA PER SHARE*
(FOR THE FISCAL YEAR IN $)



DEAR SHAREHOLDERS,

2017 was another busy and successful year for your company. In the midst of an increasingly competitive environment, we took a significant step in building our business through the acquisitions of Sentry Investments and BBS Securities. We also continued to make investments to improve and strengthen our existing asset management and advisory firms.

These strategic moves have helped to solidify our foundation and enhance our core business, while advancing our goal of being a global wealth management company based in Canada. As the investment industry changes rapidly, we are ensuring "optionality" for our organization. The acquisitions of Sentry and BBS create optionality and diversity by adding scale, relationships, skillsets and technologies, allowing us to provide a broader range of services and solutions to better meet the evolving needs of advisors and investors.

We thank our shareholders for their continued support as we take these important steps to enhance the competitiveness of CI Financial.

Building diverse strengths

In Sentry, we added a leading Canadian fund company with a well-respected investment team. Sentry is an excellent fit with CI given its similar business model of offering actively managed investment funds primarily to retail investors through financial advisors. Most importantly, the acquisition gave CI greater scale, as well as providing us with access to the strong relationships Sentry developed with advisors registered with the Investment Industry Regulatory Organization of Canada (IIROC). Ultimately, leveraging those relationships provides CI with a deeper presence in a key distribution channel for our products and services.

Since the acquisition in October, the integration of Sentry has proceeded according to plan. We exceeded our targets for achieving synergies for the last quarter of 2017, which included the realignment of the Sentry portfolio management group and the combination of the Sentry and CI sales teams. As we anticipated in our modelling, the Sentry funds have remained in redemptions following the acquisition, and we are working hard to return the funds to positive flows. The integration continues as we focus on operations, products and technologies. The Sentry portfolio management team continues to manage funds under the Sentry name. As a result, the Sentry funds will represent a distinct portfolio management brand within CI Investments' multi-manager model, alongside other in-house teams that include Signature Global Asset Management, Cambridge Global Asset Management and Harbour Advisors. Overall, we are pleased with the acquisition and our progress with the integration.

In BBS Securities, we added an organization with one of the most advanced and efficient financial services technology platforms in the industry today. The BBS operations include fintech company Pario Technology Corp. and Virtual Brokers, a top-ranked online brokerage. On its own, BBS had a vital, growing business and now its growth and development will be supported by CI's strength and stability. At the same time, the BBS expertise will help to advance the technology strategy across other CI companies, enhancing our products and services to meet the changing needs of advisors and investors.

While the process for integrating BBS Securities only began in earnest at the end of calendar 2017, we are pleased that the business, measured by client assets and new accounts, has continued to steadily grow since the close of the deal. We believe new and existing clients of BBS appreciate the presence of a large and well-capitalized parent company supporting the firm.

The acquisitions of Sentry and BBS in 2017, along with our other recent acquisitions – First Asset in 2015 and Australia-based Grant Samuel Funds Management in 2016 – are important parts of CI's overall strategic plan, enhancing our competitiveness and positioning our company for the future.

Our strategy

We continue to build CI into a global diversified wealth management company based in Canada. With ongoing expansion in terms of our scale, expertise and reach, we will be able to explore new markets and introduce new capabilities that will help drive our organization's future growth. At the same time, we continue to view our Canadian business, relationships and channels as critical parts of our organizational DNA, and we believe it must serve as the foundation of our growth.

In summary, our strategy is based on three major themes:

- **Maintaining and growing our leading position in Canada.** With $143 billion under management, we are one of the largest asset managers in the country and we continue to build on this enviable position. We also have, through Assante and Stonegate, one of Canada's strongest advisory businesses, with growing appeal to high net worth families and business owners.
- **Achieving greater scale by growing our assets in Canada and abroad.** This is critical in today's asset management industry as scale allows for continued investment in our governance, technology, products and services while offsetting the pressure on fees, as the costs of running the business are spread over a larger asset base.
- **Increasing our access to distribution in Canada and abroad.** Expanding and diversifying our channels of distribution has been key to CI's success and we continue to see great potential here. For example, adding the Sentry funds has significantly increased our assets with IIROC advisors, and our portfolio management expertise is now available to Canadians through First Asset's ETFs, and to Australian investors through GSFM.

An important facet underlying these themes is the continued development of our digital capabilities. The acquisition of BBS adds advanced trading technology and online services to our firm, and will assist in our digital transformation. Our goal is to not only expand our avenues of distribution, but to provide our clients with improved products and services, allowing them to do business with us when, where and how they want.

FINANCIAL HIGHLIGHTS

CI established new company records in 2017 for assets under management and average assets under management, as well as assets under advisement. Assets under management at December 31, 2017 totalled $143.0 billion, which was an increase of $25.1 billion or 21% over 2016, reflecting the acquisition of Sentry and strong investment performance. Average assets under management were $126.3 billion, a gain of $15.4 billion or 14% from the average for fiscal 2016.

Assets under advisement, which represent the assets held by clients of Assante Wealth Management and Stonegate Private Counsel, reached $42.7 billion at December 31. That represents an annual increase of $4.5 billion or 12%.

Gross fund sales for 2017 were $16.4 billion and net redemptions were $1.5 billion, compared with gross sales of $13.0 billion and net redemptions of $5.9 billion in 2016. The bulk of net redemptions in 2017 were primarily due to $1.2 billion in net redemptions from funds closed to new investors, which includes legacy products such as segregated funds and closed-end funds.

When we exclude closed products, CI's Canadian business had net sales for the year of $341 million. CI's international retail business (GSFM) had a solid 2017 with $468 million in net sales. In general, sales within CI's core businesses improved significantly last year and in 2018 we are working on growing sales for CI's mandates and the newly acquired Sentry funds.

Net income was $499.8 million, down by $3.0 million or 1% from 2016. However, after including provisions for several items (described in the Management's Discussion and Analysis), adjusted net income was $579.2 million, an increase of 9% from $532.1 million in 2016. Adjusted earnings per share were $2.19, up 12% from $1.96.

Selling, general and administrative (SG&A) expenses were $459.1 million in 2017, increasing from $396.8 million in 2016. The increase reflected the additions of GSFM for the full year and Sentry and BBS in the fourth quarter, as well as strategic investments in the operations of the company. As a percentage of average assets under management, SG&A expenses were 0.364%, compared with 0.358% in 2016. This reflects our practice of managing expenses prudently and in line with assets under management, while making the investments that are necessary to build our business.

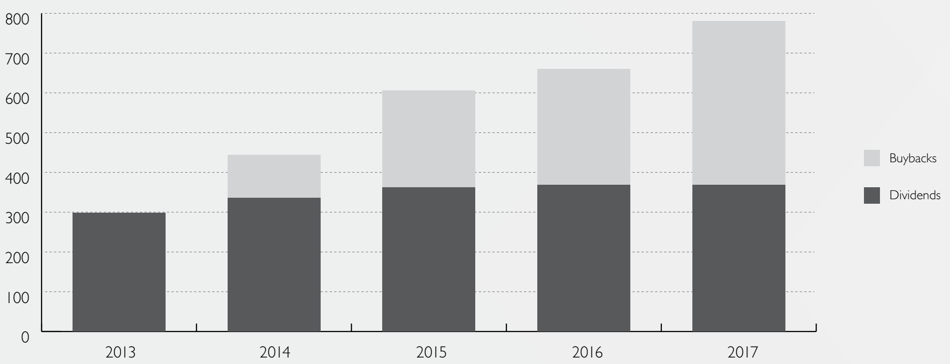
CI generated $648.4 million in free cash flow during the year ended December 31, 2017, an impressive increase of more than 7% from $604.7 million for the prior year. Cash flow is an important indicator of CI's overall financial strength and it provides us with the capacity to reinvest in the company, make acquisitions, and return cash to our shareholders through dividends and share buybacks.

In 2017, CI returned a total of $781.2 million to shareholders, consisting of $413.2 million in share buybacks and $368.0 million in dividends. In 2016, we repurchased $290.9 million in shares and paid $368.7 million in dividends. We increased the dividend per share by 2% during the year, from $0.1150 to $0.1175 per month. That resulted in a total per share payment of $1.3975 in 2017.

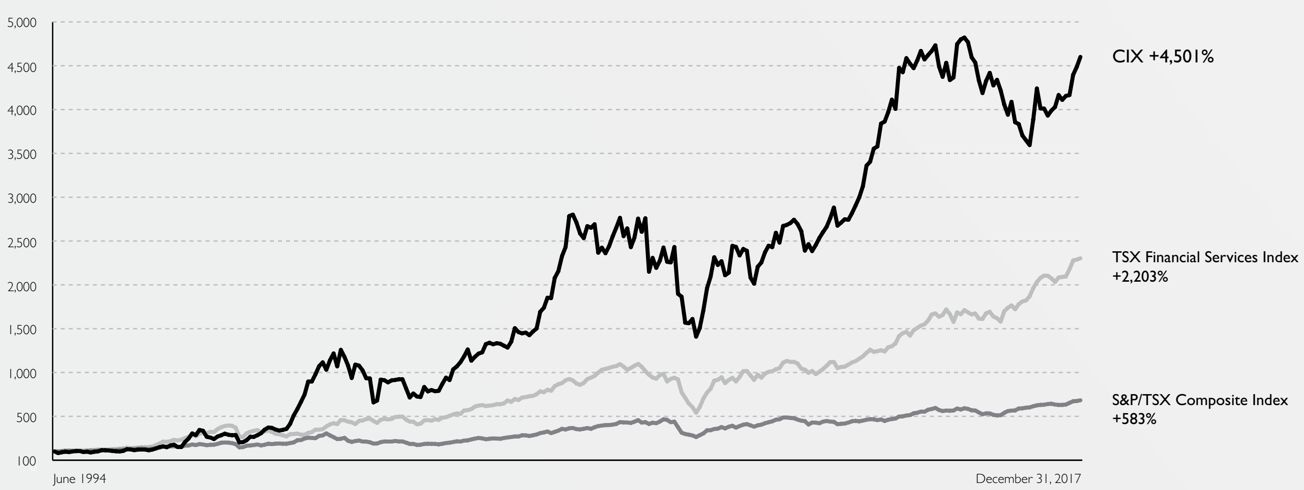
We believe strongly in the value of share buybacks, given the low interest rate environment and our view that CI stock is currently undervalued versus historical metrics.

CI's net debt increased to $860.9 million as of December 31, 2017, up from $572.9 million a year earlier. The increase, financed at attractive rates, allowed for the higher level of share repurchases and for the acquisition of Sentry and BBS. CI's net debt amounted to 93% of adjusted earnings before interest, tax, depreciation and amortization (EBITDA), a level that we feel is manageable and still provides us with options to finance additional strategic transactions.

Returns to Shareholders ($Millions)



CI Financial Historical Performance – Total Returns From IPO To December 31, 2017



Source: CI, Bloomberg.

CI's share price closed the year at $29.77, representing a total return of 8.5% for 2017. Over the long term, CI shares have provided an exceptional return to shareholders. Since the initial public offering in June 1994, the stock has significantly outperformed the broader market and the overall financial services sector with a cumulative total return of 4,501%, which represents a compound annual growth rate of 18%.

OPERATING HIGHLIGHTS

CI Investments

The foundation of the CI Investments business is the diversity and excellence of portfolio management expertise that we offer our clients. CI Investments operates a multi-manager or "multi-boutique" lineup, under which we have 18 investment teams representing a broad selection of investment styles and mandates, each managing their portfolios independently of one another. CI Investments' in-house teams include Signature Global Asset Management, Cambridge Global Asset Management, Harbour Advisors, Sentry Investments and CI Multi-Asset Management. Our solutions also leverage the portfolio management talent available elsewhere in the CI Financial group, including First Asset, Marret Asset Management, Altrinsic Global Advisors and Lawrence Park Asset Management. CI Financial owns a majority interest in Marret and minority stakes in Altrinsic and Lawrence Park. We believe this multi-manager model is a significant competitive advantage for CI in that it provides advisors and their clients with meaningful choice and substantial diversification — by style, manager and mandate — all within the CI Investments lineup of investment solutions.

CI Investments has continued to build out the capabilities of our in-house investment teams, adding personnel and investing in technology to support our operations.

In 2017, CI Investments became a signatory to the United Nations Principles for Responsible Investment (UNPRI) and adopted a Responsible Investment Policy. Under this policy, CI Investments' in-house investment teams are integrating environmental, social and governance (ESG) factors into their investment decision-making processes. Portfolio managers and analysts are supported by a newly established Responsible Investment team. In taking these steps, CI recognizes the growing interest in responsible investing by advisors and our retail and institutional clients. In addition, we believe that integrating ESG factors into our portfolio management can help to achieve better risk-adjusted returns. (For more information, see the Corporate Social Responsibility section in this Annual Report.)

The addition of the Sentry portfolio management group to the CI Investments lineup further strengthens one of the industry's best and most diverse investment lineups. The Sentry team is highly respected in the industry and well known for a disciplined value-based investment style focused on delivering superior long-term risk-adjusted returns to investors. CI Investments continued to improve its product lineup in 2017 with the launch of CI Preferred Pricing, a program under which eligible investors benefit from automatically applied fee discounts when investing larger amounts. The program rewards investors for consolidating assets with CI Investments, while reducing the administrative and compliance workload for advisors because the discounts are automatically applied.

We are also continuing to develop new products to help meet the needs of our clients and foster growth. In 2018, we expect to launch several exciting new products, as well as integrate the CI Investments and Sentry product lineups, resulting in an even stronger and more comprehensive selection of investment solutions for our clients.

CI INVESTMENTS – BOUTIQUE MULTI-MANAGER APPROACH

SIGNATURE GLOBAL ASSET MANAGEMENT™

CAMBRIDGE® GLOBAL ASSET MANAGEMENT

SENTRY INVESTMENTS

HARBOUR® ADVISORS

CI Multi-Asset™ Management

FIRST ASSET EXCHANGE TRADED FUNDS *A CI Financial Company*

ALTRINSIC

MARRET ASSET MANAGEMENT INC.

LAWRENCE PARK ASSET MANAGEMENT

BLACK CREEK Investment Management Inc.

EPOCH

PICTON MAHONEY Asset Management

QV Investors Inc.

CI employs other sub-advisors not listed above.

CI Institutional Asset Management

CIIAM, a division of CI Investments that serves pensions, foundations, endowments and other institutional investors, saw gross sales increase over 20% year over year and posted net sales of $540 million for the year. Entering 2018, the team has a robust pipeline of new business opportunities.

CIIAM offers a diverse multi-manager, multi-product lineup based on CI Investments' outstanding roster of investment teams. Investment solutions include balanced, equity and bond mandates, as well as a family of target-date and target-risk funds. In addition, we offer CI Global Private Real Estate Fund, which indirectly invests in an open-ended fund managed by CBRE Global Investment Partners Limited. This fund fills a niche in the Canadian market by providing Canadian high net worth and institutional investors with exposure to a global property portfolio managed by one of the world's leading real estate services and investment companies.

Assante Wealth Management and Stonegate Private Counsel

Our advisory businesses include Assante Wealth Management, which operates a full-service investment dealer and mutual fund dealer, and CI Private Counsel, our high net worth investment counsel business. CI Private Counsel consists of Assante Private Client, which supports Assante Wealth Management advisors, and Stonegate Private Counsel, which provides integrated wealth planning and investment advice to high net worth clients across Canada.

Together, our assets under advisement grew to $42.7 billion, a year-over-year increase of 12%. This gain was driven by our second-highest level of net sales in our history, new assets from the recruitment of advisors, and strong growth in the high net worth and ultra high net worth segments.

In 2017, Assante's performance was highly ranked in a comprehensive industry survey. Assante placed second in the J.D. Power 2017 Canadian Full Service Investor Satisfaction Study, which measures overall investor satisfaction with full-service investment firms and financial institutions that offer wealth management and private banking services.

Central to the success of our advisory businesses is a model that emphasizes comprehensive wealth planning that integrates all aspects of clients' financial lives, including investment management, risk management, and estate, tax and insurance planning. This approach is supported by our in-house team of accountants, lawyers and other specialists at Assante Private Client and Stonegate Private Counsel.

Our wealth planning proposition is especially valuable for affluent Canadians with complex financial needs and we have been increasingly successful in attracting high net worth and ultra high net worth families. Almost half of the $43 billion of assets we invest on behalf of our clients are with families who have entrusted us with more than $1 million.

Enhancing our services to high net worth and ultra high net worth Canadians is a priority for us. CI Private Counsel, through Assante Private Client and Stonegate, provides wealth planning services to an increasing share of our high net worth clients. In addition, CI Private Counsel provides broadly diversified investment strategies, including Canadian, U.S. and international equity, fixed income, real estate alternatives and credit alternatives, and is one of Canada's largest non-bank, discretionary wealth management firms for high net worth individuals, families and business owners.

Assante and Stonegate continue to be engines of growth for CI and we maintain our commitment to investing in their development and expansion.

First Asset

First Asset marked its most successful year ever in 2017, posting growth in ETF assets under management of 53% to $3.8 billion. Including mutual funds and closed-end funds, total assets under management stood at $4.6 billion at December 31, 2017.

The success stories for the year include the launch of several actively managed ETFs that leveraged the portfolio management expertise of existing CI Investments teams and highlighted our growing synergies. In particular, two new fixed-income ETFs managed by Marret Asset Management resonated well with advisors and helped them successfully navigate the challenging world of fixed income.

First Asset's emphasis on these core solutions helped broaden relationships with existing advisors, while also facilitating many new relationships and cross-selling opportunities. The collaboration and idea sharing between the sales teams at First Asset and CI Investments also led to mutual success and increased penetration of the IIROC channel. First Asset will continue to focus on developing innovative solutions and further entrench itself as a leading provider of actively managed ETFs in Canada.

Grant Samuel Funds Management (GSFM)

We are pleased with the success of GSFM, which distributes a diverse lineup of domestic and global mandates managed by boutique investment teams in Australia's retail and institutional asset management markets.

AWARDS + RECOGNITION

6+1

CI Investments was honoured with six 2017 Thompson Reuters Lipper Fund Awards, recognizing funds that have excelled in delivering consistently strong risk-adjusted performance. Sentry Investments received one award.

32+8+1

CI Investments received 32 FundGrade® A+ Awards for 2017, recognizing funds for consistent, outstanding risk-adjusted performance. First Asset was honoured with eight awards and Sentry Investments received one.

CI's 80% ownership of GSFM is part of our strategy to expand our global asset management operations. GSFM has posted exceptional growth since its founding in 2007 and has developed national distribution in both retail and institutional markets. GSFM was awarded "Sales Team of the Year" at the 2017 Financial Standard Marketing, Advertising and Sales Excellence Awards, which recognize Australia's leading individuals and organizations in the financial services industry.

Australia continues to offer active investment managers exceptional potential for growth, partly because of its mandatory retirement savings plan, which requires Australian employers to contribute 9.5% of an eligible employee's ordinary earnings to individual retirement accounts. Australia is the world's fourth-largest pension market with a strong annual growth rate in deposits.

CI and GSFM launched their first joint product in December 2017, a global small companies equity mandate, managed by CI's Cambridge Global Asset Management team and distributed to Australian institutions and retail investors by GSFM's sales teams. Of note, this is the first CI-managed product to be distributed outside of Canada. We will look to expand the joint product lineup as opportunities arise.

OUTLOOK

After starting 2018 with robust gains, global equity markets saw a resurgence in volatility in the first quarter after a relatively calm 2017. At CI, we believe that more normal levels of volatility will help to demonstrate the benefits of active management and security selection. Regardless of market conditions, our industry continues to offer challenges such as pressure on fees, the ongoing debate about active versus passive investment, increased regulation, evolving technology, the increasing dominance of the banks in Canada's financial services industry, and the steady introduction of new products that compete with our core business.

We will meet these challenges head on as we continue in our mission of building a global wealth management firm. In 2018, we are pursuing a number of growth initiatives, while maintaining our sound management of expenses. We will continue to integrate and expand the businesses, capabilities and expertise we have acquired in First Asset, GSFM, Sentry and BBS. Each of these businesses is unique, offers excellent potential, and is an excellent fit with CI's core strategies. All four acquisitions have met or exceeded our expectations and add to CI's competitive advantages, which include:

- A solid position in the Canadian investment industry, and a growing presence in a promising foreign market;
- A prominent presence in the Canadian advisory business in Assante and Stonegate, with demonstrated expertise and growth in the high net worth sector;

- A broad suite of distribution channels, which we are diversifying both within Canada and to other markets;
- An outstanding group of investment management teams that provide our clients with attractive long-term performance, exceptional expertise and choice;
- Financial strength and scale, which allows us to invest significantly in our business in a way that cannot be matched by smaller competitors.

These advantages allow CI to compete in multiple markets, providing a diverse and innovative selection of products and services that meet the needs of a broad selection of investors. Our experience and strength give our partners and clients confidence in the long-term stability of our firm and the quality of our solutions. As we deliver value to our partners and clients, we create value for shareholders.

As a large, independent wealth management firm, CI is well positioned to continue to thrive in today's changing environment. We thank our employees for their dedication, and our clients and business partners for their ongoing trust and support. And, we thank our shareholders for your continued commitment to our firm.

Sincerely,

Peter W. Anderson
Chief Executive Officer

Sheila A. Murray
President

MARCH 15, 2018

Corporate Social Responsibility

CI Financial strives to operate with responsibility and integrity, from the management of our funds to the conduct of all aspects of our business. We are committed to treating our employees and business partners with respect and consideration, to supporting communities across Canada, and to reducing our impact on the environment.
This section highlights some of CI's efforts and achievements in these areas.

MEMBERSHIPS AND RECOGNITION

Signatory of: PRI Principles for Responsible Investment

Signatory to the UNPRI

The United Nations Principles for Responsible Investment (UNPRI) is the world's leading proponent of responsible investment. It encourages investors to use responsible investment to enhance returns and better manage risks.

RIA Responsible Investment Association

Associate Member of the RIA

The Responsible Investment Association (RIA) is Canada's membership association for responsible investment. RIA members believe that the integration of environmental, social and governance (ESG) factors into the selection and management of investments can provide superior risk-adjusted returns while contributing to positive societal change.

FTSE4Good

Listed on the FTSE4Good Index

The FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong environmental, social and governance (ESG) practices.

GREAT PLACE TO WORK® CERTIFIED OCT 2016 - SEP 2017 CANADA

Great Place to Work® Certified.

Great Place to Work® is the global authority on building, sustaining, and recognizing high-trust, high-performing workplace cultures. CI is proud to be Great Place to Work® certified for the second consecutive year.

COMMITMENT to Corporate Governance and Integrity

- All directors, officers and employees of CI Financial and its subsidiaries and affiliates are governed by the **CI Code of Business Conduct and Ethics**, which requires them to follow the highest standards of integrity and ethical business conduct.
- All members of the CI Board are independent, other than CI's Chief Executive Officer and Chairman.
- The Board of Directors pays special attention to the issue of governance and risk management at CI through the board's **Governance and Risk Committee**. The committee's mandate is to develop the company's approach to governance issues and oversee the corporate governance process, including risk management policies and procedures.
- CI upholds principles, policies and procedures that **promote integrity and ensure compliance** with applicable laws and regulations in specialized areas of the company. These include policies addressing money laundering, bribery and corruption, personal trading by portfolio managers and other employees, and sales practices.
- CI has established formal **Ethical Reporting Procedures** through which employees can anonymously report questionable conduct and concerns related to accounting or auditing matters to the Board's Lead Director.
- In the wake of an increasing number of high-profile cyber-security breaches, all CI employees were required to complete **Security Awareness Training** in 2017.

2017 HIGHLIGHT: Each year, CI is rated on its corporate social responsibility performance by various research firms. In 2017, CI was rated as an **outperformer in the area of governance within the diversified financials sector group** by research firm Sustainalytics.

SUSTAINALYTICS

COMMITMENT to Responsible Investing

- As a signatory to the **United Nations-supported Principles for Responsible Investment (UNPRI)**, CI Investments believes that responsible investing plays a role in achieving the best possible risk-adjusted returns for our funds.
- CI Investments is an **Associate Member of the Responsible Investment Association (RIA)**, Canada's membership association for responsible investment.
- CI Investments has a formal Responsible Investment Policy that addresses the integration of environmental, social and governance (ESG) factors into its decision-making process. While CI Investments does not normally exclude specific sectors or companies from investment, there are a few exceptions. In recognition of the prohibitions contained within the United Nations Anti-Personnel Landmines Convention and the United Nations Convention on Cluster Munitions, CI Investments will not knowingly directly invest in companies associated with the production, use or distribution of such weapons.
- CI Investments' in-house portfolio management teams, which include Signature Global Asset Management, Cambridge Global Asset Management, Harbour Advisors, and CI Multi-Asset Management, are integrating ESG factors into their investment processes with the support of a dedicated in-house Responsible Investment Team.

RESPONSIBLE INVESTING AT CI INVESTMENTS

CORE COMPONENTS

- Responsible Investment Policy
- Investment Exclusions
- Minimum ESG Ranking Criteria
- Third-Party ESG Data
- Dedicated Responsible Investment Team

PROCESS

Step 1: In-house portfolio managers have continual access to third-party ESG data.

Step 2: Investment exclusions list provided to in-house portfolio managers & external sub-advisors on an ongoing basis.

Step 3: In-house portfolio managers provided with customized ESG screens of portfolios with flagged holdings on an ongoing basis by CI's Responsible Investment Team.

Step 4: In-house portfolio managers review flagged holdings and document findings.

Step 5: Monitoring by CI's compliance department

COMMITMENT to Our Employees

- CI provides extensive training and learning opportunities to its employees, and supports employees who pursue education and training on their own initiative.
- Our training initiatives include the **Management Development Program**, which provides front-line managers with an assessment, development plan, and a core curriculum of six courses that support CI's management competencies. Online refresher courses are also available to these employees.
- To assist senior managers in supporting their front-line managers, CI provides a program called **Reinforcing Leadership Development**.
- We continue to expand our employee mentoring initiatives, including our **Women's Mentorship Program** and the launch of a broader **Mentorship Program** available to both male and female employees.
- CI is committed to the health and well-being of our employees. We offer a **Wellness Program** in which employees can take part in initiatives that include individual health assessments with a nutritionist, lunch-time workout classes and monthly "Lunch and Learn" sessions focused on wellness in the workplace.
- In 2017, CI received **Great Place to Work®** Certification for the second consecutive year. The award recognizes organizations with high-performing workplace cultures. Certification is based on an independent and credible evaluation methodology that takes actual employee feedback into account.
- We continued to celebrate the contributions of long-serving employees through the **CI Service Recognition Program**. Employees are awarded "milestone days," which are additional paid days off that are given out when employees reach certain anniversaries of employment with the company.
- We provide opportunities for students to gain experience and exposure to the working world through our summer student program and our annual **Take Our Kids to Work Day program**.

- In 2017, we introduced the **Ray** platform, which allows CI employees to share new and innovative ideas with one another and with management. CI has already implemented 13 employee ideas, helping to enhance the employee experience and our operations.

2017 Statistics:

- **Over $400,000 invested in employee development and training in 2017**
- Over 80 mentor/mentee pairs
- Over 70 summer students hired
- Over 30 high school students participated in Take Your Kids to Work day

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COMMITMENT to Communities

CI is committed to supporting communities across Canada and to being a good corporate citizen. In 2017, we continued to support our communities extensively, contributing over $700,000 through company and employee donations and charitable giving, an increase of over 30% from 2016. We also proudly launched our Ray Day Program, which allows CI employees to dedicate one work day of the year to volunteer and support a cause of their choice. Below are a few highlights from CI's community contributions in 2017.

OneWalk To Conquer Cancer

The Rexall™ OneWalk To Conquer Cancer is a prominent event that raises funds for cancer research and care. In 2017, 45 CI employees participated in the walk. As a firm, CI used multiple fundraising avenues, including employee fundraising, a bake sale and a silent auction, to raise over $175,000 for this cause. Overall, CI placed first in the Industry Challenge and first for corporate team fundraising.

Wilfrid Laurier University

CI is proud to partner with Wilfrid Laurier University on a vision of preparing Canada's next generation of financial managers and to provide support for the Building Canada's Best Business School fundraising campaign. In 2017, CI donated $150,000 as part of a larger $500,000 commitment to supporting the finance program at the Lazaridis School of Business and Economics and to establishing the CI Financial Finance Lab.

Vancouver Foundation

The **Vancouver Foundation** works with individuals, corporations and charitable agencies to create permanent endowment funds to support charities. Each year, the foundation funds innovative projects in the areas of arts and culture, education, children and youth issues, environment, annual welfare, community health, and social development. In 2017, CI subsidiary Assante Wealth Management donated $15,000 to the Vancouver Foundation, matching a generous donation by one of our employees.

Toronto Sock Exchange

In 2017, CI employees supported a unique and novel fundraiser: the Toronto Sock Exchange. For the homeless, socks are one of the most needed and least donated items and to meet this need, the Toronto Sock Exchange takes advantage of the recent trend in fancy sock apparel. The program sees 100% of the proceeds obtained from the purchase of fancy dress socks going toward the purchase of wool socks for several Toronto homeless shelters: Dixon Hall Neighbourhood Services, Covenant House and Red Door Family Shelter. Purchases of fancy socks by CI employees helped the Toronto Sock Exchange provide the homeless with winter socks.

EMPLOYEE SPOTLIGHT: RAY DAY – Therapeutic Recreation Program

The Holland Bloorview Kids Rehabilitation Hospital's Therapeutic Recreation Program helps kids and youth up to the age of 18 restore, remediate and rehabilitate their level of functioning. Last year, CI Institutional Asset Management team members used their Ray Day to help the hospital organize fun outdoor circus games, crafts and activities for kids at the hospital.

Other organizations CI and our employees supported in 2017 included:

COMMITMENT to Environmental Sustainability

PAPER CONSUMPTION

- In 2017, CI continued the delivery of electronic client materials and offered our proxy-related materials available online in an effort to reduce the amount of paper used.
- All paper used for in-house printing in 2017 was certified under the Sustainable Forestry Initiative (SFI) Fiber Sourcing Standard, which sets mandatory practice requirements for the responsible procurement of all fiber sourced directly from forests.

WASTE REDUCTION

- CI continued to recycle paper, plastics and office equipment in 2017.
  - Recycled approximately 240,000 one-use coffee capsules, resulting in the recovery of 486 kilograms of aluminum.
- We removed plastic cutlery from most floors at one of our Toronto offices, reducing our plastic usage by 60% at that location.

CI GREEN COMMITTEE

The committee is an employee group focused on promoting a more sustainable workplace for CI. The committee had several noteworthy accomplishments in 2017:

- Through a battery recycling program, CI diverted over 90 pounds of batteries from landfills.
- CI employees competed against one another in a Waste Free Lunch Challenge to see who could bring in the lunch with the least amount of waste.
- The first-ever CI Trading Zone allowed employees to exchange their used items with one another and promote the reuse of goods.

EMPLOYEE SPOTLIGHT: RAY DAY – Minesing Wetlands

At 6,000 hectares, the Minesing Wetlands in Ontario play an important role in controlling flooding of surrounding areas. A group of CI employees and Green Committee members used their Ray Day to plant 500 trees in the wetlands to help fight erosion and maintain biodiversity.

Subsidiary Profiles

CI INVESTMENTS INC.

CI Investments is one of Canada's largest investment management companies, with approximately $133 billion in assets under management (at December 31, 2017). We have earned the trust of over two million investors who rely on us to help them meet their financial goals. We are known for our comprehensive and high-quality selection of actively managed investment products and a diverse lineup of leading portfolio management teams.

We partner with financial advisors and third-party institutions in the distribution of our products and services, which include mutual funds, segregated funds, managed solutions and alternative investments. Our brands include Black Creek, Cambridge, CI Preferred Pricing, CI Private Wealth, Harbour, Lawrence Park, Marret, Sentry, Signature, Synergy, Portfolio Series, Portfolio Select Series and CI LifeCycle Portfolios. In addition, we manage the Evolution Private Managed Accounts investment program, which is available through advisors with Assante Wealth Management. We service the institutional marketplace through a dedicated division, CI Institutional Asset Management.

CI's strength is founded on the expertise and experience of our portfolio managers. Our managers, which include in-house teams and sub-advisors, represent the full spectrum of investment disciplines, from value to growth. Our in-house investment managers are Signature Global Asset Management, Harbour Advisors, Cambridge Global Asset Management, CI Multi-Asset Management and Sentry Investments.

In response to the growing interest in the social and ethical implications of investing, CI has become a signatory to the United Nations Principles for Responsible Investing and we have committed to integrating environmental, social and corporate governance considerations into the investment processes of our in-house portfolio management teams.

ASSANTE WEALTH MANAGEMENT (CANADA) LIMITED

Assante Wealth Management is one of Canada's largest professional services firms in wealth management, supporting 830 advisors who serve approximately 300,000 clients and their families nationwide. Assante's services are offered through Assante Capital Management, an investment dealer, and Assante Financial Management, a mutual fund dealer.

CI Private Counsel, our high net worth investment counsel business, consists of Assante Private Client, which supports Assante Wealth Management advisors, and Stonegate Private Counsel, which provides integrated wealth planning and investment advice to high net worth clients across Canada.

Assante and Stonegate together have assets under advisement of $43 billion (at December 31, 2017).

Our success is closely linked to our advisors and the strong partnership we have developed with them. Backed by a wealth of resources, including investment analysts, portfolio managers, tax lawyers, accountants, estate planning and insurance specialists and wealth planners, our advisors provide a comprehensive and integrated approach to wealth management.

We also support our advisors by providing advanced solutions, including Evolution Private Managed Accounts, a program managed by CI Investments and available exclusively through Assante advisors.

For high net worth clients with more complex wealth planning needs, discretionary investment management and sophisticated wealth planning is provided through Stonegate and Assante Private Client.

FIRST ASSET
EXCHANGE TRADED FUNDS
A CI Financial Company

FIRST ASSET INVESTMENT MANAGEMENT INC.

First Asset is an established leader in exchange-traded funds in the Canadian marketplace with $4.6 billion in assets under management in ETFs, as well as closed-end funds and mutual funds (at December 31, 2017).

First Asset's focus is on delivering better risk-adjusted returns than the broad market through a comprehensive suite of smart beta and actively managed ETF solutions. First Asset has a track record of introducing market-leading investment methodologies and was one of the first firms to offer broad, comprehensive factor-based investing to Canada, beginning with single-factor strategies focused on value and momentum and extending into multi-factor ETF solutions. First Asset continues to differentiate itself from competitors by offering one of the largest lineups of actively managed ETFs in Canada, leveraging the considerable portfolio management talent within the CI Financial group of companies.

The First Asset team works closely with index providers and our portfolio managers to support financial advisors. First Asset provides information about the firm's products and offers bespoke support and solutions in portfolio construction that integrates ETFs. First Asset uses best-in-class portfolio software and analytics to assist advisors in optimizing their portfolios to help achieve their clients' financial goals.

An increasingly competitive landscape – including a growing number of providers and products, and record asset levels – demonstrates the interest in ETFs by advisors and their clients. First Asset is well positioned as an expert in ETFs and is positioned for continued growth and leadership in the industry.

BBS Securities Inc.

BBS SECURITIES INC.

BBS Securities is a Canadian financial technology company and a registered investment/broker dealer that provides a wide range of innovative brokerage and trading services to a diverse client base of portfolio managers, introducing brokers, and institutional and retail investors.

Through our online brokerage division, Virtual Brokers, BBS provides services using a proprietary system that is one of the most technologically advanced and efficient online discount brokerage platforms in the Canadian market.

BBS offers brokerage services (such as clearing, custody, settlement, trade execution services for securities, ETFs, options, bonds, and bullion precious metals), multiple trading platforms, access to new issues and IPOs, securities lending and borrowing, risk monitoring and compliance supervisory stations to various hedge funds, institutions, and portfolio managers and retail investors. We also offer extensive fund management and trading services for institutional clients, while providing trading tools and support to professional traders. We leverage our technological capability to provide online brokerage and trade execution services to individual investors, active traders and institutions.

BBS is a participating organization of the Toronto Stock Exchange (TSX), the TSX Venture Exchange (TSX-V), the Canadian Securities Exchange (CSE), Alpha, Pure, Chi-X, Omega and NEO. BBS also is a member of CDS, DTC, CDCC, OCC, FundSERV and Cannex.

GRANT SAMUEL
FUNDS MANAGEMENT

GRANT SAMUEL FUNDS MANAGEMENT

Grant Samuel Funds Management (GSFM) is a leading manager and distributor of investment funds to institutional and retail investors in Australia. The firm was founded in 2007 and today manages approximately A$6.5 billion in assets (at December 31, 2017).

GSFM partners with high-calibre investment managers in Australia and globally to offer unique investment strategies to the Australian market. We have formed relationships with seven investment managers – Epoch Investment Partners of New York, Man Group of London, Payden & Rygel of Los Angeles, Australian-based managers Munro Partners, Tribeca Investment Partners and Triple3 Partners, and Cambridge Global Asset Management, a division of CI Investments. Each offers a differentiated investment strategy in their specialist asset classes. These mandates span Australian equities, global equities, fixed income and volatility.

CI Financial owns 80% of GSFM, and GSFM executives hold a 20% equity stake.

Management's Discussion and Analysis

December 31, 2017

CI FINANCIAL CORP

FINANCIAL HIGHLIGHTS

[millions of dollars, except share amounts]	As at and for the quarters ended Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	% change quarter-over-quarter	% change year-over-year
Assets under management	143,028	121,725	121,111	120,748	117,889	18	21
Assets under advisement	42,699	40,759	40,272	39,661	38,235	5	12
Total assets	185,727	162,484	161,383	160,409	156,124	14	19
Average assets under management	142,469	120,304	122,691	119,423	114,780	18	24
Management fees	532.1	452.9	462.6	449.5	448.6	17	19
Total revenues	594.4	504.1	510.3	502.6	506.3	18	17
Selling, general & administrative	130.8	108.7	111.6	108.0	102.4	20	28
Trailer fees	167.8	139.3	142.3	138.0	138.3	20	21
Net income	128.7	140.8	96.2	134.1	121.2	(9)	6
Adjusted net income[1]	162.9	140.8	141.3	134.2	140.6	16	16
Basic earnings per share	0.47	0.55	0.37	0.51	0.45	(15)	4
Adjusted earnings per share[1]	0.59	0.55	0.54	0.51	0.53	7	11
Diluted earnings per share	0.47	0.55	0.37	0.51	0.45	(15)	4
Adjusted EBITDA[1]	258.4	223.1	222.2	219.5	226.9	16	14
Adjusted EBITDA[1] per share	0.94	0.87	0.85	0.83	0.85	8	11
Return on equity[2]	33.0%	32.8%	31.7%	30.2%	29.2%	1	13
Dividends paid per share	0.3525	0.3525	0.3475	0.3450	0.3450	—	2
Dividend yield	4.7%	5.2%	5.1%	5.2%	4.8%		
Average shares outstanding	274,261,643	257,630,053	261,368,296	264,447,960	266,522,492		
Shares outstanding	271,884,495	255,752,744	259,404,856	262,737,470	265,302,141		
Share price							
High	29.78	28.19	27.77	29.45	29.94		
Low	27.32	25.79	26.04	26.06	23.52		
Close	29.77	27.29	27.64	26.43	28.87		
Change in share price	9.1%	(1.3%)	4.6%	(8.5%)	14.7%		
Total shareholder return	10.4%	—%	6.0%	(7.3%)	16.2%		
Market capitalization	8,094	6,979	7,170	6,944	7,659		
P/E Ratio (adjusted earnings)[2]	13.6	12.9	13.3	13.1	14.7		
Long-term debt (including the current portion)	1,118.1	1,067.9	909.0	864.8	758.7	5	47
Net debt[1]	860.9	691.1	693.5	673.5	572.9	25	50
Net debt to adjusted EBITDA[1]	0.84	0.78	0.78	0.76	0.63	8	33

[1] Adjusted net income, adjusted EBITDA and net debt are not standardized earnings measures prescribed by IFRS. Descriptions of these measures, as well as others, and reconciliations to the nearest IFRS measure, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

[2] Trailing 12 months, calculated using adjusted net income.

This Management's Discussion and Analysis ("MD&A") dated February 15, 2018 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at December 31, 2017, compared with December 31, 2016, and the results of operations for the quarter ended December 31, 2017, compared with the quarter ended December 31, 2016 and the quarter ended September 30, 2017.

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

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. Forward-looking statements are typically identified by words such as "believe", "expect", "foresee", "forecast", "anticipate", "intend", "estimate", "goal", "plan" and "project" and similar expressions of future or conditional verbs such as "will", "may", "should", "could" or "would". 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 Management" or discussed in other materials filed with applicable securities regulatory authorities from time to time. The material factors and assumptions applied in reaching the conclusions contained in these forward-looking statements include that the investment fund industry will remain stable and that interest rates will remain relatively stable. The reader is cautioned against undue reliance on these forward-looking statements.

This MD&A includes several non-IFRS financial measures that do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other companies. CI believes that these financial measures provide information that is useful to investors in understanding CI's performance and facilitate a comparison of quarterly and full year results from period to period. Descriptions of these non-IFRS measures and reconciliations to the nearest IFRS measure, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

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

TABLE 1: SELECTED ANNUAL INFORMATION

	Fiscal Years Ending December 31		
[millions, except per share amounts]	**2017**	**2016**	**2015**
Total revenue	$2,111.3	$1,948.3	$1,997.6
Total expenses	1,370.8	1,258.3	1,240.1
Income before income taxes	$740.5	$690.0	$757.6
Income taxes	240.7	187.3	204.9
Non-controlling interest	(0.2)	(0.2)	(0.9)
Net income available to shareholders	$499.9	$503.0	$553.5
Adjusted net income[1]	$579.2	$532.1	$563.7
Free cash flow[1]	$648.4	$604.7	$606.4
Basic earnings per share	$1.89	$1.86	$1.99
Adjusted earnings per share[1]	$2.19	$1.96	$2.02
Diluted earnings per share	$1.89	$1.85	$1.98
Dividends recorded per share	$1.40	$1.36	$1.30
Adjusted EBITDA[1]	$923.1	$879.0	$940.4
Total assets	$4,550.7	$3,458.7	$3,297.4
Gross debt	$1,118.1	$758.7	$559.3
Net debt[1]	$860.9	$572.9	$433.1
Average shares outstanding	264.4	271.1	278.8
Shares outstanding	271.9	265.3	276.0
Share price	$29.77	$28.87	$30.60
Market capitalization	$8,094	$7,659	$8,446

[1]Adjusted net income, adjusted earnings per share, free cash flow, adjusted EBITDA and net debt are not standardized earnings measures prescribed by IFRS. Descriptions of these non-IFRS measures, as well as others, and reconciliations to IFRS, where necessary, are provided in the "Non-IFRS Measures" section of this MD&A.

TABLE 2: SUMMARY OF QUARTERLY RESULTS

[millions of dollars, except per share amounts]	2017				2016			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
INCOME STATEMENT DATA								
Management fees	532.1	452.9	462.6	449.5	448.6	446.1	429.3	424.8
Administration fees	45.8	42.0	41.6	44.6	43.2	38.8	37.7	36.6
Other revenues	16.5	9.2	6.1	8.5	14.5	10.5	8.9	9.2
Total revenues	594.4	504.1	510.3	502.6	506.3	495.4	475.9	470.6
Selling, general & administrative	130.8	108.7	111.6	108.0	102.4	99.9	98.1	96.4
Trailer fees	167.8	139.3	142.3	138.0	138.3	138.1	132.7	131.1
Investment dealer fees	37.3	34.5	34.2	36.7	35.6	31.9	30.7	29.9
Amortization of deferred sales commissions	22.4	23.9	25.2	27.1	28.4	30.0	31.5	32.9
Interest expense	8.6	5.7	5.3	5.4	4.6	4.0	3.7	3.8
Other expenses	49.2	1.7	3.5	3.7	32.2	2.8	2.8	16.4
Total expenses	416.0	313.9	322.1	318.8	341.4	306.7	299.6	310.5
Income before income taxes	178.4	190.2	188.2	183.8	164.9	188.7	176.3	160.1
Income taxes	49.6	49.4	92.0	49.7	43.7	51.9	47.8	43.8
Non-controlling interest	0.1	—	(0.2)	(0.1)	0.2	(0.1)	(0.1)	(0.3)
Net income attributable to shareholders	128.6	140.8	96.3	134.2	121.0	136.8	128.6	116.6
Earnings per share	0.47	0.55	0.37	0.51	0.45	0.51	0.47	0.42
Diluted earnings per share	0.47	0.55	0.37	0.51	0.45	0.51	0.47	0.42
Dividends paid per share	0.3525	0.3525	0.3475	0.3450	0.3450	0.3450	0.3350	0.3300

BUSINESS OVERVIEW

CI is a diversified wealth management firm and one of Canada's largest independent investment fund companies. The principal business of CI is the management, marketing, distribution and administration of mutual funds, segregated funds, exchange-traded funds, structured products and other fee-earning investment products for Canadian investors. CI also has asset management operations in Australia and New Zealand through its subsidiary GSFM. CI's products are distributed primarily through brokers, independent financial planners and insurance advisors, including ACM and AFM financial advisors. CI operates through two business segments, Asset Management and Asset Administration. The Asset Management segment provides the majority of CI's income and derives its revenue principally from the fees earned on the management of several families of mutual, segregated, pooled, exchange-traded and closed-end funds, structured products and discretionary accounts. The Asset Administration segment derives its revenue from providing advice and ongoing service to clients as well as fees earned on the sale of mutual funds and other financial products.

BUSINESS STRATEGY

CI earns fee revenue on its assets under management ("AUM") and assets under administration ("AUA") and strives to maximize the growth of those assets on which it earns an acceptable margin. Management believes this can be achieved by focusing on the following factors: quality and diversity of products offered by CI; experience and depth of investment managers; performance of the funds; service levels provided to dealers and investors; and the skill and knowledge of its employees.

CI offers investors a wide range of Canadian and global investment products through a network of investment dealers, mutual fund dealers, and insurance agents, which include advisors with AWM. Several acquisitions of fund management companies and years of product innovation and development have allowed CI to offer investors a broad selection of investment funds.

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

CI selects managers with a reputation for skilled investment management and has the size and scale to attract the top talent in this field. Many of CI's investment managers have excellent long-term fund performance. However, CI can and will make changes to its investment managers when unsatisfactory investment performance has occurred.

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

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

KEY PERFORMANCE DRIVERS

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

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

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

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

NON-IFRS MEASURES

CI reports certain financial information using non-IFRS measures as CI believes that these financial measures provide information that is useful to investors in understanding CI's performance and facilitate a comparison of quarterly and full-year results from period to period.

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

CI defines adjusted net income as net income net of non-controlling interest and other provisions and adjustments. CI uses adjusted net income and adjusted earnings per share to compare underlying profitability for different periods.

TABLE 3: ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

[millions of dollars, except per share amounts]	**Quarter ended Dec. 31, 2017**	**Quarter ended Sep. 30, 2017**	**Quarter ended Dec. 31, 2016**	**Year ended Dec. 31, 2017**	**Year ended Dec. 31, 2016**
Net Income	128.7	140.8	121.2	499.8	502.8
Add:					
Provisions for compensation, legal and tax costs	28.7	—	19.6	73.7	29.1
Fair value adjustment to contingent consideration	5.6	—	—	5.6	—
Less:					
Non-controlling interest	0.1	—	0.2	(0.2)	(0.2)
Adjusted net income	**162.9**	**140.8**	**140.6**	**579.2**	**532.1**
Adjusted earnings per share	**0.59**	**0.55**	**0.53**	**2.19**	**1.96**

EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

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

TABLE 4: EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Dec. 31, 2016	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Net Income	128.7	140.8	121.2	499.8	502.8
Add:					
Interest Expense	8.6	5.7	4.6	24.9	16.0
Provision for income taxes	49.6	49.4	43.7	240.7	187.3
Amortization of deferred sales commissions	22.4	23.9	28.4	98.5	122.8
Amortization of intangibles and other	4.7	3.3	2.8	14.5	10.5
EBITDA	**214.0**	**223.1**	**200.6**	**878.5**	**839.3**
EBITDA per share	**0.78**	**0.87**	**0.75**	**3.32**	**3.10**
Add:					
Provisions for compensation, legal and tax costs	39.0	—	26.6	39.0	39.6
Fair value adjustment to contingent consideration	5.6	—	—	5.6	—
Less:					
Non-controlling interest	0.2	—	0.3	—	(0.1)
Adjusted EBITDA	**258.4**	**223.1**	**226.9**	**923.1**	**879.0**
Adjusted EBITDA per share	**0.94**	**0.87**	**0.85**	**3.49**	**3.24**
Total revenue	594.4	504.1	506.3	2,111.3	1,948.3
Adjusted EBITDA Margin	**43.5%**	**44.3%**	**44.8%**	**43.7%**	**45.1%**

NET DEBT

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

TABLE 5: NET DEBT

[millions of dollars]	As at Dec. 31, 2017	As at Dec. 31, 2016
Current portion of long-term debt	222.0	—
Long-term debt	896.1	758.7
	1,118.1	758.7
Less:		
Cash and short-term investments	124.6	117.9
Marketable securities	145.3	85.0
Add:		
Regulatory capital and non-controlling interests	12.6	17.1
Net Debt	**860.9**	**572.9**

PRE-TAX OPERATING EARNINGS

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

TABLE 6: PRE-TAX OPERATING EARNINGS

[millions of dollars, except per share amounts]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Dec. 31, 2016	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Net Income	128.7	140.8	121.2	499.8	502.8
Add:					
Amortization of deferred sales commissions	22.4	23.9	28.4	98.5	122.8
Amortization of intangibles	2.3	1.4	1.1	6.4	4.1
Provision for income taxes	49.6	49.4	43.7	240.7	187.3
Provisions for compensation, legal and tax costs	39.0	—	26.6	39.0	39.6
Fair value adjustment to contingent consideration	5.6	—	—	5.6	—
Less:					
Redemption fees	4.0	3.2	3.8	15.3	18.0
Performance fees	0.1	—	2.2	0.6	2.2
Gain on marketable securities	0.8	—	0.8	1.4	1.2
Non-controlling interest	0.4	(0.2)	0.3	—	(0.1)
Pre-tax operating earnings	**242.2**	**212.4**	**214.0**	**872.8**	**835.3**
Pre-tax operating earnings per share	**0.88**	**0.82**	**0.80**	**3.30**	**3.08**

DEALER GROSS MARGIN

CI monitors its operating profitability on the revenues earned within its Asset Administration segment by measuring its dealer gross margin, which is calculated as administration fee revenue less investment dealer fees, divided by administration fee revenue. CI uses this measure to assess the profitability of the Asset Administration segment before SG&A expenses.

TABLE 7: DEALER GROSS MARGIN

[millions of dollars]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Dec. 31, 2016	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Administration fees	89.5	83.1	82.3	341.9	307.7
Less:					
Investment dealer fees	72.4	68.4	67.7	279.9	252.5
	17.1	14.7	14.6	62.0	55.2
Dealer gross margin	**19.1%**	**17.7%**	**17.8%**	**18.1%**	**18.0%**

OPERATING CASH FLOW AND FREE CASH FLOW

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

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

TABLE 8: OPERATING CASH FLOW AND FREE CASH FLOW

[millions of dollars]	**Quarter ended Dec. 31, 2017**	**Quarter ended Sep. 30, 2017**	**Quarter ended Dec. 31, 2016**	**Year ended Dec. 31, 2017**	**Year ended Dec. 31, 2016**
Cash provided by operating activities	150.3	198.9	199.2	612.4	654.7
Add:					
Income taxes paid	51.6	24.3	36.3	206.6	214.1
Interest paid	12.7	1.5	7.1	22.0	15.5
Less:					
Net change in non-cash working capital	55.4	59.1	100.4	235.0	264.6
Operating cash flow	**159.3**	**165.6**	**142.2**	**606.0**	**619.6**
Less:					
Sales commissions paid	7.3	6.5	7.8	31.3	44.1
Add:					
Provisions for compensation, legal and tax costs	28.7	—	19.6	73.7	29.1
Free cash flow	**180.6**	**159.1**	**154.0**	**648.4**	**604.7**

ASSET MANAGEMENT MARGIN

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

TABLE 9: ASSET MANAGEMENT MARGIN

[millions of dollars - trailing 12 months]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Dec. 31, 2016
Management fees	**1,897.1**	**1,813.6**	**1,806.8**	**1,773.4**	**1,748.7**
Less:					
Amortization of DSC	101.5	107.6	113.9	120.3	126.2
Trailer fees	616.8	585.7	584.0	573.2	565.5
Net management fees	1,178.8	1,120.3	1,109.0	1,079.9	1,057.0
Less:					
SG&A expenses	380.0	354.8	347.8	335.9	327.2
	798.8	765.5	761.1	744.0	729.8
Asset management margin	**42.1%**	**42.2%**	**42.1%**	**42.0%**	**41.7%**

SG&A EFFICIENCY MARGIN

CI uses a trailing 12-month SG&A efficiency margin to assess its costs relative to management fees earned, net of amortization of DSC and trailer fees, which are not directly controllable by CI. These expenses are determined by the type, class and load of funds in which CI's clients invest. SG&A expenses are subtracted from these net management fees and measured as a percentage of net management fees. Using a trailing 12-month margin eliminates any seasonality associated with SG&A expenses.

TABLE 10: SG&A EFFICIENCY MARGIN

[millions of dollars - trailing 12 months]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Dec. 31, 2016
Management fees	1,897.1	1,813.6	1,806.8	1,773.4	1,748.7
Less:					
Amortization of DSC	101.5	107.6	113.9	120.3	126.2
Trailer fees	616.8	585.7	584.0	573.2	565.5
Net management fees	**1,178.8**	**1,120.3**	**1,109.0**	**1,079.9**	**1,057.0**
Less:					
SG&A expenses	380.0	354.8	347.8	335.9	327.2
	798.8	765.5	761.1	744.0	729.8
SG&A efficiency margin	**67.8%**	**68.3%**	**68.6%**	**68.9%**	**69.0%**

ASSETS AND SALES

CI is one of Canada's largest independent investment fund companies with assets under management of $143.0 billion and assets under advisement of $42.7 billion at December 31, 2017, as shown in Table 11. Assets under advisement are comprised of AUA and assets held by clients of advisors with Stonegate Private Counsel. Assets under management increased 21% year over year, mainly due CI's acquisition of Sentry as well as fund performance, partially offset by net redemptions of funds. The 12% increase in assets under advisement from last year was due to market performance, net sales, and advisor recruitment. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, exchange-traded funds, pooled funds and assets under advisement, were $185.7 billion at December 31, 2017, up $29.6 billion from $156.1 billion at December 31, 2016.

TABLE 11: TOTAL ASSETS

[billions of dollars]	**As at December 31, 2017**	**As at December 31, 2016**	**% change**
Assets under management	143.0	117.9	21
Assets under advisement[1]	42.7	38.2	12
Total assets	**185.7**	**156.1**	**19**

[1]Includes $25.8 billion and $23.0 billion of assets managed by CI and held by clients of advisors with Assante and Stonegate in 2017 and 2016, respectively.

Most global equity markets registered healthy results in the fourth quarter of 2017, capping off a strong showing for the year as they responded to encouraging economic data, low interest rates, tepid inflation and expanding corporate activity. The MSCI World Index, which measures equity results in 23 developed markets around the world, added 5.6% in U.S. dollar terms for the quarter, and an impressive 23.1% for the year. The S&P 500 Index, a broad measure of U.S. stocks, was up about 6.6% for the quarter, and finished with a solid increase of 21.8% for the year.

When looking at the results for markets outside of Canada, however, the value of the Canadian dollar was an important consideration in 2017. The Canadian dollar rose sharply in value relative to the U.S. dollar during the summer months and finished the year 7.0% stronger, having the effect of reducing gains for Canadian investors in assets priced in U.S. currency.

After a particularly strong showing in 2016, Canada's S&P/TSX Composite Index lagged for much of 2017, weighed down by low energy prices and underrepresentation in areas that outperformed, such as technology and health care. However, the Canadian equity benchmark staged a rebound in the final quarter of the year, buoyed by solid results in the financial services sector and a recovery in prices for oil and other commodities. The index finished with a gain of nearly 4.5% for the quarter and 9.1% for the year.

Government bond yields in many regions rose modestly in the fourth quarter, reflecting the expectation of higher global interest rates. The yield for 10-year U.S. Treasury bonds was up for the quarter, and finished the year little changed at about 2.4%. Canadian 10-year government bond yields declined through the quarter, but finished the year higher at about 2.0%.

The change in AUM during each of the past five quarters is detailed in Table 12. Fund performance has been strong across the past five quarters as equity markets, in general, have performed well over this period. CI's sales for the fourth quarter of 2017 are further detailed in Table 13.

TABLE 12: CHANGE IN ASSETS UNDER MANAGEMENT

[billions of dollars]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Dec. 31, 2016
Assets under management, beginning	121.725	121.111	120.748	117.889	112.513
Gross sales	4.251	3.667	3.805	4.632	3.543
Redemptions	5.657	3.652	3.591	4.920	6.141
Net sales	(1.406)	0.015	0.215	(0.288)	(2.597)
Acquisitions	19.019	—	—	—	6.145
Fund performance	3.690	0.599	0.148	3.147	1.828
Assets under management, ending	143.028	121.725	121.111	120.748	117.889
Average assets under management for the quarter	142.469	120.304	122.691	119.423	114.780

CI's Canadian business, excluding products closed to new investors, had net sales for the year of $341 million. CI's International retail business (GSFM) had a very strong 2017 with $468 million in net sales. In total, CI had $1.5 billion in net redemptions for 2017, primarily due to $1.2 billion in net redemptions from business closed to new investors.

For the quarter ended December 31, 2017, CI's Canadian business, excluding products closed to new investors, had $938 million in net redemptions, due to net outflows from Sentry's funds. While these redemptions were anticipated, CI has been implementing strategies to improve sales. In total, CI had $1.4 billion in net redemptions for the fourth quarter of 2017.

TABLE 13: SALES BREAKDOWN

	Quarter ended Dec. 31, 2017			Year ended Dec. 31, 2017		
[millions of dollars]	Gross Sales	Redemptions	Net Sales	Gross Sales	Redemptions	Net Sales
Canadian Business						
Retail	3,381	4,246	(865)	12,328	12,527	(199)
Institutional	659	731	(73)	3,056	2,517	540
	4,040	4,977	(938)	15,384	15,043	341
International Business						
Retail	142	46	95	688	220	468
Institutional	42	343	(301)	178	1,231	(1,053)
	183	389	(206)	866	1,451	(585)
Closed Business	28	290	(262)	106	1,326	(1,220)
Total	**4,251**	**5,657**	**(1,406)**	**16,356**	**17,820**	**(1,464)**

RESULTS OF OPERATIONS

Year Ended December 31, 2017

For the year ended December 31, 2017, CI reported net income attributable to shareholders of $499.9 million ($1.89 per share) versus $503.0 million ($1.86 per share) for the year ended December 31, 2016. The year ended December 31, 2017 included two provisions: 1) The second quarter included a $45 million provision for the settlement of outstanding notices of reassessment relating to the interest rate charged on subordinated notes within CI's income trust structure for the years 2006 to 2008; 2) The fourth quarter included a $39.0 million ($28.7 million after tax) provision for compensation, legal, and tax costs primarily related to the acquisitions of Sentry and BBS. The fourth quarter of 2017 also included a $5.6 million fair value adjustment to contingent consideration related to First Asset. The year ended December 31, 2016 included $39.6 million ($29.1 million after tax) in provisions for compensation, legal and tax costs.

Net income attributable to shareholders, excluding the provisions and fair value adjustment detailed above, was $579.2 million ($2.19 per share) for 2017, compared to $532.1 million ($1.96 per share) for 2016. The increase from the prior year was primarily due to the addition of Sentry for a quarter and GSFM for a full year (CI acquired GSFM in the fourth quarter of 2016).

Total revenue increased in 2017 to $2,111.3 million, compared to revenue of $1,948.3 million in 2016. CI's management fee revenue increased 8.4%, primarily due to the addition of Sentry for a quarter and GSFM for a full year. Administration fee revenue increased 11.3%, due to an increase in assets under administration.

SG&A expenses for the 12 months ended December 31, 2017 were $459.1 million, compared to $396.8 million for the 12 months ended December 31, 2016. The year-over-year increase was primarily due to 2017 including a full year's worth of SG&A related to GSFM in addition to a quarter's worth of SG&A related to Sentry. As an annualized percentage of average AUM, SG&A expenses were 0.364%, up from 0.358% the prior year.

Amortization of deferred sales commissions was $98.5 million for the year ended December 31, 2017, a decrease from $122.8 million for the year ended December 31, 2016. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been in deferred load funds versus front-end load funds.

Interest expense of $24.9 million was recorded for the year ended December 31, 2017 compared with $16.0 million for the year ended December 31, 2016. The change in interest expense primarily reflects the changes in average debt levels and average interest rates, as discussed under the Liquidity and Capital Resources section.

For 2017, CI recorded $240.7 million in income tax expense for an effective tax rate of 32.5%, compared to $187.3 million in 2016 for an effective tax rate of 27.1%. The effective tax rate for 2017 was higher than normal due to $45 million in current income tax expenses recorded in the second quarter related to the settlement of outstanding notices of reassessment received for the years 2006 to 2008.

In general, CI's effective tax rate may differ from the statutory tax rate, which is currently 26.5%, as a result of some expenses being non-deductible or partially deductible.

As discussed in the "Non-IFRS Measures" section and as set out in Table 6, pre-tax operating earnings were $872.8 million ($3.30 per share) for the year ended December 31, 2017, an increase of 4.5% from the year ended December 31, 2016. Adjusted EBITDA for the year ended December 31, 2017 was $923.1 million ($3.49 per share), up 5.0% from $879.0 million ($3.24 per share) for the year ended December 31, 2016. The changes to pre-tax operating earnings and adjusted EBITDA from last year were primarily a result of the inclusion of GSFM's results for a full year and Sentry's results for a quarter. Adjusted EBITDA margin for 2017 was 43.7%, down from 45.1% in 2016. For detailed calculations and reconciliations of net income to adjusted EBITDA, refer to Table 4 in the "Non-IFRS Measures" section.

Quarter Ended December 31, 2017

For the quarter ended December 31, 2017, CI reported net income attributable to shareholders of $128.6 million ($0.47 per share) versus $121.0 million ($0.45 per share) for the quarter ended December 31, 2016 and $140.8 million ($0.55 per share) for the quarter ended September 30, 2017. As mentioned earlier, the fourth quarter of 2017 included a $39.0 million ($28.7 million after tax) provision for compensation, legal and tax costs primarily related to the acquisitions of Sentry and BBS. The quarter also included a $5.6 million fair value adjustment to contingent consideration related to First Asset. The fourth quarter of 2016 included $26.6 million ($19.6 million after tax) in provisions for compensation, legal and tax costs.

Net income attributable to shareholders, excluding the provisions and fair value adjustment detailed above, was 162.9 million ($0.59 per share) for the quarter ended December 31, 2017, up 15.9% from $140.6 million ($0.53 per share) for the quarter ended December 31, 2016 and up 15.7% from the quarter ended September 30, 2017.

Total revenue increased 17.4% in the fourth quarter of 2017 to $594.4 million, compared to revenue of $506.3 million in the same period of 2016. On a consecutive quarter basis, total revenue increased 17.9% from $504.1 million in the third quarter of 2017. The primary cause of both increases was the addition of Sentry in the fourth quarter of 2017.

SG&A expenses for the fourth quarter of 2017 were $130.8 million compared to $102.4 million in the same quarter of 2016 and $108.7 million in the prior quarter. SG&A increased primarily due to the addition of Sentry and BBS. As an annualized percentage of average AUM, SG&A expenses were 0.364%, up from 0.355% for the fourth quarter of last year and up from 0.359% for the prior quarter. The increase as a percentage of average AUM reflects the relative size of the business acquired compared to CI prior to the acquisition.

Amortization of deferred sales commissions was $22.4 million in the fourth quarter of 2017, a decrease from $28.4 million in the fourth quarter of 2016 and $23.9 million in the prior quarter. The trend of lower amortization expense is consistent with the trend of reduced spending on deferred sales commissions in recent years as a smaller proportion of sales have been in deferred load funds versus front-end load funds.

Interest expense of $8.6 million was recorded for the quarter ended December 31, 2017 compared with $4.6 million for the quarter ended December 31, 2016 and $5.7 million for the quarter ended September 30, 2017. The change in interest expense primarily reflect the changes in average debt levels and average interest rates, as discussed under the Liquidity and Capital Resources section.

For the fourth quarter of 2017, CI recorded $49.6 million in income tax expense for an effective tax rate of 27.8% compared to $43.7 million in the fourth quarter of 2016 for an effective tax rate of 26.5%. CI's effective tax rate may differ from the statutory tax rate, which is currently 26.5%, as a result of some expenses being non-deductible or partially deductible.

As discussed in the "Non-IFRS Measures" section and as set out in Table 6, pre-tax operating earnings were $242.2 million ($0.88 per share) in the fourth quarter of 2017, an increase of 13.2% from the same quarter of 2016 and up 14.0% from the prior quarter. Adjusted EBITDA for the quarter ended December 31, 2017 was $258.4 million ($0.94 per share), up from $226.9 million ($0.85 per share) for the quarter ended December 31, 2016 and from $223.1 million ($0.87 per share) for the quarter ended September 30, 2017. The changes to pre-tax operating earnings and adjusted EBITDA from both periods were primarily a result of the addition of Sentry in the fourth quarter of 2017. Adjusted EBITDA margin for the fourth quarter of 2017 was 43.5%, down from 44.8% in the fourth quarter of 2016 and from 44.3% in the prior quarter. For detailed calculations and reconciliations of net income to adjusted EBITDA, refer to Table 4 in the "Non-IFRS Measures" section.

ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and its operating results are presented in Table 14.

TABLE 14: RESULTS OF OPERATIONS - ASSET MANAGEMENT SEGMENT

[millions of dollars]	**Quarter ended Dec. 31, 2017**	**Quarter ended Sep. 30, 2017**	**Quarter ended Dec. 31, 2016**	**Year ended Dec. 31, 2017**	**Year ended Dec. 31, 2016**
Management fees	532.1	452.9	448.6	1,897.1	1,748.7
Other revenue	9.6	2.8	8.6	14.5	20.0
Total revenue	541.6	455.7	457.2	1,911.6	1,768.7
Selling, general and administrative	109.6	89.7	84.4	380.0	327.2
Trailer fees	176.0	146.3	145.0	616.8	565.5
Amortization of deferred sales commissions and intangibles	24.4	25.4	29.8	105.3	128.1
Other expenses	46.7	0.9	26.3	52.0	45.4
Total expenses	356.7	262.3	285.4	1,154.1	1,066.2
Non-controlling interest	0.2	(0.1)	0.3	(0.2)	(0.3)
Income before taxes and non-segmented items	184.7	193.4	171.5	757.7	702.8

Year Ended December 31, 2017

Revenues

Revenues from management fees were $1,897.1 million for the year ended December 31, 2017, an increase of 8.5% from $1,748.7 million for the year ended December 31, 2016. The increase is primarily due to the inclusion of GSFM for a full year and Sentry for a quarter. Net management fees (management fees less trailer fees and amortization of deferred sales commissions) as a percentage of average AUM were 0.934% for 2017 compared with 0.954% for 2016. The decrease in the net management fee rate from last year is primarily a result of the inclusion of GSFM for a full year, as those assets earn a lower average net management fee than the majority of CI's other assets.

For the 12 months ended December 31, 2017, other revenue was $14.5 million versus $20.0 million for the 12 months ended December 31, 2016. Other revenue decreased from last year primarily as a result of lower redemption fees.

Expenses

SG&A expenses for the Asset Management segment were $380.0 million for the year ended December 31, 2017, compared with $327.2 million for the year ended December 31, 2016. The increase is primarily due to the inclusion of GSFM for a full year and Sentry for a quarter. As a percentage of average AUM, SG&A expenses were 0.301% for the year, up from 0.295% for last year.

Another measure that CI uses to assess its costs is the SG&A efficiency margin, as discussed in the “Non-IFRS Measures” section and as set out in Table 10. The 12-month SG&A efficiency margin for the quarter ended December 31, 2017 of 67.8% decreased from 69.0% in the same period one year ago primarily due to the inclusion of GSFM's SG&A for a full year and Sentry for a quarter.

Trailer fees were $616.8 million for the year ended December 31, 2017, up 9.1% from $565.5 million million for the year ended December 31, 2016. Net of inter-segment amounts, this expense was $587.4 million for the year, versus $540.2 million for the prior year. While trailer fees increased in absolute dollars, they decreased as a percentage of average AUM. This decrease reflects a trend at CI and within the industry in which investment products that do not pay trailer fees account for an increasing proportion of assets under management.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $105.3 million for the year ended December 31, 2017, down from $128.1 million for the year ended December 31, 2016. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years.

Other expenses for 2017 were $52.0 million, compared to $45.4 million for 2016. For both periods, the primary component of other expenses were the provisions for compensation, legal and tax costs discussed earlier. The fourth quarter of 2017 also included a $5.6 million fair value adjustment to contingent consideration related to First Asset.

The asset management margin for the 12-month period ended December 31, 2017 was 42.1% compared with 41.7% for the 12-month period ended December 31, 2016. The calculations and definitions of asset management margin can be found in the “Non-IFRS Measures” section and in Table 9.

Income before taxes and non-segmented items for CI's principal segment was $757.7 million for the year ended December 31, 2017, up 7.8% from $702.8 million for the year ended December 31, 2016. Income before taxes and non-segmented items, excluding the provisions and fair value adjustment to contingent consideration discussed in the "Results of Operations" section, was up 8.7% year over year. The increase was primarily due to the inclusion of GSFM for a full year and Sentry for a quarter.

Quarter Ended December 31, 2017

Revenues

Revenues from management fees were $532.1 million for the quarter ended December 31, 2017, an increase of 18.6% from $448.6 million for the quarter ended December 31, 2016 and an increase of 17.5% from $452.9 million for the quarter ended September 30, 2017. The increases in management fees are mainly due to the acquisition of Sentry. Net management fees (management fees less trailer fees and amortization of deferred sales commissions) as a percentage of average AUM were 0.927%, down from 0.951% for the fourth quarter last year and flat compared with 0.930% for the prior quarter.

For the quarter ended December 31, 2017, other revenue was $9.6 million versus $8.6 million and $2.8 million for the quarters ended December 31, 2016 and September 30, 2017, respectively. Other revenue increased from the third quarter of 2017 primarily as a result of year-end reinvested distributions on marketable securities and foreign exchange losses recognized in the third quarter.

Expenses

SG&A expenses for the Asset Management segment were $109.6 million for the quarter ended December 31, 2017, compared with $84.4 million for the fourth quarter in 2016 and $89.7 million for the prior quarter. SG&A expenses increased from the prior quarter primarily due to the inclusion of Sentry's SG&A. As a percentage of average AUM, SG&A expenses were 0.305% for the quarter ended December 31, 2017, up from 0.292% for the quarter ended December 31, 2016, and 0.296% in the quarter ended September 30, 2017. The increase as a percentage of average AUM reflects the relative size of the business acquired compared to CI prior to the acquisition.

Another measure that CI uses to assess its costs is the SG&A efficiency margin, as discussed in the "Non-IFRS Measures" section and as set out in Table 10. CI's current quarter SG&A efficiency margin was 67.1%, down from 69.3% in the fourth quarter of last year and 68.2% in the prior quarter.

Trailer fees were $176.0 million for the quarter ended December 31, 2017, up 21.4% from $145.0 million for the quarter ended December 31, 2016 and up 20.3% from $146.3 million for the prior quarter. Net of inter-segment amounts, this expense was $167.8 million for the quarter ended December 31, 2017 versus $138.3 million for the fourth quarter of 2016 and $139.3 million for the third quarter of 2017. While trailer fees increased in absolute dollars from both comparable periods due to the inclusion of Sentry, they decreased from the fourth quarter of 2016 as a percentage of average AUM. This decrease reflects a trend at CI and within the industry in which investment products that do not pay trailer fees account for an increasing proportion of assets under management.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $24.4 million for the quarter ended December 31, 2017, down from $29.8 million in the same quarter a year ago and down from $25.4 million in the previous quarter. The decline in amortization expense over the comparable periods is consistent with the decline in deferred sales commissions paid in recent years.

Other expenses for the quarter ended December 31, 2017 were $46.7 million, compared to $26.3 million in the same quarter of last year and $0.9 million in the previous quarter. Other expenses for the fourth quarter of this year included the provisions for compensation, legal and tax costs discussed earlier as well as the $5.6 million in contingent consideration payments related to First Asset. The fourth quarter of last year included the provisions for compensation, legal and tax costs discussed earlier.

The asset management margin for the fourth quarter of 2017 was 42.0% compared to 42.4% in the fourth quarter of 2016 and 42.5% in the prior quarter. The calculations and definitions of asset management margin can be found in the "Non-IFRS Measures" section and in Table 9.

Income before taxes and non-segmented items for CI's principal segment was $184.7 million for the quarter ended December 31, 2017, up 7.7% from $171.5 million in the same period in 2016 and down 4.5% from $193.4 million in the previous quarter. Income before taxes and non-segmented items, excluding the provisions and fair value adjustment to contingent consideration discussed in the "Results of Operations" section, was up 18.4% from the same quarter of 2016, and up 18.5% from the previous quarter. The increases were primarily due to the addition of Sentry for the quarter.

ASSET ADMINISTRATION SEGMENT

The Asset Administration segment operating results are presented in Table 15.

TABLE 15: RESULTS OF OPERATIONS - ASSET ADMINISTRATION SEGMENT

[millions of dollars]	Quarter ended Dec. 31, 2017	Quarter ended Sep. 30, 2017	Quarter ended Dec. 31, 2016	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Administration fees	89.5	83.1	82.3	341.9	307.7
Other revenue	6.9	6.4	6.0	25.7	23.3
Total revenue	96.4	89.6	88.2	367.6	331.0
Selling, general and administrative	21.2	19.1	18.0	79.1	69.6
Investment dealer fees	72.4	68.4	67.7	279.9	252.5
Amortization of intangibles	0.9	0.6	0.6	2.7	2.2
Other expenses	0.2	(0.6)	4.8	(0.3)	4.9
Total expenses	94.7	87.5	91.0	361.4	329.1
Income before taxes and non-segmented items	1.7	2.1	(2.8)	6.3	1.9

Year Ended December 31, 2017

Revenues

Administration fees were $341.9 million for the year ended December 31, 2017, an increase of 11.1% from $307.7 million for the year ended December 31, 2016. The increase in administration fees is primarily attributable to the increase in assets under administration and the inclusion of BBS for two months. Net of inter-segment amounts, administration fee revenue was $174.0 million for the 12 months ended December 31, 2017, up from $156.3 million for the 12 months ended December 31, 2016.

Other revenue earned by the Asset Administration segment is mainly comprised of non-advisor-related activities. For 2017, other revenue was $25.7 million, up from $23.3 million in 2016.

Expenses

Investment dealer fees were $279.9 million for the year ended December 31, 2017 compared to $252.5 million for the year ended December 31, 2016. Net of inter-segment amounts, investment dealer fees were $142.7 million, up from $128.2 million for 2016. Investment dealer fees generally fluctuate with the administration fee revenue earned by AWM.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 7, dealer gross margin was $62.0 million or 18.1% of administration fee revenue for the 12 months ended December 31, 2017 compared to $55.2 million or 18.0% for the 12 months ended December 31, 2016. The slight increase in gross margin as a percentage of administration fee revenue corresponds to inclusion of BBS for two months, which earns administration fees but does not pay investment dealer fees.

SG&A expenses for the segment were $79.1 million for the year ended December 31, 2017 compared to $69.6 million for the year ended December 31, 2016. The change in SG&A expense is largely attributable to the change in the level of discretionary spend, as well as the addition of BBS.

The Asset Administration segment had income before taxes and non-segmented items of $6.3 million for the 12 months ended December 31, 2017, compared to $1.9 million for the 12 months ended December 31, 2016.

Quarter Ended December 31, 2017

Revenues

Administration fees were $89.5 million for the quarter ended December 31, 2017, an increase of 8.7% from $82.3 million for the same period a year ago and an increase of 7.7% from $83.1 million for the prior quarter. The increase in administration fees related to the increase in assets under administration as well as the addition of BBS in the fourth quarter of 2017. Net of inter-segment amounts, administration fee revenue was $45.8 million for the quarter ended December 31, 2017, up from $43.2 million for the quarter ended December 31, 2016 and up from $42.0 million in the previous quarter.

Other revenue earned by the Asset Administration segment is mainly comprised of non-advisor-related activities. For the quarter ended December 31, 2017, other revenue was $6.9 million, up from $6.0 million in the same quarter of 2016 and up from $6.4 million in the third quarter.

Expenses

Investment dealer fees were $72.4 million for the quarter ended December 31, 2017 compared to $67.7 million for the fourth quarter of 2016 and $68.4 million for the quarter ended June 30, 2017. Net of inter-segment amounts, investment dealer fees were $37.3 million, up from $35.6 million for the same quarter last year and up from $34.5 million for the quarter ended September 30, 2017. Investment dealer fees generally fluctuate with Assante's administration fee revenue.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 7, dealer gross margin was $17.1 million or 19.1% of administration fee revenue for the quarter ended December 31, 2017 compared to $14.6 million or 17.8% for the fourth quarter of 2016 and $14.7 million or 17.7% for the previous quarter. For the fourth quarter of 2017, dealer gross margin as a percentage of administration fee revenue increased due to the inclusion of BBS, which earns administration fees but does not pay investment dealer fees.

SG&A expenses for the segment were $21.2 million for the quarter ended December 31, 2017 compared to $18.0 million in the fourth quarter of 2016 and $19.1 million in the third quarter of 2017. The increase in SG&A expenses are due to the addition of BBS as well as an increase in Assante's discretionary spend.

The Asset Administration segment had income before taxes and non-segmented items of $1.7 million for the quarter ended December 31, 2017, compared to a loss of $2.8 million for the fourth quarter of 2016 and gain of $2.1 million for the prior quarter.

LIQUIDITY AND CAPITAL RESOURCES

CI generated $606.0 million of operating cash flow in 2017 compared to $619.6 million for 2016. As detailed in Table 16, free cash flow was $648.4 million in the year ended December 31, 2017, up 7.2% from $604.7 million for the year ended December 31, 2016. Calculations of both measures and reconciliations to cash flow from operations are provided in the "Non-IFRS Measures" section and set out in Table 8.

CI primarily uses cash flow to finance deferred sales commissions, pay dividends on its shares, fund capital expenditures, fund acquisitions, pay down debt, and repurchase shares through its normal course issuer bid. At current levels of cash flow and anticipated dividend payout rates, CI produces sufficient cash to meet its obligations and support planned business operations for at least the next 12 months, with any excess being available to buy back shares or pay down debt.

CI's cash flows experience two forms of seasonality: 1) one-third of deferred sales commissions are typically paid out in the first quarter; and 2) the balance of cash income taxes and incentive compensation are paid at the end of February. These factors may cause cash flow fluctuations from quarter to quarter.

TABLE 16: SUMMARY OF CASH FLOWS

[millions of dollars]	**Year ended Dec. 31, 2017**	**Year ended Dec. 31, 2016**
Operating Cash Flow	606.0	619.6
Less:		
Deferred sales commissions paid	31.3	44.1
Add:		
Provisions for compensation, legal and tax costs	73.7	29.1
Free cash flow	648.4	604.7
Less:		
Investments in marketable securities, net	18.7	(0.1)
Capital expenditures	9.2	7.4
Share repurchases, net	413.2	290.8
Dividends paid	368.0	368.7
Debt repaid / (drawn)	(358.8)	(198.8)
Working capital and other items	191.4	75.4
	641.7	543.4
Net change in cash	6.7	61.3
Cash at January 1	117.9	56.6
Cash at December 31	124.6	117.9

CI paid deferred sales commissions of $31.3 million in 2017 compared to $44.1 million in 2016. The decrease in deferred sales commissions paid compared to the prior year is a result of the trend towards lower sales of deferred load funds.

CI invested $38.3 million in marketable securities in the 12 months ended December 31, 2017, which primarily related to the seeding of new classes of funds that were launched. During the same period, CI received proceeds of $19.7 million from the disposition of marketable securities, the sale of which resulted in a $1.4 million gain. Excluding BBS' securities owned, at market, the fair value of CI's marketable securities at December 31, 2017 was $145.3 million. This is comprised of seed capital investments in CI funds and strategic investments.

During the year ended December 31, 2017, CI invested $9.2 million in capital assets, up from $7.4 million in the year ended December 31, 2016. These investments related primarily to technology and leasehold improvements. CI's working capital and other items increased $191.4 million in the 12 months ended December 31, 2017, compared to an increase of $75.4 million in same period of 2016. The increase in CI's working capital and other items primarily relates to the acquisition of Sentry.

During 2017, CI repurchased 14.9 million shares under its normal course issuer bid at a total cost of $413.2 million, or $27.72 per share. CI paid dividends of $368.0 million, which represented 64% of adjusted net income and 57% of free cash flow for the period. CI's most recent dividend payment was $0.1175 per share per month, or $383 million per fiscal year. Following the quarter, CI's Board of Directors declared a monthly cash dividend of $0.1175 per share, payable on each of March 15, April 13, and May 15, 2018, to shareholders of record on February 28, March 31, and April 30, 2018, respectively.

The statement of financial position for CI at December 31, 2017 reflected total assets of $4.551 billion, an increase of $1.092 billion from $3.459 billion at December 31, 2016. The increase in assets was primarily due to the acquisition of Sentry.

CI's cash and cash equivalents increased by $6.7 million in the year to $124.6 million as of December 31, 2017. Accounts receivable and prepaid expenses increased by $88.1 million to $236.4 million as of December 31, 2017. The increase was primarily due to the inclusion of Sentry.

Deferred sales commissions decreased by $67.2 million to $205.5 million primarily due to the $98.5 million in amortization expense compared to $31.3 million in sales commissions paid. Capital assets increased by $8.5 million during the year as a result of the addition of Sentry as well as $9.2 million in capital additions less $7.5 million in amortization.

Total liabilities increased by $780.9 million during the year to $2.492 billion at December 31, 2017. This change was mainly due to the addition of Sentry in conjunction with the $359.5 million increase in debt. Toward the end of the third quarter CI issued $250.0 million in debentures due September 27, 2027 with a fixed interest rate of 3.904%. This issuance increased CI's total outstanding debentures to $900 million, with a weighted average interest rate of 3.024% and a carrying value of $896.1 million as of December 31, 2017.

As of December 31, 2017, CI had drawn $222 million against its credit facility. On September 29, 2017, CI increased its credit facility to $700 million from $500 million. Principal repayments on any drawn amounts are only required at the maturity of the facility, which is December 11, 2018.

Net debt, as discussed in the "Non-IFRS Measures" section and as set out in Table 5, was $860.9 million at December 31, 2017, up from $572.9 million at December 31, 2016. This increase was primarily due to the increase in working capital and other items discussed earlier, as well as CI returning more cash to shareholders in the form of dividends and share repurchases, relative to the amount of free cash flow that was generated for the period. The average debt level for the 12 months ended December 31, 2017 was approximately $966 million compared to $653 million for the same period last year.

At December 31, 2017, excluding the current portion of long-term debt, CI was in a positive working capital position, which in addition to the availability of its credit facility, reflects the ability of CI to meet its cash flow requirements.

CI's ratios of debt to adjusted EBITDA and net debt to adjusted EBITDA were 1.1 to 1 and 0.8 to 1, respectively. CI is within its financial covenants with respect to its credit facility, which requires that the debt to EBITDA ratio remain below 2.5 to 1, and assets under management not fall below $85 billion, based on a rolling 30-day average.

Shareholders' equity was $2.057 billion at December 31, 2017, an increase of $311.3 million during 2017.

RISK MANAGEMENT

CI is exposed to a number of risks that are inherent in the wealth management business. Some factors which introduce or exacerbate risk are within the control of management and others are, by their nature, outside of CI's direct control but must still be managed. Effective risk management is a key component to achieving CI's business objectives and protecting company and client assets. It is an ongoing process involving the Board of Directors, the company's Risk Management Committee, comprised of senior executives representing CI's business units, and the company's Risk Management Team, comprised of the Chief Risk Officer and the Vice-President, Risk Management and Corporate Responsibility. The Board has delegated primary responsibility for oversight of risk management to the Governance and Risk Committee of the Board of Directors.

Monitoring, evaluating and managing risk is a shared responsibility at CI. The Risk Management Committee and Risk Management Team work together to manage risk and ensure that business strategies and activities are consistent with CI's risk appetite. Regular reports are provided to The Governance and Risk Committee of CI's Board.

As noted above, the Risk Management Committee is comprised of senior executives from each core business unit and operating area at CI. CI has developed an enterprise-wide approach to monitoring, evaluating and managing risk. The members of the Risk Management Committee identify and evaluate specific and material risks, applying both a quantitative and a qualitative analysis and then assess the likelihood of occurrence of a particular risk event. Once risks have been identified and rated, strategies and procedures are developed to minimize or avoid negative consequences and these risk mitigation processes are implemented and monitored with each business unit to bring risks to an acceptable risk level.

The risks described below are not the only risks facing CI. The risks set out below are risks and uncertainties that the Risk Management Committee currently believe could materially affect CI's future financial performance. The reader should carefully consider the risks described below, and the other information contained in this MD&A, including under the heading "Forward-Looking Statements" before making an investment decision.

MARKET RISK

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

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

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

MARKET RISK FOR THE ASSET MANAGEMENT SEGMENT

At December 31, 2017, approximately 28% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 50 basis point change in interest rates would cause a change of about $8 million in annual pre-tax earnings in the Asset Management segment.

At December 31, 2017, about 58% of CI's assets under management were based in Canadian currency. While CI's concentration in Canadian currency assets reduces its exposure to foreign exchange risk, approximately 27% of CI's assets under management were based in U.S. currency. Any change in the value of the Canadian dollar relative to U.S. currency will cause fluctuations in CI's assets under management. CI estimates that a 10% change in Canadian/U.S. exchange rates would cause a change of about $31 million in the Asset Management segment's annual pre-tax earnings.

About 59% of CI's assets under management were held in equity securities at December 31, 2017, which are subject to equity risk. Equity risk is classified into two categories: general equity risk and issuer-specific risk. CI employs internal and external fund managers to take advantage of these individuals' expertise in particular market niches, sectors and products and to reduce issuer- specific risk through diversification. CI estimates that a 10% change in the prices of equity indexes would cause a change of about $74 million in annual pre-tax earnings.

CI has a control environment that ensures market risks are reviewed regularly. CI's compliance group reviews and monitors CI's fund and portfolio investments are in compliance with investment policies and regulations. CI also reviews investment processes, portfolio positioning and attribution of results of its investment teams on a regular basis.

MARKET RISK FOR THE ASSET ADMINISTRATION SEGMENT

CI's operating results are not materially exposed to market risk impacting the asset administration segment given that this segment usually generates less than 1% of the total income before non-segmented items (this segment reported a gain of $1.7 million before income taxes and non-segmented items for the quarter ended December 31, 2017). Investment advisors regularly review their client portfolios to assess market risk and consult with clients to make appropriate changes to mitigate it. The effect of a 10% change in any one component of market risk (comprised of interest rate risk, foreign exchange risk and equity risk) would have resulted in a change of approximately $4 million to the Asset Administration segment's annual pre-tax earnings.

POLITICAL AND MARKET RISK

CI's performance is directly affected by financial markets and political conditions, including any political change and uncertainty in the United States, Europe and abroad. These changes may cause significant volatility and decline in the global economy or specific international, regional and domestic financial markets which are beyond the control of CI. There can be no assurance that financial market performance will be favourable in the future. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance, which could negatively impact CI's business and impede the growth of CI's assets under management and revenue.

STRATEGIC RISK

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

Part of CI's strategy includes strategic acquisitions and investments in growth opportunities. Strategic acquisitions may benefit CI through increasing fee earning assets, broadening CI's distribution relationships, enhancing CI's business capabilities and capturing cost synergies. CI embarks on a thorough due diligence process prior to any acquisition; however, there can be no assurances that the anticipated benefits of any acquisition will be achieved. The success of an acquisition is contingent upon many factors, including retaining key employees, securing assets acquired, obtaining legal and regulatory approvals, integrating operations and vendor relationships, and having favourable economic conditions.

REPUTATION RISK

Reputation risk is the potential negative impact of a deterioration of CI's image or lower public confidence in the CI brand, its senior management or its products and services. Operational errors, poor performance, regulatory investigation or sanctions, litigation or employee misconduct could result in reputational harm to CI. Through its Codes of Conduct, governance practices, risk management programs, policies, procedures and training, CI attempts to prevent and detect any activities by CI officers, directors, and employees that would harm CI's reputation. While all employees, directors and officers are expected to protect the reputation of CI, there can be no assurances that unauthorized or unsuccessful activities may result in damage to CI's reputation, which could adversely affect CI's business and profitability.

COMPETITION RISK

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

In addition, there are uncertainties involved in the introduction of new products and services, including technical requirements, operational controls and procedures, compliance with regulatory requirements and shifting market preferences. The development and introduction of new products and services may require ongoing support and investment. A failure to manage the risks involved in the implementation of new products and services may lead to operational lapses, increased capital requirements, and competitive alternatives, which could adversely affect CI's standing, market share or investment performance relative to its competitors and negatively impact the business, financial condition or operating results of CI.

DISTRIBUTION RISK

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

REGULATORY AND LEGAL RISK

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

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

INFORMATION TECHNOLOGY RISK

CI uses information technology and the internet to streamline business operations and to improve the client and advisor experience. However, with the use of information technology and the internet, email messaging and other online capabilities, CI is exposed to information security risk that could potentially have an adverse impact on its business. CI is dependent on its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data that it transmits through its information technology systems. Any information technology event, such as a hacker attack or virus, or internal issue, such as the failure to implement sufficient controls, could result in unauthorized access to sensitive or confidential information, theft, operational disruption, regulatory actions, legal liability or reputational harm. CI actively monitors this risk and continues to develop controls to protect against cyber threats that are becoming more sophisticated and pervasive. In addition, CI has and will continue to implement safeguards to control access to sensitive information, through password protection, encryption of confidential information and other means. Notwithstanding these measures, CI cannot fully mitigate the risk associated with information technology security. If mobile electronic devices, such as laptops or smart phones, are stolen, lost or left unattended, such devices may become exposed to hacking or other unauthorized use. As well, CI is dependent on the efficiency and effectiveness of the technology it uses and keeping pace with a continuously evolving information technology landscape. Malfunctioning of any of the technologies used by CI and being slow to keep pace could disrupt the company's success and negatively impact CI's financial position and reputation.

CI's business is dependent on the physical integrity of its infrastructure, including its office space, storage centers and other facilities. CI has taken precautions to protect the physical security of its infrastructure, and the sensitive information contained therein, through passkey protection, limited after-hours access and clean desk policies. However, a breach of the physical integrity of CI infrastructure may leave sensitive information vulnerable to unauthorized access and use, increasing a possible security risk, which could negatively impact CI's business and reputation.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems. The operational risk that CI is exposed to may arise from, technology failures, business disruption, theft and fraud, failure of key third parties, employee errors, processing and execution errors, and inaccurate or incomplete client information. Operational risk may result in a financial loss but can also lead to regulatory sanctions and harm to CI's reputation. Operational risk driven by people and processes are mitigated through human resources policies and practices, and a strong internal control environment. Operational risks driven by systems and services are managed through controls over technology development and change management as well as enhanced procedures for oversight of third-party service providers. While CI continuously monitors its operational risks, there can be no assurances that CI's internal control procedures can mitigate all operational risks.

TAXATION RISK

CI is subject to various uncertainties concerning the interpretation and application of Canadian tax laws. CI Investments is considered a large case file by the Canada Revenue Agency and, as such, is subject to audit each year. There is a significant lag between the end of a fiscal year and when such audits are completed. Therefore, at any given time, several years may be open for audit and/or adjustments. While CI regularly assesses the likely outcome of these audits in order to determine the appropriateness of its tax provision, there can be no assurance that CI will accurately predict the outcomes of these audits. If tax authorities disagree with CI's application of such tax laws, CI's profitability and cash flows could be adversely affected.

REDEMPTION RISK

CI earns revenue primarily from management fees earned for advising and managing mutual fund assets. The level of these mutual fund assets is dependent on (i) sales; (ii) redemptions; and (iii) investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance, and other factors.

Significant mutual fund redemptions could adversely impact the returns of investors in the affected funds by impacting market values and increasing transaction costs or taxable distributions. Continued large redemptions could negatively impact the prospects and operating results of CI.

KEY PERSONNEL RISK

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

The success of CI is also dependent upon, among other things, the skills and expertise of its human resources, including the management and investment personnel with specialized skills related to, among other things, marketing, risk management, credit, information technology, accounting, administrative operations and legal affairs. These highly skilled and often highly specialized individuals play an important role in developing, implementing, operating, managing and distributing CI's products and services. Accordingly, the recruitment and retention of skilled personnel, continuous training and transfer of knowledge are key activities that are essential to CI's performance. CI has taken, and will continue to take, steps to encourage our key employees to remain employed at CI, including the implementation of long-service awards, employee engagement strategies and enhanced transparency measures with respect to compensation. In addition, the growth in total assets under management in the industry and the reliance on investment performance to sell financial products has 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 loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could result in a loss of clients and a decline in sales and adversely affect CI's business.

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

INSURANCE RISK

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

CAPITAL RISK

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

CREDIT RISK

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

One of the primary sources of credit risk arises when CI extends credit to clients to purchase securities by way of margin lending. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy.

LIQUIDITY RISK

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

SHARE CAPITAL

As at December 31, 2017, CI had 271,884,495 shares outstanding.

Employee Incentive Share Option Plan: At December 31, 2017, 8.1 million options to purchase shares were outstanding, of which 3.4 million options were exercisable.

Restricted Share Unit ("RSU") Plan: 392,281 RSUs were outstanding as at December 31, 2017.

Deferred Share Unit ("DSU") Plan: 24,872 DSUs were outstanding as at December 31, 2017.

Additional details about the above Plans can be found in Note 5 to the Consolidated Financial Statements.

CONTRACTUAL OBLIGATIONS

The table that follows summarizes CI's contractual obligations at December 31, 2017.

PAYMENTS DUE BY YEAR

[millions of dollars]	**Total**	**1 year or less**	**2**	**3**	**4**	**5**	**More than 5 years**
Long-term debt	1,122.0	222.0	—	450.0	200.0	—	250.0
Operating leases	101.1	13.4	13.0	12.2	11.9	11.6	38.9
Total	1,223.1	235.4	13.0	462.2	211.9	11.6	288.9

SIGNIFICANT ACCOUNTING ESTIMATES

The December 31, 2017 Consolidated Financial Statements have been prepared in accordance with IFRS. For a discussion of all significant accounting policies, refer to Note 1 of the December 31, 2017 Notes to the Consolidated Financial Statements. Note 2 of the December 31, 2017 Consolidated Financial Statements provides a discussion regarding the methodology used for business acquisitions. Note 4 of the December 31, 2017 Consolidated Financial Statements provides a discussion regarding the recoverable amount of CI's goodwill and intangible assets compared to its carrying value.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with management, are responsible for the design of CI's disclosure controls and procedures as defined in National Instrument 52-109 (NI 52-109). Management evaluated, with participation of the CEO and CFO, the effectiveness of the disclosure controls and procedures (as at December 31, 2017). Based on this evaluation, the CEO and CFO have concluded that they are reasonably assured these disclosure controls and procedures were effective as at December 31, 2017 and that material information relating to CI was made known to them within the time periods specified under applicable securities legislation.

Management, under the supervision of the CEO and CFO, is responsible for the design and maintenance of adequate internal controls over financial reporting as defined in NI 52-109 for the purposes of providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, due to its inherent limitations, internal controls over financial reporting can only provide reasonable, not absolute, assurance that the financial statements are free of misstatements. The COSO framework was used to assist management, along with the CEO and CFO, in the evaluation of these internal control systems. Management, under the direction of the CEO and CFO, concluded that the internal controls over financial reporting were effective as at December 31, 2017. Management used various tools to evaluate internal controls over financial reporting which included interaction with key control systems, review of policy and procedure documentation, observation or reperformance of control procedures to evaluate the effectiveness of controls and concluded that these controls are effective. For the quarter ended December 31, 2017, there have been no changes to the internal controls over financial reporting that have materially affected, or are reasonably likely to affect, internal controls over financial reporting.

Additional information relating to CI, including the most recent audited annual financial statements, management information circular and annual information form, is available on SEDAR at www.sedar.com and on CI's website at www.cifinancial.com. Information contained in or otherwise accessible through the websites mentioned in this MD&A does not form part of, and is not incorporated by reference into, this MD&A.

Consolidated Financial Statements

December 31, 2017

CI FINANCIAL CORP

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF CI FINANCIAL CORP.

We have audited the accompanying consolidated financial statements of CI Financial Corp. ["CI"], which comprise the consolidated statements of financial position as at December 31, 2017 and 2016, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of CI as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Toronto, Canada

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

February 15, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

[in thousands of Canadian dollars]	As at December 31, 2017 $	As at December 31, 2016 $
ASSETS		
Current		
Cash and cash equivalents	**124,582**	117,899
Client and trust funds on deposit	**327,733**	185,424
Investments *[note 11]*	**200,910**	85,013
Accounts receivable and prepaid expenses	**236,356**	148,218
Total current assets	**889,581**	536,554
Capital assets, net *[note 3]*	**43,241**	34,741
Deferred sales commissions, net of accumulated amortization of $326,517 [December 31, 2016 - $388,244]	**205,478**	272,699
Intangibles *[note 4]*	**3,375,840**	2,407,966
Other assets *[notes 5 and 7]*	**36,592**	206,735
Total assets	**4,550,732**	3,458,695
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**299,004**	222,742
Provision for other liabilities *[note 7]*	**61,210**	37,246
Dividends payable *[note 9]*	**64,598**	61,015
Client and trust funds payable	**375,647**	183,148
Income taxes payable *[note 10]*	**1,124**	8,836
Current portion of long-term debt *[note 6]*	**222,000**	—
Total current liabilities	**1,023,583**	512,987
Deferred lease inducement	**12,214**	11,770
Long-term debt *[note 6]*	**896,119**	758,658
Provision for other liabilities *[note 7]*	**37,385**	48,063
Deferred income taxes *[note 10]*	**522,227**	379,186
Total liabilities	**2,491,528**	1,710,664
Equity		
Share capital *[note 8(a)]*	**2,360,257**	1,885,066
Contributed surplus	**22,058**	18,062
Deficit	**(339,890)**	(166,878)
Accumulated other comprehensive income	**14,301**	9,148
Total equity attributable to the shareholders of the Company	**2,056,726**	1,745,398
Non-controlling interests	**2,478**	2,633
Total equity	**2,059,204**	1,748,031
Total liabilities and equity	**4,550,732**	3,458,695

(see accompanying notes)

On behalf of the Board of Directors:

William T. Holland	**Paul Derksen**
Director	**Director**

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended December 31

[in thousands of Canadian dollars, except per share amounts]	**2017** **$**	**2016** **$**
REVENUE		
Management fees	**1,897,061**	1,748,691
Administration fees	**174,009**	156,323
Redemption fees	**15,276**	18,033
Realized and unrealized gain on investments	**1,365**	1,189
Other income *[note 5]*	**23,585**	24,064
	2,111,296	1,948,300
EXPENSES		
Selling, general and administrative *[note 17]*	**459,103**	396,761
Trailer fees	**587,408**	540,214
Investment dealer fees	**142,698**	128,166
Amortization of deferred sales commissions	**98,515**	122,771
Amortization of intangibles *[note 4]*	**6,424**	4,100
Interest *[note 6]*	**24,926**	16,014
Other *[note 5]*	**51,707**	50,247
	1,370,781	1,258,273
Income before income taxes	**740,515**	690,027
Provision for (recovery of) income taxes *[note 10]*		
Current	**262,001**	208,036
Deferred	**(21,258)**	(20,779)
	240,743	187,257
Net income for the year	**499,772**	502,770
Net loss attributable to non-controlling interests	**(155)**	(232)
Net income attributable to shareholders	**499,927**	503,002
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets,		
net of income taxes of $843 [2016 - $511]	**5,515**	3,297
Reversal of gains to net income on available-for-sale financial assets,		
net of income taxes of ($56) [2016 - ($50)]	**(407)**	(327)
Exchange differences on translation of foreign operations	**45**	(512)
Total other comprehensive income, net of tax	**5,153**	2,458
Comprehensive income for the year	**504,925**	505,228
Comprehensive loss attributable to non-controlling interests	**(155)**	(232)
Comprehensive income attributable to shareholders	**505,080**	505,460
Basic earnings per share attributable to shareholders *[note 8(e)]*	**$1.89**	$1.86
Diluted earnings per share attributable to shareholders *[note 8(e)]*	**$1.89**	$1.85

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31

[in thousands of Canadian dollars]	**Share capital** ***[note 8(a)]*** **$**	**Contributed surplus $**	**Deficit $**	**Accumulated other comprehensive income $**	**Total shareholders' equity $**	**Non-controlling interests $**	**Total equity $**
Balance, January 1, 2017	**1,885,066**	**18,062**	**(166,878)**	**9,148**	**1,745,398**	**2,633**	**1,748,031**
Comprehensive income	**—**	**—**	**499,927**	**5,153**	**505,080**	**(155)**	**504,925**
Dividends declared *[note 9]*	**—**	**—**	**(371,578)**	**—**	**(371,578)**	**—**	**(371,578)**
Shares repurchased, net of tax	**(108,249)**	**—**	**(301,361)**	**—**	**(409,610)**	**—**	**(409,610)**
Business combination *[note 2]*	**576,996**	**—**	**—**	**—**	**576,996**	**—**	**576,996**
Issuance *[note 7]*	**2,190**	**—**	**—**	**—**	**2,190**	**—**	**2,190**
Issuance of share capital for equity-based plans, net of tax	**4,254**	**(4,254)**	**—**	**—**	**—**	**—**	**—**
Compensation expense for equity-based plans, net of tax	**—**	**8,250**	**—**	**—**	**8,250**	**—**	**8,250**
Change during the year	**475,191**	**3,996**	**(173,012)**	**5,153**	**311,328**	**(155)**	**311,173**
Balance, December 31, 2017	**2,360,257**	**22,058**	**(339,890)**	**14,301**	**2,056,726**	**2,478**	**2,059,204**
Balance, January 1, 2016	1,960,622	13,615	(86,827)	6,690	1,894,100	2,865	1,896,965
Comprehensive income	—	—	503,002	2,458	505,460	(232)	505,228
Dividends declared *[note 9]*	—	—	(368,943)	—	(368,943)	—	(368,943)
Shares repurchased	(76,836)	—	(214,110)	—	(290,946)	—	(290,946)
Issuance of share capital for equity-based plans	1,280	(1,122)	—	—	158	—	158
Compensation expense for equity-based plans	—	5,569	—	—	5,569	—	5,569
Change during the year	(75,556)	4,447	(80,051)	2,458	(148,702)	(232)	(148,934)
Balance, December 31, 2016	1,885,066	18,062	(166,878)	9,148	1,745,398	2,633	1,748,031

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31

[in thousands of Canadian dollars]	2017 $	2016 $
OPERATING ACTIVITIES (*)		
Net income	**499,772**	502,770
Add (deduct) items not involving cash		
Realized and unrealized gain on investments	**(1,365)**	(1,189)
Fair value adjustment to contingent consideration	**5,600**	—
Equity-based compensation	**10,228**	5,569
Amortization of deferred sales commissions	**98,515**	122,771
Amortization of intangibles	**6,424**	4,100
Amortization and depreciation of other	**8,110**	6,401
Deferred income taxes	**(21,258)**	(20,779)
Cash provided by operating activities before net change in operating assets and liabilities	**606,026**	619,643
Net change in operating assets and liabilities	**6,377**	35,067
Cash provided by operating activities	**612,403**	654,710
INVESTING ACTIVITIES		
Purchase of investments	**(38,343)**	(7,124)
Proceeds on sale of investments	**19,676**	7,227
Additions to capital assets	**(9,229)**	(7,426)
Deferred sales commissions paid	**(31,295)**	(44,056)
Decrease (increase) in other assets	**125,917**	(2,658)
Additions to intangibles	**(10,697)**	(4,767)
Cash paid to settle contingent liability *[note 7]*	**(11,808)**	—
Interest in joint operation	**(609)**	—
Acquisition of subsidiary, net of cash acquired *[note 2]*	**(226,710)**	(73,952)
Cash used in investing activities	**(183,098)**	(132,756)
FINANCING ACTIVITIES		
Increase in amounts drawn on credit facility	**110,000**	—
Issuance of debentures	**248,820**	198,790
Repurchase of share capital	**(413,243)**	(290,946)
Issuance of share capital	**—**	158
Share issue expense paid	**(204)**	—
Dividends paid to shareholders	**(367,995)**	(368,655)
Cash used in financing activities	**(422,622)**	(460,653)
Net increase in cash and cash equivalents during the year	**6,683**	61,301
Cash and cash equivalents, beginning of year	**117,899**	56,598
Cash and cash equivalents, end of year	**124,582**	117,899
(*) Included in operating activities are the following:		
Interest paid	**22,015**	15,466
Income taxes paid	**206,642**	214,062

(see accompanying notes)

CI Financial Corp. [“CI”] is a publicly listed company (TSX: CIX) incorporated under the laws of the Province of Ontario and has its registered office and principal place of business located at 2 Queen Street East, Toronto, Ontario.

CI's primary business is the management and distribution of a broad range of financial products and services, including mutual funds, segregated funds, exchange traded funds, financial planning, insurance, investment advice, wealth management and estate and succession planning.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These consolidated financial statements were authorized for issuance by the Board of Directors of CI on February 15, 2018.

BASIS OF PRESENTATION

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

BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of CI and all its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities over which CI has control, when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity, is exposed to variable returns from its activities, and is able to use its power to affect such variable returns to which it is exposed.

CI's principal subsidiaries are as follows:

- CI Investments Inc. [“CI Investments”], Sentry Investments Corp. ["Sentry"], Assante Wealth Management (Canada) Ltd. [“AWM”], BBS Securities Inc. ["BBS"] and their respective subsidiaries.
- CI holds a controlling 65% interest in Marret Asset Management Inc. [“Marret”]. A non-controlling interest is recorded in the consolidated statements of income and comprehensive income to reflect the non-controlling interest’s share of the income and comprehensive income, and a non-controlling interest is recorded within equity in the consolidated statement of financial position to reflect the non-controlling interest’s share of the net assets of Marret.
- CI holds a controlling 80% interest in Grant Samuel Funds Management ["GSFM"] and granted a put option to shareholders for the remaining 20% minority interest [Note 2]. CI considers the non-controlling interest in GSFM to have already been acquired and consolidates 100% of the income and comprehensive income in the consolidated statement of income and comprehensive income. GSFM has an interest in a joint arrangement classified as a joint operation. The consolidated financial statements include GSFM's recognition of its share of the joint operation's assets, liabilities, income and comprehensive income.

Hereinafter, CI and its subsidiaries are referred to as CI.

CI manages a range of mutual funds, segregated funds, structured products and other funds that meet the definition of structured entities under IFRS. CI earns fees for providing management and administrative services to these investment funds. Fees are calculated on assets under management in these funds which totalled $143.0 billion as at December 31, 2017 [2016 – $117.9 billion]. CI does not consolidate these investment funds because the form of fees and ownership interest are not significant enough to meet the definition of control under IFRS. CI provides no guarantees against the risk of financial loss to the investors of these investment funds.

REVENUE RECOGNITION

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

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

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

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

FINANCIAL INSTRUMENTS

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

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

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

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

Cash and cash equivalents

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

Client and trust funds

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

Investments

Investments include securities owned, at market, principally for the purpose of selling or repurchasing in the near term. Securities owned, at market, are classified as FVPL and are initially recognized on the consolidated statements of financial position at fair value with transaction costs expensed as incurred. Subsequent realized and unrealized gains and losses are included in administration fees income in the consolidated statements of income and comprehensive income in the period in which they arise. Securities transactions are recorded on a trade-date basis. Market value is based on quoted prices where an active market exists. For securities in non-active markets, market value is based on valuation techniques and management's best estimate of fair value.

Also included in investments are marketable securities which consist of CI's seed capital investments in CI mutual funds and strategic investments. Investments in marketable securities are measured at fair value and recognized on the trade date. Mutual fund securities are valued using the net asset value per unit of each fund. Realized and unrealized gains and losses are recognized using average cost. For marketable securities classified as available-for-sale, except for impairment losses, gains and losses in the fair value of investments are recorded as other comprehensive income until disposed of, at which time any gain or loss is recorded in net income. When a decline in fair value is other than temporary and there is objective evidence of impairment, the cumulative loss that had been recognized directly in other comprehensive income is removed and recognized in net income, even though the financial asset has not been derecognized. For marketable securities classified as FVPL, both realized and unrealized gains and losses are recorded in net income. Distributions from mutual fund securities are recorded as other income. Distributions that are reinvested increase the cost base of the mutual fund investments.

FAIR VALUE MEASUREMENT

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

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

- **Level 1** – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- **Level 2** – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means.
- **Level 3** – valuation techniques with significant unobservable market inputs.

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

COLLATERALIZED SECURITIES TRANSACTIONS

CI engages in securities lending and borrowing to facilitate the securities settlement process and to maximize revenue by acting as an agent for such transactions. These transactions are typically short-term in nature, with interest being received on the cash delivered. These transactions are colleralized by either cash, letters of credit or other collateral and are subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. CI manages its credit exposure by establishing and monitoring aggregate limits by counterparty for these these transactions.

CAPITAL ASSETS

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

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

BUSINESS COMBINATIONS

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

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

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

INTANGIBLES

Fund contracts

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

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

Goodwill

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

Other intangibles

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

Deferred sales commissions

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

EQUITY-BASED COMPENSATION

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

CI has a deferred share unit plan for directors. The value of the compensation at the date of grant is recognized immediately as compensation with a corresponding increase in accounts payable. At each consolidated statement of financial position date, the liability is revalued with an offset to compensation expense.

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

DEFERRED LEASE INDUCEMENTS

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

INCOME TAXES

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

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

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

PROVISION FOR OTHER LIABILITIES

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

FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions that are denominated in a currency other than the functional currency of the entity are translated as follows: Monetary assets and liabilities are translated into Canadian dollars using the exchange rates in effect at the consolidated statement of financial position date. Non-monetary assets and liabilities are translated into Canadian dollars using historical exchange rates. Revenue and expenses are translated at average rates prevailing during the period. Other foreign currency transactions are translated into Canadian dollars using the exchange rate in effect on the transaction date. Translation exchange gains and losses are included in other income in the period in which they occur.

(ii) Foreign currency operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at the exchange rate in effect at the consolidated statement of financial position date. Revenue and expenses are translated at average rates prevailing during the period. Translation exchange gains and losses are recognized as other comprehensive income and reclassified to net income when the gain or loss on disposal of the foreign subsidiary is recognized. The consolidated statements of cash flow are translated at average exchange rates during the period, whereas cash and cash equivalents are translated at the spot exchange rate in effect at the consolidated statement of financial position date.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(i) Impairment of intangible assets

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

(ii) Deferred tax assets

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

(iii) Provision for other liabilities

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

(iv) Share-based payments

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

(v) Business combinations

Business combinations require management to exercise judgment in measuring the fair value of the assets acquired and liabilities, put option and contingent consideration liabilities incurred or assumed.

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2. BUSINESS ACQUISITION

Sentry Investments Corp.

On October 2, 2017, CI completed the acquisition of all outstanding shares of Sentry Investments Corp. and Sentry Investments Inc. [collectively "Sentry"], a Canadian asset management company, for total consideration of $807,607, in cash of $257,607 and CI common shares of $550,000. The acquisition was accounted for using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at October 2, 2017, at preliminary fair value, are as follows:

	$
Cash and cash equivalents	23,897
Accounts receivable and prepaid expenses	33,256
Investments	34,251
Capital assets	5,962
Management contracts	616,750
Income tax receivable	8,936
Accounts payable and accrued liabilities	(62,544)
Deferred lease inducements	(1,858)
Deferred tax	(161,943)
Fair value of identifiable net assets	496,707
Goodwill on acquisition	310,900
Total acquired cost	807,607

The acquired fund management contracts with a fair value of $616,750 include $612,750 that have an indefinite life and $4,000 with a finite life. The goodwill on acquisition is not deductible for income taxes. Goodwill of $310,900 relates to the Asset Management segment. The estimates for the fair values of the assets acquired and liabilities assumed are subject to refinement and therefore may be retroactively adjusted to reflect new information obtained about facts and circumstances that existed as at the acquisition date during the measurement period.

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

	$
Cash consideration, including amounts payable	257,607
Share consideration	550,000
Total consideration	807,607

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Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	23,897
Transaction costs (included in cash flows from financing activities)	(158)
Net cash inflow on acquisition	23,739

BBS Securities Inc.

On November 1, 2017, CI completed the acquisition of all outstanding shares and debt obligations of BBS Securities Inc., and associated entities, including Pario Technology Corp. and Virtual Brokers Wealth Management Inc. [collectively, "BBS"], a financial technology company for $38,369, in cash of $11,169 and CI common shares of $27,200. The acquisition was accounted for using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at November 1, 2017, at preliminary fair value, are as follows:

	$
Cash and cash equivalents	5,589
Accounts receivable and prepaid expenses	18,861
Client and trust funds on deposit	112,091
Investments	50,805
Capital assets	778
Fund administration contracts	6,900
Intangible - technology	9,100
Deferred tax	(4,237)
Other assets	356
Accounts payable and accrued liabilities	(14,815)
Client and trust funds payable	(164,690)
Deferred lease inducement	(99)
Fair value of identifiable net assets	20,639
Goodwill on acquisition	17,730
Total acquired cost	38,369

The acquired fund administration contracts with a fair value of $6,900 have a finite life. The technology acquired has a fair value of $9,100 and an estimated useful life of 10 years. The goodwill on acquisition is not deductible for income taxes. Goodwill of $17,730 relates to the Asset Administration segment. The estimates for the fair values of the assets acquired and liabilities assumed are subject to refinement and therefore may be retroactively adjusted to reflect new information obtained about facts and circumstances that existed as at the acquisition date during the measurement period.

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

	$
Cash consideration, including amounts payable	11,169
Share consideration	27,200
Total consideration	38,369

Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	5,589
Transaction costs (included in cash flows from financing activities)	(46)
Net cash inflow on acquisition	5,543

Grant Samuel Funds Management

On November 15, 2016, CI acquired 80% of GSFM and its subsidiary, an Australian based investment management company, for cash consideration of $78,306. The agreement included an option for the minority shareholders to sell their remaining 20% interest in GSFM to CI. The acquisition was accounted for using the acquisition method of accounting and the results of operations have been consolidated from the date of the transaction.

Details of the net assets acquired as at November 15, 2016, at fair value, are as follows:

	$
Cash and cash equivalents	4,354
Accounts receivable and prepaid expenses	2,828
Investments	1,795
Management contracts	83,969
Other assets	3,499
Accounts payable and accrued liabilities	(4,492)
Income taxes payable	36
Deferred tax liability	(25,137)
Fair value of identifiable net assets	66,852
Goodwill on acquisition	29,449
Total acquired cost	96,301

The acquired fund management contracts with a fair value of $83,969 include $80,825 that have an indefinite life and $3,144 with a finite life. The goodwill on acquisition is not deductible for income tax purposes. Goodwill of $29,449 relates to the Asset Management segment.

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

	$
Cash	78,306
Put option, at fair value	17,995
Total consideration	96,301

The put option granted to the minority shareholders requires CI to purchase the shares owned by each shareholder at an exercise price determined by a formula based on earnings before interest, tax, depreciation and amortization ["EBITDA"]. CI has estimated the fair value of the put option, including a translation adjustment since the date of acquisition, to be $16,742 as at December 31, 2017 [December 31, 2016 - $17,151], which was estimated using a discounted cash flow approach. This approach included assumptions regarding the timing and proportion of shares the minority shareholders will require CI to purchase. The fair value measurement is based on significant inputs that are not observable in the market, which IFRS 13 *Fair Value Measurement* refers to as Level 3 inputs.

Cash inflow on acquisition is as follows:

	$
Net cash acquired (included in cash flows from investing activities)	4,354
Net cash inflow on acquisition	4,354

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3. CAPITAL ASSETS

Capital assets consist of the following:

	Computer hardware	Office equipment	Leasehold improvements	Total
	$	$	$	$
Cost				
Balance, December 31, 2015	**10,983**	**11,727**	**59,239**	**81,949**
Additions	2,704	969	3,753	7,426
Acquired	38	7	—	45
Retired	(4,437)	—	38	(4,399)
Balance, December 31, 2016	**9,288**	**12,703**	**63,030**	**85,021**
Additions	3,190	1,127	4,912	9,229
Acquired	4,314	2,192	6,510	13,016
Retired	(608)	—	—	(608)
Balance, December 31, 2017	**16,184**	**16,022**	**74,452**	**106,658**
Accumulated depreciation				
Balance, December 31, 2015	**8,477**	**10,098**	**30,208**	**48,783**
Depreciation	1,717	656	3,507	5,880
Acquired	13	3	—	16
Retired	(4,437)	—	38	(4,399)
Balance, December 31, 2016	**5,770**	**10,757**	**33,753**	**50,280**
Depreciation	2,522	813	4,134	7,469
Acquired	3,208	1,554	1,514	6,276
Retired	(608)	—	—	(608)
Balance, December 31, 2017	**10,892**	**13,124**	**39,401**	**63,417**
Carrying amounts				
At December 31, 2015	**2,506**	**1,629**	**29,031**	**33,166**
At December 31, 2016	**3,518**	**1,946**	**29,277**	**34,741**
At December 31, 2017	**5,292**	**2,898**	**35,051**	**43,241**

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4. INTANGIBLES

	Goodwill	Fund administration contracts	Fund management contracts finite life	Fund management contracts indefinite life	Other intangibles	Total
	$	$	$	$	$	$
Cost						
Balance, December 31, 2015	**1,163,122**	**37,600**	**43,010**	**1,086,382**	**27,827**	**2,357,941**
Additions	27,342	—	3,147	80,825	4,767	116,081
Retired	—	—	—	—	(1,311)	(1,311)
Balance, December 31, 2016	**1,190,464**	**37,600**	**46,157**	**1,167,207**	**31,283**	**2,472,711**
Additions	330,854	6,900	4,000	612,750	19,797	974,301
Retired	—	—	—	—	677	677
Balance, December 31, 2017	**1,521,318**	**44,500**	**50,157**	**1,779,957**	**51,757**	**3,447,689**
Accumulated amortization						
Balance, December 31, 2015	**—**	**18,072**	**24,171**	**—**	**19,713**	**61,956**
Amortization	—	1,504	1,439	—	1,157	4,100
Retired	—	—	—	—	(1,311)	(1,311)
Balance, December 31, 2016	**—**	**19,576**	**25,610**	**—**	**19,559**	**64,745**
Amortization	—	1,648	1,731	—	3,048	6,427
Retired	—	—	—	—	677	677
Balance, December 31, 2017	**—**	**21,224**	**27,341**	**—**	**23,284**	**71,849**
Carrying amounts						
At December 31, 2015	**1,163,122**	**19,528**	**18,839**	**1,086,382**	**8,114**	**2,295,985**
At December 31, 2016	**1,190,464**	**18,024**	**20,547**	**1,167,207**	**11,724**	**2,407,966**
At December 31, 2017	**1,521,318**	**23,276**	**22,816**	**1,779,957**	**28,473**	**3,375,840**
Remaining Term	**N/A**	**10.9 – 11.7 yrs**	**9.2 – 15.9 yrs**	**N/A**	**0.1 – 9.8 yrs**	

(a) Cash-generating units

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

(b) Impairment testing of goodwill

As at December 31, 2017, CI has allocated goodwill of $1,311,006 [2016 – $997,882] to the asset management segment and $210,312 [2016 – $192,582] to the asset administration operating segment. The recoverable amounts of goodwill for the asset management and asset administration operating segments as at December 31, 2017 and 2016 have been determined based on a fair value less costs to sell calculation. For the asset management segment, CI uses two approaches to determine the goodwill valuation. The first methodology compares CI's market capitalization against the carrying amount of goodwill for the segment. Market capitalization is based on the share price of CI, a level 1 fair value input. The second methodology applies a trading multiple, a level 3 fair value input, to CI's assets under management. This methodology is also used to determine the fair value of the asset administration segment however a trading multiple is applied to CI's assets under administration. This methodology is commonly used in the marketplace by independent equity research analysts.

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

(c) Impairment testing of fund contracts

As at December 31, 2017, CI had indefinite life fund management contracts within the asset management CGU of $1,779,957 [2016 – $1,167,207]. These are contracts for the management of open end funds, which have no expiry or termination provisions. The fair value of indefinite life intangibles within the asset management operating segment as at December 31, 2017 and 2016 has been determined based on a value in use calculation, using 10 year forecasts and a terminal value for the period thereafter. CI uses a 10 year period to reflect the fact that following an acquisition, it may take several years to integrate operations and benefit from synergies. The key assumptions used in the forecast calculation include assumptions on market appreciation, net sales of funds and operating margins. Market appreciation rates are determined using historical inflation adjusted index returns adjusted for CI's average management fee. Net sales are determined based on the historical two year average as well as management's forecasts for future sales. Inputs to the operating margin include estimates for management and trailer fees using current average fee rates and historical rates for selling, general and administrative costs that are applied to forecasted average assets under management over the 10 year period. The terminal value has been calculated assuming a long-term growth rate of 2% per annum in perpetuity based on a long-term real GDP growth rate as at December 31, 2017 and 2016. A discount rate of 8.11% per annum has been applied to the recoverable amount calculation as at December 31, 2017 and 2016.

The calculation of the recoverable amount exceeds the carrying amount of indefinite life management contracts as at December 31, 2017 and 2016.

5. OTHER ASSETS, INCOME AND EXPENSE

Other assets as at December 31, 2017 consists mainly of long-term investments, long-term accounts receivable, loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program. Other assets as at December 31, 2016 also included a significant deposit with the Canada Revenue Agency ["CRA"] discussed in Note 7.

CI has an employee share purchase loan program for key employees. These loans are renewable yearly and bear interest at prescribed rates. As at December 31, 2017, the carrying amount of employee share purchase loans is $5,238 [2016 – $5,688] and is included in other assets. These loans become due immediately upon termination of employment or sale of the shares that are held as collateral. As at December 31, 2017, the shares held as collateral have a market value of approximately $10,104 [2016 – $10,633].

CI has a hiring and retention incentive program whereby loans are extended to current investment advisors. These loans are initially recorded at their fair value, may bear interest at prescribed rates and are contractually forgiven on a straight-line basis over the applicable contractual period, which varies in length from three to seven years. CI utilizes the effective interest rate method to amortize the forgiven amount. The forgiven amount is included in selling, general and administrative expenses. As at December 31, 2017, loans to investment advisors of $10,711 [2016 – $8,453] are included in other assets. These loans become due on demand upon early termination or breach in the terms of the agreements.

Other income consists mainly of fees received for the administration of third-party mutual funds, custody fees, investment income, foreign exchange gains (losses), interest income and the revenue earned by Marret. Other income also includes the fair value adjustment to the contingent consideration discussed in Note 7. Other expenses consist mainly of distribution fees to limited partnerships, legal settlements, amortization of debenture transaction costs and the expenses incurred by Marret as well for provisions as discussed in in Note 7.

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6. LONG-TERM DEBT

Long-term debt consists of the following:

	2017 $	2016 $
Credit facility		
Banker's acceptances	**222,000**	112,000
	222,000	112,000
Debentures		
$450 million, 2.645% due December 7, 2020	**448,568**	447,849
$200 million, 2.775% due November 25, 2021	**199,050**	198,809
$250 million, 3.904% due September 27, 2027	**248,501**	—
	896,119	646,658
Long-term debt	**1,118,119**	758,658
Current portion of long-term debt	**222,000**	—

CREDIT FACILITY

CI has a revolving credit facility with two Canadian chartered banks. Effective September 29, 2017, the amount that may be borrowed under the credit facility was increased to $700,000. Amounts may be borrowed under the facility in Canadian dollars through prime rate loans, which bear interest at the greater of the bank's prime rate and the Canadian Deposit Offering Rate plus 1.00%, or bankers' acceptances, which bear interest at bankers' acceptance rates plus 0.90%. Amounts may also be borrowed in U.S. dollars through base rate loans, which bear interest at the greater of the bank's reference rate for loans made by it in Canada in U.S. funds and the federal funds effective rate plus 1.00%, or LIBOR loans which bear interest at LIBOR plus 0.90%.

CI may also borrow under this facility in the form of letters of credit, which bear a fee of 0.90% on any undrawn portion. As at December 31, 2017 and 2016, CI had not accessed the facility by way of letters of credit.

Loans are made by the banks under a three-year revolving credit facility, with the outstanding principal balance due upon maturity on December 11, 2018.

The credit facility contains a number of financial covenants that require CI to meet certain financial ratios and financial condition tests. CI is within its financial covenants with respect to its credit facility, which require that the funded debt to annualized EBITDA ratio remain below 2.5:1 and that CI's assets under management not fall below $85 billion, calculated based on a rolling 30-day average. There can be no assurance that future borrowings or equity financing will be available to CI or available on acceptable terms.

DEBENTURES

On September 27, 2017, CI completed an offering pursuant to which it issued $250,000 principal amount of debentures due September 27, 2027 [the "2027 Debentures"]. The 2027 Debentures were issued at par for gross proceeds of $250,000. Interest on the 2027 Debentures is paid semi-annually in arrears at a rate of 3.904%. Interest attributable to the 2027 Debentures was $2,547 for the year ended December 31, 2017 [2016 – nil]. The proceeds, net of transaction costs, were primarily used to acquire Sentry Investments Corp.

On November 25, 2016, CI completed an offering pursuant to which it issued $200,000 principal amount of debentures due November 25, 2021 [the "2021 Debentures"]. The 2021 Debentures were issued at par for gross proceeds of $200,000. The proceeds, net of transaction costs, were primarily used to pay down the amount borrowed under the credit facility. Interest on the 2021 Debentures is paid semi-annually in arrears at a rate of 2.775%. On February 2, 2017, CI entered into an interest rate swap agreement with a Canadian chartered bank to swap the semi-annual fixed rate payments on the 2021 Debentures for floating rate payments. Based on the terms of the agreement, CI pays a rate equivalent to the three-month Canadian bankers' acceptance rate plus a spread of 138.4 basis points. The rates are reset quarterly and paid semi-annually to match the fixed payment obligations of the 2021 Debentures. The swap agreement terminates on the maturity date of the 2021 Debentures unless terminated by CI at an earlier date. As at December 31, 2017, the fair value of the interest rate swap agreement was an unrealized loss of $6,130 and is included in long-term debt in the consolidated statements of financial position. Interest attributable to the 2021 Debentures was $4,967 for the year ended December 31, 2017 [2016 – $561].

The $450,000 principal amount of debentures due December 7, 2020 [the "2020 Debentures"] pay semi-annual interest in arrears at a rate of 2.645% per annum. Interest attributable to the 2020 Debentures was $12,112 for the year ended December 31, 2017 [2016 – $11,903].

Issuance costs and the issuance discount are amortized over the term of the debentures using the effective interest rate method. The amortization expense related to the discount and transaction costs for CI's issued debentures for the year ended December 31, 2017 was $642 [2016 –$521] which is included in other expenses.

CI may, at its option, redeem the 2020 Debentures, the 2021 Debentures and 2027 Debentures in whole or in part, from time to time, on not less than 30 nor more than 60 days' prior notice to the registered holder, at a redemption price which is equal to the greater of par or the Government of Canada yield, plus 42.5, 44.0 and 44.5 basis points, respectively. CI considers this embedded prepayment option to be closely related to the debentures and, as such, does not account for it separately as a derivative.

In the event that both a change of control occurs and the rating of the 2020 Debentures, the 2021 Debentures and the 2027 Debentures is lowered to below investment grade by two out of three rating agencies as defined as below BBB- by Standard & Poor's, BBB (low) by DBRS Limited and Baa3 by Moody's Investor Service, Inc., CI will be required to make an offer to repurchase all or, at the option of each holder, any part of each holder's debentures at a purchase price payable in cash equivalent to 101% of the outstanding principal amount of the debentures, together with accrued and unpaid interest, to the date of purchase.

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7. PROVISION FOR OTHER LIABILITIES AND CONTINGENCIES

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

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

	2017 $	2016 $
Provision for other liabilities, beginning of year	**85,309**	52,597
Additions	**73,244**	58,660
Amounts used	**(52,914)**	(25,258)
Amounts reversed	**(7,045)**	(690)
Provision for other liabilities, end of year	**98,594**	85,309
Current portion of provision for other liabilities	**61,210**	37,246

Provision for other liabilities primarily include the following:

LITIGATION

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

CI maintains insurance policies that may provide coverage against certain claims. Amounts receivable under these policies are not accrued for unless the realization of income is virtually certain. During the year ended December 31, 2017, CI received insurance proceeds of nil, related to the settlement of legal claims [2016 - $858]. As at December 31, 2017, CI has accrued $53 for amounts to be received under insurance policies [2016 - $53], which is included in accounts receivable.

TAXATION

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

During 2017, CI recorded a current income tax expense of $45,000 as a provision for the settlement of outstanding notices of reassessment received for the years 2006 to 2008. In conjunction with this settlement, during 2017, the CRA returned $120,756 from deposits placed with the CRA in 2015. Included in accounts payable and prepaid expenses at December 31, 2017 is the remaining provision of $7,130 [2016 - included in other assets $172,885]. Included in provision for other liabilities as at December 31, 2017, is a legal provision of $27 related to this matter [2016 - $3,736].

PUT OPTION AND CONTINGENT CONSIDERATION

Included in provision for other liabilities as at December 31, 2017, is a provision for the fair value of the put option granted to minority interest shareholders for the acquisition of GSFM of $16,742, including foreign exchange translation adjustments [2016 - $17,151]. Details of the acquisition agreement and the basis of calculation of the fair value of the put option and contingent consideration are summarized in Note 2.

During 2017, CI made a partial payment of $13,998 [cash - $11,808 and shares - $2,190] related to contingent consideration that was payable for the First Asset acquisition. During the three months ended December 31, 2017, the remaining consideration to be paid was finalized at a value of $11,603 which was settled in January 2018. As a result, the contingent liability was increased $5,600 with an offset to other expense.

CI entered into an acquisition agreement with the shareholders of Marret that provided for contingent consideration payable in common shares of CI in the amount of $12,500 on November 29, 2016, three years from the date of acquisition, if certain financial targets were met based on EBITDA generated during that period. Included in other income for the year ended December 31, 2016 is a fair value adjustment of $7,500 recorded to reduce the estimated fair value of the contingent consideration to be nil.

RESTRUCTURING

During the year ended December 31, 2017, CI recorded provisions of $39,000, primarily for restructuring, integration and legal costs related to the acquisition of Sentry and BBS. As at December 31, 2017, a provision of $29,776 remains.

REMEDIATION

In April 2015, CI Investments discovered an administrative error and recorded a provision of $10,750, net of recoveries for the to remediate. As at December 31, 2017, a net recovery of $480 remains [2016 - $10,750].

8. SHARE CAPITAL

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

[A] AUTHORIZED AND ISSUED

	Number of shares *[in thousands]*	Stated value $
Authorized		
An unlimited number of common shares of CI		
Issued		
Common shares, balance, December 31, 2015	**276,027**	**1,960,622**
Issuance of share capital on exercise of share options	80	1,280
Share repurchases	(10,805)	(76,836)
Common shares, balance, December 31, 2016	**265,302**	**1,885,066**
Issuance for acquisition of subsidiary, net of issuance costs	21,276	579,186
Issuance of share capital on exercise of share options	96	1,835
Issuance of share capital on vesting of restricted share units	120	2,419
Share repurchases, net of tax	(14,910)	(108,249)
Common shares, balance, December 31, 2017	**271,884**	**2,360,257**

During the year ended December 31, 2017, 14,410 thousand shares [2016 – 10,805 thousand shares] were repurchased under a normal course issuer bid at an average cost of $27.73 per share for total consideration of $399,625 [2016 – $26.93 per share for total consideration of $290,946]. Deficit was increased by $290,714 during the year ended December 31, 2017 [2016 – $214,110] for the cost of the shares repurchased in excess of their stated value.

During the year ended December 31, 2017, 500 thousand shares [2016 – nil] were repurchased for CI's restricted share unit plan at an average cost of $27.24 per share for total consideration of $13,618 [$9,985 after tax] [2016 - nil]. Deficit was increased by $10,647 during the year ended December 31, 2017 [2016 – nil] for the cost of the shares repurchased in excess of their stated value.

[B] EMPLOYEE INCENTIVE SHARE OPTION PLAN

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

During the year, CI granted 599 thousand options [2016 - 2,669 thousand options] to employees. The fair value method of accounting is used for the valuation of the 2017 and 2016 share option grants. Compensation expense is recognized over the two and three-year vesting period, assuming an estimated average forfeiture rate of 0.0% for the year [2016 - 3.9%], with an offset to contributed surplus. When exercised, amounts originally recorded against contributed surplus as well as any consideration paid by the option holder are credited to share capital. The fair value of the 2017 and 2016 option grants was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Year of grant	**2017**	**2017**	**2016**	**2016**
# of options granted [in thousands]	304	295	53	2,617
Vesting terms	1/3 at end of each year	1/2 at end of each year	1/3 at end of each year	1/3 at end of each year
Dividend yield	5.238% - 5.337%	5.238% - 5.268%	5.090% - 5.258%	5.005% - 5.179%
Expected volatility *(*)*	16%	16%	16%	16%
Risk-free interest rate	1.189% - 1.293%	1.189% - 1.229%	0.919% - 0.947%	0.735% - 0.768%
Expected life [years]	2.7 - 3.6	2.7 - 3.0	2.6 - 3.5	2.6 - 3.5
Forfeiture rate	0%	0%	0%	1.7% - 6.4%
Fair value per stock option	$1.88 - $2.04	$1.88 - $1.94	$1.92 - $2.08	$1.90 - $2.06
Exercise price	$27.44	$27.44	$28.63	$28.63

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

The maximum number of shares that may be issued under the Share Option Plan is 14,000 shares. As at December 31, 2017, there are 8,073 shares [2016 – 8,640 shares] reserved for issuance on exercise of share options. These options vest over periods of up to five years, may be exercised at prices ranging from $27.03 to $35.88 per share and expire at dates up to 2022.

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

	Number of options *[in thousands]*	**Weighted average exercise price** $
Options outstanding, December 31, 2015	**6,951**	**32.15**
Options exercisable, December 31, 2015	**1,994**	**28.62**
Options granted	2,669	28.63
Options exercised (*)	(514)	24.62
Options cancelled	(466)	33.43
Options outstanding, December 31, 2016	**8,640**	**31.44**
Options exercisable, December 31, 2016	**3,721**	**31.46**
Options granted	599	27.44
Options exercised (*)	(875)	25.07
Options cancelled	(291)	31.30
Options outstanding, December 31, 2017	**8,073**	**31.84**
Options exercisable, December 31, 2017	**5,014**	**33.03**

(*) Weighted-average share price of options exercised was $28.54 during the year ended December 31, 2017 [year ended December 31, 2016 - $28.87]

The equity-based compensation expense under the Share Option Plan for the year ended December 31, 2017 of $2,815 [2016 – $5,569] has been included in selling, general and administrative expenses.

Options outstanding and exercisable as at December 31, 2017 are as follows:

Exercise price $	**Number of options outstanding** *[in thousands]*	**Weighted average remaining contractual life** *[years]*	**Number of options exercisable** *[in thousands]*
27.03	421	0.1	421
27.44	599	4.2	—
28.63	2,429	3.1	805
30.27	125	0.4	125
33.96	2,478	2.1	1,715
34.52	229	1.4	229
35.60	1,572	1.1	1,572
35.88	220	2.3	147
27.03 to 35.88	**8,073**	**2.2**	**5,014**

[C] RESTRICTED SHARE UNITS

The RSU Plan was established by CI in February 2017 and 493 thousand restricted share units ["RSUs"] were granted to senior executives and other key employees in lieu of compensation. Compensation expense is recognized and recorded as contributed surplus based upon the market value of the RSUs at the grant date. Forfeitures of RSUs reduce compensation expense to the extent contributed surplus was previously recorded for such awards. On vesting of RSUs, share capital is credited for the amounts initially recorded as contributed surplus to reflect the issuance of share capital.

During the year ended December 31, 2017, CI credited contributed surplus for $7,413 related to compensation expense recognized for the RSUs granted, including the grant of an additional 21 thousand RSUs to reflect dividends declared on the common shares and 1 thousand RSUs that were forfeited. During the year ended December 31, 2017, CI credited share capital for $3,299 on vesting of 120 thousand RSUs.

CI uses a Trust to hold CI's common shares, to fulfill obligations to employees arising from the RSU Plan. During the year ended December 31, 2017, 500 thousand common shares of CI were purchased at a cost of $13,618 [$9,985 net of tax] on the open market of the TSX by the trustee for the purposes of funding the RSU Plan. The common shares held by the Trust are not considered to be outstanding for the purposes of basic and diluted earnings per share calculations.

D] DEFERRED SHARE UNITS

The deferred share unit plan ["DSU Plan"] was established in March 2017, whereby, directors may elect to receive all or a portion of their quarterly compensation in either cash or deferred share units ["DSUs"]. The DSUs fully vest on the grant date and an expense is recorded based upon the market value of the DSUs at the grant date. DSUs can only be redeemed for cash once the holder ceases to be a director of CI. During the year ended December 31, 2017, 25 thousand DSUs were granted and an expense of $740 was recorded, with an offsetting amount included in accounts payable and accrued liabilities.

[E] BASIC AND DILUTED EARNINGS PER SHARE

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

[in thousands]	**2017**	**2016**
Numerator:		
Net income attributable to shareholders of the Company basic and diluted	**$499,927**	$503,002
Denominator:		
Weighted average number of common shares - basic	**264,435**	271,133
Weighted average effect of dilutive stock options and RSU awards *(*)*	**157**	97
Weighted average number of common shares - diluted	**264,592**	271,230
Net earnings per common share attributable to shareholders		
Basic	**$1.89**	$1.86
Diluted	**$1.89**	$1.85

(*) The determination of the weighted average number of common shares - diluted excludes 7,651 thousand shares related to stock options that were anti-dilutive for the year ended December 31, 2017 [2016 - 7,331 thousand shares].

[F] MAXIMUM SHARE DILUTION

The following table presents the maximum number of shares that would be outstanding if all the outstanding options as at January 31, 2018 were exercised:

[in thousands]	
Shares outstanding at January 31, 2018	270,119
RSU awards	394
Options to purchase shares	7,531
	278,044

DECEMBER 31, 2017 and 2016 • [in thousands of dollars, except per share amounts]

9. DIVIDENDS

The following dividends were paid by CI during the year ended December 31, 2017:

Record date	Payment date	Cash dividend per share	Total dividend amount
		$	$
December 31, 2016	January 13, 2017	0.115	30,587
January 31, 2017	February 15, 2017	0.115	30,504
February 28, 2017	March 15, 2017	0.115	30,428
March 31, 2017	April 13, 2017	0.115	30,223
April 30, 2017	May 15, 2017	0.115	30,081
May 31, 2017	June 15, 2017	0.1175	30,666
June 30, 2017	July 14, 2017	0.1175	30,499
July 31, 2017	August 15, 2017	0.1175	30,266
August 31, 2017	September 15, 2017	0.1175	30,220
September 30, 2017	October 13, 2017	0.1175	30,035
October 31, 2017	November 15, 2017	0.1175	32,280
November 30, 2017	December 15, 2017	0.1175	32,206
Paid during the year ended December 31, 2017			367,995

The following dividends were declared but not paid during the year ended December 31, 2017:

Record date	Payment date	Cash dividend per share	Total dividend amount
		$	$
December 31, 2017	January 15, 2018	0.1175	32,299
January 31, 2018	February 15, 2018	0.1175	32,299
Declared and accrued as at December 31, 2017			64,598

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The following dividends were paid by CI during the year ended December 31, 2016:

Record date	**Payment date**	**Cash dividend per share**	**Total dividend amount**
		$	**$**
December 31, 2015	January 15, 2016	0.110	30,416
January 31, 2016	February 15, 2016	0.110	30,371
February 29, 2016	March 15, 2016	0.110	30,339
March 31, 2016	April 15, 2016	0.110	30,183
April 30, 2016	May 13, 2016	0.110	30,114
May 31, 2016	June 15, 2016	0.115	31,389
June 30, 2016	July 15, 2016	0.115	31,254
July 31, 2016	August 15, 2016	0.115	31,186
August 31, 2016	September 15, 2016	0.115	31,120
September 30, 2016	October 14, 2016	0.115	30,825
October 31, 2016	November 15, 2016	0.115	30,746
November 30, 2016	December 15, 2016	0.115	30,712
Paid during the year ended December 31, 2016			368,655

The following dividends were declared but not paid during the year ended December 31, 2016:

Record date	**Payment date**	**Cash dividend per share**	**Total dividend amount**
		$	**$**
December 31, 2016	January 13, 2017	0.115	30,508
January 31, 2017	February 15, 2017	0.115	30,507
Declared and accrued as at December 31, 2016			61,015

On February 15, 2018, the Board of Directors declared monthly cash dividends of $0.1175 per share payable on March 15, April 13 and May 15, 2018 to shareholders of record on February 28, March 31 and April 30, 2018, respectively.

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10. INCOME TAXES

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

	2017 $	2016 $
Statement of Income		
Current income tax expense		
Based on taxable income of the current year	**218,477**	209,340
Adjustments in respect of prior years	**43,524**	(1,304)
	262,001	208,036
Deferred income tax expense		
Origination and reversal of temporary differences (net)	**(21,320)**	(20,783)
Other	**62**	4
	(21,258)	(20,779)
Income tax expense reported in the consolidated statements of income	**240,743**	187,257
Statement of Other Comprehensive Income		
Deferred income taxes		
Unrealized gain on available-for-sale financial assets	**843**	511
Reversal of gains to net income on available-for-sale financial assets	**(56)**	(50)
Income tax expense reported in the consolidated statements of other comprehensive income	**787**	461

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

	2017 $	2016 $
Combined Canadian federal and provincial income tax rate	**26.5**	26.5
Increase (decrease) in income taxes resulting from		
Recovery of prior years' provisions for settled tax items	**5.9**	(0.2)
Other, net	**0.1**	0.8
Income tax expense reported in the statement of other comprehensive income	**32.5**	27.1

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[c] Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2017:

	As at December 31, 2016	Recognized in net income	Recognized in other comprehensive income	Business acquisition *[note 2]*	Recognized in equity and FX	As at December 31, 2017
	$	$	$	$		$
Deferred income tax liabilities						
Fund contracts	322,603	1,109	—	164,770	—	488,482
Deferred sales commissions	69,888	(18,054)	—	—	—	51,834
Other	—	—	—	1,413	—	1,413
Total deferred income tax liabilities	392,491	(16,945)	—	166,183	—	541,729
Deferred income tax assets						
Equity-based compensation	5,582	620	—	—	—	6,202
Non-capital loss carryforwards	2,197	1,005	—	—	—	3,202
Provision for other liabilities	5,316	(217)	—	—	—	5,099
Other	210	2,905	(787)	3	2,668	4,999
Total deferred income tax assets	13,305	4,313	(787)	3	2,668	19,502
Net deferred income tax liabilities	379,186	(21,258)	787	166,180	(2,668)	522,227

Significant components of CI's deferred income tax liabilities and assets are as follows at December 31, 2016:

	As at December 31, 2015	Recognized in net income	Recognized in other comprehensive income	Business acquisition *[note 2]*	As at December 31, 2016
	$	$	$	$	$
Deferred income tax liabilities					
Fund contracts	299,389	(824)	—	24,038	322,603
Deferred sales commissions	90,771	(20,883)	—	—	69,888
Total deferred income tax liabilities	390,160	(21,707)	—	24,038	392,491
Deferred income tax assets					
Equity-based compensation	4,848	734	—	—	5,582
Non-capital loss carryforwards	1,311	138	—	748	2,197
Provision for other liabilities	3,563	1,753	—	—	5,316
Other	4,224	(3,553)	(461)	—	210
Total deferred income tax assets	13,946	(928)	(461)	748	13,305
Net deferred income tax liabilities	376,214	(20,779)	461	23,290	379,186

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11. FINANCIAL INSTRUMENTS

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

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

	December 31, 2017 $	December 31, 2016 $
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**124,582**	117,899
Investments	**83,080**	—
Loans and receivables		
Client and trust funds on deposit	**327,733**	185,424
Accounts receivable	**222,488**	134,256
Other assets	**23,354**	194,684
Available-for-sale		
Investments	**117,830**	85,013
Total financial assets	**899,067**	717,276
Financial liabilities		
Fair value through profit or loss		
Provisions for other liabilities	**28,345**	37,151
Other financial liabilities		
Accounts payable and accrued liabilities	**282,490**	209,934
Provisions for other liabilities	**70,249**	48,158
Dividends payable	**64,598**	61,015
Client and trust funds payable	**375,647**	183,148
Long-term debt	**1,118,119**	758,658
Total financial liabilities	**1,939,448**	1,298,064

CI’s investments at December 31, 2017 and 2016 include CI's marketable securities which are comprised of seed capital investments in CI's mutual funds and strategic investments. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI's mutual fund securities that are valued daily are classified as level 1 in the fair value hierarchy. Mutual fund securities and strategic investments that are valued less frequently are classified as level 2 in the fair value hierarchy. CI's investments at December 31, 2017, also include securities owned, at market, consisting of money market, equity securities and bonds. Money market and equity securities are valued based on quoted prices and are classified as level 1 in the fair value hierarchy. Bonds are valued using a market comparison technique to fair value these instruments using observable broker quotes and are classified as level 2 in the fair value hierarchy. There have been no transfers between level 1 and level 2 during the year.

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Investments consist of the following as at December 31, 2017:

	Total	Level 1	Level 2
	$	$	$
Marketable securities	145,262	69,901	75,361
Securities owned, at market			
Money market	55,199	55,199	—
Bonds, including interest	380	—	380
Equity securities	69	69	—
Total securities owned, at market	55,648	55,268	380
Total investments	200,910	125,169	75,741

Investments consist of the following as at December 31, 2016:

	Total	Level 1	Level 2
	$	$	$
Marketable securities	85,013	19,981	65,032

Included in provision for other liabilities, as at December 31, 2017 is contingent consideration of $11,603 [2016 - $20,000] and put option payable on non-controlling interest of $16,742 [2016 - $17,151] carried at fair value and classified as level 3 in the fair value hierarchy. Long-term debt as at December 31, 2017 includes debentures with a fair value of $906,418 [2016 - $651,388], as determined by quoted market prices which have been classified as level 1 in the fair value hierarchy.

12. RISK MANAGEMENT

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

CI's financial instruments bear the following financial risks:

[A] MARKET RISK

Market risk is the risk of a financial loss resulting from adverse changes in underlying market factors, such as interest rates, foreign exchange rates, and equity prices. The corporate finance group reviews the exposure to interest rate risk, foreign exchange risk and equity risk by identifying, monitoring and reporting potential market risks to the Chief Financial Officer. A description of each component of market risk is described below:

• Interest rate risk is the risk of loss due to the volatility of interest rates.

• Foreign exchange risk is the risk of loss due to volatility of foreign exchange rates.

• Price risk is the risk of loss due to changes in prices and volatility of financial instruments.

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CI's financial performance is indirectly exposed to market risk. Any decline in financial markets or lack of sustained growth in such markets may result in a corresponding decline in the performance and may adversely affect CI's assets under management and financial results.

(i) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments. Fluctuations in interest rates have a direct impact on the interest payments CI makes on its long-term debt. Debt outstanding on CI's credit facility of $222,000 [2016 – $112,000] is borrowed at a floating interest rate. In 2017, CI entered into an interest rate swap agreement with a Canadian chartered bank to swap the semi-annual fixed rate payments on the 2021 Debentures $200,000 principal amount for floating rate payments.

Based on the amount borrowed under the credit facility and the 2021 Debentures as at December 31, 2017, each 0.50% increase or decrease in interest rates would result in annual interest expense increasing or decreasing by $1,110 [2016 – $560], respectively.

(ii) Foreign exchange risk

CI is exposed to foreign exchange risk primarily from its investment in foreign subsidiaries operating in the United States and Australia and from CI's investments denominated in U.S. dollars.

The following table provides the impact on net income and other comprehensive income ["OCI"] of a 10% change in the value of foreign currencies with respect to CI's net financial assets as at December 31, 2017:

	10% strengthening of foreign exchange rate on net income	10% strengthening of foreign exchange rate on OCI	10% weakening of foreign exchange rate on net income	10% weakening of foreign exchange rate on OCI
United States dollar	5,210	3,817	(5,210)	(3,817)
Australian dollar	(1,357)	667	1,357	(667)

The following table provides the impact on net income and OCI of a 10% change in the value of foreign currencies with respect to CI's net financial assets as at December 31, 2016:

	10% strengthening of foreign exchange rate on net income	10% strengthening of foreign exchange rate on OCI	10% weakening of foreign exchange rate on net income	10% weakening of foreign exchange rate on OCI
United States dollar	5,745	4,361	(5,745)	(4,361)
Australian dollar	(1,715)	639	1,715	(639)

[iii] Price risk

CI incurs price risk through its investments of $200,910 [2016 – $85,013]. Based on the carrying amount of these assets, an increase or decrease in prices by 10% would result in estimated gains or losses of $20,091 [2016 - $8,501], respectively.

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[B] LIQUIDITY RISK

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

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

	Total	2018	2019	2020	2021	2022	2027
	$	$	$	$	$	$	$
Accounts payable and accrued liabilities	282,490	282,490	—	—	—	—	—
Dividends payable	64,598	64,598	—	—	—	—	—
Client and trust funds payable	375,647	375,647	—	—	—	—	—
Long-term debt	1,122,000	222,000	—	450,000	200,000	—	250,000
Put option and contingent consideration	28,345	14,951	3,348	3,348	3,349	3,349	—
Total	**1,873,080**	**959,686**	**3,348**	**453,348**	**203,349**	**3,349**	**250,000**

[C] CREDIT RISK

Credit risk is the risk of loss associated with the inability of a third party to fulfill its payment obligations. CI is exposed to the risk that third parties that owe it money, securities or other assets will not perform their obligations.

As at December 31, 2017, financial assets of $573,575 [2016 – $514,364], represented by client and trust funds on deposit of $327,733 [2016 – $185,424], accounts receivable of $222,488 [2016 – $134,256] and other assets of $23,354 [2016 – $194,684], were exposed to credit risk. CI does not have a significant exposure to any individual counterparty. Credit risk is mitigated by regularly monitoring the credit performance of each individual counterparty and holding collateral, where appropriate.

Client and trust funds on deposit consist mainly of cash deposits or unsettled trade receivables. CI may also extend amounts to clients on a margin basis for security purchases. Margin loans are due on demand and are collateralized by the financial instruments in the client's account. CI faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if CI is unable to recover sufficient value from the collateral held. The credit extended is limited by regulatory requirements and by CI's internal credit policy. Credit risk is managed by dealing with counterparties CI believes to be creditworthy and by actively monitoring credit and margin exposure and the financial health of the counterparties.

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

Securities lending and borrowing agreements consist of the followings as at December 31, 2017:

	Cash	Securities
	$	$
Loaned or delivered as collateral	11,676	21,488
Borrowed or received as collateral	10,996	20,076

CI uses securities lending and borrowing to facilitate the securities settlement process. These transactions are typically short-term in nature, fully collateralized by either cash or securities and subject to daily margin calls for any deficiency between the market value of the security given and the amount of collateral received. CI manages its credit exposure by establishing and monitoring aggregate limits by counterparty for these transactions. Cash loaned or delivered as collateral is included in accounts receivable and cash borrowed or received as collateral is included in accounts payable.

Other assets consists mainly of long-term investments, long-term accounts receivable, loans granted under CI's employee share purchase plan and loans extended to investment advisors under CI's hiring and incentive program. In 2016, other assets also included deposits with the CRA as discussed in Note 7. Employee loans are collateralized by CI shares and become due immediately upon termination of the employee or upon the sale of the shares held as collateral. Commissions may be used to offset loan amounts made to investment advisors in the event of default. Credit risk associated with other assets is limited given the nature of the relationship with the counterparties.

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13. CAPITAL MANAGEMENT

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

CI and its subsidiaries are subject to minimum regulatory capital requirements whereby sufficient cash and other liquid assets must be on hand to maintain capital requirements rather than using them in connection with its business. As at December 31, 2017, cash and cash equivalents of $12,124 [2016 - $16,063] was required to be on hand for regulatory capital maintenance. Failure to maintain required regulatory capital by CI may result in fines, suspension or revocation of registration by the relevant securities regulator. CI from time to time provides loans to its subsidiaries for operating purposes and may choose to subordinate these loans in favour of general creditors. The repayment of subordinated loans is subject to regulatory approval. As at December 31, 2017 and 2016, CI met its capital requirements.

CI's capital consists of the following:

	As at December 31, 2017	**As at December 31, 2016**
	$	**$**
Shareholders' equity	**2,056,726**	1,745,398
Long-term debt	**1,118,119**	758,658
Total capital	**3,174,845**	2,504,056

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14. COMMITMENTS

LEASE COMMITMENTS

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

	$
2018	13,462
2019	13,032
2020	12,233
2021	11,902
2022	11,626
2023+	38,902

ADVISOR SERVICES AGREEMENTS

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

INDEMNITIES

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

DECEMBER 31, 2017 and 2016 • [in thousands of dollars, except per share amounts]

15. SEGMENTED INFORMATION

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

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

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

Segmented information as at and for the year ended December 31, 2017 is as follows:

	Asset Management $	Asset Administration $	Intersegment eliminations $	Total $
Management fees	**1,897,061**	**—**	**—**	**1,897,061**
Administration fees	**—**	**341,940**	**(167,931)**	**174,009**
Other revenue	**14,533**	**25,693**	**—**	**40,226**
Total revenue	**1,911,594**	**367,633**	**(167,931)**	**2,111,296**
Selling, general and administrative	**380,012**	**79,091**	**—**	**459,103**
Trailer fees	**616,761**	**—**	**(29,353)**	**587,408**
Investment dealer fees	**—**	**279,948**	**(137,250)**	**142,698**
Amortization of deferred sales commissions and intangibles	**105,268**	**2,681**	**(3,010)**	**104,939**
Other expenses	**52,050**	**(343)**	**—**	**51,707**
Total expenses	**1,154,091**	**361,377**	**(169,613)**	**1,345,855**
Income before income taxes and non-segmented items	**757,503**	**6,256**	**1,682**	**765,441**
Interest expense				**(24,926)**
Provision for income taxes				**(240,743)**
Net income for the year				**499,772**
Identifiable assets	**722,287**	**532,543**	**(5,373)**	**1,249,457**
Indefinite life intangibles				
Goodwill	**1,311,006**	**210,312**	**—**	**1,521,318**
Fund contracts	**1,779,957**	**—**	**—**	**1,779,957**
Total assets	**3,813,250**	**742,855**	**(5,373)**	**4,550,732**

DECEMBER 31, 2017 and 2016 • [in thousands of dollars, except per share amounts]

Segmented information as at and for the year ended December 31, 2016 is as follows:

	Asset Management	Asset Administration	Intersegment eliminations	Total
	$	$	$	$
Management fees	1,748,691	—	—	1,748,691
Administration fees	—	307,700	(151,377)	156,323
Other revenue	19,981	23,305	—	43,286
Total revenue	1,768,672	331,005	(151,377)	1,948,300
Selling, general and administrative	327,196	69,565	—	396,761
Trailer fees	565,546	—	(25,332)	540,214
Investment dealer fees	—	252,458	(124,292)	128,166
Amortization of deferred sales commissions and intangibles	128,062	2,203	(3,394)	126,871
Other expenses	45,396	4,851	—	50,247
Total expenses	1,066,200	329,077	(153,018)	1,242,259
Income before income taxes and non-segmented items	702,472	1,928	1,641	706,041
Interest expense				(16,014)
Provision for income taxes				(187,257)
Net income for the year				502,770
Identifiable assets	754,396	353,780	(7,152)	1,101,024
Indefinite life intangibles				
Goodwill	997,882	192,582	—	1,190,464
Fund contracts	1,167,207	—	—	1,167,207
Total assets	2,919,485	546,362	(7,152)	3,458,695

DECEMBER 31, 2017 and 2016 • [in thousands of dollars, except per share amounts]

16. COMPENSATION OF KEY MANAGEMENT

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

	2017	2016
	$	$
Salaries	**6,438**	8,239
Equity-based compensation	**4,493**	3,945
Total	**10,931**	12,184

17. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Included in selling, general and administrative expenses ["SG&A"] are salaries and benefits of $242,006 for the year ended December 31, 2017 [2016 - $211,954]. Also included in SG&A is depreciation of capital assets of $7,463 for the year ended December 31, 2017 [2016 - $5,880]. Other SG&A of $209,634 for the year ended December 31, 2017, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [2016 - $178,927].

18. FUTURE ACCOUNTING POLICY CHANGES

The following standards have been issued, but are not yet effective on the date of issuance of CI's consolidated financial statements.

IFRS 9:

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

CI anticipates that the application of IFRS 9 will result in the reclassification of investments from available-for-sale to FVPL. CI does not intend to restate comparative prior information but will recognize a decrease in opening deficit of $14,831 with a corresponding decrease in accumulated other comprehensive income.

IFRS 15:

IFRS 15 *Revenue from Contracts with Customers* ["IFRS 15"] was issued in May 2014. IFRS 15 replaces prior guidance, including IAS 18 Revenue. The standard is effective for annual periods beginning on or after January 1, 2018 and is to be applied retrospectively, with certain exceptions. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new guidance includes a five-step recognition and measurement approach, requirements for accounting of contract costs, and enhanced quantitative and qualitative disclosure requirements. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

CI anticipates that the application of IFRS 15 will result in the derecognition of previously recognized deferred sales commissions and the related deferred tax liability on CI's statement of financial position which is expected to reduce shareholders' equity by approximately $153,644 on an after tax basis as at January 1, 2018 ($202,811 as at January 1, 2017).

IFRS 16:

IFRS 16 Leases ["IFRS 16"] was issued in January 2016 and will replace the previous lease standard, IAS 17 Leases, and related Interpretations. The new standard requires lessees to recognize assets and liabilities for most leases. IRFS 16 is effective for annual periods beginning on or after January 1, 2019. CI is currently evaluating the impact of the application of this standard on the consolidated financial statements and will adopt this standard when it becomes effective.

CORPORATE DIRECTORY

CI Financial

DIRECTORS

Peter W. Anderson
Chief Executive Officer,
CI Financial;
Director
Toronto, Ontario

Paul W. Derksen
Corporate Director;
Lead Director
Clarksburg, Ontario

David P. Miller
Chief Legal and Corporate Affairs
Officer and Secretary,
Rogers Communications Inc.;
Director
Toronto, Ontario

Tom P. Muir
Co-Managing Director,
Muir Detlefsen & Associates Limited;
Director
Toronto, Ontario

Sonia A. Baxendale
Co-Interim President and Chief
Executive Officer, Foresters Financial;
Director
Toronto, Ontario

William T. Holland
Chairman;
Director
Toronto, Ontario

Stephen T. Moore
Managing Director,
Newhaven Asset Management Inc.;
Director
Toronto, Ontario

EXECUTIVE TEAM

Peter W. Anderson
Chief Executive Officer

Sheila A. Murray
President and General Counsel

Douglas J. Jamieson
Executive Vice-President and
Chief Financial Officer

Steven J. Donald
Executive Vice-President

Neal A. Kerr
Executive Vice-President;
Executive Vice-President,
Investment Management,
CI Investments Inc.

Roy Ratnavel
Executive Vice-President and
National Sales Manager,
CI Investments Inc.

Rohit D. Mehta
Executive Vice-President;
President, First Asset Investment
Management Inc.

Darie Urbanky
Executive Vice-President;
Chief Technology Officer,
CI Investments Inc.

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Investor Relations

Contact: Douglas J. Jamieson,
Executive Vice-President and Chief Financial Officer
Telephone: 416-364-1145
Toll Free: 1 800 268-9374
E-mail: investorrelations@ci.com

Trading Symbol

CI Financial trades on the Toronto Stock Exchange under the symbol “CIX”.

Auditors

Ernst & Young LLP
Chartered Accountants
100 Adelaide Street West
Toronto, Ontario M5H 1S3

Registrar and Transfer Agent

Computershare Investor Services Inc.
8th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
Telephone: 1 800 564-6253

Normal Course Issuer Bid

Effective June 13, 2017, the Toronto Stock Exchange (the “TSX”) accepted CI’s notice of intention to commence a normal course issuer bid through the facilities of the TSX. On January 18, 2018, the TSX accepted CI’s amended notice of intention to make a normal course issuer bid through the facilities of the TSX or alternative Canadian trading systems. Under the amended bid, CI may purchase up to 20,000,000 Shares at the prevailing market price. Common shares may be purchased by CI or purchased by a trustee to satisfy obligations under equity-based compensation plans for CI. All common shares purchased by CI (but not those purchased by such a trustee) will be cancelled. Purchases under the bid will terminate no later than June 17, 2018. As of February 28, 2018, CI has acquired an aggregate of 11,916,923 Shares under the normal course issuer bid at an average price of $28.40 per Share. Shareholders may obtain a copy of the Notice, without charge, by contacting the Corporate Secretary of CI. The Corporation intends to renew its Normal Course Issuer Bid effective June 18, 2018, subject to receipt of approval from the TSX.

Digital Report

This Annual Report can be downloaded from CI’s website at www.cifinancial.com under “Financial Information”.

Annual General Meeting

This Annual General Meeting of Shareholders will be held at 2 p.m. ET on June 18, 2018 at 15 York Street, Second Floor, Toronto.

As described in greater detail in the MD&A section of this Annual Report, this Report contains forward-looking statements with respect to CI, including its business operations and strategy and financial performance and condition. Although management believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause results to differ materially include, among other things, general economic and market factors, including interest rates, business competition, changes in government regulations or in tax laws, and other factors discussed in materials filed with applicable securities regulatory authorities from time to time, including the risks described under the heading "Risk Management" in the MD&A section of this Annual Report.

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