CI Financial

Q2

Financial Report | June 30, 2017

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| FINANCIAL HIGHLIGHTS |

[millions of dollars, except share amounts]	As at and for the quarters ended Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	% change quarter-over-quarter	% change year-over-year
Assets under management	121,111	120,748	117,889	112,513	109,594	—	11
Assets under advisement	40,272	39,661	38,235	37,214	35,465	2	14
Total assets	161,383	160,409	156,124	149,727	145,059	1	11
Average assets under management	122,691	119,423	114,780	112,256	108,994	3	13
Management fees	462.6	449.5	448.6	446.1	429.3	3	8
Total revenues	510.3	502.6	506.3	495.4	475.9	2	7
Selling, general & administrative	111.6	108.0	102.4	99.9	98.1	3	14
Trailer fees	142.3	138.0	138.3	138.1	132.7	3	7
Net income attributable to shareholders	96.3	134.2	121.0	136.8	128.6	(28)	(25)
Adjusted net income[1]	141.3	134.2	140.6	136.8	128.6	5	10
Basic earnings per share	0.37	0.51	0.45	0.51	0.47	(27)	(21)
Adjusted earnings per share[1]	0.54	0.51	0.53	0.51	0.47	6	15
Diluted earnings per share	0.37	0.51	0.45	0.51	0.47	(27)	(21)
Adjusted EBITDA[1]	222.2	219.5	226.9	225.3	214.1	1	4
Adjusted EBITDA[1] per share	0.85	0.83	0.85	0.83	0.79	2	8
Return on equity[2]	31.7%	30.2%	29.2%	28.6%	28.6%	5	11
Dividends paid per share	0.3475	0.3450	0.3450	0.3450	0.3350	1	4
Dividend yield	5.1%	5.2%	4.8%	5.5%	5.1%		
Average shares outstanding	261,368,296	264,447,960	266,522,492	270,112,737	272,729,344		
Shares outstanding	259,404,856	262,737,470	265,302,141	267,712,433	271,181,255		
Share price							
High	27.77	29.45	29.94	27.84	29.13		
Low	26.04	26.06	23.52	24.51	26.02		
Close	27.64	26.43	28.87	25.17	26.95		
Change in share price	4.6%	(8.5%)	14.7%	(6.6%)	(6.1%)		
Total shareholder return	6.0%	(7.3%)	16.2%	(5.3%)	(4.9%)		
Market capitalization	7,170	6,944	7,659	6,738	7,308		
P/E Ratio (adjusted earnings)[2]	13.3	13.1	14.7	13.0	13.9		
Long-term debt (including the current portion)	909.0	864.8	758.7	675.7	623.6	5	46
Net debt[1]	693.5	673.5	572.9	520.7	510.4	3	36
Net debt to adjusted EBITDA[1]	0.78	0.76	0.63	0.58	0.59	3	32

[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.

Management's Discussion and Analysis

June 30, 2017

CI FINANCIAL CORP

This Management's Discussion and Analysis ("MD&A") dated August 10, 2017 presents an analysis of the financial position of CI Financial Corp. and its subsidiaries ("CI") as at June 30, 2017, compared with December 31, 2016, and the results of operations for the quarter ended June 30, 2017, compared with the quarter ended June 30, 2016 and the quarter ended March 31, 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 Capital Corp. ("First Asset") and Grant Samuel Funds Management Pty Limited ("GSFM"). The Asset Administration segment includes the operating results and financial position of AWM and its subsidiaries, including Assante Capital Management Ltd. ("ACM") and Assante Financial Management Ltd. ("AFM").

This MD&A contains forward-looking statements concerning anticipated future events, results, circumstances, performance or expectations with respect to CI and its products and services, including its business operations, strategy and financial performance and condition. 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: SUMMARY OF QUARTERLY RESULTS

[millions of dollars, except per share amounts]	2017		2016				2015	
	Q2	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
INCOME STATEMENT DATA								
Management fees	462.6	449.5	448.6	446.1	429.3	424.8	444.8	449.4
Administration fees	41.6	44.6	43.2	38.8	37.7	36.6	36.6	36.0
Other revenues	6.1	8.5	14.5	10.5	8.9	9.2	12.1	13.6
Total revenues	510.3	502.6	506.3	495.4	475.9	470.6	493.5	499.0
Selling, general & administrative	111.6	108.0	102.4	99.9	98.1	96.4	96.9	92.9
Trailer fees	142.3	138.0	138.3	138.1	132.7	131.1	137.7	139.6
Investment dealer fees	34.2	36.7	35.6	31.9	30.7	29.9	29.9	29.4
Amortization of deferred sales commissions	25.2	27.1	28.4	30.0	31.5	32.9	33.6	34.8
Interest expense	5.3	5.4	4.6	4.0	3.7	3.8	4.0	3.5
Other expenses	3.5	3.7	32.2	2.8	2.8	16.4	14.8	3.2
Total expenses	322.1	318.8	341.4	306.7	299.6	310.5	316.9	303.5
Income before income taxes	188.2	183.8	164.9	188.7	176.3	160.1	176.6	195.5
Income taxes	92.0	49.7	43.7	51.9	47.8	43.8	49.6	52.7
Non-controlling interest	(0.2)	(0.1)	0.2	(0.1)	(0.1)	(0.3)	(0.2)	(0.1)
Net income attributable to shareholders	96.3	134.2	121.0	136.8	128.6	116.6	127.2	142.8
Earnings per share	0.37	0.51	0.45	0.51	0.47	0.42	0.46	0.51
Diluted earnings per share	0.37	0.51	0.45	0.51	0.47	0.42	0.46	0.51
Dividends paid per share	0.3475	0.3450	0.3450	0.3450	0.3350	0.3300	0.3300	0.3300

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 principally from commissions and fees earned on the sale of mutual funds and other financial products and ongoing service to clients.

The key performance indicator for the Asset Management segment is the level of assets under management ("AUM") and for the Asset Administration segment, it is the level of assets under administration ("AUA"). Assets Under Advisement are comprised of AUA and assets held by clients of advisors with Stonegate Private Counsel. Total assets are comprised of AUM and Assets Under Advisement. CI's AUM and AUA are primarily driven by fund performance as well as the gross sales and redemptions of its investment products. As most of CI's revenues and expenses are based on daily asset levels throughout the year, average assets for a particular period are critical to the analysis of CI's financial results. While some expenses, such as trailer fees, vary directly with the level of AUM, about half of CI's expenses do not. In particular, the amount of amortization of deferred sales commissions depends on the amount of sales commissions paid on deferred load fund sales over the past seven years and the redemptions of those funds. Over the long term, CI manages the level of its discretionary spend within selling, general and administrative ("SG&A") expenses to be consistent with or below the growth in its average AUM.

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 2: ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

[millions of dollars, except per share amounts]	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Jun. 30, 2016	Six months ended Jun. 30, 2017	Six months ended Jun. 30, 2016
Net Income	96.2	134.1	128.6	230.3	244.8
Add:					
Provisions for compensation, legal and tax costs	45.0	—	—	45.0	9.6
Less:					
Non-controlling interest	(0.2)	(0.1)	(0.1)	(0.3)	(0.4)
Adjusted net income	**141.3**	**134.2**	**128.6**	**275.5**	**254.8**
Adjusted earnings per share	**0.54**	**0.51**	**0.47**	**1.05**	**0.93**

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 3: EBITDA, ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

[millions of dollars, except per share amounts]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Jun. 30, 2016**	**Six months ended Jun. 30, 2017**	**Six months ended Jun. 30, 2016**
Net Income	96.2	134.1	128.6	230.3	244.8
Add:					
Interest Expense	5.3	5.4	3.7	10.6	7.5
Provision for income taxes	92.0	49.7	47.8	141.7	91.6
Amortization of deferred sales commissions	25.2	27.1	31.5	52.3	64.4
Amortization of intangibles and other	3.4	3.2	2.5	6.5	5.1
EBITDA	**222.0**	**219.4**	**214.1**	**441.4**	**413.4**
EBITDA per share	**0.85**	**0.83**	**0.78**	**1.68**	**1.51**
Add:					
Provisions for compensation, legal and tax costs	—	—	—	—	13.0
Less:					
Non-controlling interest	(0.2)	(0.1)	(0.1)	(0.2)	(0.4)
Adjusted EBITDA	**222.2**	**219.5**	**214.1**	**441.6**	**426.8**
Adjusted EBITDA per share	**0.85**	**0.83**	**0.79**	**1.68**	**1.56**
Total revenue	510.3	502.6	475.9	1,012.8	946.6
Adjusted EBITDA Margin	**43.5%**	**43.7%**	**45.0%**	**43.6%**	**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 4: NET DEBT

[millions of dollars]	**As at Jun. 30, 2017**	**As at Dec. 31, 2016**
Current portion of long-term debt	—	—
Long-term debt	909.0	758.7
	909.0	758.7
Less:		
Cash and short-term investments	120.4	117.9
Marketable securities	108.8	85.0
Add:		
Regulatory capital and non-controlling interests	13.6	17.1
Net Debt	**693.5**	**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 5: PRE-TAX OPERATING EARNINGS

[millions of dollars, except per share amounts]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Jun. 30, 2016**	**Six months ended Jun. 30, 2017**	**Six months ended Jun. 30, 2016**
Net Income	96.2	134.1	128.6	230.3	244.8
Add:					
Amortization of deferred sales commissions	25.2	27.1	31.5	52.3	64.4
Amortization of intangibles	1.4	1.3	1.0	2.7	1.9
Provision for income taxes	92.0	49.7	47.8	141.7	91.6
Provisions for compensation, legal and tax costs	—	—	—	—	13.0
Less:					
Redemption fees	3.7	4.3	4.8	8.1	9.7
Performance fees	—	0.2	—	0.2	—
Gain on marketable securities	0.4	0.1	—	0.5	—
Non-controlling interest	(0.2)	(0.1)	(0.1)	(0.2)	(0.4)
Pre-tax operating earnings	**210.8**	**207.6**	**204.1**	**418.4**	**406.5**
Pre-tax operating earnings per share	**0.81**	**0.79**	**0.75**	**1.59**	**1.48**

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 6: DEALER GROSS MARGIN

[millions of dollars]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Jun. 30, 2016**	**Six months ended Jun. 30, 2017**	**Six months ended Jun. 30, 2016**
Administration fees	84.3	85.0	74.4	169.3	147.8
Less:					
Investment dealer fees	69.3	69.8	60.9	139.1	121.0
	15.1	15.1	13.5	30.2	26.8
Dealer gross margin	**17.9%**	**17.8%**	**18.1%**	**17.8%**	**18.1%**

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 7: OPERATING CASH FLOW AND FREE CASH FLOW

[millions of dollars]	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Jun. 30, 2016	Six months ended Jun. 30, 2017	Six months ended Jun. 30, 2016
Cash provided by operating activities	167.9	95.3	160.0	263.2	277.1
Add:					
Income taxes paid	55.9	74.8	53.2	130.7	122.8
Interest paid	7.1	0.7	6.8	7.8	7.5
Less:					
Net change in non-cash working capital	113.9	6.6	62.3	120.5	97.9
Operating cash flow	**116.9**	**164.2**	**157.8**	**281.1**	**309.5**
Less:					
Sales commissions paid	7.1	10.3	10.3	17.5	28.0
Add:					
Provisions for compensation, legal and tax costs	45.0	—	—	45.0	9.6
Free cash flow	**154.8**	**153.8**	**147.5**	**308.7**	**291.1**

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 8: ASSET MANAGEMENT MARGIN

[millions of dollars - trailing 12 months]	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Jun. 30, 2016
Management fees	**1,806.8**	**1,773.4**	**1,748.7**	**1,744.8**	**1,748.2**
Less:					
Amortization of DSC	113.9	120.3	126.2	131.5	136.4
Trailer fees	584.0	573.2	565.5	564.4	565.5
Net management fees	1,109.0	1,079.9	1,057.0	1,049.0	1,046.3
Less:					
SG&A expenses	347.8	335.9	327.2	322.6	316.3
	761.1	744.0	729.8	726.4	730.0
Asset management margin	**42.1%**	**42.0%**	**41.7%**	**41.6%**	**41.8%**

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 that CI's clients invest in. 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 9: SG&A EFFICIENCY MARGIN

[millions of dollars - trailing 12 months]	Quarter ended Jun. 30, 2017	Quarter ended Mar. 31, 2017	Quarter ended Dec. 31, 2016	Quarter ended Sep. 30, 2016	Quarter ended Jun. 30, 2016
Management fees	1,806.8	1,773.4	1,748.7	1,744.8	1,748.2
Less:					
Amortization of DSC	113.9	120.3	126.2	131.5	136.4
Trailer fees	584.0	573.2	565.5	564.4	565.5
Net management fees	**1,109.0**	**1,079.9**	**1,057.0**	**1,049.0**	**1,046.3**
Less:					
SG&A expenses	347.8	335.9	327.2	322.6	316.3
	761.1	744.0	729.8	726.4	730.0
SG&A efficiency margin	**68.6%**	**68.9%**	**69.0%**	**69.2%**	**69.8%**

ASSETS AND SALES

CI is one of Canada's largest independent investment fund companies with assets under management of $121.1 billion and assets under advisement of $40.3 billion at June 30, 2017, as shown in Table 10. Assets under advisement are comprised of AUA and assets held by clients of advisors with Stonegate Private Counsel. Assets under management increased 10% year over year, mainly due to market performance and CI's acquisition of GSFM, partially offset by net redemptions of funds. The 14% increase in assets under advisement from last year was due to market performance and net sales. Total assets, which include mutual, segregated and hedge funds, separately managed accounts, structured products, exchange-traded funds, pooled funds and assets under advisement, were $161.4 billion at June 30, 2017, up $16.3 billion from $145.1 billion at June 30, 2016.

TABLE 10: TOTAL ASSETS

[billions of dollars]	**As at June 30, 2017**	**As at June 30, 2016**	**% change**
Assets under management	121.1	109.6	10
Assets under advisement[1]	40.3	35.5	14
Total assets	**161.4**	**145.1**	**11**

[1]Includes $24.5 billion and $21.2 billion of assets managed by CI and held by clients of advisors with Assante and Stonegate in 2017 and 2016, respectively.

Equity markets outside of Canada posted strong returns for the second quarter of 2017 as evidenced by the S&P 500 Index's total return of 3.1% (in U.S. dollars) and the MSCI World Index's total return of 4.2% (in U.S. dollars). For Canadian investors, gains in global equities were somewhat muted by the Canadian dollar's strength against a number of other major currencies, including the U.S. dollar. As a result, in Canadian dollars, the S&P 500 Index's total return was 0.7% and the MSCI World Index's total return was 1.8%.

The Canadian equity market lagged many other developed market indexes as the S&P/TSX Composite Index declined 1.6% during the period. This decline was a result of softening oil prices, weaker financial sector shares, and investor sentiment that was dampened by trade-related issues with the U.S. The Canadian bond market, as illustrated by the FTSE TMX Universe Bond Index, posted a 1.1% return for the quarter.

The change in AUM during each of the past five quarters is detailed in Table 11. Fund performance has been strong across the past five quarters as equity markets, in general, have rallied over this period. Gross sales of $3.8 billion were up $1.2 billion from the same quarter last year due to stronger fund performance, the addition of GSFM, as well as strategic initiatives targeting key channels. Redemptions for the quarter were $3.6 billion, an improvement of $0.5 billion from one year ago. As a result of higher gross sales and lower redemptions, CI's quarterly net sales turned positive and were at the highest level since the fourth quarter of 2015. CI's net sales were $215 million for the quarter, consisting of $248 million for CI and First Asset, $119 million for GSFM's retail funds, and net redemptions of $152 million for GSFM's institutional funds.

TABLE 11: CHANGE IN ASSETS UNDER MANAGEMENT

[billions of dollars]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Dec. 31, 2016**	**Quarter ended Sep. 30, 2016**	**Quarter ended Jun. 30, 2016**
Assets under management, beginning	120.748	117.889	112.513	109.594	108.715
Gross sales	3.805	4.632	3.543	3.255	2.599
Redemptions	3.591	4.920	6.141	4.754	4.089
Net sales	0.215	(0.288)	(2.597)	(1.500)	(1.489)
Acquisitions	—	—	6.145	—	—
Fund performance	0.148	3.147	1.828	4.419	2.368
Assets under management, ending	121.111	120.748	117.889	112.513	109.594
Average assets under management for the quarter	122.691	119.423	114.780	112.256	108.994

RESULTS OF OPERATIONS

For the quarter ended June 30, 2017, CI reported net income attributable to shareholders of $96.3 million ($0.37 per share) versus $128.6 million ($0.47 per share) for the quarter ended June 30, 2016 and $134.2 million ($0.51 per share) for the quarter ended March 31, 2017. Current income taxes for the second quarter of 2017 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. CI had previously deposited $173 million with the Canada Revenue Agency ("CRA") in 2015 pending resolution of this dispute and expects the remainder, approximately $128 million, to be returned. Excluding the $45 million expense, net income was $141.3 million ($0.54 per share) for the quarter ended June 30, 2017, a 9.9% increase from the same period last year and 5.3% increase from the prior quarter.

Total revenues increased 7.2% in the second quarter of 2017 to $510.3 million compared to revenue of $475.9 million in the same period of 2016. The main contributors to this change were an increase in management fees and an increase in administration fees resulting from higher average assets. On a consecutive quarter basis, total revenues increased 1.5% from $502.6 million in the first quarter of 2017.

SG&A expenses for the second quarter of 2017 were $111.6 million compared to $98.1 million in the same quarter of 2016 and $108.0 million in the prior quarter. The second quarter of 2017 included $5.6 million in SG&A expenses related to GSFM's operations, up from $4.2 million in the first quarter. Excluding GSFM, CI's SG&A expenses were $106.0 million for the second quarter of 2017, up from $103.8 million for the prior quarter. As an annualized percentage of average AUM, SG&A expenses were 0.365%, up from 0.362% for the second quarter of last year and down from 0.367% for the prior quarter.

Amortization of deferred sales commissions was $25.2 million in the second quarter of 2017, a decrease from $31.5 million in the second quarter of 2016 and $27.1 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 $5.3 million was recorded for the quarter ended June 30, 2017 compared with $3.7 million for the quarter ended June 30, 2016 and $5.4 million for the quarter ended March 31, 2017. The changes 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 second quarter of 2017, CI recorded $92.0 million in income tax expense for an effective tax rate of 48.9% compared to $47.8 million in the second quarter of 2016 for an effective tax rate of 27.1%. As discussed earlier, the quarter ended June 30, 2017 included $45 million in current income tax expenses as a provision for the settlement of outstanding notices of reassessment received for the years 2006 to 2008. Excluding this amount, CI's income tax expense for the second quarter of 2017 was $47.0 million for an effective tax rate of 25.0%. This effective tax rate was lower than the same period last year as a result of a deferred tax liability recovery.

CI’s statutory tax rate for 2017 is 26.5%. CI’s effective tax rate will generally exceed the statutory tax rate 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 5, pre-tax operating earnings were $210.8 million ($0.81 per share) in the second quarter of 2017, an increase of 3.3% from the same quarter of 2016 and up 1.5% from the prior quarter. EBITDA for the quarter ended June 30, 2017 was $222.0 million ($0.85 per share), up from $214.1 million ($0.78 per share) for the quarter ended June 30, 2016 and from $219.4 million ($0.83 per share) for the quarter ended March 31, 2017. Similar to the increase in adjusted net income, the increases to pre-tax operating earnings and EBITDA from the same quarter last year were primarily a result of an increase in assets under management, some of which have lower average management fee rates than CI's other assets. EBITDA margin for the second quarter of 2017 was 43.5%, down from 45.0% in the second quarter of 2016 and from 43.7% in the prior quarter. For detailed calculations and reconciliations of net income to EBITDA, refer to the "Non-IFRS Measures" section and Table 3.

ASSET MANAGEMENT SEGMENT

The Asset Management segment is CI's principal business segment and includes the operating results and financial position of CI Investments, CIPC, First Asset and GSFM. Table 12 presents the operating results for the Asset Management segment.

TABLE 12: RESULTS OF OPERATIONS - ASSET MANAGEMENT SEGMENT

[millions of dollars]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Jun. 30, 2016**
Management fees	462.6	449.5	429.3
Other revenue	(0.2)	2.4	3.2
Total revenue	462.4	451.9	432.5
Selling, general and administrative	92.5	88.3	80.6
Trailer fees	149.7	144.8	138.9
Amortization of deferred sales commissions and intangibles	26.8	28.6	32.8
Other expenses	2.1	2.3	1.8
Total expenses	271.0	264.0	254.1
Non-controlling interest	(0.2)	(0.1)	(0.1)
Income before taxes and non-segmented items	191.6	188.0	178.4

Revenues

Revenues from management fees were $462.6 million for the quarter ended June 30, 2017, an increase of 7.8% from $429.3 million for the quarter ended June 30, 2016 and an increase of 2.9% from $449.5 million for the quarter ended March 31, 2017. Net management fees (management fees less trailer fees and amortization of deferred sales commissions) as a percentage of average AUM were 0.938% compared with 0.952% for the second quarter last year and 0.940% for the prior quarter. The decrease in the net management fee rate from last year is primarily a result of the inclusion of GSFM's results as GSFM's assets earn a lower average net management fee than the majority of CI's other assets.

For the quarter ended June 30, 2017, other revenue was $(0.2) million versus $3.2 million and $2.4 million for the quarters ended June 30, 2016 and March 31, 2017, respectively. Other revenue declined from the same quarter last year primarily as a result of foreign exchange losses and lower revenue from subsidiaries.

Expenses

SG&A expenses for the Asset Management segment were $92.5 million for the quarter ended June 30, 2017, compared with $80.6 million for the second quarter in 2016 and $88.3 million for the prior quarter. The second quarter of 2017 included $5.6 million in SG&A expenses associated with GSFM's operations and the first quarter of 2017 included $4.2 million. Excluding these amounts, SG&A expenses were up 3.3% from the prior quarter. As a percentage of average AUM, SG&A expenses were 0.303% for the quarter ended June 30, 2017, up from 0.297% for the quarter ended June 30, 2016, and in line with 0.301% in the quarter ended March 31, 2017.

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 9. The 12-month SG&A efficiency margin for the quarter ended June 30, 2017 of 68.6% decreased from 69.8% in the same period one year ago primarily due to the inclusion of First Asset's SG&A for a full 12-month period as well as GSFM's SG&A for two and a half quarters. CI’s current quarter SG&A efficiency margin decreased to 67.8% from 68.8% in the second quarter of last year and 68.1% in the prior quarter, mainly due to the inclusion of GSFM.

Trailer fees were $149.7 million for the quarter ended June 30, 2017, up 7.8% from $138.9 million for the quarter ended June 30, 2016 and up 3.4% from $144.8 million for the prior quarter. Net of inter-segment amounts, this expense was $142.3 million for the quarter ended June 30, 2017 versus $132.7 million for the second quarter of 2016 and $138.0 million for the first quarter of 2017. While trailer fees increased in absolute dollars from the second quarter of 2016, 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 sales.

Amortization of deferred sales commissions and intangibles before inter-segment eliminations was $26.8 million for the quarter ended June 30, 2017, down from $32.8 million in the same quarter a year ago and down from $28.6 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 June 30, 2017 were $2.1 million, compared to $1.8 million in the same quarter of last year and $2.3 million in the previous quarter.

The asset management margin for the 12-month period ended June 30, 2017 was 42.1% compared with 41.8% and 42.0% in the 12-month periods ended June 30, 2016 and March 31, 2017, respectively. The asset management margin for the second quarter of 2017 was 42.0% compared to 41.3% in the second quarter of 2016 and 41.9% in the prior quarter. The increase in margin from the second quarter of 2016 was primarily a result of lower amortization of deferred sales commissions. The calculations and definitions of asset management margin can be found in the “Non-IFRS Measures” section and in Table 8.

Income before taxes and non-segmented items for CI’s principal segment was $191.6 million for the quarter ended June 30, 2017, up 7.4% from $178.4 million in the same period in 2016 and up 1.9% from $188.0 million in the previous quarter.

ASSET ADMINISTRATION SEGMENT

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

TABLE 13: RESULTS OF OPERATIONS - ASSET ADMINISTRATION SEGMENT

[millions of dollars]	**Quarter ended Jun. 30, 2017**	**Quarter ended Mar. 31, 2017**	**Quarter ended Jun. 30, 2016**
Administration fees	84.3	85.0	74.4
Other revenue	6.3	6.1	5.8
Total revenue	90.6	91.1	80.2
Selling, general and administrative	19.1	19.7	17.5
Investment dealer fees	69.3	69.8	60.9
Amortization of intangibles	0.6	0.6	0.6
Total expenses	89.0	90.1	79.0
Income before taxes and non-segmented items	1.6	0.9	1.3

Revenues

Administration fees were $84.3 million for the quarter ended June 30, 2017, an increase of 13.3% from $74.4 million for the same period a year ago and a decrease of 0.8% from $85.0 million for the prior quarter. The increase in administration fees from the same quarter last year is primarily attributable to the increase in assets under administration. The decrease in administration fees from the prior quarter is due to a decline in insurance fee revenues; insurance fees in the first quarter were higher than normal as a result of recording revenue for a large number of clients who applied for life insurance policies just before changes in taxes on some products took effect on January 1, 2017. Net of inter-segment amounts, administration fee revenue was $41.6 million for the quarter ended June 30, 2017, up from $37.7 million for the quarter ended June 30, 2016 and down from $44.6 million in the previous quarter.

Other revenues earned by the Asset Administration segment are mainly comprised of non-advisor-related activities. For the quarter ended June 30, 2017, other revenues were $6.3 million, up from $5.8 million in the same quarter of 2016 and up from $6.1 million in the first quarter.

Expenses

Investment dealer fees were $69.3 million for the quarter ended June 30, 2017 compared to $60.9 million for the second quarter of 2016 and $69.8 million for the quarter ended March 31, 2017. Net of inter-segment amounts, investment dealer fees were $34.2 million, up from $30.7 million for the same quarter last year and down from $36.7 million for the quarter ended March 31, 2017, respectively. Investment dealer fees generally fluctuate with administration fee revenue.

As discussed in the "Non-IFRS Measures" section of this MD&A and as set out in Table 6, dealer gross margin was $15.1 million or 17.9% of administration fee revenue for the quarter ended June 30, 2017 compared to $13.5 million or 18.1% for the second quarter of 2016 and $15.1 million or 17.8% for the previous quarter. The decrease in gross margin as a percentage of administration fee revenue from the quarter ended June 30, 2016 corresponds to the change in the level of payout to financial advisors, which generally increases as their 12-month rolling administration fee revenue increases.

SG&A expenses for the segment were $19.1 million for the quarter ended June 30, 2017 compared to $17.5 million in the second quarter of 2016 and $19.7 million in the first quarter of 2017. The change in SG&A expenses is largely attributable to the change in the level of discretionary spend each quarter.

The Asset Administration segment had income before taxes and non-segmented items of $1.6 million for the quarter ended June 30, 2017, compared to $1.3 million for the second quarter of 2016 and $0.9 million for the prior quarter.

LIQUIDITY AND CAPITAL RESOURCES

CI generated $281.1 million of operating cash flow in the first half of 2017, down from $309.5 million for the same period in 2016. As detailed in Table 14, free cash flow was $308.7 million in the six months ended June 30, 2017, up 6.0% from $291.1 million for the six months ended June 30, 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 7.

CI primarily uses cash flow to finance deferred sales commissions, pay dividends on its shares, fund capital expenditures, fund acquisitions, 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, pay down debt and to support CI's planned business operations for at least the next 12 months.

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 14: SUMMARY OF CASH FLOWS

[millions of dollars]	**Six months ended June 30, 2017**	**Six months ended June 30, 2016**
Operating Cash Flow	281.1	309.5
Less:		
Deferred sales commissions paid	17.5	28.0
Add:		
Provisions for compensation, legal and tax costs	45.0	9.6
Free cash flow	308.7	291.1
Less:		
Marketable securities, net	18.3	0.2
Capital expenditures	5.8	4.2
Share repurchases, net	162.6	137.3
Dividends paid	182.5	182.8
Debt repaid / (drawn)	(150.0)	(64.0)
Working capital and other items	86.9	46.0
	306.1	306.5
Net change in cash	2.5	(15.5)
Cash at January 1	117.9	56.6
Cash at June 30	120.4	41.1

CI paid deferred sales commissions of $17.5 million in the first half of the year compared to $28.0 million in the same half of 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 $25.9 million in marketable securities in the first six months of 2017 to seed new classes of funds that were launched. During the same period, CI received proceeds of $7.6 million from the disposition of marketable securities, the sale of which resulted in a $0.5 million gain. The fair value of marketable securities at June 30, 2017 was $108.8 million. Marketable securities are comprised of seed capital investments in CI funds and strategic investments.

During the six months ended June 30, 2017, CI invested $5.8 million in capital expenditures, up from $4.2 million in the six months ended June 30, 2016. These investments related primarily to technology and leasehold improvements.

During the first half of 2017 CI repurchased 6.0 million shares under its normal course issuer bid at a total cost of $162.6 million, or $26.97 per share. CI paid dividends of $182.5 million, which represented 66% of adjusted net income and 59% of free cash flow for the period. CI’s most recent dividend payment was $0.1175 per share per month, or $367 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 September 15, October 13, and November 15, 2017, to shareholders of record on August 31, September 30, and October 31, 2017, respectively.

CI’s working capital and other items increased $86.9 million in the first six months of 2017, compared to an increase of $46.0 million in same period of 2016. The year-to-date increase was primarily a result of a decrease in accounts payable.

The statement of financial position for CI at June 30, 2017 reflected total assets of $3.438 billion, a decrease of $20.7 million from $3.459 billion at December 31, 2016. This change was primarily a result of a decrease in other assets. At the end of 2016, other assets included $173 million on deposit with the CRA pending resolution of a dispute regarding notices of reassessment relating to the interest rate charged on subordinated notes within CI's income trust structure for the years 2006 to 2008. As discussed in the Results of Operations section, current income taxes for the second quarter of 2017 included a $45 million provision for the settlement of this dispute. CI expects the CRA to return the remainder, approximately $128 million, in due course.

CI’s cash and cash equivalents increased by $2.5 million in the six months ended 2017, as free cash flow and an increase in debt exceeded cash outflows, primarily consisting of share repurchases and dividends. Accounts receivable and prepaid expenses decreased by $6.6 million to $141.6 million as of June 30, 2017.

Deferred sales commissions decreased by $34.8 million to $237.9 million as a result of the $52.3 million in amortization expense compared to $17.5 million in sales commissions paid. Capital assets increased by $2.4 million during the six-month period as a result of $5.8 million in capital additions less $3.4 million in amortization.

Total liabilities increased by $79.7 million during the first six months of 2017 to $1.790 billion at June 30, 2017. This change was caused by a $150.4 million increase in debt offset by a decrease in accounts payable, future income taxes, and legal provisions.

At June 30, 2017, CI was in a positive working capital position, which, in addition to the availability of CI’s credit facility, reflects the ability of CI to meet its cash flow requirements.

As of June 30, 2017, CI had drawn $262.0 million against its $500 million credit facility. Principal repayments on any drawn amounts are only required at the maturity of the facility, which is December 11, 2018.

CI's $650 million in outstanding debentures had a weighted average interest rate of 2.685% and carrying value of $647.0 million as of June 30, 2017. Net debt, as discussed in the “Non-IFRS Measures” section and as set out in Table 4, was $693.5 million at June 30, 2017, up from $673.5 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 spending more on dividends and share repurchases relative to the amount of free cash flow that was generated for the period. The average debt level for the six months ended June 30, 2017 was approximately $864 million compared to $605 million for the same period last year.

CI’s ratio of debt to EBITDA and net debt to EBITDA were 1.0 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 $60 billion, based on a rolling 30-day average.

Shareholders’ equity was $1.645 billion at June 30, 2017, a decrease of $100.1 million during 2017, which approximates net income less dividends and share repurchases.

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 June 30, 2017, approximately 29% of CI's assets under management were held in fixed-income securities, which are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall, while a decrease in interest rates causes market prices to rise. CI estimates that a 50 basis point change in interest rates would cause a change of about $7 million in annual pre-tax earnings in the Asset Management segment.

At June 30, 2017, about 50% 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 26% 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 $26 million in the Asset Management segment's annual pre-tax earnings.

About 58% of CI's assets under management were held in equity securities at June 30, 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 $64 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 $1.6 million before income taxes and non-segmented items for the quarter ended June 30, 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 less than $3 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.

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.

STRATEGIC RISKS

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 the introduction of new products and cost control strategies.

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

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.

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.

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. Malfunctioning of any of the technologies used by CI could disrupt the company's business 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.

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 on 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 June 30, 2017, CI had 259,404,856 shares outstanding.

Employee Incentive Share Option Plan: At June 30, 2017, 8.6 million options to purchase shares were outstanding, of which 5.5 million options were exercisable.

Restricted Share Unit ("RSU") Plan: 501,265 RSUs were outstanding as at June 30, 2017.

Deferred Share Unit ("DSU") Plan: 8,279 DSUs were outstanding as at June 30, 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 June 30, 2017.

PAYMENTS DUE BY YEAR

[millions of dollars]	**Total**	**1 year or less**	**2**	**3**	**4**	**5**	**More than 5 years**
Long-term debt	912.0	—	262.0	—	450.0	200.0	—
Operating leases	87.0	11.6	11.2	10.6	10.3	9.8	33.4
Total	999.0	11.6	273.2	10.6	460.3	209.8	33.4

SIGNIFICANT ACCOUNTING ESTIMATES

The June 30, 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, 2016 Notes to the Consolidated Financial Statements. Note 2 of the December 31, 2016 Consolidated Financial Statements provides a discussion regarding the methodology used for business acquisitions. Note 4 of the December 31, 2016 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 June 30, 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 June 30, 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 June 30, 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 June 30, 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.

Condensed Consolidated Financial Statements

(unaudited)

June 30, 2017

CI FINANCIAL CORP

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (unaudited)

[in thousands of Canadian dollars]	As at June 30, 2017 $	As at December 31, 2016 $
ASSETS		
Current		
Cash and cash equivalents	**120,377**	117,899
Client and trust funds on deposit	**202,360**	185,424
Marketable securities	**108,768**	85,013
Accounts receivable and prepaid expenses	**141,638**	148,218
Income taxes receivable	**11,463**	—
Total current assets	**584,606**	536,554
Capital assets, net	**37,137**	34,741
Deferred sales commissions, net of accumulated amortization of $347,023 [December 31, 2016 - $388,244]	**237,885**	272,699
Intangibles	**2,414,648**	2,407,966
Other assets	**163,737**	206,735
Total assets	**3,438,013**	3,458,695
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**179,072**	222,742
Provision for other liabilities *[note 4]*	**31,984**	37,246
Dividends payable *[note 6]*	**60,960**	61,015
Client and trust funds payable	**200,276**	183,148
Income taxes payable	**—**	8,836
Total current liabilities	**472,292**	512,987
Deferred lease inducement	**11,026**	11,770
Long-term debt *[note 3]*	**909,028**	758,658
Provision for other liabilities *[note 4]*	**33,838**	48,063
Deferred income taxes	**364,176**	379,186
Total liabilities	**1,790,360**	1,710,664
Equity		
Share capital *[note 5(a)]*	**1,838,954**	1,885,066
Contributed surplus	**21,324**	18,062
Deficit	**(228,676)**	(166,878)
Accumulated other comprehensive income	**13,671**	9,148
Total equity attributable to the shareholders of the Company	**1,645,273**	1,745,398
Non-controlling interests	**2,380**	2,633
Total equity	**1,647,653**	1,748,031
Total liabilities and equity	**3,438,013**	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 (unaudited)

For the three-month period ended June 30

[in thousands of Canadian dollars, except per share amounts]	**2017** **$**	**2016** **$**
REVENUE		
Management fees	**462,645**	429,267
Administration fees	**41,565**	37,656
Redemption fees	**3,741**	4,812
Gain on sale of marketable securities	**413**	4
Other income	**1,903**	4,183
	510,267	475,922
EXPENSES		
Selling, general and administrative *[note 10]*	**111,612**	98,062
Trailer fees	**142,305**	132,717
Investment dealer fees	**34,156**	30,748
Amortization of deferred sales commissions	**25,203**	31,523
Amortization of intangibles	**1,399**	984
Interest *[note 3]*	**5,264**	3,699
Other	**2,147**	1,842
	322,086	299,575
Income before income taxes	**188,181**	176,347
Provision for income taxes		
Current *[note 4]*	**101,972**	53,895
Deferred	**(9,957)**	(6,101)
	92,015	47,794
Net income for the period	**96,166**	128,553
Net loss attributable to non-controlling interests	**(154)**	(91)
Net income attributable to shareholders	**96,320**	128,644
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets, net of income taxes of $169 [2016 - $475]	**1,112**	3,114
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of ($15) [2016 - nil]	**(142)**	(2)
Exchange differences on translation of foreign operations	**(295)**	—
Total other comprehensive income, net of tax	**675**	3,112
Comprehensive income for the period	**96,841**	131,665
Comprehensive loss attributable to non-controlling interests	**(154)**	(91)
Comprehensive income attributable to shareholders	**96,995**	131,756
Basic earnings per share attributable to shareholders *[note 5(e)]*	**$0.37**	$0.47
Diluted earnings per share attributable to shareholders *[note 5(e)]*	**$0.37**	$0.47

(see accompanying notes)

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (unaudited)

For the six-month period ended June 30

[in thousands of Canadian dollars, except per share amounts]	2017 $	2016 $
REVENUE		
Management fees	**912,140**	854,039
Administration fees	**86,183**	74,272
Redemption fees	**8,052**	9,736
Gain (loss) on sale of marketable securities	**518**	(19)
Other income	**5,944**	8,527
	1,012,837	946,555
EXPENSES		
Selling, general and administrative *[note 10]*	**219,603**	194,444
Trailer fees	**280,262**	263,858
Investment dealer fees	**70,878**	60,647
Amortization of deferred sales commissions	**52,281**	64,403
Amortization of intangibles	**2,744**	1,946
Interest *[note 3]*	**10,620**	7,500
Other	**4,488**	17,327
	640,876	610,125
Income before income taxes	**371,961**	336,430
Provision for income taxes		
Current *[note 4]*	**154,155**	99,229
Deferred	**(12,457)**	(7,646)
	141,698	91,583
Net income for the period	**230,263**	244,847
Net loss attributable to non-controlling interests	**(253)**	(378)
Net income attributable to shareholders	**230,516**	245,225
Other comprehensive income, net of tax		
Unrealized gain on available-for-sale financial assets, net of income taxes of $672 [2016 - $256]	**4,401**	1,680
Reversal of gains to net income on available-for-sale financial assets, net of income taxes of ($26) [2016 - ($4)]	**(215)**	(25)
Exchange differences on translation of foreign operations	**337**	—
Total other comprehensive income, net of tax	**4,523**	1,655
Comprehensive income for the period	**234,786**	246,502
Comprehensive loss attributable to non-controlling interests	**(253)**	(378)
Comprehensive income attributable to shareholders	**235,039**	246,880
Basic earnings per share attributable to shareholders *[note 5(e)]*	**$0.88**	$0.90
Diluted earnings per share attributable to shareholders *[note 5(e)]*	**$0.88**	$0.89

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

For the six-month period ended June 30

[in thousands of Canadian dollars]	Share capital [note 5(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	—	—	**230,516**	**4,523**	**235,039**	**(253)**	**234,786**
Dividends declared [note 6]	—	—	**(182,434)**	—	**(182,434)**	—	**(182,434)**
Shares repurchased, net of tax	**(49,106)**	—	**(109,880)**	—	**(158,986)**	—	**(158,986)**
Issuance [note 4]	**2,189**	—	—	—	**2,189**	—	**2,189**
Issuance of share capital on exercise of options	**805**	**(805)**	—	—	—	—	—
Compensation expense for equity-based plans, net of tax	—	**4,067**	—	—	**4,067**	—	**4,067**
Change during the period	**(46,112)**	**3,262**	**(61,798)**	**4,523**	**(100,125)**	**(253)**	**(100,378)**
Balance, June 30, 2017	**1,838,954**	**21,324**	**(228,676)**	**13,671**	**1,645,273**	**2,380**	**1,647,653**
Balance, January 1, 2016	1,960,622	13,615	(86,827)	6,690	1,894,100	2,865	1,896,965
Comprehensive income	—	—	245,225	1,655	246,880	(378)	246,502
Dividends declared [note 6]	—	—	(184,456)	—	(184,456)	—	(184,456)
Shares repurchased	(34,851)	—	(102,654)	—	(137,505)	—	(137,505)
Issuance of share capital on exercise of options	728	(570)	—	—	158	—	158
Compensation expense for equity-based plans	—	2,816	—	—	2,816	—	2,816
Change during the period	(34,123)	2,246	(41,885)	1,655	(72,107)	(378)	(72,485)
Balance, June 30, 2016	1,926,499	15,861	(128,712)	8,345	1,821,993	2,487	1,824,480

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the three-month period ended June 30

[in thousands of Canadian dollars]	**2017** **$**	**2016** **$**
OPERATING ACTIVITIES (*)		
Net income	**96,166**	128,553
Add (deduct) items not involving cash		
Gain on sale of marketable securities	**(413)**	(4)
Equity-based compensation	**2,589**	1,327
Amortization of deferred sales commissions	**25,203**	31,523
Amortization of intangibles	**1,399**	984
Amortization and depreciation of other	**1,961**	1,518
Deferred income taxes	**(9,957)**	(6,101)
Cash provided by operating activities before net change in operating assets and liabilities	**116,948**	157,800
Net change in operating assets and liabilities	**50,964**	2,198
Cash provided by operating activities	**167,912**	159,998
INVESTING ACTIVITIES		
Purchase of marketable securities	**(21,613)**	(343)
Proceeds on sale of marketable securities	**6,608**	358
Additions to capital assets	**(2,458)**	(2,460)
Deferred sales commissions paid	**(7,124)**	(10,336)
Increase in other assets	**(85)**	(1,270)
Additions to intangibles	**(3,823)**	(1,240)
Provision for other liabilities *[note 4]*	**(365)**	—
Cash used in investing activities	**(28,860)**	(15,291)
FINANCING ACTIVITIES		
Increase in long-term debt	**44,000**	10,000
Repurchase of share capital	**(89,970)**	(73,809)
Dividends paid to shareholders	**(90,970)**	(91,686)
Cash used in financing activities	**(136,940)**	(155,495)
Net increase (decrease) in cash and cash equivalents during the period	**2,112**	(10,788)
Cash and cash equivalents, beginning of period	**118,265**	51,902
Cash and cash equivalents, end of period	**120,377**	41,114
(*) Included in operating activities are the following:		
Interest paid	**7,052**	6,833
Income taxes paid	**55,913**	53,243

(see accompanying notes)

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

For the six-month period ended June 30

[in thousands of Canadian dollars]	2017 $	2016 $
OPERATING ACTIVITIES (*)		
Net income	**230,263**	244,847
Add (deduct) items not involving cash		
(Gain) loss on sale of marketable securities	**(518)**	19
Equity-based compensation	**5,044**	2,816
Amortization of deferred sales commissions	**52,281**	64,403
Amortization of intangibles	**2,744**	1,946
Amortization and depreciation of other	**3,785**	3,156
Deferred income taxes	**(12,457)**	(7,646)
Cash provided by operating activities before net change in operating assets and liabilities	**281,142**	309,541
Net change in operating assets and liabilities	**(17,973)**	(32,398)
Cash provided by operating activities	**263,169**	277,143
INVESTING ACTIVITIES		
Purchase of marketable securities	**(25,930)**	(1,455)
Proceeds on sale of marketable securities	**7,595**	1,292
Additions to capital assets	**(5,810)**	(4,228)
Deferred sales commissions paid	**(17,467)**	(27,995)
Increase in other assets	**(1,896)**	(2,322)
Additions to intangibles	**(8,093)**	(1,760)
Provision for other liabilities *[note 4]*	**(13,982)**	—
Cash used in investing activities	**(65,583)**	(36,468)
FINANCING ACTIVITIES		
Increase in long-term debt	**150,000**	64,000
Repurchase of share capital	**(162,619)**	(137,505)
Issuance of share capital	**—**	158
Dividends paid to shareholders	**(182,489)**	(182,812)
Cash used in financing activities	**(195,108)**	(256,159)
Net increase (decrease) in cash and cash equivalents during the period	**2,478**	(15,484)
Cash and cash equivalents, beginning of period	**117,899**	56,598
Cash and cash equivalents, end of period	**120,377**	41,114
(*) Included in operating activities are the following:		
Interest paid	**7,751**	7,506
Income taxes paid	**130,741**	122,761

(see accompanying notes)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim condensed consolidated financial statements of CI have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* [“IAS 34”] as issued by the International Accounting Standards Board [“IASB”] and on a basis consistent with the accounting policies disclosed in the annual audited consolidated financial statements for the year ended December 31, 2016.

These unaudited interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of CI on August 10, 2017.

BASIS OF PRESENTATION

The unaudited interim condensed 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 unaudited interim condensed 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. The notes presented in these unaudited interim condensed consolidated financial statements include, in general, only significant changes and transactions occurring since CI’s last year-end, and are not fully inclusive of all disclosures required by IFRS for annual financial statements. These unaudited interim condensed consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements, including the notes thereto, for the year ended December 31, 2016.

BASIS OF CONSOLIDATION

The unaudited interim condensed consolidated financial statements include the accounts of CI, CI Investments Inc. [“CI Investments”] and Assante Wealth Management (Canada) Ltd. [“AWM”] and their subsidiaries over which CI has control, as well as the trust established for CI's restricted share unit plan ["RSU Plan"] [the "Trust"]. Control exists when CI has the power, directly or indirectly, to govern the financial and operating policies of an entity, is exposed to variable returns from its activities, and is able to use its power to affect such variable returns to which it is exposed. Hereinafter, CI and its subsidiaries are referred to as CI.

CI holds a controlling 65% interest in Marret Asset Management Inc. [“Marret”]. A non-controlling interest is recorded in the unaudited interim condensed consolidated statements of income and comprehensive income to reflect the non-controlling interest’s share of the net income and comprehensive income, and a non-controlling interest is recorded within equity in the unaudited interim condensed consolidated statements of financial position to reflect the non-controlling interest’s share of the net assets of Marret.

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

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 unaudited interim condensed consolidated statements of income and comprehensive income.

2. BUSINESS ACQUISITION

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
Marketable securities	1,795
Management contracts	83,969
Other assets	3,954
Accounts payable and accrued liabilities	(4,110)
Income taxes payable	(692)
Deferred tax liability	(24,410)
Fair value of identifiable net assets	67,688
Goodwill on acquisition	28,613
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 $28,613 relates to the Asset Management segment.

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

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

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 $17,640 as at June 30, 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

3. LONG-TERM DEBT

Long-term debt consists of the following:

	As at June 30, 2017 $	As at December 31, 2016 $
Credit facility		
Banker's acceptances	**262,000**	112,000
	262,000	112,000
Debentures		
$450 million, 2.645% due December 7, 2020	**448,107**	447,849
$200 million, 2.775% due November 25, 2021	**198,921**	198,809
	647,028	646,658
Long-term debt	**909,028**	758,658

Credit facility

CI has a $500,000 revolving credit facility with two Canadian chartered banks. 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 requires that the funded debt to annualized EBITDA ratio remain below 2.5:1 and that CI's assets under management not fall below $60 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.

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

Debentures

On November 25, 2016, CI completed an offering pursuant to which it issued $200,000 of debentures due November 25, 2021 at par [the "2021 Debentures"].

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 June 30, 2017, the fair value of the interest rate swap agreement was an unrealized loss of $2,442 and is included in long-term debt in the unaudited interim consolidated statements of financial position.

4. 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 six months ended June 30, 2017 and the year ended December 31, 2016, are as follows:

	6 months ended June 30, 2017	**Year ended December 31, 2016**
	$	**$**
Provision for other liabilities, beginning of period	**85,309**	52,597
Additions	**440**	59,504
Amounts used	**(20,103)**	(25,258)
Translation	**489**	(844)
Amounts reversed	**(313)**	(690)
Provision for other liabilities, end of period	**65,822**	85,309
Current portion of provision for other liabilities	**31,984**	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 three and six months ended June 30, 2017, CI received insurance proceeds of nil, related to the settlement of legal claims [December 31, 2016 - $858]. As at June 30, 2017, CI has accrued $53 for amounts to be received under insurance policies [December 31, 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 Canada Revenue Agency ["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 the three months ended June 30, 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 provision, CI expects to receive approximately $128,000 of the deposit currently held by the CRA which is included in other assets. Included in provision for other liabilities as at June 30, 2017, is a legal provision of $3,637 related to this matter [December 31, 2016 - $3,736].

REMEDIATION

In 2015, CI Investments discovered an administrative error and recorded a provision of $10.75 million, net of recoveries for the cost to remediate. As at June 30, 2017, a net recovery of $3,625 remains [December 31, 2016 - net recovery of $3,186].

PUT OPTION AND CONTINGENT CONSIDERATION

Included in provision for other liabilities as at June 30, 2017, is a provision for the fair value of the put option granted to minority interest shareholders for the acquisition of GSFM of $17,640, including translation [December 31, 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 the three and six months ended June 30, 2017, CI made partial payments of $365 and $13,982 [cash - $11,793 and shares - $2,189], respectively, related to contingent consideration that was payable for the First Asset acquisition. As at June 30, 2017, contingent consideration of $6,018 is payable and included in provision for other liabilities.

5. 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	58	1,824
Issuance of share capital on exercise of share options	63	805
Share repurchases	(2,686)	(29,082)
Common shares, balance, March 31, 2017	**262,737**	**1,858,613**
Issuance	12	365
Share repurchases, net of tax	(3,344)	(20,024)
Common shares, balance, June 30, 2017	**259,405**	**1,838,954**

[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. CI granted nil and 599 thousand options during the three and six months ended June 30, 2017, respectively [three months ended June 30 and March 31, 2016 - 53 thousand and 2,617 thousand options, respectively]. 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 applicable vesting periods, assuming an estimated average forfeiture rate of 0% for the options issued during the three months ended March 31, 2017, [three months ended June 30 and March 31, 2016 - 0% and 3.9%, respectively], 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.

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 (*)	(406)	22.77
Options cancelled	(103)	30.84
Options outstanding, March 31, 2017	**8,730**	**31.58**
Options exercisable, March 31, 2017	**5,437**	**32.45**
Options cancelled	(94)	32.00
Options outstanding, June 30, 2017	**8,636**	**31.57**
Options exercisable, June 30, 2017	**5,532**	**32.51**

(*) Weighted average share price of options exercised was nil and $27.86 during the three and six months ended June 30, 2017 [year ended December 31, 2016 $28.87]

Options outstanding and exercisable as at June 30, 2017 are as follows:

Exercise price	**Number of options outstanding**	**Weighted average remaining contractual life**	**Number of options exercisable**
$	***[in thousands]***	***[years]***	***[in thousands]***
27.03	883	0.6	883
27.44	599	4.7	—
28.63	2,489	3.6	830
30.27	125	0.9	125
33.96	2,508	2.6	1,735
34.52	229	1.9	229
35.60	1,583	1.6	1,583
35.88	220	2.8	147
27.03 to 35.88	**8,636**	**2.6**	**5,532**

[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 six months ended June 30, 2017, compensation expense of $3,660 was recognized and recorded as contributed surplus. During the three and six months ended June 30, 2017, an additional 7 thousand and 9 thousand RSUs were issued, respectively, to reflect dividends declared on the common shares.

CI uses a Trust to hold CI's common shares, to fulfill obligations to employees arising from the RSU Plan. During the six months ended June 30, 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 three and six months ended June 30, 2017, 4 and 8 thousand DSUs were granted, respectively, and an expense of $110 and $229 was recorded, respectively, 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 three and six months ended June 30:

[in thousands]	**3 months ended June 30, 2017**	**6 months ended June 30, 2017**	**3 months ended June 30, 2016**	**6 months ended June 30, 2016**
Numerator:				
Net income attributable to shareholders of the Company basic and diluted	**$96,320**	**$230,516**	$128,644	$245,225
Denominator:				
Weighted average number of common shares - basic	**261,368**	**262,900**	272,729	273,979
Weighted average effect of dilutive stock options and RSU awards *(*)*	**90**	**83**	118	126
Weighted average number of common shares - diluted	**261,458**	**262,983**	272,847	274,105
Net earnings per common share attributable to shareholders				
Basic	**$0.37**	**$0.88**	$0.47	$0.90
Diluted	**$0.37**	**$0.88**	$0.47	$0.89

(*) The determination of the weighted average number of common shares - diluted excludes 7,752 thousand shares related to stock options that were anti-dilutive for the three and six months ended June 30, 2017 [three and six months ended June 30, 2016 - 7,455 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 July 31, 2017 were exercised:

[in thousands]	
Shares outstanding at July 31, 2017	258,087
RSU Awards	503
Options to purchase shares	8,623
	267,213

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

6. DIVIDENDS

The following dividends were paid by CI during the three and six months ended June 30, 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
Paid during the three months ended March 31, 2017			91,519
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
Paid during the three months ended June 30, 2017			90,970
Paid during the six months ended June 30, 2017			182,489

The following dividends were declared but not paid during the three months ended June 30, 2017:

Record date	Payment date	Cash dividend per share	Total dividend amount
		$	$
June 30, 2017	July 14, 2017	0.1175	30,480
July 31, 2017	August 15, 2017	0.1175	30,480
Declared and accrued as at June 30, 2017			60,960

The following dividends were paid by CI during the three and six months ended June 30, 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
Paid during the three months ended March 31, 2016			91,126
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
Paid during the three months ended June 30, 2016			91,686
Paid during the six months ended June 30, 2016			182,812

June 30, 2017 and 2016 • *[in thousands of dollars, except per share amounts]

The following dividends were declared but not paid during the three months ended June 30, 2016:

Record date	Payment date	Cash dividend per share	Total dividend amount
		$	$
June 30, 2016	July 15, 2016	0.115	31,186
July 31, 2016	August 15, 2016	0.115	31,186
Declared and accrued as at June 30, 2016			62,372

On August 10, 2017, the Board of Directors declared monthly cash dividends of $0.1175 per share payable on September 15, October 13 and November 15, 2017 to shareholders of record on August 31, September 30 and October 31, 2017, respectively.

7. 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.

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

All assets and liabilities for which fair value is measured or disclosed in the unaudited interim condensed 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.

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

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

	As at June 30, 2017 $	As at December 31, 2016 $
Financial assets		
Fair value through profit or loss		
Cash and cash equivalents	**120,377**	117,899
Loans and receivables		
Client and trust funds on deposit	**202,360**	185,424
Accounts receivable	**123,052**	134,256
Other assets	**149,579**	194,684
Available-for-sale		
Marketable securities	**108,768**	85,013
Total financial assets	**704,136**	717,276
Financial liabilities		
Fair value through profit or loss		
Provision for other liabilities	**23,658**	37,151
Other financial liabilities		
Accounts payable and accrued liabilities	**165,288**	209,934
Provision for other liabilities	**42,165**	48,158
Dividends payable	**60,960**	61,015
Client and trust funds payable	**200,276**	183,148
Long-term debt	**909,028**	758,658
Total financial liabilities	**1,401,375**	1,298,064

Financial assets and liabilities classified as FVPL are measured at fair value and classified in the level 1 fair value hierarchy.

CI's financial assets at June 30, 2017 and December 31, 2016 include CI's marketable securities which consist of investments in mutual fund securities. Mutual fund securities are valued using the net asset value per unit of each fund, which represents the underlying net assets at fair values determined using closing market prices. CI considers mutual fund securities that are valued daily to be level 1 in the fair value hierarchy and those mutual fund securities valued less frequently to be level 2 in the fair value hierarchy. As at June 30, 2017, CI's marketable securities of $108,768 [December 31, 2016 - $85,013] are carried at fair value, of which $34,497 have been classified as level 1 in the fair value hierarchy and $74,271 as level 2 in the fair value hierarchy [December 31, 2016 - $19,981 as level 1 in the fair value hierarchy and $65,032 as level 2 in the fair value hierarchy]. There have been no transfers between level 1 and level 2 during the three and six month period ended June 30, 2017.

Included in provision for other liabilities, as at June 30, 2017 is contingent consideration of $6,018 [December 31, 2016 - $20,000] and put option payable on non-controlling interest of $17,640 [December 31, 2016 - $17,151] carried at fair value and classified as level 3 in the fair value hierarchy. Long-term debt as at June 30, 2017 includes debentures with a fair value of $656,002 [December 31, 2016 - $651,388], as determined by quoted market prices which have been classified as level 1 in the fair value hierarchy.

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

8. 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 June 30, 2017, cash and cash equivalents of $12,997 [December 31, 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 June 30, 2017 and 2016, CI met its capital requirements.

CI's capital consists of the following:

	As at June 30, 2017 $	As at December 31, 2016 $
Shareholders' equity	**1,645,273**	1,745,398
Long-term debt	**909,028**	758,658
Total capital	**2,554,301**	2,504,056

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

9. 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 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 for the three-month period ended June 30, 2017 is as follows:

	Asset Management	Asset Administration	Intersegment eliminations	Total
	$	$	$	$
Management fees	462,645	—	—	462,645
Administration fees	—	84,310	(42,745)	41,565
Other revenue	(218)	6,275	—	6,057
Total revenue	462,427	90,585	(42,745)	510,267
Selling, general and administrative	92,498	19,114	—	111,612
Trailer fees	149,660	—	(7,355)	142,305
Investment dealer fees	—	69,259	(35,103)	34,156
Amortization of deferred sales commissions and intangibles	26,768	593	(759)	26,602
Other expenses	2,123	24	—	2,147
Total expenses	271,049	88,990	(43,217)	316,822
Income before income taxes and non-segmented items	191,378	1,595	472	193,445
Interest expense				(5,264)
Provision for income taxes				(92,015)
Net income for the period				96,166

June 30, 2017 and 2016 • *[in thousands of dollars, except per share amounts]

Segmented information for the three-month period ended June 30, 2016 is as follows:

	Asset Management	Asset Administration	Intersegment eliminations	Total
	$	$	$	$
Management fees	429,267	—	—	429,267
Administration fees	—	74,408	(36,752)	37,656
Other revenue	3,198	5,801	—	8,999
Total revenue	432,465	80,209	(36,752)	475,922
Selling, general and administrative	80,584	17,478	—	98,062
Trailer fees	138,896	—	(6,179)	132,717
Investment dealer fees	—	60,922	(30,174)	30,748
Amortization of deferred sales commissions and intangibles	32,813	550	(856)	32,507
Other expenses	1,843	(1)	—	1,842
Total expenses	254,136	78,949	(37,209)	295,876
Income before income taxes and non-segmented items	178,329	1,260	457	180,046
Interest expense				(3,699)
Provision for income taxes				(47,794)
Net income for the period				128,553

June 30, 2017 and 2016 • *[in thousands of dollars, except per share amounts]

Segmented information as at and for the six-month period ended June 30, 2017 is as follows:

	Asset Management	Asset Administration	Intersegment eliminations	Total
	$	$	$	$
Management fees	912,140	—	—	912,140
Administration fees	—	169,290	(83,107)	86,183
Other revenue	2,166	12,348	—	14,514
Total revenue	914,306	181,638	(83,107)	1,012,837
Selling, general and administrative	180,794	38,809	—	219,603
Trailer fees	294,449	—	(14,187)	280,262
Investment dealer fees	—	139,091	(68,213)	70,878
Amortization of deferred sales commissions and intangibles	55,390	1,185	(1,550)	55,025
Other expenses	4,440	48	—	4,488
Total expenses	535,073	179,133	(83,950)	630,256
Income before income taxes and non-segmented items	379,233	2,505	843	382,581
Interest expense				(10,620)
Provision for income taxes				(141,698)
Net income for the period				230,263
Identifiable assets	709,455	375,800	(6,245)	1,079,010
Indefinite life intangibles				
Goodwill	999,214	192,582	—	1,191,796
Fund contracts	1,167,207	—	—	1,167,207
Total assets	2,875,876	568,382	(6,245)	3,438,013

June 30, 2017 and 2016 • [in thousands of dollars, except per share amounts]

Segmented information for the six-month period ended June 30, 2016 is as follows:

	Asset Management	Asset Administration	Intersegment eliminations	Total
	$	$	$	$
Management fees	854,039	—	—	854,039
Administration fees	—	147,810	(73,538)	74,272
Other revenue	6,745	11,499	—	18,244
Total revenue	860,784	159,309	(73,538)	946,555
Selling, general and administrative	160,168	34,276	—	194,444
Trailer fees	276,018	—	(12,160)	263,858
Investment dealer fees	—	121,021	(60,374)	60,647
Amortization of deferred sales commissions and intangibles	66,983	1,101	(1,735)	66,349
Other expenses	17,304	23	—	17,327
Total expenses	520,473	156,421	(74,269)	602,625
Income before income taxes and non-segmented items	340,311	2,888	731	343,930
Interest expense				(7,500)
Provision for income taxes				(91,583)
Net income for the period				244,847
As at December 31, 2016				
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**

10. SELLING, GENERAL AND ADMINISTRATIVE

Included in selling, general and administrative expenses [“SG&A”] are salaries and benefits of $58,128 and $115,377 for the three and six months ended June 30, 2017, respectively [three and six months ended June 30, 2016 - $51,349 and $103,907, respectively]. Also included in SG&A is depreciation of capital assets of $1,773 and $3,410 for the three and six months ended June 30, 2017, respectively [three and six months ended June 30, 2016 - $1,390 and $2,901, respectively]. Other SG&A of $51,711 and $100,816 for the three and six months ended June 30, 2017, primarily includes marketing, lease and information technology expenses as well as professional and regulatory fees [three and six months ended June 30, 2016 - $45,323 and $87,636, respectively].

11. SUBSEQUENT EVENT

On August 9, 2017, CI reached an agreement to acquire all of the outstanding shares of Sentry Investments Corp. and Sentry Investments Inc. for total consideration of $780,000, to be paid $230,000 in cash and $550,000 in CI common shares. The transaction is expected to close on or about September 30, 2017, subject to regulatory approval.