

IGM Financial Inc.

Q3, 2004 Results

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IGM Financial Inc.

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October 29, 2004
2:00 PM ET



Caution Concerning Forward Looking Statements

This report may contain forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future Company action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, catastrophic events, and the Company’s ability to complete strategic transactions and integrate acquisitions. The reader is cautioned that the foregoing list of important factors is not exhaustive. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements.



Non-GAAP Financial Measures

This report contains non-GAAP financial measures. Net Income Available to Common Shareholders and Diluted Earnings Per Share (EPS) for the quarter and nine months ended September 30, 2003 excludes a dilution gain of \$14.8 million. Net Income before Interest and Taxes (EBIT) is also a non-GAAP financial measure. EBIT is an alternative measure of performance utilized by management to measure and evaluate the results of its reportable segments. Non-GAAP financial measures are used to provide management and investors with additional measures to assess earnings performance. However, non-GAAP financial measures do not have standard meanings and are not directly comparable to similar measures used by other companies.

1. Highlights

2. Consolidated Results

3. Investors Group

4. Mackenzie Financial

5. Q & A

Highlights

- ◆ **Earnings per share¹ were up 9.4% during the quarter ended September 30, 2004 relative to the prior year.**

All numbers in millions of dollars except per share amounts

	<u>Quarters Ended September 30</u>			<u>Nine Months Ended September 30</u>		
	<u>2004</u>	<u>2003</u>	<u>%</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Earnings Per Share (Diluted)	\$ 0.58	\$ 0.53 ¹	9.4%	\$ 1.71	\$ 1.47 ¹	16.3%
Dividends Per Share	\$ 0.300	\$ 0.255	17.6%	\$ 0.850	\$ 0.735	15.6%
Net Income Available to Common Shareholders	153.8	140.6 ¹	9.4%	454.3	389.7 ¹	16.6%

1. Results exclude a dilution gain of \$14.8 million resulting from the reduction in the Company's percentage ownership of Great West Lifeco Inc. (GWL) related to their acquisition of Canada Life.

Earnings Per Share and Net Income Available to Common Shareholders in accordance with Canadian generally accepted accounting principles (GAAP) for the three and nine months ended September 30, 2003, including the dilution gain noted above, were \$0.59 and \$1.53, respectively. Net Income Available to Common Shareholders was \$155.4 million and \$404.5 million for the three and nine months ended September 30, 2003.



Highlights

- ◆ **Mutual fund sales levels have improved significantly during 2004 relative to 2003.**

All numbers in millions of dollars

	<u>Quarters Ended September 30</u>			<u>Nine Months Ended September 30</u>		
	<u>2004</u>	<u>2003</u>	<u>%</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Average Mutual Fund AUM	78,387	69,992	12.0%	78,175	67,692	15.5%
Long Term Mutual Fund Sales						
Investors Group	779	681	14.4%	2,966 ¹	2,339	26.8%
Mackenzie ²	1,162	848	37.0%	4,144	2,690	54.0%
Counsel Group of Funds	84	70	20.0%	316	237	33.2%
Long Term Mutual Fund Net Sales						
Investors Group	(96)	(276)	N/M	146 ¹	(719)	N/M
Mackenzie ²	133	17	N/M	730	17	N/M
Counsel Group of Funds	57	52	9.6%	238	188	26.7%

1. Adjusted to include \$134 million in sales that were funded with SolutionsBanking™ investment loans. These sales were initially made into money market funds and held for one day prior to being transferred into long term funds.

2. Includes Mackenzie hedge funds.



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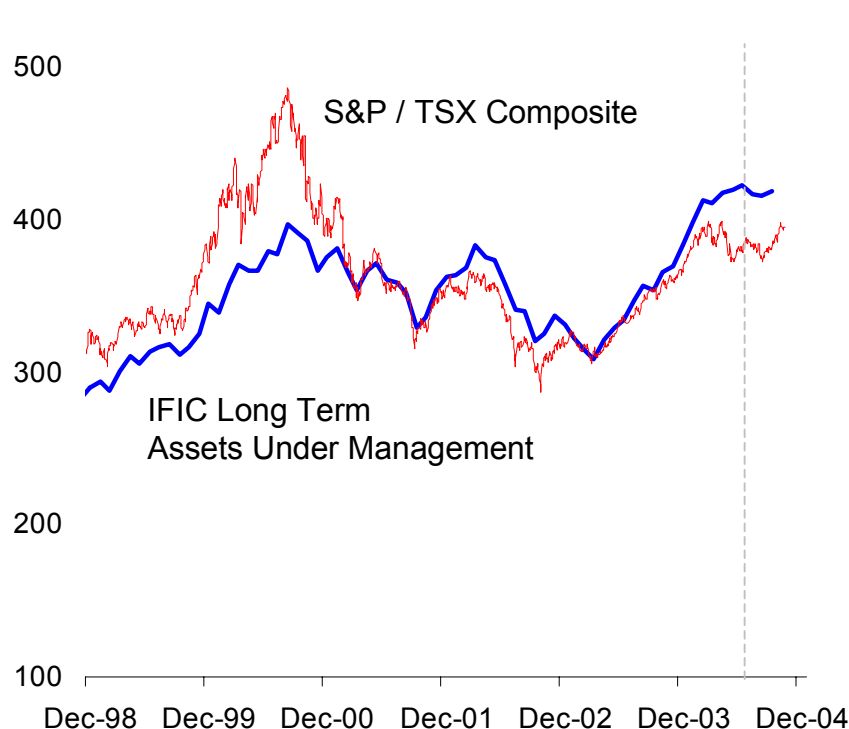
4. Mackenzie Financial

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Operating Environment

- ◆ **During Q3, 2004, industry long term mutual fund assets under management decreased by 1% due to equity market declines and strengthening of the Canadian dollar.**

Industry Long Term Mutual Fund Assets Under Management (\$ Billions)



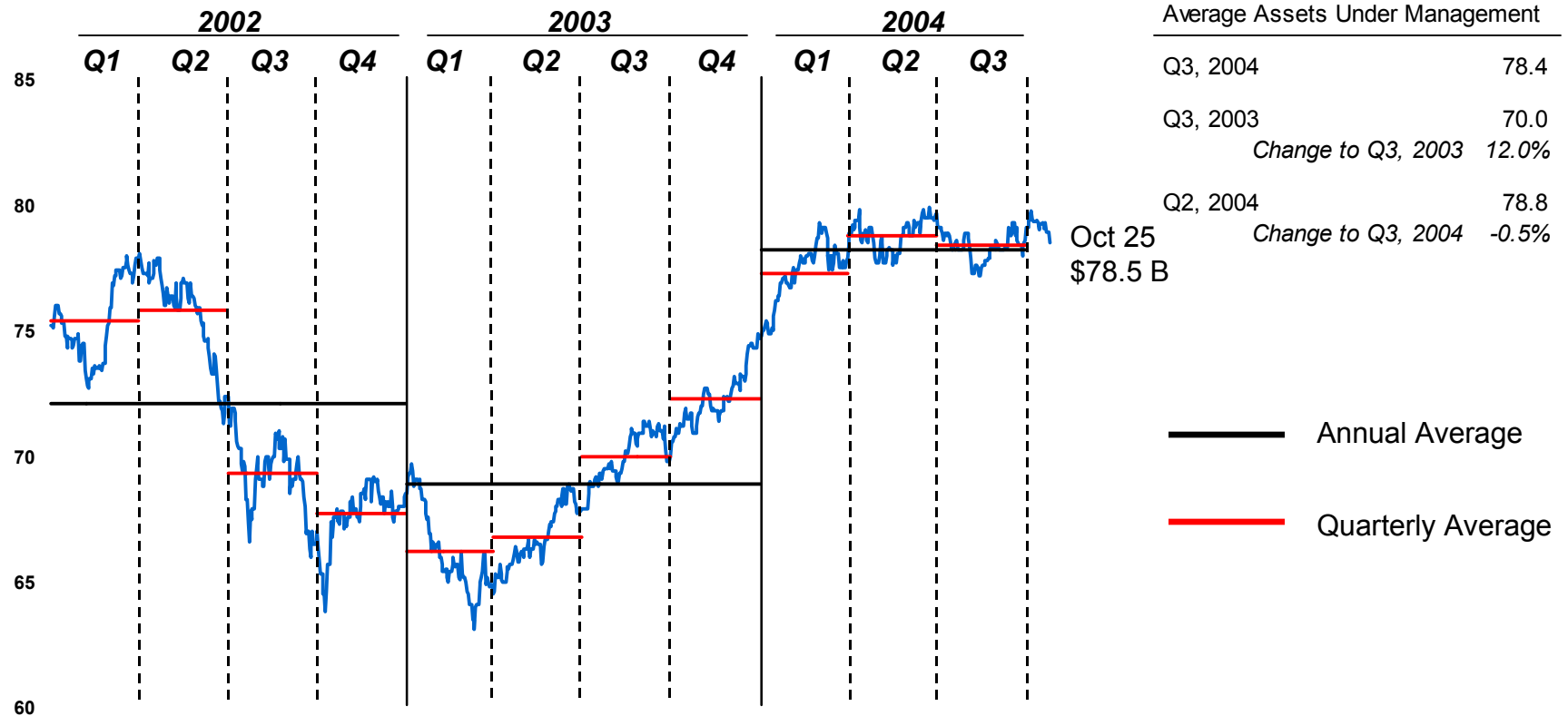
	Quarter Ended Sept 30, 2004	Oct 25, 2004 Month to Date
IFIC Long Term Assets	(0.9%)	
S&P / TSX Composite	1.4%	0.9%
S&P 500	(2.3%)	(1.8%)
Dow Jones Industrial	(3.4%)	(3.3%)
Nasdaq Composite	(7.4%)	0.9%
FTSE 100	2.4%	(0.1%)
DAX	(3.9%)	(1.0%)
Nikkei 225	(8.7%)	(1.5%)
US dollar relative to CAD	(5.4%)	(3.2%)
Euro relative to CAD	(3.5%)	(0.3%)

Source: IFIC



IGM Financial Mutual Fund Assets Under Management (\$B)

- ◆ **The average balance of mutual fund assets under management during Q3, 2004 was 12.0% higher than the balance that prevailed during Q3, 2003 and 0.5% lower than the average balance of Q2, 2004.**



Includes Counsel fund assets under management effective May 10, 2004.

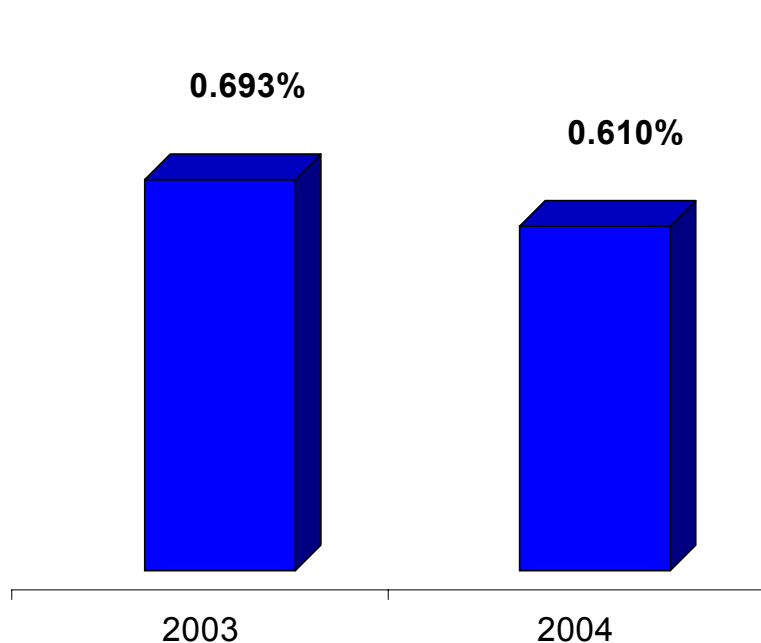
Expense Control

- ◆ *The Company remains focused on cost management in an environment of increased sales and transaction volumes.*

Consolidated Non-Commission Expenses (excluding Investment Planning Counsel)

Quarters ended September 30

(Annualized % of Mutual Fund Assets Under Management)



	2003	2004	Change
Non-Commission Expenses ^{1, 2}			
\$ millions	122.3	118.5	(3.0%)
% of Assets Under Management	0.693%	0.610%	(11.9%)
Average Mutual Fund Assets Under Management (\$ billions)	70.0	77.1	10.1%
Long Term Mutual Fund Sales (\$ billions)	1.5	1.9	27.0%

1. Non-commission expenses includes expenses not associated with mutual fund operations and also includes expenses recoverable from the mutual funds.

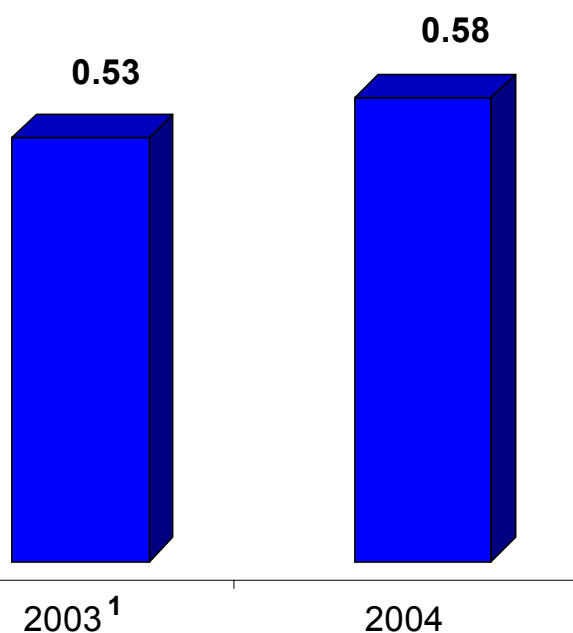
2. All numbers exclude Investment Planning Counsel



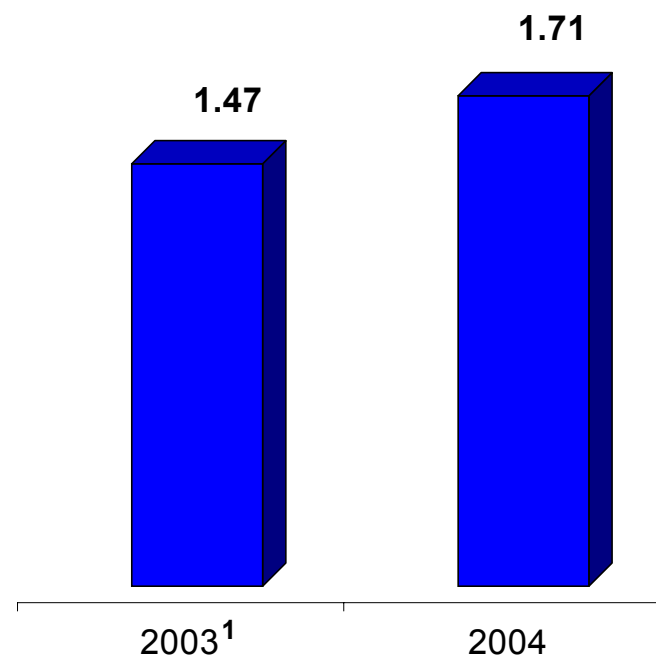
Earnings Per Share

- ◆ *Earnings per share¹ increased 9.4% in Q3, 2004 relative to Q3, 2003. Year to date, earnings per share have increased by 16.3%.*

Quarters Ended September 30 (\$)



Nine months ended September 30 (\$)



1. Results exclude a dilution gain of \$14.8 million resulting from the reduction in the Company's percentage ownership of Great West Lifeco Inc. (GWL) related to their acquisition of Canada Life.

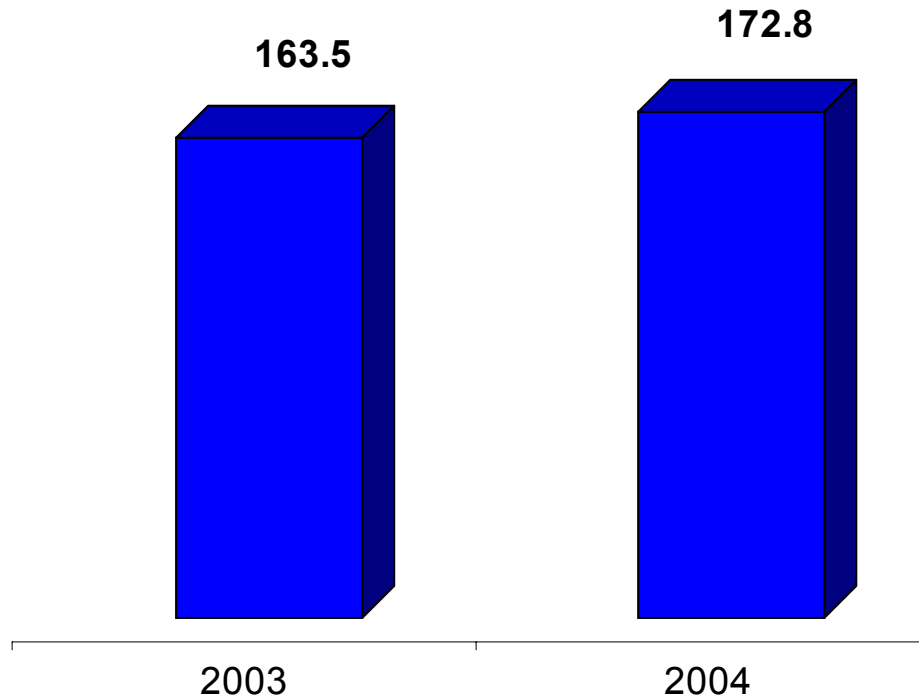
Earnings Per Share in accordance with Canadian generally accepted accounting principles (GAAP) for the three and nine months ended September 30, 2003, including the dilution gain noted above, were \$0.59 and \$1.53, respectively.

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Investors Group Operating Income before Interest & Taxes

- ◆ *During the quarter ended September 30, 2004, Investors Group's Income before Interest & Taxes increased by 5.7% relative to the prior year.*

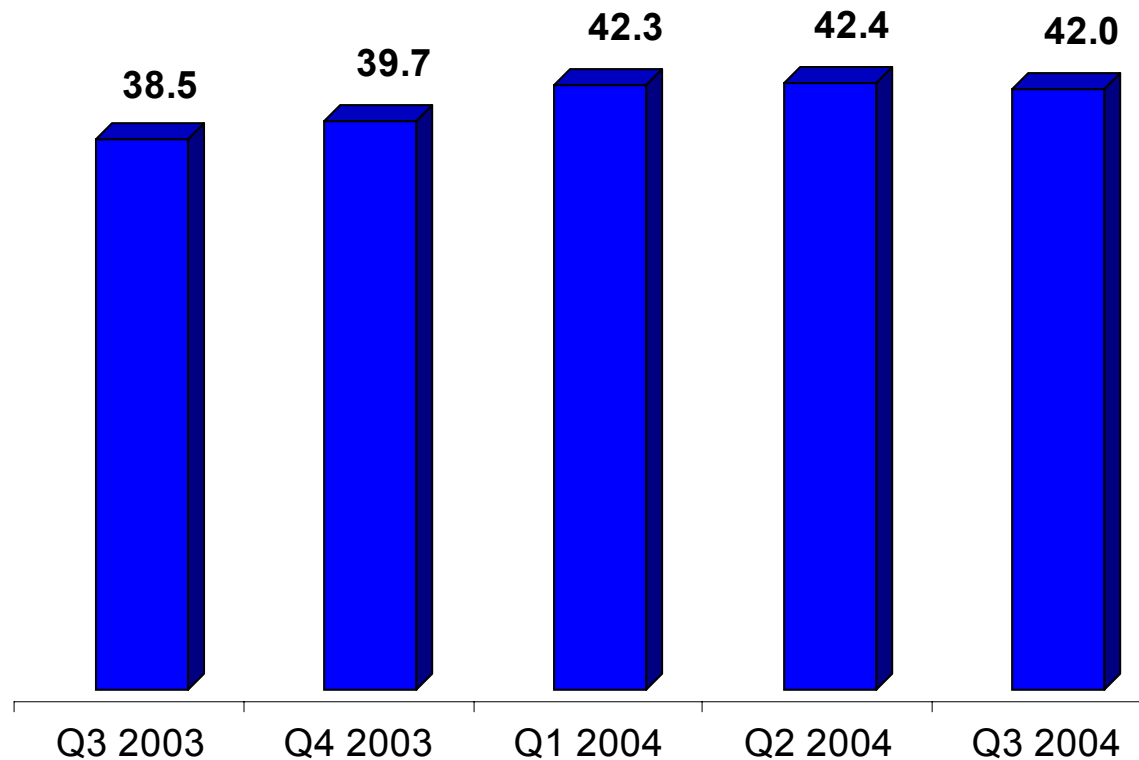
Quarters Ended September 30
(\$ Millions)



Investors Group Assets Under Management

- ◆ *The average balance of mutual fund assets under management decreased by 1.0% during Q3, 2004 relative to Q2, 2004 and increased by 9.0% relative to Q3, 2003.*

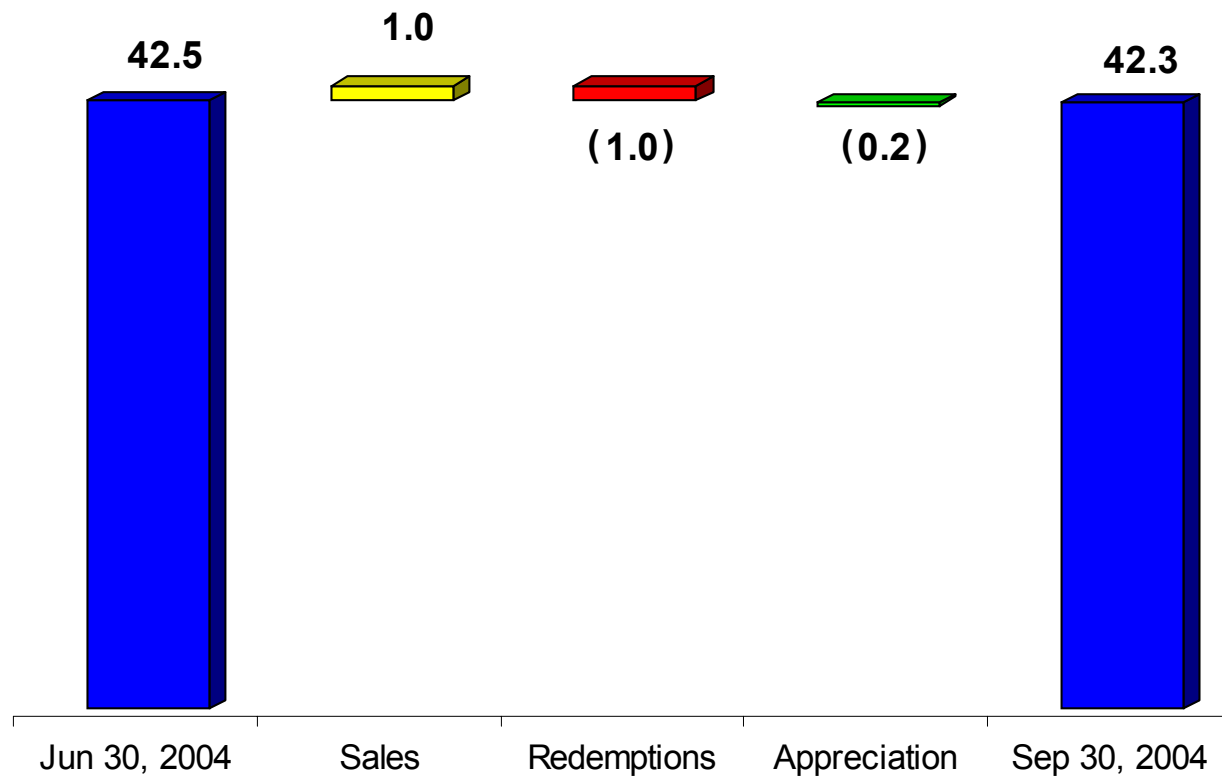
Average Investors Group Mutual Fund Assets Under Management
(\$ Billions)



Investors Group Mutual Fund Assets Under Management

- ◆ *Investors Group mutual fund assets decreased by 0.6% during the third quarter due to slight market declines and net redemptions.*

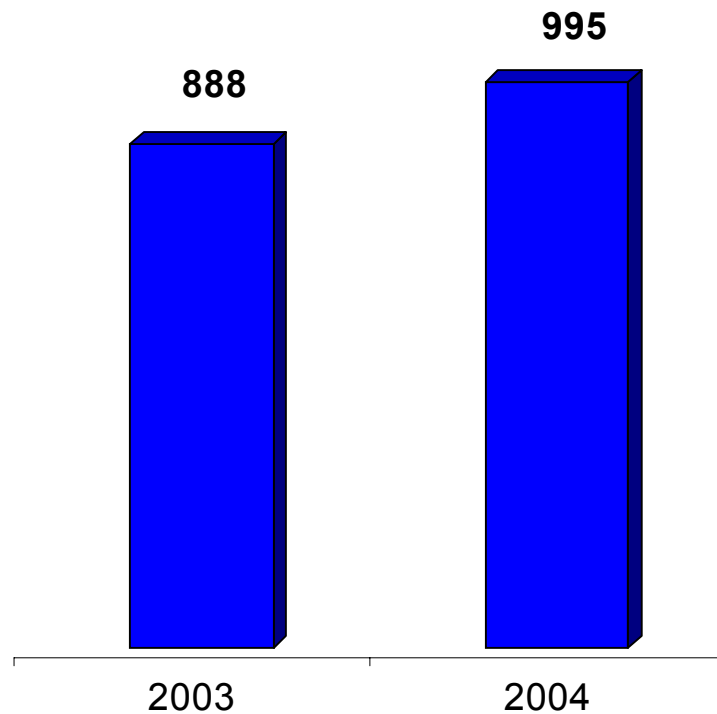
Change in Investors Group Mutual Fund Assets Under Management
(\$ Billions)



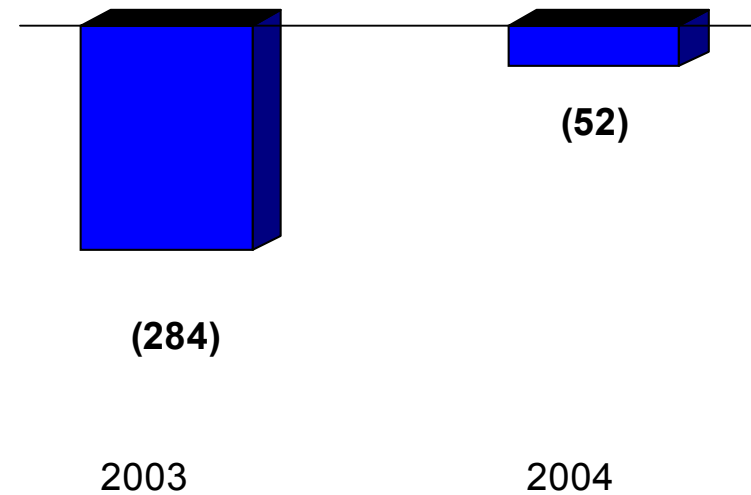
Investors Group Mutual Fund Sales

- ◆ *Investors Group mutual fund sales increased by 12.0% during Q3, 2004 relative to Q3, 2003. The level of net sales correspondingly improved.*

Investors Group Mutual Fund Sales
Quarters Ended September 30 (\$ Millions)



Investors Group Mutual Fund Net Sales
Quarters Ended September 30 (\$ Millions)

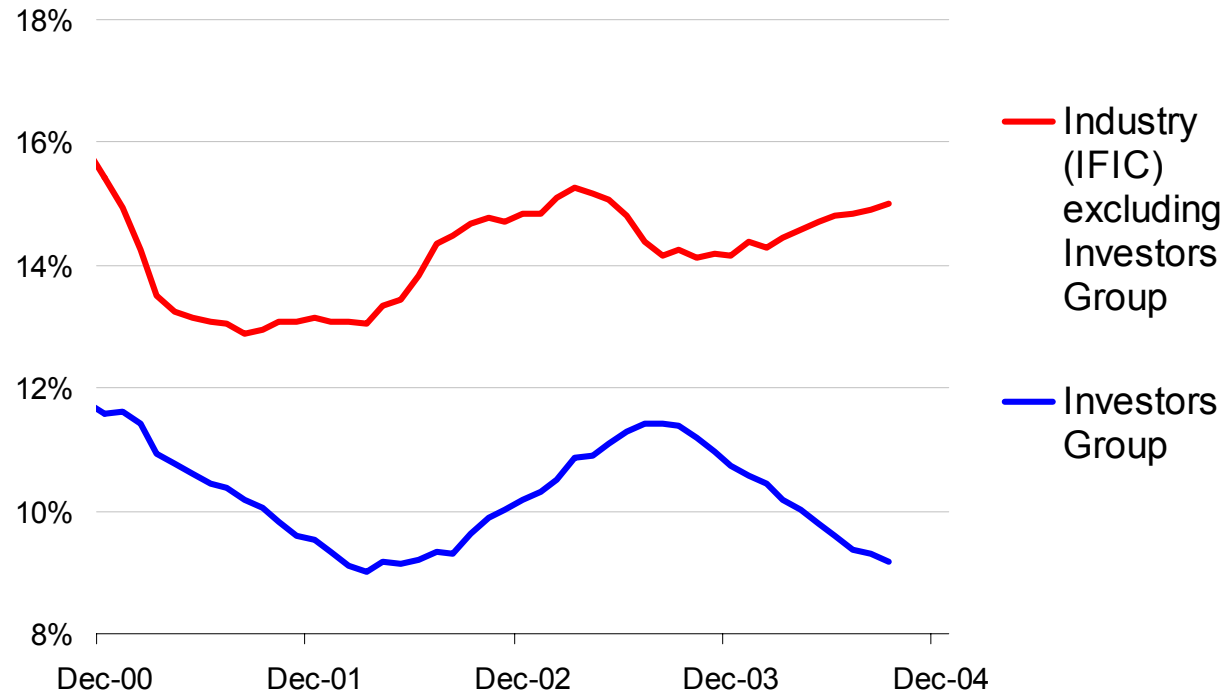


Investors Group Mutual Fund Redemption Rate

- ◆ ***Driven by strong retention of IG Consultants, Investors Group's long term fund redemption rate has decreased from 11.4% at September 30, 2003 to 9.2% at September 30, 2004.***

Redemption Rate on Long Term Mutual Funds

(Last Twelve Month Trailing % of Average Assets Under Management)

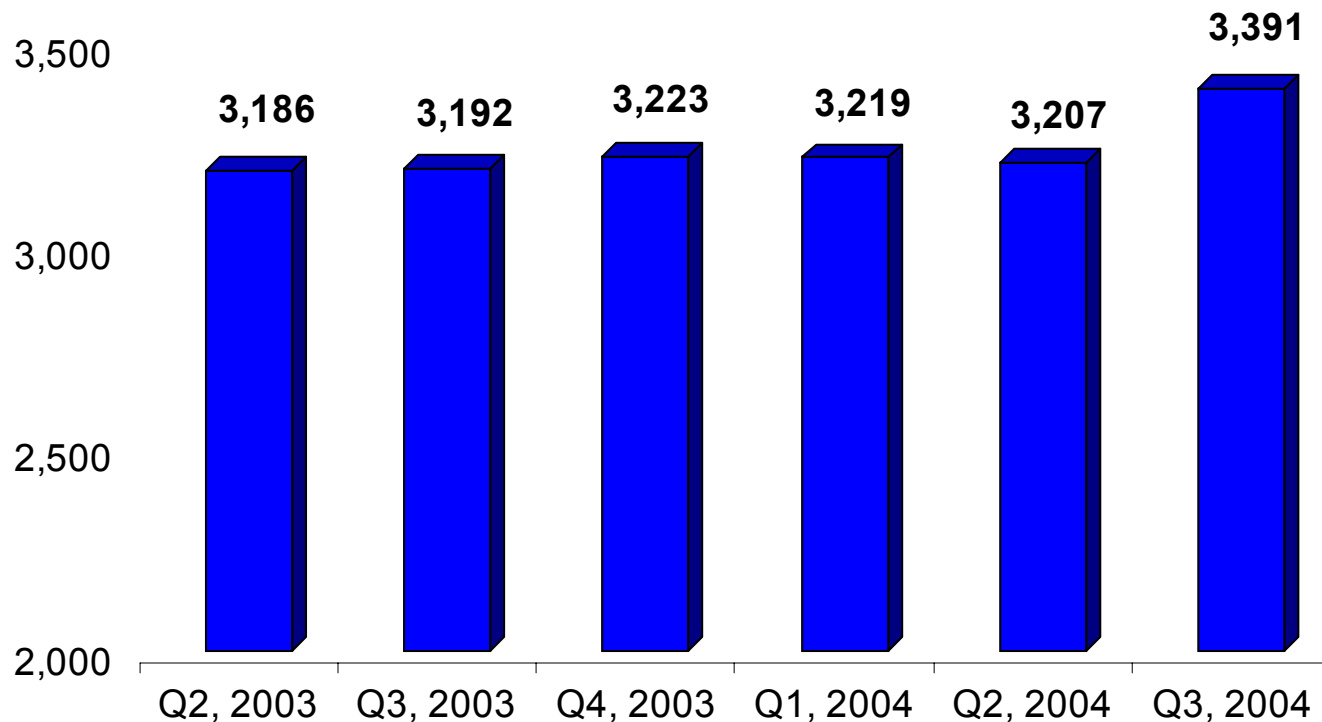


Numbers have been retroactively restated to exclude Maxxum redemptions (Maxxum operations were transferred to Mackenzie October 5, 2001)

Investors Group Consultant Network

- ◆ *Improvements to the Consultant network offering implemented throughout 2003 have improved Consultant retention and provided a strong platform for recruitment.*

Number of Investors Group Consultants

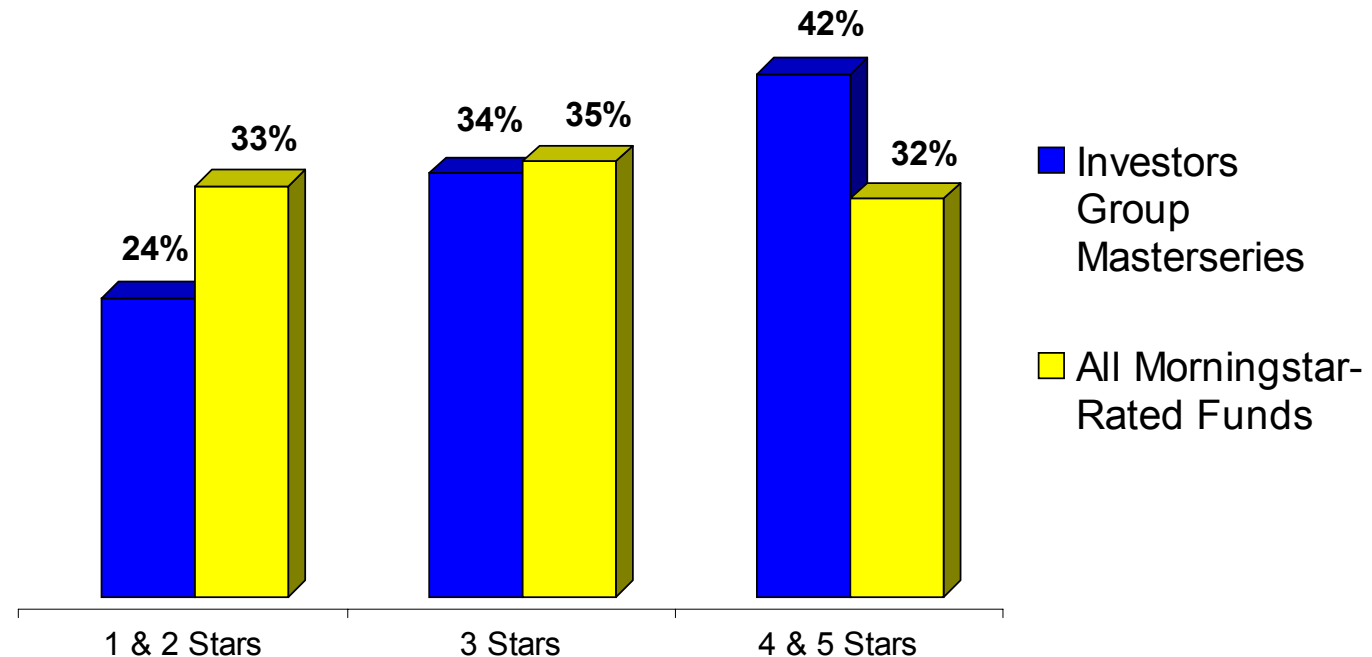


At September 30, 2004, 59% of Investors Group Consultants had been with Investors Group for over four years.

Investors Group Mutual Fund Product Offering

- ◆ **76% of Investors Group Masterseries funds are rated 3, 4 or 5 star by Morningstar, compared to 67% for all Morningstar-rated funds.**

Morningstar Ratings at September 30, 2004
(Percentage of Mutual Funds)



Source - Morningstar

Insurance Offering

- ◆ *Investors Group announced a number of insurance enhancements during the quarter.*
 - Effective September 20, 2004, **Canada Life became a significant carrier for individual life insurance.** Great West Life will remain a provider of living benefits and group insurance.
 - **Canada Life provides a significant support and service infrastructure** including national account field support and a telephone underwriting process.
 - Launch of a **new universal life product with virtually the entire IG mutual fund offering** as investment options, allowing the use of Symphony™ strategic investment planning in universal life recommendations.

Investors Group Product Developments

- ♦ ***During October, Investors Group filed a preliminary prospectus for seven new fund launches designed to enhance financial planning solutions for investors seeking income.***

Real Return Bond Fund

- Provides a level of income, hedged against inflation

Income Trust Fund

- Provides a high level of income with the potential for moderate capital appreciation

Three new Monthly Income Portfolios

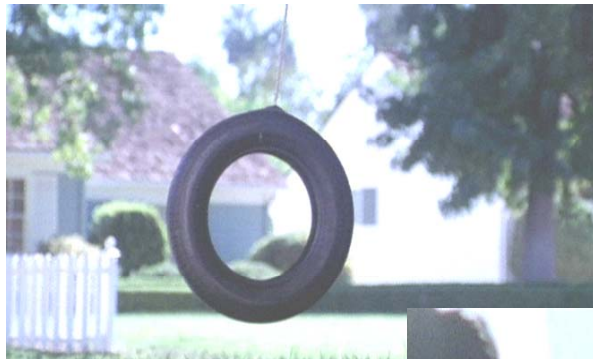
- Fund-of-fund offerings for investors seeking monthly income distributions
- The portfolios differ from each other in distribution levels and equity weightings
- Underlying funds include the new Real Return Bond Fund and Income Trust Fund

Two new Capital Yield funds add greater fixed income exposure within Capital Class

- The Short Term Capital Yield Class - short-term fixed income returns
- The Capital Yield Class - intermediate-term fixed income returns

Investors Group Advertising Campaign

- ◆ *During October, Investors Group launched a new national advertising campaign, which includes commercials during prime time programming of major television networks.*
- ◆ *The message focuses on the importance of having a plan through time with the help of an Investors Group Consultant.*



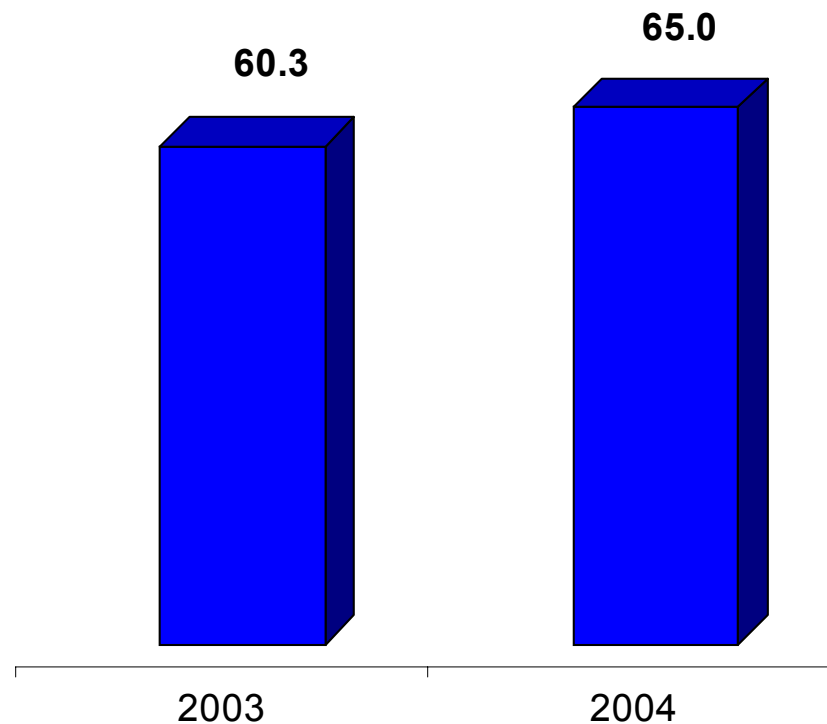
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Mackenzie Income before Interest & Taxes

- ◆ *During the Q3, 2004, Mackenzie's Income before Interest and Taxes increased by 7.8% relative to Q3, 2003.*

Quarters Ended September 30
(\$ Millions)



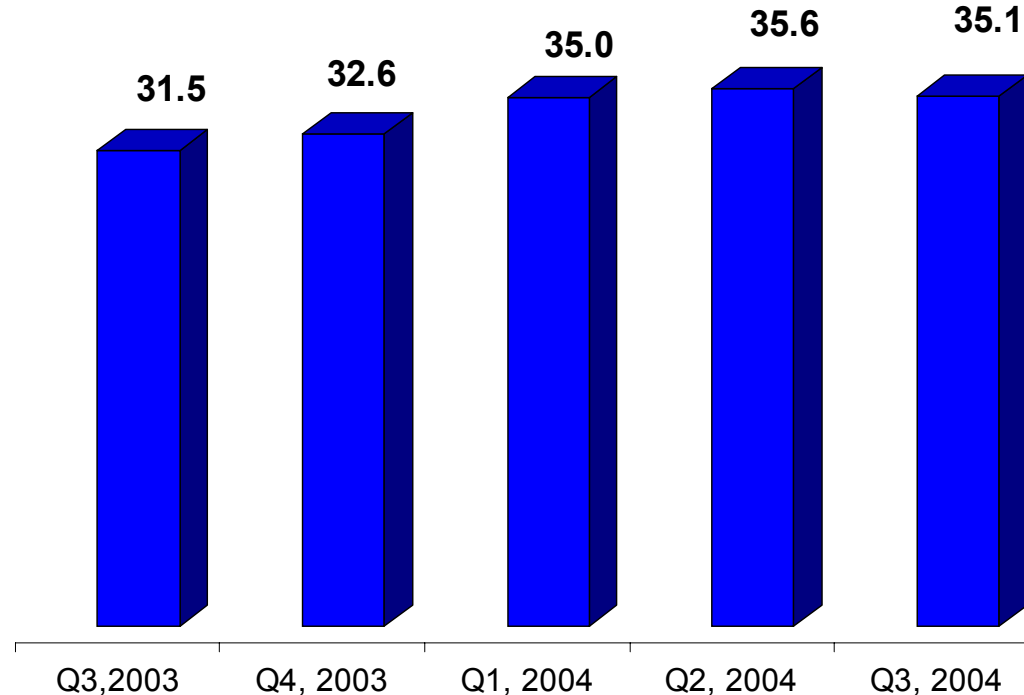
1. Q3, 2003 included a gain on sale of real estate of \$3.3 million. Mackenzie Income before Interest and Taxes increased by 14.1% during Q4, 2004 relative to Q3, 2004 after adjusting to exclude this item.



Mackenzie Mutual Fund Assets Under Management

- ♦ *The average balance of mutual fund assets under management decreased by 1.6% during Q3, 2004 relative to Q2, 2004, and increased by 11.5% relative to Q3, 2003.*

Average Mackenzie Mutual Fund Assets Under Management
(\$ Billions)



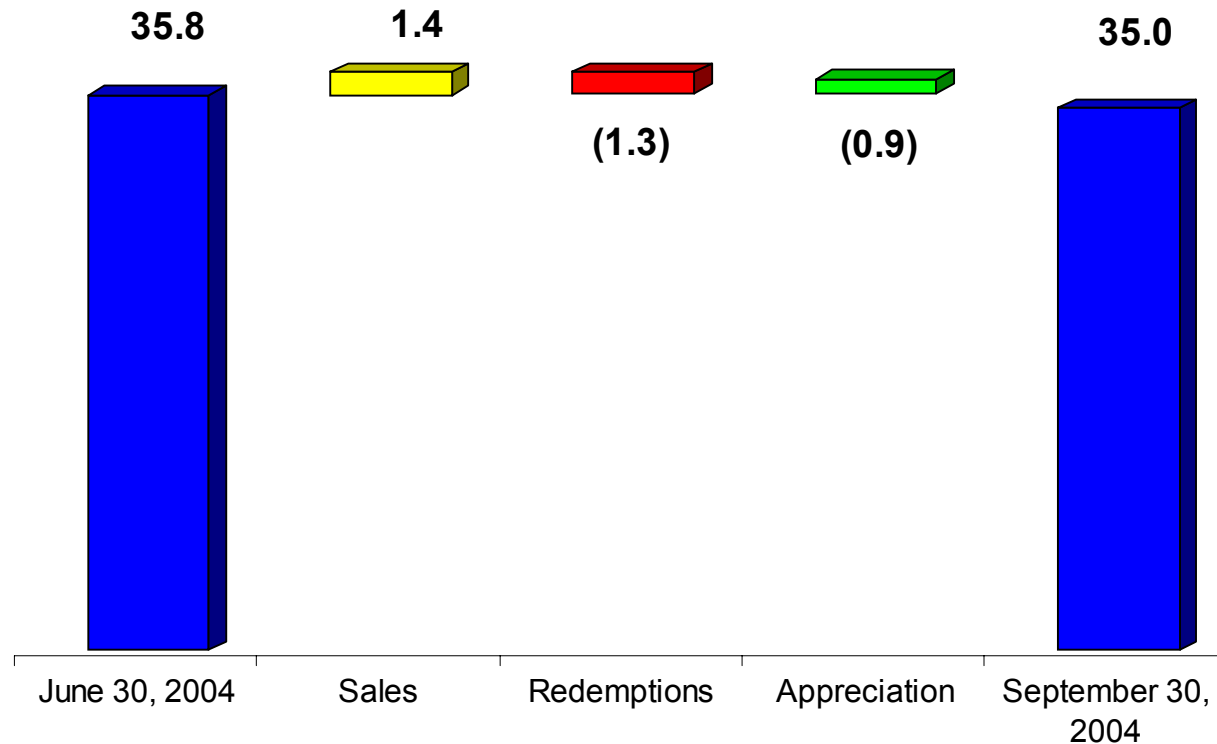
Hedge funds are included in Mutual Fund Assets Under Management (hedge funds are not reported within IFIC data).



Mackenzie Mutual Fund Assets Under Management

- ◆ *Mackenzie's mutual fund assets under management decreased by 2.4% during Q3, 2004, due to equity market declines.*

Mackenzie Mutual Fund Assets Under Management (\$ Billions)



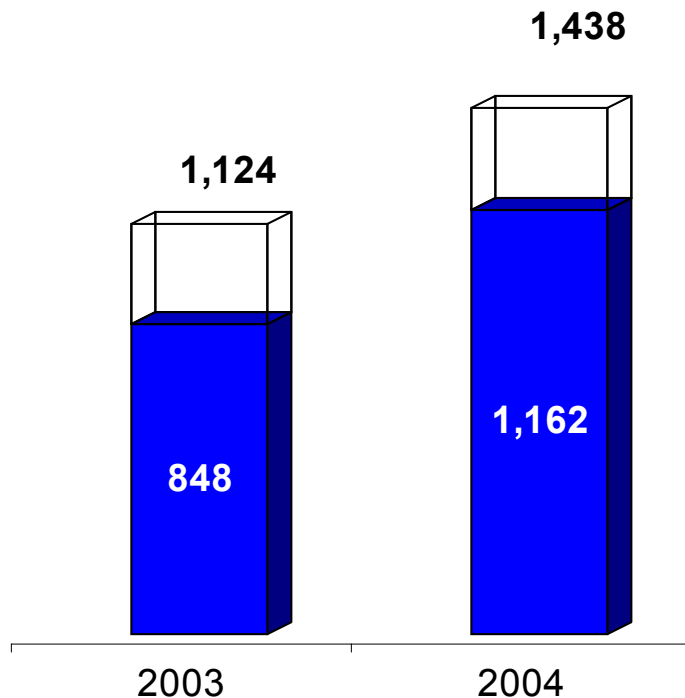
Hedge funds are included in Mutual Fund Assets Under Management (hedge funds are not reported within IFIC data).



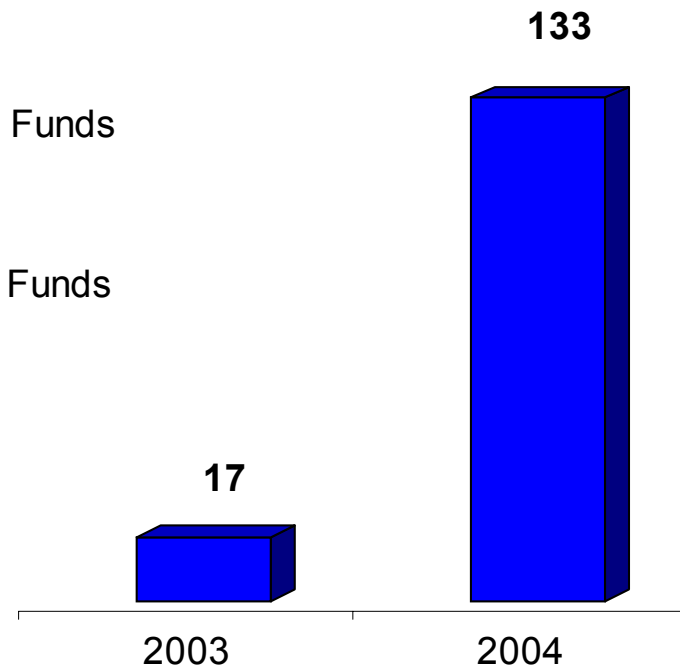
Mackenzie Mutual Fund Sales

- ◆ *Mackenzie's long term mutual fund sales increased by 37% during Q3, 2004 relative to Q3, 2003. This drove a significant increase in net sales.*

Mackenzie Mutual Fund Sales
Quarters ended September 30 (\$ Millions)



Mackenzie Net Sales of Long Term Funds
Quarters ended September 30 (\$ Millions)



Hedge funds are included in Mutual Fund Sales (hedge funds are not reported within IFIC data).



Industry Sales - Third Party Distribution

- ◆ *Mackenzie was the gross sales leader during Q3, 2004 among fundco's distributing primarily through third party distribution.*

IFIC Mutual Fund Assets and Flows - Ranked by Q3, 2004 Gross Sales (\$ millions)

	Assets	Gross Sales		Gross Sales Rank		Net Sales	
	Sept. 30, 2004	Q3, 2003	Q3, 2004	Q3, 2003	Q3, 2004	Q3, 2003	Q3, 2004
Mackenzie	34,808	1,116	1,434	2	1	(42)	112
AIM Trimark	39,769	1,125	1,426	1	2	(42)	142
CI Funds (ex. Assante)	32,985	925	1,184	3	3	(288)	61
Franklin Templeton	18,744	694	1,011	4	4	(92)	(5)
Fidelity	30,078	598	764	5	5	(324)	(554)
Phillips, Hager & North	12,306	552	697	6	6	149	249
Dynamic	10,155	393	617	8	7	48	142
AGF	22,817	477	547	7	8	(381)	(639)
Brandes	2,788	175	443	11	9	161	400
Manulife	4,154	267	306	10	10	85	162

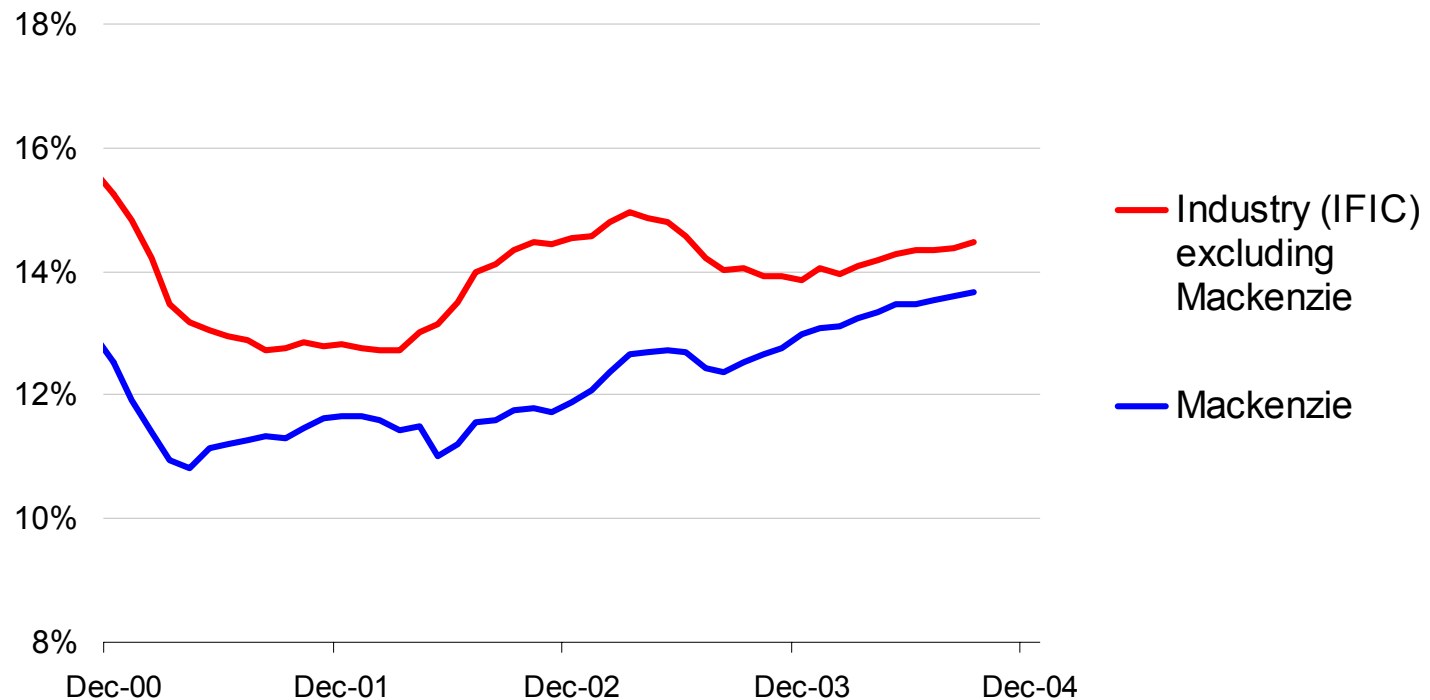
Excludes hedge funds (hedge funds are not reported within IFIC data). 2003 has been retroactively restated for acquisitions.



Mackenzie Mutual Fund Redemption Rate

- ◆ *Mackenzie's redemption rate on long term assets is below the industry rate.*

**Redemption Rate on Canadian Long Term Mutual Funds
(Last Twelve Month % of Average Assets Under Management)**



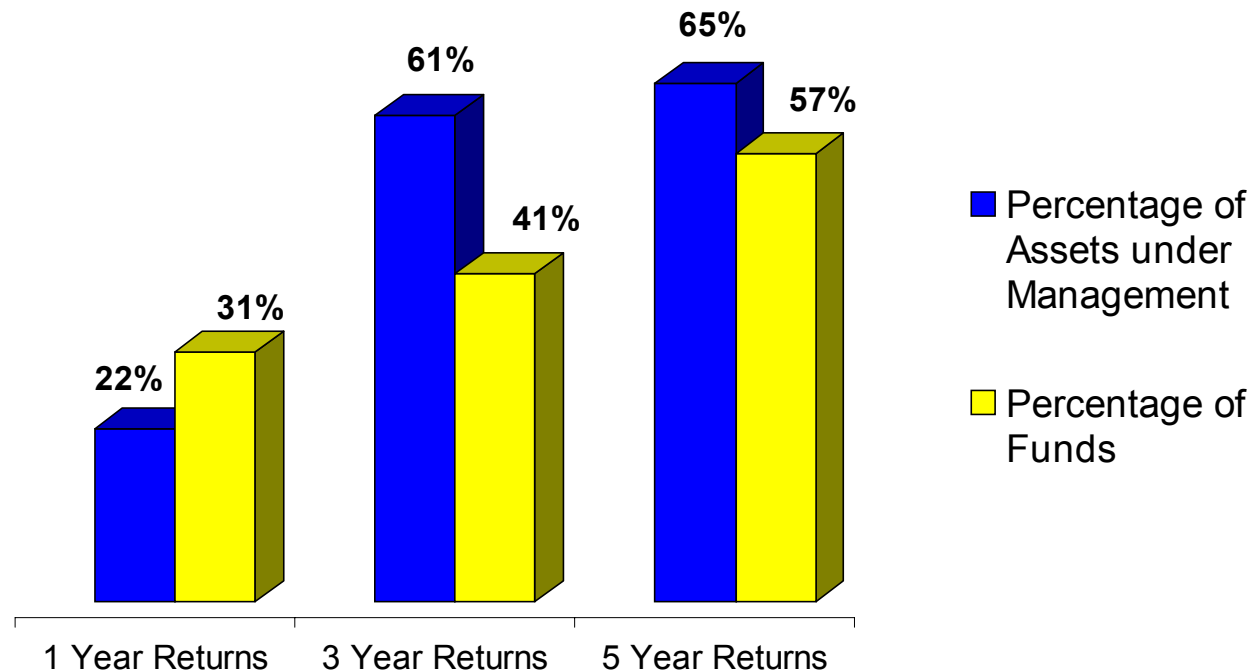
Numbers have been retroactively restated to include Maxxum redemptions (Maxxum operations were transferred to Mackenzie October 5, 2001)
Hedge funds have been excluded from Mackenzie numbers for comparability (Hedge funds are not reported within IFIC data).



Mackenzie Investment Performance

- ◆ *Mackenzie's disciplined approach to investment management has produced strong results, with 65% of its assets delivering first or second quartile performance in terms of five year returns.*

Funds in First or Second Quartile at September 30, 2004



Source - Morningstar



Mackenzie Product Developments

Mackenzie Sentinel Income Fund

- Distribution frequency changed from quarterly to monthly
- Launch of “C-class” units
 - Annual distribution of ~10%
 - Combined with “B-class”, provides the ability to achieve a range of distribution yield from ~4.5% - 10%, according to an investor’s preference.
 - Provides improved tax efficiency for investors seeking monthly income within a taxable account.
 - A minimum of 60% of the portfolio is invested in fixed income securities
 - Up to 40% of the portfolio is invested in equities



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