IGM FINANCIAL INC. THIRD QUARTER REPORT

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

3

IGM Financial

STRENGTH • FOCUS • GROWTH

Caution Regarding 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, changes in tax laws, 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. Other than as specifically required by applicable law, the Company has no specific intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

Non-GAAP Financial Measures

This report may also contain non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include but are not limited to "net income excluding a non-cash income tax benefit", "diluted earnings per share (EPS) excluding a non-cash income tax benefit" and other similar expressions used to provide management and investors with additional measures to assess earnings performance. As well, "Earnings before interest and taxes (EBIT)" and "Earnings before interest, taxes, depreciation and amortization (EBITDA)" are non-GAAP financial measures used to provide management, investors and investment analysts with additional measures to evaluate and analyze the Company's results.

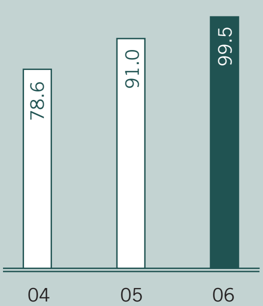
However, these non-GAAP financial measures do not have a standard meaning and are not directly comparative to similar measures used by other companies and may not be directly comparable to any prescribed GAAP measure. Please refer to the appropriate reconciliations of these non-GAAP financial measures to measures prescribe by GAAP.

Financial Highlights

	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2006	2005	CHANGE	**2006**	2005	CHANGE
Net income *($ millions)*						
Excluding a non-cash income tax benefit(1)	**$ 191.4**	$ 176.6	8.4%	**$ 563.4**	$ 505.2	11.5%
GAAP	**191.4**	176.6	8.4	**577.1**	505.2	14.2
Diluted earnings per share						
Excluding a non-cash income tax benefit(1)	**0.72**	0.66	9.1	**2.11**	1.90	11.1
GAAP	**0.72**	0.66	9.1	**2.16**	1.90	13.7
Return on equity						
Excluding a non-cash income tax benefit(1)				**20.3%**	19.9%	
GAAP				**20.8%**	19.9%	
Dividends per share	**0.3975**	0.3450	15.2	**1.1375**	0.9900	14.9
($ millions)						
Mutual funds						
Investors Group						
Sales	**$ 1,245**	$ 1,205	3.3%	**$ 4,693**	$ 4,111	14.1%
Net sales	**127**	56	129.0	**1,010**	524	92.8
Assets under management				**53,993**	49,045	10.1
Mackenzie						
Sales	**1,446**	1,721	(16.0)	**6,285**	5,892	6.7
Net sales (redemptions)	**(194)**	110	N/M	**450**	663	(32.1)
Assets under management				**43,498**	40,215	8.2
Counsel Group of Funds						
Sales	**63**	91	(30.8)	**269**	317	(15.1)
Net sales	**19**	48	(60.4)	**121**	186	(35.0)
Assets under management				**2,026**	1,772	14.3
Combined mutual fund assets under management(2)				**99,483**	90,996	9.3
Other managed assets(3)				**10,948**	5,589	95.9
Total assets under management				**110,431**	96,585	14.3
Employees				**3,244**	3,222	0.7%

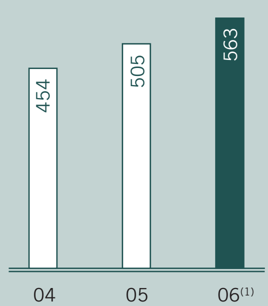
Mutual Fund Assets Under Management

As at September 30 *($ billions)*



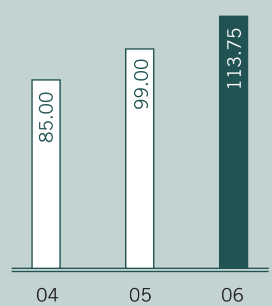
Net Income

For the nine months ended September 30 *($ millions)*



Dividends Per Share

For the nine months ended September 30 *(cents)*



(1) *Non-GAAP Financial Measures:*
Results for the nine months ended September 30, 2006 exclude a non-cash income tax benefit recorded in the second quarter resulting from decreases in federal corporate income tax rates and their effect on the future income tax liability related to indefinite life intangible assets arising from the acquisition of Mackenzie Financial Corporation in 2001.

(2) *Adjusted for $34 million in inter-segment assets ($36 million at September 30, 2005).*

(3) *Institutional accounts and structured products excluding $2.3 billion of assets managed by Mackenzie on behalf of Investors Group ($2.0 billion at September 30, 2005).*

Report to Shareholders

To our shareholders

Interim consolidated financial statements for the three and nine months ended September 30, 2006 are presented with this report.

FINANCIAL RESULTS

Net income for the three months ended September 30, 2006 was $191.4 million compared to $176.6 million in 2005, an increase of 8.4%. Earnings per share were 72 cents compared to 66 cents in 2005, an increase of 9.1%.

Net income for the nine months ended September 30, 2006, excluding a non-cash income tax benefit described below, was $563.4 million compared to net income of $505.2 million in 2005, an increase of 11.5%. Earnings per share on the same basis were $2.11 compared to earnings per share of $1.90 in 2005, an increase of 11.1%. A non-cash income tax benefit of $13.7 million resulting from decreases in the federal corporate income tax rates was reported in the second quarter of 2006. Net income for the nine months ended September 30, 2006, including the non-cash income tax benefit, totalled $577.1 million and earnings per share on the same basis were $2.16.

Gross revenues for the three months ended September 30, 2006 were $643.1 million, compared to $587.0 million in the prior year. Gross revenues for the nine months ended September 30, 2006 were $1.93 billion, compared to $1.74 billion in the prior year. Operating expenses were $361.9 million for the quarter and $1.11 billion for the nine months, compared to $341.8 million and $1.02 billion, respectively, in 2005.

INVESTORS GROUP OPERATIONS

Mutual fund sales for the third quarter of 2006 were $1.2 billion unchanged from the prior year and mutual fund net sales were $127 million compared to $56 million a year ago. Net sales of long-term funds were $45 million compared to net sales of $10 million in the prior year.

Year-to-date mutual fund sales were $4.7 billion compared to $4.1 billion in the prior year and mutual fund net sales were $1.0 billion compared to $524 million a year ago. Net sales of long-term funds were $772 million compared to $361 million in the prior year.

Investors Group's twelve month trailing redemption rate (excluding money market funds) was 8.1% at September 30, 2006, down from 9.1% at the same time last year. The corresponding average rate at September 30, 2006 for all other members of the Investment Funds Institute of Canada (IFIC) was approximately 15.5%.

Investors Group's mutual fund assets under management at September 30, 2006 were $54.0 billion, an increase of 10.1%, compared to $49.0 billion at September 30, 2005.

The number of Investors Group Consultants was 3,860 at September 30, 2006. Investors Group has experienced nine consecutive quarters of growth resulting in an increase of more than 20% in the Consultant network since June 30, 2004.

MACKENZIE OPERATIONS

Mackenzie recorded mutual fund sales of $1.4 billion for the third quarter of 2006 compared to $1.7 billion in the prior year. Mutual fund net redemptions were $194 million compared to net sales of $110 million in the prior year. Net redemptions of long-term funds (excluding money market and managed yield funds) were $307 million for the period compared to net sales of $85 million in 2005.

Year-to-date mutual fund sales were $6.3 billion compared to $5.9 billion in the prior year. Mutual fund net sales were $450 million compared to $663 million in the prior year. Net sales of long-term funds (excluding money market and managed yield funds) were $335 million for the period compared to $684 million in 2005.

Mackenzie's twelve month trailing redemption rate for long-term funds was 15.1% at the end of September 2006, unchanged from the end of September 2005. The corresponding average rate at September 30, 2006 for all other members of IFIC was approximately 14.8%.

Mackenzie's mutual fund assets under management at September 30, 2006 were $43.5 billion, an increase of 8.2%, compared to $40.2 billion one year ago. Total assets under management at September 30, 2006 totalled $56.8 billion including $3.3 billion of assets of the Cundill Group acquired by Mackenzie Financial Corporation during the third quarter of 2006. This compares with assets under management of $47.9 billion at September 30, 2005, an increase of 18.7%.

INVESTMENT PLANNING COUNSEL OPERATIONS

Assets under administration were $9.6 billion as at September 30, 2006 compared to $8.7 billion at September 30, 2005. Counsel Group of Funds mutual fund assets under management at September 30, 2006 were $2.0 billion compared to $1.8 billion at September 30, 2005.

Mutual fund sales of the Counsel Group of Funds for the third quarter of 2006 were $63 million compared to $91 million in 2005 and mutual fund net sales were $19 million compared to $48 million in the prior year. Net sales of long-term funds were $16 million compared to $46 million in the prior year.

Year-to-date mutual fund sales of the Counsel Group of Funds were $269 million compared to $317 million in the prior year and mutual fund net sales were $121 million compared to $186 million in 2005. Net sales of long-term funds were $109 million compared to $178 million in the prior year.

INDUSTRY OVERVIEW

Net sales of long-term funds for the industry for the third quarter of 2006 were $1.2 billion compared to $6.2 billion in the prior year, a decrease of 81.1%. Net sales of long-term funds for the industry for the nine months ended September 30, 2006 were $15.9 billion compared to $20.0 billion in 2005. IFIC reported that as at September 30, 2006, mutual fund assets had increased by 10.1% year-over-year to $610.0 billion and by 7.0% since December 31, 2005.

DIVIDENDS

The Board of Directors has declared a quarterly dividend of $0.359375 per share on the Company's 5.75% Non-Cumulative First Preferred Shares, Series "A" payable on December 31, 2006 to shareholders of record on November 30, 2006 and has declared a dividend of 39.75 cents per share on the Company's common shares payable on January 26, 2007 to shareholders of record on December 29, 2006.

On behalf of the Board of Directors,

Murray J. Taylor
Co-President and
Chief Executive Officer

Charles R. Sims
Co-President and
Chief Executive Officer

November 2, 2006

Management's Discussion and Analysis

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the operations and financial condition of IGM Financial Inc.(IGM Financial or the Company) as at and for the three and nine months ended September 30, 2006, compared with the same periods in 2005, and should be read in conjunction with the 2005 IGM Financial Inc. Annual Report and the 2006 IGM Financial Inc. First and Second Quarter Report to Shareholders filed on www.sedar.com. Commentary in the MD&A as at and for the three and nine months ended September 30, 2006 is as of November 1, 2006.

FORWARD-LOOKING INFORMATION

This report may contain forward-looking statements about IGM Financial, 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, changes in tax laws, 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. Other than as specifically required by applicable law, the Company has no specific intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

IGM Financial Inc.

Summary of Consolidated Operating Results

Net income for the three months ended September 30, 2006 was $191.4 million compared to $176.6 million for the same period in 2005, an increase of 8.4%. Diluted earnings per share were 72 cents for the period compared to 66 cents in 2005, an increase of 9.1% for the quarter.

Net income for the nine months ended September 30, 2006 was $577.1 million. This amount included a $13.7 million (5 cents per share) non-cash income tax benefit recorded in the second quarter resulting from decreases in the federal corporate income tax rates and their effect on the future income tax liability related to indefinite life intangible assets arising from the acquisition of Mackenzie Financial Corporation in 2001. There is no expectation that the future tax liability will become payable as the Company has no intention of disposing of these assets. Diluted earnings per share on this basis were $2.16 for the period. Net income for the nine months ended September 30, 2006, excluding the non-cash income tax benefit, was $563.4 million compared to net income of $505.2 million in 2005, an increase of 11.5%. Diluted earnings per share on the same basis were $2.11 for the period compared to diluted earnings per share of $1.90 for the same period in 2005, an increase of 11.1%.

Shareholders' equity was $3.72 billion as at September 30, 2006, up from $3.45 billion at December 31, 2005. Return on average common equity for the nine months ended September 30, 2006, excluding a non-cash income tax benefit, was 20.3% compared with return on average common equity of 19.9% for the same period in 2005. The quarterly dividend per common share of 39.75 cents in the third quarter represented an increase of 2.75 cents or 7.4% from 37.0 cents in the second quarter of 2006.

NON-GAAP FINANCIAL MEASURES

Net income, diluted earnings per share (EPS) and return on common equity (ROE) excluding a non-cash income tax benefit for the nine months ended September 30, 2006 exclude a non-cash income tax benefit recorded in the second quarter resulting from decreases in federal corporate income tax rates and their effect on the future income tax liability related to indefinite life intangible assets. While these non-GAAP financial measures are used to provide management and investors with additional measures to assess earnings performance, they do not have standard meanings and are not directly comparable to similar measures used by other companies.

Earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) are also non-GAAP financial measures. EBIT and EBITDA are alternative measures of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. EBITDA is discussed further in the Consolidated Liquidity section later in this MD&A. These non-GAAP financial measures do not have standard meanings and are not directly comparable to any GAAP measure or to similar measures used by other companies.

The reconciliation of non-GAAP results to reported results in accordance with GAAP for net income, EPS and EBITDA is provided in Table 1. The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBIT is provided in Table 2.

REPORTABLE SEGMENTS

IGM Financial's reportable segments, which reflect the current organizational structure, are:

- Investors Group
- Mackenzie
- Corporate and Other.

Management measures and evaluates the performance of these segments based on EBIT as shown in Table 2.

Discussion of Investors Group and Mackenzie Segment Operating Results is contained in their respective sections of this MD&A.

TABLE 1: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

($ millions)	THREE MONTHS ENDED SEPTEMBER 30 2006	2005	NINE MONTHS ENDED SEPTEMBER 30 2006	2005
Net income excluding a non-cash income tax benefit – Non-GAAP measure	**$ 191.4**	$ 176.6	**$ 563.4**	$ 505.2
Non-cash income tax benefit	**–**	–	**13.7**	–
Net income – GAAP	**$ 191.4**	$ 176.6	**$ 577.1**	$ 505.2
Earnings per share excluding a non-cash income tax benefit – Non-GAAP measure	**$ 0.72**	$ 0.66	**$ 2.11**	$ 1.90
Non-cash income tax benefit	**–**	–	**0.05**	–
Earnings per share – GAAP	**$ 0.72**	$ 0.66	**$ 2.16**	$ 1.90
EBITDA – Non-GAAP measure	**$ 386.4**	$ 344.5	**$ 1,135.4**	$ 1,012.2
Commission amortization	**(73.6)**	(66.7)	**(220.3)**	(194.3)
Amortization of capital and intangible assets	**(5.2)**	(5.7)	**(15.9)**	(17.1)
Interest expense on long-term debt and dividends on preferred shares	**(26.4)**	(27.0)	**(78.6)**	(80.3)
Income before income taxes and non-controlling interest	**281.2**	245.1	**820.6**	720.5
Income taxes	**(89.6)**	(68.3)	**(242.1)**	(214.0)
Non-controlling interest	**(0.2)**	(0.2)	**(1.4)**	(1.3)
Net income – GAAP	**$ 191.4**	$ 176.6	**$ 577.1**	$ 505.2

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT

Three months ended September 30 ($ millions)	INVESTORS GROUP 2006	INVESTORS GROUP 2005	MACKENZIE 2006	MACKENZIE 2005	CORPORATE & OTHER 2006	CORPORATE & OTHER 2005	TOTAL 2006	TOTAL 2005
Fee income	**$ 334.7**	$ 308.6	**$ 224.2**	$ 216.3	**$ 28.8**	$ 23.5	**$ 587.7**	$ 548.4
Net investment income and other	**38.1**	28.3	**6.5**	4.9	**10.8**	5.4	**55.4**	38.6
	372.8	336.9	**230.7**	221.2	**39.6**	28.9	**643.1**	587.0
Operating expenses								
Commissions	**97.6**	83.8	**90.1**	85.8	**17.5**	13.9	**205.2**	183.5
Non-commission	**64.2**	64.9	**62.1**	63.2	**8.2**	7.6	**134.5**	135.7
	161.8	148.7	**152.2**	149.0	**25.7**	21.5	**339.7**	319.2
Earnings before interest and taxes	**$ 211.0**	$ 188.2	**$ 78.5**	$ 72.2	**$ 13.9**	$ 7.4	**303.4**	267.8
Interest expense							**22.2**	22.7
Income before income taxes and non-controlling interest							**281.2**	245.1
Income taxes							**89.6**	68.3
Income before non-controlling interest							**191.6**	176.8
Non-controlling interest							**0.2**	0.2
Net income							**$ 191.4**	$ 176.6

Nine months ended September 30 ($ millions)	INVESTORS GROUP 2006	INVESTORS GROUP 2005	MACKENZIE 2006	MACKENZIE 2005	CORPORATE & OTHER 2006	CORPORATE & OTHER 2005	TOTAL 2006	TOTAL 2005
Fee income	**$ 992.0**	$ 884.8	**$ 687.7**	$ 643.4	**$ 84.4**	$ 75.3	**$ 1,764.1**	$ 1,603.5
Net investment income and other	**113.0**	101.7	**20.3**	13.5	**28.6**	20.6	**161.9**	135.8
	1,105.0	986.5	**708.0**	656.9	**113.0**	95.9	**1,926.0**	1,739.3
Operating expenses								
Commissions	**287.3**	238.9	**274.9**	252.5	**51.6**	45.6	**613.8**	537.0
Non-commission	**204.9**	199.0	**196.4**	192.1	**24.1**	23.1	**425.4**	414.2
	492.2	437.9	**471.3**	444.6	**75.7**	68.7	**1,039.2**	951.2
Earnings before interest and taxes	**$ 612.8**	$ 548.6	**$ 236.7**	$ 212.3	**$ 37.3**	$ 27.2	**886.8**	788.1
Interest expense							**66.2**	67.6
Income before income taxes and non-controlling interest							**820.6**	720.5
Income taxes							**242.1**	214.0
Income before non-controlling interest							**578.5**	506.5
Non-controlling interest							**1.4**	1.3
Net income								
GAAP							**$ 577.1**	$ 505.2
Excluding a non-cash income tax benefit[1]							**$ 563.4**	$ 505.2

[1] *Refer to Summary of Consolidated Operating Results for an explanation of the Company's use of non-GAAP financial measures.*

The Corporate and Other segment includes operating results for Investment Planning Counsel, net investment income earned on unallocated investments and other income as well as inter-segment eliminations. Earnings before interest and taxes were $13.9 million for the three months ended September 30, 2006 compared to $7.4 million in 2005. Earnings before interest and taxes related to Investment Planning Counsel were $1.0 million higher than 2005 levels. Net investment income on unallocated investments increased by $5.4 million in 2006 compared with 2005 as a result of higher balances and increases in interest rates.

For the nine months ended September 30, 2006, earnings before interest and taxes for Corporate and Other were $37.3 million compared to $27.2 million in 2005. Earnings before interest and taxes related to Investment Planning Counsel were $0.3 million higher than 2005 levels. Investment Planning Counsel's 2005 results included a non-recurring gain of $1.1 million related to the disposition of an investment. Net investment income on unallocated investments increased by $13.4 million in 2006 compared with 2005 related to both higher balances and higher interest rates. Other income decreased by $4.2 million in 2006 compared with 2005. Other income in 2005 included the elimination of certain provisions established as a result of previous acquisitions.

Certain items reflected in Table 2 are not allocated to segments:

- *Interest expense* – Represents the interest expense on both the remaining debt issued pursuant to the Mackenzie acquisition and a note payable to Power Financial Corporation, as well as dividends paid on the outstanding preferred shares. Interest expense on long-term debt issued in relation to the Mackenzie acquisition totalled $17.0 million and $50.7 million for the three and nine month periods ended September 30, 2006 compared with $17.5 million and $52.1 million in 2005. The decrease in both the three and nine month periods related to the interest on the $25.0 million note payable to Power Financial Corporation which matured on January 16, 2006. Dividends paid on preferred shares were $5.2 million and $15.5 million for the three and nine month periods in both 2006 and 2005.
- *Income taxes* – The effective income tax rate for the three months ended September 30, 2006 was 31.8% compared with 27.9% in 2005 as shown in Table 3. The change in the effective income tax rate relates primarily to the amount of favourable tax experience recognized in 2005 compared with 2006 as reflected in the Other items line in Table 3.

  The effective income tax rate for the nine months ended September 30, 2006 was 29.5% compared with 29.7% in 2005. As a result of decreases in federal corporate income tax rates and the resulting reduction in the future income tax liability related to indefinite life intangible assets, the Company recorded a

TABLE 3: EFFECTIVE INCOME TAX RATE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2006	2005	**2006**	2005
Income taxes at Canadian federal and provincial statutory rates	**35.45%**	35.90%	**35.47%**	35.95%
Effect of:				
Dividend income	**(0.16)**	(0.18)	**(0.16)**	(0.19)
Net capital gains and losses	**(0.88)**	(0.93)	**(0.91)**	(0.82)
Share of earnings of affiliate	**(2.36)**	(2.92)	**(2.55)**	(2.81)
Preferred dividends paid	**0.67**	0.78	**0.69**	0.80
Impact of rate changes on future income taxes related to indefinite life intangible assets	**–**	–	**(1.66)**	–
Other items	**(0.89)**	(4.76)	**(1.38)**	(3.22)
Effective income tax rate	**31.83%**	27.89%	**29.50%**	29.71%

$13.7 million ($0.05 per share) non-cash income tax benefit in the second quarter. This resulted in a 1.66% reduction in the effective income tax rate for the nine month period in 2006. The benefit of the reduction in federal and provincial corporate income tax rates on other operating future income tax assets and liabilities is reflected in the Other items line.

Continuous tax planning may allow the Company to record lower income taxes in the current period and, as well, income taxes recorded in prior periods may be adjusted in the current period to reflect management's best estimates of the overall adequacy of its provisions at that time. Any related tax benefits or changes in management's best estimates are reflected in Other items, which also includes, but is not limited to, the effect of lower effective tax rates on income not subject to tax in Canada. Management monitors the status of its income tax filings, and regularly assesses the overall adequacy of its provision for income taxes.

Investors Group

Assets Under Management

The level of assets under management is influenced by three factors: sales, redemptions and investment returns. The changes in assets under management in 2006 compared with 2005 are reflected in Table 4.

For the three months ended September 30, 2006, sales of Investors Group mutual funds through its Consultant network were $1.2 billion, an increase of 3.3% from 2005. Mutual fund redemptions totalled $1.1 billion for the same period, a decrease of 2.8% from 2005. Investors Group's twelve month trailing redemption rate for long-term funds decreased to 8.1% at September 30, 2006 from 9.1% at September 30, 2005 and remains below the average redemption rate of approximately 15.5% for all other members of the Investment Funds Institute of Canada (IFIC). Net sales of Investors Group mutual funds were $127 million in 2006 compared with net sales of $56 million in 2005, an increase of 129%. Sales of long-term funds were

TABLE 4: CHANGE IN MUTUAL FUND ASSETS UNDER MANAGEMENT – INVESTORS GROUP

	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
($ millions)	**2006**	2005	CHANGE	**2006**	2005	CHANGE
Sales	**$ 1,244.4**	$ 1,205.1	3.3%	**$ 4,692.5**	$ 4,111.1	14.1%
Redemptions	**1,117.3**	1,149.6	(2.8)	**3,682.6**	3,587.3	2.7
Net sales	**127.1**	55.5	129.0	**1,009.9**	523.8	92.8
Market and income	**2,034.6**	2,067.1	(1.6)	**2,281.9**	4,011.2	(43.1)
Net change in assets	**2,161.7**	2,122.6	1.8	**3,291.8**	4,535.0	(27.4)
Beginning assets	**51,831.1**	46,922.2	10.5	**50,701.0**	44,509.8	13.9
Ending assets	**$ 53,992.8**	$ 49,044.8	10.1%	**$ 53,992.8**	$ 49,044.8	10.1%
Consists of:						
Investors Masterseries™ funds				**$ 46,432.7**	$ 42,247.4	9.9%
IG Mackenzie partner funds				**2,345.5**	2,051.4	14.3
Partner funds				**4,683.1**	4,246.4	10.3
*i*Profile™ funds				**531.5**	499.6	6.4
				$ 53,992.8	$ 49,044.8	10.1%
Average daily assets	**$ 53,105.3**	$ 48,295.0	10.0%	**$ 52,700.9**	$ 46,481.5	13.4%

$1.0 billion for the three months ended September 30, 2006, unchanged from 2005. Net sales of long-term funds were $45 million compared to net sales of $10 million in 2005.

For the nine months ended September 30, 2006, sales of Investors Group mutual funds were $4.7 billion, an increase of 14.1% from 2005. Mutual fund redemptions totalled $3.7 billion for the same period, an increase of 2.7% from 2005. Net sales of Investors Group mutual funds were $1.0 billion in 2006 compared with net sales of $524 million in 2005, an increase of 92.8%. Sales of long-term funds were $4.0 billion for the nine months ended September 30, 2006, compared with $3.4 billion in 2005, an increase of 15.2%. Net sales of long-term funds were $772 million compared to net sales of $361 million in 2005, an increase of 114%.

At September 30, 2006, 34% of Investors Masterseries™ mutual funds had four or five star ratings from the Morningstar† fund ranking service and 69% had a rating of three stars or better, compared to 34% and 64% respectively at December 31, 2005. This compared to the Morningstar† universe of 31% for four and five star funds and 67% for three stars or better at September 30, 2006. Morningstar Ratings† are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Investors Group's mutual fund assets under management were $54.0 billion at September 30, 2006 as shown in Table 4. This level of assets represented an increase of $2.2 billion or 4.2% from June 30, 2006 and reflected net sales of $127.1 million and market appreciation of $2.0 billion for the quarter. During the nine month period ending September 30, 2006 assets increased by $3.3 billion or 6.5% with net sales of $1.0 billion and market appreciation of $2.3 billion accounting for the increase in assets. During the twelve month period ended September 30, 2006, assets increased by $4.9 billion or 10.1% and reflected net market appreciation of $3.7 billion and net sales of mutual funds totalling $1.2 billion.

On July 21, 2006, Investors Group launched new funds in both unit trust and Corporate Class versions to further complement the existing lineup. Two Canadian growth mandates, Investors Canadian Growth Fund and the IG Mackenzie Maxxum Canadian Equity Growth Fund, invest primarily in growth-oriented Canadian companies. Additionally, the new unit trust funds were incorporated into a select number of Investors Group's Alto™ and Allegro™ portfolio funds.

On August 14, 2006, Investors Group launched the Investors Greater China Fund and a Corporate Class version of the Fund (named Investors Greater China Class). These funds will invest in equity securities of companies located in China, Hong Kong, Taiwan and Singapore and in companies that derive a significant portion of their revenues from the Greater China area.

On September 5, 2006, Investors Group announced the establishment of the Investors Group Charitable Giving Program™. This donor-advised giving program will enable Canadians to make charitable donations that will support charities of their choice.

Other Products and Services

INSURANCE

Investors Group distributes insurance products through I.G. Insurance Services Inc. For the three months ended September 30, 2006, sales of insurance products as measured by annualized premiums were $8.2 million, unchanged from the prior year. For the nine months ended September 30, 2006, sales of insurance products were $24.9 million, an increase of 2.0% or $0.5 million from 2005. Total face amount of insurance in force at September 30, 2006 was $40.0 billion, an increase of $3.7 billion from September 30, 2005.

SECURITIES OPERATIONS

Investors Group provides securities services to clients through Investors Group Securities Inc. At September 30, 2006, assets under administration in Investors Group Securities Inc. were $1.2 billion.

MORTGAGE OPERATIONS

Investors Group Consultants play an important role in sourcing residential mortgages through client referrals to Investors Group mortgage planning specialists.

Through its mortgage banking operations, mortgages are sold to Investors Mortgage and Short Term Income Fund, Investors Group's intermediary operations, as well as to third parties and to mortgage conduits. Investors Group is responsible for the ongoing servicing of these mortgages. Investors Group mortgage operations provides both origination and servicing as outlined in the Investors Group Review of the Business contained in the 2005 IGM Financial Inc. Annual Report. At September 30, 2006, Investors Group serviced $5.9 billion in mortgages, as compared to $5.4 billion at September 30, 2005.

SOLUTIONS BANKING†

Investors Group provides banking services to its clients through Solutions Banking†. The offering consists of a wide range of products and services provided by the National Bank of Canada under a long-term distribution agreement and includes: investment loans, lines of credit, personal loans, creditor insurance, deposit accounts and credit cards.

SEGREGATED FUNDS

At September 30, 2006, Investors Group offered its clients eight segregated funds distributed solely by Investors Group Consultants. These segregated funds are underwritten by The Great-West Life Assurance Company and invest in mutual funds managed by Investors Group. At September 30, 2006, total segregated fund assets were $119.4 million compared to $68.0 million at September 30, 2005. On October 2, 2006, Investors Group launched 14 new segregated portfolio funds. Each new segregated portfolio fund emulates an existing Alto™ or Allegro™ portfolio fund.

ADDITIONAL PRODUCTS AND SERVICES

Investors Group also offers guaranteed investment certificates to its clients through Investors Group Trust Co. Ltd. and a number of other financial institutions.

Consultant Network

Investors Group is focused on growing its distribution network by attracting and training new Consultants as well as retaining existing Consultants. This is discussed more fully in the Investors Group Review of the Business contained in the 2005 IGM Financial Inc. Annual Report. As at September 30, 2006, the number of Consultants totalled 3,860 compared to 3,668 at December 31, 2005 and 3,560 one year ago. The number of Consultants with more than four years experience was 2,174 compared to 2,100 at December 31, 2005 and 2,098 one year ago. The Consultant network has grown in each of the last nine consecutive quarters and now stands at its highest level on record.

In 2005, Investors Group added seven new region offices concurrent with the growth of its field management and the number of new Consultants. In 2006, Investors Group is embarking on a further phase of region office expansion with five new region offices announced for Vancouver, Regina, London, Mississauga, and Halifax.

Segment Operating Results

Investors Group's earnings from operations before interest and taxes for the three and nine month periods ended September 30, 2006 compared with 2005 are presented in Table 5.

FEE AND NET INVESTMENT INCOME

For the three months ended September 30, 2006, management fee income increased by $23.1 million to $260.9 million, reflecting the increase of 10.0% in average daily mutual fund assets during the quarter compared with 2005. For the nine month period, management fee income increased $90.8 million, reflecting the increase of 13.4% in year-to-date average daily mutual fund assets compared with 2005. Management fee income represents 195 basis points of average daily mutual fund assets in both the three and nine month periods in 2006, unchanged from 2005.

Investors Group receives administration fees for providing administrative services to its mutual funds through certain of its subsidiaries and trusteeship services to its unit trust mutual funds through Investors Group Trust Co. Ltd. Administration fees totalled $45.3 million for the three months ended September 30, 2006, up from $40.4 million in 2005. Fees for the nine months ended September 30, 2006 were $135.5 million compared to $124.5 million in 2005. The increase in fee income for both the three and nine month periods relates primarily to increases in trustee fees and other service fees resulting from the growth in average mutual fund assets.

Distribution fees are earned from:

- Redemption fees on mutual funds sold with a back-end load feature.
- Distribution of insurance products through I.G. Insurance Services Inc.
- Securities trading services provided through Investors Group Securities Inc.
- Banking services provided through Solutions Banking[†], an arrangement with the National Bank of Canada.

Distribution fee income totalled $28.5 million for the three months ended September 30, 2006 compared to $30.4 million in 2005. For the nine month period, distribution fee income totalled $86.2 million compared to $80.8 million in 2005. Changes in both the three and nine month periods resulted from: (i) distribution fee income on securities and banking operations which increased by $2.4 million and $4.6 million respectively in the three and nine month periods; (ii) distribution fee income earned on the sale of insurance products which increased by $1.3 million and $4.2 million respectively in the three and nine month periods. The 2005 results for insurance operations in both the three and nine month periods included additional revenue related to the restructuring of the Company's distribution agreements, and; (iii) redemption fee income which was $7.8 million for the three months ended September 30, 2006

TABLE 5: OPERATING RESULTS – INVESTORS GROUP

($ millions)	THREE MONTHS ENDED SEPTEMBER 30 2006	2005	CHANGE	NINE MONTHS ENDED SEPTEMBER 30 2006	2005	CHANGE
Fee and net investment income						
Management	**$ 260.9**	$ 237.8	9.7%	**$ 770.3**	$ 679.5	13.4%
Administration	**45.3**	40.4	12.1	**135.5**	124.5	8.8
Distribution	**28.5**	30.4	(6.3)	**86.2**	80.8	6.7
Net investment income and other	**38.1**	28.3	34.6	**113.0**	101.7	11.1
	372.8	336.9	10.7	**1,105.0**	986.5	12.0
Operating expenses						
Commissions	**46.5**	38.5	20.8	**135.8**	107.2	26.7
Asset retention bonus and premium	**51.1**	45.3	12.8	**151.5**	131.7	15.0
Non-commission	**64.2**	64.9	(1.1)	**204.9**	199.0	3.0
	161.8	148.7	8.8	**492.2**	437.9	12.4
Earnings before interest and taxes	**$ 211.0**	$ 188.2	12.1%	**$ 612.8**	$ 548.6	11.7%

compared to $8.1 million in 2005. Redemption fee income of $26.2 million for the nine months ended September 30, 2006 increased by $2.4 million due to both higher redemptions subject to deferred sales charges in 2006 compared to 2005 and a higher amount of assets subject to the industry standard deferred sales charge schedule which Investors Group introduced in 2003.

Net investment income represents the difference between investment income and interest expense. Interest expense includes interest on deposit liabilities, certificates and debt incurred to finance Investors Group's investment in Great-West Lifeco Inc. (GWL). Net investment income and other totalled $38.1 million for the three months ended September 30, 2006, an increase of $9.8 million from $28.3 million in 2005 relating primarily to increases in revenues related to mortgage banking activities and gains on the sale of securities.

For the nine months ended September 30, 2006, net investment income and other totalled $113.0 million, an increase of $11.3 million from $101.7 million in 2005. Increases in gains on the sale of securities, Investors Group's share of GWL's earnings, and revenues related to mortgage banking activities were offset in part by decreases in other income. Other income in 2005 included the recovery of prior years' commodity taxes paid and a reduction of $2.5 million in provisions previously established for the exit of certain activities which were no longer required.

OPERATING EXPENSES

Investors Group incurs commission expense in connection with the distribution of its financial services and products, particularly its mutual funds. Commissions are paid on the sale of these products and will fluctuate with the level of sales. Commission expense for the three months ended September 30, 2006 increased by $8.0 million to $46.5 million compared with $38.5 million in 2005. For the nine months ended September 30, 2006, commission expense increased by $28.6 million to $135.8 million from $107.2 million in 2005.

The increase in commission expense was due to:

- Increase in amortization of commissions totalling $7.4 million for the three months and $22.2 million for the nine months related to prior years' sales. This increase reflects the impact from the change in estimate, effective April 1, 2001, which increased the term of amortization on mutual fund sales commissions to 72 months.
- Increase in amortization of commissions of $0.8 million for the three months and $1.7 million for the nine months related to higher commission payments in 2006 compared with 2005. The increase in commission payments results from higher mutual fund sales.
- Increase in other compensation of $4.7 million for the nine months related to mutual fund operations, insurance, mortgage and banking products due to higher sales.

The asset retention bonus (ARB) and premium (ARP) expenses, which are based on the level of assets under management, are comprised of the following:

- ARB which is paid monthly and is based on the value of assets under management. ARB expense increased by $4.1 million to $44.1 million for the three month period and $15.2 million to $130.5 million for the nine month period primarily as a result of the increase in assets under management.
- ARP which is a deferred component of compensation designed to promote Consultant retention. The ARP, which is related to assets under management at each year-end, increased by $1.7 million in the three month period in 2006 to $7.0 million. For the nine month period, ARP increased $4.6 million to $21.0 million.

Non-commission expenses totalled $64.2 million for the three months ended September 30, 2006 compared with $64.9 million in 2005, a decrease of $0.7 million or 1.1%. For the nine month period, non-commission expense totalled $204.9 million compared to $199.0 million in 2005, an increase of $5.9 million or 3.0%. Increases in expenses in both periods were primarily due to:

- Increases in Consultant Network support costs as a result of increased activity levels.
- Increases in expenses related to the administration of Investors Group's mutual funds due to both increased transactional volumes and unitholder system enhancements.

Non-commission expenses for the three and nine months ended September 30, 2006 also included a reduction in expenses of $4.6 million arising from a change in estimate related to credit losses on the Company's mortgage banking operations.

Non-commission expenses for the nine months ended September 30, 2005 included a reduction in expenses of $1.7 million in the first quarter arising from a change in estimate related to credit losses on Consultant financing programs.

Mackenzie
Assets Under Management

Mackenzie's total assets under management at September 30, 2006 were $56.8 billion, an increase of $6.9 billion or 13.9% from $49.9 billion at December 31, 2005 and an increase of $8.9 billion or 18.7% from $47.9 billion as at September 30, 2005. Mackenzie's mutual fund assets under management were $43.5 billion at September 30, 2006, an increase of $1.9 billion or 4.6% from $41.6 billion as at December 31, 2005 and an increase of $3.3 billion or 8.2% from $40.2 billion as at September 30, 2005. Included in Mackenzie's institutional accounts is $3.3 billion resulting from Mackenzie's acquisition of the assets of the Cundill Group during the third quarter of 2006. The changes in assets under management are summarized in Table 6.

In the three month period ended September 30, 2006, gross sales of Mackenzie's mutual funds were $1.4 billion, a decrease of 16.0% from $1.7 billion in the comparative period last year. Redemptions of mutual funds in both the current and prior year period were $1.6 billion. Net redemptions of mutual funds for the three month period ended September 30, 2006 were $194 million, as compared to net sales of $110 million for the comparative period last year. Net redemptions of long-term funds were $307 million in the current period, as compared to net sales of long-term funds of $85 million in the comparative period last year.

For the nine month period ended September 30, 2006, gross sales of Mackenzie's mutual funds were $6.3 billion, an increase of 6.7% from $5.9 billion in the comparative period last year. Redemptions of mutual funds in the current period were $5.8 billion as compared to redemptions of $5.2 billion in the nine month period ended September 30, 2005. Net sales of mutual funds for the nine month period ended September 30, 2006 were $450 million, as compared to net sales of $663 million in the comparative period last year. Net sales of long-term funds were $335 million for the nine month period ended September 30, 2006, as compared to net sales of long-term funds of $684 million in the comparative period last year.

As at September 30, 2006, Mackenzie's twelve month trailing redemption rate for long-term funds was 15.1%, unchanged from the comparative period last year. The average twelve month trailing redemption rate for

TABLE 6: CHANGES IN ASSETS UNDER MANAGEMENT – MACKENZIE

	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
($ millions)	**2006**	2005	CHANGE	**2006**	2005	CHANGE
Mutual Funds						
Sales	**$ 1,445.8**	$ 1,721.7	(16.0)%	**$ 6,285.3**	$ 5,892.5	6.7%
Redemptions	**1,639.9**	1,611.3	1.8	**5,835.4**	5,229.6	11.6
Net sales (redemptions)	**(194.1)**	110.4	N/M	**449.9**	662.9	(32.1)
Market and income	**1,290.7**	1,155.7	11.7	**1,456.0**	2,254.2	(35.4)
Net change in assets	**1,096.6**	1,266.1	(13.4)	**1,905.9**	2,917.1	(34.7)
Beginning assets	**42,401.3**	38,949.2	8.9	**41,592.0**	37,298.2	11.5
Ending assets	**$ 43,497.9**	$ 40,215.3	8.2%	**43,497.9**	40,215.3	8.2
Institutional Accounts						
Related parties including Investors Group				**4,254.3**	3,914.8	8.7
Other				**8,891.7**	3,536.7	151.4
				13,146.0	7,451.5	76.4
Structured Products				**147.4**	187.1	(21.2)
Total				**$ 56,791.3**	$ 47,853.9	18.7%
Average daily mutual fund assets	**$ 43,070.9**	$ 39,659.7	8.6%	**$ 42,981.3**	$ 38,664.9	11.2%

long-term funds for all other members of IFIC declined to approximately 14.8% at September 30, 2006 from 16.1% last year. Mackenzie's twelve month trailing redemption rate for long-term funds increased primarily due to the proportion of Mackenzie's mutual fund units which are no longer subject to a redemption fee.

During the three month period ended September 30, 2006, net market appreciation resulted in mutual fund assets increasing by $1.3 billion as compared to an increase of $1.2 billion in the comparative period last year. During the nine month period ended September 30, 2006, net market appreciation resulted in mutual fund assets increasing by $1.5 billion as compared to an increase of $2.3 billion in the comparative period last year.

At September 30, 2006, 40% of Mackenzie's mutual fund assets measured by the Morningstar† fund ranking service had four or five star ratings and 78% had a rating of three stars or better. This compared to 46% and 89% respectively at September 30, 2005, and to the Morningstar† universe of 53% for four and five star funds and 86% for three stars or better as at September 30, 2006.

Mackenzie also provides investment management services to institutional accounts. The assets in these accounts as at September 30, 2006 were $13.1 billion, a 76.4% increase from $7.5 billion last year. Included in Mackenzie's institutional accounts is $3.3 billion resulting from Mackenzie's acquisition of the assets of the Cundill Group during the quarter. As well, Mackenzie's structured products totalled $147 million as at September 30, 2006, a decrease of $39.7 million as compared to September 30, 2005.

On July 4, 2006, Mackenzie launched the Mackenzie Charitable Giving Fund, a donor-advised giving program designed to provide a strategic and focused approach to giving.

Segment Operating Results

Mackenzie's earnings from operations before interest and taxes for the three and nine month periods ended September 30, 2006 compared with 2005 are presented in Table 7.

FEE AND NET INVESTMENT INCOME

The majority of Mackenzie's revenues are earned from management services it provides as fund manager to the Mackenzie mutual funds. In addition to Mackenzie's

TABLE 7: OPERATING RESULTS – MACKENZIE

	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
($ millions)	**2006**	2005	CHANGE	**2006**	2005	CHANGE
Fee and net investment income						
Management	**$ 185.4**	$ 174.3	6.4%	**$ 564.9**	$ 514.5	9.8%
Administration	**31.6**	33.8	(6.5)	**97.8**	102.7	(4.8)
Distribution	**7.2**	8.2	(12.2)	**25.0**	26.2	(4.6)
Net investment income and other	**6.5**	4.9	32.7	**20.3**	13.5	50.4
	230.7	221.2	4.3	**708.0**	656.9	7.8
Operating expenses						
Commissions	**37.9**	38.4	(1.3)	**119.0**	114.7	3.7
Trailing commissions	**52.2**	47.4	10.1	**155.9**	137.8	13.1
Non-commission	**62.1**	63.2	(1.7)	**196.4**	192.1	2.2
	152.2	149.0	2.1	**471.3**	444.6	6.0
Earnings before interest and taxes	**$ 78.5**	$ 72.2	8.7%	**$ 236.7**	$ 212.3	11.5%

retail priced mutual funds, it also offers various series of these funds with management fees that are designed for fee-based programs, large accounts and third party investment programs offered by banks, insurance companies and investment dealers. In these programs, Mackenzie will not pay trailing commissions or selling commissions. As at September 30, 2006, there were $5.8 billion of mutual fund assets in these series of the funds, as compared to $4.4 billion as at September 30, 2005.

Management fees were $185.4 million for the three month period ended September 30, 2006, an increase of $11.1 million or 6.4% from $174.3 million in the comparative period last year. The increase in management fees was attributed to an 8.6% increase in Mackenzie's average mutual fund assets under management from $39.7 billion as at September 30, 2005 to $43.1 billion in the current period and the growth in its institutional accounts. The overall increase in management fees was less than the growth in assets under management due to a change in asset mix in retail priced funds and in non-retail priced funds, the relative proportion of which results in a lower effective management fee rate. In addition, there was one less business day in the current quarter versus the comparative quarter last year.

Management fees were $564.9 million for the nine month period ended September 30, 2006, an increase of $50.4 million or 9.8% from $514.5 million in the comparative period last year. The increase in management fees was attributed to an 11.2% increase in Mackenzie's average mutual fund assets under management from $38.7 billion as at September 30, 2005 to $43.0 billion in the current period and the growth in institutional assets. The overall increase in management fees was less than the growth in assets under management because of a shift in asset mix from retail priced funds to non-retail priced funds, which results in a lower effective management fee rate.

Administration fees were $31.6 million for the three month period ended September 30, 2006, a decrease of $2.2 million from $33.8 million in the comparative period last year. Administration fees were $97.8 million for the nine month period ended September 30, 2006, a decrease of $4.9 million from $102.7 million in the comparative period last year.

Administration fees include the following main components:

- Operating expenses recovered from Mackenzie mutual funds and structured products.
- Asset allocation fees.
- Trustee and other administration fees generated from the MRS account administration business.

The decrease in administration fees for the three month period ended September 30, 2006 is primarily attributed to a decline in fees for administering the VenGrowth labour sponsored funds. VenGrowth terminated their administration agreement with Mackenzie effective November 2005. The decrease in administration fees for the nine month period ended September 30, 2006 is primarily attributed to a decline in counterparty revenue as a result of the elimination of the foreign property rules applicable to registered plans in July 2005 and Mackenzie's decision to discontinue this product offering, and a decline in fees for administering the VenGrowth labour sponsored funds.

Mackenzie earns distribution fee income on redemptions of mutual fund units sold on a deferred sales charge basis and on a low load basis. Distribution fees charged for deferred sales charge assets range from 5.5% in the first year and decrease to zero after seven years. Distribution fees for low load assets range from 3.0% in the first year and decrease to zero after three years. Distribution fee income in the three month period ended September 30, 2006 was $7.2 million, a decrease of $1.0 million from $8.2 million in the comparative period last year. Distribution fee income for the nine month period ended September 30, 2006 was $25.0 million, a decrease of $1.2 million from $26.2 million in the comparative period last year. Although the total level of redemptions increased during the three and nine month periods ended September 30, 2006 relative to the corresponding periods last year, the decline in distribution fee income was due to a period over period decline in the absolute level of redemption of units that are subject to a redemption fee.

The most significant component of net investment income and other is the net interest margin from M.R.S. Trust Company's lending and deposit operations. Net investment income in the three month period ended September 30, 2006, was $6.5 million, an increase of $1.6 million as compared to $4.9 million in the three month period ended September 30, 2005. Net investment income in the nine month period ended September 30, 2006 was $20.3 million, an increase of $6.8 million as compared to $13.5 million in the nine month period ended September 30, 2005. Increases in M.R.S. Trust Company's loan portfolio, rising interest rates and gains realized at Mackenzie in the current year on the disposition of marketable securities accounted for this increase. There were no corresponding gains on the disposition of marketable securities in the prior year.

OPERATING EXPENSES

Mackenzie's operating expenses increased 2.1% and 6.0% respectively in the three and nine month periods ended September 30, 2006 as compared to the corresponding periods last year.

Mackenzie pays selling commissions to the dealers that sell its mutual funds on a low load and deferred sales charge basis. Commission expense, which represents the amortization of selling commissions, was $37.9 million in the three month period ended September 30, 2006 as compared to $38.4 million in the comparative period last year. Commission expense in the nine month period ended September 30, 2006 was $119.0 million, as compared to $114.7 million in the same period in 2005. Mackenzie amortizes selling commissions over three years from the date of original purchase of the applicable low load units and over a maximum period of seven years from the date of original purchase of the applicable deferred sales charge units.

Trailing commissions paid to dealers are calculated as a percentage of assets under management and vary depending on the fund type and whether the fund was purchased on a front-end basis, a deferred sales charge basis or on a low load basis. Trailing commissions are generally not paid on non-retail series of mutual funds and institutional assets.

Trailing commissions paid to dealers were $52.2 million in the three month period ended September 30, 2006, an increase of $4.8 million or 10.1% from $47.4 million in the comparative period last year. Trail commission expense in the nine month period ended September 30, 2006 was $155.9 million, an increase of $18.1 million or 13.1% from $137.8 million in the comparative period last year. The increase in trailing commissions in the three and nine month periods is due to the year over year growth in average mutual fund assets under management and the increase in the average trail commission rate. Trailing commissions as a percentage of average mutual fund assets under management increased to 0.486% in the current quarter as compared to 0.478% in the corresponding quarter last year and increased to 0.485% in the nine month period ended September 30, 2006 as compared to 0.475% in the same period last year. The increase in the average trail commission rate is attributed to an increase in the relative proportion of Mackenzie's mutual fund assets that were purchased on a front-end basis as opposed to a deferred sales charge basis.

Non-commission expenses decreased $1.1 million or 1.7% to $62.1 million in the three month period ended September 30, 2006, from $63.2 million in the comparative period last year. Non-commission expenses increased $4.3 million or 2.2% to $196.4 million in the nine month period ended September 30, 2006 from $192.1 million in the comparative period last year. A component of the non-commission expenses incurred by Mackenzie are related to the administration of its mutual funds. The remaining non-commission expenses relate to costs incurred by Mackenzie in the marketing and management of its mutual funds and in its account administration and trust company businesses. The primary reason for the increase in non-commission expenses in the nine month period ended September 30, 2006 as compared to the corresponding period last year is due to an increase in subadvisory expenses.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's on-balance sheet assets totalled $7.12 billion at September 30, 2006 compared to $6.81 billion at December 31, 2005.

The Company's securities holdings were $151.9 million at September 30, 2006, a decrease of $26.1 million or 14.7% from December 31, 2005. The fair value of the Company's portfolio exceeded cost by $81.1 million at September 30, 2006 compared with $123.7 million at December 31, 2005.

Loans, including mortgages and personal loans, increased by $95.6 million to $608.6 million at September 30, 2006 and represent 8.5% of total assets, compared to 7.5% at December 31, 2005. Residential mortgage loans related to the Company's mortgage banking operations increased $86.1 million. These residential mortgage loans are funded primarily by sales to third parties and mortgage conduits on a fully serviced basis and to the Investors Mortgage and Short Term Income Fund. In the Company's intermediary operations, personal loans increased by $26.8 million while residential mortgage loans decreased by $17.9 million in the nine month period to September 30, 2006.

Consolidated Liquidity and Capital Resources

LIQUIDITY

IGM Financial's operating liquidity is required for:

- Financing ongoing operations, including the funding of selling commissions.
- Temporarily financing mortgages in its mortgage banking facility.
- Meeting regular interest and dividend obligations related to long-term debt and preferred shares.
- Payment of quarterly dividends on its outstanding common shares.
- Maintaining liquidity requirements for regulated entities.
- Financing common share repurchases related to the Company's normal course issuer bid.

As well, a portion of cash and cash equivalents and loans relate to the Company's deposit operations. At September 30, 2006, deposits and certificates totalled $719.9 million compared to $692.8 million at December 31, 2005.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled $386.4 million for the three months ended September 30, 2006 compared to $344.5 million in 2005, and represents an increase of 12.2%. EBITDA totalled $1,135.4 million for the nine months ended September 30, 2006 compared to $1,012.2 million in 2005, and represents an increase of 12.2%.

In addition to IGM Financial's current balance of cash and cash equivalents in excess of the operating liquidity requirements described above, other potential sources of liquidity include the Company's portfolio of securities and lines of credit. The Company maintains operating lines of credit totalling $210 million with various Schedule A Canadian chartered banks, of which $50 million represented committed lines of credit.

IGM Financial's demonstrated ability to raise funds in domestic debt and equity markets is also a source of liquidity.

Cash Flows

Table 8 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2006.

Operating activities, before payment of commissions, generated $277.3 million and $728.1 million during the three and nine month periods ended September 30, 2006, as compared to $319.8 million and $722.4 million in 2005. Cash commissions paid of $66.2 million in the three month period decreased from $73.9 million reflecting the decrease of consolidated mutual funds sales over 2005 levels. Cash commissions paid of $270.2 million in the nine month period compared to $267.5 million in 2005 and reflects the increase in mutual fund sales over 2005 levels.

Financing activities during the quarter ended September 30, 2006 compared to the same period in 2005 related primarily to:

- A net increase of $50.6 million in deposits and certificates in 2006 compared to a net decrease of $16.1 million in 2005. The net increase in 2006 related primarily to changes in demand deposit levels and the decrease in 2005 related primarily to changes in term deposit levels.
- Proceeds received on the issuance of common shares under the Company's stock option program of $4.0 million in both 2006 and 2005.

TABLE 8: CASH FLOWS

($ millions)	THREE MONTHS ENDED SEPTEMBER 30 2006	2005	CHANGE	NINE MONTHS ENDED SEPTEMBER 30 2006	2005	CHANGE
Operating activities						
Before payment of commissions	**$ 277.3**	$ 319.8	(13.3)%	**$ 728.1**	$ 722.4	0.8%
Commissions paid	**(66.2)**	(73.9)	10.4	**(270.2)**	(267.5)	(1.0)
Net of commissions paid	**211.1**	245.9	(14.2)	**457.9**	454.9	0.7
Financing activities	**(49.2)**	(108.7)	54.7	**(286.9)**	(292.8)	2.0
Investing activities	**(144.1)**	17.1	N/M	**(175.0)**	(60.4)	(189.7)
Increase (decrease) in cash and cash equivalents	**17.8**	154.3	(88.5)	**(4.0)**	101.7	(103.9)
Cash and cash equivalents, beginning of period	**1,046.3**	812.4	28.8	**1,068.1**	865.0	23.5
Cash and cash equivalents, end of period	**$ 1,064.1**	$ 966.7	10.1%	**$ 1,064.1**	$ 966.7	10.1%

- The payment of regular common share dividends which increased to $97.9 million in 2006 from $85.3 million in 2005 as a result of increases in the Company's common share dividends.
- The purchase of 121,700 common shares in the third quarter of 2006 under IGM Financial's normal course issuer bid at a cost of $5.8 million compared with the purchase of 260,000 common shares at a cost of $11.3 million in 2005.

Financing activities during the nine months ended September 30, 2006 compared to the same period in 2005 related primarily to:

- A net increase of $27.1 million in deposits and certificates in 2006 compared to a net decrease of $25.9 million in 2005. The net increase in 2006 resulted from the net increase in demand deposit levels offset by decreases in term deposits. The net decrease in 2005 related primarily to decreases in term deposits.
- The repayment on maturity of the $25.0 million note payable to Power Financial Corporation.
- Proceeds received on the issuance of common shares under the Company's stock option program of $11.3 million in 2006 compared with $8.3 million in 2005.
- The payment of regular common share dividends which increased to $287.2 million in 2006 from $250.1 million in 2005 as a result of increases in the Company's common share dividends.
- The purchase of 271,700 common shares in 2006 under IGM Financial's normal course issuer bid at a cost of $13.2 million. In 2005, 584,700 shares were purchased at a cost of $23.3 million.

Investing activities during the quarter ended September 30, 2006 compared to the same period in 2005 related primarily to:

- Securities purchases of $16.1 million and securities sales with proceeds of $56.4 million in 2006 compared with $13.4 million and $22.6 million respectively in 2005.
- Net increase in loans of $420.3 million compared to $46.5 million in 2005 related primarily to residential mortgages in the Company's mortgage banking operations. The net increase in loans was offset by securitizations of $386.6 million in 2006 compared to $56.9 million in 2005.
- The acquisition of intangible assets in 2006 which totalled $140.8 million.

Investing activities during the nine months ended September 30, 2006 compared to the same period in 2005 related primarily to:

- Securities purchases of $66.3 million and securities sales with proceeds of $141.0 million in 2006 compared with $29.2 million and $78.8 million respectively in 2005.
- Net increases in loans of $1,110.7 million compared to $290.2 million in 2005 related primarily to

residential mortgages in the Company's mortgage banking operations. The net increase in loans was offset by securitizations of $1,019.3 million in 2006 compared to $188.4 million in 2005.
- The acquisition of intangible assets in 2006 which totalled $140.8 million.

Contractual Obligations

Changes in the contractual obligations of the Company from those reported at December 31, 2005 relate to the repayment at maturity of a note payable of $25.0 million to Power Financial Corporation during the first quarter of 2006.

Liquidity Requirements

Liquidity requirements for M.R.S. Trust Company and Investors Group Trust Co. Ltd., which engage in financial intermediary activities, are based on investment policies approved by the investment committees of their respective Boards of Directors. As at September 30, 2006, liquidity for both companies was in compliance with these policies.

Off-Balance Sheet Arrangements

- *Securitizations* – There were no changes to the Company's liquidity management practices related to securitizations during the three month period ended September 30, 2006. During the three months ended September 30, 2006, the Company entered into securitization transactions through its mortgage banking operation with proceeds of $386.6 million compared with $56.9 million in 2005 as discussed in Note 2 to the interim Consolidated Financial Statements. Securitized loans serviced at September 30, 2006 totalled $1,356.5 million compared with $562.4 million in 2005. The fair value of the Company's retained interest was $37.2 million at September 30, 2006 and $17.8 million in 2005.
- *Derivative Contracts* – There have been no changes in the Company's policies and procedures with respect to the use of derivative instruments during the quarter ended September 30, 2006. During the third quarter of 2006, the Company increased the outstanding notional amount of interest rate swaps by $476.4 million to $1,845.2 million. However the exposure to credit risk, which is limited to the current fair value of those instruments which are in a gain position, remained relatively unchanged. The Company utilizes interest rate swaps in order to reduce the impact of fluctuating interest rates on its mortgage banking operations as outlined in Notes 1 and 15 of the Consolidated Financial Statements in the 2005 IGM Financial Inc. Annual Report.

CAPITAL RESOURCES

Shareholders' equity increased to $3.72 billion as at September 30, 2006 from $3.45 billion at December 31, 2005. Changes in common share capital are reflected in Note 3 to the interim Consolidated Financial Statements. Long-term debt declined by $25.0 million to $1.20 billion as a result of the repayment of the note payable to Power Financial Corporation. Preferred shares of $360 million remained at year end 2005 levels.

To achieve its strategic objectives, the Company requires a strong capital base. The Company's capital management objective is to preserve the quality of its financial position by establishing and maintaining a solid capital base and a strong balance sheet.

In the first quarter of 2006, the Dominion Bond Rating Service (DBRS) reviewed their ratings of IGM Financial's senior debt and liabilities. The rating on the Company's senior debt and liabilities was upgraded to "A (high)" with a stable outlook by DBRS, reflecting the continuing quality of the Company's balance sheet and the strength of its operations. The S&P rating is currently "A" with a stable outlook.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

Changes in both the carrying values and fair values of financial instruments did not have a significant impact on the financial condition of the Company for the quarter ended September 30, 2006. In addition, there were no significant changes in the risks related to these financial instruments and in the policies and procedures designed to manage these risks during the period.

TABLE 9: FINANCIAL INSTRUMENTS – CARRYING VALUE

($ millions)	SEPTEMBER 30 2006	DECEMBER 31 2005
Assets		
Cash and cash equivalents	**$ 1,064.1**	$ 1,068.1
Securities	**151.9**	178.0
Loans	**608.6**	513.0
Account and other receivables	**204.9**	161.2
	$ 2,029.5	$ 1,920.3
Liabilities		
Deposits and certificates	**$ 719.9**	$ 692.8
Other financial liabilities	**502.5**	480.9
Long-term debt	**1,200.0**	1,225.0
Preferred shares	**360.0**	360.0
	$ 2,782.4	$ 2,758.7

Outlook

MUTUAL FUND INDUSTRY ASSETS

At September 30, 2006, mutual fund industry assets in Canada were $610.0 billion, an increase of 3.6% relative to June 30, 2006 and an increase of 7.0% relative to December 31, 2005. The $21.0 billion increase in industry assets since June 30, 2006 reflected net sales of $2.7 billion and an estimated $18.3 billion in investment returns during the quarter. The $40.0 billion increase in industry assets since December 31, 2005 reflected net sales of $14.1 billion, an estimated $24.6 billion in investment returns and $1.3 billion in mutual fund assets not previously reported through IFIC.

OTHER RISK FACTORS

Contingencies

Investors Group and Mackenzie are subject to legal actions, including class actions, arising in the normal course of their business. Three class actions related to alleged market timing trading activity in mutual funds of the companies have been commenced. Investors Group entered into settlement agreements in 2004 with a number of its securities regulators in respect of such market timing trading activity. Although it is difficult to predict the outcome of such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

Market Risk

Risks related to performance of the equity markets and changes in interest rates can have a significant impact on the level and mix of mutual fund assets under management and sales. In addition, these factors can result in increased redemptions of mutual funds.

REDEMPTION RATES

Redemption rates for long-term funds are summarized in Table 10.

IGM Financial provides Consultants and independent financial advisors with a high level of service and support and a broad range of investment products – based on asset classes, countries or regions, and investment management styles. These are key advantages in maintaining strong client relationships.

The mutual fund industry and financial advisors are committed to educating Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility our Consultants and independent financial advisors play a key role assisting investors to maintain perspective and focus on their long-term objectives.

TABLE 10: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

As at September 30	2006	2005
IGM Financial Inc.		
Investors Group	**8.1%**	9.1%
Mackenzie	**15.1%**	15.1%
Counsel Group of Funds	**9.5%**	10.3%
Mutual Fund Industry, excluding IGM Financial Inc.[1]	**15.6%**	17.0%

[1] *Excludes Investors Group, Mackenzie and Counsel Group of Funds.*

Distribution Risk

- *Investors Group Consultant Network* – Investors Group derives all of its mutual fund sales through its Consultant network. Investors Group Consultants have regular direct contact with clients which can lead to a strong and personal client relationship based on the client's confidence in that individual Consultant. The market for financial advisors is extremely competitive. The loss of a significant number of key Consultants could lead to the loss of client accounts which could have an adverse effect on Investors Group's results of operations and business prospects. Investors Group is focused on growing its distribution network of Consultants as previously discussed in the Investors Group Review of the Business.
- *Mackenzie* – Mackenzie derives substantially all of its mutual fund sales through independent financial advisors. Mackenzie's ability to market its products is highly dependent on access to various distribution channels. These intermediaries generally offer their clients investment products in addition to, and in competition with Mackenzie. The inability to have such access could have a material adverse effect on Mackenzie's operating results and business prospects. However, Mackenzie's diverse portfolio of financial products and its long-term investment performance record, marketing, educational and service support has made Mackenzie one of Canada's leading companies serving independent financial advisors.

Accounting Estimates and Policies

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies from those reported at December 31, 2005.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

There were no changes to the Company's critical accounting estimates from those reported at December 31, 2005.

Other Information

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions from those reported at December 31, 2005. For further information on transactions involving related parties, see Notes 5 and 19 of the Consolidated Financial Statements in the 2005 IGM Financial Inc. Annual Report.

OUTSTANDING SHARE DATA

Outstanding shares of the Company as at September 30, 2006 of 264,783,231 are disclosed in Note 3 – Share Capital in the notes to the interim Consolidated Financial Statements. Outstanding shares of the Company as at November 1, 2006 totalled 264,785,931.

SEDAR

Additional information relating to IGM Financial Inc., including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com.

Interim Consolidated Financial Statements

Consolidated Statements of Income

(unaudited) *(in thousands of dollars, except shares and per share amounts)*	THREE MONTHS ENDED SEPTEMBER 30 **2006**	 2005	NINE MONTHS ENDED SEPTEMBER 30 **2006**	 2005
Fee and net investment income				
Management	**$ 456,481**	$ 420,516	**$ 1,364,695**	$ 1,217,628
Administration	**77,097**	74,481	**233,659**	229,362
Distribution	**54,154**	53,406	**165,762**	156,498
Net investment income and other	**55,370**	38,594	**161,920**	135,767
Total fee and net investment income	**643,102**	586,997	**1,926,036**	1,739,255
Operating expenses				
Commission expense	**205,198**	183,491	**613,811**	536,972
Non-commission expense	**134,491**	135,611	**425,426**	414,124
Interest expense	**22,221**	22,746	**66,198**	67,676
Total operating expenses	**361,910**	341,848	**1,105,435**	1,018,772
Income before income taxes and non-controlling interest	**281,192**	245,149	**820,601**	720,483
Income taxes	**89,507**	68,365	**242,105**	214,033
Income before non-controlling interest	**191,685**	176,784	**578,496**	506,450
Non-controlling interest	**252**	229	**1,398**	1,269
Net income	**$ 191,433**	$ 176,555	**$ 577,098**	$ 505,181
Average number of common shares *(in thousands) (Note 6)*				
– Basic	**264,769**	264,581	**264,697**	264,595
– Diluted	**267,466**	266,813	**267,390**	266,586
Earnings per share *(in dollars) (Note 6)*				
– Basic	**$ 0.72**	$ 0.67	**$ 2.18**	$ 1.91
– Diluted	**$ 0.72**	$ 0.66	**$ 2.16**	$ 1.90

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Retained Earnings

(unaudited) *(in thousands of dollars)*	NINE MONTHS ENDED SEPTEMBER 30 **2006**	 2005
Balance, beginning of period	**$ 1,954,391**	$ 1,668,006
Net income	**577,098**	505,181
Common dividends	**(301,194)**	(261,941)
Common share cancellation excess *(Note 3)*	**(11,687)**	(20,067)
Other	**(6,019)**	(6,999)
Balance, end of period	**$ 2,212,589**	$ 1,884,180

(See accompanying notes to interim consolidated financial statements.)

Consolidated Balance Sheets

(unaudited) *(in thousands of dollars)*	SEPTEMBER 30 2006	DECEMBER 31 2005
Assets		
Cash and cash equivalents	**$ 1,064,140**	$ 1,068,061
Securities	**151,923**	178,011
Loans	**608,600**	512,989
Investment in affiliate	**536,203**	509,721
Deferred selling commissions	**977,818**	927,958
Other assets	**369,744**	336,473
Intangible assets	**1,040,846**	900,180
Goodwill	**2,373,602**	2,373,483
	$ 7,122,876	$ 6,806,876
Liabilities		
Deposits and certificates	**$ 719,913**	$ 692,770
Other liabilities	**674,899**	634,256
Future income taxes	**449,671**	449,717
Long-term debt	**1,200,000**	1,225,010
Preferred shares *(Note 3)*	**360,000**	360,000
	3,404,483	3,361,753
Shareholders' Equity		
Share capital *(Note 3)*	**1,492,015**	1,481,519
Contributed surplus	**13,789**	9,213
Retained earnings	**2,212,589**	1,954,391
	3,718,393	3,445,123
	$ 7,122,876	$ 6,806,876

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Cash Flows

(unaudited) *(in thousands of dollars)*	Three months ended September 30 **2006**	2005	Nine months ended September 30 **2006**	2005
Operating activities				
Net income	**$ 191,433**	$ 176,555	**$ 577,098**	$ 505,181
Adjustments to determine net cash from operating activities				
Future income taxes	**(1,123)**	(17,851)	**617**	17,433
Commission amortization	**73,607**	66,684	**220,299**	194,262
Amortization of capital and intangible assets	**5,187**	5,676	**15,917**	17,076
Changes in operating assets and liabilities and other	**8,168**	88,740	**(85,833)**	(11,514)
	277,272	319,804	**728,098**	722,438
Commissions paid	**(66,211)**	(73,880)	**(270,159)**	(267,476)
	211,061	245,924	**457,939**	454,962
Financing activities				
Net increase (decrease) in deposits and certificates	**50,567**	(16,094)	**27,143**	(25,859)
Repayment of long-term debt	**–**	–	**(25,010)**	(1,785)
Issue of common shares	**4,009**	3,981	**11,338**	8,280
Common dividends paid	**(97,945)**	(85,298)	**(287,175)**	(250,056)
Common shares purchased for cancellation	**(5,762)**	(11,294)	**(13,216)**	(23,335)
	(49,131)	(108,705)	**(286,920)**	(292,755)
Investing activities				
Purchase of securities	**(16,139)**	(13,381)	**(66,286)**	(29,214)
Proceeds from the sale of securities	**56,393**	22,625	**141,020**	78,833
Net increase in loans	**(420,304)**	(46,538)	**(1,110,722)**	(290,180)
Proceeds from securitizations *(Note 2)*	**386,600**	56,892	**1,019,290**	188,381
Additions to capital assets	**(9,772)**	(2,303)	**(16,367)**	(7,473)
Acquisition of intangible assets *(Note 8)*	**(140,817)**	–	**(140,817)**	–
Other	**(61)**	(156)	**(1,058)**	(797)
	(144,100)	17,139	**(174,940)**	(60,450)
Increase (decrease) in cash and cash equivalents	**17,830**	154,358	**(3,921)**	101,757
Cash and cash equivalents, beginning of period	**1,046,310**	812,389	**1,068,061**	864,990
Cash and cash equivalents, end of period	**$ 1,064,140**	$ 966,747	**$ 1,064,140**	$ 966,747
Cash	**$ 164,237**	$ 112,628	**$ 164,237**	$ 112,628
Cash equivalents	**899,903**	854,119	**899,903**	854,119
	$ 1,064,140	$ 966,747	**$ 1,064,140**	$ 966,747
Supplemental disclosure of cash flow information				
Amount of interest paid during the period	**$ 20,744**	$ 20,927	**$ 84,324**	$ 84,524
Amount of income taxes paid during the period	**$ 53,150**	$ 27,592	**$ 224,612**	$ 174,800

(See accompanying notes to interim consolidated financial statements.)

Notes to the Interim Consolidated Financial Statements

SEPTEMBER 30, 2006 *(unaudited) (In thousands of dollars, except shares and per share amounts)*

1. SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as set out in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2005. These interim unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto in the Company's Annual Report dated December 31, 2005.

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

2. SECURITIZATIONS

During the third quarter, the Company securitized $390.0 million (2005 – $57.2 million) of residential mortgages through sales to commercial paper conduits that in turn issued securities to investors and received net cash proceeds of $386.6 million (2005 – $56.9 million). The Company's retained interest in the securitized loans was valued at $9.9 million (2005 – $2.0 million). A pre-tax gain on sale of $3.6 million (2005 – gain of $1.2 million) was recognized and reported in Net investment income and other in the Consolidated Statements of Income.

During the nine months ended September 30, 2006, the Company securitized $1,025.8 million (2005 – $189.3 million) of residential mortgages through sales to commercial paper conduits that in turn issued securities to investors and received net cash proceeds of $1,019.3 million (2005 – $188.4 million). The Company's retained interest in the securitized loans was valued at $17.4 million (2005 – $6.1 million). A pre-tax gain on sale of $1.2 million (2005 – $3.5 million) was recognized and reported in Net investment income and other in the Consolidated Statements of Income.

3. SHARE CAPITAL

Issued and outstanding

	SEPTEMBER 30, 2006		DECEMBER 31, 2005	
	SHARES	STATED VALUE	SHARES	STATED VALUE
First preferred shares, Series A	**14,400,000**	**$ 360,000**	14,400,000	$ 360,000
Common shares				
Balance, beginning of period	**264,539,213**	**$ 1,481,519**	264,598,380	$ 1,475,405
Issued under Stock Option Plan	**515,718**	**12,025**	525,533	9,382
Purchased for cancellation	**(271,700)**	**(1,529)**	(584,700)	(3,268)
Balance, end of period	**264,783,231**	**$ 1,492,015**	264,539,213	$ 1,481,519

Normal course issuer bid

The Company commenced a normal course issuer bid, effective for one year, on March 22, 2006. Under this bid, the Company may purchase up to 13.2 million or 5% of its common shares outstanding as at March 14, 2006. In the third quarter of 2006, 121,700 shares were purchased at a cost of $5.8 million and, during the nine months ended September 30, 2006, 271,700 shares were purchased at a cost of $13.2 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

On February 23, 2005, the Company commenced a normal course issuer bid, effective for one year, authorizing it to purchase up to 13.2 million or 5% of its common shares outstanding as at February 18, 2005. In the third quarter of 2005, 260,000 shares were purchased at a cost of $11.3 million and, during the nine months ended September 30, 2005, 584,700 shares were purchased at a cost of $23.3 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

4. STOCK-BASED COMPENSATION

	SEPTEMBER 30 2006	DECEMBER 31 2005
Common share options		
– Outstanding	**8,610,409**	8,451,760
– Exercisable	**4,736,596**	3,854,090

In the third quarter of 2006, the Company did not issue options to employees (2005 – nil). In the nine months ended September 30, 2006, the Company issued 810,400 options to employees (2005 – 1,920,800). A portion of the options granted to employees are subject to performance targets. The weighted-average fair value of options granted during the nine months ended September 30, 2006 has been estimated at $8.68 per option (2005 – $7.76) using the Black-Scholes option pricing model, based on the following assumptions: (i) risk-free interest rate of 4.11% (2005 – 4.04%), (ii) expected option life of six years (2005 – six years), (iii) expected volatility of 21.00% (2005 – 25.00%) and (iv) expected dividend yield of 3.17% (2005 – 3.42%).

The Company recorded compensation expense related to its stock option program of $1.6 million (2005 – $1.6 million) in the third quarter and $4.7 million (2005 – $3.6 million) for the nine months ended September 30, 2006.

5. EMPLOYEE FUTURE BENEFITS

The Company recorded pension and other post-retirement benefits expense as follows:

	THREE MONTHS ENDED SEPTEMBER 30 2006	2005	NINE MONTHS ENDED SEPTEMBER 30 2006	2005
Pension expense	**$ 769**	$ 203	**$ 2,306**	$ 611
Other post-retirement benefits expense	**725**	973	**2,175**	2,917
Total	**$ 1,494**	$ 1,176	**$ 4,481**	$ 3,528

6. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED SEPTEMBER 30 2006	2005	NINE MONTHS ENDED SEPTEMBER 30 2006	2005
Earnings				
Net income	**$ 191,433**	$ 176,555	**$ 577,098**	$ 505,181
Number of common shares *(in thousands)*				
Average number of common shares outstanding	**264,769**	264,581	**264,697**	264,595
Add:				
– Potential exercise of outstanding stock options	**2,697**	2,232	**2,693**	1,991
Average number of common shares outstanding – Diluted basis	**267,466**	266,813	**267,390**	266,586
Earnings per common share *(in dollars)*				
Basic	**$ 0.72**	$ 0.67	**$ 2.18**	$ 1.91
Diluted	**$ 0.72**	$ 0.66	**$ 2.16**	$ 1.90

In certain circumstances, the preferred shares are convertible into common shares. These conversions are not included in the calculation of diluted earnings per share as the Company has the option to settle in cash instead of shares.

7. SEGMENTED INFORMATION

Three months ended September 30 2006	Investors Group	Mackenzie	Corporate and Other	Total
Fee and net investment income				
Management	**$ 260,868**	**$ 185,424**	**$ 10,189**	**$ 456,481**
Administration	**45,319**	**31,552**	**226**	**77,097**
Distribution	**28,495**	**7,228**	**18,431**	**54,154**
Net investment income and other	**38,119**	**6,476**	**10,775**	**55,370**
	372,801	**230,680**	**39,621**	**643,102**
Operating expenses				
Commissions	**97,589**	**90,116**	**17,493**	**205,198**
Non-commission	**64,186**	**62,126**	**8,179**	**134,491**
	161,775	**152,242**	**25,672**	**339,689**
Earnings before undernoted	**$ 211,026**	**$ 78,438**	**$ 13,949**	**303,413**
Interest expense				**22,221**
Income before income taxes and non-controlling interest				**281,192**
Income taxes				**89,507**
Income before non-controlling interest				**191,685**
Non-controlling interest				**252**
Net income				**$ 191,433**

Three months ended September 30 2005	Investors Group	Mackenzie	Corporate and Other	Total
Fee and net investment income				
Management	$ 237,805	$ 174,267	$ 8,444	$ 420,516
Administration	40,380	33,729	372	74,481
Distribution	30,388	8,284	14,734	53,406
Net investment income and other	28,283	4,935	5,376	38,594
	336,856	221,215	28,926	586,997
Operating expenses				
Commissions	83,768	85,804	13,919	183,491
Non-commission	64,859	63,162	7,590	135,611
	148,627	148,966	21,509	319,102
Earnings before undernoted	$ 188,229	$ 72,249	$ 7,417	267,895
Interest expense				22,746
Income before income taxes and non-controlling interest				245,149
Income taxes				68,365
Income before non-controlling interest				176,784
Non-controlling interest				229
Net income				$ 176,555

7. SEGMENTED INFORMATION *(continued)*

Nine months ended September 30 **2006**	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	**$ 770,283**	**$ 564,895**	**$ 29,517**	**$ 1,364,695**
Administration	**135,441**	**97,774**	**444**	**233,659**
Distribution	**86,220**	**25,022**	**54,520**	**165,762**
Net investment income and other	**112,999**	**20,336**	**28,585**	**161,920**
	1,104,943	**708,027**	**113,066**	**1,926,036**
Operating expenses				
Commissions	**287,269**	**274,887**	**51,655**	**613,811**
Non-commission	**204,903**	**196,461**	**24,062**	**425,426**
	492,172	**471,348**	**75,717**	**1,039,237**
Earnings before undernoted	**$ 612,771**	**$ 236,679**	**$ 37,349**	**886,799**
Interest expense				**66,198**
Income before income taxes and non-controlling interest				**820,601**
Income taxes				**242,105**
Income before non-controlling interest				**578,496**
Non-controlling interest				**1,398**
Net income				**$ 577,098**
Identifiable assets	**$ 1,552,974**	**$ 2,365,891**	**$ 830,409**	**$ 4,749,274**
Goodwill	**1,347,781**	**943,550**	**82,271**	**2,373,602**
Total assets	**$ 2,900,755**	**$ 3,309,441**	**$ 912,680**	**$ 7,122,876**

Nine months ended September 30 **2005**	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	$ 679,501	$ 514,430	$ 23,697	$ 1,217,628
Administration	124,520	102,661	2,181	229,362
Distribution	80,788	26,237	49,473	156,498
Net investment income and other	101,662	13,559	20,546	135,767
	986,471	656,887	95,897	1,739,255
Operating expenses				
Commissions	238,876	252,525	45,571	536,972
Non-commission	198,971	192,060	23,093	414,124
	437,847	444,585	68,664	951,096
Earnings before undernoted	$ 548,624	$ 212,302	$ 27,233	788,159
Interest expense				67,676
Income before income taxes and non-controlling interest				720,483
Income taxes				214,033
Income before non-controlling interest				506,450
Non-controlling interest				1,269
Net income				$ 505,181
Identifiable assets	$ 1,459,537	$ 2,172,763	$ 700,001	$ 4,332,301
Goodwill	1,347,781	943,550	81,779	2,373,110
Total assets	$ 2,807,318	$ 3,116,313	$ 781,780	$ 6,705,411

8. ACQUISITION OF INTANGIBLE ASSETS

In the third quarter of 2006, Mackenzie Financial Corporation ("Mackenzie"), a subsidiary of IGM Financial Inc., acquired the assets of Cundill Investment Research Ltd. and related entities ("Cundill Group") for cash consideration, including transaction and other related costs. There is contingent consideration due if certain future revenue and assets under management targets are met. The preliminary purchase price has been allocated to intangible assets and will be completed as soon as Mackenzie has gathered all the significant information considered necessary in order to finalize this allocation.

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Stock Exchange Listing
Toronto Stock Exchange
Shares of IGM Financial Inc. are listed on the Toronto Stock Exchange under the following listings:
Common Shares: IGM
First Preferred Shares, Series A: IGM.PR.A

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Si vous préférez recevoir ce rapport en français, veuillez vous adresser au Secrétaire de Société financière IGM Inc.,
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Normal Course Issuer Bid
The Company has renewed its Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange from March 22, 2006 to March 21, 2007. During the course of the Bid, the Company intends to purchase for cancellation up to but not more than 13,235,486 common shares, being approximately 5% of its outstanding capital. Shareholders may obtain a copy of the Bid, without charge, by contacting the Corporate Secretary's Department at the Company's Head Office.

Websites
Visit our websites at
www.igmfinancial.com
www.investorsgroup.com
www.mackenziefinancial.com
www.ipcc.ca

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