

Quarterly Review

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31

(\$ thousands, except per share amounts)

	2008				2007			
	4	3	2	1	4	3	2	1
Fee and net investment income								
Management	\$ 396,325	\$ 476,929	\$ 503,320	\$ 490,649	\$ 522,094	\$ 531,636	\$ 530,466	\$ 511,836
Administration	84,248	88,098	89,401	87,502	90,255	90,740	84,676	83,757
Distribution	67,364	70,598	72,395	75,687	66,769	64,620	61,943	62,169
Net investment income and other	36,054	49,335	55,939	60,844	42,499	43,833	44,785	63,029
Total fee and net investment income	583,991	684,960	721,055	714,682	721,617	730,829	721,870	720,791
Operating expenses								
Commission expense	206,421	230,053	234,803	234,994	241,428	237,970	236,251	231,404
Non-commission expense	162,566	155,377	162,500	167,411	156,685	154,994	154,110	157,199
Interest expense	24,448	22,176	21,990	21,990	22,222	22,221	22,036	21,851
Total operating expenses	393,435	407,606	419,293	424,395	420,335	415,185	412,397	410,454
Proportionate share of affiliate's impairment charge	190,556	277,354	301,762	290,287	301,282	315,644	309,473	310,337
Income before undernoted	60,346	–	–	–	–	–	–	–
Income before undernoted	130,210	277,354	301,762	290,287	301,282	315,644	309,473	310,337
Income taxes	50,367	78,352	85,277	78,555	66,317	96,424	92,794	99,147
Non-controlling interest	79,843	199,002	216,485	211,732	234,965	219,220	216,679	211,190
Net income before undernoted	42	308	387	529	630	823	825	641
Net income before undernoted	79,801	198,694	216,098	211,203	234,335	218,397	215,854	210,549
Proportionate share of affiliate's gain	–	–	25,003	–	–	–	–	–
Net income								
In accordance with GAAP	79,801	198,694	241,101	211,203	234,335	218,397	215,854	210,549
Adjusted net income ⁽¹⁾	140,147	198,694	216,098	211,203	219,067	218,397	215,854	210,549
Reconciliation of non-GAAP financial measures⁽¹⁾								
Adjusted net income (non-GAAP)	\$ 140,147	\$ 198,694	\$ 216,098	\$ 211,203	\$ 219,067	\$ 218,397	\$ 215,854	\$ 210,549
Proportionate share of affiliate's impairment charge	60,346	–	–	–	–	–	–	–
Proportionate share of affiliate's gain	–	–	25,003	–	–	–	–	–
Non-cash income tax benefit	–	–	–	–	15,268	–	–	–
Net income (GAAP)	\$ 79,801	\$ 198,694	\$ 241,101	\$ 211,203	\$ 234,335	\$ 218,397	\$ 215,854	\$ 210,549
Diluted earnings per share (¢)								
In accordance with GAAP	30	75	91	79	88	82	81	79
Adjusted earnings per share	53	75	81	79	82	82	81	79
Dividends per share (¢)	51.25	51.25	48.75	48.75	46.00	46.00	42.75	42.75

STATISTICAL DATA (\$ millions)

Mutual funds

Investors Group								
Sales	\$ 1,237	\$ 1,299	\$ 1,457	\$ 1,953	\$ 1,637	\$ 1,593	\$ 1,719	\$ 2,280
Redemption rate (%) – total	9.4	9.1	8.9	8.7	8.4	8.4	8.5	8.7
– long-term funds	7.9	7.7	7.6	7.4	7.3	7.3	7.4	7.7
Net sales (redemptions)	60	61	(6)	510	386	370	401	1,001
Assets under management	47,491	54,306	59,006	58,582	60,194	61,205	61,334	60,179
Mackenzie								
Sales	1,646	1,901	2,343	2,059	1,857	1,829	2,173	2,594
Redemption rate (%) – total	22.4	20.2	19.2	18.0	17.8	17.7	17.3	17.6
– long-term funds	18.7	16.9	15.6	14.4	14.1	14.2	14.2	14.8
Net sales (redemptions)	(869)	(312)	(94)	(278)	(248)	(212)	137	234
Assets under management	35,814	41,823	43,716	44,555	46,563	47,492	48,502	47,823
Investment Planning Counsel								
Sales	43	54	63	84	66	80	84	134
Redemption rate (%) – total	15.8	14.4	12.5	10.9	9.8	9.2	9.4	9.5
– long-term funds	14.8	13.7	11.9	10.3	9.4	8.8	9.1	9.2
Net sales (redemptions)	(33)	(25)	(25)	3	(1)	34	31	75
Assets under management	1,740	1,931	2,139	2,180	2,268	2,294	2,316	2,296
Combined mutual fund assets under management⁽²⁾								
	85,025	98,035	104,834	105,289	108,994	110,959	112,117	110,263
Total assets under management	101,742	118,535	119,669	118,957	122,982	124,228	125,862	123,414
Corporate assets	8,234	8,299	7,978	7,901	7,859	7,750	7,538	7,468
Consultants – Investors Group	4,479	4,411	4,360	4,342	4,331	4,225	4,093	3,985

(1) Refer to page 18 of the MD&A for an explanation of the Company's use of non-GAAP financial measures.

(2) Adjusted for inter-segment assets.