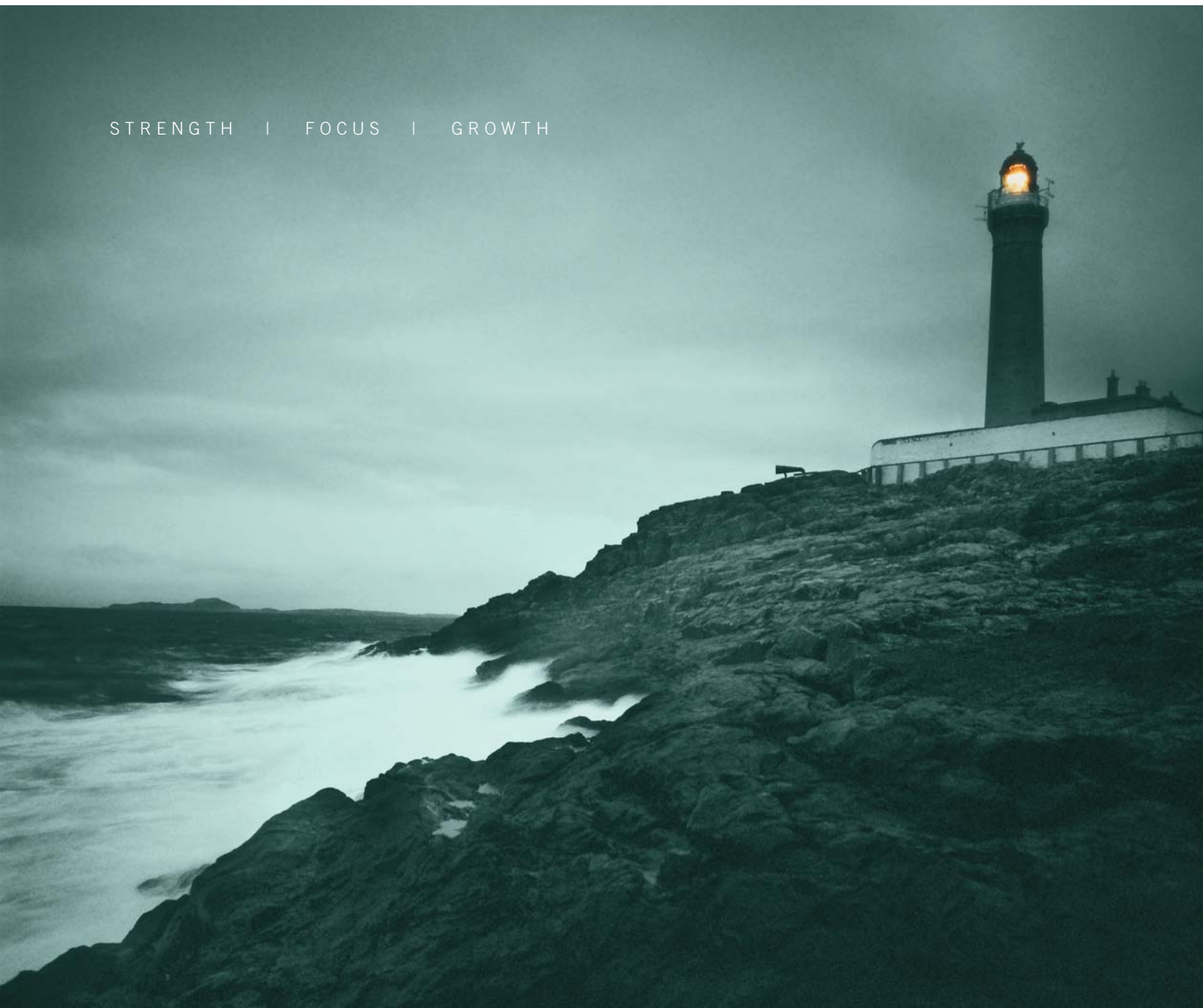


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IGM
Financial

THIRD QUARTER REPORT
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2009

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Caution Regarding Forward-Looking Statements

Certain statements in this report, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. 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", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's, and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes (including adoption of International Financial Reporting Standards), operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials filed with the securities regulatory authorities in Canada, available at www.sedar.com.

Non-GAAP Financial Measures

This report contains non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include but are not limited to "adjusted net income", "adjusted diluted earnings per share" and "adjusted return on average common equity" 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 comparable 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 prescribed by GAAP.

FINANCIAL HIGHLIGHTS

(unaudited)	THREE MONTHS ENDED					NINE MONTHS ENDED		
	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	% CHANGE		2009 SEP. 30	2008 SEP. 30	% CHANGE 2008 SEP. 30
				2009 JUN. 30	2008 SEP. 30			
Net income (\$ millions)								
Adjusted ⁽¹⁾	\$ 167.4	\$ 144.5	\$ 198.7	15.8%	(15.8)%	\$ 445.4	\$ 626.0	(28.8)%
GAAP	167.4	144.5	198.7	15.8	(15.8)	445.4	651.0	(31.6)
Diluted earnings per share								
Adjusted ⁽¹⁾	0.63	0.55	0.75	14.5	(16.0)	1.69	2.36	(28.4)
GAAP	0.63	0.55	0.75	14.5	(16.0)	1.69	2.45	(31.0)
Return on equity								
Adjusted ⁽¹⁾						14.2%	19.7%	
GAAP						14.2%	20.5%	
Dividends per share	0.5125	0.5125	0.5125	—	—	1.5375	1.4875	3.4

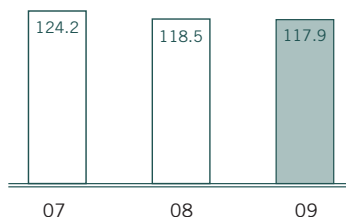
(\$ millions)	% CHANGE				
	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	2009 JUN. 30	2008 SEP. 30
Total assets under management⁽²⁾	\$ 117,904	\$ 109,647	\$ 118,535	7.5%	(0.5)%
Investors Group					
Mutual funds	56,560	52,498	54,306	7.7	4.2
Mackenzie					
Mutual funds	39,854	37,249	41,823		
Sub-advisory, institutional and other accounts	22,176	20,550	22,953		
Total	62,030	57,799	64,776	7.3	(4.2)
Counsel Group of Funds					
Mutual funds	2,030	1,838	1,931	10.4	5.1

Mutual Funds and Institutional Sales

	INVESTORS GROUP	MACKENZIE	COUNSEL GROUP OF FUNDS	TOTAL ⁽³⁾
For the three months ended September 30, 2009				
Gross sales	\$ 1,134	\$ 2,440	\$ 87	\$ 3,661
Net sales (redemptions)	36	(62)	32	(16)
For the nine months ended September 30, 2009				
Gross sales	\$ 3,666	\$ 8,692	\$ 223	\$ 12,581
Net sales (redemptions)	250	(896)	52	(709)

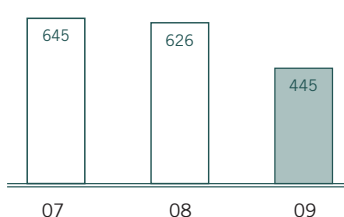
Total Assets under Management

As at September 30 (\$ billions)



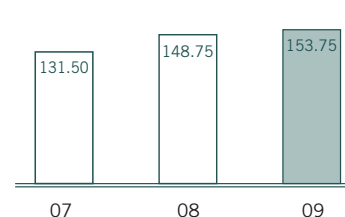
Net Income⁽¹⁾

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, 2008 excluded a \$25.0 million gain which represented the Company's proportionate share of Great-West Lifeco Inc.'s after-tax gain on the sale of its healthcare business, Great-West Healthcare.

(2) Total assets under management excluded \$2.7 billion of assets sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel (\$2.5 billion at June 30, 2009 and at September 30, 2008).

(3) Total Gross Sales and Net Redemptions for the three months ended September 30, 2009 excluded \$57 million and \$22 million respectively in accounts sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel. Total Gross Sales and Net Redemptions for the nine months ended September 30, 2009 excluded \$276 million and \$115 million respectively in accounts sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel.

REPORT TO SHAREHOLDERS

FINANCIAL RESULTS

Net income for the three months ended September 30, 2009 was \$167.4 million compared to \$198.7 million a year ago and \$144.5 million in the prior quarter. Earnings per share were 63 cents compared to 75 cents a year ago and 55 cents in the prior quarter.

Net income for the nine months ended September 30, 2009 was \$445.4 million compared to adjusted net income of \$626.0¹ million for the comparative period in 2008. Earnings per share were \$1.69 in 2009 compared to adjusted earnings per share of \$2.36¹ in 2008.

Gross revenues for the three months ended September 30, 2009 were \$622.6 million compared to \$684.7 million a year ago and \$587.8 million in the prior quarter. Operating expenses were \$383.1 million for the third quarter of 2009, compared to \$407.6 million a year ago and \$384.1 million in the prior quarter.

Gross revenues for the nine months ended September 30, 2009 were \$1.77 billion compared to \$2.12 billion a year ago. Operating expenses were \$1.14 billion for the nine months ended September 30, 2009 compared to \$1.25 billion a year ago.

Total assets under management at September 30, 2009 were \$117.9 billion. This compared with total assets under management of \$118.5 billion at September 30, 2008 and \$109.6 billion at June 30, 2009.

INVESTORS GROUP OPERATIONS

The number of Investors Group Consultants was 4,616 at September 30, 2009 up from 4,479 at December 31, 2008 and up from 4,411 at September 30, 2008.

Mutual fund sales for the third quarter were \$1.1 billion compared to \$1.3 billion in the prior year and mutual fund net sales for the third quarter were \$36 million compared to net sales of \$61 million a year ago and net redemptions of \$95 million in the prior quarter.

Mutual fund sales for the nine months ended September 30, 2009 were \$3.7 billion compared to \$4.7 billion in the prior year and mutual fund net sales were \$250 million compared to \$565 million a year ago.

Investors Group's twelve month trailing redemption rate (excluding money market funds) was 7.3% at September 30, 2009, compared to 7.7% at September 30, 2008 and 7.5% at June 30, 2009.

Investors Group's mutual fund assets under management at September 30, 2009 were \$56.6 billion compared to \$54.3 billion at September 30, 2008 and \$52.5 billion at June 30, 2009.

MACKENZIE OPERATIONS

Total sales for the third quarter of 2009 were \$2.4 billion compared to \$2.7 billion in the prior year. Total net redemptions for the third quarter were \$62 million compared to total net redemptions of \$1.2 billion in the

¹ Adjusted net income for the nine month period ended September 30, 2008 excluded a \$25.0 million gain which represented the Company's proportionate share of Great-West Lifeco Inc.'s after-tax gain on the sale of its healthcare business, Great-West Healthcare. Net income without adjustment was \$651.0 million for the nine month period and earnings per share on this basis were \$2.45.

prior year and total net redemptions of \$535 million in the prior quarter.

Total sales for the nine months ended September 30, 2009 were \$8.7 billion compared to \$9.2 billion in the prior year. Total net redemptions were \$896 million compared to total net redemptions of \$1.1 billion in the prior year.

Mackenzie's total assets under management at September 30, 2009 totalled \$62.0 billion. This compares with total assets under management of \$64.8 billion at September 30, 2008 and \$57.8 billion at June 30, 2009. Mutual fund assets under management at September 30, 2009 were \$39.9 billion compared to \$41.8 billion a year ago and \$37.2 billion at June 30, 2009.

INVESTMENT PLANNING COUNSEL OPERATIONS

Assets under administration were \$12.0 billion as at September 30, 2009 compared to \$11.7 billion at September 30, 2008 and \$11.0 billion at June 30, 2009. Counsel Group of Funds mutual fund assets under management at September 30, 2009 were \$2.0 billion compared to \$1.9 billion at September 30, 2008 and \$1.8 billion at June 30, 2009.

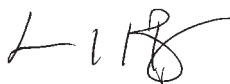
Mutual fund sales of the Counsel Group of Funds for the third quarter of 2009 were \$87 million compared to \$54 million in 2008 and mutual fund net sales were \$32 million compared to net redemptions of \$25 million in the prior year and net sales of \$11 million in the prior quarter.

Mutual fund sales of the Counsel Group of Funds for the nine months ended September 30, 2009 were \$223 million compared to \$201 million in 2008 and mutual fund net sales were \$52 million compared to net redemptions of \$47 million in the prior year.

DIVIDENDS

The Board of Directors 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, 2009 to shareholders of record on November 27, 2009 and has declared a dividend of 51.25 cents per share on the Company's common shares payable on January 29, 2010 to shareholders of record on December 28, 2009.

On behalf of the Board of Directors,



Murray J. Taylor
*Co-President and
Chief Executive Officer
IGM Financial Inc.*



Charles R. Sims
*Co-President and
Chief Executive Officer
IGM Financial Inc.*

October 29, 2009

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the results of 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, 2009 and should be read in conjunction with the unaudited interim Consolidated Financial Statements, as well as the 2008 IGM Financial Inc. Annual Report and the 2009 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, 2009 is as of October 28, 2009.

FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Company's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. 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", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing

a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's, and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes (including adoption of

International Financial Reporting Standards), operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list of factors is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business is provided in its disclosure materials filed with the securities regulatory authorities in Canada, available at www.sedar.com.

IGM Financial Inc.

Summary of Consolidated Operating Results

Net income for the third quarter ended September 30, 2009 was \$167.4 million compared to \$198.7 million for the third quarter of 2008, a decrease of 15.8%. Diluted earnings per share were 63 cents in 2009 compared to 75 cents in 2008, a decrease of 16.0%.

Net income of \$167.4 million for the third quarter of 2009 increased \$22.9 million or 15.8% from net income of \$144.5 million in the second quarter of 2009.

Net income for the nine months ended September 30, 2009 was \$445.4 million compared to adjusted net income of \$626.0 million for the comparative period in 2008, a decrease of 28.8%. Diluted earnings per share were \$1.69 in 2009 compared to adjusted diluted earnings per share of \$2.36 in 2008, a decrease of 28.4%. Adjusted net income in 2008 excluded a \$25.0 million benefit as discussed in the Non-GAAP Financial Measures section

of this MD&A. Net income without adjustment for the nine months ended September 30, 2008 was \$651.0 million and diluted earnings per share on this basis were \$2.45.

Shareholders' equity was \$4.3 billion as at September 30, 2009 compared to \$4.1 billion as at December 31, 2008. Return on average common equity for the nine months ended September 30, 2009 was 14.2% and for the comparative period in 2008 adjusted return on equity was 19.7%. The quarterly dividend per common share declared in the third quarter of 2009 was 51.25 cents, unchanged from the second quarter of 2009.

NON-GAAP FINANCIAL MEASURES

Adjusted net income, diluted earnings per share (EPS) and return on common equity (ROE) for the nine months

TABLE 1: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(\$ millions)	THREE MONTHS ENDED			NINE MONTHS ENDED	
	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30
Adjusted net income – Non-GAAP measure	\$ 167.4	\$ 144.5	\$ 198.7	\$ 445.4	\$ 626.0
Proportionate share of affiliate's gain	–	–	–	–	25.0
Net income – GAAP	\$ 167.4	\$ 144.5	\$ 198.7	\$ 445.4	\$ 651.0
Adjusted earnings per share – Non-GAAP measure	\$ 0.63	\$ 0.55	\$ 0.75	\$ 1.69	\$ 2.36
Proportionate share of affiliate's gain	–	–	–	–	0.09
Earnings per share – GAAP	\$ 0.63	\$ 0.55	\$ 0.75	\$ 1.69	\$ 2.45
EBITDA – Non-GAAP measure	\$ 357.2	\$ 320.0	\$ 392.0	\$ 971.8	\$1,212.2
Commission amortization	(76.1)	(75.2)	(81.5)	(225.6)	(244.1)
Amortization of capital and intangible assets and other	(8.5)	(8.6)	(7.1)	(25.0)	(21.3)
Interest expense on long-term debt and dividends on preferred shares	(33.1)	(32.6)	(26.3)	(92.8)	(78.6)
Income before income taxes and proportionate share of affiliate's gain	239.5	203.6	277.1	628.4	868.2
Income taxes	(72.1)	(59.1)	(78.4)	(183.0)	(242.2)
Proportionate share of affiliate's gain	–	–	–	–	25.0
Net income – GAAP	\$ 167.4	\$ 144.5	\$ 198.7	\$ 445.4	\$ 651.0

ended September 30, 2008 excluded a \$25.0 million gain recorded in the second quarter which represented the Company's proportionate share of Great-West Lifeco Inc.'s (Lifeco) after-tax gain on the sale of its healthcare business, Great-West Healthcare as discussed more fully in the 2008 IGM Financial Inc. Annual Report. 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 and Capital Resources 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, Table 3 and Table 4.

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. Segment operations are discussed in the Review of Segment Operating Results sections of the MD&A for both Investors Group and Mackenzie.

Corporate and Other

The Corporate and Other segment includes operating results for Investment Planning Counsel Inc., net investment income earned on unallocated investments and other income as well as inter-segment eliminations.

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q3 2009 VS. Q3 2008

Three months ended (\$ millions)	INVESTORS GROUP		MACKENZIE		CORPORATE & OTHER		TOTAL	
	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30
Fee income	\$ 347.7	\$ 367.1	\$ 205.8	\$ 231.4	\$ 29.2	\$ 37.2	\$ 582.7	\$ 635.7
Net investment income and other	30.2	36.0	4.4	5.2	5.4	7.8	40.0	49.0
	377.9	403.1	210.2	236.6	34.6	45.0	622.7	684.7
Operating expenses								
Commissions	112.8	118.6	73.2	87.1	19.4	24.3	205.4	230.0
Non-commission	74.7	74.8	66.2	70.6	7.8	10.0	148.7	155.4
	187.5	193.4	139.4	157.7	27.2	34.3	354.1	385.4
Earnings before interest and taxes	\$ 190.4	\$ 209.7	\$ 70.8	\$ 78.9	\$ 7.4	\$ 10.7	268.6	299.3
Interest expense							29.1	22.2
Income before income taxes							239.5	277.1
Income taxes							72.1	78.4
Net income							\$ 167.4	\$ 198.7

TABLE 3: CONSOLIDATED OPERATING RESULTS BY SEGMENT – YTD 2009 VS. YTD 2008

Nine months ended (\$ millions)	INVESTORS GROUP		MACKENZIE		CORPORATE & OTHER		TOTAL	
	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30
Fee income	\$ 970.2	\$ 1,120.3	\$ 585.2	\$ 720.5	\$ 86.0	\$ 113.8	\$ 1,641.4	\$ 1,954.6
Net investment income and other	99.7	121.3	11.2	18.1	17.2	25.5	128.1	164.9
	1,069.9	1,241.6	596.4	738.6	103.2	139.3	1,769.5	2,119.5
Operating expenses								
Commissions	329.3	357.2	208.7	268.5	57.0	74.1	595.0	699.8
Non-commission	235.6	235.5	204.5	219.3	25.4	30.5	465.5	485.3
	564.9	592.7	413.2	487.8	82.4	104.6	1,060.5	1,185.1
Earnings before interest and taxes	\$ 505.0	\$ 648.9	\$ 183.2	\$ 250.8	\$ 20.8	\$ 34.7	709.0	934.4
Interest expense							80.6	66.2
Income before income taxes and proportionate share of affiliate's gain							628.4	868.2
Income taxes							183.0	242.2
Net income before proportionate share of affiliate's gain							445.4	626.0
Proportionate share of affiliate's gain							–	25.0
Net income								
In accordance with GAAP							\$ 445.4	\$ 651.0
Adjusted net income ⁽¹⁾							\$ 445.4	\$ 626.0

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

TABLE 4: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q3 2009 VS. Q2 2009

Three months ended (\$ millions)	INVESTORS GROUP		MACKENZIE		CORPORATE & OTHER		TOTAL	
	2009 SEP. 30	2009 JUN. 30	2009 SEP. 30	2009 JUN. 30	2009 SEP. 30	2009 JUN. 30	2009 SEP. 30	2009 JUN. 30
Fee income	\$ 347.7	\$ 325.5	\$ 205.8	\$ 195.2	\$ 29.2	\$ 27.8	\$ 582.7	\$ 548.5
Net investment income and other	30.2	26.4	4.4	3.5	5.4	9.3	40.0	39.2
	377.9	351.9	210.2	198.7	34.6	37.1	622.7	587.7
Operating expenses								
Commissions	112.8	109.6	73.2	69.4	19.4	18.3	205.4	197.3
Non-commission	74.7	81.7	66.2	68.2	7.8	8.3	148.7	158.2
	187.5	191.3	139.4	137.6	27.2	26.6	354.1	355.5
Earnings before interest and taxes	\$ 190.4	\$ 160.6	\$ 70.8	\$ 61.1	\$ 7.4	\$ 10.5	268.6	232.2
Interest expense							29.1	28.6
Income before income taxes							239.5	203.6
Income taxes							72.1	59.1
Net income							\$ 167.4	\$ 144.5

2009 vs. 2008

Earnings before interest and taxes for Corporate and Other were \$7.4 million in the third quarter of 2009 compared to \$10.7 million in the third quarter of 2008. Earnings before interest and taxes related to Investment Planning Counsel were \$0.5 million lower than 2008 due primarily to the decline in average mutual fund assets in 2009 compared with 2008. Net investment income on unallocated investments and other income decreased by \$2.8 million in the current quarter compared with 2008 primarily due to lower average interest rates. As well, in the third quarter of 2008 the Company reduced the fair value of its holdings in non-bank-sponsored asset-backed commercial paper (ABCP) by \$2.5 million as discussed in Note 2 of the interim Consolidated Financial Statements.

Earnings before interest and taxes for Corporate and Other were \$20.8 million in the nine months ended September 30, 2009 compared to \$34.7 million for the same period in 2008. Earnings before interest and taxes related to Investment Planning Counsel were \$6.6 million lower than 2008 due primarily to the decline in average mutual fund assets in 2009 compared with 2008. Net investment income on unallocated investments and other income decreased by \$7.3 million in the current period compared with 2008. The decrease was primarily due to lower average interest rates and was offset in part by \$1.2 million related to the Company's holdings of non-bank-sponsored ABCP. The Company reduced the fair value of its holdings in non-bank-sponsored ABCP by \$3.7 million in the first quarter of 2009 compared to \$2.5 million in each of the second and third quarters of 2008 as discussed in Note 2 of the interim Consolidated Financial Statements.

Q3 2009 vs. Q2 2009

Earnings before interest and taxes were \$7.4 million in the third quarter of 2009 compared to \$10.5 million in the second quarter of 2009. Earnings before interest and taxes related to Investment Planning Counsel were \$1.9 million higher than the second quarter due to both increases in average mutual fund assets and decreases in non-commission expenses. Net investment income on unallocated investments and other income decreased by \$5.0 million in the current quarter due in part to the seasonality of certain fees reported in other income in the second quarter of 2009.

Items Not Allocated to Segments

Certain items reflected in Tables 2, 3 and 4 are not allocated to segments:

- *Interest expense* – Represents the interest expense on the remaining debt issued pursuant to the Mackenzie acquisition, the debentures issued in April 2009 totalling \$375.0 million and the interim bridge credit facility related to the Saxon Financial Inc. (Saxon) acquisition repaid during the second quarter of 2009, as well as dividends paid on the outstanding preferred shares. Interest expense totalled \$23.9 million in the current quarter compared with \$17.0 million in the third quarter of 2008 and \$23.4 million in the second quarter of 2009. Dividends paid on preferred shares were \$5.2 million in all three quarters. Interest expense totalled \$65.1 million in the nine months ended September 30, 2009 compared with \$50.7 million in the same period in 2008. Dividends paid on preferred shares were \$15.5 million for both nine month periods.

TABLE 5: EFFECTIVE INCOME TAX RATE

	THREE MONTHS ENDED			NINE MONTHS ENDED	
	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	2009 SEP. 30	2008 SEP. 30
Income taxes at Canadian federal and provincial statutory rates	31.63%	31.63%	32.40%	31.60%	32.40%
Effect of:					
Dividend income	(0.30)	(0.37)	(0.48)	(0.39)	(0.47)
Net capital gains and losses	–	(0.06)	(0.35)	(0.11)	(0.52)
Proportionate share of affiliate's earnings	(2.16)	(1.61)	(2.09)	(2.62)	(2.61)
Preferred dividends paid	0.68	0.80	0.62	0.78	0.59
Other items	0.27	(1.36)	(1.82)	(0.14)	(1.49)
Effective income tax rate	30.12%	29.03%	28.28%	29.12%	27.90%

- *Income taxes* – The effective income tax rates for all periods under review are shown in Table 5. The effective income tax rate in 2009 was positively impacted by reductions in statutory federal and provincial corporate income tax rates.

Tax planning may result in the Company recording lower levels of income taxes. Management monitors the status of its income tax filings, and regularly

assesses the overall adequacy of its provision for income taxes and, as a result, income taxes recorded in prior years may be adjusted in the current year. Any changes in management's best estimates are reflected in Other items, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.

Investors Group

Review of the Business

INVESTORS GROUP STRATEGY

Investors Group strives to ensure that the interests of shareholders, clients, Consultants and employees are as closely aligned as possible. Investors Group's business approach is focused on:

1. Growing our distribution network through the attraction of new Consultants to our industry and the retention and continued support of existing Consultants.
2. Emphasizing the delivery of financial planning advice, products and services through our dedicated network of Consultants.
3. Communicating actively with our Consultants and primarily through them to our clients, particularly during periods of market volatility.
4. Extending the diversity and range of products offered by Investors Group as we continue to build and maintain enduring client relationships.
5. Maximizing returns on business investment by focusing resources on initiatives that have direct benefits to clients and Consultants and controlling expenditures and increasing efficiencies through effective working relationships with other members of the Power Financial group of companies.

CONSULTANT NETWORK

Investors Group distinguishes itself from its competition by offering personal financial planning to its clients within the context of long-term relationships. At the centre of this relationship is a national distribution network of Consultants in 95 region offices across Canada which includes region offices in Montreal and Charlottetown that were announced in 2009.

At September 30, 2009, Investors Group had 4,616 Consultants, compared with 4,479 at the end of 2008 and 4,411 one year ago. The number of Consultants with more than four years experience was 2,547 compared to 2,479 at the end of 2008 and 2,430 a year earlier. Our Consultant network has grown in each of the last twenty-one consecutive quarters increasing by more than 1,400 Consultants since June 30, 2004.

COMMUNICATING WITH CONSULTANTS AND CLIENTS

As a result of economic conditions during the latter part of 2008 and throughout the first nine months of 2009, communications to Consultants and clients were increased. Consultants are provided with comprehensive information on the current market environment and key long-term investment considerations, as well as tools and resources to assist them in their communications with clients. Our Consultants, in turn, continue to maintain a high degree of contact with our clients, continuing to reinforce the importance of long-term planning and a diversified investment portfolio.

ASSETS UNDER MANAGEMENT

The level of assets under management is influenced by three factors: sales, redemptions and net asset values of our funds. The changes in assets under management for the periods under review are reflected in Table 6.

At September 30, 2009, 75% of Investors Group mutual funds (Masterseries, partner and portfolio funds) had a rating of three stars or better from the Morningstar[†] fund ranking service and 35% had a rating of four or five stars. This compared to the Morningstar[†] universe of 68% for three stars or better and 31% for four and five star funds at September 30, 2009.

Morningstar[†] Ratings are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

On July 13, 2009, Investors Group launched two new portfolio families, Investors Cornerstone Portfolios[™] and Allegro Corporate Class Portfolios[™] and a new international equity fund mandate, Investors International Equity Fund and Class.

2009 vs. 2008

For the third quarter ended September 30, 2009, sales of Investors Group mutual funds through its Consultant network were \$1.1 billion, a decrease of 12.7% from 2008. Mutual fund redemptions, which totalled \$1.1 billion for the same period, decreased 11.3% from 2008 levels. Investors Group's twelve month trailing redemption rate for long-term funds was 7.3% at September 30, 2009

compared to 7.7% at September 30, 2008, and remains well below the corresponding average redemption rate of approximately 16.9% for all other members of the Investment Funds Institute of Canada (IFIC) at September 30, 2009. The 7.3% redemption rate for Investors Group at September 30, 2009 was at the same level as the record low redemption rate achieved at December 31, 2007. Net sales of Investors Group mutual funds for the third quarter of 2009 were \$36 million compared with net sales of \$61 million in 2008. Sales of long-term funds were \$945 million for the third quarter of 2009, compared with \$979 million in 2008. Net sales of long-term funds for the third quarter of 2009 were \$76 million compared to net redemptions of \$28 million in 2008.

For the nine months ended September 30, 2009, sales of Investors Group mutual funds through its Consultant network were \$3.7 billion, a decrease of 22.2% from 2008. Mutual fund redemptions, which totalled \$3.4 billion for the same period, decreased

17.6% from 2008 levels. Net sales of Investors Group mutual funds for the first nine months of 2009 were \$250 million compared with net sales of \$565 million in 2008. Sales of long-term funds were \$2.9 billion for the first nine months of 2009, compared with \$3.7 billion in 2008. Net sales of long-term funds for the first nine months of 2009 were \$243 million compared to net sales of \$253 million in 2008.

Investors Group's mutual fund assets under management were \$56.6 billion at September 30, 2009, as shown in Table 6. The increase in mutual fund assets for the twelve month period ended September 30, 2009 of \$2.3 billion was due to net market appreciation of \$1.9 billion resulting from improvements in global stock markets during 2009 and net sales of \$311 million.

Q3 2009 vs. Q2 2009

The changes in assets under management in the third quarter of 2009 compared with the second quarter of 2009 are reflected in Table 6.

TABLE 6: CHANGE IN MUTUAL FUND ASSETS UNDER MANAGEMENT – INVESTORS GROUP

Three months ended (\$ millions)	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	% CHANGE	
				2009 JUN. 30	2008 SEP. 30
Sales	\$ 1,134.2	\$ 1,104.9	\$ 1,299.1	2.7%	(12.7)%
Redemptions	1,098.4	1,199.8	1,238.0	(8.5)	(11.3)
Net sales (redemptions)	35.8	(94.9)	61.1	N/M	(41.4)
Market and income	4,026.0	6,018.5	(4,761.1)	(33.1)	N/M
Net change in assets	4,061.8	5,923.6	(4,700.0)	(31.4)	N/M
Beginning assets	52,498.1	46,574.5	59,005.5	12.7	(11.0)
Ending assets	\$ 56,559.9	\$ 52,498.1	\$ 54,305.5	7.7%	4.2 %
Average daily assets	\$ 54,222.7	\$ 50,433.1	\$ 57,284.3	7.5%	(5.3)%
<hr/>					
Nine months ended (\$ millions)			2009 SEP. 30	2008 SEP. 30	% CHANGE
Sales			\$ 3,665.9	\$ 4,709.2	(22.2)%
Redemptions			3,415.6	4,144.3	(17.6)
Net sales			250.3	564.9	(55.7)
Market and income			8,818.5	(6,453.3)	N/M
Net change in assets			9,068.8	(5,888.4)	N/M
Beginning assets			47,491.1	60,193.9	(21.1)
Ending assets			\$ 56,559.9	\$ 54,305.5	4.2 %
Average daily assets			\$ 50,152.0	\$ 58,474.8	(14.2)%

For the third quarter ended September 30, 2009, sales of Investors Group mutual funds through its Consultant network were \$1.1 billion, an increase of 2.7% from the second quarter of 2009. Mutual fund redemptions, which totalled \$1.1 billion for the same period, decreased 8.5% from the previous quarter. The annualized quarterly redemption rate for long-term funds for the quarter ended September 30, 2009 was 6.6% compared to 7.8% in the second quarter of 2009. Net sales of Investors Group mutual funds for the current quarter were \$36 million compared with net redemptions of \$95 million in the previous quarter. Sales of long-term funds were \$945 million for the current quarter, compared with \$882 million in the previous quarter. Net sales of long-term funds for the current quarter were \$76 million compared to net redemptions of \$52 million in the previous quarter.

Investors Group's mutual fund assets under management were \$56.6 billion at September 30, 2009, as shown in Table 6. The increase in mutual fund assets for the third quarter of 2009 of \$4.1 billion was almost entirely due to net market appreciation resulting from improvements in global stock markets during the third quarter of 2009.

OTHER PRODUCTS AND SERVICES

Segregated Funds

Investors Group offers 22 of The Great-West Life Assurance Company (Great-West Life) segregated funds that are distributed solely by Investors Group Consultants. These segregated funds provide our clients with death benefit guarantees and potential creditor protection. These segregated funds also provide protection from long-term market volatility by providing two levels of guarantees – 75% or 100% of the principal invested. The investment components of these segregated funds are managed by Investors Group. At September 30, 2009, total segregated fund assets were \$518.8 million.

Insurance

Investors Group distributes insurance products through I.G. Insurance Services Inc. For the three months ended September 30, 2009, sales of insurance products as measured by new annualized premiums were \$11.6 million

compared with \$11.8 million in 2008. For the nine months ended September 30, 2009, sales of insurance products were \$34.0 million compared with \$33.1 million in 2008. Total face amount of insurance in force at September 30, 2009 was \$50.9 billion.

Securities Operations

Investors Group provides securities services to clients through Investors Group Securities Inc. At September 30, 2009, total assets under administration were \$5.5 billion.

Mortgage Operations

Clients who are seeking residential mortgages are referred to Investors Group mortgage planning specialists who originate mortgages in key residential markets. For the three months ended September 30, 2009, mortgage originations were \$278 million compared with \$290 million in 2008. For the nine months ended September 30, 2009, mortgage originations were \$909 million compared with \$892 million in 2008.

Through its mortgage banking operations, residential mortgages are funded through placement with Investors Group's intermediary operations or through sales to Investors Mortgage and Short Term Income Fund and to third parties, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization trusts, or through private placements to institutional investors. The Company is a CMHC approved issuer of National Housing Act Mortgage Backed Securities (NHA MBS) and a seller into the Canada Mortgage Bond Program (CMB Program).

Solutions Banking[†]

Investors Group's Solutions Banking[†] initiative continues to experience high rates of utilization by Consultants and clients. 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.

Additional Products and Services

Investors Group also provides its clients with guaranteed investment certificates offered by Investors Group Trust Co. Ltd., as well as a number of other financial institutions.

Review of Segment Operating Results

Investors Group's earnings from operations before interest and taxes are presented in Table 7.

2009 VS. 2008

Fee Income

Investors Group earns management fees for investment management services provided to its mutual funds which depend largely on the level and composition of mutual

fund assets under management. Management fees were \$258.7 million in the third quarter of 2009, a decrease of \$19.2 million or 6.9% from \$277.9 million in 2008. For the nine months ended September 30, 2009, management fees were \$710.3 million, a decrease of \$137.0 million or 16.2% from \$847.3 million in 2008. The decrease in management fees in both periods was primarily due to the decrease of 5.3% and 14.2%, respectively, in average daily mutual fund assets as shown in Table 6. For both the three and nine month periods in 2009, management

TABLE 7: OPERATING RESULTS – INVESTORS GROUP

Three months ended (\$ millions)	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	% CHANGE	
				2009 JUN. 30	2008 SEP. 30
Fee and net investment income					
Management	\$ 258.7	\$ 237.7	\$ 277.9	8.8%	(6.9)%
Administration	53.2	51.2	53.4	3.9	(0.4)
Distribution	35.8	36.6	35.8	(2.2)	–
	347.7	325.5	367.1	6.8	(5.3)
Net investment income and other	30.2	26.4	36.0	14.4	(16.1)
	377.9	351.9	403.1	7.4	(6.3)
Operating expenses					
Commissions	64.0	64.0	61.0	–	4.9
Asset retention bonus and premium	48.8	45.6	57.6	7.0	(15.3)
Non-commission	74.7	81.7	74.8	(8.6)	(0.1)
	187.5	191.3	193.4	(2.0)	(3.1)
Earnings before interest and taxes	\$ 190.4	\$ 160.6	\$ 209.7	18.6%	(9.2)%
Nine months ended (\$ millions)					
			2009 SEP. 30	2008 SEP. 30	% CHANGE
Fee and net investment income					
Management			\$ 710.3	\$ 847.3	(16.2)%
Administration			152.4	160.9	(5.3)
Distribution			107.5	112.1	(4.1)
			970.2	1,120.3	(13.4)
Net investment income and other			99.7	121.3	(17.8)
			1,069.9	1,241.6	(13.8)
Operating expenses					
Commissions			189.6	181.6	4.4
Asset retention bonus and premium			139.7	175.6	(20.4)
Non-commission			235.6	235.5	–
			564.9	592.7	(4.7)
Earnings before interest and taxes			\$ 505.0	\$ 648.9	(22.2)%

fees were 189 basis points of average daily mutual fund assets compared to 193 basis points for the three month period and 194 basis points for the nine month period in 2008.

Investors Group receives administration fees for providing administrative services to its mutual funds and trusteeship services to its unit trust mutual funds. Administration fees totalled \$53.2 million in the current quarter compared to \$53.4 million a year ago. Administration fees were \$152.4 million for the nine month period ended September 30, 2009 compared to \$160.9 million in 2008. Fee income in both periods under review was negatively impacted by lower average daily mutual fund assets under management in 2009 compared with 2008.

Effective October 1, 2007, Investors Group assumed responsibility for the applicable operating expenses of the funds, other than GST and certain specified fund costs, in return for a fixed rate administration fee established for each fund. From October 1, 2007 until December 31, 2009, and thereafter as may be applicable, the funds that existed as at October 1, 2007 may be required to pay a monthly operating expense adjustment to Investors Group if the combined average monthly net assets for all funds and series that were subject to the administration fee proposal that was approved by investors on September 28, 2007 fall to a level that is 95% of the amount of their total net assets. If it becomes payable, Investors Group is entitled to receive an operating expense adjustment for that month from each of those funds and series in such amount that will result in all of those series, collectively, paying an administration fee for the month equal to the administration fee that would have been payable had the monthly net assets equaled 95% of the net assets on October 1, 2007 throughout the month. If, in a subsequent month, the monthly net assets increase to an amount equal to or greater than 95% of the net assets on October 1, 2007, the operating expense adjustment will not be payable. Due to the level of Investors Group's mutual fund assets, as a result of the volatility in the global stock markets, Investors Group was entitled to an operating expense adjustment. Included in administration fees for the three and nine month periods in 2009 were operating expense adjustments of \$2.3 million and \$12.3 million, respectively, compared to \$0.7 million and \$1.0 million for the three and nine month periods in 2008.

Distribution fees are earned from:

- Redemption fees on mutual funds sold with a deferred sales charge.
- 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 of \$35.8 million for the third quarter of 2009 was unchanged from the same period in 2008. For the nine month period, distribution fees of \$107.5 million decreased by \$4.6 million from \$112.1 million in 2008. Redemption fee income of \$28.8 million for the nine month period decreased by \$6.5 million from the same period in 2008 due primarily to lower redemptions subject to deferred sales charges in 2009 compared to 2008. The increase in distribution fee income from banking and insurance products was partially offset by declines in revenue from securities products.

Net Investment Income and Other

Net investment income and other includes interest earned on cash and cash equivalents, securities and mortgage loans. It also includes realized gains and losses on the sale of securities, Investors Group's proportionate share of earnings of Great-West Lifeco Inc. (Lifeco), as well as income related to mortgage banking activities. Investors Group reports net investment income as the difference between investment income and interest expense. Interest expense includes interest on deposit liabilities, bank indebtedness and debt incurred to finance Investors Group's investment in Lifeco.

Net investment income and other decreased to \$30.2 million in the third quarter of 2009 compared to \$36.0 million in 2008 due to:

- The decrease in gains on the sale of securities which were \$0.1 million for the quarter compared to \$8.2 million in 2008.
- The decrease in Lifeco's earnings as reflected in the Consolidated Financial Position section of this MD&A.

Decreases in net investment income for the third quarter were offset in part by the increase in net revenues related to Investors Group mortgage banking operations which included a favourable non-cash fair value adjustment to the retained interest receivable related to the Canadian bank-sponsored securitization trusts into

which Investors Group sells a portion of its mortgage originations. The non-cash fair value adjustment totalled \$5.9 million and resulted from lower expected credit spreads on asset-backed commercial paper structures.

Net investment income and other decreased to \$99.7 million in the nine months ended September 30, 2009 compared to \$121.3 million in 2008 due to:

- A decrease in gains on the sale of securities which totalled \$4.3 million in 2009 compared to \$28.2 million in 2008.
- The decrease in Lifeco's earnings as reflected in the Consolidated Financial Position section of this MD&A.

Decreases in net investment income for the nine month period were offset in part by the increase in net revenues related to Investors Group mortgage banking operations which included favourable non-cash fair value adjustments as described above totalling \$18.0 million in 2009 resulting from lower expected credit spreads on asset-backed commercial paper structures.

Operating Expenses

Investors Group incurs commission expense in connection with the distribution of its mutual funds and other financial services and products. Commissions are paid on the sale of these products and fluctuate with the level of sales. Commissions paid on the sale of mutual funds are deferred and amortized over a period of six years. Commission expense for the third quarter of 2009 increased by \$3.0 million to \$64.0 million compared with \$61.0 million in 2008. For the nine month period ended September 30, 2009, commission expense increased by \$8.0 million to \$189.6 million compared with \$181.6 million in 2008.

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 decreased by \$6.7 million for the three month period to \$41.2 million and decreased by \$29.5 million for the nine month period to \$116.8 million as a result of the decrease in average assets under management.
- ARP, which is a deferred component of compensation designed to promote Consultant retention and is based on assets under management at each year-end. ARP expense decreased by \$2.1 million and \$6.4 million in the three and nine month periods ended September 30, 2009 to \$7.6 million and \$22.9 million, respectively, compared to 2008.

Non-commission expenses include costs incurred by Investors Group related to Consultant network support, the administration, marketing and management of its mutual funds and other products, as well as other operating expenses. Non-commission expenses were \$74.7 million for the third quarter of 2009 compared to \$74.8 million in 2008. For the nine month period, non-commission expenses were \$235.6 million compared to \$235.5 million in 2008.

These results are consistent with Investors Group's strategy of maximizing returns on business investment that have direct benefits to clients and Consultants while controlling expenditures and increasing efficiencies as follows:

- Investors Group's Consultant network continued to grow throughout 2008 and in the first nine months of 2009. As a result, expenses related to recruiting, training, field support and region office expansion increased in both the three and nine months ended September 30, 2009 compared to the same periods in 2008.
- Increased communication with clients and Consultants during this period of market volatility resulted in increased expenditures in 2009 compared with 2008.
- Operating expenses, excluding those related directly to growth and support of the Consultant network, as noted above, declined in both the three and nine months ended September 30, 2009 compared with 2008.

Q3 2009 VS. Q2 2009

Fee Income

Management fee income increased by \$21.0 million or 8.8% to \$258.7 million in the third quarter of 2009 compared with the second quarter of 2009 primarily due to the increase of 7.5% in average daily mutual fund assets as shown in Table 6. Management fee income was 189 basis points of average daily mutual fund assets unchanged from the second quarter of 2009. In addition, the third quarter of 2009 includes one additional calendar day than the second quarter.

Administration fees increased to \$53.2 million in the third quarter of 2009 from \$51.2 million in the second quarter of 2009 primarily due to the increase in average daily mutual fund assets under management. Included in administration fees for the current quarter were fund

operating expense adjustments of \$2.3 million compared to \$4.0 million in the second quarter of 2009.

Distribution fee income of \$35.8 million in the third quarter of 2009 decreased by \$0.8 million from \$36.6 million in the second quarter of 2009. The decrease was primarily due to the \$1.3 million reduction in redemption fee income resulting from lower redemptions subject to deferred sales charges.

Net Investment Income and Other

Net investment income and other was \$30.2 million in the third quarter of 2009, an increase of \$3.8 million from \$26.4 million in the previous quarter primarily due to the increase in Lifeco's earnings as reflected in the Consolidated Financial Position section of this MD&A.

Increases in net investment income were offset in part by the decrease in net revenues related to mortgage banking operations and the decrease in realized gains on the sale of securities which were \$0.1 million for the

quarter compared with realized gains of \$1.1 million in the previous quarter.

Operating Expenses

Commission expense in the current quarter was \$64.0 million unchanged from the previous quarter.

The asset retention bonus (ARB) expense increased by \$3.3 million to \$41.2 million due to the increase in average mutual fund assets under management.

Non-commission expenses decreased \$7.0 million to \$74.7 million for the third quarter of 2009 compared with the second quarter of 2009. Non-commission expenses in the second quarter of 2009 included Consultant network related costs which are seasonal in nature. Operating expenses, excluding those directly related to growth and support of the Consultant network, also declined in the third quarter of 2009 compared to the second quarter.

Mackenzie

Review of the Business

MACKENZIE STRATEGY

Mackenzie strives to ensure that the interests of shareholders, dealers, advisors, investment clients and employees are as closely aligned as possible. Mackenzie's business approach is focused on:

1. The delivery of consistent long-term investment results.
2. Offering a diversified suite of investment solutions for financial advisors and investors.
3. Continuing to build and solidify our distribution relationships.
4. Maximizing returns on business investment by focusing resources on initiatives that have direct benefits to investment management, distribution and client service.

Founded in 1967, Mackenzie continues to build an investment advisory business through proprietary investment research and portfolio management while utilizing strategic partners in a selected sub-advisory capacity. Our sales model focuses on the provision of advice through multiple third party distribution channels. This approach is particularly relevant in the current economic environment as investors look for assistance in positioning their financial plans for the near and long terms. We are committed to continuing to partner with advice channels going forward.

Mackenzie distributes its investment products and expertise through a network of third party financial advisors. Mackenzie's wholesale teams work with many of the more than 30,000 independent financial advisors across Canada. Mackenzie also deploys sales teams into institutional and specialty markets, including: high net worth, group plans, sub-advisory services and structured products.

ASSETS UNDER MANAGEMENT

The changes in assets under management are summarized in Table 8.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At September 30, 2009, 48% of Mackenzie's mutual funds were rated in the top two performance quartiles for the one year time frame, 60% for the three year time frame and 52% for the five year time frame. Mackenzie also monitors its fund performance relative to the ratings it receives on its mutual funds from the Morningstar[†] fund ranking service. At September 30, 2009, 74% of Mackenzie's mutual fund assets measured by Morningstar[†] had a

rating of three stars or better and 42% had a rating of four or five stars.

Product line changes introduced during the current quarter included the following:

- On September 14, 2009, Mackenzie announced a proposal to change the investment objectives of Mackenzie Sentinel Income Trust Fund, such that the fund will adopt a high income balanced mandate, and announced the introduction of several All-Canadian equity mandates. The investment strategies of Mackenzie Universal Canadian Growth Class, Mackenzie Maxxum Canadian Equity Growth Class and Mackenzie Ivy Canadian Class will be modified such that the funds will invest purely in Canadian equities and the funds will be renamed as follows: Mackenzie Universal All-Canadian Growth Class; Mackenzie Maxxum All-Canadian Equity Class; and Mackenzie Ivy All-Canadian Class.
- On October 2, 2009, Mackenzie announced that The Canadian Shield Fund had filed a preliminary prospectus for an initial public offering of its units. In addition, on September 17, 2009, Mackenzie announced Mackenzie Global Advisors, a division formed within the organization to centralize sales and client service focus on the institutional investment marketplace.

2009 vs. 2008

Mackenzie's total assets under management at September 30, 2009 were \$62.0 billion, a decrease of 4.2% from \$64.8 billion at September 30, 2008.

Mackenzie's mutual fund assets under management were \$39.9 billion at September 30, 2009, a decrease of \$1.9 billion from \$41.8 billion at September 30, 2008.

Mackenzie's sub-advisory, institutional and other accounts at September 30, 2009 were \$22.2 billion, a 3.4% decrease from \$23.0 billion last year.

In the three months ended September 30, 2009, Mackenzie's gross sales were \$2.4 billion, a decrease of 9.6% from \$2.7 billion last year. Redemptions in the current quarter were \$2.5 billion, a decrease of \$1.4 billion from \$3.9 billion in 2008. Net redemptions for the three months ended September 30, 2009 were \$62 million, as compared to net redemptions of \$1.2 billion last year. During the current quarter, net market appreciation resulted in assets increasing by \$4.3 billion as compared to a decrease of \$7.4 billion in 2008.

TABLE 8: CHANGE IN ASSETS UNDER MANAGEMENT – MACKENZIE

Three months ended (\$ millions)	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	% CHANGE	
				2009 JUN. 30	2008 SEP. 30
Sales	\$ 2,440.2	\$ 3,392.6	\$ 2,699.0	(28.1)%	(9.6)%
Redemptions	2,501.9	3,927.5	3,927.1	(36.3)	(36.3)
Net redemptions	(61.7)	(534.9)	(1,228.1)	88.5	95.0
Assets acquired ⁽²⁾	–	–	12,208.6	N/M	N/M
Net new money	(61.7)	(534.9)	10,980.5	88.5	N/M
Market and income	4,293.3	5,731.9	(7,404.3)	(25.1)	N/M
Net change in assets	4,231.6	5,197.0	3,576.2	(18.6)	18.3
Beginning assets	57,798.6	52,601.6	61,199.8	9.9	(5.6)
Ending assets	\$ 62,030.2	\$ 57,798.6	\$ 64,776.0	7.3 %	(4.2)%
Consists of:					
Mutual funds	\$ 39,854.2	\$ 37,249.1	\$ 41,823.3	7.0 %	(4.7)%
Sub-advisory, institutional and other accounts	22,176.0	20,549.5	22,952.7	7.9	(3.4)
	\$ 62,030.2	\$ 57,798.6	\$ 64,776.0	7.3 %	(4.2)%
Daily average mutual fund assets	\$ 38,244.7	\$ 35,997.7	\$ 42,655.0	6.2 %	(10.3)%
Monthly average total assets⁽¹⁾	\$ 59,523.7	\$ 56,026.5	\$ 58,278.4	6.2 %	2.1 %
Nine months ended (\$ millions)			2009 SEP. 30	2008 SEP. 30	% CHANGE
Sales			\$ 8,692.3	\$ 9,162.9	(5.1)%
Redemptions			9,588.1	10,293.7	(6.9)
Net redemptions			(895.8)	(1,130.8)	20.8
Assets acquired ⁽²⁾			–	12,430.2	N/M
Net new money			(895.8)	11,299.4	N/M
Market and income			8,265.5	(9,800.1)	N/M
Net change in assets			7,369.7	1,499.3	N/M
Beginning assets			54,660.5	63,276.7	(13.6)
Ending assets			\$ 62,030.2	\$ 64,776.0	(4.2)%
Daily average mutual fund assets			\$ 36,016.7	\$ 44,107.3	(18.3)%
Monthly average total assets⁽¹⁾			\$ 56,049.1	\$ 60,531.4	(7.4)%

(1) Based on daily average mutual fund assets and month-end average sub-advisory, institutional and other assets.

(2) On January 1, 2008, Mackenzie assumed the management contracts for the mutual fund assets of Putnam Investments Inc., which were distributed in Canada. On September 25, 2008, Mackenzie acquired Saxon Financial Inc. resulting in the addition of \$12.2 billion of assets under management.

In the nine months ended September 30, 2009, Mackenzie's gross sales were \$8.7 billion, a decrease of 5.1% from \$9.2 billion in the same period last year. Redemptions in the nine months ended September 30,

2009 were \$9.6 billion as compared to redemptions of \$10.3 billion in 2008. Net redemptions for the nine months ended September 30, 2009 were \$896 million, as compared to net redemptions of \$1.1 billion last year.

Net market appreciation in the nine month period ended September 30, 2009 resulted in assets increasing by \$8.3 billion as compared to market depreciation of \$9.8 billion in 2008.

On September 25, 2008, Mackenzie acquired Saxon Financial Inc. Saxon's assets under management as well as Saxon's sales and redemptions are included in Mackenzie's results in both the three and nine month periods ended September 30, 2009.

Redemptions of long-term mutual fund assets in the nine months ended September 30, 2009 were \$3.6 billion as compared to redemptions of \$5.6 billion in 2008. As at September 30, 2009, Mackenzie's twelve-month trailing redemption rate for long-term funds was 16.0%, as compared to 16.9% last year. The average twelve-month trailing redemption rate for long-term funds for all other members of IFIC declined to approximately 15.9% at September 30, 2009 from 16.4% last year. Mackenzie's twelve-month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load units with redemption fees, and matured deferred sales

charge units without redemption fees (matured units). Generally, redemption rates for front-end load units and matured units are higher than the redemption rates for deferred sales charge and low load units with redemption fees.

Q3 2009 vs. Q2 2009

Mackenzie's total assets under management at September 30, 2009 were \$62.0 billion, an increase of 7.3% from \$57.8 billion at June 30, 2009 as summarized in Table 8. Mackenzie's mutual fund assets under management increased \$2.6 billion to \$39.9 billion in the quarter and Mackenzie's sub-advisory, institutional and other accounts increased \$1.6 billion to \$22.2 billion at September 30, 2009.

Redemptions of long-term mutual fund assets in the current quarter were \$1.2 billion, consistent with the level of long-term fund redemptions in the quarter ended June 30, 2009. Mackenzie's annualized quarterly redemption rate for long-term funds for the quarter ended September 30, 2009 was 13.0%, as compared to 14.7% in the second quarter of 2009.

Review of Segment Operating Results

Mackenzie's earnings from operations before interest and taxes are presented in Table 9.

2009 VS. 2008

Fee and Net Investment Income

Mackenzie's management fee revenues are earned from services it provides as fund manager to the Mackenzie mutual funds and as investment advisor to sub-advisory and institutional accounts. The majority of Mackenzie's mutual fund assets are purchased on a retail priced basis. Mackenzie also offers various series of its mutual funds with management fees that are designed for fee-based programs, institutional investors and third party investment programs offered by banks, insurance companies and investment dealers. In these series of its mutual funds, Mackenzie does not pay trailing commissions or selling commissions. At September 30, 2009, there were \$8.2 billion of mutual fund assets in these series of funds, as compared to \$8.0 billion at September 30, 2008.

Management fees were \$164.7 million for the current quarter, a decrease of \$24.4 million or 12.9% from \$189.1 million last year. For the nine month period ended September 30, 2009, management fees were \$462.0 million, a decrease of \$130.4 million or 22.0% from \$592.4 million in 2008. The decrease in management fees in both the three and nine month periods was due to the change in Mackenzie's monthly average total assets under management combined with the movement in mix of assets under management.

Monthly average total assets under management were \$59.5 billion in the three month period ended September 30, 2009 compared to \$58.3 billion in 2008, an increase of 2.1%. Monthly average total assets under management for the nine month period ended September 30, 2009 were \$56.0 billion compared to \$60.5 billion in 2008, a decrease of 7.4%.

Mackenzie's average management fee rate was 109.8 basis points in the three month period ended September 30, 2009 and 110.2 basis points in the nine month period ended September 30, 2009, compared to

TABLE 9: OPERATING RESULTS – MACKENZIE

Three months ended (\$ millions)	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30	% CHANGE	
				2009 JUN. 30	2008 SEP. 30
Fee and net investment income					
Management	\$ 164.7	\$ 153.5	\$ 189.1	7.3%	(12.9)%
Administration	34.9	35.2	34.1	(0.9)	2.3
Distribution	6.2	6.5	8.2	(4.6)	(24.4)
	205.8	195.2	231.4	5.4	(11.1)
Net investment income and other	4.4	3.5	5.2	25.7	(15.4)
	210.2	198.7	236.6	5.8	(11.2)
Operating expenses					
Commissions	30.0	29.5	37.1	1.7	(19.1)
Trailing commissions	43.2	39.9	50.0	8.3	(13.6)
Non-commission	66.2	68.2	70.6	(2.9)	(6.2)
	139.4	137.6	157.7	1.3	(11.6)
Earnings before interest and taxes	\$ 70.8	\$ 61.1	\$ 78.9	15.9%	(10.3)%
Nine months ended (\$ millions)					
			2009 SEP. 30	2008 SEP. 30	% CHANGE
Fee and net investment income					
Management			\$ 462.0	\$ 592.4	(22.0)%
Administration			103.9	102.3	1.6
Distribution			19.3	25.8	(25.2)
			585.2	720.5	(18.8)
Net investment income and other			11.2	18.1	(38.1)
			596.4	738.6	(19.3)
Operating expenses					
Commissions			88.3	112.1	(21.2)
Trailing commissions			120.4	156.4	(23.0)
Non-commission			204.5	219.3	(6.7)
			413.2	487.8	(15.3)
Earnings before interest and taxes			\$ 183.2	\$ 250.8	(27.0)%

129.1 basis points and 130.7 basis points respectively in 2008. The decrease in the average management fee rate as compared to 2008 was due to the relative change in Mackenzie's institutional accounts, primarily due to the acquisition of Saxon on September 25, 2008, and in its non-retail priced mutual funds relative to the change in its retail priced mutual funds as institutional assets and non-retail priced mutual funds have lower management fees. In addition, changes in asset mix within Mackenzie's retail priced mutual funds, which represent the relative

proportion of equity and fixed income assets under management, affect average management fee rates.

Administration fees include the following main components:

- Administration fees for providing services to the Mackenzie mutual funds and structured products.
- Asset allocation fees.
- Trustee and other administration fees generated from the MRS account administration business.

Administration fees were \$34.9 million for the three months ended September 30, 2009, as compared to \$34.1 million in 2008. Administration fees were \$103.9 million for the nine months ended September 30, 2009, as compared to \$102.3 million in 2008.

Effective August 1, 2007, Mackenzie assumed responsibility for the applicable operating expenses of the Mackenzie funds, other than GST and certain specified fund costs, in return for a fixed rate administration fee established for each fund. From August 1, 2007 until December 31, 2009, and thereafter as may be applicable, the funds that existed as at August 1, 2007 may be required to pay a monthly operating expense adjustment to Mackenzie if the combined average monthly net assets for all Mackenzie funds and series that were subject to the administration fee proposal that was approved by investors on August 7, 2007 fall to a level that is 95% of the amount of their total net assets. If it becomes payable, Mackenzie will be entitled to receive an operating expense adjustment for that month from each of those funds and series in such amount that will result in all of those series, collectively, paying an administration fee for the month equal to the administration fee that would have been payable had the monthly net assets equaled 95% of the net assets on August 1, 2007 throughout the month. If, in a subsequent month, the monthly net assets increase to an amount equal to or greater than 95% of the net assets on August 1, 2007, the operating expense adjustment will not be payable. Due to the level of Mackenzie's mutual fund assets, as a result of the volatility in the global markets, Mackenzie was entitled to an operating expense adjustment. Included in administration fees were operating expense adjustments of \$5.1 million in the three month period ended September 30, 2009 and \$19.5 million in the nine month period ended September 30, 2009, compared to \$0.5 million and \$3.6 million respectively in 2008.

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 months ended September 30, 2009 was \$6.2 million, a decrease of \$2.0 million from \$8.2 million last year. Distribution fee income in the nine months ended September 30, 2009 was \$19.3 million, a decrease of \$6.5 million from

\$25.8 million in 2008. The decrease in both periods was due primarily to lower redemptions subject to deferred sales charges in 2009 compared to 2008.

The primary component of net investment income and other is the net interest margin from M.R.S. Trust Company's lending and deposit-taking operations. Net investment income in the three months ended September 30, 2009 was \$4.4 million, a decrease of \$0.8 million from \$5.2 million in 2008. Net investment income in the nine months ended September 30, 2009 was \$11.2 million, a decrease of \$6.9 million from \$18.1 million in the comparative period last year. Net investment income in the current periods was below the corresponding periods last year primarily due to the lower interest rate environment experienced in 2009 as compared to 2008 which resulted in a compression in M.R.S. Trust's net interest spreads.

Operating Expenses

Mackenzie's operating expenses were \$139.4 million for the three months ended September 30, 2009, a decrease of \$18.3 million or 11.6% from \$157.7 million last year. Operating expenses for the nine months ended September 30, 2009 were \$413.2 million, a decrease of \$74.5 million or 15.3% from 2008.

Mackenzie pays selling commissions to the dealers that sell its mutual funds on a deferred sales charge and low load basis. Commission expense, which represents the amortization of selling commissions, was \$30.0 million in the three months ended September 30, 2009, as compared to \$37.1 million last year. Commission expense in the nine month period ended September 30, 2009 was \$88.3 million as compared to \$112.1 million in 2008. 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. The decrease in commissions expense as compared to last year is consistent with the general decline in selling commissions paid to dealers in both the current and previous years. An increasing percentage of Mackenzie's mutual funds are now sold on a front-end basis, and Mackenzie does not pay a selling commission on these sales.

Trailing commissions paid to dealers are calculated as a percentage of mutual fund assets under management and vary depending on the fund type and the basis upon which the fund was purchased: front-end, deferred sales charge or 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 \$43.2 million in the three months ended September 30, 2009, a decrease of \$6.8 million or 13.6% from \$50.0 million last year. Trailing commissions in the nine month period ended September 30, 2009 were \$120.4 million, a decrease of \$36.0 million or 23.0% from \$156.4 million in the comparative period last year. The decrease in trailing commissions in both the three and nine month periods ended September 30, 2009 is consistent with the period over period decline in average mutual fund assets under management and the change in asset mix within Mackenzie's mutual funds. Trailing commissions as a percentage of average mutual fund assets under management were 44.7 basis points in the nine month period ended September 30, 2009, as compared to 47.4 basis points last year.

Non-commission expenses were \$66.2 million in the three months ended September 30, 2009, a decrease of \$4.4 million or 6.2% from \$70.6 million last year. Non-commission expenses in the nine months ended September 30, 2009 were \$204.5 million, a decrease of \$14.8 million or 6.7% from \$219.3 million in 2008. Non-commission expenses include costs incurred by Mackenzie related to the administration, marketing and management of its assets under management, as well as costs incurred in its account administration and trust company businesses. Mackenzie's non-commission expenses in the current periods include costs related to Saxon's operations whereas the comparative periods in 2008 only include costs related to Saxon's operations from the date of acquisition (September 25, 2008). Excluding Saxon's non-commission expenses, Mackenzie's non-commission expenses would have been \$63.4 million in the three months ended September 30, 2009, a decrease of \$7.0 million or 9.9% from last year and Mackenzie's non-commission expenses would have been \$195.7 million in the nine months ended September 30, 2009, a decrease of \$23.4 million or 10.7% from last year. The integration of Saxon into Mackenzie's operations was completed in a timely manner in accordance with the business plan prepared by management at the time of acquisition.

Q3 2009 VS. Q2 2009

Fee and Net Investment Income

Management fees were \$164.7 million for the current quarter, an increase of \$11.2 million or 7.3% from \$153.5 million in the second quarter of 2009. The

increase in management fees was due primarily to the increase in Mackenzie's monthly average total assets under management combined with the change in mix of its assets under management. In addition, the third quarter of 2009 contains one additional calendar day than the second quarter.

Monthly average total assets under management were \$59.5 billion in the current quarter compared to \$56.0 billion in the quarter ended June 30, 2009, an increase of 6.2%. Mackenzie's average management fee rate was 109.8 basis points in the current quarter and 109.9 basis points in the second quarter of 2009.

Administration fees were \$34.9 million in the current quarter compared to \$35.2 million in the quarter ended June 30, 2009. Included in administration fees for the current quarter were fund operating expense adjustments of \$5.1 million as compared to \$6.7 million in the second quarter of 2009.

Operating Expenses

Mackenzie's operating expenses were \$139.4 million for the current quarter, an increase of \$1.8 million or 1.3% from \$137.6 million in the second quarter of 2009.

Commission expense, which represents the amortization of selling commissions, was \$30.0 million in the quarter ended September 30, 2009, as compared to \$29.5 million in the second quarter of 2009.

Trailing commissions paid to dealers were \$43.2 million in the current quarter, an increase of \$3.3 million or 8.3% from \$39.9 million in the second quarter of 2009. The increase in trailing commissions is consistent with the quarter over quarter increase in average mutual fund assets under management and the change in asset mix within Mackenzie's mutual funds. Trailing commissions as a percentage of average mutual fund assets under management were 44.8 basis points in the current quarter and 44.5 basis points in the quarter ended June 30, 2009.

Non-commission expenses were \$66.2 million in the current quarter, a decrease of \$2.0 million or 2.9% from the second quarter of 2009. Non-commission expenses include costs incurred by Mackenzie related to the administration, marketing and management of its assets under management, as well as costs incurred in its account administration and trust company businesses. Mackenzie continues to actively manage its non-commission expenses in a manner that enhances its future operating capabilities while at the same time selectively spending on revenue generating initiatives to further grow the business.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were \$9.09 billion at September 30, 2009, compared to \$8.23 billion at December 31, 2008.

SECURITIES

The composition of the Company's securities holdings net of derivatives classified as fair value hedges is detailed in Table 10.

Available for Sale Securities

Securities classified as available for sale include equity securities, investments in proprietary mutual funds and fixed income securities. Unrealized gains and losses on available for sale securities not designated as part of a hedging relationship are recorded in Other comprehensive income until realized.

The fair value of the Company's common share holdings was \$238.8 million as at September 30, 2009. This compared to \$294.2 million, net of derivatives classified as fair value hedges, at December 31, 2008, a decrease of \$55.4 million. The decrease was due to net sales of common share holdings in 2009 of \$100.2 million and the impact of the increase in the fair value of the portfolio. Net unrealized losses on the common share portfolio were \$70.9 million at September 30, 2009 compared to \$112.0 million, net of derivatives, at December 31, 2008. The Company's exposure to and management of equity price risk related to its common share holdings is discussed fully in the Financial

Instruments section of the MD&A and in Note 2 to the interim Consolidated Financial Statements.

Fixed income securities of \$354.8 million at September 30, 2009 are comprised primarily of bankers' acceptances, government guaranteed short-term investments, Canadian chartered bank senior deposit and floating rate notes, and corporate bonds.

Held for Trading Securities

Securities classified as held for trading include Canada Mortgage Bonds, fixed income securities comprised of non-bank-sponsored asset-backed commercial paper (ABCP), and NHA MBS. Unrealized gains and losses are recorded in Net investment income and other in the Consolidated Statements of Income.

As part of the Company's interest rate risk management activities relating to its mortgage banking operations the Company purchased Canada Mortgage Bonds during the nine months ended September 30, 2009. These securities were subsequently sold under repurchase agreements which represent short-term funding transactions where the Company sells securities that it owns and commits to repurchase these securities at a specified price on a specified date in the future. These securities have a fair value of \$630.9 million. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of \$631.3 million. The interest expense related to these obligations is recorded on an accrual basis in Net investment income and other in the Consolidated Statements of Income.

TABLE 10: SECURITIES

(\$ thousands)	SEPTEMBER 30, 2009		DECEMBER 31, 2008	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for Sale				
Common Shares ⁽¹⁾	\$ 309,769	\$ 238,827	\$ 406,172	\$ 294,164
Investments in proprietary mutual funds	35,079	35,361	33,360	28,518
Fixed income securities	352,224	354,751	229,969	231,289
	697,072	628,939	669,501	553,971
Held for Trading				
Canada Mortgage Bonds	647,318	630,913	–	–
Fixed income securities	31,835	28,135	–	–
NHA MBS	3,316	3,516	15,788	16,077
	682,469	662,564	15,788	16,077
	\$ 1,379,541	\$ 1,291,503	\$ 685,289	\$ 570,048

(1) The fair value of derivatives classified as fair value hedges represent an increase to the fair value of common shares of nil at September 30, 2009 and \$32.4 million at December 31, 2008 and were classified as Other Assets or Other Liabilities on the Consolidated Balance Sheets.

The Company's original investment in ABCP totalled \$50.2 million. The Company previously reduced the fair value of the ABCP by recording charges totalling \$14.9 million and recording a further \$3.7 million charge in the first quarter of 2009. The Company's investment in ABCP was reduced by \$3.5 million, representing principal and interest payments received during 2009 from the ABCP conduit trusts. Refer to Note 2 of the interim Consolidated Financial Statements for additional information.

LOANS

Loans, including mortgages and investment loans, increased by \$79.5 million to \$669.1 million at September 30, 2009 and represented 7.4% of total assets, compared to 7.2% at December 31, 2008. Residential mortgage loans related to the Company's mortgage banking operations increased by \$86.3 million. In the Company's deposit and lending operations, investment loans increased by \$1.8 million while residential mortgage loans decreased by \$9.9 million in the nine month period.

Residential mortgage loans originated by Investors Group are funded primarily through sales to third parties, including CMHC or Canadian bank sponsored securitization trusts, on a fully serviced basis. M.R.S. Trust Company sources mortgage loans through mortgage brokers and investment loans through financial advisors. These loans are funded primarily through the Company's deposit operations and, in certain instances, are sold to third parties (including securitization trusts) on a fully serviced basis.

The Company's exposure to and management of credit risk and interest rate risk related to its loan portfolios and its mortgage banking operations is discussed fully in the Financial Instruments section of the MD&A.

INVESTMENT IN AFFILIATE

The Company currently has a 4% equity interest in Great-West Lifeco Inc. (Lifeco), an affiliated company. Both IGM Financial and Lifeco are controlled by Power Financial Corporation.

The equity method is used to account for IGM Financial's investment in Lifeco and the Company's proportionate share of Lifeco's earnings is recorded in Net Investment Income and Other in the Investors Group reportable segment. Changes in the carrying value for the nine months ended September 30, 2009 compared with the same period in 2008 are shown in Table 11.

OFF-BALANCE SHEET SECURITIZATION ARRANGEMENTS

Through the Company's mortgage banking operations, periodic sales of residential mortgages are made to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company retains servicing responsibilities and, in some cases, certain elements of recourse with respect to credit losses on transferred loans. During the third quarter of 2009, the Company entered into securitization transactions with Canadian bank-sponsored securitization trusts and the CMB Program through its mortgage banking operation with proceeds of \$454.6 million compared with \$198.6 million in the third quarter of 2008 as discussed in Note 3 to the interim Consolidated Financial Statements. Securitized loans serviced at September 30, 2009 totalled \$3.2 billion compared with \$2.6 billion at September 30, 2008. The fair value of the Company's retained interest was \$178.1 million at September 30, 2009 compared to \$201.4 million at December 31, 2008.

TABLE 11: INVESTMENT IN AFFILIATE

Nine months ended September 30 (\$ millions)	2009	2008
Carrying value, beginning of period	\$ 574.4	\$ 560.7
Proportionate share of earnings and other ⁽¹⁾	52.3	69.6
Proportionate share of affiliate's gain	—	25.0
Dividends	(34.8)	(33.8)
Proportionate share of accumulated other comprehensive income (loss) and other adjustments	23.6	(4.2)
Carrying value, end of period	\$ 615.5	\$ 617.3

(1) The Company's proportionate share of Lifeco's earnings were \$25.5 million (2008 - \$22.1 million) in the first quarter of 2009, \$10.4 million (2008 - \$29.6 million) in the second quarter of 2009, and \$16.4 million (2008 - \$17.9 million) in the third quarter of 2009.

Consolidated Liquidity and Capital Resources

LIQUIDITY

Cash and cash equivalents totalled \$1.30 billion at September 30, 2009 compared to \$1.23 billion and \$1.13 billion at December 31, 2008 and September 30, 2008, respectively. A significant portion of cash and cash equivalents and loans relates to the Company's deposit operations as shown in Table 12.

Working capital totalled \$1,055.3 million at September 30, 2009 compared to \$817.8 million at December 31, 2008, excluding the Company's cash and cash equivalents related to its deposit operations.

Working capital requirements include:

- 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.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled \$357.2 million in the third quarter of 2009 compared to \$392.0 million in the third quarter of 2008 and

\$320.0 million in the second quarter of 2009. EBITDA totalled \$971.8 million for the nine months ended September 30, 2009 compared to \$1,212.2 million for the same period in 2008.

Refer to the Financial Instruments section of this MD&A for information related to other sources of liquidity and to the Company's exposure to and management of liquidity risk.

Cash Flows

Table 13 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which form part of the interim Consolidated Financial Statements for the three and nine months ended September 30, 2009. Cash and cash equivalents increased \$27.3 million in the quarter compared with a decrease of \$30.5 million in the third quarter of 2008. For the nine month period, cash and cash equivalents increased \$72.5 million compared with a decrease of \$54.5 million in 2008.

Operating activities, before payment of commissions, generated \$234.5 million and \$687.1 million during the three and nine month periods ended September 30, 2009 as compared to \$313.0 million and \$746.4 million in 2008. Cash commissions paid were \$47.2 million and \$156.2 million for the three and nine month periods compared to \$54.5 million and \$219.7 million, respectively, in 2008. The decreases in cash commissions paid are consistent with the decline in mutual fund sales. Net cash flows from operating activities, net of commissions paid, was \$187.3 million and \$530.9 million for the three

TABLE 12: ASSETS RELATED TO DEPOSIT OPERATIONS

(\$ millions)	2009 SEP. 30	2009 JUN. 30	2008 SEP. 30
Assets			
Cash and cash equivalents	\$ 325.0	\$ 434.5	\$ 620.2
Securities	354.8	275.4	–
Loans	436.7	450.7	458.8
Total assets	\$ 1,116.5	\$ 1,160.6	\$ 1,079.0
Liabilities and shareholders' equity			
Deposit liabilities	\$ 953.0	\$ 996.9	\$ 903.7
Other liabilities - net	60.7	61.5	50.8
Shareholders' equity	102.8	102.2	124.5
Total liabilities and shareholders' equity	\$ 1,116.5	\$ 1,160.6	\$ 1,079.0

TABLE 13: CASH FLOWS

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2009	2008	CHANGE	2009	2008	CHANGE
Operating activities						
Before payment						
of commissions	\$ 234.5	\$ 313.0	(25.1)%	\$ 687.1	\$ 746.4	(7.9)%
Commissions paid	(47.2)	(54.5)	13.4	(156.2)	(219.7)	28.9
Net of commissions paid	187.3	258.5	(27.5)	530.9	526.7	0.8
Financing activities	(169.7)	98.7	(271.9)	317.7	(151.8)	N/M
Investing activities	9.7	(387.7)	102.5	(776.1)	(429.4)	(80.7)
(Decrease) increase in cash and cash equivalents	27.3	(30.5)	189.5	72.5	(54.5)	233.0
Cash and cash equivalents, beginning of period	1,277.4	1,156.3	10.5	1,232.2	1,180.3	4.4
Cash and cash equivalents, end of period	\$ 1,304.7	\$ 1,125.8	15.9 %	\$ 1,304.7	\$ 1,125.8	15.9 %

and nine month periods ended September 30, 2009 as compared to \$258.5 million and \$526.7 million, respectively, in 2008.

Financing activities during the third quarter of 2009 compared to the same period in 2008 related primarily to:

- A net decrease of \$43.9 million in deposits and certificates in 2009 compared to a net increase of \$7.7 million in 2008. The net decrease in 2009 related to decreases in both demand and term deposit levels.
- Net proceeds of \$13.5 million arising from obligations related to assets sold under repurchase agreements in 2009.
- Proceeds received on the issuance of common shares of \$10.7 million in 2009 compared with \$12.4 million in 2008.
- The payment of regular common share dividends which increased to \$135.3 million in 2009 from \$128.4 million in 2008 as a result of increases in the Company's common share dividend rate.
- The purchase of 343,400 common shares in 2009 under IGM Financial's normal course issuer bid at a cost of \$14.6 million compared with the purchase of 1,587,500 common shares at a cost of \$66.2 million in 2008.

Financing activities during the nine months ended September 30, 2009 compared to the same period in 2008 related primarily to:

- A net decrease of \$6.0 million in deposits and certificates in 2009 compared to a net increase of \$46.8 million in 2008. The net decrease in 2009 related to decreases in demand deposit levels, offset in part by increases in term deposit levels.
- Net proceeds of \$631.3 million arising from obligations related to assets sold under repurchase agreements in 2009.
- Proceeds of \$375.0 million on the issuance of debentures in the second quarter of 2009.
- The repayment of the \$286.6 million bankers' acceptances in the second quarter of 2009 related to the acquisition of Saxon Financial Inc.
- Proceeds received on the issuance of common shares of \$24.6 million in 2009 compared with \$20.4 million in 2008.
- The payment of regular common share dividends which increased to \$404.3 million in 2009 from \$378.6 million in 2008 as a result of increases in the Company's common share dividend rate.
- The purchase of 403,400 common shares in 2009 under IGM Financial's normal course issuer bid at a cost of \$16.2 million compared with the purchase of 2,679,800 common shares at a cost of \$113.5 million in 2008.

Financing activities in both the three and nine month periods ended September 30, 2008 included net proceeds

on bankers' acceptances of \$273.3 million which related to the acquisition of Saxon Financial Inc.

Investing activities during the third quarter of 2009 compared to the same period in 2008 related primarily to:

- Purchases of securities totalling \$126.3 million and sales of securities with proceeds of \$54.4 million in 2009 compared with \$3.8 million and \$91.1 million, respectively, in 2008.
- Net increases in loans of \$370.0 million compared to \$415.4 million in 2008 related primarily to residential mortgages in the Company's mortgage banking operations.
- Net cash proceeds resulting from the securitization of residential mortgage loans through Canadian bank-sponsored securitization trusts and the CMB Program of \$454.6 million in 2009 compared to \$198.6 million in 2008.

Investing activities during the nine months ended September 30, 2009 compared to the same period in 2008 related primarily to:

- Purchases of securities totalling \$1,167.1 million, of which \$647.3 million related to Canada Mortgage Bonds, and sales of securities with proceeds of \$477.6 million in 2009 compared with \$100.3 million and \$225.4 million, respectively, in 2008.
- Net increases in loans of \$1,147.3 million compared to \$1,197.0 million in 2008 related primarily to residential mortgages in the Company's mortgage banking operations.
- Net cash proceeds resulting from the securitization of residential mortgage loans through Canadian bank-sponsored securitization trusts and the CMB Program of \$1,071.7 million in 2009 compared to \$917.6 million in 2008.
- The acquisition of the non-controlling interest in Investment Planning Counsel in the second quarter of 2009.

Investing activities in both the three and nine month periods ended September 30, 2008 included the acquisition of Saxon Financial Inc., net of cash and cash equivalents assumed, which totalled \$250.3 million.

CAPITAL RESOURCES

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory requirements, working capital needs and business expansion. The Company's capital

management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. The Company regularly assesses its capital management practices in response to changing economic conditions. Capital of the Company consisted of long-term debt, preferred shares and shareholders' equity which totalled \$6.2 billion at September 30, 2009 compared to \$5.7 billion at December 31, 2008.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include trust companies, securities dealers and mutual fund dealers. The Company's subsidiaries have complied with all regulatory capital requirements.

The Company commenced a normal course issuer bid on March 23, 2009 to purchase up to 5% of its common shares in order to provide flexibility to repurchase common shares as conditions warrant. The Company repurchased 403,400 common shares in 2009 at a cost of \$16.2 million under the normal course issuer bid (Note 5 to the interim Consolidated Financial Statements). Other capital management activities in the nine months ended September 30, 2009 included the declaration of preferred share dividends of \$15.5 million and common share dividends of \$405.1 million. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity and include the issuance of shares on the acquisition of the non-controlling interest in Investment Planning Counsel. Preferred shares of \$360 million remain unchanged. Long-term debt of \$1.6 billion included the issuance of debentures in the second quarter of 2009.

During 2008, the Company filed a short form base shelf prospectus giving the Company the flexibility to adjust its capital structure in response to changes in economic conditions and changes in its financial condition. On April 7, 2009 the Company completed a public offering of \$375 million, 7.35% debentures maturing April 8, 2019. The debentures were priced to provide a yield to maturity of 7.358%. Proceeds of the issue were utilized to repay the \$287 million bankers' acceptances used to finance the acquisition of Saxon in 2008 and for general corporate and investment purposes.

On March 6, 2009, Standard & Poor's (S&P) completed its annual review and reaffirmed its "A+"

ratings of IGM Financial's senior debt and liabilities. The Company's outlook was revised from stable to negative reflecting S&P's review of continuing market uncertainties in 2009 which could lead to lower assets under management and, as such, a lower basis for recurring revenues. At the time of S&P's review, markets were at or near their lowest levels in several years. In the period from March 6, 2009 to September 30, 2009, assets under management have increased significantly.

In April 2009, the Dominion Bond Rating Service (DBRS) reaffirmed its rating at "A (high)" with a stable outlook.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

These ratings are not a recommendation to buy, sell or hold the securities of the Company and do not address market price, nor other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

The "A+" rating assigned to the Company's senior unsecured debentures by S&P is the third highest of the ten major rating categories for long-term debt and indicates S&P's view that the Company's capacity to meet its financial commitment on the obligation is strong, but the Company is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than companies in higher rated categories. S&P uses "+" or "-" designations to indicate the relative standing within the major rating categories.

According to S&P, the "Negative" rating outlook means that S&P considers there to be at least a one-in-three probability of a downward movement in a long-term counterparty credit rating over the medium term. A negative outlook is not necessarily a precursor to a downgrade.

The A (High) rating assigned to IGM Financial's senior unsecured debentures by DBRS is the third highest of the ten rating categories for long-term debt.

Under the DBRS system, debt securities rated A (High) are of satisfactory credit quality and protection of interest and principal is considered substantial. While this is a favourable rating, entities in the A (High) category are considered to be more susceptible to adverse economic conditions and have greater cyclical tendencies than higher-rated companies. A reference to "high" or "low" reflects the relative strength within the rating category, while the absence of either a "high" or "low" designation indicates the rating is placed in the middle of the category.

According to DBRS, the "Stable" rating trend helps give investors an understanding of DBRS's opinion regarding the outlook for the rating.

FINANCIAL INSTRUMENTS

Table 14 presents the carrying value and the fair value of financial instruments.

There have been no changes to the methods and assumptions used in determining the fair values as described in Note 21 to the Consolidated Financial Statements in the 2008 IGM Financial Inc. Annual Report.

Although the volatility experienced in capital markets throughout the first nine months of 2009 resulted in changes to both the carrying values and fair values of financial instruments, these changes did not have a material impact on the financial condition of the Company for the nine months ended September 30, 2009. The Company actively manages risks that arise as a result of holding financial instruments which include liquidity, credit and market risk.

Liquidity Risk

Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. The Company's liquidity management practices include:

- Controls over liquidity management processes;
- Stress testing of various operating scenarios;
- Oversight of liquidity management by Committees of the Board of Directors.

As part of these ongoing liquidity management practices during 2008 and the first nine months of 2009, the Company:

- Filed a short form base shelf prospectus to give the Company the flexibility to access debt and equity markets;

TABLE 14: FINANCIAL INSTRUMENTS

(\$ millions)	SEPTEMBER 30, 2009		DECEMBER 31, 2008	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Assets				
Cash and cash equivalents	\$ 1,304.7	\$ 1,304.7	\$ 1,232.2	\$ 1,232.2
Securities	1,291.5	1,291.5	537.7	537.7
Loans	669.1	673.6	589.6	591.7
Other financial assets	280.1	280.1	281.1	281.1
Derivative assets	125.7	125.7	169.5	169.5
Total financial assets	\$ 3,671.1	\$ 3,675.6	\$ 2,810.1	\$ 2,812.2
Liabilities				
Deposits and certificates	\$ 953.0	\$ 960.7	\$ 959.0	\$ 964.2
Bankers' acceptances	–	–	286.6	286.6
Repurchase agreements	631.3	631.3	–	–
Other financial liabilities	716.5	716.5	689.6	689.6
Derivative liabilities	110.6	110.6	141.8	141.8
Preferred share liabilities	360.0	391.0	360.0	366.5
Long-term debt	1,575.0	1,735.3	1,200.0	1,206.2
Total financial liabilities	\$ 4,346.4	\$ 4,545.4	\$ 3,637.0	\$ 3,654.9

- Completed a public offering of \$375 million debentures on April 7, 2009 maturing in April 2019, as discussed in the Capital Resources section of this MD&A;
- Increased the Company's committed lines of credit;
- Developed additional funding sources for the Company's mortgage banking operations;
- Reviewed the concentration and diversification profile of the Company's cash and cash equivalents;
- Reduced the equity component of the Company's securities portfolio.

A key liquidity requirement for the Company is the funding of commissions paid on the sale of mutual funds. The payment of commissions continues to be fully funded through ongoing cash flow from operations.

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages. Through its mortgage banking operations, residential mortgages are funded through placement with Investors Group's intermediary operations or through sales to Investors Mortgage and Short Term Income Fund and to third parties, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization trusts or through private placements to institutional investors. The Company is an approved issuer of National Housing Act Mortgage Backed

Securities (NHA MBS) and an approved seller into the Canada Mortgage Bond Program (CMB Program). This issuer and seller status provides Investors Group with additional funding sources for residential mortgages. During the first nine months of 2009, whole loan sales to third parties totalled \$104.9 million and proceeds from securitizations were \$1,071.7 million, compared with \$170.7 million and \$917.6 million, respectively, in 2008.

The Company's continued ability to fund residential mortgages through Canadian bank-sponsored securitization trusts and NHA MBS is dependent on securitization market conditions that are subject to change.

Liquidity requirements for trust subsidiaries which engage in financial intermediary activities are based on policies approved by the investment and conduct review committees of their respective Boards of Directors. As at September 30, 2009, liquidity for the trust subsidiaries was in compliance with these policies.

The Company's contractual maturities are reflected in Table 15.

In addition to IGM Financial's current balance of cash and cash equivalents, other potential sources of liquidity include the Company's lines of credit and portfolio of securities. During the third quarter the Company increased its operating lines of credit with

TABLE 15: CONTRACTUAL OBLIGATIONS

As at September 30, 2009 (\$ millions)	DEMAND	LESS THAN 1 YEAR	1 – 5 YEARS	AFTER 5 YEARS	TOTAL
Deposits and certificates	\$ 712.9	\$ 94.7	\$ 140.6	\$ 4.8	\$ 953.0
Other liabilities	–	112.3	90.5	7.8	210.6
Long-term debt	–	–	450.0	1,125.0	1,575.0
Preferred shares	–	–	360.0	–	360.0
Operating leases ⁽¹⁾	–	43.7	110.1	88.3	242.1
Total contractual obligations	\$ 712.9	\$ 250.7	\$ 1,151.2	\$ 1,225.9	\$ 3,340.7

(1) Includes office space and equipment used in the normal course of business.
Lease payments are charged to earnings in the period of use.

various Schedule I Canadian chartered banks to \$675 million from \$475 million as at December 31, 2008. The operating lines of credit consist of committed lines of \$500 million and uncommitted lines of \$175 million. The committed operating lines of credit provide additional flexibility to warehouse mortgages for the Company's mortgage operation. As at September 30, 2009, the Company had not utilized any of its committed lines of credit. The Company had utilized \$100 million of its uncommitted operating lines of credit at September 30, 2009 which was repaid in October 2009.

In connection with the acquisition of Saxon Financial Inc. on September 25, 2008, the Company maintained a non-revolving bridge credit facility with a Schedule I chartered bank totalling \$287 million. During April 2009, the Company repaid the balance of the credit facility with proceeds from the issuance of the debentures.

During the second quarter of 2009, the Company accessed the domestic debt markets to raise capital through the issuance of \$375 million in debentures. The Company's ability to access capital markets to raise funds is dependent on market conditions.

Management believes cash flows from operations, available cash balances and other sources of liquidity described above will be sufficient to fund the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, as reflected in Table 15, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. Dividends increased for the 19th consecutive year in 2008, rising 22.5 cents to \$2.00 per share for the year. In the third quarter of 2009 the Company

declared a dividend of 51.25 cents per share, payable on October 30, 2009. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the performance of debt and equity markets. The Company's liquidity position and its management of liquidity risk have not changed materially since December 31, 2008.

Credit Risk

Credit risk is the potential for financial loss to the Company if a counterparty in a transaction fails to meet its obligations. The Company's cash and cash equivalents, securities holdings, mortgage and investment loan portfolios, and derivatives are subject to credit risk. The Company monitors its credit risk management practices continuously to evaluate their effectiveness.

At September 30, 2009, cash and cash equivalents of \$1.30 billion consisted of cash balances of \$126.1 million on deposit with Canadian chartered banks and cash equivalents of \$1.18 billion. Cash equivalents are comprised primarily of Government of Canada treasury bills totalling \$393.0 million, provincial government guaranteed commercial paper of \$184.0 million and bankers' acceptances issued by Canadian chartered banks of \$591.5 million. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value. The Company mitigates credit risk on these financial instruments by adhering to its Investment Policy that outlines credit risk parameters and concentration limits.

Available for sale fixed income securities at September 30, 2009 are comprised primarily of bankers' acceptances of \$180.8 million, Canadian

chartered bank senior deposit notes and floating rate notes of \$58.4 million and \$40.0 million, respectively, government guaranteed short-term investments of \$38.9 million, and corporate bonds of \$36.3 million. The maximum exposure to credit risk on these financial instruments is their carrying value. The Company mitigates credit risk on these financial instruments by adhering to its Investment Policy that outlines credit risk parameters and concentration limits.

Held for trading fixed income securities are comprised of non-bank-sponsored ABCP with a fair value of \$28.1 million which represents the maximum exposure to credit risk at September 30, 2009. Refer to Note 2 to the interim Consolidated Financial Statements for information related to the valuation of ABCP.

The Company regularly reviews the credit quality of the mortgage and investment loan portfolios and the adequacy of the general allowance. As at September 30, 2009 mortgages and investment loans totalled \$363.5 million and \$312.3 million, respectively. The allowance for credit losses of \$6.7 million at September 30, 2009 exceeded impaired mortgages and investment loans by \$5.5 million. As at September 30, 2009, the mortgage portfolios were geographically diverse, 100% residential and 75% insured. The credit risk on the investment loan portfolio is mitigated through the use of collateral, primarily in the form of mutual fund investments. Uninsured non-performing loans over 90 days in the mortgage and investment loan portfolios were \$0.5 million at September 30, 2009 compared with \$0.5 million at December 31, 2008. The characteristics of the mortgage and investment loan portfolios have not changed significantly during 2009.

The Company's exposure to and management of credit risk related to cash and cash equivalents, fixed income securities and mortgage and investment loan portfolios have not changed materially since December 31, 2008.

The Company regularly reviews the credit quality of the mortgage loans securitized through CMHC or Canadian bank sponsored (Schedule I chartered banks) securitization trusts. The maximum exposure to credit risk attributable to securitized mortgage loans is equal to the fair value of the retained interests in the securitized loans, which was \$178.1 million at September 30, 2009 compared to \$201.4 million at December 31, 2008.

Retained interests include:

- Cash reserve accounts and rights to future excess spread which totalled \$103.3 million at September 30,

2009. This portion of the retained interest is subordinated to the interests of the related CMHC or Canadian bank sponsored securitization trusts and represents the maximum exposure to credit risk for any failure of the borrowers to pay when due.

Securitized mortgage loans serviced totalled \$3.2 billion at September 30, 2009 compared to \$2.9 billion at December 31, 2008. Since 2008, the Company has purchased insurance through CMHC on newly funded qualifying conventional mortgage loans. In the third quarter of 2009, the Company expanded its insurance coverage to over 94% of the mortgage portfolio which it services. This coverage provides the same level of credit risk mitigation as insurance on high ratio loans (non-conventional) at the time of application. Uninsured non-performing loans over 90 days in these portfolios was \$0.1 million at September 30, 2009 compared to nil at December 31, 2008. The Company's exposure to credit risk related to cash reserve accounts and rights to future excess spread was not significant at September 30, 2009.

- Fair value of interest rate swaps which the Company enters into related to its securitization activities totalled \$74.8 million at September 30, 2009. The outstanding notional amount of these interest rate swaps was \$3.2 billion at September 30, 2009 compared to \$2.9 billion at December 31, 2008. The exposure to credit risk, which is limited to the fair value of the interest rate swaps which were in a gain position, totalled \$87.6 million at September 30, 2009 compared to \$132.4 million at December 31, 2008.

The Company utilizes interest rate swaps to hedge interest rate risk related to securitization activities discussed above. The negative fair value of these interest rate swaps totalled \$59.0 million at September 30, 2009. The outstanding notional amount was \$3.5 billion at September 30, 2009 compared to \$3.0 billion at December 31, 2008. The exposure to credit risk, which is limited to the fair value of the interest rates swaps which are in a gain position, totalled \$37.8 million at September 30, 2009 compared to \$27.5 million at December 31, 2008.

In addition, the Company enters into other derivative contracts which consist primarily of interest rate swaps utilized to hedge interest rate risk related to mortgages held by or committed to by the Company. The outstanding notional amount of these derivative contracts was \$90.7 million at September 30, 2009 compared to

\$151.7 million at December 31, 2008. The exposure to credit risk, which is limited to the fair value of those instruments which were in a gain position, decreased to \$0.3 million at September 30, 2009 from \$33.0 million at December 31, 2008 primarily due to the maturity or settlement of derivative contracts that were in a gain position at year-end.

The aggregate credit risk exposure related to derivatives of \$125.7 does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, giving effect to netting agreements and collateral arrangements, was \$84.9 million at September 30, 2009. Counterparties are all bank-sponsored securitization trusts and Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at September 30, 2009. Management of credit risk has not changed materially since December 31, 2008.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Notes 1, 4 and 20 to the Consolidated Financial Statements in the 2008 IGM Financial Inc. Annual Report.

Market Risk

Market risk is the potential for loss to the Company from changes in the value of its financial instruments due to changes in interest rates, foreign exchange rates or equity prices. The Company's financial instruments are generally denominated in Canadian dollars, and do not have significant exposure to changes in foreign exchange rates.

The Company is exposed to interest rate risk on its loan portfolio, fixed income securities, Canada Mortgage Bonds and on certain of the derivative financial instruments used in the Company's mortgage banking and intermediary operations.

The objective of the Company's asset and liability management is to control interest rate risk related to its intermediary operations by actively managing its interest rate exposure. As at September 30, 2009, the total gap between one-year deposit assets and liabilities was within the Company's stated guidelines.

The Company utilizes interest rate swaps with Canadian Schedule I chartered bank counterparties in order to reduce the impact of fluctuating interest rates on its mortgage banking operations, as follows:

- As part of the securitization transactions with bank-sponsored securitization trusts the Company enters

into interest rate swaps with the trusts which transfers the interest rate risk to the Company. The Company enters into offsetting interest rate swaps with Schedule I banks to hedge this risk. Under these securitization transactions with bank-sponsored securitization trusts the Company is exposed to ABCP rates and, after effecting its interest rate hedging activities, remains exposed to the risk that ABCP rates are greater than BA rates.

- As part of the securitization transactions under the CMB Program, the Company enters into interest rate swaps with Schedule I chartered bank counterparties that transfer the interest rate risk associated with the program, including reinvestment risk to the Company. To manage these interest rate and reinvestment risks, the Company enters into offsetting interest rate swaps with Schedule I chartered bank counterparties to reduce the impact of fluctuating interest rates.
- The Company is exposed to the impact that changes in interest rates may have on the value of its investments in Canada Mortgage Bonds. The Company enters into interest rate swaps with Schedule I chartered bank counterparties to hedge interest rate risk on these bonds.
- The Company is also exposed to the impact that changes in interest rates may have on the value of mortgages held by or committed to by the Company. The Company may enter into interest rate swaps to hedge this risk.

As at September 30, 2009, the impact of a 100-basis point change in interest rates to Net income would have been approximately \$6.5 million.

The Company is exposed to equity price risk on its securities holdings. The Company adheres to an Investment Policy that outlines the objectives, constraints and parameters relating to its investing activities. This policy prescribes limits around the quality and concentration of investments held by the Company. The Company may manage its exposure to equity price risk on a portion of its corporate securities portfolio by using a variety of derivative instruments including options and forward contracts. Management regularly reviews the Company's investments to ensure all activities are in adherence to the Investment Policy. Common shares are reviewed periodically, or more frequently when conditions warrant, to determine whether there is objective evidence of impairment in value that is other-than-temporary. A

significant portion of the unrealized losses occurred during the latter part of 2008. The Company holds a diversified portfolio of securities that consists primarily of well-capitalized, dividend-paying Canadian common shares that are included in the S&P TSX 60 Index. The S&P TSX Index increased by 9.8% during the third quarter of 2009 and 50.6% since its March 9, 2009 low. In the period from March 31, 2009 to September 30, 2009, the fair value of the Company's securities portfolio increased in excess of \$63.0 million. The Company has the ability and intent to hold the portfolio of securities for a period of time sufficient to allow for any recovery of their fair value. As at September 30, 2009, the Company concluded that the gross unrealized losses were temporary.

The Company's common shares and investments in proprietary mutual funds are classified as available for sale as shown in Table 10, therefore unrealized gains and losses on securities that are not part of a designated hedging relationship are recorded in Other comprehensive income until realized. As at September 30, 2009, the impact of a 10% decrease in equity prices would have been a \$23.0 million unrealized loss recorded in Other comprehensive income.

The Company's exposure to and management of interest rate risk and equity price risk has not changed materially since December 31, 2008.

MARKET RISK RELATED TO ASSETS UNDER MANAGEMENT

At September 30, 2009, mutual fund industry assets in Canada were approximately \$638.8 billion, an increase of 15.2% relative to December 31, 2008 and up 6.9% relative to June 30, 2009, reflecting the volatility experienced in both credit and capital markets.

The Company has become subject to an increased risk of asset volatility from changes in the Canadian and

international financial and equity markets. Changes in these markets have caused in the past, and would cause in the future, changes in the Company's assets under management, revenues and earnings. Global economic conditions, exacerbated by war or financial crises, changes in the equity marketplace, currency exchange rates, interest rates, inflation rates, the yield curve, defaults by derivative counterparties and other factors that are difficult to predict affect the mix, market values and levels of assets under management.

The funds managed by the Company may be subject to unanticipated redemptions as a result of such events. Changing market conditions may also cause a shift in asset mix between equity and fixed income assets, potentially resulting in a decline in the Company's revenue and earnings depending upon the nature of the assets under management and the level of management fees earned by the Company.

Interest rates at unprecedented low levels have significantly decreased the yields of the Company's money market and managed yield unit trust and Corporate Class mutual funds. During the first nine months of 2009, both Investors Group and Mackenzie waived a portion of investment management fees or absorbed some expenses to ensure that these funds maintained positive yields. The Company will review its practices in this regard in response to changing market conditions.

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 and decreasing redemption rates.

The mutual fund industry and financial advisors continue to take steps to educate Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility our Consultants

TABLE 16: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

As at September 30	2009	2008
IGM Financial Inc.		
Investors Group	7.3%	7.7%
Mackenzie	16.0%	16.9%
Counsel Group of Funds	12.4%	13.7%

and independent financial advisors play a key role in assisting investors to maintain perspective and focus on their long-term objectives.

Redemption rates for long-term funds are summarized in Table 16 and are discussed in the Investors Group and Mackenzie Segment Operating Results section of the MD&A.

OTHER RISK FACTORS

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 discussed in the Investors Group Review of the Business section of the MD&A in the 2008 IGM Financial Inc. Annual Report.

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. These factors are discussed further in the Mackenzie Review of the Business section of the MD&A in the 2008 IGM Financial Inc. Annual Report.

The Regulatory Environment

IGM Financial is subject to complex and changing legal, taxation and regulatory requirements, including the requirements of agencies of the federal, provincial and territorial governments in Canada which regulate the

Company and its activities. The principal regulators of the Company and its subsidiaries are the Canadian Securities Administrators, the Mutual Fund Dealers Association of Canada, the Investment Industry Regulatory Organization of Canada and the Office of the Superintendent of Financial Institutions. These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. Regulatory standards affecting the Company and the financial services industry are increasing. The Company and its subsidiaries are subject to regular regulatory reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages regulatory risk through its efforts to promote a strong culture of compliance. It monitors regulatory developments and their impact on the Company. It also continues to develop and maintain compliance policies, processes and oversight, including specific communications on compliance and legal matters, training, testing, monitoring and reporting. The Audit Committee of the Company receives regular reporting on compliance initiatives and issues.

Contingencies

The Company is subject to legal actions, including class actions, arising in the normal course of its business. Two class actions related to alleged market timing trading activity in mutual funds of the companies are continuing. 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.

Acquisition Risk

The Company undertakes thorough due diligence prior to completing an acquisition, but there is no assurance that the Company will achieve the expected strategic objectives or cost and revenue synergies subsequent to an acquisition. Subsequent changes in the economic

environment and other unanticipated factors may affect the Company's ability to achieve expected earnings growth or expense reductions. The success of an acquisition is dependent on retaining assets under management, clients, and key employees of an acquired company.

Model Risk

The Company uses a variety of models to assist in: the valuation of financial instruments; operational scenario

testing; management of cash flows; capital management; and, assessment of potential acquisitions. These models incorporate internal assumptions, observable market inputs and available market prices. Effective controls exist over the development, implementation and application of these models.

Outlook

THE FINANCIAL SERVICES ENVIRONMENT

At September 30, 2009, mutual fund industry assets in Canada were approximately \$638.8 billion, an increase of 15.2% relative to December 31, 2008 and an increase of 0.8% from one year ago. This \$84.2 billion increase in industry assets from December 31, 2008 reflected net cash inflow of \$673 million, an estimated \$80.9 billion in market appreciation and \$2.6 billion related primarily to new reporting industry participants.

Global capital markets have experienced significant volatility since 2007. Since early March 2009, equity levels have advanced swiftly in response to indicators that economic fundamentals were showing early signs of recovery. While encouraging, uncertainties regarding the vitality and sustainability of the economic recovery could lead to continued volatility.

In this context, the importance of a strong relationship with an advisor to keep focused on long-term financial goals is paramount. A primary theme in the Company's business model is to support financial advisors as they work with clients to plan for and achieve their financial goals.

Investors Group continues to respond to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice and its Consultants work with clients to help them understand the impact of financial market volatility on their long-term financial planning.

Mackenzie is maintaining its focus on delivering consistent long-term investment performance staying true to the multiple styles deployed in the investment process, while continuing to emphasize product innovation and communication with advisors and investors through this period of market volatility.

As Canadians weather the current economic conditions, they will increasingly be focused on their short and long-term financial planning needs. IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective management of the Company and long-term value for its clients and shareholders.

In addition to current market conditions, the financial services industry continues to be influenced by:

- Shifting demographics as the number of Canadians in their prime savings years continue to increase.
- Changes in investor attitudes and strong preferences to deal through an advisor.
- Changes in the regulatory environment.
- An evolving competitive landscape.
- Advancing and changing technology.

Deregulation, competition and technology have fostered a trend towards financial service providers offering a comprehensive range of products and services in-house. Traditional distinctions between bank branches, full service brokerages, financial planning firms and insurance agent forces are obscured as many of these financial service providers strive to offer comprehensive financial advice implemented through access to a broad product shelf.

Investment funds, which include mutual funds, remain the most popular financial asset class relied upon by Canadians for their retirement savings, and they represent over one-third of Canadian long-term discretionary financial assets. Management believes that investment funds are likely to remain the preferred savings vehicle of Canadians. Investment funds provide investors with the benefits of diversification, professional

management, flexibility and convenience, and are available in a broad range of mandates and structures to meet most investor requirements and preferences.

THE COMPETITIVE LANDSCAPE

IGM Financial and its subsidiaries operate in a highly competitive environment. Investors Group and Investment Planning Counsel compete directly with other retail financial service providers, including other financial planning firms, as well as full service brokerages, banks and insurance companies. Investors Group, Mackenzie and the Counsel Group of Funds compete directly with other investment managers for assets under management, and also compete with other asset classes, including stocks, bonds and other passive investment vehicles, for a share of the investment assets of Canadians.

Canadian banks remain a dominant force in Canadian retail financial services. The banks distribute financial products and services through their traditional bank branches, as well as through their full service and discount brokerage subsidiaries. In recent years, bank branches have increased their emphasis on both financial planning and mutual funds. In addition, each of the big six banks has one or more mutual fund management subsidiaries. Collectively, mutual fund assets of the big six bank-owned mutual fund managers and affiliated firms represented 34% of total industry long-term mutual fund assets at September 30, 2009.

Mutual fund dealers and other financial planning firms represent a significant distribution channel for mutual funds in Canada. The last ten years have been characterized by significant consolidation in this sector of the industry, with many of the larger firms being purchased by mutual fund managers and insurers.

Management anticipates continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

As a result of consolidation activity in the last several years, the Canadian mutual fund management industry is characterized by large, often vertically-integrated, firms. The industry continues to be very concentrated, with the ten largest firms and their subsidiaries representing 79% of industry long-term mutual fund assets and 79% of total mutual fund assets under management at September 30, 2009.

Management believes scale, access to distribution, and a broad product shelf are key competitive success factors in the financial services industry.

MEETING COMPETITIVE CHALLENGES

Management believes that IGM Financial is well-positioned to meet competitive challenges and capitalize on future opportunities. The Company enjoys several competitive strengths, including:

- Broad and diversified distribution with an emphasis on financial advisors.
- Broad product capabilities, leading brands and quality sub-advisory relationships.
- Enduring client relationships and the long-standing heritages and cultures of its subsidiaries.
- Significant economies of scale.
- Being part of the Power Financial group of companies, which includes Great-West Life, London Life and Canada Life.

These strengths are discussed in detail in the Outlook section of the MD&A in the 2008 IGM Financial Inc. Annual Report.

Accounting Estimates and Policies

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

There were no changes to the Company's critical accounting estimates from those reported at December 31, 2008.

CHANGES IN ACCOUNTING POLICIES

On January 1, 2009, the Company adopted CICA 3064, Goodwill and Intangible Assets. This standard contains revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a significant impact on the Company's financial position or results of operations.

FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has announced that Canadian GAAP will be replaced by IFRS, as published by the International Accounting Standards Board. Publicly accountable enterprises will be required to adopt IFRS on or by January 1, 2011. The Company will issue its initial Consolidated Financial Statements under IFRS, including comparative information, for the quarter ended March 31, 2011.

The Company has developed an IFRS changeover plan which addresses key elements of the convergence to IFRS and includes a formal project governance structure.

The Company has identified the differences between IFRS and Canadian GAAP that are expected to impact the Company, and continues to evaluate the impacts of the changeover on all business activities, accounting policies, information technology and data systems, internal controls over financial reporting, and disclosure controls and procedures.

The IASB is currently undertaking several projects which may result in significant changes to existing IFRS standards in areas such as financial instruments, including derecognition, financial statement presentation, leases, revenue recognition, income taxes and employee

benefits. At this time, the implementation dates of these changes have not been determined. However, the progress and recommendations of these IASB projects are being monitored to ensure that any potential impacts on changeover plans are considered. As a result, the full impact of adopting IFRS on our future financial position and future results cannot be determined at this time.

As the Company's changeover plans are being implemented, requirements for financial reporting resources and training are being modified appropriately.

Financial Instruments

The CICA issued amendments to CICA 3862, Financial Instruments – Disclosures to align with IFRS 7, Financial Instruments – Disclosures. The amendments require all financial instruments measured at fair value to be classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation. In addition, the amendments require enhanced disclosure regarding the nature and extent of liquidity risk arising from financial instruments to which an entity is exposed. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The Company will include these disclosures in its annual consolidated financial statements for the year ending December 31, 2009.

The CICA issued amendments to CICA 3855, Financial Instruments – Recognition and Measurement to change the categories into which certain debt instruments are permitted to be classified, change the impairment model for held-to-maturity financial assets to the incurred credit loss model of CICA 3025 – Impaired Loans, and to require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. These amendments were effective for annual financial statements relating to fiscal years beginning on or after November 1, 2008. The Company will adopt these amendments for its annual consolidated financial statements for the year ending December 31, 2009. These changes are not expected to have a significant impact on the Company.

Internal Control Over Financial Reporting

During the third quarter of 2009, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other Information

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions from those reported at December 31, 2008. For further information on transactions involving related parties, see Notes 5 and 24 to the Consolidated Financial Statements in the 2008 IGM Financial Inc. Annual Report.

OUTSTANDING SHARE DATA

Outstanding common shares of IGM Financial as at September 30, 2009 totalled 263,851,297. As at October 28, 2009, outstanding common shares totalled 263,863,589.

SEDAR

Additional information relating to IGM Financial, 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

<i>(unaudited)</i> <i>(in thousands of dollars, except shares and per share amounts)</i>	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	2008	2009	2008
Fee and net investment income				
Management	\$ 432,190	\$ 476,929	\$ 1,196,949	\$ 1,470,898
Administration	88,537	88,098	257,761	265,001
Distribution	62,001	70,598	186,674	218,680
Net investment income and other	39,910	49,027	128,071	164,894
Total fee and net investment income	622,638	684,652	1,769,455	2,119,473
Operating expenses				
Commission expense	205,293	230,053	594,978	699,850
Non-commission expense	148,723	155,377	465,490	485,288
Interest expense	29,125	22,176	80,600	66,156
Total operating expenses	383,141	407,606	1,141,068	1,251,294
Income before income taxes and proportionate share of affiliate's gain				
share of affiliate's gain	239,497	277,046	628,387	868,179
Income taxes	72,147	78,352	183,006	242,184
Net income before proportionate share of affiliate's gain	167,350	198,694	445,381	625,995
Proportionate share of affiliate's gain <i>(Note 10)</i>	-	-	-	25,003
Net income	\$ 167,350	\$ 198,694	\$ 445,381	\$ 650,998
Average number of common shares <i>(in thousands)</i> <i>(Note 11)</i>				
- Basic	264,026	263,185	263,127	263,635
- Diluted	265,562	264,768	264,217	265,357
Earnings per share <i>(in dollars)</i> <i>(Note 11)</i>				
Excluding proportionate share of affiliate's gain				
- Basic	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.37
- Diluted	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.36
Including proportionate share of affiliate's gain				
- Basic	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.47
- Diluted	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.45

(See accompanying notes to interim consolidated financial statements.)

Consolidated Balance Sheets

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	SEPTEMBER 30 2009	DECEMBER 31 2008
Assets		
Cash and cash equivalents	\$ 1,304,722	\$ 1,232,171
Securities <i>(Note 2)</i>	1,291,503	537,653
Loans	669,099	589,564
Investment in affiliate	615,507	574,442
Deferred selling commissions	871,214	940,603
Other assets	585,888	631,532
Intangible assets	1,131,898	1,135,715
Goodwill	2,617,661	2,592,317
	\$ 9,087,492	\$ 8,233,997
Liabilities		
Deposits and certificates	\$ 953,004	\$ 958,999
Bankers' acceptances <i>(Note 4)</i>	-	286,615
Repurchase agreements <i>(Note 2)</i>	631,258	-
Other liabilities	907,228	907,716
Future income taxes	359,246	371,746
Long-term debt <i>(Note 4)</i>	1,575,000	1,200,000
Preferred shares <i>(Note 5)</i>	360,000	360,000
	4,785,736	4,085,076
Shareholders' Equity		
Common shares	1,567,815	1,511,110
Contributed surplus	32,492	29,115
Retained earnings	2,807,919	2,781,755
Accumulated other comprehensive loss	(106,470)	(173,059)
	4,301,756	4,148,921
	\$ 9,087,492	\$ 8,233,997

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Changes in Shareholders' Equity

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2009	2008	2009	2008
Common shares <i>(Note 5)</i>				
Balance, beginning of period	\$ 1,565,737	\$ 1,506,538	\$ 1,511,110	\$ 1,504,290
Issued on acquisition of Investment Planning				
Counsel non-controlling interest	491	–	41,225	–
Issued under stock option plan	3,627	12,916	17,865	21,401
Purchased for cancellation	(2,040)	(9,104)	(2,385)	(15,341)
Balance, end of period	1,567,815	1,510,350	1,567,815	1,510,350
Contributed surplus				
Balance, beginning of period	32,245	25,631	29,115	22,175
Stock options				
Current period expense	1,703	2,053	5,145	6,009
Exercised	(1,456)	(536)	(1,768)	(1,036)
Balance, end of period	32,492	27,148	32,492	27,148
Retained earnings				
Balance, beginning of period	2,788,279	2,832,972	2,781,755	2,678,618
Net income	167,350	198,694	445,381	650,998
Common dividends	(135,223)	(134,581)	(405,061)	(391,677)
Common share cancellation excess and other <i>(Note 5)</i>	(12,487)	(56,806)	(14,156)	(97,660)
Balance, end of period	2,807,919	2,840,279	2,807,919	2,840,279
Accumulated other comprehensive income (loss) on:				
Available for sale securities				
Balance, beginning of period	(92,772)	(20,200)	(112,031)	18,334
Net unrealized gains (losses) <i>(net of tax of \$(4,645), \$4,811, \$(9,298) and \$8,288)</i>	24,053	(28,497)	47,529	(48,707)
Reclassification adjustment for (gains) losses included in net income <i>(net of tax of \$345, \$626, \$1,190 and \$3,658)</i>	(704)	(4,604)	(4,921)	(22,928)
Balance, end of period	(69,423)	(53,301)	(69,423)	(53,301)
Investment in affiliate and other				
Balance, beginning of period	(30,764)	(50,939)	(61,028)	(60,434)
Other comprehensive income (loss) <i>(net of tax of \$nil)</i>	(6,283)	(14,245)	23,981	(4,750)
Balance, end of period	(37,047)	(65,184)	(37,047)	(65,184)
Total accumulated other comprehensive income (loss), end of period	(106,470)	(118,485)	(106,470)	(118,485)
Total Shareholders' Equity	\$ 4,301,756	\$ 4,259,292	\$ 4,301,756	\$ 4,259,292

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Comprehensive Income

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2009	SEPTEMBER 30 2008	2009	SEPTEMBER 30 2008
Net income	\$ 167,350	\$ 198,694	\$ 445,381	\$ 650,998
Other comprehensive income (loss), net of tax on:				
Available for sale securities	23,349	(33,101)	42,608	(71,635)
Investment in affiliate and other	(6,283)	(14,245)	23,981	(4,750)
Other comprehensive income (loss)	17,066	(47,346)	66,589	(76,385)
Comprehensive income	\$ 184,416	\$ 151,348	\$ 511,970	\$ 574,613

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Cash Flows

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2009	SEPTEMBER 30 2008	2009	SEPTEMBER 30 2008
Operating activities				
Net income	\$ 167,350	\$ 198,694	\$ 445,381	\$ 650,998
Adjustments to determine net cash from operating activities				
Future income taxes	(9,731)	(11,606)	(19,865)	(9,954)
Commission amortization	76,126	81,544	225,591	244,134
Amortization of capital and intangible assets	8,412	6,802	25,239	20,084
Proportionate share of affiliate's gain <i>(Note 10)</i>	–	–	–	(25,003)
Changes in operating assets and liabilities and other	(7,631)	37,593	10,760	(133,816)
	234,526	313,027	687,106	746,443
Commissions paid	(47,249)	(54,538)	(156,202)	(219,743)
	187,277	258,489	530,904	526,700
Financing activities				
Net (decrease) increase in deposits and certificates	(43,905)	7,717	(5,995)	46,769
Net increase in obligations related to assets sold under repurchase agreements	13,530	–	631,258	–
Issue of debentures	–	–	375,000	–
Proceeds from (repayment of) bankers' acceptances	–	273,251	(286,615)	273,251
Issue of common shares	10,654	12,381	24,580	20,366
Common dividends paid	(135,319)	(128,436)	(404,300)	(378,625)
Common shares purchased for cancellation	(14,608)	(66,164)	(16,200)	(113,509)
	(169,648)	98,749	317,728	(151,748)
Investing activities				
Acquisition of Saxon Financial Inc., less cash and cash equivalents acquired	–	(250,290)	–	(250,290)
Purchase of securities	(126,257)	(3,791)	(1,167,087)	(100,255)
Proceeds from the sale of securities	54,419	91,085	477,611	225,444
Net increase in loans	(370,011)	(415,434)	(1,147,325)	(1,196,997)
Proceeds from securitizations <i>(Note 3)</i>	454,567	198,564	1,071,734	917,600
Net additions to capital assets	(2,082)	(7,816)	(5,581)	(24,917)
Net additions to intangible assets	(922)	–	(4,385)	–
Acquisition of Investment Planning Counsel non-controlling interest	–	–	(1,048)	–
	9,714	(387,682)	(776,081)	(429,415)
Increase (decrease) in cash and cash equivalents	27,343	(30,444)	72,551	(54,463)
Cash and cash equivalents, beginning of period	1,277,379	1,156,265	1,232,171	1,180,284
Cash and cash equivalents, end of period	\$ 1,304,722	\$ 1,125,821	\$ 1,304,722	\$ 1,125,821
Cash	\$ 126,134	\$ 92,296	\$ 126,134	\$ 92,296
Cash equivalents	1,178,588	1,033,525	1,178,588	1,033,525
	\$ 1,304,722	\$ 1,125,821	\$ 1,304,722	\$ 1,125,821
Supplemental disclosure of cash flow information				
Amount of interest paid during the period	\$ 17,830	\$ 22,068	\$ 77,108	\$ 86,791
Amount of income taxes paid during the period	\$ 60,620	\$ 48,946	\$ 194,692	\$ 334,988

(See accompanying notes to interim consolidated financial statements.)

Notes to the Interim Consolidated Financial Statements

SEPTEMBER 30, 2009 (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, 2008, except as noted below. These interim unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes in the Company's Annual Report dated December 31, 2008.

Changes in accounting policies

On January 1, 2009, the Company adopted CICA 3064, Goodwill and Intangible Assets. This standard contains revised guidance for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The adoption of this standard did not have a significant impact on the Company's financial position or results of operations.

Future accounting changes

The Canadian Accounting Standards Board has announced that Canadian GAAP will be replaced by International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board. Publicly accountable enterprises will be required to adopt IFRS on or by January 1, 2011. The Company will issue its initial Consolidated Financial Statements under IFRS, including comparative information, for the quarter ended March 31, 2011.

The CICA issued amendments to CICA 3862, Financial Instruments – Disclosures to align with IFRS 7, Financial Instruments – Disclosures. The amendments require all financial instruments measured at fair value to be classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation. In addition, the amendments require enhanced disclosure regarding the nature and extent of liquidity risk arising from financial instruments to which an entity is exposed. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The Company will include these disclosures in its annual consolidated financial statements for the year ending December 31, 2009.

The CICA issued amendments to CICA 3855, Financial Instruments – Recognition and Measurement to change the categories into which certain debt instruments are permitted to be classified, change the impairment model for held-to-maturity financial assets to the incurred credit loss model of CICA 3025 – Impaired Loans, and to require reversal of previously recognized impairment losses on available-for-sale financial assets in specified circumstances. These amendments were effective for annual financial statements relating to fiscal years beginning on or after November 1, 2008. The Company will adopt these amendments for its annual consolidated financial statements for the year ending December 31, 2009. These changes are not expected to have a significant impact on the Company.

Comparative figures

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

2. SECURITIES

	SEPTEMBER 30, 2009		DECEMBER 31, 2008	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Common shares	\$ 309,769	\$ 238,827	\$ 404,928	\$ 261,769
Investments in proprietary mutual funds	35,079	35,361	33,360	28,518
Fixed income securities	352,224	354,751	229,969	231,289
	697,072	628,939	668,257	521,576
Held for trading:				
Canada Mortgage Bonds	647,318	630,913	–	–
Fixed income securities	31,835	28,135	–	–
NHA MBS	3,316	3,516	15,788	16,077
	682,469	662,564	15,788	16,077
	\$ 1,379,541	\$ 1,291,503	\$ 684,045	\$ 537,653

Common shares (Available for sale)

As at September 30, 2009, net unrealized losses on common shares were \$70.9 million. Unrealized gains and losses on common shares were \$1.3 million and \$72.2 million respectively, and are reported in Accumulated other comprehensive income. Common shares are measured periodically, or more frequently when conditions warrant, to determine whether there is objective evidence of impairment in value that is other-than-temporary. The majority of unrealized losses occurred during the latter part of 2008. The Company holds a diversified portfolio of securities that consists primarily of well-capitalized, dividend-paying Canadian common shares that are included in the S&P TSX 60 Index. The Company has the ability and intent to hold the portfolio of securities for a period of time sufficient to allow for any recovery of their fair value. As at September 30, 2009, the Company concluded that the gross unrealized losses were temporary.

Fixed income securities (Available for sale)

Fixed income securities of \$354.8 million at September 30, 2009 are comprised primarily of bankers' acceptances of \$180.8 million, Canadian chartered bank senior deposit notes and floating rate notes of \$58.4 million and \$40.0 million respectively, government guaranteed short-term investments of \$38.9 million and corporate bonds of \$36.3 million.

Canada Mortgage Bonds (Held for trading)

As part of the Company's interest rate risk management activities relating to its mortgage banking operations, the Company purchased Canada Mortgage Bonds during the nine months ended September 30, 2009. These securities were subsequently sold under repurchase agreements which represent short-term funding transactions where the Company sells securities that it owns and commits to repurchase these securities at a specified price on a specified date in the future. These securities have a fair value of \$630.9 million. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of \$631.3 million. The interest expense related to these obligations is recorded on an accrual basis in Net investment income and other in the Consolidated Statements of Income.

Fixed income securities (Held for trading)

Fixed income securities of \$28.1 million at September 30, 2009 are comprised of non-bank-sponsored asset-backed commercial paper (ABCP). The Company's original investment in ABCP totalled \$50.2 million and was classified as available for sale. The Company previously reduced the fair value of the ABCP by recording charges totalling \$14.9 million and recorded a further \$3.7 million charge in the first quarter of 2009. The Company's investment in ABCP was reduced by \$3.5 million, representing principal and interest payments received during 2009 from the ABCP conduit trusts.

2. SECURITIES *(continued)*

The court approved restructuring plan proposed by the Pan-Canadian Investors Committee was implemented on January 21, 2009. This restructuring resulted in conversion of the Company's ABCP holdings into longer-term securities which are classified as held for trading. The Company received four classes of notes with an expected maturity date of January 22, 2017, as well as five classes of tracking notes linked to specific underlying assets. In excess of 75% of the Company's new notes are comprised of Class A-1 and Class A-2 notes which have been assigned a rating of A by the Dominion Bond Rating Service.

The Company's valuation of the ABCP was based on its assessment of the prevailing conditions at September 30, 2009. The estimated fair value reflects the allocation of the floating rate notes the Company received which are expected to mature in January, 2017. The Company estimated the fair value of the senior and subordinated notes by discounting the expected cash flows at yields comparable to prevailing market yields and credit spreads available for securities with similar characteristics to the restructured notes and other market inputs reflecting the Company's best available information. The fair value of the Ineligible Asset Tracking long-term floating rate notes was estimated using observable market inputs from independent pricing sources or by discounted expected cash flows reflecting the Company's best available information, including reference to prevailing market yields on debt instruments in the Canadian market. The Company has not recorded any net gain or loss in the current quarter. As at September 30, 2009, an increase in the estimated discount rates of 100 basis points would reduce net income by \$2.8 million.

3. SECURITIZATIONS

The Company securitizes residential mortgages through Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization trusts. The Company issues National Housing Act Mortgage Backed Securities (NHA MBS) which are sold to a trust that issues securities to investors through the CMHC-sponsored Canada Mortgage Bond Program (CMB Program). Pre-tax gains (losses) on the sale of mortgages are reported in Net investment income and other in the Consolidated Statements of Income.

Securitization activities for the three and nine month periods ended September 30, 2009 and 2008 were as follows:

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2009	2008	2009	2008
Residential mortgages securitized	\$ 457,217	\$ 199,811	\$ 1,077,852	\$ 922,641
Net cash proceeds	454,567	198,564	1,071,734	917,600
Fair value of retained interests	20,082	7,429	50,278	31,342
Pre-tax gain on sales	13,366	4,260	41,945	18,412

4. LONG-TERM DEBT

On April 7, 2009, the Company issued \$375.0 million of 7.35% debentures maturing April 8, 2019. During April 2009, the Company utilized \$287.0 million of the debenture proceeds to repay the bankers' acceptances due October 27, 2009 which were related to the acquisition of Saxon Financial Inc.

5. SHARE CAPITAL

Issued and outstanding

	SEPTEMBER 30, 2009		SEPTEMBER 30, 2008	
	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	262,364,622	\$ 1,511,110	264,192,998	\$ 1,504,290
Issued on acquisition of Investment Planning Counsel non-controlling interest	1,108,901	41,225	–	–
Issued under Stock Option Plan	781,174	17,865	919,857	21,401
Purchased for cancellation	(403,400)	(2,385)	(2,679,800)	(15,341)
Balance, end of period	263,851,297	\$ 1,567,815	262,433,055	\$ 1,510,350

Normal course issuer bid

The Company commenced a normal course issuer bid, effective for one year, on March 23, 2009. Pursuant to this bid, the Company may purchase up to 13.1 million or 5% of its common shares outstanding as at March 13, 2009. In the third quarter of 2009, 343,300 shares were purchased at a cost of \$14.6 million and, during the nine months ended September 30, 2009, 403,400 shares were purchased at a cost of \$16.2 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

On March 22, 2008, 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 March 14, 2008. In the third quarter of 2008, 1,587,500 shares were purchased at a cost of \$66.2 million, and during the nine months ended September 30, 2008, 2,679,800 shares were purchased at a cost of \$113.5 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

6. CAPITAL MANAGEMENT

The capital management policies, procedures and activities of the Company are discussed in the Company's Management's Discussion and Analysis (MD&A), contained in the Third Quarter 2009 Report to Shareholders and have not changed significantly since December 31, 2008. See Note 4 related to debentures issued by the Company in the second quarter of 2009.

7. STOCK-BASED COMPENSATION

	SEPTEMBER 30 2009	DECEMBER 31 2008
Common share options		
– Outstanding	9,619,294	8,929,679
– Exercisable	4,688,775	4,657,554

In the third quarter of 2009, the Company granted 188,145 options to employees (2008 – 96,596). In the nine months ended September 30, 2009, the Company granted 1,757,648 options to employees (2008 – 1,164,866). A portion of the options granted to employees are subject to performance targets. The weighted-average fair value of time vesting options granted during the nine months ended September 30, 2009 has been estimated at \$2.52 per option (2008 – \$5.30) using the Black-Scholes option pricing model. The weighted-average fair value of performance based options granted during the nine months ended September 30, 2009 has been estimated at \$1.08 per option (2008 – \$1.62) using appropriate option pricing models. The assumptions used in these valuation models include: (i) risk-free interest rate of 2.31% (2008 – 3.27%), (ii) expected option life of 5.7 years (2008 – 5.8 years), (iii) expected volatility of 20.75% (2008 – 20.00%) and (iv) expected dividend yield of 6.99% (2008 – 4.53%).

7. STOCK-BASED COMPENSATION *(continued)*

The Company recorded compensation expense related to its stock option program of \$1.7 million (2008 – \$1.8 million) in the third quarter and \$4.9 million (2008 – \$5.5 million) for the nine months ended September 30, 2009.

8. RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Company's MD&A contained in the Third Quarter 2009 Report to Shareholders and have not changed significantly since December 31, 2008.

9. EMPLOYEE FUTURE BENEFITS

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

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	2008	2009	2008
Pension expense (income)	\$ 1,225	\$ (645)	\$ 3,669	\$ (1,937)
Other post-retirement benefits expense	992	1,297	2,976	3,893
Total	\$ 2,217	\$ 652	\$ 6,645	\$ 1,956

10. PROPORTIONATE SHARE OF AFFILIATE'S GAIN

In the second quarter of 2008, the Company's affiliate, Great-West Lifeco Inc. (Lifeco), recorded an after-tax gain on the sale of its healthcare business, Great-West Healthcare. Lifeco reported the gain in Net income from discontinued operations in the Summary of Consolidated Operations included in Lifeco's interim Consolidated Financial Statements. The Company's proportionate share of the after-tax gain on the sale was \$25.0 million.

11. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2009	2008	2009	2008
Earnings				
Net income before proportionate share of affiliate's gain	\$ 167,350	\$ 198,694	\$ 445,381	\$ 625,995
Proportionate share of affiliate's gain	–	–	–	25,003
Net income	\$ 167,350	\$ 198,694	\$ 445,381	\$ 650,998
Number of common shares <i>(in thousands)</i>				
Average number of common shares outstanding	264,026	263,185	263,127	263,635
Add: Potential exercise of outstanding stock options	1,536	1,583	1,090	1,722
Average number of common shares outstanding – Diluted basis	265,562	264,768	264,217	265,357
Earnings per common share <i>(in dollars)</i>				
Excluding proportionate share of affiliate's gain				
– Basic	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.37
– Diluted	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.36
Including proportionate share of affiliate's gain				
– Basic	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.47
– Diluted	\$ 0.63	\$ 0.75	\$ 1.69	\$ 2.45

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.

12. SEGMENTED INFORMATION

	2009			
Three months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 258,635	\$ 164,682	\$ 8,873	\$ 432,190
Administration	53,234	34,822	481	88,537
Distribution	35,825	6,213	19,963	62,001
Net investment income and other	30,204	4,405	5,301	39,910
	377,898	210,122	34,618	622,638
Operating expenses				
Commissions	112,856	73,164	19,273	205,293
Non-commission	74,690	66,191	7,842	148,723
	187,546	139,355	27,115	354,016
Earnings before undernoted	\$ 190,352	\$ 70,767	\$ 7,503	268,622
Interest expense				29,125
Income before income taxes				239,497
Income taxes				72,147
Net income				\$ 167,350
				2008
Three months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 277,855	\$ 189,100	\$ 9,974	\$ 476,929
Administration	53,413	34,065	620	88,098
Distribution	35,835	8,221	26,542	70,598
Net investment income and other	36,044	5,210	7,773	49,027
	403,147	236,596	44,909	684,652
Operating expenses				
Commissions	118,619	87,148	24,286	230,053
Non-commission	74,837	70,536	10,004	155,377
	193,456	157,684	34,290	385,430
Earnings before undernoted	\$ 209,691	\$ 78,912	\$ 10,619	299,222
Interest expense				22,176
Income before income taxes				277,046
Income taxes				78,352
Net income				\$ 198,694

12. SEGMENTED INFORMATION *(continued)*

	2009			
Nine months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 710,270	\$ 462,016	\$ 24,663	\$ 1,196,949
Administration	152,406	103,837	1,518	257,761
Distribution	107,568	19,299	59,807	186,674
Net investment income and other	99,739	11,191	17,141	128,071
	1,069,983	596,343	103,129	1,769,455
Operating expenses				
Commissions	329,397	208,667	56,914	594,978
Non-commission	235,564	204,516	25,410	465,490
	564,961	413,183	82,324	1,060,468
Earnings before undernoted	\$ 505,022	\$ 183,160	\$ 20,805	708,987
Interest expense				80,600
Income before income taxes				628,387
Income taxes				183,006
Net income				\$ 445,381
Identifiable assets	\$ 1,858,357	\$ 2,558,094	\$ 2,053,380	\$ 6,469,831
Goodwill	1,347,781	1,166,842	103,038	2,617,661
Total assets	\$ 3,206,138	\$ 3,724,936	\$ 2,156,418	\$ 9,087,492

12. SEGMENTED INFORMATION *(continued)*

2008

Nine months ended September 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 847,300	\$ 592,371	\$ 31,227	\$ 1,470,898
Administration	160,907	102,320	1,774	265,001
Distribution	112,127	25,781	80,772	218,680
Net investment income and other	121,313	18,146	25,435	164,894
	1,241,647	738,618	139,208	2,119,473
Operating expenses				
Commissions	357,244	268,521	74,085	699,850
Non-commission	235,521	219,304	30,463	485,288
	592,765	487,825	104,548	1,185,138
Earnings before undernoted	\$ 648,882	\$ 250,793	\$ 34,660	934,335
Interest expense				66,156
Income before income taxes and proportionate share of affiliate's gain				868,179
Income taxes				242,184
Net income before proportionate share of affiliate's gain				625,995
Proportionate share of affiliate's gain				25,003
Net income				\$ 650,998
Identifiable assets	\$ 1,951,549	\$ 2,572,731	\$ 1,115,669	\$ 5,639,949
Goodwill	1,347,781	1,233,583	78,055	2,659,419
Total assets	\$ 3,299,330	\$ 3,806,314	\$ 1,193,724	\$ 8,299,368

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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

Shareholder Information

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For copies of the annual or quarterly reports, please contact the Corporate Secretary's office at 204 956 8383 or visit our website at www.igmfinc.com

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 23, 2009 to March 22, 2010. During the course of the Bid, the Company intends to purchase for cancellation up to but not more than 13,123,814 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.igmfinc.com
www.investorsgroup.com
www.mackenziefinancial.com
www.ipcc.ca

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