



## REPORT TO SHAREHOLDERS

IGM Financial and its operating companies experienced an increase in total assets under management over the last three quarters of 2009 subsequent to the market lows experienced during the first quarter of 2009 due primarily to changes in global stock market values. As a result, net income for the Company was down year over year, while quarterly results improved throughout the year.

Investors Group Inc. and Mackenzie Financial Corporation, the Company's principal businesses, continued to generate strong activity through product innovation, investment management, resource management and distribution expansion throughout the year.

The Company is well diversified through its multiple distribution channels, product types, investment management units and fund brands. Assets under management are diversified by country of investment, industry sector, security type and management style. A primary theme in our business model is to support financial advisors as they work with clients to plan for and achieve their financial goals. The scope of our business and our association with other members of the Power Financial Corporation group of companies, have placed the Company in a position of leadership and strength in the financial services industry. Together, these elements will enable IGM Financial to create long-term value for its clients, consultants, advisors, employees and shareholders over time.

Adjusted net income for the year ended December 31, 2009 was \$621.9 million compared to adjusted net income of \$766.1<sup>1</sup> million in 2008. Adjusted earnings per share were \$2.35 in 2009 compared to adjusted earnings per share of \$2.89<sup>1</sup> in 2008.

Adjusted net income for the year ended December 31, 2009 excluded:

- A non-cash charge of \$76.5 million (\$66.2 million after tax) on available for sale (AFS) equity securities related to the market environment.
- A non-cash income tax benefit of \$17.8 million resulting from decreases in Ontario corporate income tax rates and their effect on the future income tax liability related to indefinite life intangible assets arising from the acquisition of Mackenzie Financial Corporation in 2001.
- A premium of \$14.4 million paid on the redemption of the Series A preferred shares on December 31, 2009.

Net income without adjustment for the year ended December 31, 2009 was \$559.1 million compared to net income without adjustment of \$730.8 million in 2008. Earnings per share on this basis were \$2.12 in 2009 compared to \$2.76 in 2008.

Total assets under management at December 31, 2009 totaled \$120.5 billion. This compared with total assets under management of \$101.7 billion at December 31, 2008, an increase of 18.5%.

Dividends were \$2.05 per share for the year.

## INDUSTRY PERSPECTIVE

In early 2009 global stock market index levels reached recent record lows and then grew significantly through the rest of the year to close at levels similar to those seen in the third quarter of 2008. In the context of these large downward and upward market changes, a strong relationship with an advisor to keep focused on long-term financial goals is important.

The significant role of an advisor in helping with financial planning is appreciated by the vast majority of investing Canadians. The Investment Funds Institute of Canada (IFIC) has now published four annual surveys conducted in 2006, 2007, 2008 and 2009 indicating that approximately 85% of mutual fund investors preferred to invest through an advisor and they highly rated the support and advice provided by their advisors.

## OPERATING HIGHLIGHTS

The Investors Group Consultant network continued to expand to its highest level on record of 4,633 Consultants at December 31, 2009. Since June 30, 2004, we have had 22 consecutive calendar quarters of net growth in the Consultant network. With a further two region offices announced in 2009, we have 95 region offices across Canada.

Investors Group continued to respond to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized

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<sup>1</sup>Adjusted net income in 2008 excluded items related to the Company's equity interest in Great-West Lifeco Inc.:

- A \$60.3 million charge recorded in the fourth quarter representing the Company's proportionate share of Great-West Lifeco Inc.'s after-tax impairment charge related to goodwill and indefinite life intangible assets.
- A \$25.0 million gain recorded in the second quarter representing the Company's proportionate share of Great-West Lifeco Inc.'s after-tax gain on the sale of its healthcare business, Great-West Healthcare.

financial advice. Throughout the year Consultants worked with clients to help them understand the impact of financial market volatility on their long-term financial planning.

Investors Group mutual fund assets under management were \$57.7 billion at the end of 2009 compared to \$47.5 billion in 2008. Gross sales were \$5.0 billion compared to gross sales in 2008 of \$5.9 billion. Our redemption rate on long-term mutual funds for 2009 was 7.4% compared to 7.9% at December 31, 2008. Net sales of mutual funds in 2009 were \$404 million.

Mackenzie maintained its focus on delivering consistent long-term investment performance true to the multiple styles deployed in the investment process, while emphasizing product innovation and communication with advisors and investors through this period of market volatility. Our focus is evidenced by the strength of Mackenzie's relationships with financial advisors, the work undertaken with investor and advisor education programs and our commitment to focusing on active investment management strategies. During 2009, we were successful in completely integrating the acquired operations of Saxon Financial as well as streamlining a number of other activities while enhancing our future operating capabilities. These initiatives, coupled with our continued focus on expense management, resulted in a decline in expenses on a year over year basis.

Mackenzie's total assets under management were \$63.6 billion, compared to \$54.7 billion at December 31, 2008. Gross sales were \$11.6 billion, down from the prior year level of \$12.3 billion. Total net redemptions for the year were \$1.4 billion, improving from 2008 by almost 50%.

IGM Financial continues to build its business through a strategic focus on multiple distribution opportunities delivering high-quality advice, innovative investment and service solutions for investors. Our scale and investment in technology and operations continue to help us manage our resources effectively and develop long-term growth in our business. Our stability in our various businesses, combined with our association with the Power Financial Corporation group of companies, provides the foundation for lasting relationships with our various stakeholders.

#### LOOKING AHEAD

As Canadians reflect on market volatility since the summer of 2008, they will increasingly be focused on making informed decisions to provide for their 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 our clients and shareholders.

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.*

February 12, 2010