



REPORT TO SHAREHOLDERS

IGM Financial and its operating companies experienced an increase in total assets under management during 2010. Net earnings for the Company improved year over year.

Investors Group Inc. and Mackenzie Financial Corporation, the Company's principal businesses, continued to generate business growth 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 approach is to support financial advisors as they work with clients to plan for and achieve their financial goals. The importance of financial advice became clearer throughout the financial industry in 2010 based on emerging research and continued public interest in enhanced financial literacy.

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.

FINANCIAL HIGHLIGHTS

Operating earnings available to common shareholders¹ for the year ended December 31, 2010 were \$733.7 million or \$2.79 per share compared to operating earnings available to common shareholders of \$621.9 million or \$2.35 per share in 2009. This represents an increase of 18.7% on a per share basis.

Net earnings available to common shareholders, including other items, for the year ended December 31, 2010 were \$725.5 million or \$2.76 per share compared to net earnings available to common shareholders, including other items, of \$559.1 million or \$2.12 per share in 2009.

Total assets under management at December 31, 2010 totaled \$129.5 billion. This compared with total assets under management of \$120.5 billion at December 31, 2009, an increase of 7.4%.

Dividends were \$2.05 per share for the year.

INDUSTRY PERSPECTIVE

Market fluctuations since 2008 have left investors with many questions on how best to manage their resources for the future. In this context, 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 five annual surveys since 2006 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.

Research shows that Canadians who rely on professional advice to guide their financial decisions are wealthier,

more confident and better prepared for the financial implications of marriage, a new child, their children's education, retirement and other life events than those who do not have the benefit of advice.

The positive impact that financial advisors have on Canadians' preparations for retirement and the lives of Canadians in retirement is particularly noteworthy. The Organization for Economic Co-operation and Development (OECD) recently revealed that Canada is among the world leaders in income replacement after retirement.

Canadians' ability to access professional, personal financial planning advice is an important factor in enabling retirees to plan for and live comfortably in retirement. Research by IFIC and the Financial Planning Standards Council (FPSC) demonstrates that advised households are more likely to save regularly for retirement, make more use of tax-advantaged solutions such as RRSPs, and have portfolios that are better designed for future performance than non-advised households. In fact, 70% of households with an advisor had an RRSP, versus only 30% where there was no advisor. As well, 74% of investors with an advisor are confident they will have enough money to retire comfortably, compared to only 52% of those without an advisor.

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.

¹ Please refer to the reconciliation of non-GAAP financial measures to measures prescribed by GAAP in Management's Discussion and Analysis (MD&A) on Page 17 of this Annual Report.

OPERATING HIGHLIGHTS

The Investors Group Consultant network continued to expand to its highest level on record of 4,686 Consultants at December 31, 2010. Since June 30, 2004, we have had 26 consecutive calendar quarters of net growth in the Consultant network. With a further six region office openings announced in 2010, we have 101 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 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 \$61.8 billion at the end of 2010, compared to \$57.7 billion in 2009. Mutual fund sales were \$5.7 billion compared to mutual fund sales in 2009 of \$5.0 billion. Our redemption rate on long-term mutual funds for 2010 was 8.3% compared to 7.4% at December 31, 2009. Net sales of mutual funds in 2010 were \$253 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. 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 2010, Mackenzie broadened its investment choices for Canadians by adding several new funds and more options, including tax-deferred solutions.

Mackenzie's total assets under management were \$68.3 billion at the end of 2010, compared to \$63.6 billion at December 31, 2009. Total sales were \$12.2 billion, up from the prior year level of \$11.6 billion. Total net redemptions for the year were \$1.5 billion, compared to \$1.4 billion in 2009.

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 recent market volatility and their financial resources for the future, 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 11, 2011