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IGM Financial™

FIRST QUARTER REPORT

FOR THE THREE MONTHS ENDED
MARCH 31, 2010

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

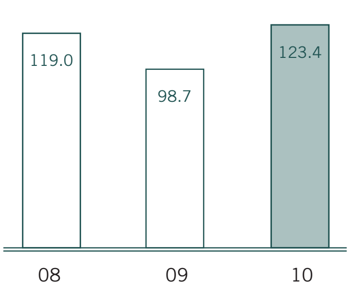
This report contains non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include but are not limited to "adjusted net income", "adjusted diluted earnings per share" and "adjusted return on average common equity" used to provide management and investors with additional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

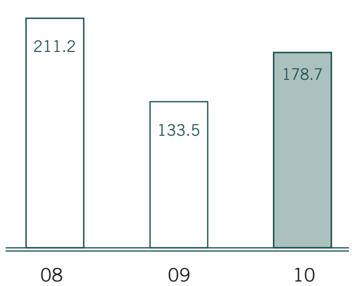
As at and for the three months ended *(unaudited)*	**2010 MARCH 31**	2009 DECEMBER 31	2009 MARCH 31	% CHANGE 2009 DECEMBER 31	% CHANGE 2009 MARCH 31
Net income available to common shareholders *($ millions)*					
Adjusted(1)	**$ 178.7**	$ 176.5	$ 133.5	**1.2%**	**33.9%**
GAAP	**178.7**	113.7	133.5	**57.2**	**33.9**
Diluted earnings per share					
Adjusted(1)	**0.68**	0.67	0.51	**1.5**	**33.3**
GAAP	**0.68**	0.43	0.51	**58.1**	**33.3**
Return on equity					
Adjusted(1)	**16.7%**	16.7%	12.9%		
GAAP	**16.7%**	10.7%	12.9%		
Dividends per share	**0.5125**	0.5125	0.5125	–	–
Total assets under management(2) *($ millions)*	**$ 123,368**	$ 120,545	$ 98,655	**2.3%**	**25.0%**
Investors Group					
Mutual funds	**59,224**	57,655	46,574	**2.7**	**27.2**
Mackenzie					
Mutual funds	*41,331*	*40,624*	*33,659*		
Sub-advisory, institutional and other accounts	*23,526*	*22,955*	*18,943*		
Total	**64,857**	63,579	52,602	**2.0**	**23.3**
Counsel					
Mutual funds	**2,254**	2,140	1,670	**5.3**	**35.0**

For the three months ended March 31, 2010	INVESTORS GROUP	MACKENZIE	COUNSEL	TOTAL(3)
Mutual Funds and Institutional Sales *($ millions)*				
Gross sales	**$ 1,880**	**$ 3,227**	**$ 133**	**$ 5,119**
Net sales	**560**	**101**	**61**	**659**

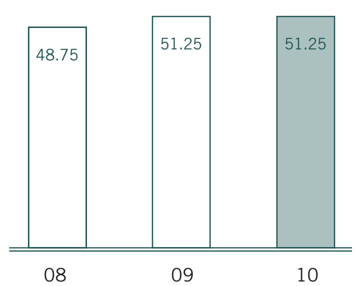
Total Assets under Management
As at March 31 *($ billions)*



Net Income
For the three months ended March 31
($ millions)



Dividends per Share
For the three months ended March 31
(cents)



(1) Non-GAAP Financial Measures:
Results for the three months ended December 31, 2009 excluded:
- *$66.2 million which represented a non-cash after-tax charge on available for sale equity securities related to the market environment.*
- *$17.8 million which represented a non-cash income tax benefit 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. There is no expectation that the future tax liability will become payable as the Company has no intention of disposing of these assets.*
- *$14.4 million which represented the premium paid on the redemption of the Series A preferred shares on December 31, 2009.*

(2) Total assets under management excluded $3.0 billion of assets sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel ($2.8 billion at December 31, 2009 and $2.2 billion at March 31, 2009).

(3) Total Gross Sales and Net Sales excluded $121 million and $63 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 March 31, 2010 was $178.7 million compared to net income of $133.5 million in 2009. Earnings per share were 68 cents compared to earnings per share of 51 cents in 2009, an increase of 33.3%.

Gross revenues for the three months ended March 31, 2010 were $649.4 million compared to $562.9 million a year ago. Operating expenses were $402.7 million for the first quarter of 2010, compared to $377.6 million a year ago.

Total assets under management at March 31, 2010 were $123.4 billion. This compared with total assets under management of $98.7 billion at March 31, 2009, an increase of 25.0%.

INVESTORS GROUP OPERATIONS

The number of Investors Group Consultants was 4,637 at March 31, 2010 up from 4,633 at December 31, 2009.

Mutual fund sales for the first quarter were $1.9 billion compared to $1.4 billion in the prior year and mutual fund net sales for the first quarter were $560 million compared to net sales of $309 million a year ago.

The twelve month trailing redemption rate (excluding money market funds) was 7.5% at March 31, 2010, compared to 7.7% at March 31, 2009.

Mutual fund assets under management at March 31, 2010 were $59.2 billion compared to $46.6 billion at March 31, 2009, an increase of 27.2%.

MACKENZIE OPERATIONS

Total sales for the first quarter of 2010 were $3.2 billion compared to $2.9 billion in the prior year. Total net sales for the first quarter were $101 million compared to total net redemptions of $299 million in the prior year.

Mackenzie's total assets under management at March 31, 2010 were $64.9 billion compared with total assets under management of $52.6 billion at March 31, 2009, an increase of 23.3%. Mutual fund assets under management at March 31, 2010 were $41.3 billion compared to $33.7 billion a year ago, an increase of 22.8%.

INVESTMENT PLANNING COUNSEL OPERATIONS

Assets under administration were $12.6 billion as at March 31, 2010 compared to $10.0 billion at March 31, 2009. Counsel Group of Funds mutual fund assets under management at March 31, 2010 were $2.3 billion compared to $1.7 billion at March 31, 2009.

Mutual fund sales of the Counsel Group of Funds for the first quarter of 2010 were $133 million compared to $67 million in 2009 and mutual fund net sales were $61 million compared to net sales of $9 million in the prior year.

DIVIDENDS

The Board of Directors has declared a dividend of 51.25 cents per share on the Company's common shares and has declared a dividend of $0.36875 per share on the Company's 5.90% Non-Cumulative First Preferred Shares, Series "B". The common share dividend is payable on July 30, 2010 to shareholders of record on June 28, 2010 and the preferred share dividend is payable on August 3, 2010 to shareholders of record on June 28, 2010.

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.

May 7, 2010

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 months ended March 31, 2010 and should be read in conjunction with the unaudited interim Consolidated Financial Statements included in this report and the 2009 IGM Financial Inc. Annual Report filed on www.sedar.com. Commentary in the MD&A as at and for the three months ended March 31, 2010 is as of May 5, 2010.

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".

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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.

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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

Adjusted net income, diluted earnings per share (EPS) and return on common equity (ROE) are non-GAAP financial measures which are used to provide management and investors with additional measures to assess earnings performance. These non-GAAP financial measures are not defined nor do they have standard meanings under GAAP and, as a result, are not necessarily 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. 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.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is one of Canada's premier financial services companies addressing the financial needs of Canadians. The Company's principal businesses are Investors Group Inc. and Mackenzie Financial Corporation, each operating distinctly within the advice segment of the financial services market.

At March 31, 2010, total assets under management were $123.4 billion compared with $120.5 billion at December 31, 2009 and $98.7 billion at March 31, 2009, increases of 2.3% and 25.0%, respectively. Increases in total assets under management occurred primarily over the last three quarters of 2009 as global stock markets recovered from their lows in early 2009. As a result, quarterly results have improved throughout 2009 as well as in the first quarter of 2010.

Results for Investors Group and Mackenzie, the Company's reportable segments, are discussed in their respective Review of Segment Operating Results.

Net income available to common shareholders for the first quarter ended March 31, 2010 was $178.7 million compared to $133.5 million for the first quarter of 2009, an increase of 33.9%. Diluted earnings per share were 68 cents in 2010 compared to 51 cents in 2009, an increase of 33.3%.

Net income available to common shareholders of $178.7 million for the first quarter of 2010 increased $2.2 million or 1.2% from adjusted net income of $176.5 million in the fourth quarter of 2009. Diluted earnings per share were 68 cents in 2010 compared to adjusted diluted earnings per share of 67 cents in 2009, an increase of 1.5%.

TABLE 1: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Three months ended	2010 MARCH 31		2009 DECEMBER 31		2009 MARCH 31	
($ millions)	NET INCOME	EPS	NET INCOME	EPS	NET INCOME	EPS
Adjusted net income available to common shareholders – Non-GAAP measure	$ 178.7	$ 0.68	$ 176.5	$ 0.67	$ 133.5	$ 0.51
Non-cash charge on available for sale (AFS) equity securities, net of tax	–	–	(66.2)	(0.25)	–	–
Non-cash income tax benefit	–	–	17.8	0.07	–	–
Premium paid on redemption of preferred shares	–	–	(14.4)	(0.06)	–	–
Net income available to common shareholders – GAAP	$ 178.7	$ 0.68	$ 113.7	$ 0.43	$ 133.5	$ 0.51

	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31
EBITDA – Non-GAAP measure	$ 357.6	$ 362.4	$ 294.6
Commission amortization	(75.3)	(78.1)	(74.3)
Amortization of capital and intangible assets and other	(8.1)	(8.8)	(8.0)
Interest expense on long-term debt	(27.4)	(28.1)	(21.8)
Dividends on preferred shares classified as liabilities	–	(5.2)	(5.2)
Non-cash charge on AFS equity securities	–	(76.5)	–
Premium paid on redemption of preferred shares	–	(14.4)	–
Income before income taxes	246.8	151.3	185.3
Income taxes	(64.6)	(37.6)	(51.8)
Perpetual preferred dividends	(3.5)	–	–
Net income available to common shareholders – GAAP	$ 178.7	$ 113.7	$ 133.5

Adjusted net income in the fourth quarter of 2009 excluded the following items:

- 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 which was recorded in Net investment income and other in the Consolidated Statements of Income.
- 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. There is no expectation that the future tax liability will become payable as the Company has no intention of disposing of these assets.
- A premium of $14.4 million paid on the redemption of the Series A preferred shares on December 31, 2009 which was recorded in Net investment income and other in the Consolidated Statements of Income.

Net income without adjustment for the fourth quarter of 2009 was $113.7 million and diluted earnings per share on this basis were 43 cents.

Shareholders' equity was $4.5 billion as at March 31, 2010, compared to $4.4 billion as at December 31, 2009. Return on average common equity for the three months ended March 31, 2010 was 16.7% compared with 12.9% in 2009. The quarterly dividend per common share declared in the first quarter of 2010 was 51.25 cents, unchanged from the fourth quarter of 2009.

NON-GAAP FINANCIAL MEASURES

The reconciliations of non-GAAP results to reported results in accordance with GAAP for net income, EPS and EBITDA are provided in Table 1. The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBIT is provided in Tables 2 and 3.

REPORTABLE SEGMENTS

IGM Financial's reportable segments, which are discussed in the Review of Segment Operating Results sections of the MD&A, are:

- Investors Group
- Mackenzie
- Corporate and Other

These segments reflect the current organizational structure and internal financial reporting. Management measures and evaluates the performance of these segments based on EBIT as shown in Tables 2 and 3.

Effective January 1, 2010, the items noted below were reclassified to reflect changes in the Company's internal financial reporting:

- The Company's proportionate share of earnings of Great-West Lifeco Inc. (Lifeco) and realized gains and losses on the sale of equity securities were reclassified to the Corporate and Other segment and are recorded in Net investment income and other. Previously these amounts were recorded in Net investment income and other in the Investors Group Segment.
- Interest expense on the $225.0 million of long-term debt incurred to finance the Company's investment in Lifeco is no longer allocated to a specific segment and is reflected in Interest expense. Previously, the amount was recorded in Net investment income and other in the Investors Group segment. As a result, interest expense not allocated to segments includes interest on all of the Company's outstanding long-term debt.

Prior periods have been restated to reflect this reclassification.

Certain items reflected in Table 2 and Table 3 are not allocated to segments:

- *Interest expense* – Represents interest expense on long-term debt and, for the comparative periods in 2009, interest expense also includes dividends paid of $5.2 million on preferred shares classified as liabilities. These preferred shares were redeemed by the Company on December 31, 2009. In addition, interest expense in the first quarter of 2009 included interest expense on the interim bridge credit facility of $287.0 million related to the Saxon Financial Inc. (Saxon) acquisition which was repaid during the second quarter of 2009. Interest expense totalled $27.3 million in the current quarter compared with $21.5 million in the first quarter of 2009 and $28.0 million in the fourth quarter of 2009, excluding dividends on preferred shares classified as liabilities.
- *2009 Non-cash charge on AFS equity securities* – represents the non-cash other than temporary

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q1 2010 VS. Q1 2009

Three months ended ($ millions)	Investors Group 2010 March 31	Investors Group 2009 March 31	Mackenzie 2010 March 31	Mackenzie 2009 March 31	Corporate & Other 2010 March 31	Corporate & Other 2009 March 31	Total 2010 March 31	Total 2009 March 31
Fee income	$ 367.9	$ 297.0	$ 208.5	$ 184.2	$ 34.7	$ 28.9	$ 611.1	$ 510.1
Net investment income and other	7.9	18.3	3.4	3.3	27.0	31.2	38.3	52.8
	375.8	315.3	211.9	187.5	61.7	60.1	649.4	562.9
Operating expenses								
Commissions	117.5	106.9	73.6	66.1	23.4	19.3	214.5	192.3
Non-commission	82.3	79.2	69.3	70.1	9.2	9.3	160.8	158.6
	199.8	186.1	142.9	136.2	32.6	28.6	375.3	350.9
Earnings before interest and taxes	$ 176.0	$ 129.2	$ 69.0	$ 51.3	$ 29.1	$ 31.5	274.1	212.0
Interest expense							27.3	26.7
Income before income taxes							246.8	185.3
Income taxes							64.6	51.8
Net income							182.2	133.5
Perpetual preferred share dividends							3.5	–
Net income available to common shareholders							$ 178.7	$ 133.5

TABLE 3: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q1 2010 VS. Q4 2009

Three months ended ($ millions)	Investors Group 2010 March 31	Investors Group 2009 December 31	Mackenzie 2010 March 31	Mackenzie 2009 December 31	Corporate & Other 2010 March 31	Corporate & Other 2009 December 31	Total 2010 March 31	Total 2009 December 31
Fee income	$ 367.9	$ 367.6	$ 208.5	$ 209.4	$ 34.7	$ 31.7	$ 611.1	$ 608.7
Net investment income and other	7.9	9.9	3.4	3.4	27.0	15.6	38.3	28.9
	375.8	377.5	211.9	212.8	61.7	47.3	649.4	637.6
Operating expenses								
Commissions	117.5	116.4	73.6	76.0	23.4	21.1	214.5	213.5
Non-commission	82.3	75.7	69.3	64.7	9.2	8.3	160.8	148.7
	199.8	192.1	142.9	140.7	32.6	29.4	375.3	362.2
Earnings before interest and taxes	$ 176.0	$ 185.4	$ 69.0	$ 72.1	$ 29.1	$ 17.9	274.1	275.4
Interest expense							27.3	33.2
							246.8	242.2
Non-cash charge on AFS equity securities							–	(76.5)
Premium paid on redemption of preferred shares							–	(14.4)
Income before income taxes							246.8	151.3
Income taxes							64.6	37.6
Net income							182.2	113.7
Perpetual preferred share dividends							3.5	–
Net income available to common shareholders – GAAP							$ 178.7	$ 113.7
Adjusted net income available to common shareholders – Non GAAP measure							$ 178.7	$ 176.5

impairment (OTTI) charge of $76.5 million ($66.2 million after-tax) recorded in the fourth quarter of 2009 as a result of market conditions and is discussed further in the Consolidated Financial Position and Financial Instruments sections of the MD&A and Notes 2 and 17 of the Consolidated Financial Statements in the 2009 IGM Financial Inc. Annual Report.

- *2009 Premium paid on redemption of preferred shares* – represents the premium of $14.4 million paid on the $360 million Series A preferred shares which were redeemed on December 31, 2009.
- *Income taxes* – The effective income tax rates for the periods under review are shown in Table 4.

  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.
- *Perpetual preferred share dividends* – represents the initial dividend of $0.57788 per share or $3.5 million on the Company's 5.90% non-cumulative first preferred shares issued on December 8, 2009. The dividend relates to the period from December 8, 2009 to April 30, 2010. In subsequent quarters, the dividend would be $0.36875 per share or $2.2 million, when declared.

SUMMARY OF QUARTERLY RESULTS

Financial information for the eight most recently completed quarters is shown in Table 5 and includes the reconciliation of non-GAAP financial measures to net income in accordance with GAAP.

Quarterly earnings are primarily dependent on the level of mutual fund assets under management. Declines in average daily mutual fund assets under management in the third and fourth quarters of 2008 and in the first quarter of 2009 resulted from declines in global financial markets. Improving market conditions in the most recent four quarters have resulted in increased levels of average assets under management and increased quarterly earnings. Average daily mutual fund assets under management by quarter are shown in Table 5.

TABLE 4: EFFECTIVE INCOME TAX RATE

Three months ended	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31
Income taxes at Canadian federal and provincial statutory rates	30.06%	31.61%	31.51%
Effect of:			
Dividend income	(0.18)	(0.55)	(0.50)
Net capital gains and losses	(0.36)	0.01	(0.30)
Proportionate share of affiliate's earnings	(2.15)	(3.56)	(4.33)
Dividends paid on preferred shares classified as liabilities	–	1.08	0.88
Other items	(1.20)	(1.74)	0.67
Effective income tax rate – adjusted net income	26.17	26.85	27.93
Effect of rate changes on future income taxes related to indefinite life intangible assets	–	(11.77)	–
Non-cash charge on AFS equity securities	–	6.78	–
Premium paid on redemption of preferred shares	–	3.00	–
Effective income tax rate – GAAP	26.17%	24.86%	27.93%

TABLE 5: SUMMARY OF QUARTERLY RESULTS

	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3	2008 Q2
Consolidated Statements of Income *($ millions)*								
Fee and net investment income								
Management	$ 449.7	$ 449.7	$ 432.1	$ 399.4	$ 365.4	$ 396.3	$ 477.0	$ 503.3
Administration	88.5	88.3	88.6	86.9	82.3	84.2	88.1	89.4
Distribution	72.9	70.7	62.0	62.3	62.4	67.4	70.6	72.4
Net investment income and other	38.3	28.9	43.9	42.9	52.8	39.9	52.9	59.3
Total fee and net investment income	649.4	637.6	626.6	591.5	562.9	587.8	688.6	724.4
Operating expenses								
Commission expense	214.5	213.5	205.4	197.3	192.3	206.4	230.0	234.8
Non-commission expense	160.8	148.7	148.7	158.2	158.6	162.6	155.4	162.5
Interest expense	27.3	33.2	33.0	32.4	26.7	28.3	26.1	25.8
Total operating expenses	402.6	395.4	387.1	387.9	377.6	397.3	411.5	423.1
	246.8	242.2	239.5	203.6	185.3	190.5	277.1	301.3
Non-cash charge on AFS equity securities	–	(76.5)	–	–	–	–	–	–
Premium paid on redemption of preferred shares	–	(14.4)	–	–	–	–	–	–
Proportionate share of affiliate's impairment charge	–	–	–	–	–	(60.3)	–	–
Proportionate share of affiliate's gain	–	–	–	–	–	–	–	25.0
Income before income taxes	246.8	151.3	239.5	203.6	185.3	130.2	277.1	326.3
Income taxes	64.6	37.6	72.1	59.1	51.8	50.4	78.4	85.2
Net income	182.2	113.7	167.4	144.5	133.5	79.8	198.7	241.1
Perpetual preferred share dividends	3.5	–	–	–	–	–	–	–
Net income available to common shareholders – GAAP	$ 178.7	$ 113.7	$ 167.4	$ 144.5	$ 133.5	$ 79.8	$ 198.7	$ 241.1
Reconciliation of Non-GAAP Financial Measures[1] *($ millions)*								
Adjusted net income available to common shareholders – non-GAAP measure	$ 178.7	$ 176.5	$ 167.4	$ 144.5	$ 133.5	$ 140.1	$ 198.7	$ 216.1
Non-cash charge on AFS equity securities, net of tax	–	(66.2)	–	–	–	–	–	–
Non-cash income tax benefit	–	17.8	–	–	–	–	–	–
Premium paid on redemption of preferred shares	–	(14.4)	–	–	–	–	–	–
Proportionate share of affiliate's impairment charge	–	–	–	–	–	(60.3)	–	–
Proportionate share of affiliate's gain	–	–	–	–	–	–	–	25.0
Net income available to common shareholders – GAAP	$ 178.7	$ 113.7	$ 167.4	$ 144.5	$ 133.5	$ 79.8	$ 198.7	$ 241.1
Earnings per Share (¢)								
GAAP								
– Basic	68	43	63	55	51	30	75	91
– Diluted	68	43	63	55	51	30	75	91
Adjusted[1]								
– Basic	68	67	63	55	51	53	75	82
– Diluted	68	67	63	55	51	53	75	81
Average Daily Mutual Fund Assets *($ billions)*	$ 100.4	$ 98.6	$ 94.4	$ 88.2	$ 81.1	$ 85.6	$ 102.0	$ 107.9
Total Mutual Fund Assets Under Management *($ billions)*	$ 102.8	$ 100.4	$ 98.4	$ 91.6	$ 81.9	$ 85.0	$ 98.0	$ 104.8

(1) Refer to the Summary of Consolidated Operating Results section in the 2009 IGM Financial Inc. Annual Report for an explanation of the Company's use of non-GAAP financial measures.

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 strategy is focused on:

1. Growing our distribution network by attracting 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, particularly during periods of market volatility.
3. Communicating actively with our Consultants and primarily through them to our clients during all economic cycles.
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, controlling expenditures, and becoming more efficient.

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. Two new region offices in Saskatoon and Thunder Bay were announced and are expected to open in late 2010 as Investors Group continues to build its Consultant network.

At March 31, 2010, Investors Group had 4,637 Consultants, compared with 4,633 at the end of 2009 and 4,486 one year ago. The number of Consultants with more than four years experience was 2,604 compared to 2,591 at the end of 2009 and 2,515 a year earlier. Our Consultant network has grown in each of the last twenty-three consecutive quarters, increasing by 1,430 Consultants or 45% since June 30, 2004.

COMMUNICATING WITH CONSULTANTS AND CLIENTS

As a result of the significant market volatility experienced in the latter part of 2008 and throughout 2009 as global stock markets recovered, communications to Consultants and clients increased substantially. Consultants, in turn, 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. Changes in assets under management for the periods under review are reflected in Table 6.

At March 31, 2010, 69% of Investors Group mutual funds (Investors, 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

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

				% CHANGE	
Three months ended *($ millions)*	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31	2009 DECEMBER 31	2009 MARCH 31
Sales	$ 1,880.2	$ 1,376.0	$ 1,426.8	36.6%	31.8%
Redemptions	1,319.7	1,222.1	1,117.4	8.0	18.1
Net sales	560.5	153.9	309.4	264.2	81.2
Market and income	1,008.1	941.2	(1,226.0)	7.1	N/M
Net change in assets	1,568.6	1,095.1	(916.6)	43.2	N/M
Beginning assets	57,655.0	56,559.9	47,491.1	1.9	21.4
Ending assets	$ 59,223.6	$ 57,655.0	$ 46,574.5	2.7%	27.2%
Average daily assets	$ 57,742.9	$ 56,549.8	$ 45,698.3	2.1%	26.4%

five stars. This compared to the Morningstar† universe of 67% for three stars or better and 31% for four and five star funds at March 31, 2010. Morningstar† Ratings are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Q1 2010 vs. Q1 2009

For the first quarter ended March 31, 2010, sales of Investors Group mutual funds through its Consultant network were $1.9 billion, an increase of 31.8% from 2009. Mutual fund redemptions, which totalled $1.3 billion for the same period, increased 18.1% from 2009 levels. Investors Group's twelve month trailing redemption rate for long-term funds was 7.5% at March 31, 2010 compared to 7.7% at March 31, 2009, and remains well below the corresponding average redemption rate of approximately 15.3% for all other members of the Investment Funds Institute of Canada (IFIC) at March 31, 2010. Net sales of Investors Group mutual funds for the first quarter of 2010 were $560 million compared with net sales of $309 million in 2009, an increase of 81.2%. Sales of long-term funds were $1.7 billion for the first quarter of 2010, compared with $1.1 billion in 2009, an increase of 56.2%. Net sales of long-term funds for the first quarter of 2010 were $565 million compared to net sales of $219 million in 2009, an increase of 158.6%.

Investors Group's mutual fund assets under management were $59.2 billion at March 31, 2010, as shown in Table 6. The increase in mutual fund assets for the twelve month period ended March 31, 2010 of $12.6 billion was primarily due to market appreciation resulting from improvements in global stock markets during 2009 and 2010.

Q1 2010 vs. Q4 2009

The changes in assets under management in the first quarter of 2010 compared with the fourth quarter of 2009 are reflected in Table 6.

For the first quarter ended March 31, 2010, sales of Investors Group mutual funds through its Consultant network were $1.9 billion, an increase of 36.6% from the fourth quarter of 2009. Mutual fund redemptions, which totalled $1.3 billion for the same period, increased 8.0% from the previous quarter. Net sales of Investors Group mutual funds for the current quarter were $560 million compared with net sales of $154 million in the previous quarter, an increase of 264.2%. Sales of long-term funds were $1.7 billion for the current quarter, compared with $1.2 billion in the previous quarter, an increase of 43.9%. Net sales of long-term funds for the current quarter were $565 million compared to net sales of $151 million in the previous quarter, an increase of 273.8%.

Investors Group's mutual fund assets under management were $59.2 billion at March 31, 2010, as shown in Table 6. The increase in mutual fund assets for the first quarter of 2010 of $1.6 billion was comprised of $560 million in net sales and $1.0 billion of net market appreciation resulting from improvements in global stock markets during the first quarter of 2010.

OTHER PRODUCTS AND SERVICES

Segregated Funds

In November 2009, Investors Group expanded its offering of Great-West Life segregated funds by launching a new line of segregated fund policies known as Guaranteed Investment Funds (GIFs). The GIF offering includes 14 segregated fund-of-fund portfolios and 6 segregated funds. These funds offer an enhanced selection of death benefit and maturity guarantees and also include a new Lifetime Income Benefit (LIB) protection feature on select GIFs. The investment components of these segregated funds are managed by Investors Group. At March 31, 2010, total segregated fund assets were $633 million.

Insurance

Investors Group distributes insurance products through I.G. Insurance Services Inc. For the three months ended March 31, 2010, sales of insurance products as measured by new annualized premiums were $13.1 million, an increase of 36.9% over $9.5 million in 2009.

Securities Operations

Investors Group provides securities services to clients through Investors Group Securities Inc. At March 31, 2010, total assets under administration were $5.7 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 March 31, 2010, mortgage originations were $285 million compared with $254 million in 2009. At March 31, 2010, mortgages serviced by Investors Group totalled $7.3 billion, unchanged from December 31, 2009.

Through its mortgage banking operations, residential mortgages are funded through sales to the Investors Mortgage and Short Term Income Fund, securitization programs, and institutional investors. The Company is a CMHC-approved issuer of National Housing Act Mortgage-Backed Securities (NHA MBS) and seller of NHA MBS into the Canada Mortgage Bond Program (CMB Program). Securitization programs the firm participates in also include certain bank-sponsored asset-backed commercial paper programs. Residential mortgages are also held by Investors Group's intermediary operations.

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. Clients have access to a network of banking machines, as well as a private labeled client website and private labeled client service centre. The Solutions Banking† offering supports Investors Group's approach to delivering total financial solutions for our clients via a broad financial planning platform.

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.

Effective January 1, 2010, certain items were reclassified as follows:

- The Company's proportionate share of earnings of Great-West Lifeco Inc. (Lifeco) and realized gains and losses on the sale of equity securities were reclassified to the Corporate and Other segment. Previously these amounts were recorded in Net investment income and other in the Investors Group Segment.
- Interest expense on the $225.0 million of long-term debt incurred to finance the Company's investment in Lifeco is no longer allocated to the Investors Group segment. Previously, the amount was recorded in Net investment income and other in the Investors Group segment.

Prior periods have been restated to reflect this reclassification.

Q1 2010 VS. Q1 2009

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 $271.7 million in the first quarter of 2010, an increase of $57.8 million or 27.0% from $213.9 million in 2009 due to the increase of 26.4% in average daily mutual fund assets as shown in Table 6. Management fees were 191 basis points of average daily mutual fund assets compared to 190 basis points in 2009. Management fee income and average management fee rates for both periods also reflected the impact of Investors Group waiving a portion of the investment management fees on its money market funds to ensure that these funds maintained a positive yield. These waivers totalled $2.1 million in the first quarter of 2010 and $0.4 million in the prior year.

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 $54.4 million in the current quarter compared to $48.0 million a year ago. Fee income was impacted by the change in average daily mutual fund assets under management in 2010 compared with 2009.

Effective October 1, 2007, Investors Group assumed responsibility for the applicable operating expenses of the funds, other than GST and certain specified fund

TABLE 7: OPERATING RESULTS – INVESTORS GROUP

Three months ended ($ millions)	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31	% CHANGE 2009 DECEMBER 31	% CHANGE 2009 MARCH 31
Fee and net investment income					
Management	$ 271.7	$ 271.0	$ 213.9	0.3%	27.0%
Administration	54.4	54.2	48.0	0.4	13.3
Distribution	41.8	42.4	35.1	(1.4)	19.1
	367.9	367.6	297.0	0.1	23.9
Net investment income and other	7.9	9.9	18.3	(20.2)	(56.8)
	375.8	377.5	315.3	(0.5)	19.2
Operating expenses					
Commissions	66.4	66.7	61.6	(0.4)	7.8
Asset retention bonus and premium	51.1	49.7	45.3	2.8	12.8
Non-commission	82.3	75.7	79.2	8.7	3.9
	199.8	192.1	186.1	4.0	7.4
Earnings before interest and taxes	$ 176.0	$ 185.4	$ 129.2	(5.1)%	36.2%

costs, in return for a fixed rate administration fee established for each fund based on the following criteria:

- 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.
- As the applicable mutual fund asset levels as at December 31, 2009 were below 95% of the net asset levels on October 1, 2007, the monthly operating expense adjustment continues until the first month where average asset levels exceed 95% of the net asset levels on October 1, 2007. 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 no longer be payable.

Due to the level of mutual fund assets, as a result of the volatility in the global stock markets, Investors Group continued to receive an operating expense adjustment in the current quarter. Included in administration fees for the first quarter of 2010 were operating expense adjustments of $0.6 million compared to $6.0 million in 2009.

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 $41.8 million for the first quarter of 2010 increased by $6.7 million from $35.1 million in 2009. Increases in distribution fee income from insurance products were partially offset by declines in revenue from banking products. Redemption fee income increased by $2.2 million to $11.9 million in the first quarter of 2010 compared to 2009. Redemption fee income may vary depending on the level of deferred sales charge attributable to fee-based redemptions.

Net Investment Income and Other

As discussed, certain items previously reported in Net investment income and other have been reclassified and prior periods have been restated to reflect these reclassifications.

Net investment income and other includes income related to mortgage banking activities as well as interest earned on cash and cash equivalents, securities and mortgage loans related to intermediary operations. Investors Group reports net investment income as the difference between investment income and interest expense. Interest expense includes interest on deposit liabilities and interest on bank indebtedness, if any.

Net investment income and other was $7.9 million in the first quarter of 2010 compared to $18.3 million in 2009, a decrease of $10.4 million. Net revenues related to Investors Group mortgage banking operations declined in the first quarter of 2010 due to lower margins realized on mortgage sales activity and lower securitization income compared with 2009. In addition, the first quarter of 2009 included a favourable non-cash fair value adjustment of $7.6 million to the retained interest receivable related to the Canadian bank-sponsored securitization trust into which Investors Group sells a portion of its mortgage originations. The fair value adjustment resulted from lower 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 first quarter of 2010 increased by $4.8 million to $66.4 million compared with $61.6 million in 2009.

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

- ARB, which is paid monthly and is based on the value of assets under management. ARB expense increased by $5.4 million for the three month period to $43.1 million primarily as a result of changes 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 increased by $0.4 million to $8.0 million compared to 2009.

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 $82.3 million for the first quarter of 2010 compared to $79.2 million in 2009.

The change in non-commission expense reflects 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 in the first quarter of 2010. As a result, expenses related to recruiting, training, field support and region office expansion increased in the first quarter of 2010 compared to the same period in 2009.
- Sub-advisory fees increased in the first quarter of 2010 compared to the prior year consistent with the increase in related assets.
- Operating expenses, excluding those related directly to growth and support of the Consultant network, as noted above, declined in the first quarter of 2010 compared with 2009.

Q1 2010 VS. Q4 2009

Fee Income

Management fee income increased by $0.7 million or 0.3% to $271.7 million in the first quarter of 2010 compared with the fourth quarter of 2009. There were two fewer calendar days in the first quarter of 2010 than in the fourth quarter of 2009. This difference resulted in a reduction in fee income of approximately $5.9 million in the current quarter. Excluding this reduction in fee income, the increase in management fee income in the current quarter was consistent with the increase in average daily mutual fund assets of 2.1% as shown in Table 6. Management fee income was 191 basis points of average daily mutual fund assets compared with 190 basis points in the prior quarter. Money market fund waivers totalled $2.1 million in the first quarter of 2010 compared to $2.3 million in the prior quarter.

Administration fees increased to $54.4 million in the first quarter of 2010 from $54.2 million in the fourth 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 $0.6 million compared to $1.2 million in the fourth quarter of 2009.

Distribution fee income of $41.8 million in the first quarter of 2010 decreased by $0.6 million from $42.4 million in the fourth quarter of 2009. The decrease was primarily due to distribution fee income from insurance products offset by a $1.1 million increase in redemption fee income resulting from higher redemptions subject to deferred sales charges.

Net Investment Income and Other

Net investment income and other was $7.9 million in the first quarter of 2010, a decrease of $2.0 million from $9.9 million in the previous quarter. Net revenues related to Investors Group's mortgage banking operations declined due to lower securitization income in the current quarter.

Operating Expenses

Commission expense in the current quarter was $66.4 million compared with $66.7 million in the previous quarter.

The asset retention bonus (ARB) and asset retention premium (ARP) expense increased by $1.4 million to $51.1 million due to the increase in mutual fund assets under management.

Non-commission expenses increased $6.6 million to $82.3 million in the first quarter of 2010 compared with the fourth quarter of 2009. Operating expenses, excluding seasonal expenses directly related to the Consultant network, increased marginally in the first quarter of 2010.

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 embraces current trends and practices in the global financial services industry and our strategic plan 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 multiple third party distribution channels engaged in the provision of financial advice to investors. 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 the advice channel going forward.

Mackenzie distributes its investment products through third party financial advisors. Mackenzie's wholesale teams work with many of the more than 30,000 independent financial advisors across Canada. To support sales into institutional and specialty markets, Mackenzie also deploys specialty teams to distribute its investment advisory capabilities and products in the high net worth, group plans, sub-advisory, structured products and institutional areas.

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 March 31, 2010, 54% of Mackenzie's mutual funds were rated in the top two performance quartiles for the one year time frame,

TABLE 8: CHANGE IN ASSETS UNDER MANAGEMENT – MACKENZIE

Three months ended *($ millions)*	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31	% CHANGE 2009 DECEMBER 31	% CHANGE 2009 MARCH 31
Sales	$ 3,227.5	$ 2,951.0	$ 2,859.5	9.4%	12.9%
Redemptions	3,126.6	3,460.4	3,158.7	(9.6)	(1.0)
Net sales (redemptions)	100.9	(509.4)	(299.2)	N/M	N/M
Market and income	1,176.9	2,058.6	(1,759.7)	(42.8)	N/M
Net change in assets	1,277.8	1,549.2	(2,058.9)	(17.5)	N/M
Beginning assets	63,579.4	62,030.2	54,660.5	2.5	16.3
Ending assets	$ 64,857.2	$ 63,579.4	$ 52,601.6	2.0%	23.3%
Consists of:					
Mutual funds	$ 41,331.2	$ 40,624.2	$ 33,658.8	1.7%	22.8%
Sub-advisory, institutional and other accounts	23,526.0	22,955.2	18,942.8	2.5	24.2
	$ 64,857.2	$ 63,579.4	$ 52,601.6	2.0%	23.3%
Daily average mutual fund assets	$ 40,533.2	$ 40,023.1	$ 33,758.5	1.3%	20.1%
Monthly average total assets(1)	$ 63,600.4	$ 62,490.9	$ 52,404.6	1.8%	21.4%

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

68% for the three year time frame and 55% 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 March 31, 2010, 81% of Mackenzie's mutual fund assets measured by Morningstar† had a rating of three stars or better and 54% had a rating of four or five stars.

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

- January 7 – Mackenzie launched the Mackenzie Universal Gold Bullion Class, a fund that invests 80% to 100% of its assets in gold bullion and/or permitted gold certificates.
- February 17 – Mackenzie completed the first closing of the initial public offering of MSP* 2010 Resource Limited Partnership.
- March 10 – Mackenzie announced its intention to merge Mackenzie Universal World Science & Technology Class into Mackenzie Universal Technology Class.

Q1 2010 vs. Q1 2009

Mackenzie's total assets under management at March 31, 2010 were $64.9 billion, an increase of 23.3% from $52.6 billion at March 31, 2009. Mackenzie's mutual fund assets under management were $41.3 billion at March 31, 2010, an increase of 22.8% from $33.7 billion at March 31, 2009. Mackenzie's sub-advisory, institutional and other accounts at March 31, 2010 were $23.5 billion, a 24.2% increase from $18.9 billion last year.

In the three months ended March 31, 2010, Mackenzie's gross sales were $3.2 billion, an increase of 12.9% from $2.9 billion in the comparative period last year. Redemptions in the current period were $3.1 billion, relatively unchanged compared to 2009. Net sales for the three months ended March 31, 2010 were $0.1 billion, as compared to net redemptions of $0.3 billion last year. During the current quarter, market and income resulted in assets increasing by $1.2 billion as compared to a decrease of $1.8 billion in 2009.

Redemptions of long-term mutual funds in the current quarter were $1.6 billion as compared to redemptions of $1.2 billion in 2009. As at March 31, 2010, Mackenzie's twelve-month trailing redemption rate for long-term funds was 15.1%, as compared to 18.3% last year. The average twelve-month trailing redemption rate for long-term funds for all other members of IFIC decreased to approximately 14.4% at March 31, 2010 from 17.3% 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.

Q1 2010 vs. Q4 2009

Mackenzie's total assets under management at March 31, 2010 were $64.9 billion, an increase of 2.0% from $63.6 billion at December 31, 2009 as summarized in Table 8. Mackenzie's mutual fund assets under management increased $0.7 billion to $41.3 billion in the quarter and Mackenzie's sub-advisory, institutional and other accounts increased $0.6 billion to $23.5 billion at March 31, 2010.

Redemptions of long-term mutual fund assets in the current quarter were $1.6 billion as compared to $1.5 billion in the quarter ended December 31, 2009. Mackenzie's annualized quarterly redemption rate for long-term funds for the quarter ended March 31, 2010 was 16.6%, as compared to 15.9% in the fourth quarter of 2009.

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

Q1 2010 VS. Q1 2009

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 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. On these series of its mutual funds, Mackenzie does not pay trailing commissions or selling commissions. At March 31, 2010, there were $8.9 billion of mutual fund assets in these series of funds, as compared to $6.7 billion at March 31, 2009.

Management fees were $169.3 million for the three months ended March 31, 2010, an increase of $25.5 million or 17.7% from $143.8 million last year. The increase in management fees 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 $63.6 billion in the three month period ended March 31, 2010 compared to $52.4 billion in 2009, an increase of 21.4%.

Mackenzie's average management fee rate was 108.0 basis points in the three month period ended March 31, 2010, compared to 111.3 basis points in 2009. The decrease in the average management fee rate as compared to 2009 was due to the relative change in Mackenzie's institutional accounts and in its non-retail mutual funds relative to the change in its retail mutual funds as institutional assets and non-retail mutual funds have lower management fees. Changes in asset mix representing the relative proportion of equity and fixed income assets under management also affect average management fee rates. In addition, due to the low interest rate environment in the current year, Mackenzie waived a portion of its management fees on its money market funds in order to maintain positive net returns for investors in these funds. In the three month period ended March 31, 2010, Mackenzie waived management

TABLE 9: OPERATING RESULTS – MACKENZIE

Three months ended *($ millions)*	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31	% CHANGE 2009 DECEMBER 31	% CHANGE 2009 MARCH 31
Fee and net investment income					
Management	$ 169.3	$ 169.4	$ 143.8	(0.1)%	17.7%
Administration	32.7	33.5	33.8	(2.4)	(3.3)
Distribution	6.5	6.5	6.6	–	(1.5)
	208.5	209.4	184.2	(0.4)	13.2
Net investment income and other	3.4	3.4	3.3	–	3.0
	211.9	212.8	187.5	(0.4)	13.0
Operating expenses					
Commissions	28.2	31.5	28.8	(10.5)	(2.1)
Trailing commissions	45.4	44.5	37.3	2.0	21.7
Non-commission	69.3	64.7	70.1	7.1	(1.1)
	142.9	140.7	136.2	1.6	4.9
Earnings before interest and taxes	$ 69.0	$ 72.1	$ 51.3	(4.3)%	34.5%

fees of $2.3 million on its money market funds as compared to $0.9 million in 2009.

Administration fees were $32.7 million for the three months ended March 31, 2010, as compared to $33.8 million in 2009.

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.

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 based on the following criteria:

- 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.
- As the applicable mutual fund asset levels as at December 31, 2009 were below 95% of the net asset levels on August 1, 2007, the monthly operating expense adjustment continues until the first month where average asset levels exceed 95% of the net asset levels on August 1, 2007. 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 no longer be payable.

Due to the level of mutual fund assets, Mackenzie continued to receive an operating expense adjustment in the current quarter. Included in administration fees were operating expense adjustments of $3.2 million in the three months ended March 31, 2010, compared to $7.6 million in 2009.

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 March 31, 2010 was $6.5 million, a decrease of $0.1 million from $6.6 million last year.

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 March 31, 2010 was $3.4 million, an increase of $0.1 million from $3.3 million in 2009.

Operating Expenses

Mackenzie's operating expenses were $142.9 million for the three months ended March 31, 2010 compared to $136.2 million last year.

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 $28.2 million in the three months ended March 31, 2010, as compared to $28.8 million last year. Mackenzie amortizes selling commissions over three years from the date of original purchase of the applicable low load units and over a maximum period of seven years from the date of original purchase of the applicable deferred sales charge units.

Trailing commissions paid to dealers are calculated as a percentage of 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 $45.4 million in the three months ended March 31, 2010, an increase of $8.1 million or 21.7%

from $37.3 million last year. The change in trailing commissions in the three month period ended March 31, 2010 is consistent with the period over period movement 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 45.4 basis points in the three months ended March 31, 2010 as compared to 44.8 basis points last year.

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. Non-commission expenses were $69.3 million in the three months ended March 31, 2010, a decrease of $0.8 million or 1.1% from $70.1 million last year. Mackenzie actively manages its non-commission expenses to enhance its future operating capabilities while at the same time selectively investing in revenue generating initiatives to further grow its business.

Q1 2010 VS. Q4 2009

Fee and Net Investment Income

Management fees were $169.3 million for the current quarter, a decrease of $0.1 million or 0.1% from $169.4 million in the fourth quarter of 2009.

Monthly average total assets under management were $63.6 billion in the current quarter compared to $62.5 billion in the quarter ended December 31, 2009, an increase of 1.8%. Mackenzie's average management fee rate was 108.0 basis points in the current quarter and 107.5 basis points in the fourth quarter of 2009. The increase in the effective management fee rate in the current quarter was due to the decline in money market fund management fee waivers. In the three months ended March 31, 2010, Mackenzie waived management fees of $2.3 million on its money market funds as compared to $5.0 million in the three months ended December 31, 2009. In addition, there were two fewer calendar days in the first quarter of 2010 than in the fourth quarter of 2009. This difference resulted in a reduction in management fees of approximately $3.3 million in the current quarter on a comparative basis.

Administration fees were $32.7 million in the current quarter compared to $33.5 million in the quarter ended December 31, 2009. Included in administration fees for the current quarter were fund operating expense adjustments of $3.2 million as compared to $3.5 million in the fourth quarter of 2009.

Operating Expenses

Mackenzie's operating expenses were $142.9 million for the current quarter, an increase of $2.2 million or 1.6% from $140.7 million in the fourth quarter of 2009.

Commission expense, which represents the amortization of selling commissions, was $28.2 million in the quarter ended March 31, 2010, as compared to $31.5 million in the fourth quarter of 2009. The decrease in commission expense is due to an increase in the proportion of Mackenzie's selling commissions that are now fully amortized.

Trailing commissions paid to dealers were $45.4 million in the current quarter, an increase of $0.9 million or 2.0% from $44.5 million in the fourth 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 45.4 basis points in the current quarter and 44.1 basis points in the quarter ended December 31, 2009.

Non-commission expenses were $69.3 million in the current quarter, an increase of $4.6 million or 7.1% from the fourth 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. Due to the general increase in sales activities and transaction volumes in the first quarter of the year, Mackenzie's non-commission expenses tend to be higher in this quarter as compared to the other quarters.

Corporate and Other

Review of Segment Operating Results

The Corporate and Other segment includes net investment income earned on unallocated investments (investments not allocated to the Investors Group or Mackenzie segments) and other income, operating results for Investment Planning Counsel, as well as inter-segment eliminations. Effective January 1, 2010, the Company's proportionate share of earnings of Lifeco as well as realized gains and losses on the sale of equity securities were reclassified to the Corporate and other segment from the Investors Group segment and are recorded in Net investment income and other. Prior periods have been restated to reflect this reclassification.

Corporate and other earnings before interest and taxes are presented in Table 10.

Q1 2010 VS. Q1 2009

Net investment income and other decreased by $4.2 million in 2010 compared with 2009 due to:

- A decrease of $7.8 million in the Company's proportionate share of Lifeco's earnings as reflected in the Consolidated Financial Position section of this MD&A.
- A decrease of $2.6 million in net investment income on unallocated investments primarily due to lower average interest rates.

These decreases were offset in part by the increase of $2.8 million in net gains on the sale of equity securities which totalled $5.9 million in 2010 compared to $3.1 million in 2009. In addition, the first quarter of 2009 included a negative fair value adjustment of $3.7 million related to the Company's holdings of non-bank-sponsored asset-backed commercial paper (ABCP).

Earnings before interest and taxes related to Investment Planning Counsel were $1.6 million higher than 2009. The increase in earnings was primarily attributable to higher average mutual fund assets under management and higher net distribution revenues.

Q1 2010 VS. Q4 2009

Net investment income and other increased by $11.4 million in the first quarter of 2010 compared with the previous quarter. Net gains on the sale of equity securities totalled $5.9 million in the first quarter of 2010 while no gains or losses were recorded in the fourth quarter of 2009. In addition, a charge of $6.5 million was recorded in the fourth quarter of 2009 related to a non-retail mutual fund product.

Earnings before interest and taxes related to Investment Planning Counsel were $0.3 million lower in the first quarter of 2010 compared to the previous quarter.

TABLE 10: OPERATING RESULTS – CORPORATE AND OTHER

Three months ended *($ millions)*	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31	% CHANGE 2009 DECEMBER 31	% CHANGE 2009 MARCH 31
Fee income	$ 34.7	$ 31.7	$ 28.9	9.5%	20.1%
Net investment income and other	27.0	15.6	31.2	73.1	(13.5)
	61.7	47.3	60.1	30.4	2.7
Operating expenses					
Commissions	23.4	21.1	19.3	10.9	21.2
Non-commission	9.2	8.3	9.3	10.8	(1.1)
	32.6	29.4	28.6	10.9	14.0
Earnings before interest and taxes	$ 29.1	$ 17.9	$ 31.5	62.6%	(7.6)%

IGM Financial Inc.
Consolidated Financial Position

IGM Financial's total assets were $8.7 billion at March 31, 2010, compared to $8.6 billion at December 31, 2009.

SECURITIES

The composition of the Company's securities holdings is detailed in Table 11.

Available for Sale (AFS) Securities
Securities classified as available for sale include equity securities, investments in proprietary investment funds and fixed income securities. Unrealized gains and losses on available for sale securities are recorded in Other comprehensive income until they are realized or until management determines that there is objective evidence of impairment in value that is other than temporary, at which time they are recorded in the Consolidated Statements of Income.

The fair value of the Company's common share holdings was $50.7 million as at March 31, 2010 compared to $237.1 million at December 31, 2009, a decrease of $186.4 million. The decrease due to net sales of common share holdings of $193.7 million in the first quarter of 2010 was offset in part by increases in the fair value of the portfolio in the quarter. The Company's exposure to and management of equity price risk related to its common share holdings is discussed in the Financial Instruments section of the MD&A.

The Company holds a diversified portfolio of fixed income securities totalling $282.9 million at March 31, 2010 which is comprised primarily of bankers' acceptances, Canadian chartered bank senior deposit and floating rate notes, government guaranteed short-term investments, and corporate bonds.

Held for Trading Securities
Securities classified as held for trading include Canada Mortgage Bonds and fixed income securities comprised of non-bank-sponsored asset-backed commercial paper (ABCP). 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 repurchased Canada Mortgage Bonds during the quarter ended March 31, 2010, which had previously been sold under repurchase agreements. These securities were subsequently sold under similar 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 had a fair value of $624.9 million at March 31, 2010. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of $629.6 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.

During 2010, the Company's investment in ABCP was reduced by $0.1 million, representing principal and interest payments received from the ABCP conduit

TABLE 11: SECURITIES

	MARCH 31, 2010		DECEMBER 31, 2009	
($ thousands)	COST	FAIR VALUE	COST	FAIR VALUE
Available for Sale				
Common shares	$ 48,643	$ 50,681	$ 236,383	$ 237,085
Proprietary investment funds	76,160	77,390	41,259	41,341
Fixed income securities	282,269	282,929	314,260	315,387
	407,072	411,000	591,902	593,813
Held for Trading				
Canada Mortgage Bonds	647,318	624,911	647,318	624,703
Fixed income securities	31,381	27,681	31,443	27,743
	678,699	652,592	678,761	652,446
	$ 1,085,771	$ 1,063,592	$ 1,270,663	$ 1,246,259

trusts. Refer to Note 2 of the interim Consolidated Financial Statements for additional information.

LOANS

Loans, including mortgages and investment loans, increased by $8.6 million to $680.2 million at March 31, 2010 and represented 7.8% of total assets, unchanged from December 31, 2009. Residential mortgage loans related to the Company's mortgage banking operations increased by $1.7 million. In the Company's deposit and lending operations, investment loans increased by $11.8 million and residential mortgage loans decreased by $4.9 million in the three 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 and investment loans through or in cooperation with financial advisors. These loans are funded primarily through the Company's deposit operations.

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 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 Corporate and other reportable segment. Changes in the carrying value for the three months ended March 31, 2010 compared with the same period in 2009 are shown in Table 12.

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 2010, the Company entered into securitization transactions with Canadian bank-sponsored securitization trusts and the CMB Program through its mortgage banking operations with proceeds of $202.3 million compared with $218.4 million in 2009 as discussed in Note 3 to the interim Consolidated Financial Statements. Securitized loans serviced at March 31, 2010 totalled $3.3 billion compared with $3.0 billion at March 31, 2009. The fair value of the Company's retained interest was $155.6 million at March 31, 2010 compared to $173.5 million at December 31, 2009. Additional information related to the Company's securitization activities can be found in the Financial Instruments section of this MD&A.

TABLE 12: INVESTMENT IN AFFILIATE

Three months ended March 31 *($ millions)*	2010	2009
Carrying value, beginning of period	$ 598.2	$ 574.4
Proportionate share of earnings and other	17.7	25.5
Dividends received	(11.6)	(11.6)
Proportionate share of accumulated other comprehensive income (loss) and other adjustments	(7.4)	28.4
Carrying value, end of period	$ 596.9	$ 616.7

Consolidated Liquidity and Capital Resources

LIQUIDITY

Cash and cash equivalents totalled $1.18 billion at March 31, 2010 compared with $945.1 million and $1.24 billion at December 31, 2009 and March 31, 2009, respectively. A significant portion of cash and cash equivalents and loans relates to the Company's deposit operations as shown in Table 13.

Net working capital totalled $912.8 million at March 31, 2010 compared with $834.8 million at December 31, 2009 and $812.2 million at March 31, 2009, excluding the Company's cash and cash equivalents related to its deposit operations as shown in Table 13.

Net 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 $357.6 million in the first quarter of 2010 compared to $294.6 million in the first quarter of 2009 and $362.4 million in the fourth quarter of 2009. EBITDA for each period under review also excludes the impact of amortization of deferred selling commissions which totalled $75.3 million in the first quarter of 2010 compared to $74.3 million and $78.1 million in the first and fourth quarters of 2009, respectively. As well as being an important alternative measure of performance, EBITDA as reported by the Company is one of the primary metrics utilized by investment analysts and credit rating agencies in reviewing asset management companies.

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 14 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which form part of the interim Consolidated Financial Statements for the quarter ended March 31, 2010. Cash and cash equivalents increased by $232.0 million in the quarter compared with an increase of $3.0 million in the first quarter of 2009.

Operating activities, before payment of commissions, generated $244.8 million during the quarter ended March 31, 2010, as compared to $199.1 million in 2009. Cash commissions paid were $80.9 million in 2010 compared to $61.5 million in 2009. The increases in cash commissions paid are consistent with the increase in mutual fund sales. Net cash flows from operating

TABLE 13: ASSETS RELATED TO DEPOSIT OPERATIONS

($ millions)	2010 MARCH 31	2009 DECEMBER 31	2009 MARCH 31
Assets			
Cash and cash equivalents	$ 325.0	$ 308.4	$ 517.9
Securities	282.9	315.4	218.1
Loans	441.5	435.4	456.0
Total assets	$ 1,049.4	$ 1,059.2	$ 1,192.0
Liabilities and shareholders' equity			
Deposit liabilities	$ 901.5	$ 907.4	$ 1,045.3
Other liabilities – net	50.8	54.5	45.0
Shareholders' equity	97.1	97.3	101.7
Total liabilities and shareholders' equity	$ 1,049.4	$ 1,059.2	$ 1,192.0

TABLE 14: CASH FLOWS

Three months ended March 31 *($ millions)*	2010	2009	CHANGE
Operating activities			
Before payment of commissions	$ 244.8	$ 199.1	23.0%
Commissions paid	(80.9)	(61.5)	(31.5)
Net of commissions paid	163.9	137.6	19.1
Financing activities	(148.6)	546.6	127.2
Investing activities	216.7	(681.2)	131.8
Increase in cash and cash equivalents	232.0	3.0	N/M
Cash and cash equivalents, beginning of period	945.1	1,232.2	(23.3)
Cash and cash equivalents, end of period	$ 1,177.1	$ 1,235.2	(4.7)%

activities, net of commissions paid, was $163.9 million in 2010 as compared to $137.6 million in 2009.

Financing activities during the first quarter of 2010 compared to the same period in 2009 related primarily to:

- A net decrease of $5.8 million in deposits and certificates in 2010 compared to a net increase of $86.3 million in 2009. The net decrease in 2010 related to decreases in demand deposits levels, offset in part by increases in term deposit levels.
- Proceeds received on the issuance of common shares of $13.8 million in 2010 compared with $4.0 million in 2009.
- The purchase of 540,000 common shares in 2010 under IGM Financial's normal course issuer bid at a cost of $21.9 million compared with the purchase of 60,000 common shares at a cost of $1.6 million in 2009.
- The payment of regular common share dividends which totalled $134.6 million in 2010 compared to $134.5 million in 2009.

Financing activities during the first quarter of 2009 included net proceeds of $592.5 million arising from obligations related to assets sold under repurchase agreements in 2009.

Investing activities during the first quarter of 2010 compared to the same period in 2009 related primarily to:

- Purchases of securities totalling $75.1 million and sales of securities with proceeds of $304.6 million in 2010 compared with $661.7 million and $82.8 million, respectively, in 2009. Purchases of securities in 2009 included $597.3 million related to Canada Mortgage Bonds.
- Net increases in loans of $206.7 million compared to $318.1 million in 2009 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 $202.3 million in 2010 compared to $218.4 million in 2009.

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. Capital of the Company consisted of long-term debt, perpetual preferred shares and common shareholders' equity which totalled $6.0 billion at March 31, 2010, unchanged from December 31, 2009. The Company regularly assesses its capital management practices in response to changing economic conditions.

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 advisors, securities dealers and mutual fund dealers. These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements. Certain subsidiaries of the Company will be required to register as Investment Fund Managers with the applicable securities commissions under National Instrument 31-103 (NI 31-103) in 2010 and will adjust capital as necessary to meet the new requirements.

The Company repurchased 540,000 common shares in the first quarter of 2010 at a cost of $21.9 million under the normal course issuer bid (Note 4 to the interim Consolidated Financial Statements). The Company commenced a normal course issuer bid on April 12, 2010 to purchase up to 5% of its common shares in order to provide flexibility to repurchase common shares as conditions warrant. Other capital management activities in 2010 included the declaration of preferred share dividends of $3.5 million and common share dividends of $134.5 million. Changes in common share capital are reflected in the interim Consolidated Statements of Changes in Shareholders' Equity. Perpetual preferred shares of $150 million and long-term debt of $1.6 billion remain unchanged. The total outstanding long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants.

On April 23, 2010 Standard & Poor's (S&P) reaffirmed its "A+" rating with a stable outlook on IGM Financial's senior debt and liabilities. The stable outlook reflects S&P's view of an improved operating environment in the asset management industry, the Company's increased levels of assets under management, its current and likely prospective improvement in profitability, and the expectation that IGM Financial will maintain a strong balance sheet.

On January 13, 2010, 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 "Stable" rating outlook means that S&P considers that the rating is unlikely to change over the intermediate term. A stable outlook is not necessarily a precursor to an upgrade.

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 15 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 19 to the Consolidated Financial Statements in the 2009 IGM Financial Inc. Annual Report.

Although there were 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 three months ended March 31, 2010. 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 over liquidity management by Committees of the Board of Directors.

As part of these ongoing liquidity management practices during 2010 and 2009, the Company:

- Completed a public offering of $375 million debentures on April 7, 2009 maturing in April 2019;
- Completed a public offering of $150 million perpetual preferred shares on December 8, 2009;
- Redeemed $360 million in preferred shares classified as liabilities on December 31, 2009;
- 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 CMHC or Canadian bank sponsored securitization trusts, or through private placements to institutional investors. Investors Group is an approved

TABLE 15: FINANCIAL INSTRUMENTS

	MARCH 31, 2010		DECEMBER 31, 2009	
($ millions)	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Assets				
Cash and cash equivalents	$ 1,177.1	$ 1,177.1	$ 945.1	$ 945.1
Securities	1,063.6	1,063.6	1,246.3	1,246.3
Loans	680.2	682.7	671.6	674.8
Other financial assets	253.0	253.0	267.0	267.0
Derivative assets	102.9	102.9	120.4	120.4
Total financial assets	$ 3,276.8	$ 3,279.3	$ 3,250.4	$ 3,253.6
Liabilities				
Deposits and certificates	$ 901.6	$ 907.6	$ 907.3	$ 916.1
Repurchase agreements	629.6	629.6	629.8	629.8
Other financial liabilities	584.6	584.6	591.4	591.4
Derivative liabilities	100.7	100.7	112.7	112.7
Long-term debt	1,575.0	1,758.4	1,575.0	1,714.3
Total financial liabilities	$ 3,791.5	$ 3,980.9	$ 3,816.2	$ 3,964.3

issuer of NHA MBS and an approved seller into the CMB Program. This issuer and seller status provides Investors Group with additional funding sources for residential mortgages (Note 3 to the interim Consolidated Financial Statements). During the first three months of 2010, proceeds from securitizations were $202.3 million and whole loan sales to third parties totalled $53.3 million, compared with $218.4 million and $32.3 million, respectively, in 2009.

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 committees of their respective Boards of Directors. As at March 31, 2010, the trust subsidiaries' liquidity was in compliance with these policies.

The Company's contractual maturities are reflected in Table 16.

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. The Company's operating lines of credit with various Schedule I Canadian chartered banks total $675 million as at March 31, 2010, unchanged from December 31, 2009. The operating lines of credit as at March 31, 2010 consist of committed lines of $500 million and uncommitted lines of $175 million. As at March 31, 2010, the Company was not utilizing its committed lines of credit or its uncommitted operating lines of credit.

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 16, 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. 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, 2009.

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 March 31, 2010, cash and cash equivalents of $1.18 billion consisted of cash balances of $75.3 million on deposit with Canadian chartered banks and cash equivalents of $1.10 billion. Cash equivalents are comprised primarily of Government of Canada treasury bills totalling $189.4 million, provincial government and government guaranteed commercial paper of

TABLE 16: CONTRACTUAL OBLIGATIONS

As at March 31, 2010 *($ millions)*	DEMAND	LESS THAN 1 YEAR	1 – 5 YEARS	AFTER 5 YEARS	TOTAL
Deposits and certificates	$ 682.3	$ 73.6	$ 140.5	$ 5.2	$ 901.6
Other liabilities	–	11.6	79.7	9.4	100.7
Long-term debt	–	–	450.0	1,125.0	1,575.0
Operating leases[(1)]	–	44.4	115.7	100.3	260.4
Total contractual obligations	$ 682.3	$ 129.6	$ 785.9	$ 1,239.9	$ 2,837.7

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

$198.7 million and bankers' acceptances issued by Canadian chartered banks of $703.3 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 March 31, 2010 are comprised primarily of bankers' acceptances of $103.4 million, Canadian chartered bank senior deposit notes and floating rate notes of $93.2 million and $25.0 million, respectively, government guaranteed short-term investments of $20.0 million, and corporate bonds of $40.7 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 $27.7 million which represents the maximum exposure to credit risk at March 31, 2010. 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 March 31, 2010, mortgages and investment loans totalled $369.7 million and $317.2 million, respectively. The allowance for credit losses of $6.7 million at March 31, 2010 exceeded impaired mortgages and investment loans by $5.7 million. As at March 31, 2010, the mortgage portfolios were geographically diverse, 100% residential and 73% 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 $0.6 million at March 31, 2010, compared with $0.2 million at December 31, 2009. The characteristics of the mortgage and investment loan portfolios have not changed significantly during 2010.

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, 2009.

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 $155.6 million at March 31, 2010 compared to $173.5 million at December 31, 2009. Retained interests include:

- Cash reserve accounts and rights to future excess spread totalled $102.3 million at March 31, 2010. The portion of this amount pertaining to Canadian bank-sponsored securitization trusts of $28.1 million is subordinated to the interests of the trust and represents the maximum exposure to credit risk for any failure of the borrowers to pay when due. Credit risk on these mortgages is mitigated by any insurance on these mortgages, as discussed below, and the Company's credit risk on insured loans is to the insurer. At March 31, 2010, 95% of the $1.7 billion in outstanding mortgages securitized under these programs were insured.

  Rights to future excess spread under the NHA MBS and CMB Program totalled $74.2 million. Under the NHA MBS and CMB Program, the Company has an obligation to make timely payments to security holders regardless of whether amounts are received by mortgagors. All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program, and the Company's credit exposure is to the insurer. Outstanding mortgages securitized under these programs are $1.6 billion.

  Since 2008, the Company has purchased portfolio insurance from CMHC on newly funded qualifying conventional mortgage loans. During the third quarter of 2009, the Company expanded its insurance coverage on the $5.4 billion mortgage portfolio which it services related to its mortgage banking operations, including the $3.3 billion securitized portfolio. This coverage provides the same level of credit risk mitigation as insurance on high ratio loans (non-conventional) at the time of application. At March 31, 2010, over 95% of the mortgage portfolio serviced by the Company was insured. Uninsured non-performing loans over 90 days in the securitized portfolio were $0.1 million at March 31, 2010, compared to nil at December 31, 2009. The Company's expected exposure to credit risk related to cash reserve accounts and rights to future excess spread was not significant at March 31, 2010.

- Fair value of interest rate swaps which the Company enters into as a requirement of the securitization programs in which it participates totalled $53.3 million at March 31, 2010. The outstanding notional amount of these interest rate swaps was $3.4 billion at March 31, 2010 unchanged from December 31, 2009. The exposure to credit risk, which is limited to the fair value of the interest rate swaps which were in a gain position, totalled $62.0 million at March 31, 2010 compared to $75.5 million at December 31, 2009.

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 $53.2 million at March 31, 2010. The outstanding notional amount was $3.2 billion at March 31, 2010 compared to $3.3 billion at December 31, 2009. The exposure to credit risk, which is limited to the fair value of the interest rates swaps which are in a gain position, totalled $38.6 million at March 31, 2010 compared to $42.2 million at December 31, 2009.

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, or committed to, by the Company. The outstanding notional amount of these derivative contracts was $67.9 million at March 31, 2010 compared to $75.3 million at December 31, 2009. The exposure to credit risk, which is limited to the fair value of those instruments which were in a gain position, decreased to $2.3 million at March 31, 2010 from $2.7 million at December 31, 2009.

The aggregate credit risk exposure related to derivatives that are in a gain position of $102.9 million 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 $56.1 million at March 31, 2010. 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 March 31, 2010. Management of credit risk has not changed materially since December 31, 2009.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Notes 1, 4 and 18 to the Consolidated Financial Statements in the 2009 IGM Financial Inc. Annual Report.

Market Risk

Market risk is the potential for loss to the Company from changes in the values of its financial instruments due to changes in foreign exchange rates, interest 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.

Interest Rate Risk

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 March 31, 2010, the total gap between one-year deposit assets and liabilities was within the Company's trust subsidiaries' 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 chartered 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 basis risk that ABCP rates are greater than bankers' acceptances 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, or committed to, by the Company. The Company may enter into interest rate swaps to hedge this risk.

As at March 31, 2010, the impact to net income of a 100-basis point change in interest rates would have been approximately $3.5 million. The Company's exposure to and management of interest rate risk has not changed materially since December 31, 2009.

Equity Price Risk

The Company is exposed to equity price risk on its investments in common shares and proprietary investment funds which are classified as available for sale securities as shown in Table 11. Unrealized gains and losses on these securities are recorded in Other comprehensive income until they are realized or until management determines there is objective evidence of impairment in value that is other than temporary, at which time they are recorded in the Consolidated Statements of Income.

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. Proceeds on the sale of common shares in the first quarter of 2010 totalled $193.7 million. The fair value of the common share portfolio was $50.7 million at March 31, 2010 compared to $237.1 million at December 31, 2009. Unrealized gains at March 31, 2010 were $2.0 million compared to $0.7 million at December 31, 2009.

Investments in 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. Factors that are considered include the length of time and the extent to which the fair value has been below cost, the financial condition and near term prospects of the issuer, as well as the Company's intent and ability to hold the investments for a period of time sufficient to allow for any anticipated recovery.

As at March 31, 2010, the impact of a 10% decrease in equity prices would have been a $9.7 million unrealized loss recorded in the Consolidated Statements of Income. The Company's management of equity price risk has not changed materially since December 31, 2009. However, the Company's exposure to equity price risk has declined materially since December 31, 2009 as a result of the reduction in its securities holdings in the quarter.

MARKET RISK RELATED TO ASSETS UNDER MANAGEMENT

At March 31, 2010, mutual fund industry assets in Canada were approximately $677.4 billion, an increase of 3.7% relative to December 31, 2009.

The Company is subject to the 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 will cause in the future, changes in the Company's assets under management, revenues and earnings. Global economic conditions, exacerbated by 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. In the first quarter of 2010 and throughout 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 which, in turn, should result in maintaining strong client relationships and lower rates of redemptions.

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 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 17 and are discussed in the Investors Group and Mackenzie Segment Operating Results sections 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 2009 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 2009 IGM Financial Inc. Annual Report.

TABLE 17: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

As at March 31	2010	2009
IGM Financial Inc.		
Investors Group	7.5%	7.7%
Mackenzie	15.1%	18.3%
Counsel	11.6%	14.6%

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 Company and its subsidiaries are also subject to the requirements of self-regulatory organizations to which they belong. 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.

Particular regulatory initiatives may have the effect of making the products of the Company's subsidiaries appear to be less competitive than the products of other financial service providers, to third party distribution channels and to clients. Regulatory differences that may impact the competitiveness of the Company's products include regulatory costs, tax treatment, disclosure requirements, transaction processes or other differences that may be as a result of differing regulation or application of regulation. While the Company and its subsidiaries actively monitor such initiatives, and where feasible comment upon or discuss them with regulators, the ability of the Company and its subsidiaries to mitigate the imposition of differential regulatory treatment of financial products or services is limited.

Contingencies

The Company is subject to legal actions, including class actions, arising in the normal course of its business. Two proposed class actions which relate to alleged market timing trading activity in mutual funds of the companies have been initiated in Ontario and Quebec. 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 March 31, 2010, mutual fund industry assets in Canada were approximately $677.4 billion, an increase of 3.7% relative to December 31, 2009. This $24.3 billion increase in industry assets from December 31, 2009 reflected net cash inflow of $5.7 million, an estimated $11.4 billion in market appreciation and $7.2 billion related primarily to new reporting industry participants.

Global capital markets advanced from early March 2009 low levels in response to indicators that economic fundamentals were showing early signs of recovery. While there has been confirmation of improving economic conditions, the very nature of any recovery includes uncertainty as to the breadth, strength and durability and which could lead to further 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 deal with the current economic conditions, they will increasingly be focused on their short and long-term financial planning needs. IGM Financial continues to focus on its 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 Counsel 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 38% of total industry long-term mutual fund assets at March 31, 2010.

Mutual fund dealers and other financial planning firms represent a significant distribution channel for mutual funds in Canada. The last several 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 77.8% of industry long-term mutual fund assets and 77.9% of total mutual fund assets under management at March 31, 2010.

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 2009 IGM Financial Inc. Annual Report.

Critical 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, 2009.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies adopted by the Company in the first quarter of 2010.

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 (IASB). Publicly accountable enterprises will be required to adopt IFRS for fiscal periods beginning on or after January 1, 2011. The Company will commence reporting under IFRS in its initial interim Consolidated Financial Statements, including comparative information, for the quarter ended March 31, 2011.

The Company has developed an IFRS changeover plan which addresses key elements of the conversion to IFRS and includes a formal project governance structure. In addition to the project teams assigned to analyze specific accounting topics, there are oversight committees – a technical review committee comprised of financial managers from each of the Company's operating subsidiaries, an executive steering committee, and the Company's Audit Committee. The Company has developed appropriate levels of IFRS financial reporting expertise throughout the Company and its subsidiaries, and has engaged an external consultant to support this effort. The changeover plan consists of three primary phases:

Scoping and diagnostic (Phase 1)

- This phase consists of: i) establishing the project structure, ii) providing initial training and education, iii) developing a financial reporting solution for parallel accounting under IFRS and Canadian GAAP in 2010, and iv) identifying the key differences between Canadian GAAP and IFRS. This phase began in Q1 2008 and is complete;

Impact analysis and design (Phase 2)

- This phase consists of: i) quantifying the differences between Canadian GAAP and IFRS and selecting initial policy choices, ii) making preliminary elections under IFRS 1, First Time Adoption of International Financial Reporting Standards (IFRS 1), iii) testing and implementing parallel accounting for Canadian GAAP and IFRS, iv) continuing to analyze new and revised standards as they are issued, v) performing required impairment testing of goodwill and intangible assets as at January 1, 2010, vi) providing ongoing training and education on specific IFRS issues, vii) designing a communications plan, and viii) drafting templates for IFRS financial statements and note disclosure. This phase began in December 2009 and is expected to be substantially complete in Q3 2010; and,

Implementation (Phase 3)

- This phase will consist of: i) finalizing the Company's decisions under IFRS, ii) making final selections of the conversion elections available under IFRS 1, iii) completing 2011 financial statement disclosures, and iv) ensuring all elements of the communication plan are completed. The implementation phase is expected to be substantially completed once the Company has issued its Q1 2011 financial statements.

The Company is in the process of assessing and preparing to implement changes to accounting policies resulting from the transition to IFRS and has not finalized quantifying the effects of the differences between IFRS and Canadian GAAP. The Company is in the process of making its IFRS 1 elections; final decisions will be made as part of its phase 3 deliberations. The Company continues to monitor the development and interpretation of standards as well as industry practices.

The major differences identified between IFRS and Canadian GAAP were discussed in the annual Management Discussion and Analysis. No additional differences were identified during the first quarter.

In the first quarter, the Company began Phase 2 of its IFRS project – the impact analysis and design phase. In this phase of the project, resources are focused on the following elements:

- Educational and training sessions focusing on areas where differences between IFRS and Canadian GAAP have been identified;
- Goodwill and intangible asset impairment testing as of January 1, 2010;
- Quantification of the opening retained earnings adjustments where accounting differences have been identified;
- Financial reporting systems and processes including the design, testing, and implementation of general ledger changes and related controls were finalized to enable the Company to account and report under both Canadian GAAP and IFRS during 2010;
- A comprehensive communication plan including internal and external communication strategies;
- Templates for IFRS financial statements and note disclosures; and
- IFRS 1 which is the standard that addresses the first-time conversion to IFRS and includes a number of optional exemptions to the general requirement for full retrospective application of IFRS. The Company expects it will utilize the following elections on conversion to IFRS:
  - Business Combinations: The Company expects to elect not to restate past business combinations prior to January 1, 2010, as allowed by IFRS 1;
  - Property Plant and Equipment: IFRS 1 allows an issuer to elect to restate property, plant and equipment at fair value on conversion to IFRS. The exemption can be applied on an asset by asset basis. The Company expects to use this election for certain assets; and
  - Employee Benefits: IFRS 1 permits an issuer to reflect all cumulative actuarial gains and losses through opening retained earnings, rather than restating these amounts under IFRS. The Company is currently reviewing whether to adopt this exemption with the final decision expected in the second half of the year.

The IASB is currently undertaking several projects which will result in changes to existing IFRS standards that may affect the Company:

IFRS Standard	Expected date of issuance	
	PREVIOUSLY REPORTED	REVISED
Employee Benefits	Q1 2010 – Exposure Draft	Q2 2010 – Exposure Draft
Leases	Q1 2010 – Exposure Draft	Q2 2010 – Exposure Draft
Revenue Recognition	Q2 2010 – Exposure Draft	Q2 2010 – Exposure Draft
Financial Statement Presentation	Q2 2010 – Exposure Draft	Q2 2010 – Exposure Draft
Income Taxes	No timeline indicated	Q3 2010 – Exposure Draft
Fair Value Measurement	Q3 2010 – Final Standard	Q3 2010 – Final Standard
Consolidations	Q3 2010 – Final Standard	Q4 2010 – Final Standard
Hedge Accounting	Q3 2010 – Final Standard	Q4 2010 – Final Standard
Impairment	Q4 2010 – Final Standard	Q4 2010 – Final Standard
Derecognition	Q3 2010 – Final Standard	Q1 2011 – Final Standard

Source: IASB website at iasb.org

As discussed in the MD&A in the 2009 IGM Financial Inc. Annual Report, the Company had been preparing to implement either the current or revised derecognition standard. As the revised standard is now not expected to be issued until after the conversion to IFRS, the Company will be adopting the current standard and will assess the effect of transitioning to the revised standard when it is issued. The Company continues to monitor changes to the IASB standards and will consider the effect they may have on the Company's IFRS changeover plan.

The Company has developed and implemented changes to its financial reporting systems and processes to prepare the Company to effectively transition to IFRS at January 1, 2011. These include the design, testing, and implementation of general ledger changes and related controls to enable the Company to parallel account and report under both Canadian GAAP and IFRS during 2010. As each IFRS standard is analyzed and adopted, additional controls are developed and tested as appropriate. Once the final determination of all accounting policies is complete, changes to ensure the integrity of internal controls over financial reporting and disclosure controls and procedures will be finalized. These changes may include additional controls or procedures related to additional IFRS reporting requirements, changes in accounting processes, and first time reporting of IFRS financial results and related note disclosures. Throughout 2010, the Company will be testing its ability to prepare IFRS financial results and will compare them to the Canadian GAAP results, in order to test and validate the differences between IFRS and Canadian GAAP that are quantified during phase 2 of the project.

The effect on the Company's information technology, data systems, and financial reporting processes are being reviewed and updated to address IFRS requirements. This assessment considered systems beyond the Company's primary financial reporting system, the general ledger system. The assessment is being continually reviewed as IFRS accounting and reporting decisions are made.

Training and education plans will be modified as necessary based on the introduction of new IFRS standards, the Company's IFRS accounting policies, and the IFRS 1 elections made by the Company. These plans consider the training and education requirements of various internal constituents, which include: the staff of the Company and its subsidiaries, the Disclosure and Audit Committees, the Company's Board of Directors, and external users of the Company's financial reporting, including equity and debt analysts, credit rating agencies, shareholders, debtholders, and prospective investors.

The Company's overall IFRS changeover plan includes a component designed to assess the adoption of IFRS by the mutual funds sponsored and managed by the Company's operating subsidiaries. The mutual funds managed by the Company will issue their initial Financial Statements in accordance with IFRS, including comparative information, for the interim period ended September 30, 2011. Based on the current evaluation of the differences between Canadian GAAP and IFRS, the impact to the mutual funds is expected to be limited to additional financial statement note disclosure and presentation changes. No significant effect is expected on the net asset values used to determine the subscription and redemption price of the mutual funds.

Internal Controls Over Financial Reporting

During the first quarter of 2010, 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

TRANSACTIONS WITH RELATED PARTIES

There were no changes to the types of related party transactions from those reported at December 31, 2009. For further information on transactions involving related parties, see Notes 5 and 22 of the Consolidated Financial Statements in the 2009 IGM Financial Inc. Annual Report.

OUTSTANDING SHARE DATA

Outstanding common shares of IGM Financial as at March 31, 2010 totalled 262,427,599. As at May 5, 2010, outstanding common shares totalled 262,434,599.

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

(unaudited) *(in thousands of dollars, except shares and per share amounts)*	THREE MONTHS ENDED MARCH 31 2010	2009
Fee and net investment income		
Management	**$ 449,734**	$ 365,419
Administration	**88,514**	82,322
Distribution	**72,849**	62,336
Net investment income and other	**38,341**	52,785
Total fee and net investment income	**649,438**	562,862
Operating expenses		
Commission expense	**214,529**	192,376
Non-commission expense	**160,847**	158,515
Interest expense	**27,302**	26,701
Total operating expenses	**402,678**	377,592
Income before income taxes	**246,760**	185,270
Income taxes	**64,581**	51,743
Net income	**182,179**	133,527
Perpetual preferred share dividends	**3,467**	–
Net income available to common shareholders	**$ 178,712**	$ 133,527
Average number of common shares *(in thousands) (Note 9)*		
– Basic	**262,632**	262,417
– Diluted	**264,047**	263,264
Earnings per share *(in dollars) (Note 9)*		
– Basic	**$ 0.68**	$ 0.51
– Diluted	**$ 0.68**	$ 0.51

(See accompanying notes to interim consolidated financial statements.)

Consolidated Balance Sheets

(unaudited) (in thousands of dollars)	March 31 2010	December 31 2009
Assets		
Cash and cash equivalents	**$ 1,177,108**	$ 945,081
Securities *(Note 2)*	**1,063,592**	1,246,259
Loans	**680,157**	671,556
Investment in affiliate	**596,936**	598,221
Deferred selling commissions	**855,767**	850,082
Other assets	**533,207**	592,908
Intangible assets	**1,131,007**	1,128,280
Goodwill	**2,619,440**	2,613,532
	$ 8,657,214	$ 8,645,919
Liabilities		
Deposits and certificates	**$ 901,551**	$ 907,343
Repurchase agreements *(Note 2)*	**629,641**	629,817
Other liabilities	**761,795**	780,329
Future income taxes	**338,885**	328,617
Long-term debt	**1,575,000**	1,575,000
	4,206,872	4,221,106
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**150,000**	150,000
Common shares	**1,570,645**	1,562,925
Contributed surplus	**30,500**	32,702
Retained earnings	**2,763,221**	2,737,785
Accumulated other comprehensive loss	**(64,024)**	(58,599)
	4,450,342	4,424,813
	$ 8,657,214	$ 8,645,919

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED MARCH 31 **2010**	2009
Share capital – Perpetual preferred shares *(Note 4)*		
Balance, end of period	**$ 150,000**	$ –
Share capital – Common shares *(Note 4)*		
Balance, beginning of period	**1,562,925**	1,511,110
Issued under stock option plan	**10,949**	4,085
Purchased for cancellation	**(3,229)**	(345)
Balance, end of period	**1,570,645**	1,514,850
Contributed surplus		
Balance, beginning of period	**32,702**	29,115
Stock options		
Current period expense	**(771)**	1,794
Exercised	**(1,431)**	(92)
Balance, end of period	**30,500**	30,817
Retained earnings		
Balance, beginning of period	**2,737,785**	2,781,755
Net income	**182,179**	133,527
Perpetual preferred share dividends	**(3,467)**	–
Common share dividends	**(134,491)**	(134,519)
Common share cancellation excess and other *(Note 4)*	**(18,785)**	(1,790)
Balance, end of period	**2,763,221**	2,778,973
Accumulated other comprehensive income (loss) on:		
Available for sale securities		
Balance, beginning of period	**1,321**	(112,031)
Net unrealized gains (losses), *net of tax of $(1,353) and $2,708*	**7,453**	(19,807)
Reclassification adjustment for (gains) losses included in net income, *net of tax of $972 and $410*	**(5,550)**	(2,609)
Balance, end of period	**3,224**	(134,447)
Investment in affiliate and other		
Balance, beginning of period	**(59,920)**	(61,028)
Other comprehensive income (loss), *net of tax of $14 and $nil*	**(7,328)**	28,912
Balance, end of period	**(67,248)**	(32,116)
Total accumulated other comprehensive income (loss), end of period	**(64,024)**	(166,563)
Total Shareholders' Equity	**$ 4,450,342**	$ 4,158,077

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Comprehensive Income

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED MARCH 31 2010	2009
Net income	**$ 182,179**	$ 133,527
Other comprehensive income (loss), net of tax on:		
Available for sale securities	**1,903**	(22,416)
Investment in affiliate and other	**(7,328)**	28,912
Other comprehensive income (loss)	**(5,425)**	6,496
Comprehensive income	**$ 176,754**	$ 140,023

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Cash Flows

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED MARCH 31 2010	2009
Operating activities		
Net income	**$ 182,179**	$ 133,527
Adjustments to determine net cash from operating activities		
Future income taxes	**9,550**	2,950
Commission amortization	**75,257**	74,276
Amortization of capital and intangible assets	**8,108**	8,143
Changes in operating assets and liabilities and other	**(30,307)**	(19,847)
	244,787	199,049
Commissions paid	**(80,942)**	(61,489)
	163,845	137,560
Financing activities		
Net (decrease) increase in deposits and certificates	**(5,792)**	86,264
Net increase in obligations related to assets sold under repurchase agreements	**–**	592,453
Issue of common shares	**13,782**	3,993
Common shares purchased for cancellation	**(21,934)**	(1,592)
Common share dividends paid	**(134,609)**	(134,462)
	(148,553)	546,656
Investing activities		
Purchase of securities	**(75,122)**	(661,724)
Proceeds from the sale of securities	**304,622**	82,776
Net increase in loans	**(206,748)**	(318,065)
Proceeds from securitizations *(Note 3)*	**202,288**	218,413
Net additions to capital assets	**(1,755)**	(1,892)
Net additions to intangible assets	**(6,550)**	(668)
	216,735	(681,160)
Increase in cash and cash equivalents	**232,027**	3,056
Cash and cash equivalents, beginning of period	**945,081**	1,232,171
Cash and cash equivalents, end of period	**$ 1,177,108**	$ 1,235,227
Cash	**$ 75,348**	$ 145,303
Cash equivalents	**1,101,760**	1,089,924
	$ 1,177,108	$ 1,235,227
Supplemental disclosure of cash flow information		
Amount of interest paid during the period	**$ 13,071**	$ 20,810
Amount of income taxes paid during the period	**$ 76,659**	$ 54,068

(See accompanying notes to interim consolidated financial statements.)

Notes to the Interim Consolidated Financial Statements

MARCH 31, 2010 *(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 (GAAP), using the same accounting policies as set out in Note 1 to the Consolidated Financial Statements for the year ended December 31, 2009. 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, 2009.

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.

Comparative figures

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

2. SECURITIES

	MARCH 31, 2010		DECEMBER 31, 2009	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Common shares	**$ 48,643**	**$ 50,681**	$ 236,383	$ 237,085
Proprietary investment funds	**76,160**	**77,390**	41,259	41,341
Fixed income securities	**282,269**	**282,929**	314,260	315,387
	407,072	**411,000**	591,902	593,813
Held for trading:				
Canada Mortgage Bonds	**647,318**	**624,911**	647,318	624,703
Fixed income securities	**31,381**	**27,681**	31,443	27,743
	678,699	**652,592**	678,761	652,446
	$ 1,085,771	**$ 1,063,592**	$ 1,270,663	$ 1,246,259

Common shares (Available for sale)

Net unrealized gains on common shares were $2.0 million at March 31, 2010 compared with net unrealized gains of $0.7 million at December 31, 2009. Unrealized gains as at March 31, 2010 on common shares are reported in Accumulated other comprehensive income.

Fixed income securities (Available for sale)

The Company holds a diversified portfolio of fixed income securities totalling $282.9 million at March 31, 2010 which is comprised primarily of bankers' acceptances of $103.4 million, Canadian chartered bank senior deposit notes and floating rate notes of $93.2 million and $25.0 million respectively, government guaranteed short-term investments of $20.0 million and corporate bonds of $40.7 million.

2. SECURITIES *(continued)*

Canada Mortgage Bonds (Held for trading)

As part of the Company's interest rate risk management activities relating to its mortgage banking operations, Canada Mortgage Bonds were purchased and 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 $624.9 million. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of $629.6 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 $27.7 million at March 31, 2010 are comprised of non-bank-sponsored asset-backed commercial paper (ABCP). During 2010, the Company's investment in ABCP was reduced by $0.1 million, representing principal and interest payments received from the ABCP conduit trusts.

The Company's valuation of the ABCP was based on its assessment of the prevailing conditions at March 31, 2010. 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. As at March 31, 2010, an increase in the estimated discount rates of 100 basis points would reduce net income by $2.3 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 months ended March 31, 2010 and 2009 were as follows:

	THREE MONTHS ENDED MARCH 31	
	2010	2009
Residential mortgages securitized	**$ 203,726**	$ 219,628
Net cash proceeds	**202,288**	218,413
Fair value of retained interests	**8,971**	14,176
Pre-tax gain on sales	**5,562**	11,426

4. SHARE CAPITAL

Issued and outstanding

	MARCH 31, 2010		MARCH 31, 2009	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Preferred shares – classified as liabilities:				
First preferred shares, Series A	**–**	**$ –**	14,400,000	$ 360,000
Perpetual preferred shares – classified as equity:				
First preferred shares, Series B	**6,000,000**	**$ 150,000**	–	$ –
Common shares:				
Balance, beginning of period	**262,633,255**	**$ 1,562,925**	262,364,622	$ 1,511,110
Issued under Stock Option Plan	**334,344**	**10,949**	176,176	4,085
Purchased for cancellation	**(540,000)**	**(3,229)**	(60,000)	(345)
Balance, end of period	**262,427,599**	**$ 1,570,645**	262,480,798	$ 1,514,850

Normal course issuer bid

In the first quarter of 2010, 540,000 shares were purchased at a cost of $21.9 million. In the first quarter of 2009, 60,000 shares were purchased at a cost of $1.6 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

The Company commenced a normal course issuer bid, effective for one year, on April 12, 2010. Pursuant to this bid, the Company may purchase up to 13.1 million or 5% of its common shares outstanding as at March 31, 2010.

On March 23, 2009, the Company commenced a normal course issuer bid, effective for one year, authorizing it to purchase up to 13.1 million or 5% of its common shares outstanding as at March 13, 2009.

5. 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 First Quarter 2010 Report to Shareholders and have not changed significantly since December 31, 2009.

6. STOCK-BASED COMPENSATION

	MARCH 31 2010	DECEMBER 31 2009
Common share options		
– Outstanding	**9,747,833**	9,415,005
– Exercisable	**4,922,226**	4,541,430

In the first quarter of 2010, the Company granted 847,125 options to employees (2009 – 1,306,215). A portion of the options granted to employees in 2009 were subject to performance targets. The weighted-average fair value of options granted during the three months ended March 31, 2010 has been estimated at $5.68 per option (2009 – $1.53) using the Black-Scholes option pricing model. The assumptions used to determine the fair value of the options on the grant date include: (i) risk-free interest rate of 3.10% (2009 – 2.25%), (ii) expected option life of six years (2009 – six years), (iii) expected volatility of 22.00% (2009 – 20.00%) and (iv) expected dividend yield of 4.79% (2009 – 7.69%).

Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. A portion of the outstanding options can only be exercised once certain performance targets are met.

7. RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Company's MD&A contained in the First Quarter 2010 Report to Shareholders and have not changed significantly since December 31, 2009.

8. EMPLOYEE FUTURE BENEFITS

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

	THREE MONTHS ENDED MARCH 31	
	2010	2009
Pension expense	**$ 880**	$ 1,217
Other post-retirement benefits expense	**104**	992
Total	**$ 984**	$ 2,209

9. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31	
	2010	2009
Earnings		
Net income available to common shareholders	**$ 178,712**	$ 133,527
Number of common shares *(in thousands)*		
Average number of common shares outstanding	**262,632**	262,417
Add: Potential exercise of outstanding stock options	**1,415**	847
Average number of common shares outstanding – Diluted basis	**264,047**	263,264
Earnings per common share *(in dollars)*		
– Basic	**$ 0.68**	$ 0.51
– Diluted	**$ 0.68**	$ 0.51

10. SEGMENTED INFORMATION

IGM Financial's reportable segments are:

- Investors Group
- Mackenzie
- Corporate and Other

These segments reflect the current organizational structure and internal financial reporting. Management measures and evaluates the performance of these segments based on earnings before interest and taxes.

Effective January 1, 2010, the items noted below were reclassified to reflect changes in the Company's internal financial reporting:

- The Company's proportionate share of earnings of Great-West Lifeco Inc. (Lifeco) and realized gains and losses on the sale of equity securities were reclassified to the Corporate and Other segment and are recorded in Net investment income and other. Previously these amounts were recorded in Net investment income and other in the Investors Group segment.
- Interest expense on $225.0 million of long-term debt incurred to finance the Company's investment in Lifeco is no longer allocated to a specific segment and is reflected in interest expense. As a result, interest expense not allocated to segments includes interest on all of the Company's outstanding long-term debt. Previously the amount was recorded in Net investment income and other in the Investors Group segment.

Prior periods have been restated to reflect this reclassification.

10. SEGMENTED INFORMATION *(continued)*

				2010
Three months ended March 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	$ 271,683	$ 169,328	$ 8,723	$ 449,734
Administration	54,469	32,677	1,368	88,514
Distribution	41,796	6,531	24,522	72,849
Net investment income and other	7,905	3,390	27,046	38,341
	375,853	211,926	61,659	649,438
Operating expenses				
Commissions	117,544	73,598	23,387	214,529
Non-commission	82,323	69,343	9,181	160,847
	199,867	142,941	32,568	375,376
Earnings before undernoted	$ 175,986	$ 68,985	$ 29,091	274,062
Interest expense				27,302
Income before income taxes				246,760
Income taxes				64,581
Net income				182,179
Perpetual preferred share dividends				3,467
Net income available to common shareholders				$ 178,712
Identifiable assets	$ 1,226,262	$ 2,439,214	$ 2,372,298	$ 6,037,774
Goodwill	1,347,781	1,172,750	98,909	2,619,440
Total assets	$ 2,574,043	$ 3,611,964	$ 2,471,207	$ 8,657,214

10. SEGMENTED INFORMATION *(continued)*

Three months ended March 31		Investors Group		Mackenzie		Corporate and Other		Total
								2009
Fee and net investment income								
Management	$	213,880	$	143,789	$	7,750	$	365,419
Administration		47,959		33,821		542		82,322
Distribution		35,139		6,593		20,604		62,336
Net investment income and other		18,369		3,264		31,152		52,785
		315,347		187,467		60,048		562,862
Operating expenses								
Commissions		106,948		66,112		19,316		192,376
Non-commission		79,155		70,091		9,269		158,515
		186,103		136,203		28,585		350,891
Earnings before undernoted	$	129,244	$	51,264	$	31,463		211,971
Interest expense								26,701
Income before income taxes								185,270
Income taxes								51,743
Net income							$	133,527
Identifiable assets	$	1,286,875	$	2,680,419	$	2,364,565	$	6,331,859
Goodwill		1,347,781		1,166,842		77,519		2,592,142
Total assets	$	2,634,656	$	3,847,261	$	2,442,084	$	8,924,001

Shareholder Information

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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 B: IGM.PR.B

Shareholder Information
For additional financial information about the Company, please contact:
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Executive Vice-President and
Chief Financial Officer
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Fax: 204 956 1446
greg.tretiak@investorsgroup.com

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.igmfinancial.com

Si vous préférez recevoir ce rapport en français, veuillez vous adresser au Secrétaire de Société financière IGM Inc.,
447 Portage Avenue,
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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 April 12, 2010 to April 11, 2011. During the course of the Bid, the Company intends to purchase for cancellation up to but not more than 13,121,380 common shares, being approximately 5% of its outstanding capital. Shareholders may obtain a copy of the Bid, without charge, by contacting the Corporate Secretary's Department at the Company's Head Office.

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

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Mackenzie INVESTMENTS*

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