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IGM Financial™

SECOND QUARTER REPORT

FOR THE SIX MONTHS ENDED
JUNE 30, 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 "operating earnings available to common shareholders", "operating diluted earnings per share" and "operating return on average common equity" used to provide management and investors with additional measures to assess earnings performance. As well, "Earnings before interest and taxes (EBIT)" and "Earnings before interest, taxes, depreciation and amortization (EBITDA)" are non-GAAP financial measures used to provide management, investors and investment analysts with additional measures to evaluate and analyze the Company's results. However, these non-GAAP financial measures do not have a standard meaning and are not directly comparable to similar measures used by other companies and may not be directly comparable to any prescribed GAAP measure. Please refer to the appropriate reconciliations of these non- GAAP financial measures to measures prescribed by GAAP.

FINANCIAL HIGHLIGHTS

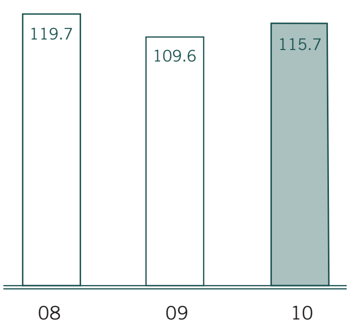
(unaudited)	THREE MONTHS ENDED 2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	% CHANGE 2009 JUNE 30	SIX MONTHS ENDED 2010 JUNE 30	2009 JUNE 30	% CHANGE 2009 JUNE 30
Net earnings available to common shareholders *($ millions)*	**$ 179.1**	$ 178.7	$ 144.5	0.2%	23.9%	**$ 357.8**	$ 278.0	28.7%
Diluted earnings per share	**0.68**	0.68	0.55	–	23.6	**1.36**	1.05	29.5
Return on equity						**16.7%**	13.4%	
Dividends per share	**0.5125**	0.5125	0.5125	–	–	**1.025**	1.025	–

	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	% CHANGE 2009 JUNE 30
Total assets under management[(1)] *($ millions)*	**$115,694**	$123,368	$109,647	**(6.2)%**	**5.5%**
Investors Group					
Mutual funds	**55,468**	59,224	52,498	**(6.3)**	**5.7**
Mackenzie					
Mutual funds	*38,867*	*41,331*	*37,249*		
Sub-advisory, institutional and other accounts	*22,020*	*23,526*	*20,550*		
Total	**60,887**	64,857	57,799	**(6.1)**	**5.3**
Counsel					
Mutual funds	**2,171**	2,254	1,838	**(3.7)**	**18.1**

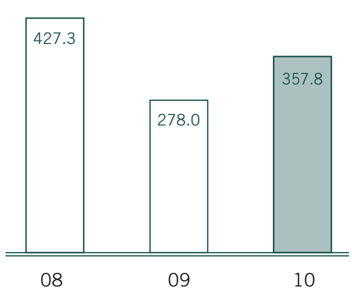
Mutual Funds and Institutional Sales *($ millions)*

	INVESTORS GROUP	MACKENZIE	COUNSEL	TOTAL[(2)]
For the three months ended June 30, 2010				
Gross sales	**$ 1,316**	**$ 3,344**	**$ 114**	**$ 4,699**
Net sales (redemptions)	**(103)**	**(516)**	**33**	**(621)**
For the six months ended June 30, 2010				
Gross sales	**$ 3,196**	**$ 6,571**	**$ 247**	**$ 9,818**
Net sales (redemptions)	**458**	**(415)**	**94**	**39**

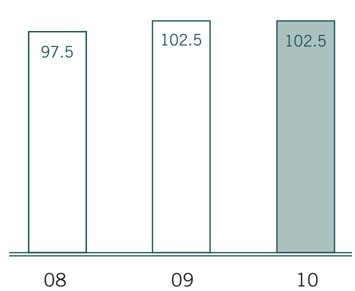
Total Assets under Management
As at June 30 *($ billions)*



Operating Earnings[(3)]
For the six months ended June 30
($ millions)



Dividends per Share
For the six months ended June 30
(cents)



(1) Total assets under management excluded $2.8 billion of assets sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel ($3.0 billion at March 31, 2010 and $2.5 billion at June 30, 2009).
(2) Total Gross Sales and Net Redemptions for the three months ended June 30, 2010 excluded $75 million and $35 million respectively in accounts sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel.
Total Gross Sales and Net Sales for the six months ended June 30, 2010 excluded $196 million and $98 million respectively in accounts sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel.
(3) Non-GAAP Financial Measure: Results for the six months ended June 30, 2008 excluded a $25.0 million gain which represented the Company's proportionate share of Great-West Lifeco Inc.'s after-tax gain on the sale of its healthcare business, Great-West Healthcare.

REPORT TO SHAREHOLDERS

FINANCIAL RESULTS

Net earnings available to common shareholders for the three months ended June 30, 2010 were $179.1 million compared to $144.5 million in 2009. Earnings per share were 68 cents compared to 55 cents in 2009, an increase of 23.6%.

Net earnings available to common shareholders for the six months ended June 30, 2010 were $357.8 million compared to $278.0 million in 2009. Earnings per share were $1.36 compared to $1.05 in 2009, an increase of 29.5%.

Revenues for the three months ended June 30, 2010 were $643.2 million compared to $591.6 million a year ago. Revenues for the six months ended June 30, 2010 were $1.29 billion compared to $1.15 billion a year ago. Expenses were $404.1 million for the second quarter of 2010, compared to $388.0 million a year ago and $806.8 million for the six month period compared to $765.6 million in 2009.

Total assets under management at June 30, 2010 were $115.7 billion. This compared with total assets under management of $109.6 billion at June 30, 2009, an increase of 5.5%.

INVESTORS GROUP OPERATIONS

The number of Investors Group Consultants was 4,667 at June 30, 2010 up from 4,633 at December 31, 2009.

Mutual fund sales for the second quarter were $1.3 billion compared to $1.1 billion in the prior year and mutual fund net redemptions for the second quarter were $103 million compared to net redemptions of $95 million a year ago.

Mutual fund sales for the six months ended June 30, 2010 were $3.2 billion compared to $2.5 billion in the prior year and mutual fund net sales were $458 million compared to $214 million a year ago.

The twelve month trailing redemption rate (excluding money market funds) was 7.7% at June 30, 2010, compared to 7.5% at June 30, 2009.

Mutual fund assets under management at June 30, 2010 were $55.5 billion compared to $52.5 billion at June 30, 2009, an increase of 5.7%.

MACKENZIE OPERATIONS

Total sales for the second quarter of 2010 were $3.3 billion compared to $3.4 billion in the prior year. Total net redemptions for the second quarter were $516 million compared to total net redemptions of $535 million a year ago.

Total sales for the six months ended June 30, 2010 were $6.6 billion compared to $6.3 billion in the prior year. Total net redemptions were $415 million compared to total net redemptions of $834 million a year ago.

Mackenzie's total assets under management at June 30, 2010 were $60.9 billion compared with total assets under management of $57.8 billion at June 30, 2009, an increase of 5.3%. Mutual fund assets under management at June 30, 2010 were $38.9 billion compared to $37.2 billion a year ago, an increase of 4.3%.

INVESTMENT PLANNING COUNSEL OPERATIONS

Assets under administration were $11.9 billion as at June 30, 2010 compared to $11.0 billion at June 30, 2009. Counsel Portfolio Services Inc. (Counsel) mutual fund assets under management at June 30, 2010 were $2.2 billion compared to $1.8 billion at June 30, 2009.

Counsel mutual fund sales for the second quarter of 2010 were $114 million compared to $69 million in 2009 and mutual fund net sales were $33 million compared to net sales of $11 million a year ago.

Counsel mutual fund sales for the six months ended June 30, 2010 were $247 million compared to $136 million in 2009 and mutual fund net sales were $94 million compared to net sales of $20 million a year ago.

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 October 29, 2010 to shareholders of record on September 27, 2010 and the preferred share dividend is payable on November 1, 2010 to shareholders of record on September 27, 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.

August 5, 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 and six months ended June 30, 2010 and should be read in conjunction with the unaudited interim Consolidated Financial Statements included in this report, as well as the 2009 IGM Financial Inc. Annual Report and the 2010 IGM Financial Inc. First Quarter Report to Shareholders filed on www.sedar.com. Commentary in the MD&A as at and for the three and six months ended June 30, 2010 is as of August 4, 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".

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

Operating earnings available to common shareholders, operating diluted earnings per share (EPS) and operating return on average 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.

Previously, the financial measures above were described as adjusted net income available to common shareholders, adjusted diluted earnings per share and adjusted return on common equity.

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.

Total assets under management were $115.7 billion as at June 30, 2010 compared with $123.4 billion, $120.5 billion and $109.6 billion at March 31, 2010, December 31, 2009 and June 30, 2009, respectively.

Net earnings available to common shareholders for the second quarter ended June 30, 2010 were $179.1 million compared to $144.5 million for the second quarter of 2009, an increase of 23.9%. Diluted earnings per share were 68 cents in 2010 compared to 55 cents in 2009, an increase of 23.6%.

Net earnings available to common shareholders for the six months ended June 30, 2010 were $357.8 million compared to $278.0 million for the comparative period in 2009, an increase of 28.7%. Diluted earnings per share were $1.36 in 2010 compared to $1.05 in 2009, an increase of 29.5%.

Net earnings available to common shareholders of $179.1 million for the second quarter of 2010 increased $0.4 million or 0.2% from $178.7 million in the first quarter of 2010. Diluted earnings per share were 68 cents in the second quarter, unchanged from the first quarter.

Shareholders' equity was $4.4 billion as at June 30, 2010, unchanged from December 31, 2009. Return on average common equity for the six months ended June 30, 2010 was 16.7% compared with 13.4% in 2009. The quarterly dividend per common share declared in the second quarter of 2010 was 51.25 cents, unchanged from the first quarter of 2010.

NON-GAAP FINANCIAL MEASURES

The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBITDA is provided in Table 1. The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBIT is provided in Tables 2, 3 and 4.

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, 3 and 4.

TABLE 1: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

	THREE MONTHS ENDED			SIX MONTHS ENDED	
($ millions)	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	2010 JUNE 30	2009 JUNE 30
EBITDA – Non-GAAP measure	$ 351.6	$ 357.6	$ 320.0	$ 709.2	$ 614.6
Commission amortization	(76.5)	(75.3)	(75.2)	(151.7)	(149.5)
Amortization of capital and intangible assets and other	(8.4)	(8.1)	(8.6)	(16.5)	(16.6)
Interest expense on long-term debt	(27.6)	(27.4)	(27.4)	(55.1)	(49.2)
Dividends on preferred shares classified as liabilities	–	–	(5.2)	–	(10.4)
Earnings before income taxes	239.1	246.8	203.6	485.9	388.9
Income taxes	(57.8)	(64.6)	(59.1)	(122.4)	(110.9)
Perpetual preferred share dividends	(2.2)	(3.5)	–	(5.7)	–
Net earnings – GAAP	$ 179.1	$ 178.7	$ 144.5	$ 357.8	$ 278.0

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q2 2010 VS. Q2 2009

Three months ended ($ millions)	INVESTORS GROUP 2010 JUNE 30	INVESTORS GROUP 2009 JUNE 30	MACKENZIE 2010 JUNE 30	MACKENZIE 2009 JUNE 30	CORPORATE & OTHER 2010 JUNE 30	CORPORATE & OTHER 2009 JUNE 30	TOTAL 2010 JUNE 30	TOTAL 2009 JUNE 30
Revenues								
Fee income	$ 375.3	$ 325.5	$ 210.0	$ 195.2	$ 31.3	$ 27.9	$ 616.6	$ 548.6
Net investment income and other	(1.0)	18.8	3.0	3.5	24.7	20.7	26.7	43.0
	374.3	344.3	213.0	198.7	56.0	48.6	643.3	591.6
Expenses								
Commission	120.2	109.6	74.7	69.4	20.4	18.3	215.3	197.3
Non-commission	85.3	81.7	67.2	68.2	8.8	8.4	161.3	158.3
	205.5	191.3	141.9	137.6	29.2	26.7	376.6	355.6
Earnings before interest and taxes	$ 168.8	$ 153.0	$ 71.1	$ 61.1	$ 26.8	$ 21.9	266.7	236.0
Interest expense							27.6	32.4
Earnings before income taxes							239.1	203.6
Income taxes							57.8	59.1
Net earnings							181.3	144.5
Perpetual preferred share dividends							2.2	–
Net earnings available to common shareholders							$ 179.1	$ 144.5

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

Six months ended ($ millions)	INVESTORS GROUP 2010 JUNE 30	INVESTORS GROUP 2009 JUNE 30	MACKENZIE 2010 JUNE 30	MACKENZIE 2009 JUNE 30	CORPORATE & OTHER 2010 JUNE 30	CORPORATE & OTHER 2009 JUNE 30	TOTAL 2010 JUNE 30	TOTAL 2009 JUNE 30
Revenues								
Fee income	$ 743.2	$ 622.5	$ 418.5	$ 379.4	$ 66.0	$ 56.8	$1,227.7	$1,058.7
Net investment income and other	6.9	37.1	6.4	6.8	51.7	51.9	65.0	95.8
	750.1	659.6	424.9	386.2	117.7	108.7	1,292.7	1,154.5
Expenses								
Commission	237.7	216.5	148.3	135.5	43.8	37.7	429.8	389.7
Non-commission	167.6	160.9	136.5	138.3	18.0	17.6	322.1	316.8
	405.3	377.4	284.8	273.8	61.8	55.3	751.9	706.5
Earnings before interest and taxes	$ 344.8	$ 282.2	$ 140.1	$ 112.4	$ 55.9	$ 53.4	540.8	448.0
Interest expense							54.9	59.1
Earnings before income taxes							485.9	388.9
Income taxes							122.4	110.9
Net earnings							363.5	278.0
Perpetual preferred share dividends							5.7	–
Net earnings available to common shareholders							$ 357.8	$ 278.0

TABLE 4: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q2 2010 VS. Q1 2010

Three months ended ($ millions)	Investors Group 2010 June 30	Investors Group 2010 March 31	Mackenzie 2010 June 30	Mackenzie 2010 March 31	Corporate & Other 2010 June 30	Corporate & Other 2010 March 31	Total 2010 June 30	Total 2010 March 31
Revenues								
Fee income	$ 375.3	$ 367.9	$ 210.0	$ 208.5	$ 31.3	$ 34.7	$ 616.6	$ 611.1
Net investment income and other	(1.0)	7.9	3.0	3.4	24.7	27.0	26.7	38.3
	374.3	375.8	213.0	211.9	56.0	61.7	643.3	649.4
Expenses								
Commission	120.2	117.5	74.7	73.6	20.4	23.4	215.3	214.5
Non-commission	85.3	82.3	67.2	69.3	8.8	9.2	161.3	160.8
	205.5	199.8	141.9	142.9	29.2	32.6	376.6	375.3
Earnings before interest and taxes	$ 168.8	$ 176.0	$ 71.1	$ 69.0	$ 26.8	$ 29.1	266.7	274.1
Interest expense							27.6	27.3
Earnings before income taxes							239.1	246.8
Income taxes							57.8	64.6
Net earnings							181.3	182.2
Perpetual preferred share dividends							2.2	3.5
Net earnings available to common shareholders							$ 179.1	$ 178.7

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 Tables 2, 3 and 4 are not allocated to segments:

- *Interest expense* – Represents interest expense on long-term debt and, for the comparative periods in 2009, interest expense also included dividends paid on preferred shares classified as liabilities totalling $5.2 million in the second quarter and $10.4 million in the six month period. These preferred shares were redeemed by the Company on December 31, 2009. In addition, interest expense in the first and second quarters 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 $27.6 million in the second quarter compared with $27.3 million in the first quarter of 2010. Excluding dividends on preferred shares classified as liabilities, interest expense totalled $27.2 million in the second quarter of 2009. Interest expense on this basis totalled $54.9 million in the six months ended June 30, 2010 compared with $48.7 million in the comparative period in 2009.

- *Income taxes* – The effective income tax rates for the periods under review are shown in Table 5.

  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 dividends declared on the Company's 5.90% non-cumulative first preferred shares issued on December 8, 2009. In the second quarter of 2010 the dividend was $0.36875 per share or $2.2 million.

  The dividends declared for the six months ending June 30, 2010 totalled $5.7 million and included the initial dividend of $0.57788 per share or $3.5 million declared in the first quarter of 2010 related to the period from December 8, 2009 to April 30, 2010.

SUMMARY OF QUARTERLY RESULTS

Financial information for the eight most recently completed quarters is shown in Table 6 and includes the reconciliation of non-GAAP financial measures to net earnings 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 fourth quarter of 2008 and in the first quarter of 2009 resulted from declines in global financial markets. Improving market conditions, beginning in the second quarter of 2009 through to the latter part of the second quarter of 2010, 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 6.

TABLE 5: EFFECTIVE INCOME TAX RATE

	THREE MONTHS ENDED			SIX MONTHS ENDED	
	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	2010 JUNE 30	2009 JUNE 30
Income taxes at Canadian federal and provincial statutory rates	30.08%	30.06%	31.63%	30.07%	31.57%
Effect of:					
Dividend income	(0.03)	(0.18)	(0.37)	(0.10)	(0.43)
Net capital gains and losses	(0.03)	(0.36)	(0.06)	(0.20)	(0.18)
Proportionate share of affiliate's earnings	(2.16)	(2.15)	(1.61)	(2.16)	(2.90)
Dividends paid on preferred shares classified as liabilities	–	–	0.80	–	0.84
Other items	(3.70)	(1.20)	(1.36)	(2.43)	(0.39)
Effective income tax rate	24.16%	26.17%	29.03%	25.18%	28.51%

TABLE 6: SUMMARY OF QUARTERLY RESULTS

	2010 Q2	2010 Q1	2009 Q4	2009 Q3	2009 Q2	2009 Q1	2008 Q4	2008 Q3
Consolidated Statements of Earnings *($ millions)*								
Revenues								
Management fees	$ 455.5	$ 449.7	$ 449.7	$ 432.1	$ 399.4	$ 365.4	$ 396.3	$ 477.0
Administration fees	89.2	88.5	88.3	88.6	86.9	82.3	84.2	88.1
Distribution fees	71.9	72.9	70.7	62.0	62.3	62.4	67.4	70.6
Net investment income and other	26.7	38.3	28.9	43.8	43.0	52.8	39.9	52.9
	643.3	649.4	637.6	626.5	591.6	562.9	587.8	688.6
Expenses								
Commission	215.3	214.5	213.5	205.3	197.3	192.4	206.4	230.0
Non-commission	161.3	160.8	148.7	148.7	158.3	158.5	162.6	155.4
Interest	27.6	27.3	33.2	33.0	32.4	26.7	28.3	26.1
	404.2	402.6	395.4	387.0	388.0	377.6	397.3	411.5
	239.1	246.8	242.2	239.5	203.6	185.3	190.5	277.1
Non-cash charge on AFS(1) 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	–	–	–	–	–	–	–	–
Earnings before income taxes	239.1	246.8	151.3	239.5	203.6	185.3	130.2	277.1
Income taxes	57.8	64.6	37.6	72.1	59.1	51.8	50.4	78.4
Net earnings	181.3	182.2	113.7	167.4	144.5	133.5	79.8	198.7
Perpetual preferred share dividends	2.2	3.5	–	–	–	–	–	–
Net earnings available to common shareholders – GAAP	$ 179.1	$ 178.7	$ 113.7	$ 167.4	$ 144.5	$ 133.5	$ 79.8	$ 198.7
Reconciliation of Non-GAAP Financial Measures(2) *($ millions)*								
Operating earnings available to common shareholders – non-GAAP measure	$ 179.1	$ 178.7	$ 176.5	$ 167.4	$ 144.5	$ 133.5	$ 140.1	$ 198.7
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	–	–	–	–	–	–	–	–
Net earnings available to common shareholders – GAAP	$ 179.1	$ 178.7	$ 113.7	$ 167.4	$ 144.5	$ 133.5	$ 79.8	$ 198.7
Earnings per Share (¢)								
GAAP								
– Basic	68	68	43	63	55	51	30	75
– Diluted	68	68	43	63	55	51	30	75
Operating(2)								
– Basic	68	68	67	63	55	51	53	75
– Diluted	68	68	67	63	55	51	53	75
Average Daily Mutual Fund Assets *($ billions)*	$ 100.5	$ 100.4	$ 98.6	$ 94.4	$ 88.2	$ 81.1	$ 85.6	$ 102.0
Total Mutual Fund Assets Under Management *($ billions)*	$ 96.5	$ 102.8	$ 100.4	$ 98.4	$ 91.6	$ 81.9	$ 85.0	$ 98.0

(1) AFS – Available for sale.

(2) Refer to the Summary of Consolidated Operating Results section in the 2009 IGM Financial Inc. Annual Report for an explanation of the Company's 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 closely aligned. 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. Three new region offices in Saskatoon, Thunder Bay, and Belleville were announced and are expected to open in late 2010 as Investors Group continues to build its Consultant network.

At June 30, 2010, Investors Group had 4,667 Consultants, compared with 4,633 at the end of 2009 and 4,511 one year ago. The number of Consultants with more than four years experience was 2,612 compared to 2,591 at the end of 2009 and 2,518 a year earlier. Our Consultant network has grown in each of the last twenty-four consecutive quarters, increasing by 1,460 Consultants or 46% 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 and 2010 to date 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. Ongoing surveys of our clients indicate a strong appreciation of the value of advice provided by our Consultants through varying economic cycles.

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 7.

At June 30, 2010, 70% 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 26% had a rating of four or five stars. This compared to the Morningstar† universe of 69% for three stars or better and 31% for four and five star funds at June 30, 2010. Morningstar† Ratings are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

2010 vs. 2009

For the second quarter ended June 30, 2010, sales of Investors Group mutual funds through its Consultant network were $1.3 billion, an increase of 19.1% from 2009. Mutual fund redemptions, which totalled $1.4 billion for the same period, increased 18.3% from 2009 levels. Investors Group's twelve month trailing redemption rate for long-term funds was 7.7% at June 30, 2010 compared to 7.5% at June 30, 2009, and remains well below the corresponding average redemption rate of approximately 15.9% for all other members of the Investment Funds Institute of Canada (IFIC) at June 30, 2010. Net redemptions of Investors Group mutual funds for the second quarter of 2010 were $103 million compared with net redemptions of $95 million in 2009. Sales of long-term funds were

TABLE 7: CHANGE IN MUTUAL FUND ASSETS UNDER MANAGEMENT – INVESTORS GROUP

Three months ended *($ millions)*	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	 2009 JUNE 30
Sales	$ 1,316.1	$ 1,880.2	$ 1,104.9	(30.0)%	19.1%
Redemptions	1,419.1	1,319.7	1,199.8	7.5	18.3
Net sales (redemptions)	(103.0)	560.5	(94.9)	N/M	(8.5)
Market and income	(3,652.2)	1,008.1	6,018.5	N/M	N/M
Net change in assets	(3,755.2)	1,568.6	5,923.6	N/M	N/M
Beginning assets	59,223.6	57,655.0	46,574.5	2.7	27.2
Ending assets	$ 55,468.4	$ 59,223.6	$ 52,498.1	(6.3)%	5.7%
Average daily assets	$ 57,862.8	$ 57,742.9	$ 50,433.1	0.2 %	14.7%

Six months ended *($ millions)*	2010 JUNE 30	2009 JUNE 30	% CHANGE
Sales	$ 3,196.3	$ 2,531.7	26.3%
Redemptions	2,738.8	2,317.2	18.2
Net sales	457.5	214.5	113.3
Market and income	(2,644.1)	4,792.5	N/M
Net change in assets	(2,186.6)	5,007.0	N/M
Beginning assets	57,655.0	47,491.1	21.4
Ending assets	$ 55,468.4	$ 52,498.1	5.7%
Average daily assets	$ 57,803.0	$ 48,079.7	20.2%

$1.1 billion for the second quarter of 2010, compared with $882 million in 2009, an increase of 30.3%. Net redemptions of long-term funds for the second quarter of 2010 were $56 million compared to net redemptions of $52 million in 2009.

For the six months ended June 30, 2010, sales of Investors Group mutual funds through its Consultant network were $3.2 billion, an increase of 26.3% from 2009. Mutual fund redemptions, which totalled $2.7 billion for the same period, increased 18.2% from 2009 levels. Net sales of Investors Group mutual funds for the first half of 2010 were $458 million compared with net sales of $215 million in 2009. Sales of long-term funds were $2.8 billion for the first half of 2010, compared with $2.0 billion in 2009. Net sales of long-term funds for the first half of 2010 were $509 million compared to net sales of $167 million in 2009.

Investors Group's mutual fund assets under management were $55.5 billion at June 30, 2010, as shown in Table 7. The increase in mutual fund assets for the twelve month period ended June 30, 2010 of $3.0 billion was primarily due to market appreciation resulting from improvements in global stock markets during 2009 and 2010.

Q2 2010 vs. Q1 2010

The changes in assets under management in the second quarter of 2010 compared with the first quarter of 2010 are reflected in Table 7.

For the second quarter ended June 30, 2010, sales of Investors Group mutual funds through its Consultant network were $1.3 billion, a decrease of 30.0% from the first quarter of 2010. Mutual fund redemptions, which totalled $1.4 billion for the same period, increased 7.5% from the previous quarter. Net redemptions of Investors

Group mutual funds for the current quarter were $103 million compared with net sales of $560 million in the previous quarter. Sales of long-term funds were $1.1 billion for the current quarter, compared with $1.7 billion in the previous quarter, a decrease of 32.1%. Net redemptions of long-term funds for the current quarter were $56 million compared to net sales of $565 million in the previous quarter. First quarter sales and net sales during the RRSP season are generally significantly higher than those in the second quarter.

Investors Group's mutual fund assets under management were $55.5 billion at June 30, 2010, as shown in Table 7. The decrease in mutual fund assets for the second quarter of 2010 of $3.8 billion was comprised of $103 million in net redemptions and $3.7 billion of net market depreciation resulting from declines in global stock markets in the latter part of the second quarter of 2010. Average mutual fund assets were $57.9 billion in the second quarter of 2010 compared to $57.7 billion in the first quarter.

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 June 30, 2010, total segregated fund assets were $662 million.

Insurance

Investors Group distributes insurance products through I.G. Insurance Services Inc. For the three months ended June 30, 2010, sales of insurance products as measured by new annualized premiums were $14.2 million, an increase of 10.1% over $12.9 million in 2009. For the six months ended June 30, 2010, sales of insurance products were $27.3 million, an increase of 21.8% over $22.4 million in 2009.

Securities Operations

Investors Group provides securities services to clients through Investors Group Securities Inc. At June 30, 2010, total assets under administration were $5.5 billion.

Mortgage Operations

Clients who are seeking residential mortgages are referred to Investors Group mortgage planning specialists who originate mortgages in key residential markets. For the three months ended June 30, 2010, mortgage originations were $402 million compared with $377 million in 2009. For the six months ended June 30, 2010, mortgage originations were $687 million compared with $631 million in 2009. At June 30, 2010, mortgages serviced by Investors Group totalled $7.5 billion compared to $7.3 billion at 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 before interest and taxes are presented in Table 8.

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.

TABLE 8: OPERATING RESULTS – INVESTORS GROUP

Three months ended *($ millions)*	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	% CHANGE 2009 JUNE 30
Revenues					
Management fees	$ 275.7	$ 271.7	$ 237.7	1.5%	16.0%
Administration fees	54.7	54.4	51.2	0.6	6.8
Distribution fees	44.9	41.8	36.6	7.4	22.7
	375.3	367.9	325.5	2.0	15.3
Net investment income and other	(1.0)	7.9	18.8	(112.7)	(105.3)
	374.3	375.8	344.3	(0.4)	8.7
Expenses					
Commission	68.4	66.4	64.0	3.0	6.9
Asset retention bonus and premium	51.8	51.1	45.6	1.4	13.6
Non-commission	85.3	82.3	81.7	3.6	4.4
	205.5	199.8	191.3	2.9	7.4
Earnings before interest and taxes	$ 168.8	$ 176.0	$ 153.0	(4.1)%	10.3%

Six months ended *($ millions)*	2010 JUNE 30	2009 JUNE 30	% CHANGE
Revenues			
Management fees	$ 547.4	$ 451.6	21.2%
Administration fees	109.1	99.2	10.0
Distribution fees	86.7	71.7	20.9
	743.2	622.5	19.4
Net investment income and other	6.9	37.1	(81.4)
	750.1	659.6	13.7
Expenses			
Commission	134.8	125.6	7.3
Asset retention bonus and premium	102.9	90.9	13.2
Non-commission	167.6	160.9	4.2
	405.3	377.4	7.4
Earnings before interest and taxes	$ 344.8	$ 282.2	22.2%

2010 VS. 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 $275.7 million in the second quarter of 2010, an increase of $38.0 million or 16.0% from $237.7 million in 2009. For the six months ended June 30, 2010, management fees were $547.4 million, an increase of $95.8 million or 21.2% from $451.6 million in 2009. The increase in management fees in both periods was primarily due to the increase of 14.7% and 20.2%, respectively, in average daily mutual fund assets as shown in Table 7. For both the three and six month periods, management fees were 191 basis points of average daily mutual fund assets compared to 189 basis points in 2009. Management fee income and average management fee rates for all of the periods under review 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. For the three and six month periods, these waivers totalled $1.8 million and $3.8 million, respectively, in 2010 compared to $1.7 million and $2.0 million, respectively, in 2009.

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 $54.7 million in the current quarter compared to $51.2 million a year ago. Administration fees were $109.1 million for the six month period ended June 30, 2010 compared to $99.2 million in 2009. 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/HST and certain specified fund 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 was applicable, the funds that existed as at October 1, 2007 were 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 fell to a level that was 95% of the amount of their total net assets. If it became payable, Investors Group was entitled to receive an operating expense adjustment for that month from each of those funds and series in such amount that would 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 continued until the first month where average asset levels exceeded 95% of the net asset levels on October 1, 2007.

Average assets in April 2010 exceeded the threshold referred to above and, as a result, the operating expense adjustment is no longer applicable.

There were no operating expense adjustments included in administration fees for the second quarter of 2010 compared to $4.0 million in 2009. For the six month period, operating expense adjustments were $0.6 million in 2010 compared to $10.0 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 $44.9 million for the second quarter of 2010 increased by $8.3 million from $36.6 million in 2009. For the six month period, distribution fees of $86.7 million increased by $15.0 million from $71.7 million in 2009. Distribution fee income from insurance and banking products and from securities services increased in both the three and six month periods. Redemption fee income increased by $2.2 million to $12.4 million in the second quarter of 2010 compared to 2009. For the six month period, redemption fee income increased by $4.4 million to

$24.3 million. 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. 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 a loss of $1.0 million in the second quarter of 2010, a decrease of $19.8 million from income of $18.8 million in 2009. For the six months ended June 30, 2010, net investment income and other totalled $6.9 million, a decrease of $30.2 million from $37.1 million in 2009.

The decreases in net investment income and other in both periods related primarily to Investors Group's mortgage banking operations and resulted from:

- Gains realized on mortgage sales activity decreased by $16.7 million and $21.5 million in the three and six month periods ended June 30, 2010 compared to the same periods in 2009. The decline in gains was a result of lower margins on mortgage sales made during 2010 that were below historical averages, in relation to margins experienced on sales made in the first half of 2009 that were above historical averages.
- Lower favourable non-cash fair value adjustments to the retained interest receivable, which declined by $1.8 million and $9.4 million in the three and six month periods ended June 30, 2010 compared to the same periods in 2009. These fair value adjustments resulted from lower credit spreads on asset-backed commercial paper structures.

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 second quarter of 2010 increased by $4.4 million to $68.4 million compared with $64.0 million in 2009. For the six month period ended June 30, 2010, commission expense increased by $9.2 million to $134.8 million compared with $125.6 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 $6.0 million and $11.4 million for the three and six month periods ended June 30, 2010 to $43.9 million and $87.0 million, respectively, compared to 2009. The increases were 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 $0.2 million and $0.6 million in the three and six month periods to $7.9 million and $15.9 million, respectively, 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 expenses. Non-commission expenses were $85.3 million for the second quarter of 2010 compared to $81.7 million in 2009. For the six month period, non-commission expenses were $167.6 million compared to $160.9 million in 2009.

The change in non-commission expenses reflects Investors Group's strategy of maximizing returns on business investments that have direct benefits to clients and Consultants while controlling expenditures and increasing efficiencies as follows:

- Investors Group's Consultant network continued to grow during the six months ended June 30, 2010. As a result, expenses related to recruiting, training, field support and region office expansion increased in both of the three and six month periods of 2010 compared to the same periods in 2009.
- Sub-advisory fees increased in the three and six month periods of 2010 compared to the same

periods in the prior year, resulting from increases in related assets.

- Non-commission expenses, excluding those related directly to growth and support of the Consultant network, as noted above, decreased in both the three and six month periods in 2010 compared with 2009.

Q2 2010 VS. Q1 2010

Fee Income

Management fee income increased by $4.0 million or 1.5% to $275.7 million in the second quarter of 2010 compared with the first quarter of 2010. There was one additional calendar day in the second quarter compared to the first quarter which resulted in an increase in fee income of approximately $3.0 million in the current quarter. Excluding this increase in fee income, management fee income in the current quarter increased consistent with the change in average daily mutual fund assets as shown in Table 7. Management fee income was 191 basis points of average daily mutual fund assets for both the first and second quarters of 2010. Money market fund waivers totalled $1.8 million in the second quarter of 2010 compared to $2.1 million in the prior quarter.

Administration fees increased to $54.7 million in the second quarter of 2010 from $54.4 million in the first quarter primarily due to the increase in average daily mutual fund assets under management. There were no fund operating expense adjustments in the second quarter of 2010 compared with $0.6 million in the first quarter.

Distribution fee income of $44.9 million in the second quarter of 2010 increased by $3.1 million from $41.8 million in the first quarter. The increase was primarily due to distribution fee income from insurance and banking products in addition to a $0.5 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 a loss of $1.0 million in the second quarter of 2010, a decrease of $8.9 million from $7.9 million in the previous quarter. This decrease related primarily to Investors Group's mortgage banking operations due to lower gains realized on mortgage sales activity which declined by $5.5 million in the second quarter of 2010 combined with the impact of increased prepayment activity.

Expenses

Commission expense in the current quarter was $68.4 million compared with $66.4 million in the previous quarter primarily due to increases in the commissions of other financial services and products.

The asset retention bonus (ARB) and asset retention premium (ARP) expense increased by $0.7 million to $51.8 million in the second quarter of 2010.

Non-commission expenses increased $3.0 million to $85.3 million in the second quarter of 2010 compared with the first quarter. Non-commission expenses, excluding seasonal expenses directly related to the Consultant network and to the mutual fund operations, decreased marginally in the second 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 closely aligned. 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 retail 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 9.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At June 30, 2010, 62% of Mackenzie's mutual funds were rated in the top two performance quartiles for the one year time frame, 65% for the three year time frame and 59% 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 June 30, 2010, 83% of Mackenzie's mutual fund assets measured by Morningstar† had a rating of three stars or better and 48% had a rating of four or five stars.

On April 26, 2010, Mackenzie completed the second closing of its initial public offering of MSP* 2010 Resource Limited Partnership.

2010 vs. 2009

Mackenzie's total assets under management at June 30, 2010 were $60.9 billion, an increase of 5.3% from $57.8 billion at June 30, 2009. Mackenzie's mutual fund assets under management were $38.9 billion at June 30, 2010, an increase of 4.3% from $37.2 billion at June 30, 2009. Mackenzie's sub-advisory, institutional and other accounts at June 30, 2010 were $22.0 billion, a 7.2% increase from $20.5 billion last year.

In the three months ended June 30, 2010, Mackenzie's gross sales were $3.3 billion, a decrease of 1.5% from $3.4 billion in the comparative period last year. Redemptions in the current period were $3.9 billion, relatively unchanged compared to 2009. Net redemptions for the three months ended June 30, 2010 were $0.5 billion, unchanged from last year. During the current quarter, market and income resulted in assets decreasing by $3.5 billion as compared to an increase of $5.7 billion in 2009.

In the six months ended June 30, 2010, Mackenzie's gross sales were $6.6 billion, an increase of 5.1% from $6.3 billion in the comparative period last year. Redemptions in the current period were $7.0 billion as compared to redemptions of $7.1 billion in 2009. Net redemptions for the six months ended June 30, 2010 were $0.4 billion, as compared to net redemptions of $0.8 billion last year. During the current period, market and income resulted in assets decreasing by $2.3 billion as compared to an increase of $4.0 billion in 2009.

In the three and six month periods ended June 30, 2010, gross sales were higher by $0.5 billion and redemptions were higher by $0.4 billion as a result of a rebalance transaction by an institutional investor.

Redemptions of long-term mutual funds in the six months ended June 30, 2010 were $3.3 billion as

TABLE 9: CHANGE IN ASSETS UNDER MANAGEMENT – MACKENZIE

Three months ended ($ millions)	2010 June 30	2010 March 31	2009 June 30	% change 2010 March 31	% change 2009 June 30
Sales	$ 3,343.3	$ 3,227.5	$ 3,392.6	3.6 %	(1.5)%
Redemptions	3,859.6	3,126.6	3,927.5	23.4	(1.7)
Net sales (redemptions)	(516.3)	100.9	(534.9)	n/m	3.5
Market and income	(3,453.9)	1,176.9	5,731.9	n/m	n/m
Net change in assets	(3,970.2)	1,277.8	5,197.0	n/m	n/m
Beginning assets	64,857.2	63,579.4	52,601.6	2.0	23.3
Ending assets	$ 60,887.0	$ 64,857.2	$ 57,798.6	(6.1)%	5.3 %
Consists of:					
Mutual funds	$ 38,867.3	$ 41,331.2	$ 37,249.1	(6.0)%	4.3 %
Sub-advisory, institutional and other accounts	22,019.7	23,526.0	20,549.5	(6.4)	7.2
	$ 60,887.0	$ 64,857.2	$ 57,798.6	(6.1)%	5.3 %
Daily average mutual fund assets	$ 40,431.5	$ 40,533.2	$ 35,997.7	(0.3)%	12.3 %
Monthly average total assets(1)	$ 63,406.3	$ 63,600.4	$ 56,026.5	(0.3)%	13.2 %

Six months ended ($ millions)	2010 June 30	2009 June 30	% change
Sales	$ 6,570.8	$ 6,252.1	5.1 %
Redemptions	6,986.2	7,086.2	(1.4)
Net redemptions	(415.4)	(834.1)	50.2
Market and income	(2,277.0)	3,972.2	n/m
Net change in assets	(2,692.4)	3,138.1	n/m
Beginning assets	63,579.4	54,660.5	16.3
Ending assets	$ 60,887.0	$ 57,798.6	5.3 %
Daily average mutual fund assets	$ 40,482.1	$ 34,884.3	16.0 %
Monthly average total assets(1)	$ 63,430.9	$ 54,278.1	16.9 %

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

compared to redemptions of $2.4 billion in 2009. As at June 30, 2010, Mackenzie's twelve-month trailing redemption rate for long-term funds was 15.7%, as compared to 17.3% last year. The average twelve-month trailing redemption rate for long-term funds for all other members of IFIC decreased to approximately 15.0% at June 30, 2010 from 16.4% last year. Mackenzie's twelve-month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load units with redemption fees, and matured deferred sales charge units without redemption fees (matured units). Generally, redemption rates for front-end load units and matured units are higher than the redemption rates for deferred sales charge and low load units with redemption fees.

Q2 2010 vs. Q1 2010

Mackenzie's total assets under management at June 30, 2010 were $60.9 billion, a decrease of 6.1% from $64.9 billion at March 31, 2010 as summarized in Table 9. Mackenzie's mutual fund assets under management decreased $2.5 billion to $38.9 billion in the quarter and Mackenzie's sub-advisory, institutional and other accounts decreased $1.5 billion to $22.0 billion at June 30, 2010.

Redemptions of long-term mutual fund assets in the current quarter were $1.7 billion as compared to $1.6 billion in the quarter ended March 31, 2010. Mackenzie's annualized quarterly redemption rate for long-term funds for the quarter ended June 30, 2010 was 17.0%, as compared to 16.6% in the first quarter of 2010.

Review of Segment Operating Results

Mackenzie's earnings before interest and taxes are presented in Table 10.

2010 VS. 2009

Fee and Net Investment Income and Other

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 June 30, 2010, there were $8.9 billion of mutual fund assets in these series of funds, as compared to $7.6 billion at June 30, 2009.

Management fees were $170.7 million for the three months ended June 30, 2010, an increase of $17.2 million or 11.2% from $153.5 million last year. For the six month period ended June 30, 2010, management fees were $340.0 million, an increase of $42.7 million or 14.4% from $297.3 million in 2009. The increase in management fees was due to the change in Mackenzie's monthly average total assets under management combined with the change in the mix of assets under management.

Monthly average total assets under management were $63.4 billion in the three month period ended June 30, 2010 compared to $56.0 billion in 2009, an increase of 13.2%. Monthly average total assets under management for the six month period ended June 30, 2010 were $63.4 billion compared to $54.3 billion in 2009, an increase of 16.9%.

Mackenzie's average management fee rate was 108.0 basis points in the three month period ended June 30, 2010 and 108.1 basis points in the six month period ended June 30, 2010, compared to 109.9 basis points and 110.5 basis points respectively 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 and six month periods ended June 30, 2010, Mackenzie waived management fees of $1.8 million and $4.1 million respectively on its money market funds as compared to $0.9 million and $1.7 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.

TABLE 10: OPERATING RESULTS – MACKENZIE

Three months ended *($ millions)*	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	% CHANGE 2009 JUNE 30
Revenues					
Management fees	$ 170.7	$ 169.3	$ 153.5	0.8%	11.2%
Administration fees	33.1	32.7	35.2	1.2	(6.0)
Distribution fees	6.2	6.5	6.5	(4.6)	(4.6)
	210.0	208.5	195.2	0.7	7.6
Net investment income and other	3.0	3.4	3.5	(11.8)	(14.3)
	213.0	211.9	198.7	0.5	7.2
Expenses					
Commission	29.1	28.2	29.5	3.2	(1.4)
Trailing commission	45.6	45.4	39.9	0.4	14.3
Non-commission	67.2	69.3	68.2	(3.0)	(1.5)
	141.9	142.9	137.6	(0.7)	3.1
Earnings before interest and taxes	$ 71.1	$ 69.0	$ 61.1	3.0%	16.4%

Six months ended *($ millions)*	2010 JUNE 30	2009 JUNE 30	% CHANGE
Revenues			
Management fees	$ 340.0	$ 297.3	14.4%
Administration fees	65.8	69.0	(4.6)
Distribution fees	12.7	13.1	(3.1)
	418.5	379.4	10.3
Net investment income and other	6.4	6.8	(5.9)
	424.9	386.2	10.0
Expenses			
Commission	57.3	58.3	(1.7)
Trailing commission	91.0	77.2	17.9
Non-commission	136.5	138.3	(1.3)
	284.8	273.8	4.0
Earnings before interest and taxes	$ 140.1	$ 112.4	24.6%

Administration fees were $33.1 million for the three months ended June 30, 2010, as compared to $35.2 million in 2009. Administration fees were $65.8 million for the six months ended June 30, 2010, as compared to $69.0 million in 2009.

Effective August 1, 2007, Mackenzie assumed responsibility for the applicable operating expenses of the Mackenzie funds, other than GST/HST 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 period. Included in administration fees were operating expense adjustments of $3.3 million in the three months ended June 30, 2010 and $6.5 million in the six months ended June 30, 2010, compared to $6.7 million and $14.3 million respectively 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 June 30, 2010 was $6.2 million, a decrease of $0.3 million from $6.5 million last year. Distribution fee income in the six months ended June 30, 2010 was $12.7 million, a decrease of $0.4 million from $13.1 million in 2009.

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 June 30, 2010 was $3.0 million, a decrease of $0.5 million from $3.5 million in 2009. Net investment income in the six months ended June 30, 2010 was $6.4 million, a decrease of $0.4 million from $6.8 million in the comparative period last year.

Expenses

Mackenzie's expenses were $141.9 million for the three months ended June 30, 2010 compared to $137.6 million last year. Expenses for the six months ended June 30, 2010 were $284.8 million, an increase of $11.0 million or 4.0% from $273.8 million in 2009.

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 $29.1 million in the three months ended June 30, 2010, as compared to $29.5 million last year. Commission expense in the six months ended June 30, 2010 was $57.3 million as compared to $58.3 million in 2009. 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 $45.6 million in the three months ended June 30, 2010, an increase of $5.7 million or 14.3% from $39.9 million last year. Trailing commissions in the six months ended June 30, 2010 were $91.0 million, an increase of $13.8 million or 17.9% from $77.2 million in the comparative period last year. The change in trailing commissions in both the three and six month periods ended June 30, 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 45.2 basis points in the three months ended June 30, 2010 and 45.3 basis points in the six months ended June 30, 2010, as compared to 44.5 basis points and 44.6 basis points respectively 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 $67.2 million in the three months ended June 30, 2010, a decrease of $1.0 million or 1.5% from $68.2 million last year. Non-commission expenses in the six months ended June 30, 2010 were $136.5 million, a decrease of $1.8 million or 1.3% from $138.3 million in the comparative period 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.

Q2 2010 VS. Q1 2010

Fee and Net Investment Income and Other

Management fees were $170.7 million for the current quarter, an increase of $1.4 million or 0.8% from $169.3 million in the first quarter of 2010.

Monthly average total assets under management were $63.4 billion in the current quarter compared to $63.6 billion in the quarter ended March 31, 2010, a decrease of 0.3%. Mackenzie's average management fee rate was 108.0 basis points in the current quarter unchanged from the first quarter of 2010. In the three months ended June 30, 2010, Mackenzie waived management fees of $1.8 million on its money market funds as compared to $2.3 million in the three months ended March 31, 2010. In addition, there was one additional calendar day in the second quarter than in the first quarter of 2010. This difference resulted in an increase in management fees of approximately $1.7 million in the current quarter on a comparative basis.

Administration fees were $33.1 million in the current quarter compared to $32.7 million in the quarter ended March 31, 2010. Included in administration fees for the current quarter were fund operating expense adjustments of $3.3 million as compared to $3.2 million in the first quarter of 2010.

Expenses

Mackenzie's expenses were $141.9 million for the current quarter, a decrease of $1.0 million or 0.7% from $142.9 million in the first quarter of 2010.

Commission expense, which represents the amortization of selling commissions, was $29.1 million in the quarter ended June 30, 2010, as compared to $28.2 million in the first quarter of 2010.

Trailing commissions paid to dealers were $45.6 million in the current quarter, an increase of $0.2 million or 0.4% from $45.4 million in the first quarter of 2010. The increase in trailing commissions is consistent with the change in asset mix within Mackenzie's mutual funds. Trailing commissions as a percentage of average mutual fund assets under management were 45.2 basis points in the current quarter and 45.4 basis points in the quarter ended March 31, 2010.

Non-commission expenses were $67.2 million in the current quarter, a decrease of $2.1 million or 3.0% from the first quarter of 2010. Non-commission expenses include costs incurred by Mackenzie related to the administration, marketing and management of its assets under management, as well as costs incurred in its account administration and trust company businesses. Mackenzie's non-commission expenses tend to be higher in the first quarter of the year as compared to the other quarters due to the general increase in sales activities and transaction volumes.

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 11.

2010 VS. 2009

Net investment income and other increased by $4.0 million in the second quarter of 2010 compared with 2009 due to an increase of $6.8 million in the Company's proportionate share of Lifeco's earnings as reflected in the Consolidated Financial Position section of this MD&A.

This increase was offset in part by decreases of $2.5 million in net investment income on unallocated investments, primarily due to lower dividend income and a decrease of $0.5 million in net gains on the sale of equity securities.

TABLE 11: OPERATING RESULTS – CORPORATE AND OTHER

Three months ended *($ millions)*	2010 JUNE 30	2010 MARCH 31	2009 JUNE 30	% CHANGE 2010 MARCH 31	% CHANGE 2009 JUNE 30
Revenues					
Fee income	$ 31.3	$ 34.7	$ 27.9	(9.8)%	12.2%
Net investment income and other	24.7	27.0	20.7	(8.5)	19.3
	56.0	61.7	48.6	(9.2)	15.2
Expenses					
Commission	20.4	23.4	18.3	(12.8)	11.5
Non-commission	8.8	9.2	8.4	(4.3)	4.8
	29.2	32.6	26.7	(10.4)	9.4
Earnings before interest and taxes	$ 26.8	$ 29.1	$ 21.9	(7.9)%	22.4%

Six months ended *($ millions)*	2010 JUNE 30	2009 JUNE 30	% CHANGE
Revenues			
Fee income	$ 66.0	$ 56.8	16.2%
Net investment income and other	51.7	51.9	(0.4)
	117.7	108.7	8.3
Expenses			
Commission	43.8	37.7	16.2
Non-commission	18.0	17.6	2.3
	61.8	55.3	11.8
Earnings before interest and taxes	$ 55.9	$ 53.4	4.7%

Net investment income and other decreased by $0.2 million in the six months ended June 30, 2010 compared with 2009 resulting from:

- A decrease of $1.0 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 $5.1 million in net investment income on unallocated investments primarily due to lower dividend income resulting from the decline in the Company's available for sale equity securities portfolio in the first quarter of 2010.
- An increase of $2.3 million in net gains on the sale of equity securities which totalled $6.5 million in 2010 compared to $4.2 million in 2009.
- A negative fair value adjustment of $3.7 million related to the Company's holdings of non-bank-sponsored asset-backed commercial paper (ABCP) recorded in the first quarter of 2009.

Earnings before interest and taxes related to Investment Planning Counsel were $1.4 million higher in the second quarter of 2010 compared to 2009 and $3.0 million higher for the six months ended June 30, 2010. The increase in earnings was primarily attributable to higher average mutual fund assets under management and higher net distribution revenues.

Q2 2010 VS. Q1 2010

Net investment income and other decreased by $2.3 million in the second quarter of 2010 compared with the previous quarter. Net gains on the sale of equity securities totalled $0.5 million in the second quarter of 2010 compared to $5.9 million in the first quarter. This decrease was offset by increases in other income related to the seasonality of certain fees.

Earnings before interest and taxes related to Investment Planning Counsel remained unchanged in the second quarter of 2010 compared with the previous quarter.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were $8.6 billion at June 30, 2010, unchanged from December 31, 2009.

SECURITIES

The composition of the Company's securities holdings is detailed in Table 12.

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 Earnings.

The fair value of the Company's common share holdings was $18.1 million as at June 30, 2010 compared to $237.1 million at December 31, 2009, a decrease of $219.0 million. The decrease due to net sales of common share holdings of $222.1 million in 2010 was offset in part by increases in the fair value of the portfolio. 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 $261.6 million at June 30, 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 Earnings.

As part of the Company's interest rate risk management activities relating to its mortgage banking operations, the Company continued to repurchase Canada Mortgage Bonds during the six months ended June 30, 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 $634.3 million at June 30, 2010. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of $624.2 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 Earnings.

TABLE 12: SECURITIES

	JUNE 30, 2010		DECEMBER 31, 2009	
($ thousands)	COST	FAIR VALUE	COST	FAIR VALUE
Available for Sale				
Common shares	$ 20,755	$ 18,139	$ 236,383	$ 237,085
Proprietary investment funds	34,016	32,763	41,259	41,341
Fixed income securities	260,453	261,562	314,260	315,387
	315,224	312,464	591,902	593,813
Held for Trading				
Canada Mortgage Bonds	647,318	634,255	647,318	624,703
Fixed income securities	31,374	27,674	31,443	27,743
	678,692	661,929	678,761	652,446
	$ 993,916	$ 974,393	$ 1,270,663	$ 1,246,259

LOANS

Loans, including mortgages and investment loans, increased by $154.0 million to $825.6 million at June 30, 2010 and represented 9.6% of total assets, compared to 7.8% at December 31, 2009. Residential mortgage loans related to the Company's mortgage banking operations increased by $164.2 million. In the Company's deposit and lending operations, investment loans increased by $0.4 million and residential mortgage loans decreased by $10.6 million in the six 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 and six month periods ended June 30, 2010 compared with the same periods in 2009 are shown in Table 13.

OFF-BALANCE SHEET SECURITIZATION ARRANGEMENTS

Through the Company's mortgage banking operations, periodic sales of residential mortgages are made to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company retains servicing responsibilities and, in some cases, certain elements of recourse with respect to credit losses on transferred loans. During the second quarter of 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 $349.0 million compared to $398.8 million in the second quarter of 2009 as discussed in Note 3 to the interim Consolidated Financial Statements. Securitized loans serviced at June 30, 2010 totalled $3.3 billion compared with $3.1 billion at June 30, 2009. The fair value of the Company's retained interest was $132.2 million at June 30, 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 13: INVESTMENT IN AFFILIATE

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
($ millions)	2010	2009	2010	2009
Carrying value, beginning of period	$ 596.9	$ 616.7	$ 598.2	$ 574.4
Proportionate share of earnings and other	17.2	10.4	34.9	35.9
Dividends received	(11.6)	(11.6)	(23.2)	(23.2)
Proportionate share of accumulated other comprehensive income (loss) and other adjustments	(16.8)	1.4	(24.2)	29.8
Carrying value, end of period	$ 585.7	$ 616.9	$ 585.7	$ 616.9
Fair value, end of period	$ 909.2	$ 855.5	$ 909.2	$ 855.5

Consolidated Liquidity and Capital Resources

LIQUIDITY

Cash and cash equivalents totalled $1.11 billion at June 30, 2010 compared with $945.1 million and $1.28 billion at December 31, 2009 and June 30, 2009, respectively. Cash and cash equivalents include $337.1 million at June 30, 2010 compared with $308.4 million and $434.5 million at December 31, 2009 and June 30, 2009, respectively, related to the Company's deposit operations as shown in Table 14.

Net working capital, which totalled $488.5 million at June 30, 2010, reflected a reduction of $450.0 million related to the 2001 Series, 6.75% debentures which are due within one year on May 9, 2011. Net working capital totalled $834.8 million at December 31, 2009 and $981.4 million at June 30, 2009. These amounts excluded the Company's cash and cash equivalents related to its deposit operations as shown in Table 14.

Net working capital may be utilized to:

- Finance ongoing operations, including the funding of selling commissions.
- Temporarily finance mortgages in its mortgage banking facility.
- Meet regular interest and dividend obligations related to long-term debt and preferred shares.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.
- Finance 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 $351.6 million in the second quarter of 2010 compared to $320.0 million in the second quarter of 2009 and $357.6 million in the first quarter of 2010. EBITDA totalled $709.2 million for the six months ended June 30, 2010 compared to $614.6 million in 2009. EBITDA for each period under review also excludes the impact of amortization of deferred selling commissions which totalled $76.5 million in the second quarter of 2010 compared to $75.2 million in the second quarter of 2009 and $75.3 million in the first quarter of 2010. 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 15 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which form part of the interim Consolidated Financial Statements for the three and six months ended June 30, 2010. Cash and cash equivalents decreased by $62.8 million in the quarter compared with an increase of $42.2 million in the

TABLE 14: ASSETS RELATED TO DEPOSIT OPERATIONS

($ millions)	2010 JUNE 30	2009 DECEMBER 31	2009 JUNE 30
Assets			
Cash and cash equivalents	$ 337.1	$ 308.4	$ 434.5
Securities	261.6	315.4	275.4
Loans	424.7	435.4	450.7
Total assets	$ 1,023.4	$ 1,059.2	$ 1,160.6
Liabilities and shareholders' equity			
Deposit liabilities	$ 862.6	$ 907.4	$ 996.9
Other liabilities – net	63.3	54.5	61.5
Shareholders' equity	97.5	97.3	102.2
Total liabilities and shareholders' equity	$ 1,023.4	$ 1,059.2	$ 1,160.6

TABLE 15: CASH FLOWS

($ millions)	THREE MONTHS ENDED JUNE 30 2010	2009	CHANGE	SIX MONTHS ENDED JUNE 30 2010	2009	CHANGE
Operating activities						
Before payment of commissions	$ 261.6	$ 253.5	3.2%	$ 506.6	$ 452.6	11.9%
Commissions paid	(55.3)	(47.4)	(16.7)	(136.3)	(109.0)	(25.0)
Net of commissions paid	206.3	206.1	0.1	370.3	343.6	7.8
Financing activities	(209.4)	(59.3)	(253.1)	(358.1)	487.4	(173.5)
Investing activities	(59.7)	(104.6)	42.9	157.0	(785.8)	120.0
(Decrease) increase in cash and cash equivalents	(62.8)	42.2	(248.8)	169.2	45.2	274.3
Cash and cash equivalents, beginning of period	1,177.1	1,235.2	(4.7)	945.1	1,232.2	(23.3)
Cash and cash equivalents, end of period	$ 1,114.3	$ 1,277.4	(12.8)%	$ 1,114.3	$ 1,277.4	(12.8)%

second quarter of 2009. For the six month period, cash and cash equivalents increased by $169.2 million compared to $45.2 million in 2009.

Operating activities, before payment of commissions, generated $261.6 million and $506.6 million during the three and six month periods ended June 30, 2010, as compared to $253.5 million and $452.6 million in 2009. Cash commissions paid were $55.3 million and $136.3 million for the three and six month periods in 2010 compared to $47.4 million and $109.0 million, respectively, in 2009. The increases in cash commissions paid are consistent with the increase in mutual fund sales. Net cash flows from operating activities, net of commissions paid, was $206.3 million and $370.3 million for the three and six month periods in 2010 as compared to $206.1 million and $343.6 million, respectively, in 2009.

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

- A net decrease of $38.9 million in deposits and certificates in 2010 compared to a net decrease of $48.4 million in 2009. The net decrease in 2010 related to decreases in demand deposit levels, offset in part by increases in term deposit levels.
- Net payment of $5.4 million in 2010 arising from obligations related to assets sold under repurchase agreements compared to net proceeds of $25.3 million in 2009.
- Proceeds received on the issuance of common shares of $2.8 million in 2010 compared to $9.9 million in 2009.
- The purchase of 850,000 common shares in 2010 under IGM Financial's normal course issuer bid at a cost of $29.9 million compared to nil in 2009.
- The payment of perpetual preferred share dividends which totalled $3.5 million in 2010.
- The payment of regular common share dividends which totalled $134.5 million in 2010 unchanged from 2009.

Financing activities during the six months ended June 30, 2010 compared to the same period in 2009 related primarily to:

- A net decrease of $44.7 million in deposits and certificates in 2010 compared to a net increase of $37.9 million in 2009. The net decrease in 2010 related to decreases in demand deposit levels, offset in part by increases in term deposit levels.
- Net payment of $5.6 million in 2010 arising from obligations related to assets sold under repurchase agreements compared to net proceeds of $617.7 million in 2009.
- Proceeds received on the issuance of common shares of $16.6 million in 2010 compared with $13.9 million in 2009.
- The purchase of 1,390,000 common shares in 2010 under IGM Financial's normal course issuer bid at a

cost of $51.8 million compared with the purchase of 60,000 common shares at a cost of $1.6 million in 2009.

- The payment of perpetual preferred share dividends which totalled $3.5 million in 2010.
- The payment of regular common share dividends which totalled $269.1 million in 2010 compared to $269.0 million in 2009.

Financing activities during both the three and six month periods in 2009 included:

- The repayment of the $286.6 million bankers' acceptances related to the acquisition of Saxon Financial Inc., and
- Net proceeds received on the issuance of debentures of $375.0 million.

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

- Purchases of securities totalling $66.7 million and sales of securities with proceeds of $159.7 million in 2010 compared to $379.1 million and $340.4 million, respectively, in 2009.
- Net increases in loans of $496.9 million compared to $459.2 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 $349.0 million in 2010 compared to $398.8 million in 2009.

Investing activities during the six months ended June 30, 2010 compared to the same period in 2009 related primarily to:

- Purchases of securities totalling $141.8 million and sales of securities with proceeds of $464.4 million in 2010 compared to $1,040.8 million and $423.2 million, respectively, in 2009. Purchases of securities in 2009 included $647.3 million related to Canada Mortgage Bonds.
- Net increases in loans of $703.7 million compared to $777.3 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 $551.3 million in 2010 compared to $617.2 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 June 30, 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 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 1,390,000 common shares in the six months ended June 30, 2010 at a cost of $51.8 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 perpetual preferred share dividends of $5.7 million and common share dividends of $268.8 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 16 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 six months ended June 30, 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.

TABLE 16: FINANCIAL INSTRUMENTS

($ millions)	JUNE 30, 2010 CARRYING VALUE	JUNE 30, 2010 FAIR VALUE	DECEMBER 31, 2009 CARRYING VALUE	DECEMBER 31, 2009 FAIR VALUE
Assets				
Cash and cash equivalents	$ 1,114.3	$ 1,114.3	$ 945.1	$ 945.1
Securities	974.4	974.4	1,246.3	1,246.3
Loans	825.6	827.3	671.6	674.8
Other financial assets	247.5	247.5	267.0	267.0
Derivative assets	95.9	95.9	120.4	120.4
Total financial assets	$ 3,257.7	$ 3,259.4	$ 3,250.4	$ 3,253.6
Liabilities				
Deposits and certificates	$ 862.6	$ 867.5	$ 907.3	$ 916.1
Repurchase agreements	624.2	624.2	629.8	629.8
Other financial liabilities	587.3	587.3	591.4	591.4
Derivative liabilities	109.6	109.6	112.7	112.7
Long-term debt	1,575.0	1,777.0	1,575.0	1,714.3
Total financial liabilities	$ 3,758.7	$ 3,965.6	$ 3,816.2	$ 3,964.3

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 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 six months of 2010, proceeds from securitizations were $551.3 million and whole loan sales to third parties totalled $108.6 million, compared with $617.2 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 June 30, 2010, the trust subsidiaries' liquidity was in compliance with these policies.

Contractual obligations have not changed materially since March 31, 2010.

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 June 30, 2010, unchanged from December 31, 2009. The operating lines of credit as at June 30, 2010 consist of committed lines of $500 million and uncommitted lines of $175 million. As at June 30, 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, 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 June 30, 2010, cash and cash equivalents of $1.11 billion consisted of cash balances of $79.3 million on deposit with Canadian chartered banks and cash equivalents of $1.04 billion. Cash equivalents are comprised primarily of Government of Canada treasury bills totalling $118.6 million, provincial government and government guaranteed commercial paper of $282.6 million and bankers' acceptances issued by Canadian chartered banks of $600.2 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 June 30, 2010 are comprised of bankers' acceptances of $68.1 million, Canadian chartered bank senior deposit notes and floating rate notes of $83.2 million and $35.0 million respectively, government guaranteed short-term investments of $10.0 million, and corporate bonds and other of $65.3 million. The maximum exposure to credit risk on these financial instruments is their carrying value. The Company mitigates credit risk on these financial instruments by adhering to its Investment Policy that outlines credit risk parameters and concentration limits.

Held for trading fixed income securities are comprised of non-bank-sponsored ABCP with a fair value of $27.7 million which represents the maximum exposure to credit risk at June 30, 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 June 30, 2010, mortgages and investment loans totalled $526.6 million and $305.7 million, respectively. The allowance for credit losses of $6.7 million at June 30, 2010 exceeded impaired mortgages and investment loans by $6.3 million. As at June 30, 2010, the mortgage portfolios were geographically diverse, 100% residential and 72% insured. The credit risk on the investment loan portfolio is mitigated through the use of collateral, primarily in the form of mutual fund investments. There were no uninsured non-performing loans over 90 days in the mortgage and investment loan portfolios at June 30, 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 $132.2 million at June 30, 2010 compared to $173.5 million at December 31, 2009. Retained interests include:

- *Cash reserve accounts and rights to future excess spread* – which totalled $103.6 million at June 30, 2010. The portion of this amount pertaining to Canadian bank-sponsored securitization trusts of $24.7 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 June 30, 2010, 95% of the $1.5 billion in outstanding mortgages securitized under these programs were insured.

  Rights to future excess spread under the NHA MBS and CMB Program totalled $78.9 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 $1.8 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 $5.6 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 June 30, 2010, 95% of the mortgage portfolio serviced by the Company was insured. Uninsured non-performing loans over 90 days in the securitized portfolio were $0.6 million at June 30, 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 June 30, 2010.

- *Fair value of interest rate swaps* – which the Company enters into as a requirement of the securitization programs in which it participates and which totalled $28.6 million at June 30, 2010. The outstanding notional amount of these interest rate swaps was $3.5 billion at June 30, 2010 compared to $3.4 billion at 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 $59.9 million at June 30, 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 $38.5 million at June 30, 2010. The outstanding notional amount was $3.2 billion at June 30, 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 rate swaps which are in a gain position, totalled $36.0 million at June 30, 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 $112.7 million at June 30, 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, was nil at June 30, 2010, compared to $2.7 million at December 31, 2009.

The aggregate credit risk exposure related to derivatives that are in a gain position of $95.9 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 $59.2 million at June 30, 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 June 30, 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 June 30, 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 June 30, 2010, the impact to net earnings of a 100-basis point change in interest rates would have been approximately $0.2 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 12. 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 Earnings.

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 six months ended June 30, 2010 totalled $222.1 million. The fair value of the common share portfolio was $18.1 million at June 30, 2010 compared to $237.1 million at December 31, 2009. Unrealized losses at June 30, 2010 were $2.6 million compared to unrealized gains of $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 June 30, 2010, the impact of a 10% decrease in equity prices would have been a $3.8 million unrealized loss recorded in Other comprehensive 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 during 2010.

MARKET RISK RELATED TO ASSETS UNDER MANAGEMENT

At June 30, 2010, mutual fund industry assets in Canada were approximately $648.0 billion, a decrease of 0.8% 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. Throughout both 2010 and 2009, 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.

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

As at June 30	2010	2009
IGM Financial Inc.		
Investors Group	7.7%	7.5%
Mackenzie	15.7%	17.3%
Counsel	12.3%	13.6%

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.

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 June 30, 2010, mutual fund industry assets in Canada were approximately $648.0 billion, a decrease of 0.8% relative to December 31, 2009. This $5.1 billion decrease in industry assets from December 31, 2009 reflected net cash inflow of $3.1 billion, an estimated $15.7 billion in market depreciation and $7.5 billion related primarily to new reporting industry participants.

Following strong market growth since March 2009, global capital markets are assessing short term economic indicators for confirmation of growth. The uncertainty as to the breadth, strength and durability of future growth could lead to further capital market 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 39% of total industry long-term mutual fund assets at June 30, 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 77.5% of industry long-term mutual fund assets and 77.8% of total mutual fund assets under management at June 30, 2010.

Strong evidence is emerging that Canadians value advice in their financial planning and investment activities. Multiple sources of research show significantly better financial outcomes for Canadians who use financial advisors compared to those who do not. We believe the provision of comprehensive financial planning to Canadians is and will continue to be a competitive advantage.

Management believes scale, access to distribution, support for financial advice 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, except as noted below:

- *Goodwill and intangible assets* – The Company tests the fair value of goodwill and indefinite life intangible assets for impairment at least once a year and more frequently if an event or circumstance indicates the asset may be impaired. Goodwill impairment testing is a two step process. Goodwill is first allocated to reporting units and impairment is assessed by comparing the value of a reporting unit to its carrying amount. If the fair value of the reporting unit exceeds its carrying value, no further testing is performed. If the fair value of the reporting unit is less than its carrying value, a second test is performed to compare the fair value of goodwill to its carrying value to determine the amount of impairment loss, if any. Indefinite life intangible assets are tested for impairment by comparing their fair value to their carrying amounts. Definite life intangible assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

  These tests involve the use of estimates and assumptions appropriate in the circumstances. In assessing fair value, valuation models are used that include discounted cash flows, comparable acquisitions and industry trading multiples. The models use assumptions that include levels of growth in assets under management from net sales and market, pricing and margin changes, synergies achieved on acquisition, discount rates, and observable data for comparable transactions.

  The Company completed its annual impairment tests of goodwill and indefinite life intangible assets based on March 31, 2010 financial information and determined that there was no impairment in the value of those assets.

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies adopted by the Company during 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 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 MD&A in the 2009 IGM Financial Inc. Annual Report. No additional differences were identified during the second quarter.

In the second quarter, the Company continued with Phase 2 of its IFRS project – the impact analysis and design. In the second quarter the following elements were completed:

- Designed incremental internal controls required to process the IFRS adjustments during 2010;
- Conducted additional educational and training sessions focusing on changes to the general ledger system, including changes in internal controls, with respect to the processing of IFRS adjustments;
- Determined implementation plans for other systems affected by the IFRS changes identified; and
- Goodwill and intangible asset impairment testing as of January 1, 2010.

The Company is focusing its resources on the following elements:

- Quantification of opening retained earnings adjustments where accounting differences have been identified;
- A communication plan including internal and external communication strategies;
- Templates for IFRS financial statements and note disclosures; and
- A review of 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 continues to examine 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
Leases	Q3 2010 – Exposure Draft
Consolidations – Investment Companies	Q4 2010 – Exposure Draft
Consolidations	Q4 2010 – Final Standard
Income Taxes	Q4 2010 – Exposure Draft
Financial Statement Presentation	Q1 2011 – Exposure Draft
Revenue Recognition	Q1 2011 – Final Standard
Fair Value Measurement	Q1 2011 – Final Standard
Employee Benefits	Q1 2011 – Final Standard
Hedge Accounting	Q2 2011 – Final Standard
Impairment	Q2 2011 – Final Standard
Derecognition	2012

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 IASB currently has an exemption that allows companies converting to IFRS to continue to derecognize assets that would otherwise not meet the criteria for derecognition under IFRS. During the second quarter of 2010, the IASB agreed to replace the fixed date of January 1, 2004 of this exemption with the 'Date of Transition to IFRS', which is January 1, 2010 for the Company. This change, if made, could have an effect on the Company's accounting for its financial assets.

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 CICA has issued an exposure draft which would allow a one year deferral in adoption of IFRS for investment companies. As a result, the first interim reporting period for the mutual funds may be September 30, 2012. The Company is currently assessing the impact of this exposure draft on the mutual funds' plans for adopting IFRS. Accordingly, the mutual funds will adopt IFRS for either fiscal period beginning April 1, 2011 or 2012. 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 second 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 June 30, 2010 totalled 261,697,049. As at August 4, 2010, outstanding common shares totalled 261,698,349.

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.

Consolidated Statements of Earnings

(unaudited) *(in thousands of dollars, except shares and per share amounts)*	THREE MONTHS ENDED JUNE 30 **2010**	2009	SIX MONTHS ENDED JUNE 30 **2010**	2009
Revenues				
Management fees	**$ 455,458**	$ 399,340	**$ 905,192**	$ 764,759
Administration fees	**89,168**	86,902	**177,682**	169,224
Distribution fees	**71,946**	62,337	**144,795**	124,673
Net investment income and other	**26,646**	43,033	**64,987**	95,818
	643,218	591,612	**1,292,656**	1,154,474
Expenses				
Commission	**215,310**	197,309	**429,839**	389,685
Non-commission	**161,241**	158,252	**322,088**	316,767
Interest	**27,571**	32,431	**54,873**	59,132
	404,122	387,992	**806,800**	765,584
Earnings before income taxes	**239,096**	203,620	**485,856**	388,890
Income taxes	**57,764**	59,116	**122,345**	110,859
Net earnings	**181,332**	144,504	**363,511**	278,031
Perpetual preferred share dividends	**2,213**	–	**5,680**	–
Net earnings available to common shareholders	**$ 179,119**	$ 144,504	**$ 357,831**	$ 278,031
Average number of common shares *(in thousands) (Note 9)*				
– Basic	**262,339**	262,925	**262,485**	262,673
– Diluted	**263,555**	264,102	**263,774**	263,600
Earnings per share *(in dollars) (Note 9)*				
– Basic	**$ 0.68**	$ 0.55	**$ 1.36**	$ 1.06
– Diluted	**$ 0.68**	$ 0.55	**$ 1.36**	$ 1.05

(See accompanying notes to interim consolidated financial statements.)

Consolidated Balance Sheets

(unaudited) (in thousands of dollars)	JUNE 30 2010	DECEMBER 31 2009
Assets		
Cash and cash equivalents	**$ 1,114,330**	$ 945,081
Securities *(Note 2)*	**974,393**	1,246,259
Loans	**825,575**	671,556
Investment in affiliate	**585,671**	598,221
Deferred selling commissions	**834,603**	850,082
Other assets	**525,087**	592,908
Intangible assets	**1,128,751**	1,128,280
Goodwill	**2,620,076**	2,613,532
	$ 8,608,486	$ 8,645,919
Liabilities		
Deposits and certificates	**$ 862,637**	$ 907,343
Repurchase agreements *(Note 2)*	**624,232**	629,817
Other liabilities	**773,470**	780,329
Future income taxes	**326,086**	328,617
Long-term debt	**1,575,000**	1,575,000
	4,161,425	4,221,106
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**150,000**	150,000
Common shares	**1,568,588**	1,562,925
Contributed surplus	**31,410**	32,702
Retained earnings	**2,783,129**	2,737,785
Accumulated other comprehensive loss	**(86,066)**	(58,599)
	4,447,061	4,424,813
	$ 8,608,486	$ 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 JUNE 30 2010	2009	SIX MONTHS ENDED JUNE 30 2010	2009
Share capital – Perpetual preferred shares *(Note 4)*				
Balance, end of period	**$ 150,000**	$ –	**$ 150,000**	$ –
Share capital – Common shares *(Note 4)*				
Balance, beginning of period	**1,570,645**	1,514,850	**1,562,925**	1,511,110
Issued on acquisition of Investment Planning Counsel non-controlling interest	**–**	40,734	**–**	40,734
Issued under stock option plan	**3,035**	10,153	**13,984**	14,238
Purchased for cancellation	**(5,092)**	–	**(8,321)**	(345)
Balance, end of period	**1,568,588**	1,565,737	**1,568,588**	1,565,737
Contributed surplus				
Balance, beginning of period	**30,500**	30,817	**32,702**	29,115
Stock options				
Current period expense	**1,154**	1,648	**383**	3,442
Exercised	**(244)**	(220)	**(1,675)**	(312)
Balance, end of period	**31,410**	32,245	**31,410**	32,245
Retained earnings				
Balance, beginning of period	**2,763,221**	2,778,973	**2,737,785**	2,781,755
Net earnings	**181,332**	144,504	**363,511**	278,031
Perpetual preferred share dividends	**(2,213)**	–	**(5,680)**	–
Common share dividends	**(134,320)**	(135,319)	**(268,811)**	(269,838)
Common share cancellation excess and other *(Note 4)*	**(24,891)**	121	**(43,676)**	(1,669)
Balance, end of period	**2,783,129**	2,788,279	**2,783,129**	2,788,279
Accumulated other comprehensive income (loss) on:				
Available for sale securities				
Balance, beginning of period	**3,224**	(134,447)	**1,321**	(112,031)
Net unrealized gains (losses), *net of tax of $1,050, $(7,361), $(303) and $(4,653)*	**(4,923)**	43,283	**2,530**	23,476
Reclassification adjustment for (gains) losses included in net earnings, *net of tax of $182, $435, $1,154 and $845*	**(697)**	(1,608)	**(6,247)**	(4,217)
Balance, end of period	**(2,396)**	(92,772)	**(2,396)**	(92,772)
Investment in affiliate and other				
Balance, beginning of period	**(67,248)**	(32,116)	**(59,920)**	(61,028)
Other comprehensive income (loss), *net of tax of $(31), $nil, $(17) and $nil*	**(16,422)**	1,352	**(23,750)**	30,264
Balance, end of period	**(83,670)**	(30,764)	**(83,670)**	(30,764)
Total accumulated other comprehensive income (loss), end of period	**(86,066)**	(123,536)	**(86,066)**	(123,536)
Total Shareholders' Equity	**$ 4,447,061**	$ 4,262,725	**$ 4,447,061**	$ 4,262,725

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Comprehensive Income

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED JUNE 30 **2010**	2009	SIX MONTHS ENDED JUNE 30 **2010**	2009
Net earnings	**$ 181,332**	$ 144,504	**$ 363,511**	$ 278,031
Other comprehensive income (loss), net of tax on:				
Available for sale securities	**(5,620)**	41,675	**(3,717)**	19,259
Investment in affiliate and other	**(16,422)**	1,352	**(23,750)**	30,264
Other comprehensive income (loss)	**(22,042)**	43,027	**(27,467)**	49,523
Comprehensive income	**$ 159,290**	$ 187,531	**$ 336,044**	$ 327,554

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Cash Flows

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED JUNE 30 **2010**	2009	SIX MONTHS ENDED JUNE 30 **2010**	2009
Operating activities				
Net earnings	**$ 181,332**	$ 144,504	**$ 363,511**	$ 278,031
Adjustments to determine net cash from operating activities				
Future income taxes	**(11,720)**	(13,084)	**(2,170)**	(10,134)
Commission amortization	**76,488**	75,189	**151,745**	149,465
Amortization of capital and intangible assets	**8,252**	8,684	**16,360**	16,827
Changes in operating assets and liabilities and other	**7,297**	38,238	**(22,834)**	18,391
	261,649	253,531	**506,612**	452,580
Commissions paid	**(55,324)**	(47,464)	**(136,266)**	(108,953)
	206,325	206,067	**370,346**	343,627
Financing activities				
Net (decrease) increase in deposits and certificates	**(38,914)**	(48,354)	**(44,706)**	37,910
Repayment of bankers' acceptances	**–**	(286,615)	**–**	(286,615)
Net (decrease) increase in obligations related to assets sold under repurchase agreements	**(5,409)**	25,275	**(5,585)**	617,728
Issue of debentures	**–**	375,000	**–**	375,000
Issue of common shares	**2,792**	9,933	**16,574**	13,926
Common shares purchased for cancellation	**(29,904)**	–	**(51,838)**	(1,592)
Perpetual preferred share dividends paid	**(3,467)**	–	**(3,467)**	–
Common share dividends paid	**(134,492)**	(134,519)	**(269,101)**	(268,981)
	(209,394)	(59,280)	**(358,123)**	487,376
Investing activities				
Purchase of securities	**(66,723)**	(379,106)	**(141,845)**	(1,040,830)
Proceeds from the sale of securities	**159,746**	340,416	**464,368**	423,192
Net increase in loans	**(496,906)**	(459,249)	**(703,654)**	(777,314)
Proceeds from securitizations *(Note 3)*	**349,029**	398,754	**551,317**	617,167
Net additions to capital assets	**(3,161)**	(1,607)	**(4,916)**	(3,499)
Net additions to intangible assets	**(1,694)**	(2,795)	**(8,244)**	(3,463)
Acquisition of non-controlling interest	**–**	(1,048)	**–**	(1,048)
	(59,709)	(104,635)	**157,026**	(785,795)
(Decrease) increase in cash and cash equivalents	**(62,778)**	42,152	**169,249**	45,208
Cash and cash equivalents, beginning of period	**1,177,108**	1,235,227	**945,081**	1,232,171
Cash and cash equivalents, end of period	**$ 1,114,330**	$ 1,277,379	**$ 1,114,330**	$ 1,277,379
Cash	**$ 79,323**	$ 121,929	**$ 79,323**	$ 121,929
Cash equivalents	**1,035,007**	1,155,450	**1,035,007**	1,155,450
	$ 1,114,330	$ 1,277,379	**$ 1,114,330**	$ 1,277,379
Supplemental disclosure of cash flow information				
Amount of interest paid during the period	**$ 46,328**	$ 38,468	**$ 59,399**	$ 59,278
Amount of income taxes paid during the period	**$ 67,106**	$ 80,004	**$ 143,765**	$ 134,072

(See accompanying notes to interim consolidated financial statements.)

Notes to the Interim Consolidated Financial Statements

JUNE 30, 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

	JUNE 30, 2010		DECEMBER 31, 2009	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Common shares	**$ 20,755**	**$ 18,139**	$ 236,383	$ 237,085
Proprietary investment funds	**34,016**	**32,763**	41,259	41,341
Fixed income securities	**260,453**	**261,562**	314,260	315,387
	315,224	**312,464**	591,902	593,813
Held for trading:				
Canada Mortgage Bonds	**647,318**	**634,255**	647,318	624,703
Fixed income securities	**31,374**	**27,674**	31,443	27,743
	678,692	**661,929**	678,761	652,446
	$ 993,916	**$ 974,393**	$ 1,270,663	$ 1,246,259

Common shares (Available for sale)

Net unrealized losses on common shares were $2.6 million at June 30, 2010 compared with net unrealized gains of $0.7 million at December 31, 2009. Unrealized losses as at June 30, 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 $261.6 million at June 30, 2010 which is comprised of bankers' acceptances of $68.1 million, Canadian chartered bank senior deposit notes and floating rate notes of $83.2 million and $35.0 million respectively, government guaranteed short-term investments of $10.0 million, and corporate bonds and other of $65.3 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 $634.3 million. The obligation to repurchase the securities is recorded at amortized cost and has a carrying value of $624.2 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 Earnings.

Fixed income securities (Held for trading)

Fixed income securities of $27.7 million at June 30, 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 June 30, 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 June 30, 2010, an increase in the estimated discount rates of 100 basis points would reduce net earnings by $1.7 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 Earnings.

Securitization activities for the three and six month periods ended June 30, 2010 and 2009 were as follows:

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2010	2009	**2010**	2009
Residential mortgages securitized	**$ 351,323**	$ 401,007	**$ 555,049**	$ 620,635
Net cash proceeds	**349,029**	398,754	**551,317**	617,167
Fair value of retained interests	**11,496**	16,483	**20,467**	30,659
Pre-tax gain on sales	**6,023**	17,154	**11,585**	28,580

4. SHARE CAPITAL

Issued and outstanding

	JUNE 30, 2010		JUNE 30, 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 on acquisition of Investment Planning Counsel non-controlling interest	**–**	**–**	1,095,712	40,734
Issued under Stock Option Plan	**453,794**	**13,984**	650,904	14,238
Purchased for cancellation	**(1,390,000)**	**(8,321)**	(60,000)	(345)
Balance, end of period	**261,697,049**	**$ 1,568,588**	264,051,238	$ 1,565,737

Normal course issuer bid

In the second quarter of 2010, 850,000 shares were purchased at a cost of $29.9 million and in the six months ended June 30, 2010, 1,390,000 shares were purchased at a cost of $51.8 million. In the second quarter of 2009, no shares were purchased and during the six months ended June 30, 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 had 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 Second Quarter 2010 Report to Shareholders and have not changed significantly since December 31, 2009.

6. STOCK-BASED COMPENSATION

	JUNE 30 2010	DECEMBER 31 2009
Common share options		
– Outstanding	**9,786,246**	9,415,005
– Exercisable	**4,823,980**	4,541,430

In the second quarter of 2010, the Company granted 335,000 options to employees (2009 – 263,288). In the six months ended June 30, 2010, the Company granted 1,182,125 options to employees (2009 – 1,569,503). A portion of the options granted to employees are subject to performance targets. The weighted-average fair value of options granted during the six months ended June 30, 2010 has been estimated at $5.53 per option (2009 – $2.21) 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 3.11% (2009 – 2.23%), (ii) expected option life of 6.0 years (2009 – 5.7 years), (iii) expected volatility of 22.00% (2009 – 20.84%) and (iv) expected dividend yield of 4.87% (2009 – 7.27%).

6. STOCK-BASED COMPENSATION *(continued)*

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 Second 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 JUNE 30		SIX MONTHS ENDED JUNE 30	
	2010	2009	**2010**	2009
Pension expense	**$ 877**	$ 1,227	**$ 1,757**	$ 2,444
Other post-retirement benefits expense	**105**	992	**209**	1,984
Total	**$ 982**	$ 2,219	**$ 1,966**	$ 4,428

9. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2010	2009	**2010**	2009
Earnings				
Net earnings available to common shareholders	**$ 179,119**	$ 144,504	**$ 357,831**	$ 278,031
Number of common shares *(in thousands)*				
Average number of common shares outstanding	**262,339**	262,925	**262,485**	262,673
Add: Potential exercise of outstanding stock options	**1,216**	1,177	**1,289**	927
Average number of common shares outstanding – Diluted basis	**263,555**	264,102	**263,774**	263,600
Earnings per common share *(in dollars)*				
– Basic	**$ 0.68**	$ 0.55	**$ 1.36**	$ 1.06
– Diluted	**$ 0.68**	$ 0.55	**$ 1.36**	$ 1.05

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.

10. SEGMENTED INFORMATION *(continued)*

- 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. 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.

				2010
Three months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 275,719	$ 170,682	$ 9,057	$ 455,458
Administration fees	54,615	33,094	1,459	89,168
Distribution fees	44,895	6,151	20,900	71,946
Net investment income and other	(1,016)	3,048	24,614	26,646
	374,213	212,975	56,030	643,218
Expenses				
Commission	120,137	74,650	20,523	215,310
Non-commission	85,271	67,208	8,762	161,241
	205,408	141,858	29,285	376,551
Earnings before undernoted	$ 168,805	$ 71,117	$ 26,745	266,667
Interest expense				27,571
Earnings before income taxes				239,096
Income taxes				57,764
Net earnings				181,332
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 179,119

10. SEGMENTED INFORMATION *(continued)*

				2009
Three months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 237,755	$ 153,545	$ 8,040	$ 399,340
Administration fees	51,213	35,194	495	86,902
Distribution fees	36,604	6,493	19,240	62,337
Net investment income and other	18,740	3,522	20,771	43,033
	344,312	198,754	48,546	591,612
Expenses				
Commission	109,593	69,391	18,325	197,309
Non-commission	81,719	68,234	8,299	158,252
	191,312	137,625	26,624	355,561
Earnings before undernoted	$ 153,000	$ 61,129	$ 21,922	236,051
Interest expense				32,431
Earnings before income taxes				203,620
Income taxes				59,116
Net earnings				$ 144,504

10. SEGMENTED INFORMATION *(continued)*

				2010
Six months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 547,402	$ 340,010	$ 17,780	$ 905,192
Administration fees	109,084	65,771	2,827	177,682
Distribution fees	86,691	12,682	45,422	144,795
Net investment income and other	6,889	6,438	51,660	64,987
	750,066	424,901	117,689	1,292,656
Expenses				
Commission	237,681	148,248	43,910	429,839
Non-commission	167,594	136,551	17,943	322,088
	405,275	284,799	61,853	751,927
Earnings before undernoted	$ 344,791	$ 140,102	$ 55,836	540,729
Interest expense				54,873
Earnings before income taxes				485,856
Income taxes				122,345
Net earnings				363,511
Perpetual preferred share dividends				5,680
Net earnings available to common shareholders				$ 357,831
Identifiable assets	$ 2,013,437	$ 2,401,097	$ 1,573,876	$ 5,988,410
Goodwill	1,347,781	1,172,750	99,545	2,620,076
Total assets	$ 3,361,218	$ 3,573,847	$ 1,673,421	$ 8,608,486

10. SEGMENTED INFORMATION *(continued)*

Six months ended June 30	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
				2009
Revenues				
Management fees	$ 451,635	$ 297,334	$ 15,790	$ 764,759
Administration fees	99,172	69,015	1,037	169,224
Distribution fees	71,743	13,086	39,844	124,673
Net investment income and other	37,109	6,786	51,923	95,818
	659,659	386,221	108,594	1,154,474
Expenses				
Commission	216,541	135,503	37,641	389,685
Non-commission	160,874	138,325	17,568	316,767
	377,415	273,828	55,209	706,452
Earnings before undernoted	$ 282,244	$ 112,393	$ 53,385	448,022
Interest expense				59,132
Earnings before income taxes				388,890
Income taxes				110,859
Net earnings				$ 278,031
Identifiable assets	$ 1,942,052	$ 2,621,526	$ 1,895,592	$ 6,459,170
Goodwill	1,347,781	1,166,842	108,145	2,622,768
Total assets	$ 3,289,833	$ 3,788,368	$ 2,003,737	$ 9,081,938

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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

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

Si vous préférez recevoir ce rapport en français, veuillez vous adresser au Secrétaire de Société financière IGM Inc.,
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Normal Course Issuer Bid
The Company has renewed its Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange from 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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