



Murray J. Taylor

President and Chief Executive Officer  
Investors Group Inc.

Investors Group is committed to comprehensive planning delivered through long-term client and Consultant relationships. We provide advice and services through a network of approximately 4,600 Consultants to nearly one million Canadians.

## HIGHLIGHTS

- The expansion of the region office network continued in 2011 with the addition of five new offices, bringing the total number of offices to 106. This represents growth of 58% since 2004. There were 4,608 Consultants at the end of 2011.
- Driven by the strength of our client relationships, the redemption rate for Investors Group's long-term mutual funds was 8.8% for 2011, substantially below industry levels.
- Mutual fund sales increased by 4.8% in 2011 to \$6.0 billion. Net sales of mutual funds were \$39 million compared with \$253 million in 2010.
- Assets under management decreased by 6.6% to \$57.7 billion at December 31, 2011.
- Mortgage originations were up 20% year over year and sales increased 11% for insurance as our Consultants served the diverse financial planning needs of our clients.

## REPORT ON OPERATIONS

In 2011, Investors Group continued to make progress in a number of key areas. Growth in the Consultant network, combined with industry-low redemption rates, is strong evidence of client and Consultant satisfaction with the calm and steady approach being taken to their long-term financial planning needs.

### CONTINUED CONSULTANT NETWORK STRENGTH

Since a number of improvements were introduced to our training and support programs in mid-2004, the Consultant network has expanded by 44% from 3,207 to 4,608. In early 2011, Investors Group refined its selection and recruitment practices resulting in a short-term reduction in the number of Consultant appointments in the early part of 2011 and a drop in the total number of Consultants during the first quarter. As the changes started to have a positive impact, our Consultant network grew in each subsequent quarter of the year.

The company's commitment to training and support is integral to our Consultants' ability to deliver effective financial advice. New Consultants refine their skills through an emphasis on experience-based training delivered by experienced field leadership and mentorship from successful senior Consultants. Investors Group's annual APEX conference offers advanced financial planning and practice management training to over 1,400 Consultants each year.

Our culture provides Consultants with an entrepreneurial environment and unique support structure to deliver personalized service and knowledgeable advice to our clients. Our clients enhance their financial literacy and gain financial confidence as our Consultants assist them with the development and deployment of their financial plans.

## PRODUCTS FOR AN EVOLVING MARKETPLACE

The financial planning needs of Canadians are growing as economic uncertainties are more apparent and retirement and lifestyle decisions become more complex. Investors Group provides an industry-leading range of products and services to meet these diverse needs. We offer investment funds, segregated funds, insurance, securities, mortgage and Solutions Banking<sup>†</sup> products, along with other financial services to our clients through integrated financial planning.

Our *Symphony Strategic Investment Planning*<sup>™</sup> supports Consultants in building optimized risk-adjusted portfolios for clients and provides enhanced reporting features.

In 2011, we implemented a number of enhancements to our fixed income offering in order to address the current low interest rate environment and provide appropriate diversification opportunities for our clients. Investors Fixed Income Flex Portfolio was introduced in February which invests in a diversified set of underlying funds and can adapt to a changing environment by adjusting the underlying type of investments as the

interest rate and credit environment evolves. In May 2011, we added the Investors Canadian Corporate Bond Fund.

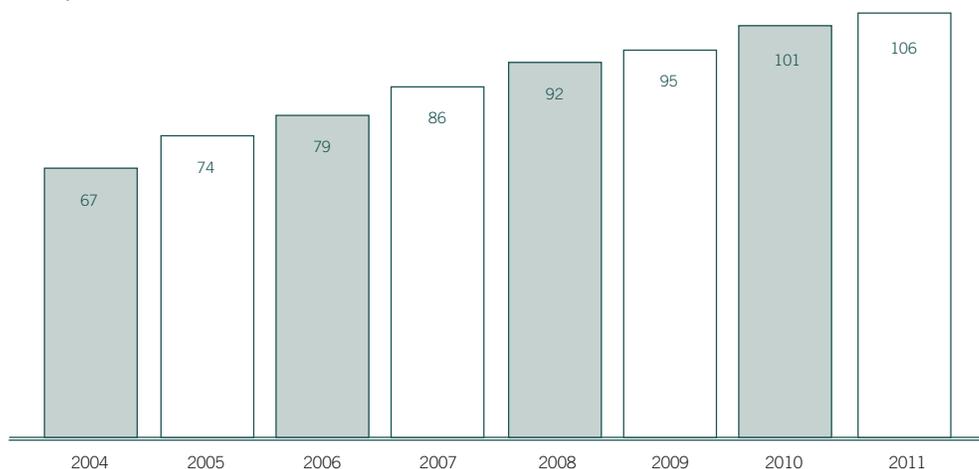
In November 2011, we added three new equity mandates. Investors Core Canadian Equity and Investors Core U.S. Equity are designed as primary holdings within a portfolio and reflect the broad Canadian and U.S. markets, respectively. IG Putnam U.S. Growth primarily has exposure to equity securities of large U.S. corporations that have above-average growth prospects.

Also in November 2011, we announced our proposed merger of eight funds with similar investment mandates. These proposed mergers are intended to provide more effective management and, in some cases, broader, more diversified investment mandates, which in turn, will provide the potential for more stable long-term performance.

Investors Group's commitment to the ongoing evolution and expansion of its product and service offering enhances our ability to deliver comprehensive financial planning.

### Region Office Growth

At year-end (#)



## CORPORATE SOCIAL RESPONSIBILITY

Investors Group has a long-standing commitment to the principles of corporate social responsibility. We conduct our business in a manner that respects the long-term financial, economic, environmental and social interests of the communities in which we operate.

- Investors Group is committed to making a contribution to the many communities across Canada in which it operates by supporting local and national activities, events and organizations. Corporately, Investors Group has developed long associations with organizations like United Way and Food Banks Canada, supporting their work in communities across Canada. More recently we have partnered with Free the Children in inspiring youth leadership and volunteerism. We are also a major supporter of Imagine Canada and Volunteer Canada in encouraging charitable giving and volunteerism by Canadian companies. In 2011, Investors Group became the first company to receive Imagine Canada and Volunteer Canada's Corporate Community Involvement Award and the first company to receive a Red Cross Power of Humanity Award in the newly-established Corporate Organization of the Year category. These honours reflect the deep appreciation these organizations have for the contributions our company, Consultants and employees make to improve the world around us.
- Investors Group has created a culture of "People Who Care", with a strong focus towards supporting and encouraging the volunteer engagement of employees and advisors through a wide offering

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of programs supported by head office. Our spirit of volunteerism is strong and continues to be recognized throughout the country. During 2011, Investors Group presented the eighth annual Herbert H. Carnegie Community Service Award to Consultant Debbie Mealia. Debbie was honoured for her many commitments to her community of Sechelt, British Columbia and the greater Sunshine Coast including her tireless efforts to create affordable housing for people with developmental disabilities. The award is named after Order of Canada recipient and former Investors Group Consultant Herbert Carnegie, who in his 35 years with the company, came to epitomize the qualities of success and caring for others in the community. The company also presented the President's Lifetime Volunteer Achievement Award to Murray Kilfoyle, Senior Vice-President, Finance, for his decades-long commitment to community sports programs, the arts, tourism and healthcare in Winnipeg.

- We respect the environment and through the work of a cross-organizational environmental committee we endeavour to reduce our environmental impact through continuous improvement objectives.

We have also been a pioneer and industry leader in promoting socially responsible investing (SRI). Our Investors Summa SRI™ Fund was launched in 1987, and has become the largest socially responsible fund in Canada. We now offer a suite of SRI funds with investment approaches which incorporate factors related to environmental sustainability, social responsibility and various social issues combined with traditional investment analysis.

- The Investors Group Charitable Giving Program™ is one of the few of its kind in Canada which can be used by our clients to build an enduring charitable giving legacy while receiving tax benefits today.
- Our Consultants contribute to the financial well-being of our clients through the delivery of comprehensive planning. Through their work and our financial support for programs and curriculum development, we are part of an ongoing effort to advance the financial literacy and financial security of Canadians.
- Our Investors Group Institute is a pre-eminent institution for training in financial planning and practice management and also offers development programs for our employees.
- Our employees and Consultants sign and adhere to a code of conduct and a respectful workplace policy to ensure that the business of the company is carried out with the highest ethical standards, in a manner worthy of the public trust, and in an environment where all individuals feel they are treated with dignity and respect.

#### **BUILDING ON STRENGTH**

Investors Group continues to focus on its strengths as building blocks for the future. In 2011, the Consultant network growth, the active engagement of over 1,700 employees, increased communication in response to the global financial situation, the continual refinement of financial planning, and the expanding product and service offerings demonstrate the company's commitment to meet the evolving financial needs of Canadians.