

# Interim Condensed Consolidated Financial Statements

## Consolidated Statements of Earnings

<i>(unaudited)</i>	THREE MONTHS ENDED MARCH 31	
<i>(in thousands of Canadian dollars, except shares and per share amounts)</i>	2012	2011
<b>Revenues</b>		
Management fees	\$ 456,618	\$ 492,115
Administration fees	85,264	87,500
Distribution fees	85,179	89,361
Net investment income and other	26,331	25,433
Proportionate share of affiliate's earnings	19,697	16,980
	<b>673,089</b>	<b>711,389</b>
<b>Expenses</b>		
Commission	221,384	233,650
Non-commission	170,091	161,964
Interest	22,911	30,271
	<b>414,386</b>	<b>425,885</b>
Earnings before income taxes and discontinued operations	258,703	285,504
Income taxes	56,839	72,127
Net earnings from continuing operations	201,864	213,377
Net earnings from discontinued operations <i>(Note 3)</i>	–	968
<b>Net earnings</b>	<b>201,864</b>	<b>214,345</b>
Perpetual preferred share dividends	2,213	2,213
<b>Net earnings available to common shareholders</b>	<b>\$ 199,651</b>	<b>\$ 212,132</b>
Average number of common shares <i>(in thousands) (Note 12)</i>		
– Basic	256,568	259,289
– Diluted	257,383	260,332
Earnings per share <i>(in dollars) (Note 12)</i>		
Net earnings from continuing operations		
– Basic	\$ 0.78	\$ 0.82
– Diluted	\$ 0.78	\$ 0.81
Net earnings available to common shareholders		
– Basic	\$ 0.78	\$ 0.82
– Diluted	\$ 0.78	\$ 0.81

*(See accompanying notes to interim condensed consolidated financial statements.)*

# Consolidated Statements of Comprehensive Income

(unaudited)  
(in thousands of Canadian dollars)

THREE MONTHS ENDED MARCH 31  
2012 2011

<b>Net earnings</b>	<b>\$ 201,864</b>	<b>\$ 214,345</b>
<b>Other comprehensive income (loss), net of tax</b>		
<b>Employee benefits</b>		
Net actuarial gains (losses), <i>net of tax of \$2,209 and \$(1,781)</i>	(5,981)	4,814
<b>Available for sale securities</b>		
Net unrealized gains (losses), <i>net of tax of \$(421) and \$20</i>	1,400	(491)
Reclassification of realized (gains) losses to net earnings, <i>net of tax of \$77 and \$328</i>	(443)	(890)
	957	(1,381)
<b>Investment in affiliate and other</b>		
Other comprehensive income (loss), <i>net of tax of \$(163) and \$(100)</i>	(7,071)	(15,703)
	(12,095)	(12,270)
<b>Comprehensive income</b>	<b>\$ 189,769</b>	<b>\$ 202,075</b>

(See accompanying notes to interim condensed consolidated financial statements.)

# Consolidated Balance Sheets

<i>(unaudited)</i> <i>(in thousands of Canadian dollars)</i>	MARCH 31 2012	DECEMBER 31 2011
<b>Assets</b>		
Cash and cash equivalents	\$ 889,869	\$ 1,052,423
Securities <i>(Note 4)</i>	291,668	292,432
Accounts and other receivables	319,722	281,982
Income taxes recoverable	41,660	27,796
Loans <i>(Note 5)</i>	4,372,399	4,085,929
Derivative instruments	67,251	88,092
Other assets	35,607	40,228
Investment in affiliate	611,885	612,480
Capital assets	111,082	109,953
Deferred selling commissions	752,926	750,763
Deferred income taxes	61,797	59,612
Intangible assets	1,115,729	1,117,858
Goodwill	2,640,523	2,640,523
	<b>\$ 11,312,118</b>	<b>\$ 11,160,071</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 288,853	\$ 300,094
Income taxes payable	35,764	62,816
Repurchase agreements <i>(Note 4)</i>	224,984	227,280
Derivative instruments	80,535	111,424
Deposits and certificates	147,114	150,716
Other liabilities	369,307	357,959
Obligations to securitization entities <i>(Note 6)</i>	4,017,588	3,827,339
Deferred income taxes	315,738	308,968
Long-term debt	1,325,000	1,325,000
	<b>6,804,883</b>	<b>6,671,596</b>
<b>Shareholders' Equity</b>		
Share capital		
Perpetual preferred shares	150,000	150,000
Common shares	1,582,266	1,578,270
Contributed surplus	35,794	35,842
Retained earnings	2,747,211	2,726,285
Accumulated other comprehensive income (loss)	(8,036)	(1,922)
	<b>4,507,235</b>	<b>4,488,475</b>
	<b>\$ 11,312,118</b>	<b>\$ 11,160,071</b>

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on May 4, 2012.

*(See accompanying notes to interim condensed consolidated financial statements.)*

# Consolidated Statements of Changes in Shareholders' Equity

THREE MONTHS ENDED MARCH 31

<i>(unaudited)</i> <i>(in thousands of Canadian dollars)</i>	SHARE CAPITAL			RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) <i>(Note 10)</i>	TOTAL SHAREHOLDERS' EQUITY
	PERPETUAL PREFERRED SHARES <i>(Note 7)</i>	COMMON SHARES <i>(Note 7)</i>	CONTRIBUTED SURPLUS			
<b>2012</b>						
<b>Balance, beginning of period</b>	<b>\$ 150,000</b>	<b>\$1,578,270</b>	<b>\$ 35,842</b>	<b>\$2,726,285</b>	<b>\$ (1,922)</b>	<b>\$4,488,475</b>
Net earnings	-	-	-	201,864	-	201,864
Net actuarial losses on employee benefit plans, net of tax	-	-	-	(5,981)	-	(5,981)
Other comprehensive income (loss), net of tax	-	-	-	-	(6,114)	(6,114)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>195,883</b>	<b>(6,114)</b>	<b>189,769</b>
Common shares						
Issued under stock option plan	-	9,204	-	-	-	9,204
Purchased for cancellation	-	(5,208)	-	-	-	(5,208)
Stock options						
Current period expense	-	-	1,236	-	-	1,236
Exercised	-	-	(1,284)	-	-	(1,284)
Perpetual preferred share dividends	-	-	-	(2,213)	-	(2,213)
Common share dividends	-	-	-	(137,682)	-	(137,682)
Common share cancellation excess and other <i>(Note 7)</i>	-	-	-	(35,062)	-	(35,062)
<b>Balance, end of period</b>	<b>\$ 150,000</b>	<b>\$1,582,266</b>	<b>\$ 35,794</b>	<b>\$2,747,211</b>	<b>\$ (8,036)</b>	<b>\$4,507,235</b>
<b>2011</b>						
<b>Balance, beginning of period</b>	<b>\$ 150,000</b>	<b>\$ 1,567,725</b>	<b>\$ 37,785</b>	<b>\$ 2,559,237</b>	<b>\$ 2,538</b>	<b>\$ 4,317,285</b>
Net earnings	-	-	-	214,345	-	214,345
Net actuarial gains on employee benefit plans, net of tax	-	-	-	4,814	-	4,814
Other comprehensive income (loss), net of tax	-	-	-	-	(17,084)	(17,084)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,159</b>	<b>(17,084)</b>	<b>202,075</b>
Common shares						
Issued under stock option plan	-	22,106	-	-	-	22,106
Purchased for cancellation	-	(12,145)	-	-	-	(12,145)
Stock options						
Current period expense	-	-	1,272	-	-	1,272
Exercised	-	-	(2,603)	-	-	(2,603)
Perpetual preferred share dividends	-	-	-	(2,213)	-	(2,213)
Common share dividends	-	-	-	(132,426)	-	(132,426)
Common share cancellation excess and other <i>(Note 7)</i>	-	-	-	(74,578)	-	(74,578)
<b>Balance, end of period</b>	<b>\$ 150,000</b>	<b>\$ 1,577,686</b>	<b>\$ 36,454</b>	<b>\$ 2,569,179</b>	<b>\$ (14,546)</b>	<b>\$ 4,318,773</b>

*(See accompanying notes to interim condensed consolidated financial statements.)*

# Consolidated Statements of Cash Flows

(unaudited)  
(in thousands of Canadian dollars)

THREE MONTHS ENDED MARCH 31  
2012 2011

## Operating activities – continuing operations

Earnings before income taxes and discontinued operations	\$ 258,703	\$ 285,504
Income taxes paid	(91,453)	(92,268)
Adjustments to determine net cash from operating activities		
Commission amortization	70,029	72,469
Amortization of capital and intangible assets	8,713	8,052
Changes in operating assets and liabilities and other	(62,302)	(34,917)
	<b>183,690</b>	238,840
Commissions paid	(72,192)	(88,215)
	<b>111,498</b>	150,625

## Financing activities – continuing operations

Net decrease in deposits and certificates	(3,602)	(3,863)
Net (decrease) increase in obligations related to assets sold under repurchase agreements	(2,296)	6,048
Net increase in obligations to securitization entities	190,487	21,491
Issue of common shares	7,827	20,704
Common shares purchased for cancellation	(39,036)	(86,244)
Perpetual preferred share dividends paid	(2,213)	(2,213)
Common share dividends paid	(137,954)	(133,105)
	<b>13,213</b>	(177,182)

## Investing activities – continuing operations

Purchase of securities	(5,980)	(5,357)
Proceeds from the sale of securities	7,432	11,465
Net increase in loans	(282,242)	(77,654)
Net additions to capital assets	(4,691)	(3,851)
Net additions to intangible assets	(1,784)	(1,970)
	<b>(287,265)</b>	(77,367)

Decrease in cash and cash equivalents from continuing operations	(162,554)	(103,924)
Increase in cash and cash equivalents from discontinued operations (Note 3)	–	11,986
Cash and cash equivalents from continuing and discontinued operations, beginning of period	1,052,423	1,573,626
Cash and cash equivalents, end of period	<b>889,869</b>	1,481,688
Less: Cash and cash equivalents from discontinued operations, end of period	–	(299,821)
<b>Cash and cash equivalents, end of period – continuing operations</b>	<b>\$ 889,869</b>	<b>\$ 1,181,867</b>

Cash	\$ 88,254	\$ 81,668
Cash equivalents	801,615	1,100,199
	<b>\$ 889,869</b>	<b>\$ 1,181,867</b>

## Supplemental disclosure of cash flow information related to operating activities

Amount of interest and dividends received	\$ 49,841	\$ 51,874
Amount of interest paid during the period	\$ 39,362	\$ 30,968

(See accompanying notes to interim condensed consolidated financial statements.)

# Notes to the Interim Condensed Consolidated Financial Statements

MARCH 31, 2012 (unaudited) (In thousands of Canadian dollars, except shares and per share amounts)

## 1. CORPORATE INFORMATION

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada, R3C 3B6. The Company is controlled by Power Financial Corporation.

IGM Financial Inc. is a financial services company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the same accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2011. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2011 IGM Financial Inc. Annual Report.

### Changes in accounting policies

#### *IFRS 7 Financial Instruments Disclosures*

On January 1, 2012, the Company adopted *Disclosures – Transfers of Financial Assets* (Amendments to IFRS 7). The amendments require additional disclosures related to the Company's securitization transactions (Note 6).

#### *Future accounting changes*

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

#### *IAS 19 Employee Benefits*

The IASB issued IAS 19 that amends the measurement, presentation and disclosure requirements for defined benefit plans. The standard is applied retroactively and is effective for periods beginning on or after January 1, 2013. The Company intends to adopt the standard effective January 1, 2013. Amendments include:

- The elimination of the deferral and amortization approach (corridor approach) for recognizing actuarial gains and losses in net earnings. Actuarial gains and losses are to be recognized immediately in Other comprehensive income (OCI). Actuarial gains and losses recognized in OCI are not reclassified to net earnings in subsequent periods. This amendment will have no impact on the Company as actuarial gains and losses are currently recognized in OCI.
- Changes in the recognition of past service costs. Past service costs resulting from plan amendments or curtailments are recognized in net earnings in the period in which the plan amendments or curtailment occurs, without regard to vesting.
- The elimination of the concept of an expected return on assets (EROA). Amended IAS 19 requires the use of the discount rate in the place of EROA in the determination of the net interest component of the pension expense.

The adoption of this standard is not expected to have a significant impact on the Company's financial position or results of operations.

### 3. DISCONTINUED OPERATIONS

On November 16, 2011, the Company completed the sale of 100% of the common shares of M.R.S. Trust Company and M.R.S Inc. (MRS). Cash consideration was \$198.7 million in addition to the repayment of \$20 million of subordinated debt and the assumption of the liability related to amounts held on deposit with MRS by Investors Group Securities Inc.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of MRS, which were previously included in the Mackenzie reportable segment, have been classified as discontinued operations.

#### Net earnings from discontinued operations

	THREE MONTHS ENDED MARCH 31, 2011	
Revenues	\$	9,119
Expenses		6,998
Earnings before income taxes		2,121
Income taxes		1,153
Net earnings from discontinued operations	\$	968

#### Cash flows from discontinued operations

Included within the Company's cash flows are the following amounts attributable to discontinued operations:

	THREE MONTHS ENDED MARCH 31, 2011	
Net cash flows		
Operating activities	\$	(9,688)
Financing activities		(12,745)
Investing activities		34,419
Net increase in cash and cash equivalents	\$	11,986

### 4. SECURITIES

	MARCH 31, 2012		DECEMBER 31, 2011	
	COST	FAIR VALUE	COST	FAIR VALUE
Available for sale:				
Common shares	\$ –	\$ –	\$ 4,876	\$ 4,876
Proprietary investment funds	30,010	31,768	30,725	31,173
	30,010	31,768	35,601	36,049
Fair value through profit or loss:				
Common shares	4,786	4,563	–	–
Canada Mortgage Bonds	220,432	223,684	220,432	227,206
Fixed income securities	30,693	31,653	30,817	29,177
	255,911	259,900	251,249	256,383
	\$ 285,921	\$ 291,668	\$ 286,850	\$ 292,432

#### 4. SECURITIES *(continued)*

##### Fair value through profit or loss

##### *Canada Mortgage Bonds*

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 whereby 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 \$223.7 million at March 31, 2012. The obligation to repurchase the securities is recorded at amortized cost and had a carrying value of \$225.0 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*

Fixed income securities of \$31.7 million at March 31, 2012 (December 31, 2011 – \$29.2 million) were comprised of the restructured notes of the master asset vehicle (MAV) conduits. The Company's valuation of the restructured notes of the MAV conduits was based on its assessment of the prevailing conditions at March 31, 2012.

#### 5. LOANS

	CONTRACTUAL MATURITY			MARCH 31	DECEMBER 31
	I YEAR OR LESS	I – 5 YEARS	OVER 5 YEARS	2012 TOTAL	2011 TOTAL
<b>Loans and receivables</b>					
Residential mortgages	\$ 564,597	\$ 3,344,743	\$ 5,158	\$ 3,914,498	\$ 3,794,613
Less: Collective allowance				671	793
				<b>3,913,827</b>	3,793,820
<b>Held for trading</b>				<b>458,572</b>	292,109
				<b>\$ 4,372,399</b>	\$ 4,085,929

Total impaired loans as at March 31, 2012 were \$1,986 (December 31, 2011 – \$1,078).

Total interest income on loans classified as loans and receivables was \$35.9 million (2011 – \$37.1 million). Total interest expense on obligations to securitization entities, related to securitized loans, was \$22.6 million (2011 – \$20.4 million). These amounts were included in Net investment income and other. Net investment income and other also includes mortgage banking related gains on sales and fair value adjustments, and other items.

#### 6. SECURITIZATIONS

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded an offsetting liability for the net proceeds received as Obligations to securitization entities which is carried at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal is recorded as a derivative and had a negative fair value of \$57.5 million at March 31, 2012.



## 6. SECURITIZATIONS *(continued)*

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 from mortgagors. All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are carried at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due. Credit risk is further limited to the extent these mortgages are insured.

	MARCH 31, 2012		
	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	\$ 2,705,261	\$ 2,772,038	\$ (66,777)
Bank sponsored ABCP	1,180,412	1,245,550	(65,138)
Total	\$ 3,885,673	\$ 4,017,588	\$ (131,915)
Fair value	\$ 3,948,444	\$ 4,102,064	\$ (153,620)

The carrying value of Obligations to securitization entities, which are recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

## 7. SHARE CAPITAL

### Authorized

Unlimited number of:

- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class 1 non-voting shares
- Common shares

### Issued and outstanding

	MARCH 31, 2012		MARCH 31, 2011	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Perpetual preferred shares – classified as equity:				
First preferred shares, 5.90%, Series B	6,000,000	\$ 150,000	6,000,000	\$ 150,000
Common shares:				
Balance, beginning of period	256,658,488	\$ 1,578,270	259,717,507	\$ 1,567,725
Issued under Stock Option Plan	260,122	9,204	675,109	22,106
Purchased for cancellation	(845,000)	(5,208)	(2,000,000)	(12,145)
Balance, end of period	256,073,610	\$ 1,582,266	258,392,616	\$ 1,577,686

### Normal course issuer bid

In the first quarter of 2012, 845,000 (2011 – 2,000,000) shares were purchased at a cost of \$39.0 million (2011 – \$86.2 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, 2012. Pursuant to this bid, the Company may purchase up to 12.8 million or 5% of its common shares outstanding as at March 31, 2012. On April 12, 2011, the Company commenced a normal course issuer bid, effective for one year, authorizing it to purchase up to 12.9 million or 5% of its common shares outstanding as at March 31, 2011.

## 8. CAPITAL MANAGEMENT

The capital management policies, procedures and activities of the Company are discussed in the Company's Management's Discussion and Analysis (MD&A), contained in the First Quarter 2012 Report to Shareholders and have not changed significantly since December 31, 2011.

## 9. SHARE-BASED PAYMENTS

### Stock option plan

	MARCH 31 2012	DECEMBER 31 2011
Common share options		
– Outstanding	9,226,600	8,414,392
– Exercisable	4,084,896	3,737,122

In the first quarter of 2012, the Company granted 1,120,855 options to employees (2011 – 872,085). The weighted-average fair value of options granted during the three months ended March 31, 2012 has been estimated at \$5.23 per option (2011 – \$6.59) using the Black-Scholes option pricing model. The weighted-average share price at the grant dates was \$45.20. The assumptions used in the valuation model include:

	2012	2011
Exercise price	\$ 45.63	\$ 46.72
Risk-free interest rate	1.80%	3.02%
Expected option life	6 years	6 years
Expected volatility	22.00%	22.00%
Expected dividend yield	4.71%	4.39%

Expected volatility has been estimated based on the historic volatility of the Company's share price over six years which is reflective of the expected option life. 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 if certain performance targets are met.

## 10. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	AVAILABLE FOR SALE SECURITIES	INVESTMENT IN AFFILIATE AND OTHER	TOTAL
Three months ended March 31			
<b>2012</b>			
Balance, beginning of period	\$ 323	\$ (2,245)	\$ (1,922)
Other comprehensive income (loss)	957	(7,071)	(6,114)
Balance, end of period	\$ 1,280	\$ (9,316)	\$ (8,036)
<b>2011</b>			
Balance, beginning of period	\$ 5,600	\$ (3,062)	\$ 2,538
Other comprehensive income (loss)	(1,381)	(15,703)	(17,084)
Balance, end of period	\$ 4,219	\$ (18,765)	\$ (14,546)

## 11. RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Company's MD&A contained in the First Quarter 2012 Report to Shareholders and have not changed significantly since December 31, 2011.

## 12. EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED MARCH 31	
	2012	2011
<b>Earnings</b>		
Net earnings from continuing operations	\$ 201,864	\$ 213,377
Net earnings from discontinued operations	–	968
Net earnings	201,864	214,345
Perpetual preferred share dividends	2,213	2,213
Net earnings available to common shareholders	\$ 199,651	\$ 212,132
<b>Number of common shares (in thousands)</b>		
Average number of common shares outstanding	256,568	259,289
Add:		
– Potential exercise of outstanding stock options	815	1,043
Average number of common shares outstanding – diluted basis	257,383	260,332
<b>Earnings per common share (in dollars)</b>		
Basic		
From continuing operations	\$ 0.78	\$ 0.82
From discontinued operations	–	–
Net earnings available to common shareholders	\$ 0.78	\$ 0.82
Diluted		
From continuing operations	\$ 0.78	\$ 0.81
From discontinued operations	–	–
Net earnings available to common shareholders	\$ 0.78	\$ 0.81

## 13. RELATED PARTY TRANSACTIONS

### Transactions and balances with related entities

The Company entered into tax loss consolidation transactions with its parent company, Power Financial Corporation, after obtaining advance tax rulings:

- On February 23, 2011, the Company acquired \$1.0 billion of 6.01% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued \$1.0 billion of 6.00% secured demand debentures to Power Financial Corporation.
- On January 10, 2012, the Company acquired \$250 million of 6.01% preferred shares of a wholly-owned subsidiary of Power Financial Corporation. As sole consideration for the preferred shares, the Company issued \$250 million of 6.00% secured demand debentures to Power Financial Corporation.

The Company has legally enforceable rights to settle these financial instruments on a net basis and the Company intends to exercise these rights. Accordingly, the preferred shares and debentures and related dividend income and interest expense are offset in the Consolidated Financial Statements of the Company. Tax savings arise due to the tax deductibility of the interest expense.

#### 14. SEGMENTED INFORMATION

The Company'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.

Investors Group and Mackenzie earn fee-based revenues in the conduct of their core business activities which are primarily related to the distribution, management and administration of their mutual funds. Fee revenues are also derived from the provision of brokerage services. Intermediary revenues are derived primarily from mortgage banking and servicing activities and from the assets funded by deposit and certificate products. In addition, Investors Group earns fee revenue from the distribution of insurance products.

The operating results of Mackenzie for 2011 exclude discontinued operations (Note 3).

Corporate and Other includes Investment Planning Counsel, equity income from the Company's investment in Great-West Lifeco Inc., net investment income on unallocated investments, and also includes consolidation elimination entries.

	2012			
Three months ended March 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
<b>Revenues</b>				
Management fees	\$ 280,984	\$ 164,043	\$ 11,591	\$ 456,618
Administration fees	55,469	26,854	2,941	85,264
Distribution fees	49,282	5,049	30,848	85,179
Net investment income and other	21,524	(196)	24,700	46,028
	<b>407,259</b>	<b>195,750</b>	<b>70,080</b>	<b>673,089</b>
<b>Expenses</b>				
Commission	123,608	68,218	29,558	221,384
Non-commission	92,042	65,721	12,328	170,091
	<b>215,650</b>	<b>133,939</b>	<b>41,886</b>	<b>391,475</b>
Earnings before undernoted	<b>\$ 191,609</b>	<b>\$ 61,811</b>	<b>\$ 28,194</b>	<b>281,614</b>
Interest expense				22,911
Earnings before income taxes				258,703
Income taxes				56,839
Net earnings				201,864
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				<b>\$ 199,651</b>
Identifiable assets	\$ 5,673,626	\$ 1,341,615	\$ 1,656,354	\$ 8,671,595
Goodwill	1,347,781	1,170,149	122,593	2,640,523
Total assets	<b>\$ 7,021,407</b>	<b>\$ 2,511,764</b>	<b>\$ 1,778,947</b>	<b>\$11,312,118</b>

#### 14. SEGMENTED INFORMATION *(continued)*

	2011			
Three months ended March 31	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
<b>Revenues</b>				
Management fees	\$ 297,679	\$ 183,303	\$ 11,133	\$ 492,115
Administration fees	57,890	27,004	2,606	87,500
Distribution fees	47,685	5,900	35,776	89,361
Net investment income and other	21,300	783	20,330	42,413
	424,554	216,990	69,845	711,389
<b>Expenses</b>				
Commission	124,061	75,999	33,590	233,650
Non-commission	85,757	63,488	12,719	161,964
	209,818	139,487	46,309	395,614
Earnings before undernoted	\$ 214,736	\$ 77,503	\$ 23,536	315,775
Interest expense				30,271
Earnings before income taxes				285,504
Income taxes				72,127
Net earnings from continuing operations				213,377
Net earnings from discontinued operations				968
Net earnings				214,345
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				\$ 212,132
Identifiable assets	\$ 5,313,624	\$ 2,291,371	\$ 1,927,860	\$ 9,532,855
Goodwill	1,347,781	1,172,749	122,593	2,643,123
Total assets	\$ 6,661,405	\$ 3,464,120	\$ 2,050,453	\$ 12,175,978