

# **IGM Financial Inc.**

## **Q4, 2004 Results**

---

**Jeff Orr**  
President and CEO  
IGM Financial Inc.

**Murray Taylor**  
President and CEO  
Investors Group

**Greg Tretiak**  
Chief Financial Officer  
IGM Financial Inc.

---

February 18, 2005  
2:00 PM ET



## Caution Concerning Forward Looking Statements

This report may contain forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. 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”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future Company action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally. They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, catastrophic events, and the Company’s ability to complete strategic transactions and integrate acquisitions. The reader is cautioned that the foregoing list of important factors is not exhaustive. The reader is also cautioned to consider these and other factors carefully and not place undue reliance on forward-looking statements.



## Non-GAAP Financial Measures

This report may also contain non-GAAP financial measures. Non-GAAP financial measures are used to provide management and investors with additional measures of performance. However, we caution that non-GAAP financial measures do not have standard meanings prescribed by GAAP and are not directly comparable to similar measures used by other companies. Specific instances of such measures referred to within this document include “Adjusted EPS”, “Adjusted Net Income”, and “Net Income before Interest and Taxes (“EBIT”)”. We refer you to the appropriate reconciliation of these non-GAAP financial measures to measures prescribed by GAAP.

## 1. Highlights

2. Consolidated Results

3. Investors Group

4. Mackenzie Financial

5. Q & A

# Highlights

- ◆ **Adjusted earnings per share increased by 13.0% during the quarter ended December 31, 2004 relative to the prior year.**

	Quarters Ended December 31			Twelve Months Ended December 31		
	2004	2003	%	2004	2003	%
Earnings Per Share (Diluted)						
Adjusted	\$ 0.61 <sup>1</sup>	\$ 0.54 <sup>2</sup>	13.0%	\$ 2.31 <sup>1</sup>	\$ 2.01 <sup>2</sup>	14.9%
GAAP	0.53	0.51	3.9%	2.24	2.03	10.3%
Net Income Available to Common Shareholders (\$ millions)						
Adjusted	\$ 161 <sup>1</sup>	\$ 144 <sup>2</sup>	12.2%	\$ 616 <sup>1</sup>	\$ 534 <sup>2</sup>	15.4%
GAAP	142	135	5.6%	\$ 596	539	10.6%
Dividends Per Share	\$ 0.300	\$ 0.255	17.6%	\$ 1.150	\$ 0.990	16.2%

1. Results are adjusted to exclude a provision of \$28.8 million (\$19.2 million, after tax) relating to settlements with the Ontario Securities Commission and Mutual Fund Dealers Association.
2. Results are adjusted to exclude a dilution gain of \$14.8 million resulting from the reduction in the Company's percentage ownership of Great West Lifeco Inc. (GWL) related to their acquisition of Canada Life, a restructuring reversal of \$15.6 million after-tax related to Mackenzie and an income tax charge of \$24.8 million.



# Highlights

- ♦ **Mutual fund sales levels improved significantly during 2004 relative to 2003.**

	<u>Quarters Ended December 31</u>			<u>Twelve Months Ended December 31</u>		
	<u>2004</u>	<u>2003</u>	<u>%</u>	<u>2004</u>	<u>2003</u>	<u>%</u>
Average Mutual Fund Assets Under Management	80,648	72,337	11.5%	78,795	68,858	14.4%
Long Term Mutual Fund Sales						
Investors Group	883	765	15.4%	3,849 <sup>1</sup>	3,104	24.0%
Mackenzie <sup>2</sup>	1,361	1,279	6.4%	5,506	3,970	38.7%
Counsel Group of Funds	95	88	8.0%	411	325	26.3%
Long Term Mutual Fund Net Sales						
Investors Group	(94)	(136)	N/M	52 <sup>1</sup>	(855)	N/M
Mackenzie <sup>2</sup>	89	192	(53.6%)	819	209	N/M
Counsel Group of Funds	52	68	(23.5%)	290	256	13.3%

1. Adjusted to include \$134 million in sales that were funded with SolutionsBanking™ investment loans. These sales were initially made into money market funds and held for one day prior to being transferred into long term funds.

2. Includes hedge funds (hedge funds are not included within IFIC reporting).



# Highlights

- ◆ **Total client assets under administration increased by 6.4% during the fourth quarter of 2004.**

\$ millions

	<u>Dec 31, 2003</u>	<u>Sep 30, 2004</u>	<u>Dec 31, 2004</u>	<u>Q4 Change</u>	<u>2004 Change</u>
Mutual Fund Assets Under Management					
Investors Group	40,904	42,296	44,510	5.2%	8.8%
Mackenzie	33,770	34,979	37,298	6.6%	10.4%
Counsel Fund Management	1,106	1,359	1,497	10.1%	35.4%
Total <sup>1</sup>	75,756	78,605	83,273	5.9%	9.9%
Client Assets Under Management & Administration					
Investors Group	43,168	44,529	46,830	5.2%	8.5%
Mackenzie	39,526	41,705	44,855	7.6%	13.5%
IPC Financial Network	6,926	7,316	7,982	9.1%	15.2%
Total <sup>1</sup>	87,112	90,796	96,571	6.4%	10.9%

1. Retroactively restated to include IPC prior to May 10, 2004 acquisition date, and adjusted to eliminate double-counting of assets included within the balance of more than one IGM Financial subsidiary.

1. Highlights

**2. Consolidated Results**

3. Investors Group

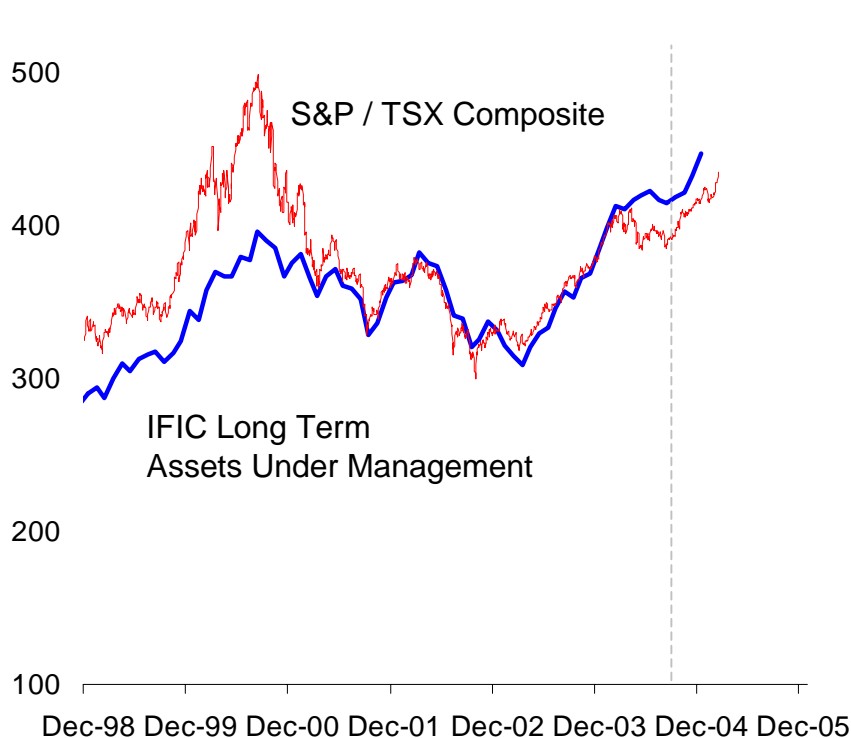
4. Mackenzie Financial

5. Q & A

# Operating Environment

- ◆ ***During Q4, 2004, industry long term mutual fund assets under management increased by 6.7%, driven by equity market improvements.***

**Industry Long Term Mutual Fund Assets Under Management (\$ Billions)**



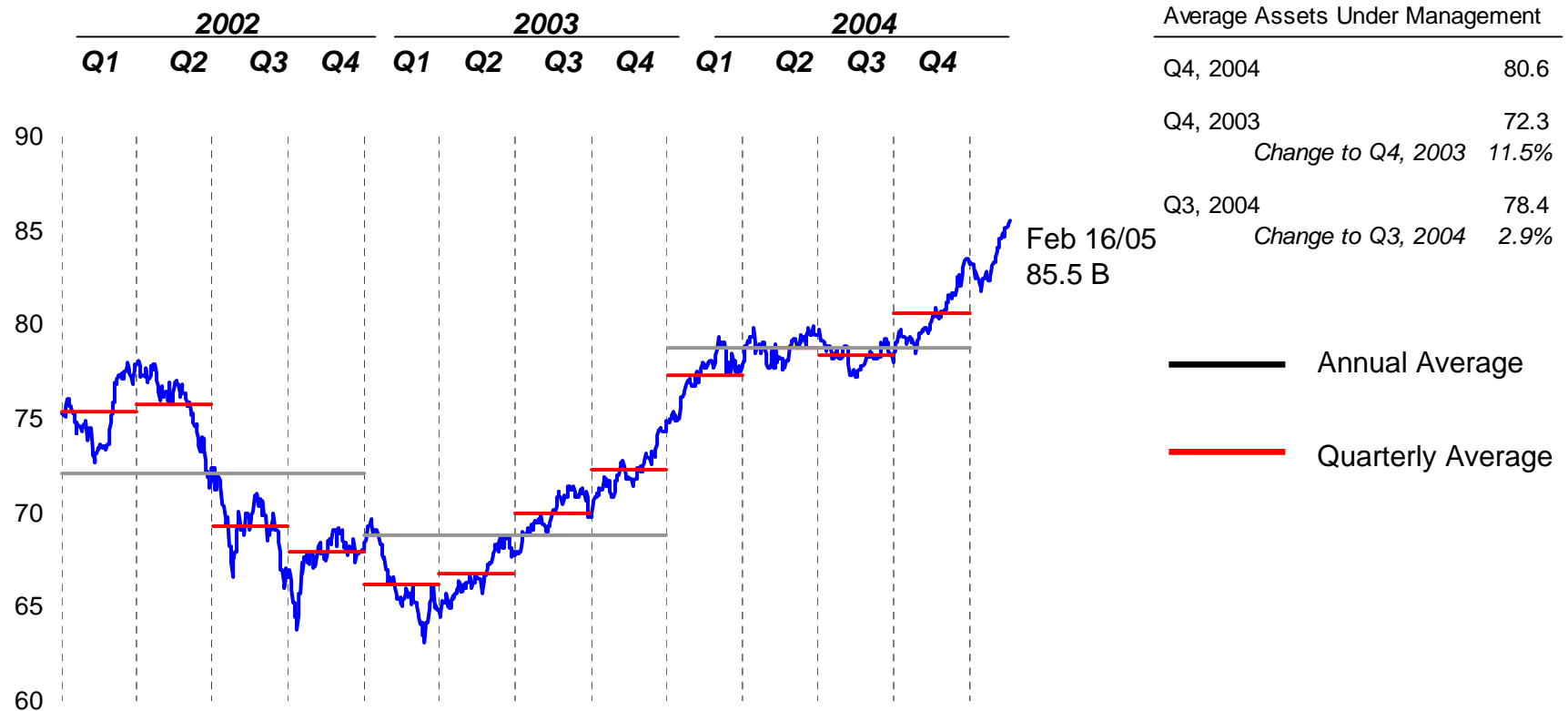
	Quarter Ended Dec. 31, 2004	2005 YTD at February 17
IFIC Long Term Assets	6.7%	
S&P / TSX Composite	6.7%	4.0%
S&P 500	8.7%	(0.9%)
Dow Jones Industrial	7.0%	(0.3%)
Nasdaq Composite	14.7%	(5.2%)
FTSE 100	5.3%	5.0%
DAX	9.3%	2.7%
Nikkei 225	6.1%	0.8%
US dollar relative to CAD	(4.7%)	2.3%
Euro relative to CAD	3.9%	(1.3%)

Source: IFIC



# IGM Financial Mutual Fund Assets Under Management (\$B)

- ♦ **The average balance of mutual fund assets under management reached a record high during Q4, 2004, and was 11.5% higher than Q4, 2003 and 2.9% higher than Q3, 2004.**



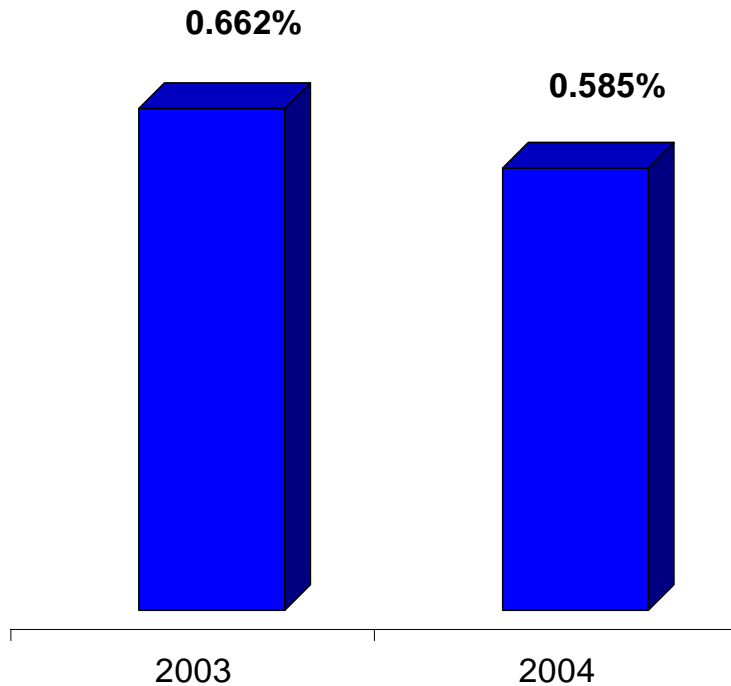
Includes Counsel fund assets under management effective May 10, 2004.



# Expense Control

- ◆ *The Company remains focused on cost management in an environment of increased sales and transaction volumes.*

**Consolidated Non-Commission Expenses (excluding Investment Planning Counsel)**  
**Quarters ended December 31**  
**(Annualized % of Mutual Fund Assets Under Management)**



	2003	2004	Change
Non-Commission Expenses <sup>1, 2</sup>			
\$ millions	120.8	116.9	(3.3%)
% of Assets Under Management	0.662%	0.585%	(11.7%)
Average Mutual Fund Assets Under Management (\$ billions)	72.3	79.2	9.5%
Long Term Mutual Fund Sales (\$ billions)	2.0	2.2	9.8%

1. Non-commission expenses includes expenses not associated with mutual fund operations and also includes expenses recoverable from the mutual funds.

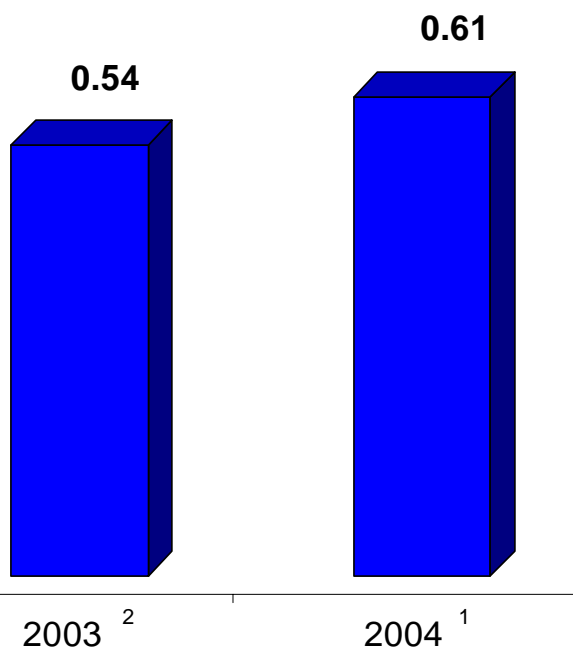
2. All numbers exclude Investment Planning Counsel



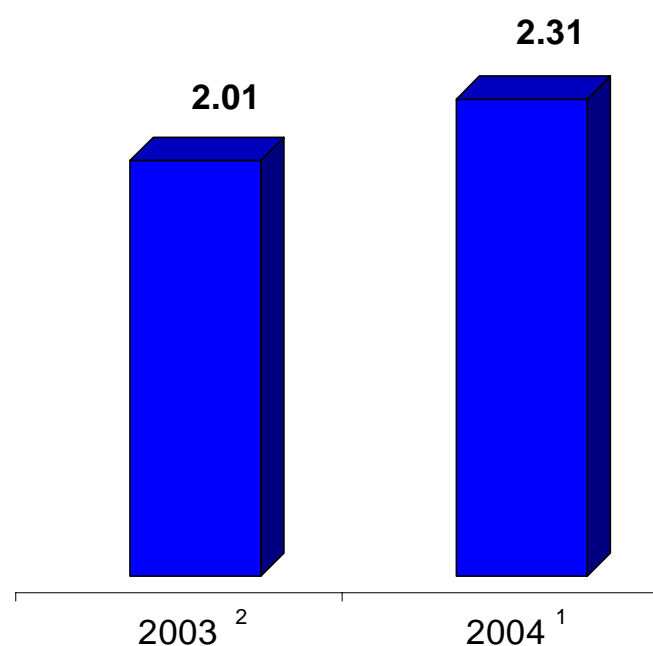
# Adjusted Earnings Per Share

- ♦ *Adjusted earnings per share increased by 13.0% in Q4, 2004 relative to Q4, 2003. During 2004, adjusted earnings per share increased by 14.9%.*

Quarters Ended December 31 (\$)



Twelve months ended December 31 (\$)



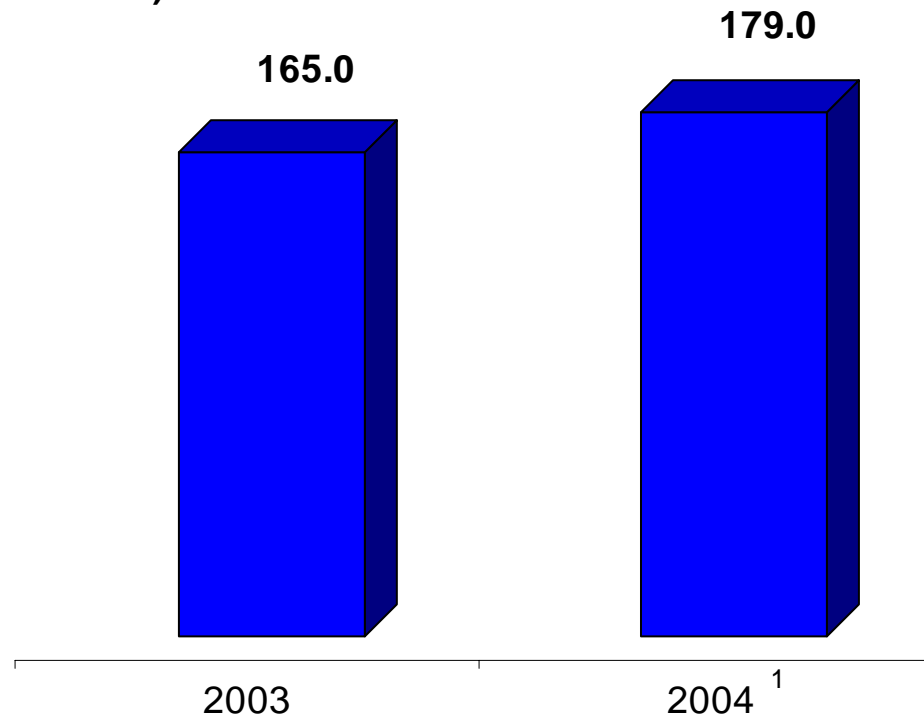
1. Results are adjusted to exclude a provision of \$28.8 million (\$19.2 million, after tax) relating to settlements with the Ontario Securities Commission and Mutual Fund Dealers Association. GAAP EPS were \$.53 and \$2.24 during the three month and twelve month periods ended December 31, 2004, respectively.
2. Results are adjusted to exclude a dilution gain of \$14.8 million resulting from the reduction in the Company's percentage ownership of Great West Lifeco Inc. (GWL) related to their acquisition of Canada Life, a restructuring reversal of \$15.6 million after-tax related to Mackenzie and an income tax charge of \$24.8 million. GAAP EPS were \$.51 and \$2.03 during the three month and twelve month periods ended December 31, 2003, respectively.

1. Highlights
2. Consolidated Results
- 3. Investors Group**
4. Mackenzie Financial
5. Q & A

## Investors Group Operating Income before Interest & Taxes

- ◆ *During the quarter ended December 31, 2004, Investors Group's Income before Interest & Taxes increased by 8.5% relative to the prior year.*

Quarters Ended December 31  
(\$ Millions)

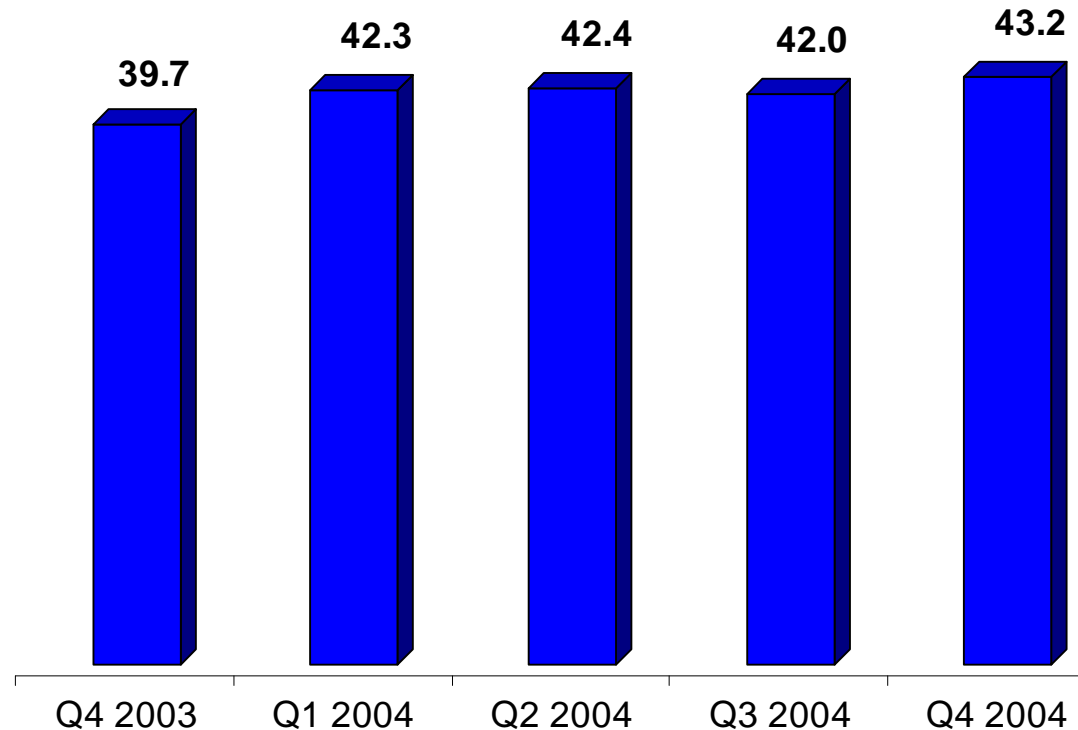


1. Results are adjusted to exclude a provision of \$28.8 million relating to settlements with the Ontario Securities Commission and Mutual Fund Dealers Association.

# Investors Group Assets Under Management

- ♦ *The average balance of mutual fund assets under management increased by 2.9% during Q4, 2004 relative to Q3, 2004 and increased by 8.8% relative to Q4, 2003.*

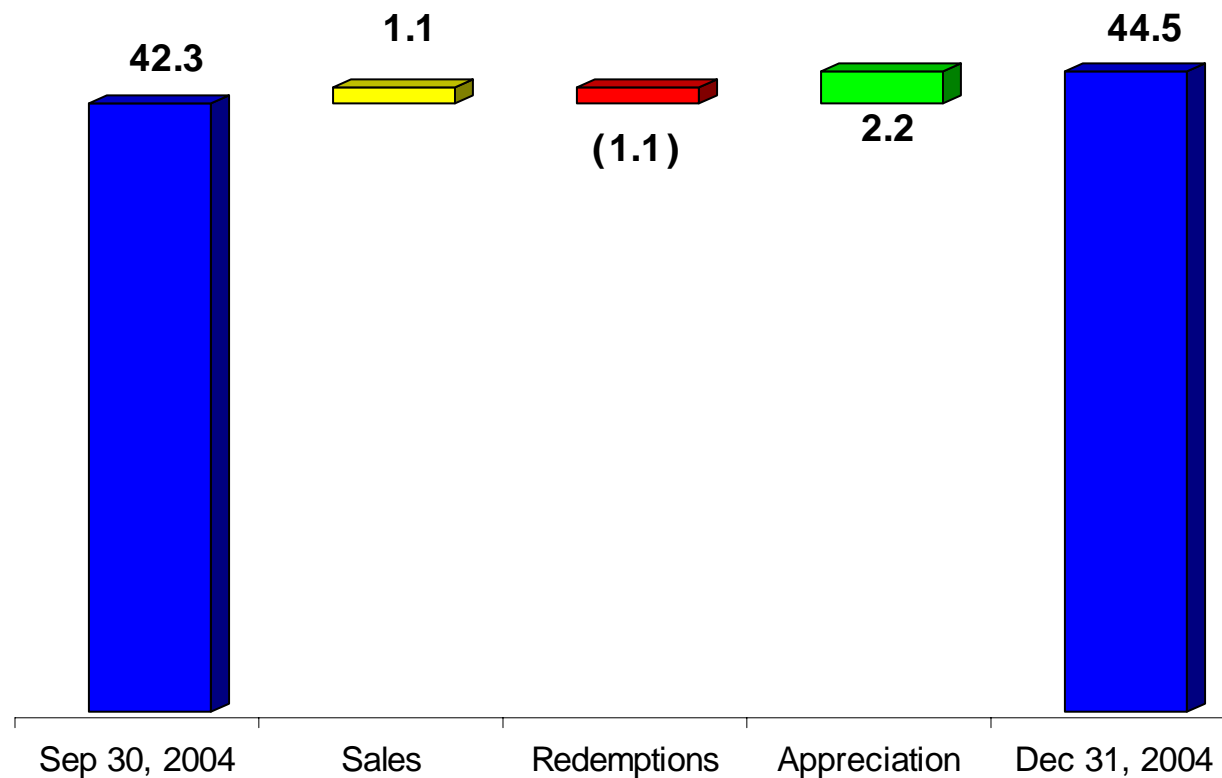
Investors Group Average Mutual Fund Assets Under Management  
(\$ Billions)



## Investors Group Mutual Fund Assets Under Management

- ◆ *Investors Group mutual fund assets increased by 5.2% during the fourth quarter due to equity market increases.*

Change in Investors Group Mutual Fund Assets Under Management  
(\$ Billions)

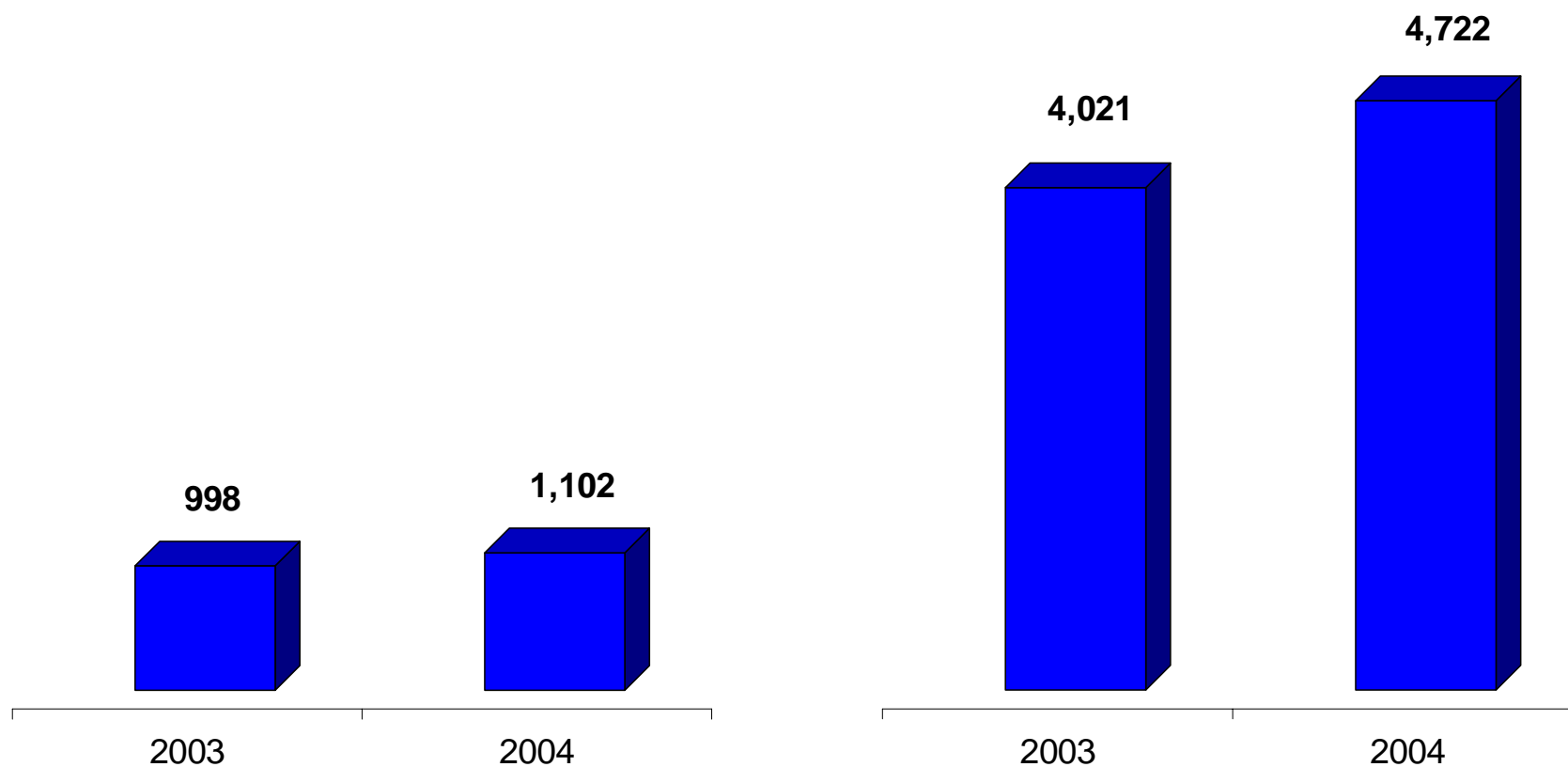


# Investors Group Mutual Fund Sales

- ◆ *Investors Group sales increased by 10.4% during the three months ended December 31, 2004. During 2004 sales increased by 17.4% relative to 2003.*

Quarters Ended December 31 (\$ Millions)

Twelve Months Ended December 31

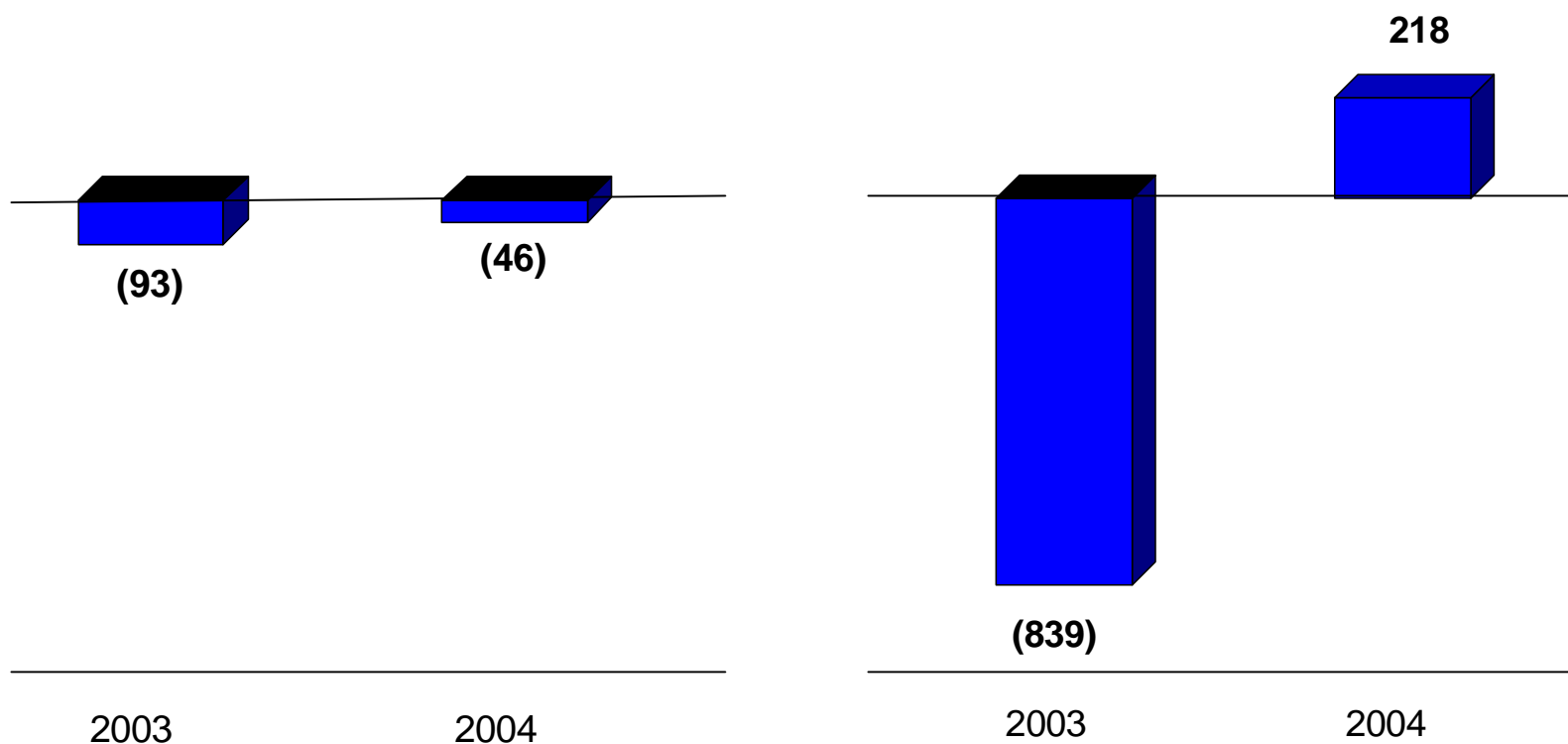


# Investors Group Mutual Fund Net Sales

- ◆ *Investors Group mutual fund net sales increased by approximately \$1 billion during 2004 relative to 2003.*

Quarters Ended December 31 (\$ Millions)

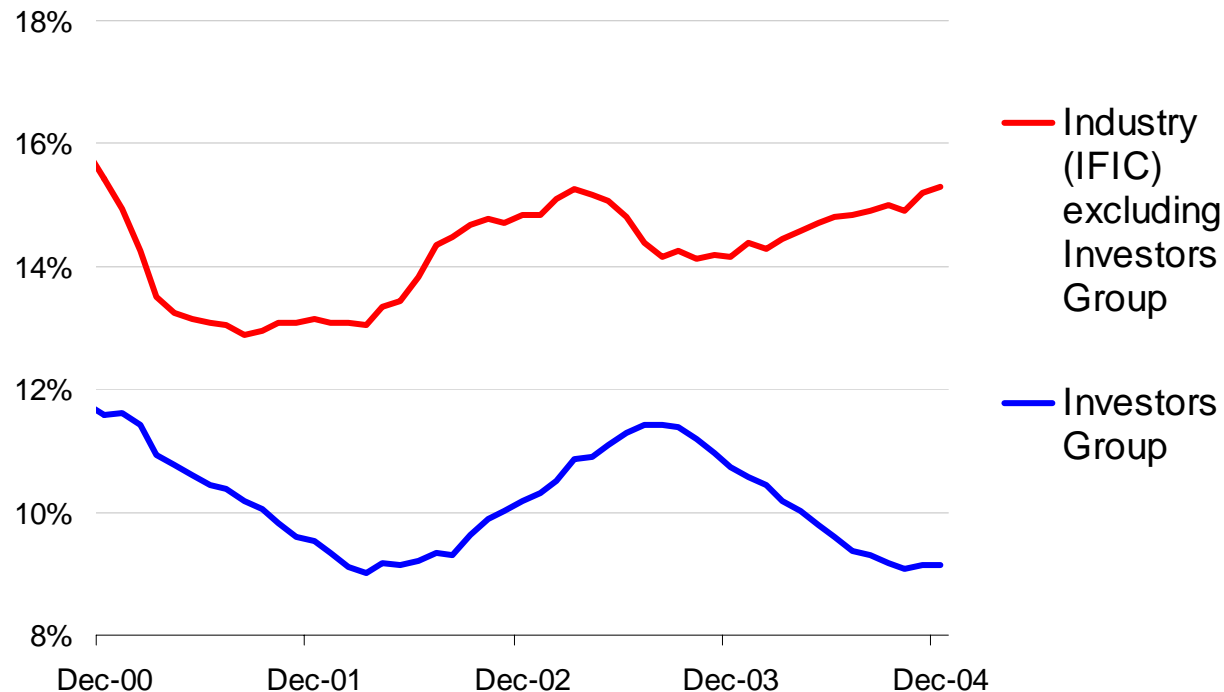
Twelve Months Ended December 31



# Investors Group Mutual Fund Redemption Rate

- ◆ *Driven by strong retention of Consultants, Investors Group's long term fund redemption rate decreased from 10.7% at December 31, 2003 to 9.1% at December 31, 2004.*

**Redemption Rate on Long Term Mutual Funds**  
(Last Twelve Month Trailing % of Average Assets Under Management)

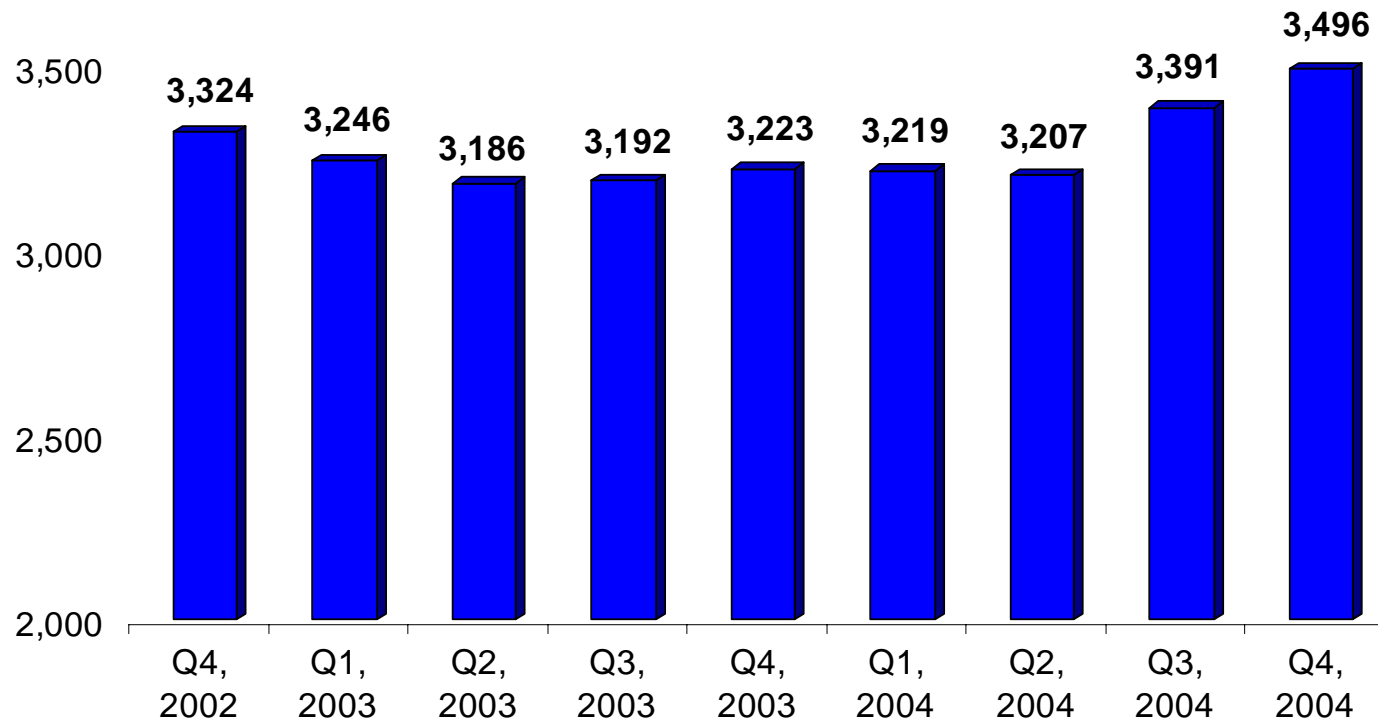


Numbers have been retroactively restated to exclude Maxxum redemptions (Maxxum operations were transferred to Mackenzie October 5, 2001)

# Investors Group Consultant Network

- ◆ *Improvements to the Consultant Network offering implemented throughout 2003 have improved Consultant retention and provided a strong platform for recruitment.*

Number of Investors Group Consultants

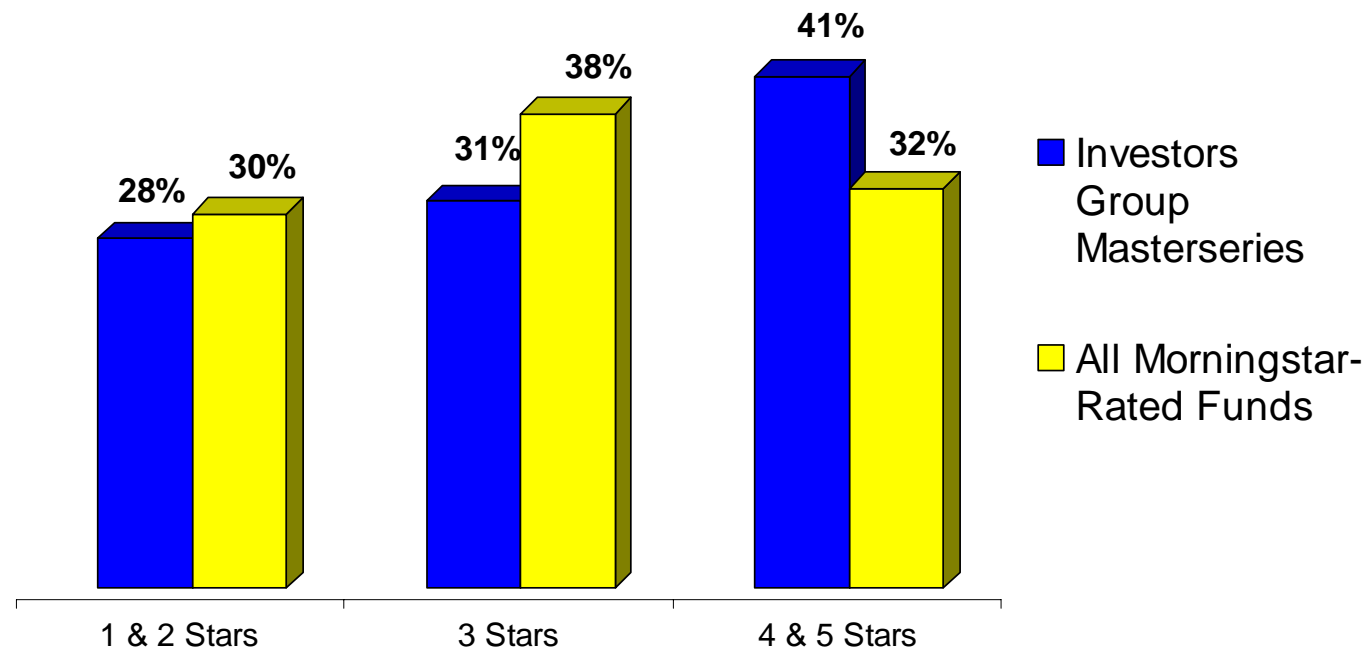


At December 31, 2004, 58% of Investors Group Consultants had been with Investors Group for over four years.

## Investors Group Mutual Fund Product Offering

- ◆ **41% of Investors Group Masterseries funds are rated 4 or 5 star by Morningstar, compared to 32% for all Morningstar-rated funds.**

Morningstar Ratings at December 31, 2004  
(Percentage of Mutual Funds)



Source - Morningstar

## Investors Group – Q4, 2004 Developments

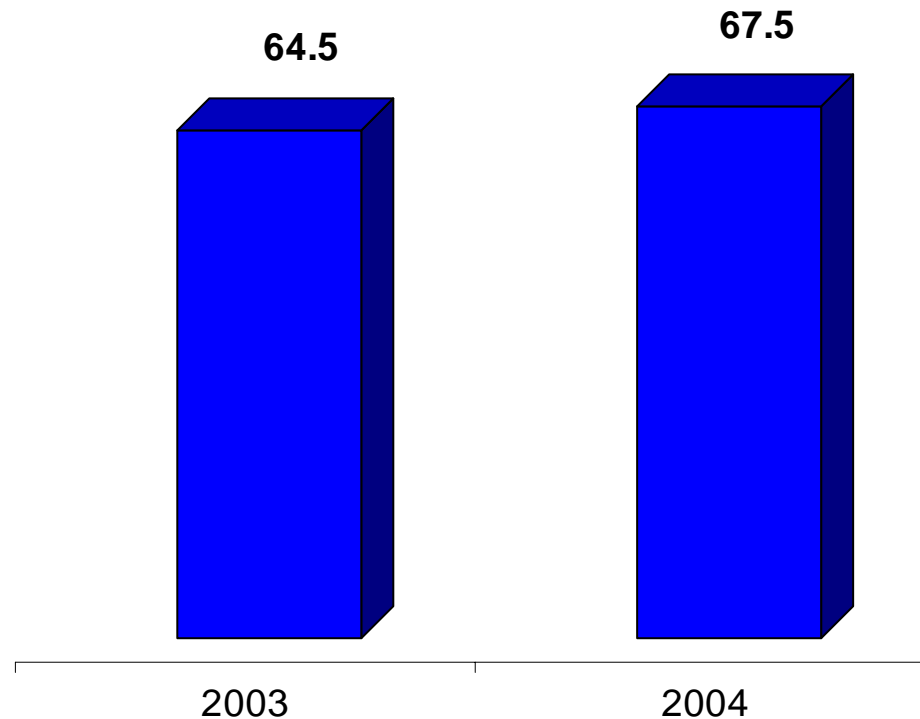
- Launch of four income funds and three portfolio funds during December
  - Real Return Bond Fund, Income Trust Fund, Short Term Capital Yield Class Fund and the Capital Yield Class Fund
  - Alto Monthly Income Portfolio, Alto Monthly Income & Growth Portfolio and the Alto Monthly Income & Enhanced Growth Portfolio
- Settlement agreement entered into with the OSC and MFDA in relation to market timing investigation
- National advertising campaign continues into RRSP season, focusing on the importance of having a financial plan
- Investors Group one of eleven companies to sign on to Imagine Canada's Leadership Challenge

1. Highlights
2. Consolidated Results
3. Investors Group
- 4. Mackenzie Financial**
5. Q & A

# Mackenzie Operating Income before Interest & Taxes

- ◆ *During the Q4, 2004, Mackenzie's Income before Interest and Taxes increased by 4.7% relative to Q4, 2003.*

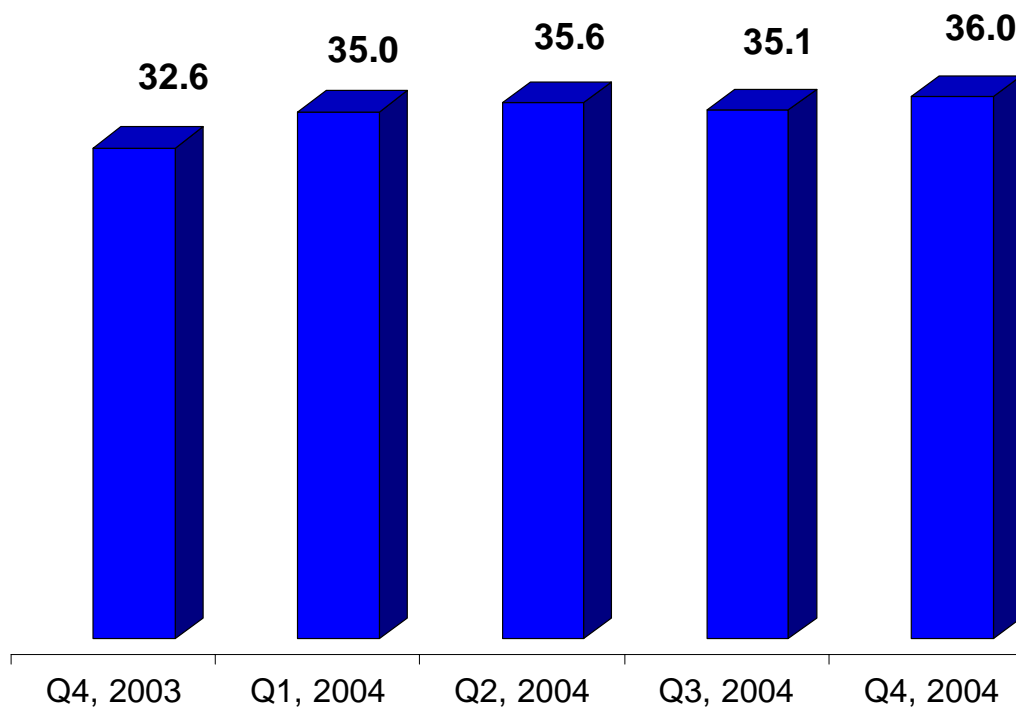
Quarters Ended December 31 (\$ Millions)



# Mackenzie Mutual Fund Assets Under Management

- ♦ *The average balance of mutual fund assets under management increased by 2.8% during Q4, 2004 relative to Q3, 2004, and increased by 10.4% relative to Q4, 2003.*

Average Mackenzie Mutual Fund Assets Under Management  
(\$ Billions)



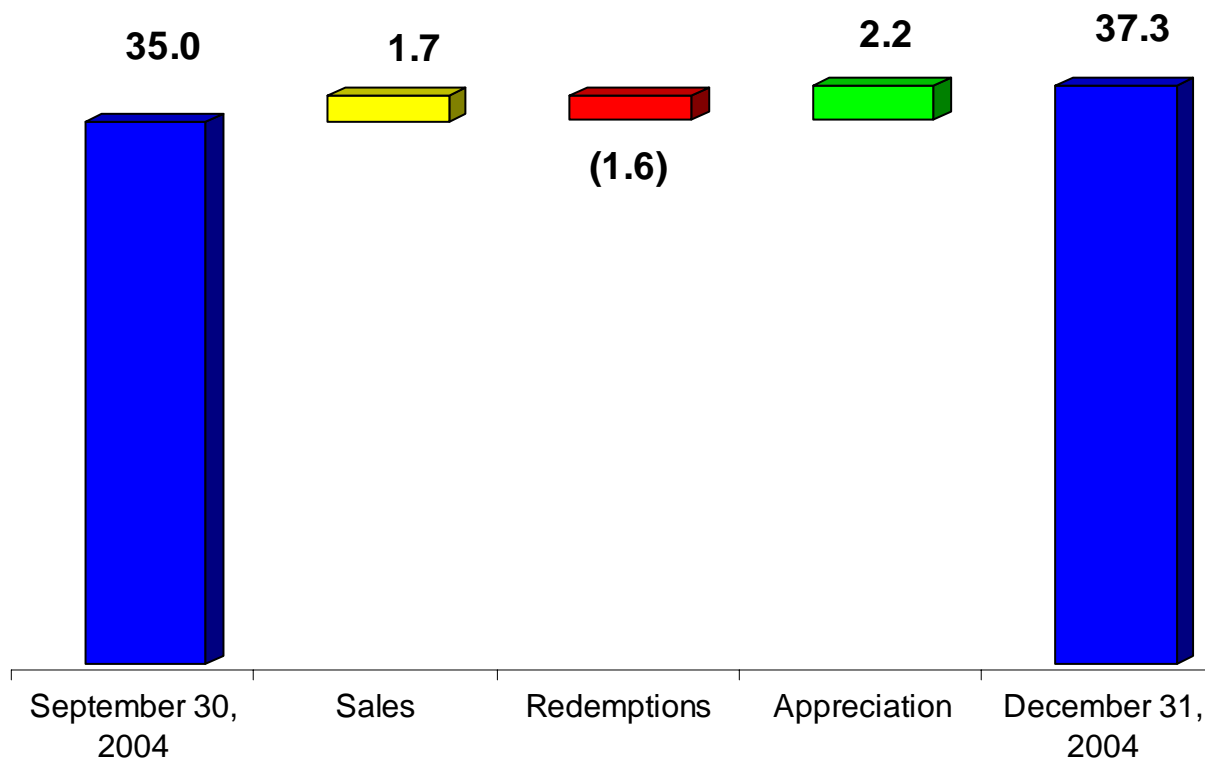
Hedge funds are included in Mutual Fund Assets Under Management (hedge funds are not reported within IFIC data).



# Mackenzie Mutual Fund Assets Under Management

- ◆ *Mackenzie's mutual fund assets under management increased by 6.6% during Q4, 2004, driven largely by equity market increases.*

Mackenzie Mutual Fund Assets Under Management (\$ Billions)



Hedge funds are included in Mutual Fund Assets Under Management (hedge funds are not reported within IFIC data).

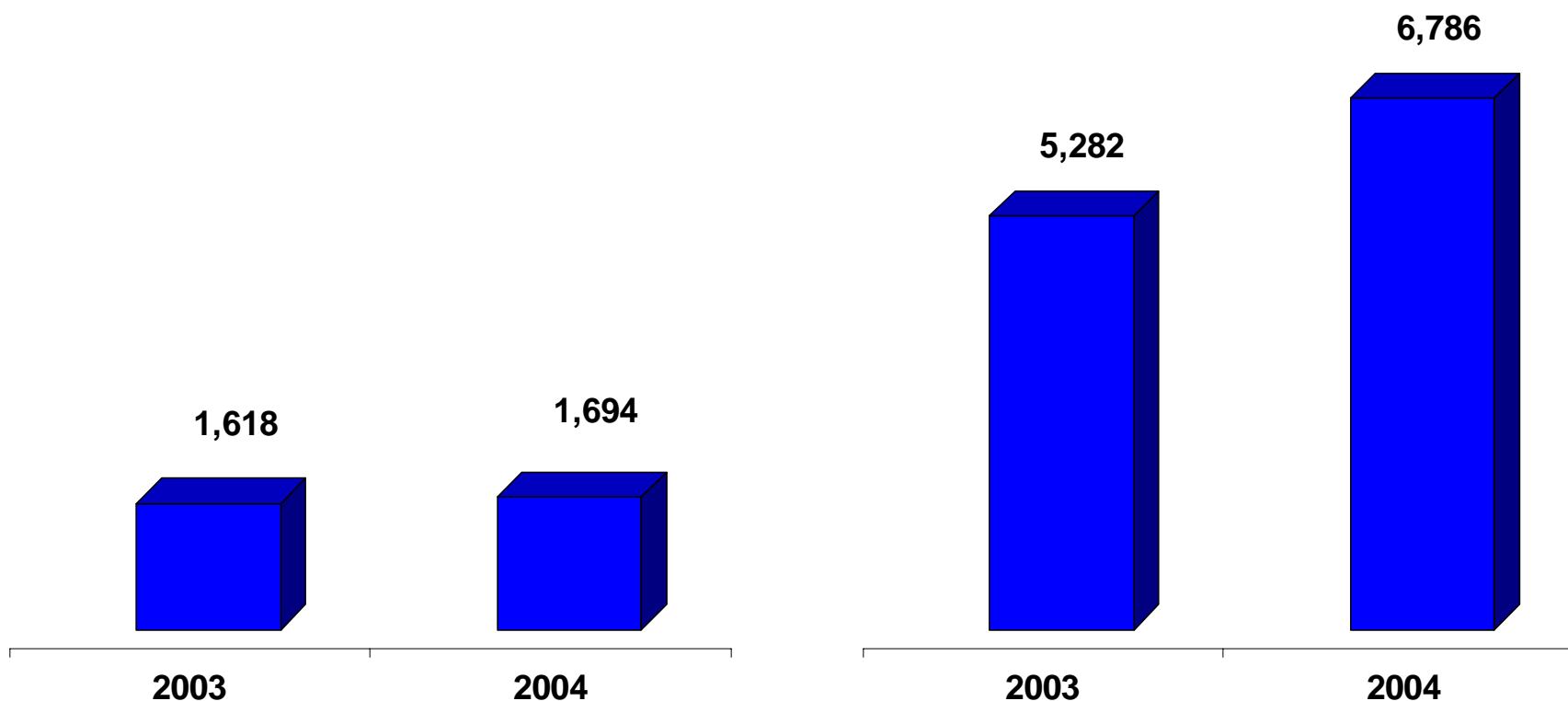


# Mackenzie Mutual Fund Sales

- ◆ *Mackenzie's sales increased 4.7% during the three months ended December 31, 2004. During 2004 sales increased 28.5% relative to 2003.*

Quarters ended December 31 (\$ Millions)

Twelve Months ended December 31



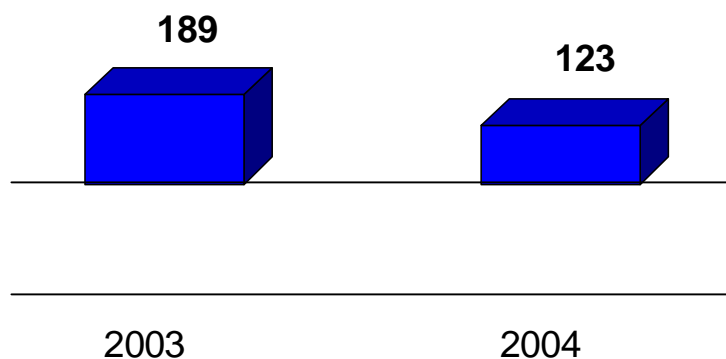
Hedge funds are included in Mutual Fund Sales (hedge funds are not reported within IFIC data).



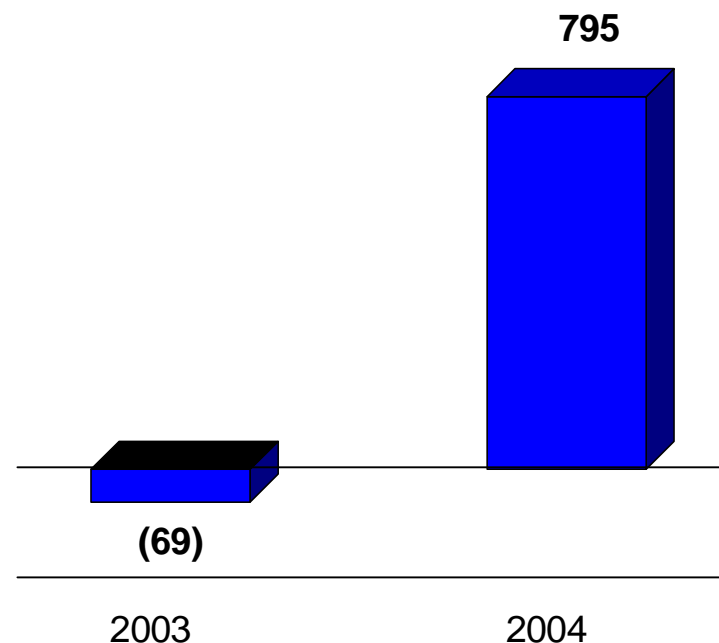
# Mackenzie Mutual Fund Net Sales

- ◆ *Mackenzie's mutual fund net sales increased by over \$800 million during 2004 relative to 2003.*

**Mackenzie Net Sales**  
Quarters ended December 31 (\$ Millions)



**Mackenzie Net Sales**  
Year ended December 31 (\$ Millions)



Hedge funds are included in Mutual Fund Net Sales (hedge funds are not reported within IFIC data).



## Industry Sales - Third Party Distribution

- ◆ *Mackenzie was the gross sales leader during 2004 among fund companies distributing primarily through third party distribution.*

### IFIC Mutual Fund Assets and Flows - Ranked by Q4, 2004 Gross Sales (\$ millions)

	Assets	Gross Sales		Gross Sales Rank		Net Sales	
	Dec. 31, 2004	Q4, 2004	2004	Q4, 2004	2004	Q4, 2004	2004
<b>Mackenzie</b>	<b>37,133</b>	<b>1,692</b>	<b>6,760</b>	<b>1</b>	<b>1</b>	<b>130</b>	<b>812</b>
AIM Trimark	42,120	1,540	6,564	2	2	(44)	704
CI Funds (ex. Assante)	35,507	1,428	5,609	3	3	124	509
Franklin Templeton	20,078	1,253	4,702	4	4	(7)	265
Fidelity	31,295	860	4,178	5	5	(615)	(1,445)
Dynamic	11,247	821	2,922	6	6	346	720
Manulife	4,855	565	1,781	7	9	386	930
AGF	23,280	539	2,563	8	7	(822)	(2,303)
Brandes	3,379	400	1,994	9	8	331	1,794
Acuity	1,430	297	770	10	12	256	612
AIC	10,898	213	1,200	11	10	(821)	(2,158)
Clarington	3,845	210	980	12	11	20	384

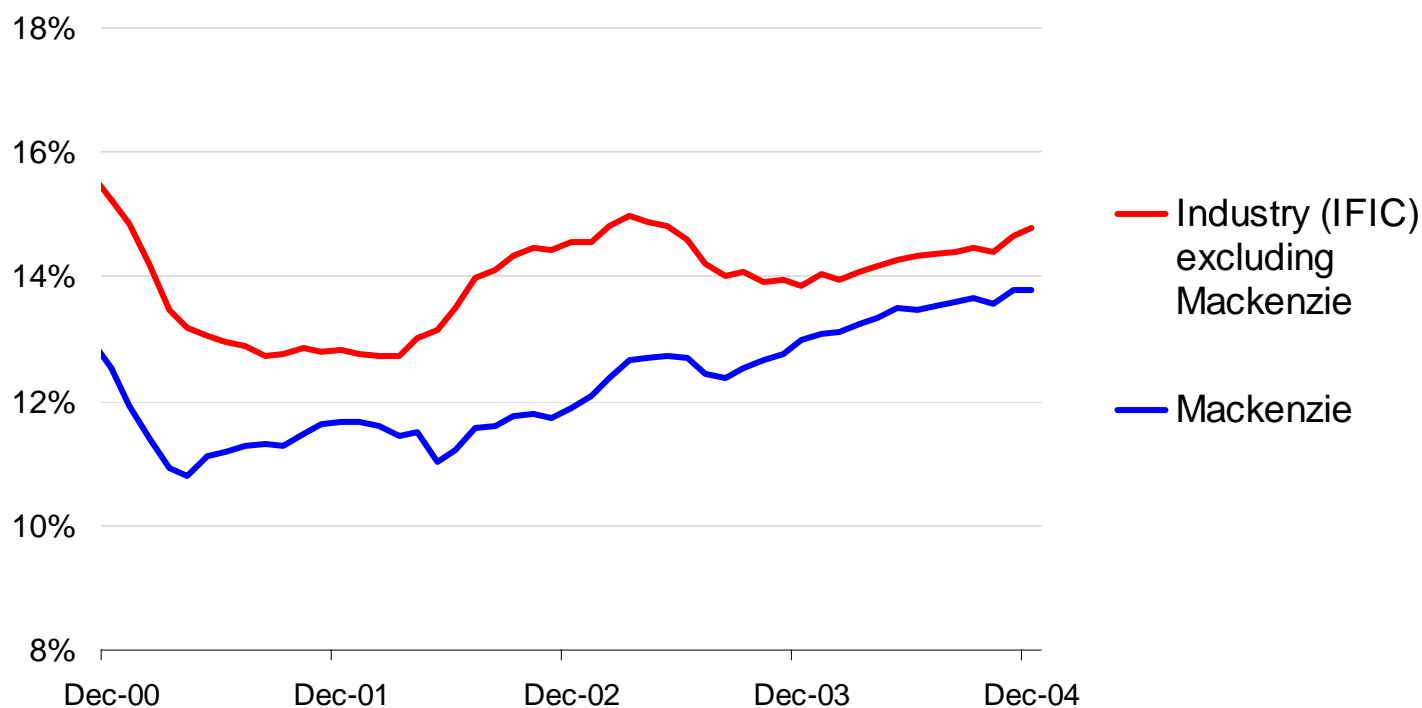
Excludes hedge funds (hedge funds are not reported within IFIC data). 2003 has been retroactively restated for acquisitions.



# Mackenzie Mutual Fund Redemption Rate

- ◆ *Mackenzie's redemption rate on long term assets is below the industry rate.*

**Redemption Rate on Canadian Long Term Mutual Funds  
(Last Twelve Month % of Average Assets Under Management)**



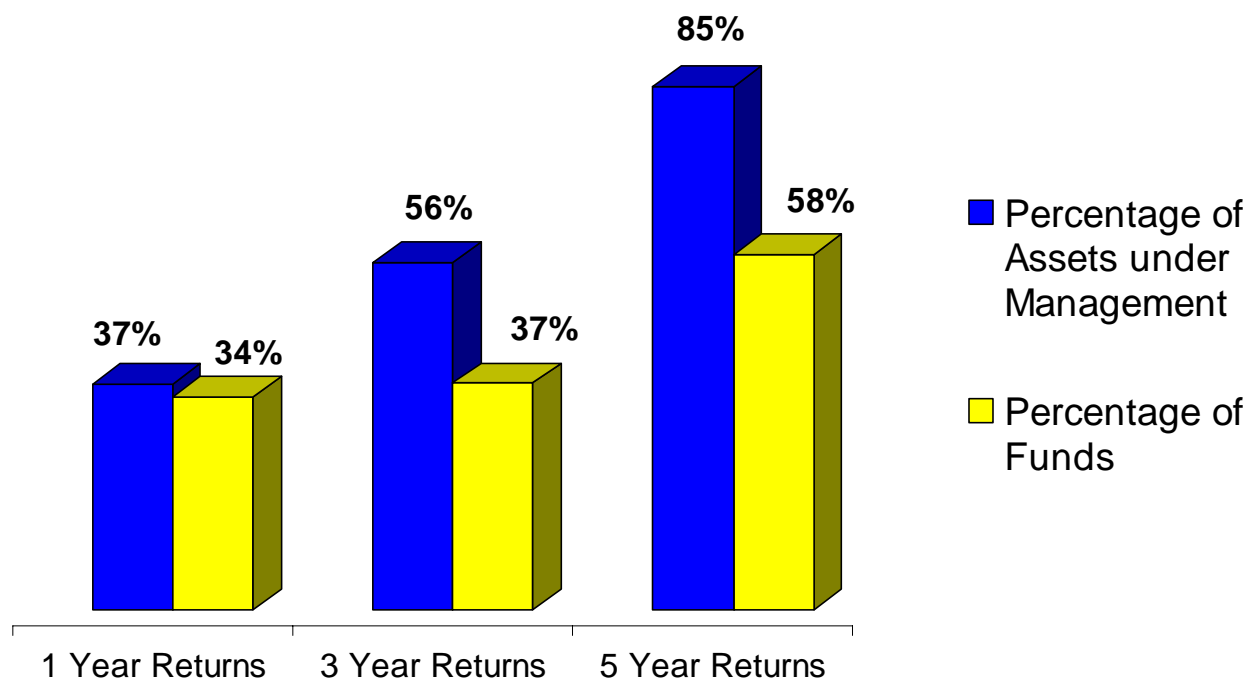
Numbers have been retroactively restated to include Maxxum redemptions (Maxxum operations were transferred to Mackenzie October 5, 2001)  
Hedge funds have been excluded from Mackenzie numbers for comparability (Hedge funds are not reported within IFIC data).



# Mackenzie Investment Performance

- ◆ *Mackenzie's disciplined approach to investment management has produced strong results, with 85% of its assets delivering first or second quartile performance in terms of five year returns.*

Funds in First or Second Quartile at December 31, 2004



Source - Morningstar



# Mackenzie Asset Management Developments

- Mackenzie raised over \$100 million through the IPO of the MSP Maxxum Trust.
  - The trust provides tax-efficient monthly distributions of 7% per year (at IPO price).
- Mackenzie's natural resource fund sub-advisory mandate to Waddell and Reed surpassed \$1.0 billion in assets during December, 2004, up from \$190 million at December 31, 2003.
- Mackenzie awarded three mandates within the Manulife GIF and GIF Encore segregated fund programs.
  - These mandates add to Mackenzie approximately \$500 million in assets.



## Mackenzie Executive Appointment

- ◆ ***Charles Sims will be joining Mackenzie as President and CEO.***
  - Mr. Sims joins the company March 1, 2005.
  - For the past 15 years Mr. Sims has been with Franklin Resources, Inc. and its predecessor companies.
  - Mr. Sims brings extensive experience in the Canadian, U.S. and international mutual fund markets.
    - Eight years experience with Franklin Templeton's Canadian operations. Roles included Chief Financial Officer and head of sales and marketing.
    - Last seven years spent in U.S. with parent company, most recently as Chief Administrative Officer, Global Distribution.
    - In addition to finance, sales and marketing, Mr. Sims has experience in operations, product development and strategy.



1. Highlights
2. Consolidated Results
3. Investors Group
4. Mackenzie Financial

**5. Q & A**

# **IGM Financial Inc.**

## **Q4, 2004 Results**

---

**Jeff Orr**  
President and CEO  
IGM Financial Inc.

**Murray Taylor**  
President and CEO  
Investors Group

**Greg Tretiak**  
Chief Financial Officer  
IGM Financial Inc.

---

February 18, 2005  
2:00 PM ET

