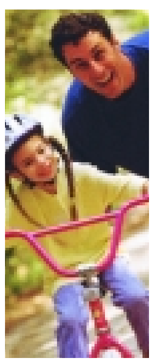
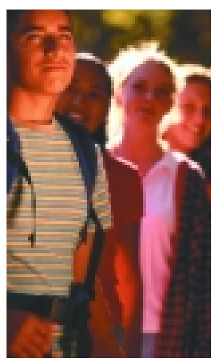
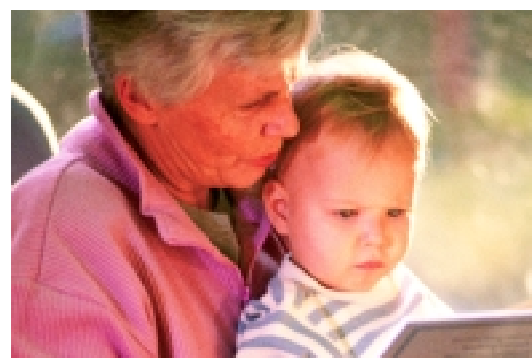
Leadership

1

For the three months ended March 31, 2002



INVESTORS GROUP INC.

2002 FIRST QUARTER REPORT

Mackenzie
Building Financial Independence®

Investors Group™

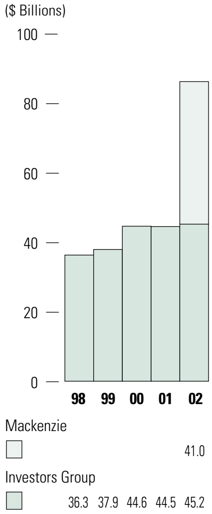
SOLUTIONS BUILT AROUND YOU.™

Financial Highlights

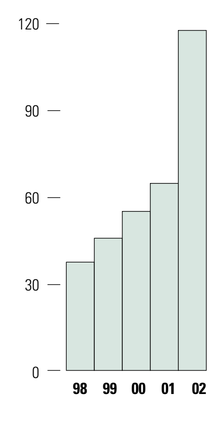
As at and for the three months ended March 31	**2002**	2001	Change
Net income available to common shareholders ($ Millions)	**$ 116.5**	$ 64.1	81.8%
Goodwill amortization adjustment(1)	**–**	1.4	
Adjusted net income available to common shareholders	**116.5**	65.5	78.0
Diluted earnings per share	**0.440**	0.304	44.7
Goodwill amortization adjustment(1)	**–**	0.006	
Adjusted diluted earnings per share	**0.440**	0.310	41.9
Dividends per share	**0.205**	0.175	17.1
Return on equity	**19.8%**	23.4%	
($ Millions)			
Mutual funds			
Investors Group			
Sales	**$ 1,730.8**	$ 2,042.6	-15.3%
Net sales	**569.5**	581.6	-2.1
Assets under management(2)	**43,079.6**	42,815.8	0.6
Mackenzie Financial Corporation(3)			
Sales	**1,828.7**	–	–
Net sales	**240.8**	–	–
Assets under management(2)	**34,706.9**	–	–
Combined mutual fund assets under management	**77,786.5**	42,815.8	81.7
Insurance in force (face amount)	**25,126.9**	22,016.0	14.1
Securities operations assets under administration(4)	**4,418.8**	2,651.5	66.7
Mortgages serviced(4)	**7,463.0**	7,037.5	6.0
Deposits and certificates(4)	**680.8**	213.7	218.6
Clients(4)	**2,663,424**	1,171,757	127.3%
Client accounts(4)	**9,657,048**	4,949,756	95.1
Consultants	**3,361**	3,456	-2.7
Employees(4)	**3,507**	2,061	70.2
Financial Planning Centres	**103**	102	1.0

(1) On January 1, 2002 the Company stopped amortizing goodwill in accordance with new Canadian Institute of Chartered Accountants standard 3062 Goodwill and Other Intangible Assets (see note 1 of the Company's 2002 interim consolidated financial statements). 2001 results have been adjusted to present net income and earnings per share on a consistent basis.
(2) Assets of $2,214.5 million were transferred to Mackenzie on integration of Maxxum operations with Mackenzie effective October 5, 2001.
(3) For Canadian mutual fund operations only.
(4) Includes Mackenzie Financial Corporation as at March 31, 2002.
Note: Certain comparative figures in this report have been restated to conform with current year presentation.

Client Assets Under Management and Administration
As at March 31
($ Billions)

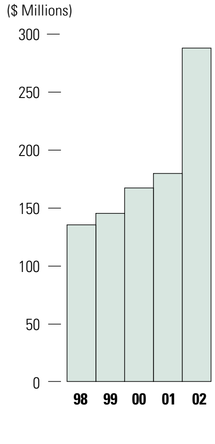


Net Income*
For the three months ended March 31
($ Millions)



**Excluding goodwill amortization*

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)
For the three months ended March 31
($ Millions)



Report to Shareholders

TO OUR SHAREHOLDERS

Interim consolidated financial statements for the three months ended March 31, 2002 are presented with this report.

FINANCIAL RESULTS

Net income attributable to common shareholders for the three months ended March 31, 2002 was $116.5 million compared to $64.1 million for the same period in 2001. Earnings per share were 44.0 cents, an increase of 44.7% compared with 30.4 cents in 2001. The results for the three months reflected the acquisition of Mackenzie Financial Corporation as of April 20, 2001.

Under accounting standards effective January 1, 2002, goodwill is no longer amortized. After adjusting first quarter 2001 to reflect the new accounting standards, 2002 represents an increase of 41.9% in earnings per share over 2001.

A change in accounting estimate effective April 1, 2001 related to amortization of selling commissions reduced expenses and increased earnings by $19.8 million or 7.5 cents per share. Excluding this change, earnings per share for the quarter would have been 36.5 cents per share, an increase of 20.1% over 2001. The Company changed the period of amortization of these expenditures to reflect a more accurate estimate of their useful life. This estimate is also consistent with that used by Mackenzie and the industry generally.

INVESTORS GROUP OPERATIONS

Investors Group recorded mutual fund sales of $1.7 billion for the first quarter compared to $2.0 billion in the prior year. Through Investors Group's own Consultant Network, mutual fund net sales increased 18.4 per cent from $481 million in 2001 to $570 million in 2002. Net sales of long term funds (excluding money market funds) for the Investors Group Consultant Network were $484 million, 33.3 per cent above 2001 net sales of $363 million. Insurance sales and mortgage originations were up 48.0% and 1.2% respectively from last year. External assets gathered into the securities operations were up 14.1% from the same time last year.

Investors Group's mutual fund assets at March 31, 2002 of $43.1 billion increased 6.4 per cent compared to $40.5 billion at March 31, 2001. Mutual fund assets in 2001 have been restated to exclude $2.2 billion in Maxxum assets transferred to Mackenzie effective October 5, 2001.

MACKENZIE OPERATIONS

Mackenzie recorded sales of mutual funds in its Canadian operations of $1.8 billion for the quarter, up 13.9% from the same quarter last year. Mutual fund net sales for the period were $241 million compared to $345 million in the prior year. Net sales of long term funds (excluding money market and managed yield funds) were $440 million for the period, compared with net redemptions of $38 million in 2001. Over ninety percent of Mackenzie's Canadian mutual fund assets under management ranked in the top half of all competitive offerings for five year performance which should reflect positively in sales going forward.

Mackenzie's mutual fund assets under management at March 31, 2002 were $34.7 billion, an increase of 13.0 per cent from $30.7 billion one year ago. Mutual fund assets in 2002 reflect the transfer of Maxxum assets.

INDUSTRY OVERVIEW

While world financial markets remain volatile, investors are starting to commit the recent build-up in money market funds to longer term funds given the expectations of an improving economy. As reported by the Investment Funds Institute of Canada, net sales of long term funds in the month of March are up 52% and year-to-date long term sales for the period ended March 31, 2002 are ahead of the same period last year by 30%. Industry assets under management at March 31, 2002 were $445.3 billion, up 10.4% from last year's quarter end of $403.3 billion.

The world financial markets have shown some strength as a consequence of a rebounding economy and we remain cautiously optimistic about the balance of the year. Our clients are being encouraged to maintain their focus on long term investing, diversification of portfolios and balance over a range of asset categories.

Although the long term growth prospects for the Company are excellent, in the immediate term there will be a high degree of focus on containment of operating expenses, careful selection of new initiatives and strong execution of those initiatives.

DIVIDENDS

The Board of Directors has declared a quarterly dividend of $0.359375 per share on the Company's 5.75% Non-Cumulative First Preferred Shares, Series "A" payable on June 30, 2002 to shareholders of record on May 31, 2002 and has declared a quarterly dividend of 20.5 cents per share on the Company's common shares payable on July 31, 2002 to shareholders of record on June 28, 2002.

R. Jeffrey Orr
President and Chief Executive Officer
Winnipeg, Canada
April 26, 2002

Forward-Looking Statements

This report may include forward-looking statements about objectives, strategies and expected financial results. These statements are inherently subject to risks and uncertainties beyond the Company's control including, but not limited to, economic and financial conditions globally, regulatory developments in Canada and elsewhere, technological developments and competition. These and other factors may cause the Company's actual performance to differ materially from that contemplated by forward-looking statements, and the reader is therefore cautioned not to place undue reliance on these statements.

The Management's Discussion and Analysis (MD&A) presents management's view of the financial position and performance of Investors Group Inc. (Company) as at and for the three months ended March 31, 2002, compared with the same period in 2001 and should be read in conjunction with the MD&A as set out on pages 17–42 of the 2001 Annual Report.

Investors Group Inc.

SUMMARY OF CONSOLIDATED OPERATING RESULTS

The Company acquired Mackenzie Financial Corporation (Mackenzie) effective April 20, 2001. Operating results include the results of Mackenzie from the date of acquisition.

Net income attributable to common shareholders for the three months ended March 31, 2002 was $116.5 million compared to $64.1 million for the same period in 2001. Earnings per share were 44.0 cents, an increase of 44.7% compared with 30.4 cents in 2001. The results for the three months reflected the acquisition of Mackenzie as of April 20, 2001 and a change in accounting estimate related to amortization of selling commissions which reduced expenses and increased earnings by $19.8 million after tax or 7.5 cents per share.

Under accounting standards effective January 1, 2002, goodwill is no longer amortized. After adjusting first quarter 2001 to reflect the new accounting standards, 2002 represents an increase of 41.9% in earnings per share over 2001.

Shareholders' equity was $2.74 billion as at March 31, 2002, up from $2.68 billion at December 31, 2001 and from $1.12 billion at March 31, 2001. Return on average common equity for the three months ended March 31, 2002 was 19.8% compared to 23.4% in 2001. The quarterly dividend per common share was 20.5 cents (82.0 cents annualized).

Table 1: Consolidated Operating Results by Segment
Three months ended March 31

	Investors Group		Mackenzie		Corporate & Other		Total	
($ Millions)	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
Fee income	**$ 265.3**	$ 273.2	**$ 210.0**	$ –	**$ –**	$ –	**$ 475.3**	$ 273.2
Net investment income and other	**20.0**	9.7	**5.4**	–	**5.2**	13.4	**30.6**	23.1
	285.3	282.9	**215.4**	–	**5.2**	13.4	**505.9**	296.3
Operating expenses								
Commissions	**54.5**	97.9	**78.9**	–	**–**	–	**133.4**	97.9
Non-commission	**68.3**	83.0	**81.7**	–	**–**	–	**150.0**	83.0
	122.8	180.9	**160.6**	–	**–**	–	**283.4**	180.9
Earnings before interest and taxes	**$ 162.5**	$ 102.0	**$ 54.8**	$ –	**$ 5.2**	$ 13.4	**222.5**	115.4
Interest expense							**20.3**	0.7
Net income before taxes and non-controlling interest							**202.2**	114.7
Income taxes							**80.4**	50.6
Non-controlling interest							**0.1**	–
Net income							**121.7**	64.1
Preferred dividends							**5.2**	–
Net income available to common shareholders							**$ 116.5**	$ 64.1

Discussion of segment results for Investors Group and Mackenzie is contained later in this report. Corporate and Other represents net investment income earned on unallocated investments. Corporate and Other net investment income in 2002 totalled $5.2 million compared to $13.4 million in 2001. The decrease in net investment income is due to financing activities related to the acquisition of Mackenzie.

Expenses reflected in Table 1 that are not allocated to segments include interest expense and income taxes.

Interest Expense

Interest expense totalled $20.3 million for the three months ended March 31, 2002. Of this amount, $19.7 million is related to the financing costs of the Mackenzie acquisition.

Income Taxes

Income taxes for the three months ended March 31, 2002, as a percentage of income, improved to 39.8% from 44.1% in 2001 primarily as a result of reductions in statutory tax rates and other tax benefits.

SUMMARY OF CONSOLIDATED MUTUAL FUND OPERATIONS

Industry

At March 31, 2002, mutual fund industry assets in Canada totalled $445.3 billion, an increase of 4.4% from $426.4 billion at December 31, 2001. The increase in industry assets for the three month period resulted principally from:

- Net sales of $9.0 billion which were 18.6% below 2001 levels, and
- Positive market performance, which accounted for 1.7% of the increase in assets for the period.

Consolidated

On a consolidated basis, net sales of mutual funds for the three months ended March 31, 2002 were $811 million, a decrease of 12.5% from $927 million in 2001. Net sales of long term funds, at $924 million for the three months ended March 31, 2002, were 111% higher than the $438 million achieved in 2001.

The Company's combined Canadian mutual fund assets under management were $77.8 billion at March 31, 2002 compared to $75.0 billion at December 31, 2001, an increase of 3.7%. The increase in mutual fund assets under management was consistent with the industry during the period under review.

Investors Group

During the three months ended March 31, 2002, sales of Investors Group mutual funds sold through its Consultant Network were $1.73 billion. This represented a decrease of 4.6% from the level achieved in 2001 and compared to an overall industry increase of 4.4%. Mutual fund redemptions totalled $1.16 billion for the same period, a decrease of 12.9% from the $1.33 billion recorded in 2001.

Net sales of Investors Group mutual funds were $570 million for the three months ended March 31, 2002, an increase of 18.4% compared with $481 million in 2001. Including Maxxum net sales of $101 million in 2001, net sales of $570 million for 2002 were 2.1% below combined net sales of $582 million in 2001.

Sales of long term funds (excluding Money Market funds) were $1.43 billion for the three months ended March 31, 2002 compared with $1.49 billion in 2001, a decrease of 4.0%. Net sales of long term funds were $484 million, 33.3% above the 2001 level of $363 million. Including Maxxum net sales of $113 million in 2001, net sales of $484 million for 2002 were 1.7% above combined net sales of $476 million in 2001.

Table 2: Changes in Mutual Fund Assets Under Management – Investors Group
Three months ended March 31

($ Thousands)	2002	2001	Increase (Decrease)	Change
Investors Group Consultant Network				
Sales	**$ 1,730,780**	$ 1,813,604	$ (82,824)	(4.6)%
Redemptions	**1,161,264**	1,332,493	(171,229)	(12.9)
Net sales	**569,516**	481,111	88,405	18.4
Maxxum Channel[1]				
Sales	**–**	228,953	(228,953)	(100.0)
Redemptions	**–**	128,416	(128,416)	(100.0)
Net sales	**–**	100,537	(100,537)	(100.0)
Combined				
Sales	**1,730,780**	2,042,557	(311,777)	(15.3)
Redemptions	**1,161,264**	1,460,909	(299,645)	(20.5)
Net sales	**569,516**	581,648	(12,132)	(2.1)
Market and income	**866,047**	(2,264,243)	3,130,290	138.2
Net change in assets	**1,435,563**	(1,682,595)	3,118,158	185.3
Beginning assets	**41,644,047**	44,498,392	(2,854,345)	(6.4)
Ending assets	**$ 43,079,610**	$ 42,815,797	$ 263,813	0.6 %

(1) Includes Maxxum results to September 30, 2001. Subsequent activity was reported by Mackenzie as a result of the integration of Maxxum into Mackenzie effective October 5, 2001.

Mackenzie

During the three months ended March 31, 2002, sales of Mackenzie's Canadian mutual funds were $1.83 billion, an increase of 13.9% from the same period in 2001. Total mutual fund redemptions were $1.59 billion, an increase of 25.9% from 2001 levels of $1.26 billion. Net sales were $241 million for the three months ended March 31, 2002, a decrease of 30.1% compared with $345 million in 2001.

Sales of long term funds (excluding Money Market and Managed Yield funds) were $1.33 billion for the three months ended March 31, 2002 compared with $864 million in 2001, an increase of 53.7%. Net sales of long term funds were $440 million for the three months ended March 31, 2002 compared with net redemptions of $38 million in 2001.

In addition to the mutual fund business, an increasingly important component of Mackenzie's operations is the provision of investment management, administration and distribution services to other investment products. As at March 31, 2002, Mackenzie had $106 million in segregated funds; provided investment management services to $2.8 billion of private and institutional accounts; and provided administration and distribution services to venture capital funds with $1.0 billion in net assets.

Table 3: Changes in Assets Under Management – Mackenzie
Three months ended March 31

($ Thousands)	2002	2001	Increase (Decrease)	Change
Canadian Assets Under Management				
Mutual Funds[1]				
Sales	**$ 1,828,727**	$ 1,606,190	$ 222,537	13.9 %
Redemptions	**1,587,904**	1,261,657	326,247	25.9
Net sales	**240,823**	344,533	(103,710)	(30.1)
Market and income	**1,066,411**	(1,379,141)	2,445,552	177.3
Net change in assets	**1,307,234**	(1,034,608)	2,341,842	226.4
Beginning assets	**33,399,692**	31,736,739	1,662,953	5.2
Ending assets	**34,706,926**	30,702,131	4,004,795	13.0
Private and Institutional Clients	**2,771,619**	1,621,671	1,149,948	70.9
Total	**$ 37,478,545**	$ 32,323,802	$ 5,154,743	15.9 %
U.S. Mutual Funds (US$)				
Sales	**$ 51,229**	$ 193,608	$ (142,379)	(73.5)%
Redemptions	**218,665**	324,462	(105,797)	(32.6)
Net sales	**(167,436)**	(130,854)	(36,582)	(28.0)
Market and income	**(9,240)**	(320,662)	311,422	97.1
Net change in assets	**(176,676)**	(451,516)	274,840	60.9
Beginning assets	**1,181,955**	2,038,801	(856,846)	(42.0)
Ending assets	**$ 1,005,279**	$ 1,587,285	$ (582,006)	(36.7)%

(1) Includes Maxxum results effective October 1, 2001.

Investors Group

REVIEW OF SEGMENT OPERATING RESULTS

Investors Group's earnings from operations before interest and taxes for the three months ended March 31, 2002 were $162.5 million, an increase of $60.5 million or 59.3% from $102.0 million for the same period in 2001.

Management Fees

Investors Group earns management fees from services provided to its mutual funds. For the three months ended March 31, 2002, management fee revenue decreased by $5.9 million to $206.9 million, a decrease of 2.8%. This decrease in management fee income in 2002 reflects the impact of the transfer of Maxxum operations to Mackenzie effective October 5, 2001, and changes in average mutual fund assets.

Administration Fees

Investors Group earns administration fees for the recovery of administrative services provided to its mutual funds through its subsidiaries, and for its services as trustee for its mutual funds, through Investors Group Trust Co. Ltd. Investors Group earned a total of $35.7 million in administration fees to March 31, 2002, unchanged from the same period in 2001.

Table 4: Operating Results – Investors Group
Three months ended March 31

($ Thousands)	2002	2001	Increase (Decrease)	Change
Fee and net investment income				
Management	**$ 206,901**	$ 212,782	$ (5,881)	(2.8)%
Administration	**35,683**	35,649	34	0.1
Distribution	**22,721**	24,807	(2,086)	(8.4)
Net investment income and other	**19,990**	9,699	10,291	106.1
	285,295	282,937	2,358	0.8
Operating expenses				
Commissions	**54,485**	97,899	(43,414)	(44.3)
Non-commission expenses				
Fixed	**51,160**	56,408	(5,248)	(9.3)
Variable	**17,187**	22,508	(5,321)	(23.6)
Strategic initiatives	**–**	4,110	(4,110)	(100.0)
	68,347	83,026	(14,679)	(17.7)
	122,832	180,925	(58,093)	(32.1)
Earnings before interest and taxes	**$ 162,463**	$ 102,012	$ 60,451	59.3 %

Distribution Fees

Distribution fees are earned from:

- Redemption fees or back-end loads on mutual funds, excluding money market funds.
- Distribution of insurance products through I.G. Insurance Services Inc.
- Provision of securities services through Investors Group Securities Inc.

Distribution fee income of $22.7 million for the three months ended March 31, 2002 declined by $2.1 million from 2001. This decrease is largely a result of reductions in redemption fee income. Redemptions declined to $1.16 billion in 2002, a decrease of 20.5% from 2001. This decrease was partially offset by fee income from the distribution of insurance and brokerage products which increased by 12.9% in 2002.

Net Investment Income and Other

Investors Group measures net investment income as the difference between investment income and interest expense, excluding interest expense on debt incurred to finance its acquisition of Mackenzie.

Net investment income and other totalled $20.0 million for the three months ended March 31, 2002. The increase of 106.1% or $10.3 million from the 2001 level of $9.7 million is due principally to increases in income generated by mortgage banking activities and in Investors Group's share of an affiliate's earnings.

Commissions Expense

Commissions expense decreased by $43.4 million, or 44.3%, to $54.5 million compared with $97.9 million in 2001. The decrease in commissions expense is due principally to the change in accounting estimate for amortization of selling commissions related to the sale of Investors Group's mutual funds. Effective April 1, 2001, Investors Group changed the period of amortization of these expenditures to a maximum of seven years to reflect a more accurate estimate of their useful life. Prior to April 1, 2001, the maximum period for amortization was three years. The change in accounting estimate was applied prospectively and resulted in a decrease of $32.3 million in commissions expense for the three month period ended March 31, 2002. Lower mutual fund sales for 2002, which were 15.3% below 2001 levels which included Maxxum activities, accounted for the remainder of the decrease in expense in the period.

Non-commission Expenses

Non-commission expenses were $68.3 million, representing a decrease of $14.7 million, or 17.7%, from 2001. Variable costs declined by 23.6% to $17.2 million. Fixed costs decreased by $5.2 million, or 9.3%.

VARIABLE EXPENSES

Variable expenses fluctuate with the levels of sales, the number of Consultants and clients, and the level of assets under management and administration. They include variable compensation, distribution support costs and costs of investment advisory services. Variable costs decreased 23.6% in 2002 primarily as a result of the transfer of Maxxum operations to Mackenzie effective October 5, 2001. This decrease was offset in part by increases in insurance and brokerage volumes.

FIXED EXPENSES

Fixed expenses decreased by $5.2 million or 9.3% from 2001 levels. Decreases in expenses resulted from both the transfer of Maxxum operations to Mackenzie effective October 5, 2001 as well as the impact of synergies related to the transition work completed to date with Mackenzie. Improvements in productivity, management of discretionary expenses and the benefits derived from continued investment in technology also contributed to the reduction in fixed expenses.

Mackenzie

REVIEW OF SEGMENT OPERATING RESULTS

Mackenzie's earnings from operations before interest and taxes for the three months ended March 31, 2002 were $54.8 million, an increase of $4.6 million or 9.3% from $50.2 million for the same period in 2001 presented on a pro-forma basis.

Fee and Net Investment Income

Management fees at $158.0 million decreased $3.1 million from $161.1 in 2001. This decrease is attributed to Mackenzie Investment Management Inc. (Mackenzie Investment), Mackenzie's 86% owned U.S. asset management operation. In the quarter ended March 31, 2002, Mackenzie Investment's average mutual fund assets under management declined to US$1.1 billion from US$1.9 billion in the previous year. The decline in Mackenzie Investment's mutual fund assets under management is largely attributed to its flagship fund, the Ivy International Fund. In 1998 and 1999 Ivy International Fund under-performed key benchmarks. Due to this and a general downturn in interest in international investing among U.S. mutual fund investors, the fund has experienced net redemptions since 2000. In 2002, the average assets in this Fund were US$0.5 billion, down from US$0.9 billion in the previous year.

Administration fees decreased by $1.5 million to $40.8 million in the quarter ended March 31, 2002 from $42.3 million in 2001. The main components of administration fees are: operating expenses charged to funds and trustee, termination and other administration fees generated from the MRS account administration business. The decline in administration fees is primarily attributed to the decrease in average assets under management at Mackenzie Investment, as operating expenses charged to its funds declined by $1.2 million as compared to the previous year.

Distribution revenue, which includes redemption fees earned on units of mutual funds sold on a deferred sales charge basis for which Mackenzie and Mackenzie Investment were primary distributors, decreased $2.3 million to $11.2 million in 2002 from $13.5 million in the comparative period. This decline is primarily attributed to Mackenzie's Canadian asset management operations as a greater proportion of the mutual fund redemptions in 2002 were units that were originally sold on a front-end basis, hence not subject to a redemption fee.

Table 5: Operating Results – Mackenzie
Three months ended March 31

($ Thousands)	2002	Pro-Forma 2001	Increase (Decrease)	Change
Fee and net investment income				
Management	**$ 158,009**	$ 161,085	$ (3,076)	(1.9)%
Administration	**40,820**	42,281	(1,461)	(3.5)
Distribution	**11,227**	13,462	(2,235)	(16.6)
Net investment income and other	**5,381**	6,000	(619)	(10.3)
	215,437	222,828	(7,391)	(3.3)
Operating expenses				
Commissions	**39,051**	44,588	(5,537)	(12.4)
Trailer fees	**39,863**	37,967	1,896	5.0
Non-commission expenses	**81,676**	90,075	(8,399)	(9.3)
	160,590	172,630	(12,040)	(7.0)
Earnings before interest and taxes	**$ 54,847**	$ 50,198	$ 4,649	9.3 %

Operating Expenses

Mackenzie's operating expenses were $160.6 million for the three months ended March 31, 2002, a decrease of $12.0 million or 7.0% for the same period in 2001 presented on a pro-forma basis.

Amortization of deferred selling commissions decreased $5.5 million from $44.6 million in 2001 to $39.1 million in the current period, a result of an increasing amount of deferred commissions which are now fully amortized and a reduction in redemption fee revenue, which accelerates amortization.

Trailer fees paid to dealers at $39.9 million in 2002 increased $1.9 million from $38.0 million in the comparative period. The increase in trailer fees is consistent with the overall increase in Mackenzie's average mutual fund assets under management in Canada in the current period as compared to 2001.

Non-commission expenses include costs incurred by Mackenzie in the administration, marketing and management of its mutual funds and all other expenses in the operation of its business. Also included are expenses related to the Maxxum operations which were integrated with Mackenzie in October, 2001. Expenses decreased by $8.4 million to $81.7 million in the current period. Expenses declined due to:

- Synergies related to the transition work completed with Investors Group.
- A reduction in expenses at Mackenzie Investment, a result of downsizing initiatives commenced in 2001.
- A reduction in distribution fees paid to a limited partnership, consistent with the decline in average assets originally financed by limited partnership vehicles.

Investors Group Inc.

CONSOLIDATED FINANCIAL POSITION

The Company's on-balance sheet assets totalled $6.16 billion at March 31, 2002, compared to $6.12 billion at December 31, 2001.

The Company's holdings of securities were $195.2 million at March 31, 2002 – a decrease of $53.0 million or 21.4%. Securities currently represent 3.2% of total assets as compared with 4.1% at December 31, 2001. The market value of the Company's portfolio at March 31, 2002 exceeded cost by $138.9 million compared with $163.6 million at year end 2001.

Loans, including mortgages and personal loans, increased by 14.8%, or $96.9 million, to $752.0 million at March 31, 2002 and represent 12.2% of total assets, compared to 10.7% at year end 2001. The increase results from:

- The origination of residential loans, sourced with the assistance of Investors Group Consultants that are primarily designated for sale to third parties on a fully serviced basis through Investors Group's mortgage banking operations.
- Mortgages and personal loans related to Mackenzie's intermediary activities.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Liquidity

The Company's operating liquidity requirements involve:

- Financing operations including the funding of commissions.
- Temporarily holding mortgages in its mortgage banking facility.
- Meeting regular interest and dividend obligations related to: the bridge financing of $466 million as well as the long-term debt and preferred shares of $1.51 billion issued in 2001 to finance the Mackenzie acquisition, and other long-term debt.
- Maintaining liquidity requirements for the Company's regulated entities. At March 31, 2002, liquidity for these subsidiaries was in excess of regulatory requirements.

The Company continues to rely on its strong financial position to address liquidity and funding issues.

Earnings before interest, taxes, depreciation and amortization of commission expense (EBITDA) totalled $287.5 million for the three months ended March 31, 2002, an increase of 60.2% from $179.4 million in 2001. The increase was due in large part to the acquisition of Mackenzie.

Other potential sources of liquidity are the Company's portfolio of securities and lines of credit. As of March 31, 2002, the market value of the marketable securities in its portfolios and its unregulated subsidiaries was $300.3 million. The Company maintains operating lines of credit totalling $235 million with various Schedule 1 Canadian chartered banks.

Liquidity can also be provided through the Company's ability to raise funds in domestic debt and equity markets as evidenced by funds raised to finance its acquisition of Mackenzie.

Capital Resources

Shareholders' equity increased to $2.74 billion as at March 31, 2002 from $2.68 billion at December 31, 2001. During the same period, long-term debt remained unchanged at $1.35 billion. To achieve its strategic objectives, the Company requires a strong capital base. The Company's capital management objective is to preserve the quality of its financial position by establishing and maintaining a solid capital base and a strong balance sheet. Management is confident that the Company's current capital resources are adequate and can support its activities in 2002.

OUTLOOK

Acquisition of Mackenzie

The Company established a transition project structure in 2001 to properly transition to the new post-acquisition environment and fully realize operating efficiencies and product enhancements. The project structure consists of an Executive Steering Committee and individual project teams that manage the transition process. Investors Group and Mackenzie are working together to ensure that transition issues are managed to maximize benefits to all constituents, while maintaining important distinctions between the operations and identities of the two organizations.

The transition plan seeks to achieve a target of approximately $100 million (pre-tax basis) of synergies per year. This consists of $75 million per year in synergies to the Company's shareholders and an additional $25 million per year in synergies to Investors Group and Mackenzie mutual fund clients. Synergies will be realized by clients based upon reductions in fund costs. Management's objective is to achieve these synergies by the end of the second year subsequent to the closing of the acquisition. As at March 31, 2002, total annual synergies of $61 million per year (pre-tax basis) had been achieved. This total is comprised of $44 million in synergies to the Company's shareholders and $17 million in synergies to mutual fund clients.

In this regard, the Company charged estimated restructuring costs of $95.6 million ($56.0 million after tax) to earnings in the second quarter of 2001. These costs include severance and related expenses, decommissioning of systems, and restructuring certain businesses. At March 31, 2002, the unexpended portion of the restructuring provision was $83.0 million.

Management is confident that the acquisition of Mackenzie will be a key factor in the Company's consolidated future success. The acquisition provides access to multiple advisor-based distribution channels as well as positioning the Company to realize numerous operating efficiencies and product enhancements. These benefits have begun to accrue already and will continue well into the future to enable the Company to maintain a significant competitive position in an evolving environment.

Expanded Product Shelf

Offering a broader range of financial products and increasing the diversification of the Company's core products will help strengthen existing client relationships and attract new clients. This strategy will enhance the extent and quality of the Company's client relationships, protecting its client base and expanding its market share.

The Company's agreement with CIBC through which banking and brokerage services will be offered in 2002 is further evidence of the Company's ability to expand its product shelf in new and unique ways that serve existing clients and attract new ones.

MARKET INFLUENCES

Corrections in domestic and international markets and changes in interest rates may affect the future outlook for the Company. Increases in interest rates could have a significant impact on equity markets and mutual fund sales. Declines in the value of equity markets could also result in increased redemptions of mutual funds.

Redemption Rates

The redemption rate for long term funds for the Company's mutual funds was 10.1% at March 31, 2002, among the lowest in the industry. The corresponding redemption rate for the industry as a whole, excluding the Company's mutual funds, was 13.1%.

The mutual fund industry has successfully educated mutual fund investors on the benefits of long-term investing. Financial advisors can also play a key role in educating investors about the value of a long-term investment strategy and the benefits of an appropriate level of portfolio diversification. In periods of declining markets and market volatility, they can also be effective in encouraging clients to assume a long-term investment outlook and continue to invest.

Investors Group and Mackenzie provide Consultants and independent financial advisors, respectively, with superior levels of service and support and a broad range of investment products – based on asset classes, countries or regions, and investment management styles. These are key advantages in maintaining strong client relationships. As a result, the Company has been able to maintain redemption rates that are among the lowest in the industry.

CONSOLIDATED STATEMENTS OF INCOME

Three months ended March 31 (unaudited) (in thousands of dollars, except per share amounts)	2002	2001
Fee and net investment income		
Management	**$ 364,910**	$ 212,782
Administration	**76,503**	35,649
Distribution	**33,948**	24,807
Net investment income and other	**30,586**	23,043
Total fee and net investment income	**505,947**	296,281
Operating expenses		
Commission expense	**133,399**	97,899
Non-commission expenses	**150,023**	83,026
Interest expense	**20,295**	669
Total operating expenses	**303,717**	181,594
Income before income taxes and non-controlling interest	**202,230**	114,687
Income taxes	**80,443**	50,598
	121,787	64,089
Non-controlling interest	**75**	–
Net income	**121,712**	64,089
Preferred dividends	**5,175**	–
Net income available to common shareholders	**$ 116,537**	$ 64,089
Average number of common shares (in thousands)		
– Basic	**263,185**	209,755
– Diluted	**264,978**	210,780
Earnings per share (in dollars)		
– Basic	**$ .443**	$ .306
– Diluted	**$ .440**	$ .304

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Three months ended March 31 (unaudited) (in thousands of dollars)	2002	2001
Balance, beginning of period	**$ 884,531**	$ 823,529
Net income	**121,712**	64,089
Dividends		
Preferred	**(5,175)**	–
Common	**(54,002)**	(36,710)
Balance, end of period	**$ 947,066**	$ 850,908

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED BALANCE SHEETS

(unaudited) (in thousands of dollars)	**March 31 2002**	December 31 2001
Assets		
Cash and short term investments	**$ 808,907**	$ 854,275
Securities	**195,154**	248,205
Loans	**752,017**	655,094
Investment in affiliate	**303,458**	297,810
Deferred selling commissions	**701,205**	657,221
Other assets	**374,515**	388,941
Goodwill	**3,020,922**	3,020,922
	$ 6,156,178	$ 6,122,468
Liabilities		
Deposits and certificates	**$ 680,820**	$ 671,248
Bankers' acceptances	**466,000**	497,000
Other liabilities	**754,998**	779,853
Future income taxes	**147,060**	120,234
Long term debt	**1,348,944**	1,362,268
Non-controlling interest	**13,697**	13,621
	3,411,519	3,444,224
Shareholders' Equity		
Share capital		
Preferred	**360,000**	360,000
Common	**1,435,039**	1,431,163
Retained earnings	**947,066**	884,531
Foreign currency translation adjustment	**2,554**	2,550
	2,744,659	2,678,244
	$ 6,156,178	$ 6,122,468

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31 (unaudited) (in thousands of dollars)	2002	2001
Operating activities		
Net income	**$ 121,712**	$ 64,089
Adjustments to determine net cash from operating activities		
Future income taxes	**26,827**	1,926
Commission expense	**55,058**	57,418
Depreciation	**7,138**	3,136
Other	**(50,584)**	(59,628)
	160,151	66,941
Commissions paid	**(99,042)**	(62,048)
	61,109	4,893
Financing activities		
Increase (decrease) in customer deposits	**9,572**	(5,280)
Repayment of bankers' acceptances	**(31,000)**	–
Repayment of long term debt	**(13,324)**	(1,785)
Issue of common shares	**3,876**	317
Preferred dividends paid	**(5,175)**	–
Common dividends paid	**(49,988)**	(33,569)
	(86,039)	(40,317)
Investing activities		
Purchase of securities	**(3,382)**	(23,010)
Proceeds from the sale of securities	**84,106**	196,970
Increase in loans	**(126,056)**	(450,005)
Proceeds from securitizations	**29,178**	251,214
Net proceeds from the sale of real estate	**8**	1,122
Additions to capital assets	**(4,292)**	(2,062)
	(20,438)	(25,771)
Decrease in cash and cash equivalents	**(45,368)**	(61,195)
Cash and cash equivalents, beginning of period	**854,275**	716,202
Cash and cash equivalents, end of period	**$ 808,907**	$ 655,007
Cash	**$ 233,133**	$ 29,630
Short term investments	**575,774**	625,377
	$ 808,907	$ 655,007

(See accompanying notes to consolidated financial statements.)

March 31, 2002 (unaudited)

(in thousands of dollars, except share amounts)

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2001 as set out on pages 44 to 59 of the 2001 Annual Report. Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

1. Summary of significant accounting policies

These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting policies as set out in Note 1 to the consolidated financial statements for the year ended December 31, 2001 except as noted below.

Basis of consolidation

Effective April 20, 2001, the Company acquired all of the outstanding common shares of Mackenzie Financial Corporation (Mackenzie). The acquisition was accounted for by the purchase method. The interim consolidated financial statements include the assets and liabilities of Mackenzie and the results of operations from the date of acquisition.

Deferred selling commissions

Commissions paid on the sale of certain mutual fund products are deferred and amortized against related fee income over a maximum period of seven years. Prior to April 1, 2001, the maximum period for amortization was three years. The Company changed the period of amortization of these expenditures to reflect a more accurate estimate of their useful life. This estimate is also consistent with that used by Mackenzie. The change in accounting estimate was applied prospectively and resulted in a decrease of $32,306 ($19,829 after tax) in commissions expense in the three month period ended March 31, 2002.

Goodwill

Effective January 1, 2002, the Company adopted the recommendations of the CICA Handbook Section 3062 – Goodwill and Other Intangible Assets. Under this standard, goodwill and intangible assets with an indefinite life will no longer be amortized but must be reviewed at least annually for impairment, and written down for impairment losses. Goodwill and intangible assets related to the acquisition of Mackenzie will be determined after a comprehensive evaluation of the fair value of the assets acquired and liabilities assumed is completed.

This change in accounting policy was applied prospectively and resulted in a decrease of $25,787 ($25,708 after tax) in goodwill amortization in the three month period ended March 31, 2002. In addition, adoption of this standard resulted in an increase of $1,245 in net investment income as goodwill relating to the Company's equity accounted investment in Great West Lifeco, Inc. was not amortized in the first quarter of 2002.

The table below is provided to present the comparative quarter's net income available to common shareholders, earnings per share and diluted earnings per share on a consistent basis with the presentation in effect since January 1, 2002.

Three months ended March 31	**2002**	2001
Reported net income available to common shareholders	**$ 116,537**	$ 64,089
Add back:		
Goodwill amortization(1)	–	1,363
Net income adjusted for goodwill	**$ 116,537**	$ 65,452
Basic earnings per share		
– Reported	**$ .443**	$ .306
– Adjusted for goodwill	**$ .443**	$ .312
Diluted earnings per share		
– Reported	**$ .440**	$ .304
– Adjusted for goodwill	**$ .440**	$ .310

(1) Includes amortization of goodwill in investment in affiliate reported in Net Investment Income and Other

March 31, 2002 (unaudited)

(in thousands of dollars, except share amounts)

1. Summary of significant accounting policies (cont'd)

Stock-based compensation

Effective January 1, 2002, the Company adopted the recommendations of the CICA Handbook Section 3870 – Stock-based Compensation and Other Stock-based Payments. Under this standard, all stock-based payments to non-employees must be accounted for using a fair value-based method of accounting. This new standard encourages, but does not require, the use of the fair value-based method to account for stock-based transactions with employees. When the fair value-based method of accounting is not used for stock-based transactions with employees, pro-forma net income and pro-forma earnings per share must be disclosed as if the fair value-based method of accounting had been used to account for stock-based compensation cost.

Compensation expense of $28 was recorded for the three months ended March 31, 2002 for stock-based compensation related to non-employees.

21,990 stock options were issued to employees during the three months ended March 31, 2002. Utilization of fair value-based accounting would have no impact on net income or earnings per share on a pro-forma basis.

Comparative figures

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

2. Share capital

	March 31 2002	December 31 2001
Common shares outstanding	**263,425,173**	263,081,731
Common share stock options		
– Outstanding	**6,125,029**	6,389,231
– Exercisable	**1,351,169**	1,469,961

3. Segmented information

Three months ended March 31	**2002**				2001		
	Investors Group	**Mackenzie**	**Corporate and Other**	**Total**	Investors Group	Corporate and Other	Total
Income	**$ 285,295**	**$ 215,437**	**$ 5,215**	**$ 505,947**	$ 282,937	$ 13,344	$ 296,281
Expenses	**122,832**	**160,590**	**–**	**283,422**	180,925	–	180,925
Earnings before interest and taxes	**$ 162,463**	**$ 54,847**	**$ 5,215**	**222,525**	$ 102,012	$ 13,344	115,356
Interest expense				**20,295**			669
Net income before income taxes				**202,230**			114,687
Income taxes				**80,443**			50,598
Non-controlling interest				**75**			–
Net Income				**$ 121,712**			$ 64,089
Total assets under management and administration	**$45,437,978**	**$41,460,210**	**$ 735,571**	**$87,633,759**	$44,823,099	$ 797,213	$45,620,312

4. Restructuring

In connection with the acquisition of Mackenzie, the Company commenced the integration and rationalization of its administration, systems and operations in 2001. Estimated costs of $95.6 million ($56.0 million after tax) were charged to earnings in the second quarter of 2001. These costs include severance and related expenses, decommissioning of systems, and restructuring certain businesses. At March 31, 2002, the unexpended portion of the restructuring provision was $83.0 million.

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Stock Exchange Listing

Toronto Stock Exchange
Shares of Investors Group Inc. are listed on the Toronto Stock Exchange under the following listings:
Common Shares: IGI
First Preferred Shares, Series A: IGI.PR.A

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Transfer Agent and Registrar

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