



**SOLUTIONS BUILT AROUND YOU.™**

The year 2003 was an eventful one for Investors Group as we significantly strengthened our company and laid the foundation for even stronger growth in the future. While we made further progress in areas of opportunity with Mackenzie and continued to manage expenses, we also improved our offering to Consultants, increased the competitiveness of our product pricing and strengthened our ability to deliver strategic investment planning to our clients.

Investors Group's focus was firmly on execution during the year as several significant projects and initiatives were completed which will have a positive effect on the business going forward. These include:

- An improved pricing structure that better recognizes the value of our offering and strengthens our competitive position.
- More effective, personalized financial solutions for clients through a new strategic investment planning process called Symphony™.
- Improvements to strengthen the competitiveness of our Consultant and field management compensation, recognition and support, which will enhance retention and recruitment.

- An upgrade of the Investors Group Advantage™ technology platform for Consultants, with new hardware designed to increase productivity.
- The move to a common mutual fund unitholder record-keeping system which preserves the integrity and privacy of each company's client base, one of the largest projects to emerge from the Mackenzie acquisition.

These changes will strengthen our organization by enhancing the advice we provide our clients and the support we provide our Consultants.

#### INVESTING IN CLIENT RELATIONSHIPS

For over 75 years, Investors Group has built strong client relationships through personal financial planning. Our Consultants invest their time and expertise to create suitable financial solutions that meet our clients' individual needs, and we provide a comprehensive selection of financial products, services and advice to support them in this endeavour.

Investors Group invests heavily in its Consultants and provides them with extensive training and

support. They examine the client's long-term goals and tolerance for risk, and recommend balanced, diversified and professionally managed investment portfolios, while providing knowledgeable advice on retirement planning, tax planning and estate planning.

The value of this approach was evident in 2003, as the many clients who took a long-term view and stayed true to their investment objectives during the prolonged bear market were rewarded with attractive returns.

#### INVESTING IN PRODUCTS, SERVICES AND SUPPORT

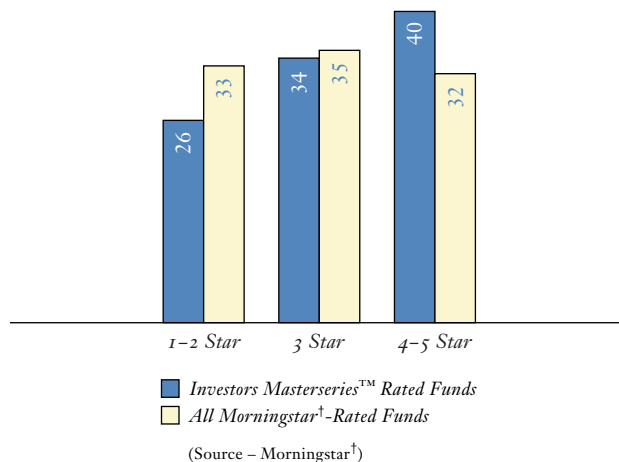
Investors Group made further investments in its products and services in 2003, resulting in additional enhancements to their quality and selection.

Investors Group's mutual funds continue to provide clients with excellent investment performance. At year-end, 40% of Investors Masterseries™ mutual funds had four or five star ratings from the independent Morningstar<sup>†</sup> service, and 74% had a rating of three stars or above, both significantly higher than the Morningstar<sup>†</sup> universe and consistent with results from the past several years.

In August, Investors Group adjusted the fundamental investment strategy for seven of its IWorld™ portfolio funds to more effectively diversify their investments according to the Symphony™ strategic investment planning approach. They are now known as the Allegro™ Portfolios. Also during the year, I.G. Investment Management, Ltd. and Mackenzie Financial Corporation took on additional fund advisory duties and Waddell & Reed Ivy Investment Company and J.P. Morgan Fleming Asset Management (Canada) Inc. were added as sub-advisors to certain funds and equity pools.

#### MORNINGSTAR<sup>†</sup> RATINGS – MASTERSERIES™

As at December 31, 2003 (% of funds)



During the second quarter, Investors Group launched Solutions Banking<sup>†</sup>, a private label banking offer in conjunction with National Bank of Canada. The offer consists of a suite of 17 deposit, lending and credit insurance products, including credit cards, debit cards, cheques and online banking through the Investors Group website.

The introduction of banking products and services expands Investors Group's financial planning platform to address an even broader scope of our clients' financial needs.

#### 2003 RESULTS

Market appreciation resulted in growth in assets under management in 2003, and although mutual fund sales were weak throughout the industry, the non-mutual fund side of the business continued to experience strong growth in a number of areas.

##### *Mutual Funds*

- Assets under management were \$40.9 billion in 2003, up 8.8% from \$37.6 billion in 2002.

- Gross sales through Investors Group's Consultant Network were \$4.0 billion in 2003, compared to \$4.9 billion in 2002.
- The redemption rate on long-term funds was 10.7% in 2003 compared to 10.2% in 2002, significantly lower than the industry average.
- Net redemptions through Investors Group's Consultant Network were \$839 million.

#### *Insurance*

- Sales of insurance products were \$31.5 million for the year compared to \$32.6 million in 2002.

#### *Securities*

- Assets under administration increased by 22.4% during the year.
- External assets gathered totaled \$894 million in 2003 compared to \$1.2 billion in 2002.

#### *Mortgages*

- Mortgage originations were \$838 million in 2003, up 19.4% from 2002.

#### *Banking*

- Solutions Banking<sup>†</sup> was launched in the second quarter of 2003.

#### INVESTING IN THE COMMUNITY

Investors Group was proud to maintain our commitment to the communities in which our Consultants and clients live and work. Through the Investors Group Community Investment Program and in partnership with our Consultants and employees, we contributed financial resources and substantial volunteer support in 2003 to projects and organizations across Canada. For the second consecutive year, Investors Group was named the winner of the Imagine Mutual Fund Community Investment Award in recognition for our organization's commitment to the community.

#### HERB CARNEGIE AWARD

In 2003, we instituted the Herbert H. Carnegie Community Service Award, which will be awarded to one Consultant each year who has demonstrated a long-term involvement in community service, combined with business success. This award is named after Herb Carnegie, an Investors Group Consultant who served his clients for 32 years, and founded the Future Aces Foundation to assist youth in their development. Herb was recently awarded the Order of Canada for his service to others.

#### INVESTING IN OUR FUTURE

Going into 2004, Investors Group is a stronger and more focused organization. There is a greater sense of optimism in the financial markets, and that optimism is beginning to be shared by an increasing number of our clients and potential clients.

The investments we made in our people, our platform and our operations over 2003 have made Investors Group even more competitive. With our efforts focused on growth in 2004, we will continue to prudently manage our expenses and work with Mackenzie and the other members of the Power Financial group of companies – Great-West Life, London Life and Canada Life – to make each of our operations more effective and efficient.

The year ahead will be about building a thriving business, which will benefit our clients, Consultants, employees and the Company.



R. Jeffrey Orr  
*President and Chief Executive Officer*  
*Investors Group Inc.*