Quarterly Report to Shareholders

Forward-Looking Information

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.

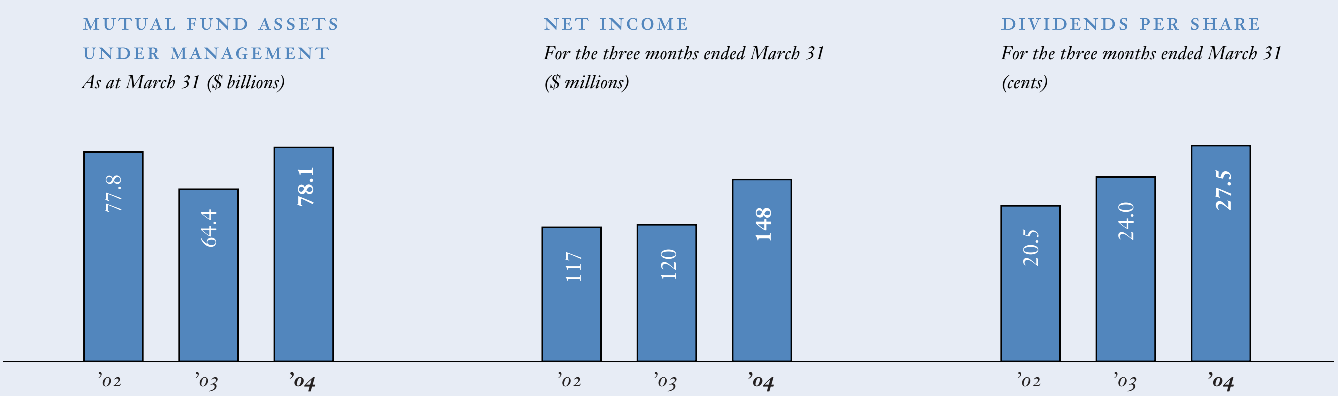
Non-GAAP Financial Measures

This report may contain non-GAAP financial measures. Terms by which non-GAAP financial measures are identified include but are not limited to "Earnings before interest and taxes" (EBIT) and "Earnings before interest, taxes, depreciation and amortization" (EBITDA). Non-GAAP financial measures are used to provide management, investors and investment analysts with additional measures to assess earnings performance.

However, these non-GAAP financial measures do not have a standard meaning and are not directly comparative to similar measures used by other companies and may not be directly comparable to any prescribed GAAP measure.

Financial Highlights

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31	2004	2003	CHANGE
Net income available to common shareholders *($ millions)*	$ 147.9	$ 119.7	23.5%
Diluted earnings per share	0.56	0.45	23.2
Return on equity	19.8%	17.6%	
Dividends per share	0.275	0.240	14.6
($ millions)			
Mutual funds			
Investors Group			
Sales	$ 1,561	$ 1,221	27.8 %
Net sales (redemptions)	386	(81)	N/M
Assets under management	42,675	35,655	19.7
Mackenzie Financial Corporation			
Sales	2,021	1,499	34.9
Net sales (redemptions)	344	1	N/M
Assets under management	35,383	28,762	23.0
Combined mutual fund assets under management	78,058	64,417	21.2
Insurance in force *(face amount)*	33,012	28,318	16.6
Securities operations assets under administration	5,925	4,675	26.8
Mortgages serviced	6,327	6,794	(6.9)
Deposits and certificates	742	759	(2.2)
Consultants	3,219	3,246	(0.8)%
Employees	3,134	3,177	(1.4)
Financial Planning Centres	112	108	3.7



Report to Shareholders

TO OUR SHAREHOLDERS

Interim consolidated financial statements for the three months ended March 31, 2004 are presented with this report.

FINANCIAL RESULTS

Net income attributable to common shareholders for the three months ended March 31, 2004 was $147.9 million compared to $119.7 million for the same period in 2003. Earnings per share were 56 cents compared with 45 cents in 2003, an increase of 23.2%.

Gross revenues for the first three months of 2004 were $520.4 million, compared to $454.9 million last year. Operating expenses were $299.3 million for the three months compared to $267.1 million for the first quarter in 2003.

INVESTORS GROUP OPERATIONS

Mutual fund sales for the three month period were $1.6 billion compared to $1.2 billion in the prior year and mutual fund net sales were $386 million compared to net redemptions of $81 million last year.

Investors Group's redemption rate at March 31, 2004, excluding money market funds, was 10.2% compared to 10.9% a year ago. The redemption rate for all other members of the Investment Funds Institute of Canada at March 31, 2004 was 14.5%.

In the first quarter, insurance sales were even with last year at $8 million and mortgage originations increased 39.6% from $156 million in 2003 to $217 million this year. External assets gathered into the securities operations increased 11.0% from $304 million in 2003 to $337 million in 2004.

Mutual fund assets at March 31, 2004 were $42.7 billion compared to $35.7 billion at March 31, 2003.

The number of Investors Group Consultants was 3,219 at March 31, 2004, compared to 3,223 at year end.

MACKENZIE OPERATIONS

Mutual fund sales for the three month period were $2.0 billion compared to $1.5 billion in the prior year. Mutual fund net sales for the period were $344 million compared to $1 million in the prior year. Net sales of long-term funds (excluding money market and managed yield funds) were $406 million for the period, compared with net sales of $43 million in 2003.

Mackenzie's redemption rate at March 31, 2004, excluding money market and managed yield funds, was 13.2% compared to 12.7% a year ago. The corresponding rate at March 31, 2004 for all other members of the Investment Funds Institute of Canada was 14.1%.

Mutual fund assets under management at March 31, 2004 were $35.4 billion compared to $28.8 billion at March 31, 2003.

INDUSTRY OVERVIEW

Continued strength in the financial markets, and a generally optimistic outlook brought investors back into the markets during the first quarter. Buoyed by reports of healthier corporate earnings over the past few quarters, and double-digit returns from many of the major world markets in 2003, investor confidence returned, and with it, improved in-flows into mutual funds and long-term funds in particular.

The Investment Funds Institute of Canada reported the strongest RSP season for net sales since 2000. Net sales for the first quarter of 2004 amounted to $10.9 billion, compared to net redemptions of $90.4 million for the same period in 2003 and long-term funds accounted for over 96% of the 2004 net sales thus far. IFIC figures show that as at March 31, 2004, mutual fund assets increased by 25.8% year-over-year to $464.6 billion. During the first quarter, total mutual fund assets under management increased by 5.9%, or $25.7 billion.

The Corporation is confident that the current economic and market environment, combined with growing optimism amongst clients, will result in stronger mutual fund sales activity going forward. Management will continue to strengthen the fundamental operations of our business and the value that we provide to advisors, consultants and clients, a direction that we have maintained over the past several years. The Corporation will place an even greater emphasis on growth opportunities in 2004 while remaining conscious of the need for cost-competitiveness.

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, 2004 to shareholders of record on May 31, 2004 and has declared a quarterly dividend of 27.5 cents per share on the Company's common shares payable on July 30, 2004 to shareholders of record on June 28, 2004.

On behalf of the Board of Directors,

R. Jeffrey Orr
President and Chief Executive Officer
Winnipeg, Canada
April 30, 2004

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the operations and financial condition of Investors Group Inc. (the Company) as at and for the three months ended March 31, 2004, compared with the same period in 2003, and should be read in conjunction with the 2003 Annual Report and the enhanced MD&A dated January 29, 2004 filed on www.sedar.com in May, 2004. Commentary in the MD&A as at and for the three months ended March 31, 2004 is as of April 29, 2004.

FORWARD-LOOKING INFORMATION

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.

Investors Group Inc.

Change to Corporate Name

The Company is proposing to change its name to IGM Financial Inc. at its Annual and Special Shareholders Meeting on April 30, 2004. Subject to shareholder and regulatory approval, the name change will be effective in May 2004.

Summary of Consolidated Operating Results

Net income attributable to common shareholders for the three months ended March 31, 2004 was $147.9 million compared to $119.7 million in 2003. Earnings per share on this basis were 56 cents compared with 45 cents in 2003, an increase of 23.2%.

Shareholders' equity was $3.28 billion as at March 31, 2004, up from $3.22 billion at December 31, 2003. Return on average common equity for the three months ended March 31, 2004 was 19.8% compared with 17.6% in 2003. The quarterly dividend per common share was 27.5 cents, up from 25.5 cents in the fourth quarter of 2003.

The Company's reportable segments, which reflect the current organizational structure, are:

- Investors Group
- Mackenzie
- Corporate and Other.

Management measures and evaluates the performance of these segments based on earnings before interest and taxes as shown in Table 1.

Discussion of segment operating results for Investors Group and Mackenzie is contained on pages 6 to 12.

Earnings before interest and taxes for Corporate and Other, the segment which represents net investment income earned on unallocated investments and other income, reflected lower levels of net investment income and other in 2004 compared to 2003.

Certain items reflected in Table 1 are not allocated to segments:

- *Interest expense* - represents the cost of financing the Mackenzie acquisition and totaled $18.7 million for the three months ended March 31, 2004 compared with $20.9 million in 2003. The decrease was due primarily to the reduction in the average balance of outstanding long-term debt in the first quarter of 2004 compared with 2003.
- *Income taxes* – the effective rate of tax was 30.8% and 33.5% for the three months ended March 31, 2004 and 2003 respectively. The decline in the effective rate was due to reductions in statutory tax rates, increases in gains on the sale of securities and the Company's share of Great-West Lifeco Inc.'s (GWL) earnings which are reported in net investment income and other and which are taxed at lower rates, and other tax benefits.

NON-GAAP FINANCIAL MEASURES

Earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA) are non-GAAP financial measures. EBIT is an alternative measure of performance utilized by management to measure and evaluate the results of its reportable segments as shown in Table 1 and as discussed later in the MD&A. EBITDA is an alternative measure of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results and is discussed further on page 13 of the MD&A. These non-GAAP financial measures do not have a standard meaning and are not directly comparable to any GAAP measure or to similar measures used by other companies.

TABLE 1: CONSOLIDATED OPERATING RESULTS BY SEGMENT

	INVESTORS GROUP		MACKENZIE		CORPORATE & OTHER		TOTAL	
THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	2004	2003	2004	2003	2004	2003
Fee income	**$ 270.3**	$ 234.4	**$ 207.7**	$ 184.0	**$ –**	$ –	**$ 478.0**	$ 418.4
Net investment income and other	**33.6**	22.7	**3.9**	4.3	**4.9**	9.5	**42.4**	36.5
	303.9	257.1	**211.6**	188.3	**4.9**	9.5	**520.4**	454.9
Operating expenses								
Commissions	**64.7**	45.6	**79.1**	70.5	**–**	–	**143.8**	116.1
Non-commission	**65.9**	60.0	**70.9**	70.1	**–**	–	**136.8**	130.1
	130.6	105.6	**150.0**	140.6	**–**	–	**280.6**	246.2
Earnings before interest and taxes	**$ 173.3**	$ 151.5	**$ 61.6**	$ 47.7	**$ 4.9**	$ 9.5	**239.8**	208.7
Interest expense							**18.7**	20.9
Income before income taxes							**221.1**	187.8
Income taxes							**68.0**	62.9
Net income							**153.1**	124.9
Preferred dividends							**5.2**	5.2
Net income available to common shareholders							**$ 147.9**	$ 119.7

CHANGES IN ACCOUNTING POLICIES

As disclosed in Note 1 of the interim Consolidated Financial Statements, effective January 1, 2004 the Company adopted:

- CICA Section 3870 – Stock-Based Compensation and Other Stock-Based Payments, as amended, which requires expense treatment of all stock-based compensation and payments. Previously the standard encouraged, but did not require, the use of a fair-value based method to account for these transactions with employees. See Note 1 of the interim Consolidated Financial Statements for more information and disclosure of the impact on the Company's financial statements on adoption of the amended standard. See Note 3 of the interim Consolidated Financial Statements for more information on the assumptions used to value stock options granted in 2004 and 2003 and the compensation expense recorded in 2004 on adoption of the amended standard.
- CICA Accounting Guideline 13 (AcG-13) – Hedging Relationships, which established the criteria that must be met in order to apply hedge accounting for derivatives. See Note 1 of the interim Consolidated Financial Statements for a more detailed discussion of the requirements of AcG-13.

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

There were no changes in the nature of the Company's critical accounting estimates in the first quarter of 2004.

FUTURE ACCOUNTING CHANGES

Effective January 1, 2005, the Company will be required to comply with the provisions of Accounting Guideline 15, Consolidation of Variable Interest Entities, and amendments to Section 3860, Financial Instruments – Disclosure and Presentation. The Company is reviewing the potential impact that these new accounting requirements may have on the financial statement presentation of the Company.

Investors Group
Assets Under Management

The level of assets under management is influenced by three factors: sales, redemption rates and capital markets, including relative investment performance. The changes in assets under management to March 31, 2004 compared with 2003 are summarized in Table 2.

For the three months ended March 31, 2004, sales of Investors Group mutual funds sold through its Consultant Network were $1.6 billion, an increase of 27.8% from 2003. This compares to an overall industry increase in mutual fund sales of 53.3%. Mutual fund redemptions totaled $1.2 billion for the same period, a decrease of 9.8% from the $1.3 billion recorded in 2003. Investors Group's redemption rate for long-term funds decreased to 10.2% at March 31, 2004 from 10.9% at March 31, 2003 and remains well below the corresponding redemption rate of 14.5% for all other members of the Investment Funds Institute of Canada (IFIC). Net sales of Investors Group mutual funds were $386 million compared with net redemptions of $81 million in 2003.

Sales of long-term funds were $1.2 billion for the three months ended March 31, 2004, compared with $962 million in 2003, an increase of 26.1%. Net sales of long-term funds were $210 million compared to net redemptions of $102 million in 2003. Certain sales of long-term funds in 2004, sourced through Investors Group's Solutions Banking† loan programs, were

TABLE 2: CHANGE IN MUTUAL FUND ASSETS UNDER MANAGEMENT – INVESTORS GROUP

THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	CHANGE
Sales	**$ 1,561.2**	$ 1,221.3	27.8%
Redemptions	**1,175.1**	1,302.7	(9.8)
Net sales (redemptions)	**386.1**	(81.4)	N/M
Market and income	**1,385.0**	(1,852.0)	174.8
Net change in assets	**1,771.1**	(1,933.4)	191.6
Beginning assets	**40,904.2**	37,588.1	8.8
Ending assets	**$ 42,675.3**	$ 35,654.7	19.7%
Consists of:			
Investors Masterseries™	**$ 36,308.2**	$ 30,812.8	17.8%
IG Mackenzie(1)	**1,353.2**	833.1	62.4
Partner funds	**4,158.9**	3,494.0	19.0
*i*Profile™ funds	**409.8**	331.9	23.5
Investors Group Corporate Class Inc.	**445.2**	182.9	143.4
	$ 42,675.3	$ 35,654.7	19.7%
Average daily assets	**$ 42,318.5**	$ 36,616.7	15.6%

(1) *On August 1, 2003, mandates for two partner funds with assets totaling $173 million were assigned to Mackenzie.*

deposited and held in Investors Group's Money Market Fund on a one-day basis and then transferred into long-term mutual funds. Including these sales, the sales and net sales of long-term funds for the three months ended March 31, 2004 would have been $1.3 billion and $335 million respectively.

Investment management services provided competitive levels of returns to date in 2004. During the first quarter of 2004, Investors Masterseries™ mutual funds maintained their year-end 2003 ratings from the independent Morningstar† service. At both March 31, 2004 and December 31, 2003, 40% of Masterseries™ funds had a four or five star rating and 74% had a rating of three stars or better, both higher than the Morningstar† universe.

Investors Group's mutual fund assets under management were $42.7 billion at March 31, 2004, an increase of $7.0 billion or 19.7% from March 31, 2003 and an increase of $1.8 billion or 4.3% from December 31, 2003. The twelve month increase in assets from March 31, 2003 reflects positive market action of $7.4 billion offset by net redemptions of mutual funds totaling $372 million. The increase in assets from December 31, 2003 reflects positive market action and net sales experienced in the first quarter of 2004. The increase in assets is consistent with the overall change in industry assets.

Segment Operating Results

Investors Group's earnings from operations before interest and taxes for the three month period ended March 31, 2004 compared with 2003 are presented in Table 3.

FEE AND NET INVESTMENT INCOME

Investors Group earns management fees for investment management services provided to its mutual funds. For the three months ended March 31, 2004, management fee income increased by $29.0 million to $205.6 million. The increase reflects the growth of 15.6% in average daily mutual fund assets in the first quarter compared with 2003. Management fee income represents 195 basis points of average mutual fund assets, unchanged from 2003.

Investors Group earns administration fees for providing administrative services to its mutual funds through certain of its subsidiaries and trusteeship services to its mutual funds through Investors Group Trust Co. Ltd. Administration fees totaled $39.9 million for the three months ended March 31, 2004, up 14.3% from $34.9 million in 2003. During the three month period fees charged to the mutual funds for administrative services increased $2.3 million due to increases in related non-commission expenses. Increases in trustee fees resulted from growth in average mutual fund asset levels in 2004 compared to 2003. Other service fees increased due to both the growth in average mutual fund assets during the first quarter of 2004 compared to 2003 and the introduction of the fixed rate service fee on deferred sales charge and no-load products in August 2003.

Distribution fees are earned from:

- Redemption fees or back-end loads on new mutual fund sales subject to a deferred sales charge. In 2003, Investors Group revised redemption fee rates on mutual fund sales subject to a deferred sales charge. Fees charged range from 5.5% in the first year reducing to nil after seven years and are consistent with industry rates. Previously, redemption fee rates ranged from 3.0% in the first year reducing to nil after six years.
- Distribution of insurance products through I.G. Insurance Services Inc.
- Provision of securities services through Investors Group Securities Inc.
- Provision of banking services introduced in June 2003 through Solutions Banking† arrangement with the National Bank of Canada.

Distribution fee income of $24.8 million for the three months ended March 31, 2004 was up 8.3% from $22.9 million in 2003. Redemption fee income declined by $1.2 million primarily due to lower redemptions subject to deferred sales charges in 2004 compared to 2003. Distribution fees related to both insurance and securities operations increased in 2004 as a result of higher business volumes.

TABLE 3: OPERATING RESULTS – INVESTORS GROUP

THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	CHANGE
Fee and net investment income			
Management	**$ 205.6**	$ 176.6	16.4%
Administration	**39.9**	34.9	14.3
Distribution	**24.8**	22.9	8.3
Net investment income and other	**33.6**	22.7	48.0
	303.9	257.1	18.2
Operating expenses			
Commissions	**27.3**	19.8	37.9
Asset retention bonus	**37.4**	25.8	45.0
Non-commission	**65.9**	60.0	9.8
	130.6	105.6	23.7
Earnings before interest and taxes	**$ 173.3**	$ 151.5	14.4%

Net investment income is measured as the difference between investment income and interest expense. Interest expense includes interest on deposit liabilities, certificates and debt, but excludes interest expense on debt incurred to finance its acquisition of Mackenzie. Net investment income and other totaled $33.6 million for the three months ended March 31, 2004, an increase of $10.9 million from $22.7 million in 2003. This increase was due principally to increases in Investors Group's share of GWL's earnings, gains on the sale of securities and mortgage banking revenue.

OPERATING EXPENSES

Investors Group incurs commission expense in connection with the distribution of its financial services and products, particularly its mutual funds. Commissions are paid on the sale of these products and will fluctuate with the level of sales. Commission expense for the three months ended March 31, 2004 increased by $7.5 million to $27.3 million compared with $19.8 million in 2003. The increase in commission expense was due to:

- Commission amortization related to 2003 sales of $3.9 million due to the change in estimate, effective April 1, 2001, which increased the term of amortization to 72 months.
- Amortization of commissions of $1.3 million related to 2004 sales.
- Increases in other compensation related to mutual fund operations, insurance, mortgage and banking products.

In 2004, the asset retention bonus (ARB) expense, which is based on the level of assets under management, is made up of:

- Regular ARB – is paid monthly and is based on the month-end value of assets under management. As part of the Company's realignment of its Consultant compensation in 2003, increases to the ARB rate paid to Consultants were introduced. Regular ARB expense increased by $7.6 million as a result of both the increase in assets under management and the increase in the ARB rate paid to Consultants.
- Asset retention premium (ARP) – is a deferred component of compensation designed to promote Consultant retention. The ARP, which was announced in 2003, was effective beginning in 2004. ARP expense to March 31, 2004 was $4.0 million compared to nil in 2003.

Non-commission expense totaled $65.9 million for the three months ended March 31, 2004 compared with $60.0 million in 2003, representing an increase of $5.9 million or 9.8%, primarily due to:

- Increases in expenses related to the administration of Investors Group's mutual funds due to both increased transactional volumes as well as costs related to post conversion activities related to the single shareholder system. Investors Group and Mackenzie merged their transfer agency and unitholder recordkeeping systems into one shareholder system in November 2003.
- Increases in sub-advisory fees as a result of increases in these assets under management.
- Increases in Consultant network support costs as a result of increased activity levels.

Investors Group continues to benefit from the impact of synergies related to the transition work completed with Mackenzie. In addition, management continues to focus on both control of discretionary expenses and expense reductions beyond the opportunities created by the transition activities.

Mackenzie
Assets Under Management

Mackenzie's mutual fund assets under management were $35.4 billion at March 31, 2004, an increase of $1.6 billion from $33.8 billion as at December 31, 2003, and up $6.6 billion from $28.8 billion as at March 31, 2003.

During the three month period ended March 31, 2004, sales of Mackenzie's mutual funds were $2.0 billion, an increase of 34.9% from $1.5 billion in the comparative period last year. Redemptions of mutual funds during these periods were $1.7 billion and $1.5 billion respectively, resulting in net sales of mutual funds of $344 million during the three month period ended March 31, 2004 as compared to net sales of mutual funds of $0.8 million in the three month period ended March 31, 2003. Net sales of long-term funds were $406 million in the current period as compared to net sales of long-term funds of $43 million in the corresponding period last year. Market performance positively impacted mutual fund assets by $1.3 billion during the period, as compared to a negative market contribution of $2.1 billion in the same period last year.

As at March 31, 2004, Mackenzie held the top position among fund companies for offering the most Morningstar† rated five-star funds of any fund company in Canada. Excluding funds that emulate the portfolio of another fund, Mackenzie had nine funds with the top ranking. Morningstar Ratings† are an objective, quantitative measure of a fund's historical risk-adjusted performance relative to other funds in its category, of which the top 10 percent of the funds in each category get a five-star rating.

In addition to its mutual fund business, an important component of Mackenzie's operations is the provision of investment management, administration and distribution services for other investment products. As at March 31, 2004, Mackenzie provided investment management services to private and institutional accounts with assets of $3.7 billion and provided administration and distribution services to venture capital funds with $1.1 billion in net assets.

TABLE 4: CHANGES IN ASSETS UNDER MANAGEMENT AND ADMINISTRATION – MACKENZIE

THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	CHANGE
Mutual Funds			
Sales	**$ 2,021.1**	$ 1,498.8	34.9 %
Redemptions	**1,677.4**	1,498.0	12.0
Net sales	**343.7**	0.8	N/M
Market and income	**1,269.9**	(2,098.8)	160.5
Net change in assets	**1,613.6**	(2,098.0)	176.9
Beginning assets	**33,769.9**	30,860.1	9.4
Ending assets	**35,383.5**	28,762.1	23.0
Private and Institutional Clients	**3,738.3**	2,329.8	60.5
Labour Sponsored Funds	**1,070.4**	1,023.8	4.6
Total	**$ 40,192.2**	$ 32,115.7	25.1 %
Average daily mutual fund assets	**$ 35,010.3**	$ 29,611.3	18.2 %

Segment Operating Results

Mackenzie's earnings from operations before interest and taxes for the three months ended March 31, 2004 compared with 2003 are presented in Table 5.

FEE AND NET INVESTMENT INCOME

Management fees were $159.5 million for the three month period ended March 31, 2004, an increase of $25.8 million or 19.3% from $133.7 million in the comparative period last year. This increase is consistent with the 18.2% increase in Mackenzie's average mutual fund assets under management and the growth in its private and institutional accounts.

Administration fees include the following main components: operating expenses charged to funds; fees earned from administering the VenGrowth labour sponsored venture capital funds; and trustee and other administration fees generated from the MRS Group account administration business. Administration fees declined by $0.9 million from $39.0 million in the comparative period to $38.1 million in the three month period ended March 31, 2004. The overall decrease in administration fees is attributed to a $1.2 million decline in operating expenses charged to funds consistent with the overall decline in Mackenzie's recoverable operating expenses. This reduction in administration fees was partially offset by a $0.4 million increase in the administration fees earned by the MRS Group.

Distribution revenue, which represents redemption fees earned on units of mutual funds sold on a deferred sales charge basis for which Mackenzie was the primary distributor, decreased $1.2 million to $10.1 million in the three month period ended March 31, 2004 from $11.3 million in the comparative period last year. The decrease is consistent with the decline in the redemption of mutual fund units that were subject to a redemption fee and to the fact that mutual fund units subject to redemption fees are aging and therefore have lower applicable redemption fee rates.

Net investment income and other represents the net interest margin from M.R.S. Trust's lending and deposit operations. Net investment income in the three month period ended March 31, 2004 was $3.9 million, a decline of $0.4 million as compared to $4.3 million in the corresponding period last year. The decrease in the current period is due to net interest margin compression on M.R.S. Trust's lending and deposit portfolios.

OPERATING EXPENSES

Mackenzie's operating expenses increased $9.4 million or 6.7% to $150 million in the three month period ended March 31, 2004 from $140.6 million in the comparative period last year.

Commissions expense, which represents the amortization of deferred selling commissions, was $37.7 million

TABLE 5: OPERATING RESULTS – MACKENZIE

THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	CHANGE
Fee and net investment income			
Management	**$ 159.5**	$ 133.7	19.3 %
Administration	**38.1**	39.0	(2.3)
Distribution	**10.1**	11.3	(10.6)
Net investment income and other	**3.9**	4.3	(9.3)
	211.6	188.3	12.4
Operating expenses			
Commissions	**37.7**	37.0	1.9
Trailer fees	**41.4**	33.5	23.6
Non-commission	**70.9**	70.1	1.1
	150.0	140.6	6.7
Earnings before interest and taxes	**$ 61.6**	$ 47.7	29.1 %

in the three month period ended March 31, 2004 as compared to $37.0 million in the previous year. Mackenzie amortizes deferred selling commissions over a maximum period of seven years. However, to the extent fees are received on the redemption of the underlying mutual fund units, amortization is accelerated.

Trailer fees paid to dealers were $41.4 million in the three month period ended March 31, 2004, an increase of $7.9 million or 23.6% from $33.5 million in the three month period ended March 31, 2003. This increase is consistent with the overall increase in Mackenzie's average mutual fund assets under management in the current quarter as compared to the corresponding quarter last year. In addition, trailer fees as a percentage of average mutual fund assets under management increased to 46.9 basis points in the current quarter as compared to 45.5 basis points in the corresponding period last year. This increase is primarily due to a shift in the percentage of Mackenzie's mutual fund assets invested in long-term equity based funds as opposed to short-term money market funds in the current quarter as compared to the corresponding period last year.

Non-commission expenses increased $0.8 million to $70.9 million in the three month period ended March 31, 2004 from $70.1 million in the comparative period last year. A component of the non-commission expenses incurred by Mackenzie is related to the administration of its mutual funds. These expenses, which are recovered from the mutual funds, declined in the current quarter as compared to the corresponding period last year, largely a result of continued cost synergies being realized from the transition work with Investors Group. This reduction in non-commission expenses was offset by an increase in expenses in the marketing and management of its mutual funds. During the current quarter Mackenzie incurred higher sub-advisory expenses, consistent with the growth in sub-advised assets under management, and increased marketing and sales program related expenditures as compared to the same period last year.

Investors Group Inc.
Consolidated Financial Position

The Company's on-balance sheet assets totaled $6.34 billion at March 31, 2004 compared to $6.29 billion at December 31, 2003.

The Company's holdings of securities were $123.1 million at March 31, 2004 – an increase of $16.9 million or 15.9%. Securities currently represent 1.9% of total assets as compared with 1.7% at December 31, 2003. The market value of the Company's portfolio exceeded cost by $129.0 million at March 31, 2004 and $125.1 million at December 31, 2003.

Loans, including mortgages and personal loans, increased by 11.4%, or $60.3 million, to $588.3 million at March 31, 2004 and represent 9.3% of total assets, compared to 8.4% at December 31, 2003. Residential loans related to the Company's mortgage banking operations, designated for sale to third parties on a fully serviced basis, increased by $40.9 million while mortgages and personal loans related to the Company's intermediary activities increased by $19.4 million.

TABLE 6: CASH FLOWS

THREE MONTHS ENDED MARCH 31 *($ millions)*	2004	2003	CHANGE
Operating activities	$ 54.2	$ 67.7	(19.9)%
Financing activities	(76.6)	81.2	(194.3)
Investing activities	(66.4)	1.4	N/M
(Decrease) increase in cash and cash equivalents	(88.8)	150.3	(159.1)
Cash and cash equivalents, beginning of period	969.3	771.5	25.6
Cash and cash equivalents, end of period	$ 880.5	$ 921.8	(4.5)%

Consolidated Liquidity and Capital Resources

LIQUIDITY

The Company's operating liquidity is required for:

- Financing ongoing operations, including the funding of selling commissions internally.
- Temporarily financing mortgages in its mortgage banking facility.
- Meeting regular interest and dividend obligations related to long-term debt and preferred shares.
- Payment of quarterly dividends on the Company's outstanding common shares.
- Maintaining liquidity requirements for the Company's regulated entities.

The Company continues to generate significant cash flows which are sufficient to meet its operating liquidity requirements. Earnings before interest, taxes, depreciation and amortization (EBITDA) totaled $303.1 million for the three months ended March 31, 2004, compared to $267.2 million in 2003, an increase of 13.4% compared to the 16.7% increase in average consolidated mutual fund assets under management.

Other potential sources of liquidity include the Company's portfolio of securities and lines of credit. As at March 31, 2004, the market value of the marketable securities in its portfolios and its unregulated subsidiaries was $224.9 million. The Company's operating lines of credit totaled $235 million with various Schedule 1 Canadian chartered banks, of which $50 million represented committed lines of credit.

Liquidity can also be provided through the Company's demonstrated ability to raise funds in domestic debt and equity markets.

Cash Flows

Operating activities, before payment of commissions, generated $154.3 million to March 31, 2004 compared to $137.8 million in 2003. Due to increases in mutual fund sales to March 31, 2004, cash commissions paid increased to $100.1 million in 2004 compared to $70.1 million in 2003.

Financing activities to March 31, 2004 related primarily to the regular payment of preferred and common dividends as well as the repurchase of 642,000 shares under the Company's normal course issuer bid at a cost of $23.0 million. Activity in 2003 related primarily to the issue of $300 million in debentures and the repayment of $200 million in long-term debt, as discussed in the 2003 Annual Report, in addition to the regular payment of preferred and common dividends.

Investing activities during the first quarter of 2004 included the purchase of $25 million in securities and securities sales with proceeds of $29 million. This compares to proceeds of $44.0 million on the sale of securities for the same period in 2003. Increases in residential mortgages and personal loans, net of securitizations, accounted for the remainder of investing activities for the three months ended March 31, 2004 and 2003.

Contractual Obligations

There have been no material changes in the contractual obligations of the Company from those reported at December 31, 2003.

Regulatory Liquidity Requirements

Liquidity requirements for M.R.S. Trust and Investors Group Trust Co. Ltd., which engage in financial intermediary activities, are established by regulatory authorities. As at March 31, 2004, liquidity for both companies was in excess of regulatory requirements.

Off-Balance Sheet Arrangements

- *Securitizations* – there were no changes to the Company's liquidity management practices related to securitizations and no significant transactions undertaken during the three month period ended March 31, 2004.
- *Derivatives* – there have been no changes in the Company's policies and procedures with respect to the use of derivative instruments during the quarter ended March 31, 2004. In addition, there has not been a significant change in either the notional amount outstanding or in the exposure to credit risk which represents the market value of those instruments which are in a gain position.

CAPITAL RESOURCES

Shareholders' equity increased to $3.28 billion as at March 31, 2004 from $3.22 billion at December 31, 2003. Long-term debt remained at year end levels of $1.40 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.

TABLE 7: FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – CARRYING VALUE

($ millions)	MARCH 31 2004	DECEMBER 31 2003
Assets		
Cash and cash equivalents	**$ 880.5**	$ 969.3
Securities	**123.1**	106.2
Loans	**588.3**	528.0
Account and other receivables	**169.4**	155.9
	$ 1,761.3	$ 1,759.4
Liabilities		
Deposits and certificates	**$ 742.3**	$ 729.5
Other financial liabilities	**444.5**	450.3
Long-term debt	**1,401.8**	1,403.6
	$ 2,588.6	$ 2,583.4

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS (Table 7)

Changes in both the carrying values and fair values of financial instruments did not have a significant impact on the financial condition of the Company for the quarter ended March 31, 2004. In addition, there were no significant changes in the risks related to these financial instruments and the policies and procedures designed to manage these risks during the period.

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions entered into by the Company during the quarter ended March 31, 2004. There were no material transactions during the period except as follows:

- To facilitate innovative product enhancements, Mackenzie enters into transactions involving entities managed by Mackenzie. As part of this arrangement, the parties have the legal right and intend to settle on a net basis certain related party financial assets and liabilities. These assets, which total $2.4 billion at March 31, 2004 ($2.2 billion at December 31, 2003), have been offset and, accordingly, have no impact on the consolidated balance sheets.

Outlook

PROPOSED ACQUISITION OF IPC FINANCIAL NETWORK INC. (IPC)

On February 25, 2004, the Company announced that it had entered into agreements with IPC and certain IPC shareholders to acquire, by way of a plan of arrangement, all of the common shares of IPC at a price of $1.95 per share. Under the terms of the agreements, IPC shareholders will be entitled to receive, at their option, either (i) $1.95 in cash, or (ii) $0.975 in cash and 0.02973 of common shares of the Company for each IPC common share and, in the case of certain other Advisor and Management shareholders who so elect, one share of 4221079 Canada Inc. (Newco) for each IPC share, subject to pro-ration. Two senior executive officers of IPC are obliged to exchange Newco shares for 72.5% of their IPC shares and 0.05945 of a Company share for the balance of their IPC shares.

Subsequent to March 31, 2004, the transaction was approved at a Special Meeting of shareholders which will result in the Company owning 74.5% of the outstanding shares of Newco.

Subject to regulatory approval, the transaction is expected to be completed in May 2004.

This acquisition will expand the Company's presence in the independent financial planning channel. IPC is the fifth largest financial planning firm in Canada and has an effective and committed management team. The transaction is structured to maintain the entrepreneurial character of IPC and is consistent with the Company's strategy of owning leading businesses in both manufacturing and distribution within the advice segment of the financial services industry.

GROWTH OF MUTUAL FUNDS

The mutual fund market continues to play a prominent role in the financial services industry. At March 31, 2004, mutual fund industry assets in Canada totaled $464.6 billion, an increase of 5.9% from $438.9 billion at December 31, 2003. The $25.7 billion increase in industry assets from December 31, 2003 reflects an estimated $14.8 billion increase from market action, which represented 3.4% of year-end 2003 industry assets, and net sales of $10.9 billion.

EXPANDED PRODUCT AND SERVICE OFFERING

Offering a broader range of financial products and increasing the diversification of the Company's core products have strengthened existing client relationships and have attracted new clients. This strategy continues to enhance the extent and quality of the Company's client relationships, protect its client base and expand its market share.

In the quarter ended March 31, 2004, Mackenzie launched three new investment offerings:

- Mackenzie Universal Canadian Tactical Fund, an actively managed portfolio within a fund-of-fund structure that combines asset allocation with active management.
- Symmetry, a pooled wrap program that combines strategic asset allocation with active advisor enhancements and offers ongoing monitoring, rebalancing and reporting.
- Mackenzie's fourth CIBC FULPaY† Mackenzie Funds-Linked Deposit Notes. The key feature of this product is that 100% of the principal is returned at maturity by CIBC, yet it has the potential to deliver equity like returns over the long term through its link to the performance of five leading Mackenzie funds.

THE REGULATORY ENVIRONMENT

Review of Mutual Fund Industry Practices

The Ontario Securities Commission (the "OSC"), the Mutual Fund Dealers Association of Canada (the "MFDA") and the Investment Dealers Association of Canada (the "IDA") have each requested information from mutual fund companies regarding "late trading" and "market timing" activities in the past two years. Each of Investors Group and Mackenzie provided detailed responses, on a timely basis, to the questionnaires issued by these three regulators. There were no instances of "late trading" in the funds of either Investors Group or Mackenzie. Both companies maintain strict and effective procedures to prevent such trading. Both Investors Group and Mackenzie determined that there were no instances of market timing transactions in their funds, as that term was defined, but that there were a small number of instances of short-term trading in its international mutual funds during the relevant period. These were identified through the application of monitoring procedures, and steps were taken to terminate the trading activity.

On February 10, 2004 the OSC announced that early results indicated that the first stage of its industry review had not uncovered systemic abuses, and that it was undertaking a second stage, more focussed examination of certain mutual fund managers. Both Investors Group and Mackenzie have been included in this request for additional information, and have provided that information on a timely basis. The OSC has indicated that this request for additional information does not mean that improper trading practices have been uncovered in the funds. On April 5, 2004 the Chair of the OSC stated that the third phase of the review would involve visits to the facilities of some mutual fund companies. Both Investors Group and Mackenzie are supportive of the initiative to strengthen the Canadian mutual fund industry.

RISK FACTORS

Market Risk

Investor confidence continued to grow in the first quarter of 2004 as financial markets remained strong. This has led to significant increases in the level of mutual fund sales and increases in the level of assets under management. However, risks related to performance of the equity markets and changes in interest rates can have a significant impact on the level and mix of mutual fund assets and sales. In addition, these factors can result in increased redemptions of mutual funds.

Redemption Rates
The combined redemption rate for long-term funds for Investors Group and Mackenzie mutual funds was 11.5% at March 31, 2004, among the lowest in the industry. The corresponding redemption rate for the industry as a whole was 14.6%, excluding the Company's mutual funds.

Investors Group and Mackenzie provide Consultants and independent financial advisors 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 and, as a result, the Company has been able to maintain redemption rates that are among the lowest in the industry.

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 portfolio diversification. In periods of declining markets and market volatility, our Consultants and independent financial advisors have been effective in reminding clients of the benefits of long-term investing.

Distribution Risk
Investors Group Consultant Network – Investors Group derives all of its mutual fund sales through its Consultant network. Investors Group Consultants have regular direct contact with particular clients which can lead to a strong and personal client relationship based on the client's trust in that individual Consultant. The market for financial advisors is extremely competitive. The loss of a significant number of key Consultants could lead to the loss of client accounts which could have an adverse effect on Investors Group's results of operations and business prospects. Investors Group is focussed on growing its distribution network of Consultants as discussed in the Investors Group Review of the Business beginning on page 27 of the MD&A contained in the 2003 Annual Report. As at March 31, 2004 the number of Consultants totaled 3,219 compared with 3,223 at December 31, 2003 and 3,246 one year ago.

Mackenzie – Mackenzie derives substantially all of its mutual fund sales through independent financial advisors. Mackenzie's ability to market its products is highly dependent on access to various distribution channels. These intermediaries generally offer their clients investment products in addition to, and in competition with Mackenzie. The inability to have such access could have a material adverse effect on Mackenzie's operating results and business prospects. However, Mackenzie's portfolio of financial products is recognized as one of the most innovative and unique in the industry. This, combined with strong performance, marketing, educational and service support, has made Mackenzie one of Canada's leading companies serving independent financial advisors.

OTHER INFORMATION

- *Outstanding Share Data* – Outstanding shares of the Company as at March 31, 2004 of 263,914,513 are disclosed in Note 2 – Share Capital in the notes to the interim Consolidated Financial Statements. Outstanding shares of the Company as at April 29, 2004 totaled 263,915,113.
- Additional information relating to Investors Group Inc., including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com.

Consolidated Statements of Income

(unaudited) *(in thousands of dollars, except shares and per share amounts)*		THREE MONTHS ENDED MARCH 31 2004	2003
Fee and net investment income			
Management		$ 365,080	$ 310,329
Administration		78,028	73,889
Distribution		34,935	34,125
Net investment income and other		42,361	36,541
Total fee and net investment income		520,404	454,884
Operating expenses			
Commission expense		143,822	116,065
Non-commission expense		136,801	130,096
Interest expense		18,722	20,931
Total operating expenses		299,345	267,092
Income before income taxes		221,059	187,792
Income taxes		67,995	62,870
Net income		153,064	124,922
Preferred dividends		5,175	5,175
Net income available to common shareholders		$ 147,889	$ 119,747
Average number of common shares *(in thousands) (Note 4)*	– Basic	264,167	263,831
	– Diluted	265,743	264,992
Earnings per share *(in dollars) (Note 4)*	– Basic	$ 0.560	$ 0.454
	– Diluted	$ 0.557	$ 0.452

Consolidated Statements of Retained Earnings

(unaudited) *(in thousands of dollars)*	THREE MONTHS ENDED MARCH 31 2004	2003
Balance, beginning of period		
As previously reported	$ 1,414,705	$ 1,148,892
Change in accounting policy *(Note 1)*	(1,093)	–
As restated	1,413,612	1,148,892
Net income	153,064	124,922
Dividends		
Preferred	(5,175)	(5,175)
Common	(72,577)	(63,300)
Premium paid on common shares purchased for cancellation *(Note 2)*	(19,449)	(2,127)
Other	(3,930)	–
Balance, end of period	$ 1,465,545	$ 1,203,212

(See accompanying notes to interim consolidated financial statements.)

Consolidated Balance Sheets

(unaudited) *(in thousands of dollars)*	MARCH 31 2004	DECEMBER 31 2003
Assets		
Cash and cash equivalents	**$ 880,485**	$ 969,315
Securities	**123,093**	106,232
Loans	**588,272**	528,012
Investment in affiliate	**468,294**	460,655
Deferred selling commissions	**809,941**	763,874
Other assets	**338,074**	333,825
Goodwill and intangible assets	**3,129,783**	3,129,783
	$ 6,337,942	$ 6,291,696
Liabilities		
Deposits and certificates	**$ 742,285**	$ 729,456
Other liabilities	**518,099**	562,820
Future income taxes	**397,938**	375,072
Long-term debt	**1,401,795**	1,403,580
	3,060,117	3,070,928
Shareholders' Equity		
Share capital *(Note 2)*		
Preferred	**360,000**	360,000
Common	**1,450,420**	1,446,063
Contributed surplus	**1,860**	–
Retained earnings	**1,465,545**	1,414,705
	3,277,825	3,220,768
	$ 6,337,942	$ 6,291,696

(See accompanying notes to interim consolidated financial statements.)

Consolidated Statements of Cash Flows

(unaudited) *(in thousands of dollars)*	three months ended march 31 2004	2003
Operating activities		
Net income	**$ 153,064**	$ 124,922
Adjustments to determine net cash from operating activities		
Future income taxes	**22,866**	1,221
Commission amortization	**54,056**	48,415
Depreciation	**5,315**	7,827
Changes in operating assets and liabilities and other	**(81,014)**	(44,562)
	154,287	137,823
Commissions paid	**(100,123)**	(70,130)
	54,164	67,693
Financing activities		
Increase in deposits and certificates	**12,829**	50,033
Issue of debentures	**–**	300,000
Repayment of long-term debt	**(1,785)**	(201,785)
Issue of common shares	**7,883**	223
Preferred dividends paid	**(5,175)**	(5,175)
Common dividends paid	**(67,343)**	(59,365)
Common shares purchased for cancellation	**(22,975)**	(2,741)
	(76,566)	81,190
Investing activities		
Acquisition of non-controlling interest	**–**	(4,733)
Purchase of securities	**(29,929)**	(758)
Proceeds from the sale of securities	**25,339**	44,033
Increase in loans	**(70,462)**	(32,973)
Proceeds from securitizations	**10,190**	–
Additions to office premises	**(1,566)**	(4,191)
	(66,428)	1,378
(Decrease) increase in cash and cash equivalents	**(88,830)**	150,261
Cash and cash equivalents, beginning of period	**969,315**	771,522
Cash and cash equivalents, end of period	**$ 880,485**	$ 921,783
Cash	**$ 64,000**	$ 52,529
Cash equivalents	**816,485**	869,254
	$ 880,485	$ 921,783

(See accompanying notes to interim consolidated financial statements.)

Notes to the Interim Consolidated Financial Statements

MARCH 31, 2004 *(Unaudited) (In thousands of dollars, except shares and per share amounts)*

These interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2003 as set out on pages 48 to 68 of the 2003 Annual Report. Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

The Company is proposing to change its name to IGM Financial Inc. at its upcoming Annual and Special Shareholders Meeting on April 30, 2004. Subject to shareholder and regulatory approval, the name change will be effective in May 2004.

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, 2003 except as noted below.

STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Effective January 1, 2004, CICA 3870, Stock-based Compensation and Other Stock-based Payments was amended to require expense treatment for all stock-based compensation and payments. Previously the standard encouraged, but did not require, the use of a fair value-based method to account for stock-based transactions with employees. On January 1, 2004, the Company adopted the amended standard retroactively without restatement of prior periods for all stock-based compensation and payments to employees. The cumulative effect of adopting the new recommendations in the Company's consolidated financial statements was to increase contributed surplus by $1.1 million and decrease opening retained earnings by $1.1 million.

HEDGING RELATIONSHIPS

Accounting Guideline 13 - Hedging Relationships (AcG-13) specifies the circumstances in which hedge accounting is appropriate, including the identification, documentation, designation, and effectiveness of hedges and the discontinuance of hedge accounting. Subsequent to January 1, 2004, derivatives that do not qualify for hedge accounting will be carried at fair value on the consolidated balance sheets, and changes in fair value will be recorded in the consolidated statements of income. Non-qualifying derivatives will continue to be utilized on a basis consistent with the risk management policies of the Company and will be monitored by the Company for effectiveness as economic hedges even if the specific hedge accounting requirements of AcG-13 are not met. The Company has reassessed its hedging relationships as at January 1, 2004 and has determined that the adoption of the new recommendation did not have a material effect on the Company's consolidated financial statements.

2. Share capital

ISSUED AND OUTSTANDING

	MARCH 31, 2004		DECEMBER 31, 2003	
	SHARES	STATED VALUE	SHARES	STATED VALUE
First preferred shares, Series A	**14,400,000**	**$ 360,000**	14,400,000	$ 360,000
Common shares				
Balance, beginning of period	**264,089,791**	**$ 1,446,063**	263,845,333	$ 1,441,063
Issued under Stock Option Plan	**466,722**	**7,883**	356,758	5,614
Purchased for cancellation	**(642,000)**	**(3,526)**	(112,300)	(614)
Balance, end of period	**263,914,513**	**$ 1,450,420**	264,089,791	$ 1,446,063

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid, effective for one year, on February 22, 2004. Under this bid, the Company may purchase up to 13.2 million or 5% of its common shares outstanding as at January 31, 2004. As at March 31, 2004, 642,000 shares were purchased at a cost of $23.0 million and the premium paid to purchase the shares was charged to retained earnings. On February 22, 2003, the Company commenced a normal course issuer bid, effective for one year, authorizing it to purchase up to 13.2 million or 5% of its common shares outstanding as at January 31, 2003. As at March 31, 2003, 112,300 shares were purchased at a cost of $2.7 million.

3. Stock-based compensation

	MARCH 31 2004	DECEMBER 31 2003
Common share options		
Outstanding	**7,167,596**	6,303,023
Exercisable	**2,178,047**	2,292,297

During the three months ended March 31, 2004, the Company issued 1,262,500 (2003 - 1,420,594) options to employees and 88,750 (2003 - 86,500) options to non-employees. A portion of the options granted to employees are subject to performance targets. The fair value of options granted in 2004 has been estimated at $7.02 per option (2003 - $5.34) using the Black-Scholes option pricing model, based on the following assumptions: (i) risk-free interest rate of 3.94% (2003 - 4.58%), (ii) expected option life of six years (2003 - six years), (iii) expected volatility of 25.00% (2003 - 25.00%) and (iv) expected dividend yield of 3.28% (2003 - 3.70%).

The Company recorded compensation expense related to its stock option program of $0.5 million (2003 - nil) for the three months ended March 31, 2004.

4. Earnings per common share

	MARCH 31 2004	MARCH 31 2003
Earnings		
Net income	$ 153,064	$ 124,922
Preferred dividends	5,175	5,175
Net income available to common shareholders	$ 147,889	$ 119,747
Number of common shares *(in thousands)*		
Average number of common shares outstanding	264,167	263,831
Add:		
– Potential exercise of outstanding stock options	1,576	1,161
Average number of common shares outstanding – diluted basis	265,743	264,992
Earnings per common share *(in dollars)*		
Basic	$ 0.560	$ 0.454
Diluted	$ 0.557	$ 0.452

In certain circumstances, the preferred shares referred to in Note 2 are convertible into common shares. These conversions are not included in the calculation of diluted earnings per share as the Company has the option to settle in cash instead of shares.

5. Segmented information

THREE MONTHS ENDED MARCH 31 2004	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Total assets under management and administration	$ 45,149,968	$ 42,204,002	$ 604,344	$ 87,958,314
Income	$ 303,920	$ 211,583	$ 4,901	$ 520,404
Expenses	130,609	150,014	–	280,623
Earnings before undernoted	$ 173,311	$ 61,569	$ 4,901	239,781
Interest expense				18,722
Income before income taxes				221,059
Income taxes				67,995
Net income				153,064
Preferred dividends				5,175
Net income available to common shareholders				$ 147,889

5. Segmented information *(continued)*

THREE MONTHS ENDED MARCH 31 2003	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Total assets under management and administration:	$ 37,742,439	$ 33,851,253	$ 726,013	$ 72,319,705
Income	$ 257,127	$ 188,263	$ 9,494	$ 454,884
Expenses	105,603	140,558	–	246,161
Earnings before undernoted	$ 151,524	$ 47,705	$ 9,494	208,723
Interest expense				20,931
Income before income taxes				187,792
Income taxes				62,870
Net income				124,922
Preferred dividends				5,175
Net income available to common shareholders				$ 119,747

6. Restructuring

Following the acquisition of Mackenzie, the Company commenced the integration and rationalization of its administration, systems and operations. The restructuring costs related primarily to severance and related expenses, contract termination costs, decommissioning of systems, and other expenses.

	MARCH 2004	DECEMBER 2003
Balance at beginning of period	**$ 38,337**	$ 69,786
Utilized during the period	**(6,312)**	(6,617)
Change in estimate	**–**	(24,832)
Balance at end of period	**$ 32,025**	$ 38,337

Of the $32.0 million balance, $6.9 million relates to termination benefits, $4.9 million relates to contract termination costs and the remaining $20.2 million relates to decommissioning of systems and other expenses. The balance includes $9.2 million in liabilities related to completed activities and $22.8 million related to projects in process.

7. Proposed acquisition

On February 25, 2004, the Company announced that it had entered into agreements with IPC Financial Network Inc. (IPC) and certain IPC shareholders to acquire, by way of a plan of arrangement, all of the common shares of IPC at a price of $1.95 per share. Under the terms of the agreements, IPC shareholders will be entitled to receive, at their option, either (i) $1.95 in cash, or (ii) $0.975 in cash and 0.02973 of common shares of the Company for each IPC common share, and, in the case of certain other Advisor and Management shareholders who so elect, one share of 4221079 Canada Inc. (Newco) for each IPC share, subject to pro-ration. Two senior executive officers of IPC are obliged to exchange Newco shares for 72.5% of their IPC shares and 0.05945 of a Company share for the balance of their IPC shares.

Subsequent to March 31, 2004, the transaction was approved at a Special Meeting of shareholders which will result in the Company owning 74.5% of the outstanding shares of Newco.

Subject to regulatory approval, the transaction is expected to be completed in May 2004.

Shareholder Information

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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

ANALYST CONTACT

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SHAREHOLDER INFORMATION

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Si vous préférez recevoir ce rapport en français, veuillez vous adresser au Secrétaire de Groupe Investors Inc., One Canada Centre, 447 Portage Avenue, Winnipeg, Manitoba R3C 3B6

WEBSITES

Visit our websites at
www.investorsgroup.com
and
www.mackenziefinancial.com

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