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IGM
Financial

IGM FINANCIAL INC. THIRD QUARTER REPORT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2005

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Company, including its business operations, strategy and expected financial performance and condition. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future financial performance (including revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future Company action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally.

They are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied by forward-looking statements made by the Company due to, but not limited to, important factors such as general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, and the Company's ability to complete strategic transactions and integrate acquisitions. We caution 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. The Company has no specific intention to update any forward-looking statements whether as a result of new information, future events or otherwise.

NON-GAAP FINANCIAL MEASURES

This report may also 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. Please refer to the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP.

FINANCIAL HIGHLIGHTS

	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Net income (\$ millions)	\$ 176.6	\$ 153.8	14.8%	\$ 505.2	\$ 454.3	11.2%
Diluted earnings per share	0.66	0.58	13.8	1.90	1.71	11.1
Return on equity				19.9%	19.7%	
Dividends per share	0.345	0.300	15.0	0.990	0.850	16.5

(\$ millions)

Mutual funds

Investors Group

Sales	\$ 1,205	\$ 995	21.2%	\$ 4,111	\$ 3,620	13.6%
Net sales (redemptions)	56	(52)	N/M	524	264	98.7
Assets under management				49,045	42,296	16.0

Mackenzie

Sales	1,721	1,438	19.7	5,892	5,092	15.7
Net sales	110	110	0.7	663	672	(1.3)
Assets under management				40,215	34,979	15.0

Investment Planning Counsel

Sales	91	87	4.6	317	158 ⁽¹⁾	N/A
Net sales	48	60	(20.0)	186	109 ⁽¹⁾	N/A
Assets under management				1,772	1,359	30.4

Combined mutual fund

assets under management ⁽²⁾				90,996	78,605	15.8
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Insurance in force

(face amount)				36,368	35,217	3.3
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Securities operations assets under administration

				7,476	6,618	13.0
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Mortgages serviced

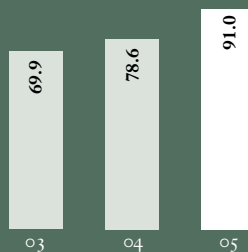
				5,909	6,102	(3.2)
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Employees

				3,222	3,171	1.6%
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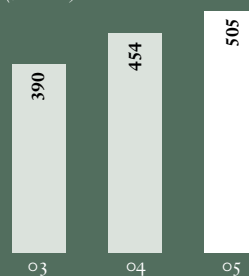
MUTUAL FUND ASSETS UNDER MANAGEMENT

As at September 30 (\$ billions)



NET INCOME

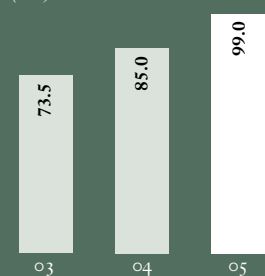
For the nine months ended September 30
(\$ millions)



2003 excludes dilution gain⁽³⁾

DIVIDENDS PER SHARE

For the nine months ended September 30
(cents)



⁽¹⁾ From date of acquisition.

⁽²⁾ Adjusted for \$36 million in inter-segment assets (2004 – \$29 million).

⁽³⁾ For 2003 non-GAAP financial measures, refer to Management's Discussion and Analysis on page 23 of the IGM Financial Inc. 2004 Annual Report.

REPORT TO SHAREHOLDERS

TO OUR SHAREHOLDERS

Interim consolidated financial statements for the three and nine months ended September 30, 2005 are presented with this report.



FINANCIAL RESULTS

Net income for the three months ended September 30, 2005 was \$176.6 million, compared to \$153.8 million in 2004. Earnings per share were 66 cents compared to 58 cents, an increase of 13.8%.

For the nine months ended September 30, 2005 net income was \$505.2 million compared to \$454.3 million in 2004. Earnings per share were \$1.90 compared with \$1.71 in 2004, an increase of 11.1%.

Gross revenues for the three months ended September 30, 2005 were \$587.0 million, compared to \$527.1 million in the prior year. Gross revenues for the nine months ended September 30, 2005 were \$1.74 billion, compared to \$1.57 billion last year. Operating expenses were \$341.8 million for the quarter and \$1.02 billion for the nine months, compared with \$305.7 million and \$914.5 million, respectively, in 2004.

INVESTORS GROUP'S OPERATIONS

Mutual fund sales for the third quarter were \$1.21 billion compared to \$1.00 billion in the prior year. For the quarter, mutual fund net sales were \$56 million compared to net redemptions of \$52 million in 2004 and net sales of long-term mutual funds (excluding money market funds) were \$10 million compared to net redemptions of \$96 million in 2004.

Year-to-date mutual fund sales were \$4.1 billion compared to \$3.6 billion in the prior year and mutual fund net sales were \$524 million compared to \$264 million a year ago. Net sales of long-term funds were \$361 million compared to \$146 million in the prior year.

Investors Group's twelve month trailing redemption rate (excluding money market funds) was 9.1% at the end of the quarter, down from 9.2% at the same time last year. The corresponding rate at September 30, 2005 for all other members of the Investment Funds Institute of Canada (IFIC) was 16.8%.

Investors Group's mutual fund assets under management at September 30, 2005 were \$49.0 billion, an increase of 16.0%, compared to \$42.3 billion at September 30, 2004.

The number of Investors Group Consultants was 3,560 at September 30, 2005. Investors Group has experienced five consecutive quarters of growth resulting in an increase of 11.0% in the Consultant Network since June 30, 2004.

MACKENZIE FINANCIAL'S OPERATIONS

Mackenzie Financial recorded mutual fund sales of \$1.7 billion for the third quarter compared to \$1.4 billion for the same quarter last year. Mutual fund net sales were \$110 million for the third quarter in both 2005 and 2004. Net sales of long-term funds (excluding money market and managed yield funds) were \$85 million for the quarter, compared with \$133 million in 2004.

Year-to-date mutual fund sales were \$5.9 billion compared to \$5.1 billion in the prior year. Mutual fund net sales were \$663 million compared to \$672 million in the prior year. Net sales of long-term funds (excluding money market and managed yield funds) were \$684 million for the period compared to \$730 million in 2004.

Mackenzie Financial's twelve month trailing redemption rate for long-term funds was 15.1% at the end of September 2005, compared to 13.7% at the end of September 2004. The corresponding rate at September 30, 2005 for all other members of IFIC was 16.1%.

Mackenzie Financial's mutual fund assets under management at September 30, 2005 were \$40.2 billion, an increase of 15.0%, compared to \$35.0 billion one year ago. Total assets under management were \$47.9 billion as at September 30, 2005 compared to \$39.3 billion at September 30, 2004, an increase of 21.9%.

INVESTMENT PLANNING COUNSEL

IGM Financial Inc. acquired Investment Planning Counsel on May 10, 2004. At acquisition date, Investment Planning Counsel had \$7.3 billion of assets under administration and \$1.3 billion of Counsel funds under management. Since the date of acquisition, Investment Planning Counsel has continued to operate independently from Investors Group and Mackenzie Financial and focus on growing its distribution network

and improving its products and services for advisors and their clients. At September 30, 2005, assets under administration were \$8.7 billion and Counsel funds under management were \$1.8 billion.

INDUSTRY OVERVIEW

Net sales in the mutual fund industry in Canada rose in the third quarter to the highest level in recent years as investor confidence continues to grow. IFIC reported stronger net sales of long-term funds on a year-to-date basis and for the third quarter of 2005 compared to a year ago. Net sales of long-term funds for the industry, for the nine months ended September 30, 2005, were \$20.0 billion compared to \$14.5 billion in the prior year, an increase of 37.7%. Net sales of long-term funds for the industry, in the third quarter, were \$6.2 billion compared to \$1.5 billion in 2004, an increase of 315.9%. IFIC reported that as at September 30, 2005, mutual fund assets had increased by 17.8% year-over-year to \$554.2 billion. During the third quarter, total mutual fund assets under management increased by 5.2%, or \$27.4 billion.

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 December 31, 2005 to shareholders of record on November 30, 2005 and has declared a dividend of 34.5 cents per share on the Company's common shares payable on January 27, 2006 to shareholders of record on December 30, 2005.

On behalf of the Board of Directors,



Murray J. Taylor
Co-President and
Chief Executive Officer



Charles R. Sims
Co-President and
Chief Executive Officer

November 3, 2005

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis (MD&A) presents management's view of the operations and financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the three and nine months ended September 30, 2005, compared with the same periods in 2004, and should be read in conjunction with the 2004 IGM Financial Inc. Annual Report and the 2005 IGM Financial Inc. First and Second Quarter Report to Shareholders filed on www.sedar.com. Commentary in the MD&A as at and for the three and nine months ended September 30, 2005 is as of November 2, 2005.

FORWARD-LOOKING INFORMATION

This report may contain forward-looking statements about IGM Financial, 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, changes in tax laws, 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.

IGM FINANCIAL INC.

Summary of Consolidated Operating Results

Net income for the three months ended September 30, 2005 was \$176.6 million compared to \$153.8 million in 2004. Diluted earnings per share were 66 cents compared with 58 cents in 2004, an increase of 13.8%.

Net income for the nine months ended September 30, 2005 was \$505.2 million compared to \$454.3 million in 2004. Diluted earnings per share were \$1.90 compared with \$1.71 in 2004, an increase of 11.1%.

TABLE I: RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
EBITDA - Non-GAAP Financial Measure	\$ 344.5	\$ 312.8	\$ 1,012.2	\$ 924.0
Commission amortization	(66.7)	(57.3)	(194.3)	(166.8)
Amortization of capital and intangible assets	(5.7)	(6.0)	(17.1)	(16.8)
Interest expense on long-term debt and dividends on preferred shares	(27.0)	(28.1)	(80.3)	(83.9)
Income before income taxes and non-controlling interest	245.1	221.4	720.5	656.5
Income taxes	(68.3)	(67.0)	(214.0)	(201.5)
Non-controlling interest	(0.2)	(0.6)	(1.3)	(0.7)
Net income – GAAP	\$ 176.6	\$ 153.8	\$ 505.2	\$ 454.3

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT

THREE MONTHS ENDED SEPTEMBER 30 (\$ millions)	INVESTORS GROUP		MACKENZIE		CORPORATE & OTHER		TOTAL	
	2005	2004	2005	2004	2005	2004	2005	2004
Fee income	\$ 308.6	\$ 267.2	\$ 216.3	\$ 202.5	\$ 23.5	\$ 20.6	\$ 548.4	\$ 490.3
Net investment income and other	28.3	28.4	4.9	3.7	5.4	4.7	38.6	36.8
	336.9	295.6	221.2	206.2	28.9	25.3	587.0	527.1
Operating expenses								
Commissions	83.8	63.7	85.8	79.4	13.9	12.2	183.5	155.3
Non-commission	64.9	59.1	63.2	61.7	7.6	5.7	135.7	126.5
	148.7	122.8	149.0	141.1	21.5	17.9	319.2	281.8
EBIT	\$ 188.2	\$ 172.8	\$ 72.2	\$ 65.1	\$ 7.4	\$ 7.4	267.8	245.3
Interest expense							22.7	23.9
Income before income taxes and non-controlling interest							245.1	221.4
Income taxes							68.3	67.0
Income before non-controlling interest							176.8	154.4
Non-controlling interest							0.2	0.6
Net income							\$ 176.6	\$ 153.8
NINE MONTHS ENDED SEPTEMBER 30 (\$ millions)								
Fee income	\$ 884.8	\$ 807.4	\$ 643.4	\$ 615.8	\$ 75.3	\$ 31.6	\$ 1,603.5	\$ 1,454.8
Net investment income and other	101.7	90.6	13.5	11.4	20.6	14.2	135.8	116.2
	986.5	898.0	656.9	627.2	95.9	45.8	1,739.3	1,571.0
Operating expenses								
Commissions	238.9	194.7	252.5	238.3	45.6	19.9	537.0	452.9
Non-commission	199.0	187.2	192.1	194.8	23.1	8.1	414.2	390.1
	437.9	381.9	444.6	433.1	68.7	28.0	951.2	843.0
EBIT	\$ 548.6	\$ 516.1	\$ 212.3	\$ 194.1	\$ 27.2	\$ 17.8	788.1	728.0
Interest expense							67.6	71.5
Income before income taxes and non-controlling interest							720.5	656.5
Income taxes							214.0	201.5
Income before non-controlling interest							506.5	455.0
Non-controlling interest							1.3	0.7
Net income							\$ 505.2	\$ 454.3

Shareholders' equity was \$3.4 billion as at September 30, 2005, up from \$3.2 billion at December 31, 2004. Return on average common equity was 19.9% for the nine month period ended September 30, 2005 compared to 19.7% in 2004. The quarterly dividend per common share of 34.5 cents in the third quarter represented an increase of 2.25 cents or 7.0% from 32.25 cents in the second quarter of 2005.

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 and EBITDA are alternative measures of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. EBITDA is discussed further on page 16 of the MD&A. These non-GAAP financial measures do not have standard meanings and are not directly comparable to any GAAP measure or to similar measures used by other companies.

The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBITDA is provided in Table 1. The reconciliation of non-GAAP results to reported results in accordance with GAAP related to EBIT is provided in Table 2.

REPORTABLE SEGMENTS

IGM Financial'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 EBIT as shown in Table 2. Discussion of segment operations for Investors Group and Mackenzie is contained on pages 8 to 16.

Earnings before interest and taxes for Corporate and Other, the segment which includes operating results for Investment Planning Counsel, net investment income earned on unallocated investments and other income as well as inter-segment eliminations, were \$7.4 million for the three months ended September 30, 2005 unchanged from 2004. Earnings before interest and taxes related to Investment Planning Counsel decreased \$0.3 million offset by an increase in net investment income related to unallocated investments.

For the nine month period, earnings before interest and taxes for Corporate and Other were \$27.2 million compared to \$17.8 million in 2004, an increase of \$9.4 million resulting from:

- The inclusion of Investment Planning Counsel's earnings before interest and taxes for the entire nine months in 2005 compared with the period from May 10 to September 30, 2004 which accounted for an increase of \$6.1 million.
- The elimination of certain provisions, established as a result of previous acquisitions, which were no longer required accounted for an increase in income of \$4.2 million.

Certain items reflected in Table 2 are not allocated to segments:

- *Interest expense* – Represents both the interest cost on the remaining debt issued pursuant to the Mackenzie acquisition and dividends paid on the outstanding preferred shares, which have been reclassified from equity to liabilities (refer to Note 1 of the interim Consolidated Financial Statements on page 26 of this report). Interest expense on long-term debt totalled \$17.5 million and \$52.1 million for the three and nine month periods ended September 30, 2005 compared with \$18.7 million and \$56.0 million in 2004. The decrease in expense in both periods was due to the repayment of the remaining \$175 million balance of the Floating Bankers' Acceptance related to the Mackenzie acquisition in the fourth quarter of 2004. Dividends paid on preferred shares were \$5.2 million and \$15.5 million for the three and nine month periods in both 2005 and 2004.
- *Income taxes* – The effective income tax rate was 27.9% and 29.7% for the three and nine month periods ended September 30, 2005, compared with 30.3% and 30.7% respectively in 2004 as shown in Table 3.

The decrease in the effective tax rate for both the three and nine month periods relates primarily to the recognition of favourable tax experience which is reflected in Other items. Tax planning may allow the Company to record lower income taxes in the current period and, as well, income taxes recorded in prior periods may be adjusted in the current period to reflect management's best estimates of the overall adequacy of its provisions. Any related tax benefits or changes in management's best estimates are

TABLE 3: EFFECTIVE INCOME TAX RATE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Income taxes at federal and provincial statutory rates	35.90%	36.21%	35.95%	36.18%
Effect of:				
Dividend income	(0.18)	(0.23)	(0.19)	(0.21)
Net capital gains and losses	(0.93)	(0.55)	(0.82)	(0.77)
Share of earnings of affiliate	(2.92)	(3.02)	(2.81)	(3.02)
Preferred dividends paid	0.78	0.88	0.80	0.89
Other items	(4.76)	(3.04)	(3.22)	(2.38)
Effective income tax rate	27.89%	30.25%	29.71%	30.69%

reflected in Other items, which also includes, but is not limited to, the effect of lower effective tax rates on income not subject to tax in Canada. Management

monitors the status of its income tax filings, and regularly assesses the overall adequacy of its provision for income taxes.

INVESTORS GROUP

Assets Under Management

The level of assets under management is influenced by three factors: sales, redemptions and investment returns. The changes in assets under management in 2005 compared with 2004 are summarized in Table 4.

For the three months ended September 30, 2005, sales of Investors Group mutual funds through its Consultant network were \$1.2 billion, an increase of 21.2% from 2004. Mutual fund redemptions totalled \$1.1 billion for the same period, an increase of 9.8% from 2004. Investors Group's twelve month trailing redemption rate for long-term funds decreased to 9.1% at September 30, 2005 from 9.2% at September 30, 2004 and remains below the corresponding redemption rate of 16.8% for all other members of the Investment Funds Institute of Canada (IFIC). Net sales of Investors Group mutual funds were \$56 million compared with net redemptions of \$52 million in 2004.

Sales of long-term funds were \$1.0 billion for the three months ended September 30, 2005, compared with \$779 million in 2004. Net sales of long-term funds were \$10 million compared to net redemptions of \$96 million in 2004.

For the nine months ended September 30, 2005, sales of Investors Group mutual funds through its Consultant network were \$4.1 billion, an increase of 13.6% from 2004. Mutual fund redemptions totalled \$3.6 billion for the same period, an increase of 6.9% from 2004. Net sales of Investors Group mutual funds were \$524 million compared with net sales of \$264 million in 2004, an increase of 98.7%.

Sales of long-term funds were \$3.4 billion for the nine months ended September 30, 2005, compared with \$2.8 billion in 2004. Net sales of long-term funds, as reported to IFIC, were \$361 million compared to net sales of \$13 million in 2004. Certain sales of long-term funds in the first quarter of 2004, sourced through Investors Group's Solutions Banking[†] loan programs, were deposited and held in the Investors Canadian 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 nine months ended September 30, 2004 would have been \$3.0 billion and \$146 million, respectively.

At September 30, 2005, 41% of Masterseries™ funds measured by the Morningstar[†] fund ranking service had a four or five star rating and 71% had a rating of three stars or better. This compares to 41% and 72% respectively at December 31, 2004 and to the Morningstar[†] universe of 31% for four and five star funds and 69% for three stars or better at September 30, 2005. Morningstar Ratings[†] are an objective, quantitative measure of a fund's historical risk-adjusted long-term performance relative to other funds in its category within the mutual fund industry.

Investors Group's mutual fund assets under management were \$49.0 billion at September 30, 2005,

an increase of \$6.7 billion or 16.0% from September 30, 2004. The twelve month increase in assets from September 30, 2004 reflects net market appreciation of \$6.2 billion and net sales of mutual funds totalling \$478 million. Mutual fund assets under management increased by \$2.1 billion or 4.5% and by \$4.5 billion or 10.2% during the three and nine month periods ended September 30, 2005. The increase in assets in both periods resulted from net market appreciation and net sales as shown in Table 4. The increase in assets in the industry for the twelve months ended September 30, 2005 was 17.8% and for the three and nine month periods were 5.2% and 11.4%, respectively.

Consultant Network

Investors Group is focused on growing its distribution network by attracting and training new Consultants as well as retaining existing Consultants. This is discussed more fully in the Investors Group Review of the Business beginning on page 29 of the MD&A contained in the 2004 IGM Financial Inc. Annual Report. As at

September 30, 2005, the number of Consultants totalled 3,560. This compares with 3,537 at June 30, 2005, 3,496 at December 31, 2004 and 3,391 one year ago. Investors Group has experienced five consecutive quarters of growth resulting in an increase of 11.0% in the Consultant Network since June 30, 2004.

TABLE 4: CHANGE IN MUTUAL FUND ASSETS UNDER MANAGEMENT – INVESTORS GROUP

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Sales	\$ 1,205.1	\$ 994.7	21.2%	\$ 4,111.1	\$ 3,619.4	13.6%
Redemptions	1,149.6	1,046.6	9.8	3,587.3	3,355.8	6.9
Net sales (redemptions)	55.5	(51.9)	N/M	523.8	263.6	98.7
Market and income	2,067.1	(188.1)	N/M	4,011.2	1,128.2	255.5
Net change in assets	2,122.6	(240.0)	N/M	4,535.0	1,391.8	225.8
Beginning assets	46,922.2	42,536.0	10.3	44,509.8	40,904.2	8.8
Ending assets	\$ 49,044.8	\$ 42,296.0	16.0%	\$ 49,044.8	\$ 42,296.0	16.0%
Consists of:						
Investors Masterseries™				\$ 42,247.4	\$ 36,771.4	14.9%
IG Mackenzie				2,051.4	1,508.3	36.0
Partner funds				4,246.4	3,599.2	18.0
iProfile™ funds				499.6	417.1	19.8
				\$ 49,044.8	\$ 42,296.0	16.0%
Average daily assets	\$ 48,295.0	\$ 42,002.5	15.0%	\$ 46,481.5	\$ 42,254.7	10.0%

Due to the growth in its Consultant Network and the strength of its field management team, Investors Group opened two new regional offices in Edmonton and Toronto during the third quarter of 2005 with two

additional regional offices scheduled to be opened in Calgary and Ottawa during the fourth quarter of 2005. In addition, three divisional offices were converted to full regional office status during the third quarter of 2005.

Segment Operating Results

Investors Group's earnings from operations before interest and taxes for the three and nine month periods ended September 30, 2005 compared with 2004 are presented in Table 5.

FEE AND NET INVESTMENT INCOME

For the three months ended September 30, 2005, management fee income increased by \$31.9 million to \$237.8 million, reflecting the increase of 15.0% in average daily mutual fund assets during the quarter compared with 2004. For the nine months ended September 30, 2005, management fee income increased by \$61.5 million to \$679.5 million. This increase reflects the increase of 10.0% in average daily mutual fund assets during 2005 compared with 2004. Management fee income represents 195 basis points of average mutual fund assets in both the three and nine month periods in 2005, unchanged from 2004.

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 totalled \$40.4 million for the three months ended September 30, 2005, up from \$38.2 million in 2004. Fees for the nine months ended September 30, 2005 were \$124.5 million, compared to \$119.1 million in 2004. Increases in trustee fees and other service fees in the three and nine month periods resulted from growth in average mutual fund assets in 2005 compared to 2004. These increases were offset in part by decreases in fees charged to the mutual funds for administrative services of \$1.4 million and \$0.2 million respectively in the three and nine month periods.

Distribution fees are earned from:

- Redemption fees on mutual funds sold with a back-end load feature. In 2003, Investors Group revised

TABLE 5: OPERATING RESULTS – INVESTORS GROUP

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Fee and net investment income						
Management	\$ 237.8	\$ 205.9	15.5%	\$ 679.5	\$ 618.0	10.0%
Administration	40.4	38.2	5.8	124.5	119.1	4.5
Distribution	30.4	23.1	31.6	80.8	70.3	14.9
Net investment income and other	28.3	28.4	(0.4)	101.7	90.6	12.3
	336.9	295.6	14.0	986.5	898.0	9.9
Operating expenses						
Commissions	38.5	25.5	51.0	107.2	81.0	32.3
Asset retention bonus and premium	45.3	38.2	18.6	131.7	113.7	15.8
Non-commission	64.9	59.1	9.8	199.0	187.2	6.3
	148.7	122.8	21.1	437.9	381.9	14.7
EBIT	\$ 188.2	\$ 172.8	8.9%	\$ 548.6	\$ 516.1	6.3%

redemption fee rates on mutual funds sold subject to a deferred sales charge. Fees charged range from 5.5% in the first year reducing to nil after seven years. 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.
- Securities services provided through Investors Group Securities Inc.
- Banking services provided through Solutions Banking[†], an arrangement with the National Bank of Canada.

Distribution fee income of \$30.4 million for the three months ended September 30, 2005 increased by \$7.3 million or 31.6% from \$23.1 million in 2004. For the nine month period, distribution fee income of \$80.8 million increased by \$10.5 million or 14.9% from \$70.3 million in 2004. Distribution fee revenue from insurance and banking operations totalled \$17.6 million and \$41.4 million for the three and nine months ended September 30, 2005, an increase of \$6.2 million and \$8.7 million over the comparable periods in 2004. The increase is due primarily to higher fee income related to insurance operations arising from both the increase in premium sales and the restructuring of the Company's distribution agreements. Redemption fee income of \$8.1 million and \$23.8 million for the three and nine month periods increased by \$1.6 million and \$1.9 million, respectively, due to both higher redemptions subject to deferred sales charges in 2005 compared to 2004 and the impact of the industry standard deferred sales charge schedule which was introduced in 2003.

Net investment income represents the difference between investment income and interest expense. Interest expense includes interest on deposit liabilities, certificates and debt incurred to finance its investment in Great-West Lifeco Inc. (GWL). Net investment income and other totalled \$28.3 million for the three months ended September 30, 2005 compared to \$28.4 million in 2004. Increases in gains on the sale of securities and Investors Group's share of GWL's earnings were offset by decreases in revenues related to mortgage banking activities and decreases in other income.

For the nine months ended September 30, 2005, net investment income and other totalled \$101.7 million, an increase of \$11.1 million from \$90.6 million in 2004 due to higher gains on the sales of securities, increases in Investors Group's share of GWL earnings and

increases in other income, including the recovery of prior years' commodity taxes paid and a reduction in provisions established for the exit of certain activities. These increases were offset in part by a decrease in revenues related to mortgage banking activities.

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 September 30, 2005 increased by \$13.0 million to \$38.5 million compared with \$25.5 million in 2004. For the nine months ended September 30, 2005, commission expense increased by \$26.2 million to \$107.2 million from \$81.0 million in 2004.

The increase in commission expense for both the three and nine month periods was due to:

- Increase in amortization of commissions totalling \$6.3 million for the three months and \$18.8 million for the nine months related to prior years sales. This increase reflects the impact from the change in estimate, effective April 1, 2001, which increased the term of amortization on mutual fund sales commissions to 72 months.
- Increase in amortization of commissions of \$0.6 million for the three months and \$1.3 million for the nine months related to higher commission payments in 2005 compared with 2004. The increase in commission payments results from higher mutual fund sales.
- Increase of \$6.1 million for both the three and nine month periods in other compensation related to mutual fund operations, insurance, mortgage and banking products. Other compensation expense in 2004 included a reduction of \$3.6 million due to a change in estimate related to mutual fund operations. The asset retention bonus (ARB) and premium (ARP) expenses, which are based on the level of assets under management, are comprised of the following:
 - ARB which is paid monthly and is based on the value of assets under management. ARB expense increased by \$5.8 million to \$39.9 million for the three month period and \$13.8 million to \$115.3 million for the nine month period primarily as a result of the increase in assets under management.

- ARP which is a deferred component of compensation designed to promote Consultant retention. The ARP, which is related to assets under management at each year-end, increased by \$1.3 million in the three month period in 2005 to \$5.4 million. For the nine month period ARP increased \$4.2 million to \$16.4 million.

Non-commission expenses totalled \$64.9 million for the three months ended September 30, 2005 compared with \$59.1 million in 2004, representing an increase of \$5.8 million or 9.8%. For the nine month period, non-commission expense totalled \$199.0 million compared with \$187.2 million in 2004, an increase of \$11.8 million or 6.3%. The change in the level of expense in both the three and nine month periods was primarily due to:

- Increases in Consultant Network support costs as a result of increased activity levels.
- Increase in amortization of capital expenditures related to the single shareholder system. Investors Group and Mackenzie merged their shareholder systems in November 2003, while preserving the integrity and privacy of their respective client bases.
- Decreases in expenses related to the administration of Investors Group's mutual funds.

Non-commission expenses for the nine months ended September 30, 2005 also included a reduction in expenses of \$1.7 million arising from a change in estimate related to credit losses on Consultant financing programs which was recorded in the first quarter of 2005.

Non-commission expenses for the three and nine month periods ended September 30, 2004 included a reduction of \$3.7 million which represented a portion of the general allowance for credit losses. This reduction of a portion of the general allowance resulted from the periodic review of the credit quality of Investors Group's mortgage portfolio and the adequacy of the related general allowance.

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 \$40.2 billion at September 30, 2005, an increase of \$2.9 billion or 7.8% from \$37.3 billion as at December 31, 2004, and an increase of \$5.2 billion or 15.0% from \$35.0 billion as at September 30, 2004. Mackenzie's total assets under management at September 30, 2005 were \$47.9 billion, an increase of \$5.6 billion or 13.0% from \$42.3 billion at December 31, 2004, and an increase of \$8.6 billion or 21.9% from \$39.3 billion as at September 30, 2004. The changes in assets under management are summarized in Table 6.

For the three month period ended September 30, 2005, gross sales of Mackenzie's mutual funds were \$1.7 billion, an increase of 19.7% from \$1.4 billion in the comparative period last year. Redemptions of mutual funds for these same periods were \$1.6 billion and \$1.3 billion respectively, resulting in net sales of mutual funds of \$110 million for both the three month period ended September 30, 2005 and the three month period ended September 30, 2004. Net sales of long-term

funds were \$85 million in the three month period ended September 30, 2005, as compared to net sales of long-term funds of \$133 million in the corresponding period last year.

For the nine month period ended September 30, 2005, gross sales of Mackenzie's mutual funds were \$5.9 billion, an increase of 15.7% from \$5.1 billion in the comparative period last year. Redemptions of mutual funds in the current period were \$5.2 billion as compared to redemptions of \$4.4 billion in the nine month period ended September 30, 2004. Net sales of mutual funds for the nine month period ended September 30, 2005 were \$663 million, as compared to net sales of \$672 million in the comparative period last year. Net sales of long-term funds were \$684 million for the nine month period ended September 30, 2005, as compared to net sales of long-term funds of \$730 million in the comparative period last year.

As at September 30, 2005, Mackenzie's twelve month trailing redemption rate for long-term funds was 15.1%

as compared to 13.7% in the corresponding period last year. One of the factors contributing to this is the increase in the proportion of Mackenzie's mutual fund units no longer subject to a redemption fee. The twelve month trailing redemption rate for long-term funds for all other members of IFIC increased to 16.1% at September 30, 2005 from 14.5% in the corresponding period last year.

In the three month period ended September 30, 2005, net market appreciation resulted in mutual fund assets increasing by \$1.2 billion as compared to a decrease of \$977 million in the corresponding period last year. In the nine month period ended September 30, 2005, net market appreciation resulted in mutual fund assets increasing by \$2.3 billion as compared to an increase of \$538 million in the corresponding period last year.

At September 30, 2005, 46% of the assets in Mackenzie's funds measured by Morningstar[†] fund rating service had a four or five star rating and 89% had a rating of three stars or better. This compares to 69% and 87% respectively at December 31, 2004, and to the

Morningstar[†] universe of 47% for four and five star and 85% for three stars or better as at September 30, 2005.

Mackenzie also provides investment management services to private and institutional accounts. The assets in these accounts as at September 30, 2005 were \$7.5 billion, a 75.5% increase from \$4.2 billion in the corresponding period last year and include:

- \$2.0 billion for Investors Group, an increase of \$0.5 billion over the corresponding period last year.
- \$1.9 billion for Great-West Life and London Life, affiliates of Mackenzie, an increase of \$0.3 billion from \$1.6 billion as at September 30, 2004.
- \$3.5 billion in other mandates, including \$2.5 billion for management services to a fund distributed by Waddell & Reed in the United States, which increased by \$1.7 billion from the corresponding period last year.

As well, Mackenzie's structured products totalled \$187 million as at September 30, 2005, an increase of \$155 million as compared to September 30, 2004.

TABLE 6: CHANGES IN ASSETS UNDER MANAGEMENT – MACKENZIE

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Mutual Funds						
Sales	\$ 1,721.7	\$ 1,438.2	19.7%	\$ 5,892.5	\$ 5,092.4	15.7%
Redemptions	1,611.3	1,328.6	21.3	5,229.6	4,420.6	18.3
Net sales	110.4	109.6	0.7	662.9	671.8	(1.3)
Market and income	1,155.7	(977.3)	N/M	2,254.2	537.5	319.4
Net change in assets	1,266.1	(867.7)	N/M	2,917.1	1,209.3	141.2
Beginning assets	38,949.2	35,846.9	8.7	37,298.2	33,769.9	10.4
Ending assets	\$ 40,215.3	\$ 34,979.2	15.0%	40,215.3	34,979.2	15.0
Private and Institutional Clients						
Investors Group				2,049.9	1,504.5	36.3
Great-West Life / London Life				1,864.9	1,571.8	18.6
Other				3,536.7	1,169.2	202.5
				7,451.5	4,245.5	75.5
Structured Products				187.1	31.7	490.2
Total				\$ 47,853.9	\$ 39,256.4	21.9%
Average daily mutual fund assets	\$ 39,659.7	\$ 35,053.7	13.1%	\$ 38,664.9	\$ 35,228.5	9.8%

Segment Operating Results

Mackenzie's earnings from operations before interest and taxes for the three and nine month periods ended September 30, 2005 compared with 2004 are presented in Table 7.

FEE AND NET INVESTMENT INCOME

The majority of Mackenzie's revenues are earned from the management services it provides as fund manager to the Mackenzie mutual funds. In addition to Mackenzie's retail priced mutual funds, it also offers various series of these funds with lower management fees that are designed for fee-based programs, fund-of-fund products or large institutional accounts. In return for lower management fees, depending on the specific series of the mutual fund, Mackenzie is not required to pay trailer fees or selling commissions on these funds.

Management fees were \$174.3 million for the three month period ended September 30, 2005, an increase of \$14.9 million or 9.3% from \$159.4 million in the comparative period last year. The increase in management fees was attributed to a 13.1% increase in Mackenzie's average mutual fund assets under management and the growth in its private and institutional accounts. This was partially offset by a decline in the average mutual

fund management fee rate due to a shift in asset mix from retail priced funds to non-retail priced funds.

For the nine month period ended September 30, 2005, management fees increased \$32.9 million or 6.8% to \$514.5 million from \$481.6 million in the comparative period last year. The increase in management fees was driven by the year over year growth in Mackenzie's assets under management. The overall increase in management fees was less than the growth in assets under management because of the shift in asset mix from retail priced funds to non-retail priced funds, which results in a lower effective management fee rate.

Administration fees include the following main components:

- Operating expenses charged to funds.
- Fees earned from administering labour sponsored funds.
- Asset allocation fees.
- RSP clone fund counter party revenue.
- Trustee and other administration fees generated from the MRS Group account administration business.

Administration fees declined by \$1.3 million from \$35.1 million in the comparative period to \$33.8 million in the three month period ended September 30, 2005.

TABLE 7: OPERATING RESULTS – MACKENZIE

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Fee and net investment income						
Management	\$ 174.3	\$ 159.4	9.3%	\$ 514.5	\$ 481.6	6.8%
Administration	33.8	35.1	(3.7)	102.7	107.4	(4.4)
Distribution	8.2	8.0	2.5	26.2	26.8	(2.2)
Net investment income and other	4.9	3.7	32.4	13.5	11.4	18.4
	221.2	206.2	7.3	656.9	627.2	4.7
Operating expenses						
Commissions	38.4	37.3	2.9	114.7	112.1	2.3
Trailer fees	47.4	42.1	12.6	137.8	126.2	9.2
Non-commission	63.2	61.7	2.4	192.1	194.8	(1.4)
	149.0	141.1	5.6	444.6	433.1	2.7
EBIT	\$ 72.2	\$ 65.1	10.9%	\$ 212.3	\$ 194.1	9.4%

The decrease in administration fees is attributed to a \$0.7 million decline in operating expenses charged to funds consistent with the decline in expenses incurred by Mackenzie on behalf of its funds, and a reduction of \$0.8 million in RSP clone fund counter party revenue earned by the MRS Group.

On June 29, 2005, tax legislation was enacted which eliminated the foreign content restrictions applicable to registered investment plans. As a result of this change in tax legislation, RSP clone funds are no longer necessary to achieve an appropriate level of foreign content in RRSPs. Accordingly, Mackenzie's and Investor Group's RSP clone funds were terminated on July 8, 2005 and September 23, 2005 respectively and investors in these funds received the equivalent value of their investments in the corresponding underlying mutual funds. Prior to this change in tax legislation being enacted, M.R.S. Trust Company earned a fee for acting as the counter party to the forward contracts that certain Mackenzie and Investors Group RSP clone funds purchased in order to create their RRSP eligibility. Accordingly, M.R.S. Trust will no longer have clone fund counter party revenue as a source of administration fees.

In the nine month period ended September 30, 2005, administration fees were \$102.7 million as compared to \$107.4 million in the comparative period last year. The decrease in administration fees is attributed to a \$2.0 million decline in operating expenses charged to funds consistent with the decline in expenses incurred by Mackenzie on behalf of its mutual funds, and a reduction of \$2.7 million in account administration and clone fund counter party revenue earned by the MRS Group.

During the second quarter, the VenGrowth labour sponsored funds terminated their administration agreements with Mackenzie. Mackenzie will continue to administer the VenGrowth Funds until the completion of the transition to the successor administrator.

Mackenzie earns distribution fee income upon redemption of mutual fund units sold on a deferred sales charge basis. Fees charged range from 5.5% in the first year and decrease to zero after seven years. Distribution fee income increased \$0.2 million to \$8.2 million in the three month period ended September 30, 2005 from \$8.0 million in the comparative period last year. Distribution fee income in the nine month period ended September 30, 2005 was \$26.2 million, a decrease of \$0.6 million from \$26.8 million in the comparative

period last year. This decrease was due to a period over period decline in the absolute level of redemptions of units that are subject to a redemption fee.

Net investment income and other represents the net interest margin from M.R.S. Trust Company's lending and deposit operations. Net investment income in the three month period ended September 30, 2005 was \$4.9 million, an increase of \$1.2 million as compared to \$3.7 million in the corresponding period last year. Net investment income was \$13.5 million in the nine month period ended September 30, 2005, an increase of \$2.1 million from \$11.4 million in the comparative period last year. These increases are due to changes in the composition of M.R.S. Trust's lending and deposit portfolios and the widening of the net interest margin.

OPERATING EXPENSES

Mackenzie's operating expenses increased 5.6% and 2.7% respectively in the three and nine month periods ended September 30, 2005 as compared to the corresponding periods last year.

Mackenzie pays selling commissions to the dealers that sell its funds on a deferred sales charge basis. Commission expense, which represents the amortization of deferred selling commissions, was \$38.4 million in the three month period ended September 30, 2005 as compared to \$37.3 million in the previous year. Commission expenses in the nine month period ended September 30, 2005 was \$114.7 million, as compared to \$112.1 million in the same period in 2004. Mackenzie amortizes deferred selling commissions over a maximum period of seven years from the date of original purchase of the applicable units.

Trailer fees are paid to dealers to compensate them for providing ongoing support to investors in Mackenzie's mutual funds. Trailer fees are calculated as a percentage of assets under management and vary depending on the fund type and whether the fund was purchased on a front-end basis or on a deferred sales charge basis. In addition, trailer fees are not paid on certain non-retail series of mutual funds and institutional assets.

Trailer fees paid to dealers were \$47.4 million in the three month period ended September 30, 2005, an increase of \$5.3 million or 12.6% from \$42.1 million in the corresponding period last year. Trailer fees in the nine month period ended September 30, 2005 were \$137.8 million as compared to \$126.2 million in 2004.

Trailer fees as a percentage of average mutual fund assets under management decreased to 0.478% in the current quarter as compared to 0.480% in the corresponding period last year and decreased to 0.475% in the nine month period ended September 30, 2005 as compared to 0.478% in the same period last year. The increase in trailer fees in both the three and nine month periods ended September 30, 2005 is due to the period over period growth in average mutual fund assets under management, offset partially by the decrease in the average trailer fee rate. The decline in the average trailer fee rate is attributed to an increase in the proportion of Mackenzie's mutual fund assets that are in non-retail series of Mackenzie mutual funds, for which Mackenzie does not pay trailer fees thereon.

Non-commission expenses increased \$1.5 million to \$63.2 million in the three month period ended September 30, 2005 from \$61.7 million in the

comparative period last year. Non-commission expenses in the nine month period ended September 30, 2005 were \$192.1 million, a decrease of \$2.7 million from \$194.8 million in the comparative period in 2004. 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 Mackenzie's mutual funds, declined in both the three and nine month periods ended September 30, 2005 as compared to the corresponding period last year. The remaining variance in non-commission expenses relates to costs incurred by Mackenzie in the marketing and management of its mutual funds and in the MRS Group's account administration and trust company businesses. Mackenzie's overall cost structure continues to benefit from synergies and efficiencies being realized from the transition work with Investors Group.

IGM FINANCIAL INC. Consolidated Financial Position

IGM Financial's on-balance sheet assets totalled \$6.7 billion at September 30, 2005 compared to \$6.5 billion at December 31, 2004.

The Company's securities holdings were \$112.0 million at September 30, 2005, a decrease of \$14.3 million or 11.3% from December 31, 2004. The fair value of the Company's portfolio exceeded cost by \$117.8 million at September 30, 2005 compared with \$127.8 million at December 31, 2004.

Loans, including mortgages and personal loans, increased by \$103.1 million to \$599.8 million at September 30, 2005 and represent 8.9% of total assets, compared to 7.7% at December 31, 2004. The increase is comprised of \$80.4 million in residential loans related to the Company's mortgage banking operations, which are designated for sale to third parties on a fully serviced basis, and \$22.7 million in mortgages and personal loans related to the Company's intermediary activities.

Consolidated Liquidity and Capital Resources

LIQUIDITY

IGM Financial's operating liquidity is required for:

- Financing ongoing operations, including the funding of selling commissions.
- 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 its outstanding common shares.
- Maintaining liquidity requirements for regulated entities.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization (EBITDA) totalled \$344.5 million for the three months ended September 30, 2005 compared to \$312.8 million in 2004, and represents an increase of 10.1%. EBITDA totalled \$1,012.2 million for the nine months ended September 30, 2005 compared to \$924.0 million for the same period in 2004, an increase of 9.5%.

In addition to IGM Financial's current balance of cash and cash equivalents in excess of the operating

liquidity requirements described above, other potential sources of liquidity include the Company's portfolio of securities and lines of credit. As at September 30, 2005, the market value of the marketable securities in its portfolios and those of its unregulated subsidiaries was \$217.1 million. The Company maintains operating lines of credit totalling \$210 million with various Schedule A Canadian chartered banks, of which \$50 million represents committed lines of credit.

IGM Financial's demonstrated ability to raise funds in domestic debt and equity markets is also a source of liquidity.

CASH FLOWS

Table 8 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the interim Consolidated Financial Statements for the three and nine month periods ended September 30, 2005 and is on page 25 of this report.

Operating activities, before payment of commissions, generated \$319.8 million and \$722.4 million during the three and nine month periods ended September 30, 2005, as compared to \$264.0 million and \$567.7 million in 2004. Cash commissions paid of \$73.9 million and \$267.5 million in the three and nine month periods increased from \$65.0 million and \$234.7 million in

2004 and reflect the increase in mutual fund sales over 2004 levels.

Financing activities during the quarter ended September 30, 2005 compared to the same period in 2004 related primarily to:

- A decrease of \$16.1 million in deposits and certificates in 2005 compared to \$43.4 million in 2004 related to changes in both the demand and term deposit levels.
- The payment of regular common share dividends which increased to \$85.3 million in 2005 from \$72.8 million in 2004 as a result of increases in the Company's common share dividends.
- The purchase of 260,000 common shares in 2005 under IGM Financial's normal course issuer bid at a cost of \$11.3 million. In 2004, 95,100 shares were purchased at a cost of \$3.2 million.

Financing activities during the nine months ended September 30, 2005 compared to the same period in 2004 related primarily to:

- A decrease of \$25.9 million in deposits and certificates in 2005 compared to \$80.6 million in 2004 related to changes in both the demand and term deposit levels.
- The payment of regular common share dividends which increased to \$250.1 million in 2005 from \$212.8 million in 2004 as a result of increases in the Company's common share dividends.

TABLE 8: CASH FLOWS

(\$ millions)	THREE MONTHS ENDED SEPTEMBER 30			NINE MONTHS ENDED SEPTEMBER 30		
	2005	2004	CHANGE	2005	2004	CHANGE
Operating activities						
Before payment						
of commissions	\$ 319.8	\$ 264.0	21.1%	\$ 722.4	\$ 567.7	27.3%
Commissions paid	(73.9)	(65.0)	(13.7)	(267.5)	(234.7)	(14.0)
Net of commissions paid	245.9	199.0	23.6	454.9	333.0	36.6
Financing activities	(108.7)	(119.2)	8.8	(292.8)	(336.3)	12.9
Investing activities	17.1	124.6	86.3	(60.4)	(59.0)	(2.4)
Increase (decrease) in cash and cash equivalents	154.3	204.4	24.5	101.7	(62.3)	N/M
Cash and cash equivalents, beginning of period	812.4	702.6	15.6	865.0	969.3	(10.8)
Cash and cash equivalents, end of period	\$ 966.7	\$ 907.0	6.6%	\$ 966.7	\$ 907.0	6.6%

- The purchase of 584,700 common shares in 2005 under IGM Financial's normal course issuer bid at a cost of \$23.3 million. In 2004, 737,100 shares were purchased at a cost of \$26.2 million.

Other activity in the nine month period in 2004 related to the repayment of \$23.0 million in long-term debt assumed on the acquisition of Investment Planning Counsel in May 2004.

Investing activities during the quarter ended September 30, 2005 compared to the same period in 2004 related primarily to:

- Securities purchases of \$13.4 million and securities sales with proceeds of \$22.6 million in 2005 compared with \$4.8 million and \$7.9 million respectively in 2004.
- Increases in residential mortgages related to the Company's mortgage banking operations of \$46.5 million compared to a decrease of \$36.5 million in 2004, offset by securitizations of \$56.9 million in the third quarter of 2005 compared to \$89.4 million in 2004.

Investing activities during the nine months ended September 30, 2005 compared to the same period in 2004 related primarily to:

- Securities purchases of \$29.2 million and securities sales with proceeds of \$78.8 million in 2005 compared with \$59.5 million and \$68.7 million respectively in 2004.
- Increases in residential mortgages related to the Company's mortgage banking operations and personal loans related to the Company's intermediary operations of \$290.2 million compared to an increase of \$93.9 million in 2004, offset by securitizations of \$188.4 million in 2005 compared to \$99.6 million in 2004.

Other activity in the nine month period in 2004 related to the acquisition in May 2004 of Investment Planning Counsel, net of cash and cash equivalents assumed, which totalled \$63.9 million.

Contractual Obligations

There have been no material changes in the contractual obligations of the Company from those reported at December 31, 2004.

Liquidity Requirements

Liquidity requirements for M.R.S. Trust and Investors Group Trust Co. Ltd., both of which are federally regulated trust companies, are established by their respective Boards of Directors. As at September 30, 2005, liquidity for both companies was in excess of these requirements.

Off-Balance Sheet Arrangements

- *Securitizations* – There were no changes to the Company's liquidity management practices related to securitizations during the three month period ended September 30, 2005. During the three months ended September 30, 2005, the Company entered into securitization transactions through its mortgage banking operation with proceeds of \$56.9 million as discussed in Note 2 to the interim Consolidated Financial Statements. Securitized loans serviced at September 30, 2005 totalled \$562.4 million and the fair value of the Company's retained interest was \$17.8 million. This compares with \$593.2 million and \$19.7 million respectively at December 31, 2004.
- *Contracts* – There have been no changes in the Company's policies and procedures with respect to the use of derivative instruments during the quarter ended September 30, 2005. In addition, there has not been a significant change during the third quarter of 2005 in either the notional amount outstanding or in the exposure to credit risk, which is limited to the current fair value of those instruments which are in a gain position.

CAPITAL RESOURCES

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.

Shareholders' equity increased to \$3.4 billion as at September 30, 2005 from \$3.2 billion at December 31, 2004. Changes in common share capital are reflected in Note 3 to the interim Consolidated Financial Statements. Preferred shares of \$360 million and long-term debt of \$1.23 billion remained at year end 2004 levels.

TABLE 9: FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS – CARRYING VALUE

<i>(\$ millions)</i>	SEPTEMBER 30 2005	DECEMBER 31 2004
Assets		
Cash and cash equivalents	\$ 966.7	\$ 865.0
Securities	112.0	126.3
Loans	599.8	496.7
Account and other receivables	132.5	172.6
	\$ 1,811.0	\$ 1,660.6
Liabilities		
Deposits and certificates	\$ 685.1	\$ 711.0
Other financial liabilities	483.2	494.6
Long-term debt	1,225.0	1,226.8
Preferred shares	360.0	360.0
	\$ 2,753.3	\$ 2,792.4

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

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 September 30, 2005. In addition, there were no significant changes in the risks related to these financial instruments and in the policies and procedures designed to manage these risks during the period.

Outlook

MUTUAL FUND INDUSTRY ASSETS

As at September 30, 2005, mutual fund industry assets in Canada totalled \$554.2 billion, an increase of 5.2% from \$526.9 billion at June 30, 2005 and 11.4% from \$497.3 billion at December 31, 2004. The \$27.3 billion increase during the third quarter of 2005 reflects an estimated \$21.9 billion increase from net market appreciation which represented 4.2% of June 30, 2005 assets, net sales of \$5.5 billion and a reduction of \$0.1 billion in assets resulting from one company which is no longer reporting their mutual fund assets through IFIC. The \$56.9 billion increase in industry assets from December 31, 2004 reflected an estimated \$39.6 billion increase from net market appreciation, which represented 8.0% of year-end 2004 industry assets, net sales of \$18.4 billion and the exclusion of \$1.1 billion in assets resulting from three companies which are no longer reporting their mutual fund assets through IFIC.

ACQUISITION OF INVESTMENT PLANNING COUNSEL

On May 10, 2004, the Company paid \$74.6 million in cash and issued 734,796 common shares, for total consideration of \$100.3 million, including transaction costs, to acquire a 74.7% interest in Investment Planning Counsel.

This acquisition has expanded the Company's presence in the independent financial planning channel. Investment Planning Counsel is the fifth largest financial planning firm in Canada with close to 600 financial planners, and had mutual fund assets under management of \$1.8 billion (Counsel Group of Funds Inc.) and total assets under management and administration of \$8.7 billion at September 30, 2005. The transaction was structured to maintain the entrepreneurial character of Investment Planning Counsel and was consistent with the Company's strategy of owning leading businesses in

both manufacturing and distribution within the advice segment of the financial services industry. Investment Planning Counsel is operating as a separate entity and is being managed by its pre-acquisition leadership team.

REGULATORY ENVIRONMENT

Elimination of Foreign Content Restrictions

Tax legislation which eliminated the foreign content restrictions applicable to investments by registered plans in foreign property was enacted into law on June 29, 2005. As a result of this change in tax legislation, the continued existence of RSP clone funds is no longer necessary.

These RSP clone funds were originally created to provide clients having investments made through tax-deferred retirement plans, such as RRSPs and RRIFs, with a means to increase their exposure to international markets without exceeding the foreign content restriction which existed prior to June 29, 2005. This was achieved because the performance of the RSP clone funds tracked the performance of other foreign equity mutual funds (underlying mutual funds) primarily through the use of forward contracts having returns based upon the performance of the underlying mutual funds, while most of the assets of the RSP clone funds were invested in Canadian short-term deposits.

In early July, 2005, Mackenzie's RSP clone funds were terminated and investors in these funds received the equivalent value of their investments in the corresponding underlying mutual funds. During the third quarter, Investors Group and Investment Planning Counsel also terminated their RSP clone funds and investors in these funds received the equivalent value of their investments in the corresponding underlying mutual funds.

Investors in the Mackenzie, Investors Group and Investment Planning Counsel RSP clone funds will

benefit from the wind-up of the funds through more efficient administration and a corresponding reduction, and in some cases the elimination, of certain costs and expenses.

RISK FACTORS

Market Risk

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 under management and sales. In addition, these factors can result in increased redemptions of mutual funds.

Redemption Rates

Redemption rates for long-term funds are summarized in Table 10.

IGM Financial provides 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 increase in Mackenzie's redemption rate at September 30, 2005 compared with 2004 was discussed on page 12 of this report.

The mutual fund industry and financial advisors are committed to educating Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility our Consultants and independent financial advisors play a key role assisting investors to maintain perspective and focus on their long-term objectives.

TABLE 10: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

AS AT SEPTEMBER 30	2005	2004
IGM Financial Inc.		
Investors Group	9.1%	9.2%
Mackenzie	15.1%	13.7%
Investment Planning Counsel	10.3%	N/A
Mutual Fund Industry, excluding IGM Financial Inc. ⁽¹⁾	17.0%	15.1%

⁽¹⁾ Excludes Investors Group, Mackenzie and Investment Planning Counsel from date of acquisition.

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 clients which can lead to a strong and personal client relationship based on the client's confidence 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 focused on growing its distribution network, as previously discussed on page 9 of this report.

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.

Accounting Estimates and Policies

CHANGES IN ACCOUNTING POLICIES

There were no changes in accounting policies adopted in the third quarter of 2005. Changes in accounting policies adopted effective January 1, 2005 are disclosed in Note 1 of the interim Consolidated Financial Statements on page 26 of this report.

SUMMARY OF CRITICAL

ACCOUNTING ESTIMATES

There were no changes in the nature of the Company's critical accounting estimates in the third quarter of 2005.

Other Information

RELATED PARTY TRANSACTIONS

There were no changes to the types of related party transactions entered into by the Company during the quarter ended September 30, 2005. For further information on transactions involving related parties, see Notes 5 and 19 of the Consolidated Financial Statements in the 2004 IGM Financial Inc. Annual Report.

SEDAR

Additional information relating to IGM Financial Inc., including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com.

OUTSTANDING SHARE DATA

Outstanding shares of the Company as at September 30, 2005 of 264,494,057 are disclosed in Note 3 – Share Capital in the notes to the interim Consolidated Financial Statements. Outstanding shares of the Company as at November 2, 2005 totalled 264,497,057.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF INCOME

<i>(unaudited)</i> <i>(in thousands of dollars, except shares and per share amounts)</i>	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Fee and net investment income				
Management	\$ 420,516	\$ 371,686	\$ 1,217,628	\$ 1,108,467
Administration	74,481	74,228	229,362	228,024
Distribution	53,406	44,448	156,498	118,275
Net investment income and other	38,594	36,756	135,767	116,238
Total fee and net investment income	586,997	527,118	1,739,255	1,571,004
Operating expenses				
Commission expense	183,491	155,305	536,972	452,929
Non-commission expense	135,611	126,553	414,124	390,046
Interest expense <i>(Note 1)</i>	22,746	23,889	67,676	71,493
Total operating expenses	341,848	305,747	1,018,772	914,468
Income before income taxes and non-controlling interest	245,149	221,371	720,483	656,536
Income taxes	68,365	66,969	214,033	201,499
Income before non-controlling interest	176,784	154,402	506,450	455,037
Non-controlling interest	229	571	1,269	731
Net income	\$ 176,555	\$ 153,831	\$ 505,181	\$ 454,306
Average number of common shares <i>(in thousands)</i> <i>(Note 6)</i>				
– Basic	264,581	264,634	264,595	264,379
– Diluted	266,813	266,186	266,586	265,954
Earnings per share <i>(in dollars)</i> <i>(Note 6)</i>				
– Basic	\$ 0.67	\$ 0.58	\$ 1.91	\$ 1.72
– Diluted	\$ 0.66	\$ 0.58	\$ 1.90	\$ 1.71

(See accompanying notes to interim consolidated financial statements.)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004
Balance, beginning of period		
As previously reported	\$ 1,668,006	\$ 1,414,705
Change in accounting policy	–	(1,093)
As restated	1,668,006	1,413,612
Net income	505,181	454,306
Common dividends	(261,941)	(224,779)
Common share cancellation excess <i>(Note 3)</i>	(20,067)	(22,149)
Other	(6,999)	3,772
Balance, end of period	\$ 1,884,180	\$ 1,624,762

(See accompanying notes to interim consolidated financial statements.)

CONSOLIDATED BALANCE SHEETS

<i>(unaudited)</i> <i>(in thousands of dollars)</i>	SEPTEMBER 30 2005	DECEMBER 31 2004
Assets		
Cash and cash equivalents	\$ 966,747	\$ 864,990
Securities	112,000	126,310
Loans	599,771	496,652
Investment in affiliate	516,177	490,716
Deferred selling commissions	924,005	850,791
Other assets	313,843	371,717
Intangible assets	899,758	900,444
Goodwill	2,373,110	2,371,591
	\$ 6,705,411	\$ 6,473,211
Liabilities		
Deposits and certificates	\$ 685,091	\$ 710,950
Other liabilities	622,588	605,017
Future income taxes	440,281	422,848
Long-term debt	1,225,010	1,226,795
Preferred shares <i>(Note 3)</i>	360,000	360,000
	3,332,970	3,325,610
Shareholders' Equity		
Share capital <i>(Note 3)</i>	1,480,575	1,475,405
Contributed surplus	7,686	4,190
Retained earnings	1,884,180	1,668,006
	3,372,441	3,147,601
	\$ 6,705,411	\$ 6,473,211

(See accompanying notes to interim consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands of dollars)	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	2005	2004	2005	2004
Operating activities				
Net income	\$ 176,555	\$ 153,831	\$ 505,181	\$ 454,306
Adjustments to determine net cash from operating activities				
Future income taxes	(17,851)	(1,614)	17,433	38,344
Commission amortization	66,684	57,323	194,262	166,849
Amortization of capital and intangible assets	5,676	5,985	17,076	16,749
Changes in operating assets and liabilities and other	88,740	48,463	(11,514)	(108,539)
	319,804	263,988	722,438	567,709
Commissions paid	(73,880)	(64,995)	(267,476)	(234,728)
	245,924	198,993	454,962	332,981
Financing activities				
Net decrease in deposits and certificates	(16,094)	(43,393)	(25,859)	(80,640)
Repayment of long-term debt	-	-	(1,785)	(24,829)
Issue of common shares	3,981	219	8,280	8,153
Common dividends paid	(85,298)	(72,779)	(250,056)	(212,751)
Common shares purchased for cancellation	(11,294)	(3,229)	(23,335)	(26,204)
	(108,705)	(119,182)	(292,755)	(336,271)
Investing activities				
Acquisition of Investment Planning Counsel, less cash and cash equivalents acquired	-	-	-	(63,872)
Acquisition of additional interest in Investment Planning Counsel	(156)	-	(797)	-
Purchase of securities	(13,381)	(4,841)	(29,214)	(59,485)
Proceeds from the sale of securities	22,625	7,875	78,833	68,736
Net (increase) decrease in loans	(46,538)	36,549	(290,180)	(93,861)
Proceeds from securitizations (Note 2)	56,892	89,437	188,381	99,627
Additions to capital assets	(2,303)	(4,353)	(7,473)	(10,126)
	17,139	124,667	(60,450)	(58,981)
Increase (decrease) in cash and cash equivalents	154,358	204,478	101,757	(62,271)
Cash and cash equivalents, beginning of period	812,389	702,566	864,990	969,315
Cash and cash equivalents, end of period	\$ 966,747	\$ 907,044	\$ 966,747	\$ 907,044
Cash	\$ 112,628	\$ 67,418	\$ 112,628	\$ 67,418
Cash equivalents	854,119	839,626	854,119	839,626
	\$ 966,747	\$ 907,044	\$ 966,747	\$ 907,044

(See accompanying notes to interim consolidated financial statements.)

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005 (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, 2004 as set out on pages 60 to 84 of the 2004 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, 2004 except as noted below.

FINANCIAL INSTRUMENTS – DISCLOSURE AND PRESENTATION

Effective for fiscal years beginning on or after November 1, 2004, CICA 3860, Financial Instruments – Disclosure and Presentation was amended to require obligations that can be settled at the issuer's option by issuing a variable number of the issuer's own equity instruments to be presented as liabilities rather than equity. On January 1, 2005, the Company adopted the amended standard retroactively with restatement of prior periods. The Company's preferred shares were reclassified from Shareholders' Equity to Liabilities and the preferred dividends were reclassified to Interest expense in the Consolidated Statements of Income. The change does not have any impact on earnings per share or net income available to common shareholders since preferred dividends were previously deducted from net income in determining net income available to common shareholders.

VARIABLE INTEREST ENTITIES (VIES)

Accounting Guideline 15 – Consolidation of Variable Interest Entities (VIEs), effective for annual and interim periods beginning on or after November 1, 2004, requires consolidation of VIEs by the primary beneficiary. The Company completed a review of all of the VIEs in which it has a variable interest and has determined that there are no VIEs requiring consolidation under this guideline except with respect to the Company's share purchase plan compensation trust. The Company is considered the primary beneficiary of the share purchase plan compensation trust. However, the consolidation of this trust does not have a significant impact as both the assets (IGM Financial Inc. shares) and the liabilities (the obligation to deliver IGM Financial Inc. shares to the participants) of the trust offset each other in the Share Capital section of the Consolidated Balance Sheets.

2. Securitizations

During the third quarter, the Company securitized \$57.2 million (2004 – \$89.8 million) of residential mortgages through sales to commercial paper conduits that in turn issued securities to investors and received net cash proceeds of \$56.9 million (2004 – \$89.4 million). The Company's retained interest in the securitized loans was valued at \$2.0 million (2004 – \$2.0 million). A pre-tax gain on sale of \$1.2 million (2004 – \$0.8 million) was recognized and reported in Net investment income and other in the Consolidated Statements of Income.

During the nine months ended September 30, 2005, the Company securitized \$189.3 million (2004 – \$100.0 million) of residential mortgages through sales to commercial paper conduits that in turn issued securities to investors and received net cash proceeds of \$188.4 million (2004 – \$99.6 million). The Company's retained interest in the securitized loans was valued at \$6.1 million (2004 – \$2.2 million). A pre-tax gain on sale of \$3.5 million (2004 – \$0.9 million) was recognized and reported in Net investment income and other in the Consolidated Statements of Income.

3. Share capital

ISSUED AND OUTSTANDING

	SEPTEMBER 30, 2005		DECEMBER 31, 2004	
	SHARES	STATED VALUE	SHARES	STATED VALUE
First preferred shares, Series A <i>(Note 1)</i>	14,400,000	\$ 360,000	14,400,000	\$ 360,000
Common shares				
Balance, beginning of period	264,598,380	\$ 1,475,405	264,089,791	\$ 1,446,063
Issued on acquisition of Investment				
Planning Counsel	–	–	734,796	24,366
Issued under Stock Option Plan	480,377	8,438	529,893	9,138
Purchased for cancellation	(584,700)	(3,268)	(756,100)	(4,162)
Balance, end of period	264,494,057	\$ 1,480,575	264,598,380	\$ 1,475,405

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid, effective for one year, on February 23, 2005. Under this bid, the Company may purchase up to 13.2 million or 5% of its common shares outstanding as at February 18, 2005. In the third quarter, 260,000 shares were purchased at a cost of \$11.3 million and, during the nine months ended September 30, 2005, 584,700 shares were purchased at a cost of \$23.3 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

On February 22, 2004, 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, 2004. In the third quarter of 2004, 95,100 shares were purchased at a cost of \$3.2 million and for the nine months ended September 30, 2004, 737,100 shares were purchased at a cost of \$26.2 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

4. Stock-based compensation

	SEPTEMBER 30 2005	DECEMBER 31 2004
Common share options		
– Outstanding	8,564,628	7,243,068
– Exercisable	3,901,632	2,752,397

In the third quarter of 2005, the Company did not issue options to employees (2004 – nil). In the nine months ended September 30, 2005, the Company issued 1,920,800 (2004 – 1,522,500) options to employees and nil (2004 – 88,750) options to non-employees. A portion of the options granted to employees are subject to performance targets. The weighted-average fair value of options granted during the nine months ended September 30, 2005 has been estimated at \$7.76 per option (2004 – \$7.19) using the Black-Scholes option pricing model, based on the following assumptions: (i) risk-free interest rate of 4.04% (2004 – 4.01%), (ii) expected option life of six years (2004 – six years), (iii) expected volatility of 25.00% (2004 – 25.00%) and (iv) expected dividend yield of 3.42% (2004 – 3.28%).

The Company recorded compensation expense related to its stock option program of \$1.6 million (2004 – \$0.8 million) in the third quarter and \$3.6 million (2004 – \$2.1 million) for the nine months ended September 30, 2005.

5. Employee future benefits

The Company recorded pension and other post-retirement benefits expense as follows:

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Pension expense	\$ 203	\$ 50	\$ 611	\$ 151
Other post-retirement benefits expense	973	903	2,917	2,709
Total	\$ 1,176	\$ 953	\$ 3,528	\$ 2,860

6. Earnings per common share

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2005	2004	2005	2004
Earnings				
Net income	\$ 176,555	\$ 153,831	\$ 505,181	\$ 454,306
Number of common shares (in thousands)				
Average number of common shares outstanding	264,581	264,634	264,595	264,379
Add:				
– Potential exercise of outstanding stock options	2,232	1,552	1,991	1,575
Average number of common shares outstanding				
– Diluted basis	266,813	266,186	266,586	265,954
Earnings per common share (in dollars)				
Basic	\$ 0.67	\$ 0.58	\$ 1.91	\$ 1.72
Diluted	\$ 0.66	\$ 0.58	\$ 1.90	\$ 1.71

In certain circumstances, the preferred shares 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.

7. Segmented information

THREE MONTHS ENDED SEPTEMBER 30 2005	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 237,805	\$ 174,267	\$ 8,444	\$ 420,516
Administration	40,380	33,729	372	74,481
Distribution	30,388	8,284	14,734	53,406
Net investment income and other	28,283	4,935	5,376	38,594
	336,856	221,215	28,926	586,997
Operating expenses				
Commissions	83,768	85,804	13,919	183,491
Non-commission	64,859	63,162	7,590	135,611
	148,627	148,966	21,509	319,102
Earnings before undernoted	\$ 188,229	\$ 72,249	\$ 7,417	267,895
Interest expense				22,746
Income before income taxes and non-controlling interest				245,149
Income taxes				68,365
Income before non-controlling interest				176,784
Non-controlling interest				229
Net income				\$ 176,555

THREE MONTHS ENDED SEPTEMBER 30 2004	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 205,924	\$ 159,438	\$ 6,324	\$ 371,686
Administration	38,237	35,092	899	74,228
Distribution	23,060	7,979	13,409	44,448
Net investment income and other	28,383	3,673	4,700	36,756
	295,604	206,182	25,332	527,118
Operating expenses				
Commissions	63,742	79,411	12,152	155,305
Non-commission	59,078	61,720	5,755	126,553
	122,820	141,131	17,907	281,858
Earnings before undernoted	\$ 172,784	\$ 65,051	\$ 7,425	245,260
Interest expense				23,889
Income before income taxes and non-controlling interest				221,371
Income taxes				66,969
Income before non-controlling interest				154,402
Non-controlling interest				571
Net income				\$ 153,831

7. Segmented information *(continued)*

NINE MONTHS ENDED SEPTEMBER 30 2005	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 679,501	\$ 514,430	\$ 23,697	\$ 1,217,628
Administration	124,520	102,661	2,181	229,362
Distribution	80,788	26,237	49,473	156,498
Net investment income and other	101,662	13,559	20,546	135,767
	986,471	656,887	95,897	1,739,255
Operating expenses				
Commissions	238,876	252,525	45,571	536,972
Non-commission	198,971	192,060	23,093	414,124
	437,847	444,585	68,664	951,096
Earnings before undernoted	\$ 548,624	\$ 212,302	\$ 27,233	788,159
Interest expense				67,676
Income before income taxes and non-controlling interest				720,483
Income taxes				214,033
Income before non-controlling interest				506,450
Non-controlling interest				1,269
Net income				\$ 505,181
Identifiable assets	\$ 1,459,537	\$ 2,172,763	\$ 700,001	\$ 4,332,301
Goodwill	1,347,781	943,550	81,779	2,373,110
Total assets	\$ 2,807,318	\$ 3,116,313	\$ 781,780	\$ 6,705,411

In the second quarter, the Company finalized the allocation of goodwill related to the acquisition of Investment Planning Counsel.

7. Segmented information *(continued)*

NINE MONTHS ENDED SEPTEMBER 30 2004	INVESTORS GROUP	MACKENZIE	CORPORATE AND OTHER	TOTAL
Fee and net investment income				
Management	\$ 617,972	\$ 481,561	\$ 8,934	\$ 1,108,467
Administration	119,081	107,447	1,496	228,024
Distribution	70,318	26,782	21,175	118,275
Net investment income and other	90,585	11,458	14,195	116,238
	897,956	627,248	45,800	1,571,004
Operating expenses				
Commissions	194,687	238,348	19,894	452,929
Non-commission	187,198	194,789	8,059	390,046
	381,885	433,137	27,953	842,975
Earnings before undernoted	\$ 516,071	\$ 194,111	\$ 17,847	728,029
Interest expense				71,493
Income before income taxes and non-controlling interest				656,536
Income taxes				201,499
Income before non-controlling interest				455,037
Non-controlling interest				731
Net income				\$ 454,306
Identifiable assets	\$ 1,377,383	\$ 2,126,219	\$ 650,354	\$ 4,153,956
Goodwill	1,347,781	943,550	103,083	2,394,414
Total assets	\$ 2,725,164	\$ 3,069,769	\$ 753,437	\$ 6,548,370

SHAREHOLDER INFORMATION

HEAD OFFICE

One Canada Centre
447 Portage Avenue
Winnipeg, Manitoba
R3C 3B6
Telephone: 204 943 0361
Fax: 204 947 1659

AUDITORS

Deloitte & Touche LLP

**TRANSFER AGENT
AND REGISTRAR**
**Computershare Trust
Company of Canada**

Telephone: 800 564 6253
Fax: 888 453 0330

600, 530-8th Avenue S.W.
Calgary, Alberta T2P 3S8

1465 Brenton Street, Suite 501
Halifax, Nova Scotia B3J 3S9

1500 University Street, 7th Floor
Montreal, Quebec H3A 3S8

100 University Avenue,
11th Floor
Toronto, Ontario M5J 2Y1

510 Burrard Street, 2nd Floor
Vancouver, British Columbia
V6C 3B9

1190-201 Portage Avenue
Winnipeg, Manitoba
R3B 3K6

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Shares of IGM Financial Inc. are listed on the Toronto Stock Exchange under the following listings:
Common Shares: IGM
First Preferred Shares, Series A: IGM.PRA

ANALYST CONTACT

For additional financial information about the Company, please contact:
Gregory D. Tretiak,
Executive Vice-President, Finance
Telephone: 204 956 8748
Fax: 204 956 1446
greg.tretiak@investorsgroup.com

SHAREHOLDER INFORMATION

For additional information about the Company, please contact:
Donna L. Janovcik,
Associate Corporate Secretary
Telephone: 204 956 8532
Fax: 204 949 9594
corpsec@investorsgroup.com

Si vous préférez recevoir ce rapport en français, veuillez vous adresser au Secrétaire de Société financière IGM Inc.,
One Canada Centre,
447 Portage Avenue,
Winnipeg (Manitoba) R3C 3B6

WEBSITES

Visit our websites at
www.igmfinc.com
www.investorsgroup.com
www.mackenziefinancial.com
www.ipcc.ca

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