

Report to Shareholders

IGM Financial and its operating companies enjoyed continued growth in 2005. Strong financial results were again delivered to shareholders during the year. The Company's two principal businesses – Investors Group Inc. and Mackenzie Financial Corporation – each enhanced their ability to compete, and momentum continued to build in areas such as sales, product breadth, investment management, recruiting, and retention. The Company remains focused on supporting financial planners and investors in achieving their financial goals and works from a position of strength and leadership in continuing to create value for clients, the Consultants and advisors who serve them, and our shareholders.

FINANCIAL OVERVIEW

Net income for the year ended December 31, 2005 was \$682.4 million, compared to adjusted net income of \$615.6 million in 2004, an increase of 10.9%. Earnings per share were \$2.56, an increase of 10.8% compared to adjusted earnings per share of \$2.31 in 2004. Adjusted net income and earnings per share for 2004 excludes a non-recurring expense. Net income in 2004 without adjustment totalled \$596.4 million. Earnings per share on this basis were \$2.24.

Dividends increased for the 16th consecutive year, rising 18.5 cents to \$1.335 per share for the year.

INDUSTRY PERSPECTIVE

In 2005, sustained positive performance across equity markets delivered significant returns for Canadian investors and contributed to growing investor confidence, which resulted in strong mutual fund flows within the industry. The Investment Funds Institute of Canada (IFIC) reported stronger net sales of long-term funds for 2005 compared to a year ago, and the highest levels

since 1998. Net sales of long-term funds for the industry were \$25.1 billion for 2005 compared to \$16.6 billion in 2004, an increase of over 50%. IFIC reported that as at December 31, 2005, mutual fund assets had increased by 14.6% year-over-year to approximately \$570 billion.

OPERATING HIGHLIGHTS

Growth of the Investors Group Consultant network continued to be strong in 2005. By increasing management and leadership expertise in region offices and expanding its regional office network, Investors Group continued to build its Consultant network and develop a strong and experienced leadership team across the country. Net sales of mutual funds rose significantly from \$218 million to \$778 million during the period. The Company continued to react effectively to the complex financial needs of its clients by delivering a diverse range of products and services combined with sound, personal financial advice.

Mackenzie maintained a strong focus on delivering quality through all aspects of its operations. This quality is evidenced by the strength of Mackenzie's relationships with financial advisors, its commitment to experienced and talented investment management, and its focused service to advisors and investors. Mackenzie was rewarded in 2005 by strong sales performance and growth in retail and institutional assets under management.

IGM Financial continues to improve the fundamentals of its business approach by providing a strategic focus on multiple distribution channels with a variety of high-quality advice, products, and services. Our scale and investment in our operating companies help us to achieve synergies for investors and grow our business over time. Prudent management of operating costs within the context of sustained growth positions us to respond to opportunities in an increasingly consolidating market environment.

LEADERSHIP

In May 2005, R. Jeffrey Orr assumed the position of President and Chief Executive Officer of Power Financial Corporation. Succeeding Mr. Orr as Co-Presidents and Chief Executive Officers of IGM Financial Inc. are Murray J. Taylor and Charles R. Sims. Both Mr. Taylor and Mr. Sims continue in their roles as President and Chief Executive Officer of Investors Group Inc. and Mackenzie Financial Corporation, respectively. Mr. Orr continues to be actively involved in the oversight of IGM Financial in his role as Chairman of the Executive Committee of the Board for IGM Financial Inc. Mr. Taylor and Mr. Sims lead an experienced and talented management team that is committed to our clients, our Consultants, our advisor network, and our employees.

BOARD OF DIRECTORS

At the Company's Annual Meeting in 2005, Alan J. Dilworth retired from the Board of Directors of IGM Financial. Mr. Dilworth has been a director of the Company since 2001 and served on the Audit Committee. We thank him for his outstanding contribution to the Company.

The Board of Directors wishes to acknowledge the contributions of our many employees and the Consultants and advisors with whom we partner. The Company's success would not be possible without their ongoing support and commitment.

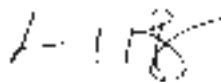
LOOKING AHEAD

There is an increasing recognition among Canadian investors that sound personal financial advice is integral to building a secure financial future. IGM Financial is well positioned to meet that growing need. Our leadership will be defined by our performance over the long term – through our support of investor needs, our

commitment to providing quality investment advice and financial products, our service innovation, and our prudent and effective management of the Company.

We will continue to invest strategically in our business, focusing the strength of our organization to develop our businesses to deliver strong value to our clients and our investors.

On behalf of the Board of Directors,



Murray J. Taylor
*Co-President and
Chief Executive Officer
IGM Financial Inc.*

February 17, 2006



Charles R. Sims
*Co-President and
Chief Executive Officer
IGM Financial Inc.*