



Murray J. Taylor

President and Chief Executive Officer
Investors Group Inc.

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Investors Group is committed to comprehensive financial planning delivered through long-term client and Consultant relationships. We provide financial planning advice and services through a network of over 3,900 Consultants to nearly one million Canadians.



HIGHLIGHTS

- Growth of the Consultant network remains strong, increasing from 3,668 at the end of the previous year to 3,917 Consultants in 2006.
- Assets under management grew by 14.8% in 2006 to \$58.2 billion at December 31, 2006 as a result of increasing sales, declining redemption rates, and strong investment performance.
- Mutual fund gross sales increased by 12.8% in 2006 to \$6.2 billion. Net sales of mutual funds were \$1.3 billion, up 73.0% from \$778 million in 2005.
- Driven by the strength of our client relationships, the 12-month trailing redemption rate for Investors Group's long-term mutual funds has declined to 7.9% for 2006, our lowest level on record.

REPORT ON OPERATIONS

In 2006, Investors Group continued to make progress in a number of key areas. Growth in the Consultant network combined with a further decline in our redemption rates is evidence of client and Consultant satisfaction with the service and products that are provided to meet their financial planning needs.

CONTINUED STRENGTH

Growth of the Investors Group Consultant network continued in 2006. During 2006 we added five new region offices bringing our expansion over the last two years to 12 new region offices. Ten consecutive quarters of continuous growth since mid-2004 is to some degree the result of improvements to our training and support programs, which occurred in 2003 and 2004. Since June 30, 2004, the Consultant network has expanded by 22% from 3,207 to 3,917 at December 31, 2006.

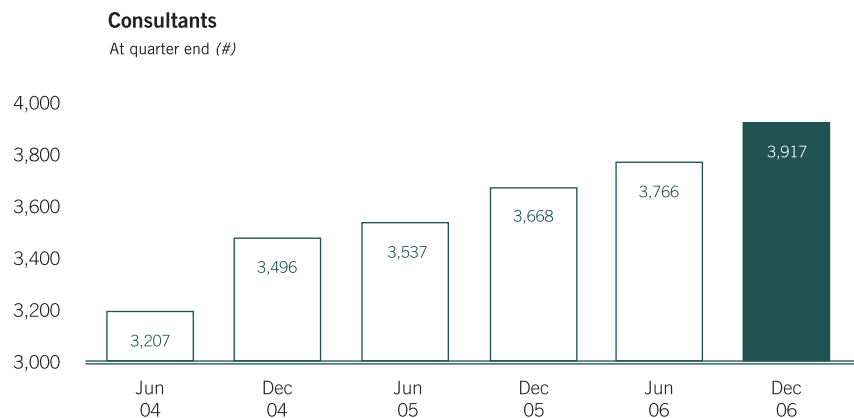
Investors Group continued to support Consultants with high-quality training programs in 2006. New Consultants refined their skills through an emphasis on field-based training delivered by experienced field leadership and mentorship from successful senior Consultants. Investors Group's annual APEX conference offers advanced financial planning and practice management training to over 1,300 Consultants each year. The company's commitment to training and support is integral to our Consultants' ability to deliver effective financial advice in an increasingly complex market.

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PRODUCTS FOR AN EVOLVING MARKETPLACE

The financial planning needs of Canadians are growing in complexity. Investors Group provides an industry-leading range of products and services to meet these diverse needs. We offer investment management, securities, insurance, banking and mortgage products and services to our clients through integrated financial planning.



We apply our experience and expertise in product development and investment management to bring timely and innovative funds to Canadian investors. Fund launches this year focused on the growing capital and cash flow requirements of an aging population and areas of investment management strength.

In addition to our \$58.2 billion in mutual fund assets, we have helped our clients establish \$41.3 billion in insurance coverage in force and \$6.1 billion in banking and mortgage loan balances.

Our Symphony Strategic Investment Planning™ supports Consultants in building optimized risk-adjusted portfolios for clients, and provides enhanced reporting features. Net flows to the Symphony-based Alto and Allegro Portfolios increased 19.8% year-over-year.

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Dividend Fund at the end of 2005, followed by the Investors Canadian Growth Fund and the IG Mackenzie Maxxum Canadian Equity Growth Fund in July, and the Investors Greater China Fund in August.

In September, the Investors Group Charitable Giving Program was introduced. One of the few programs of its kind in Canada, the program offers the opportunity for many Canadians to build an enduring charitable giving legacy.

Investors Group's commitment to the ongoing evolution and expansion of its product and service offering enhances our ability to deliver comprehensive financial planning to meet the evolving personal financial needs of our clients.

BUILDING COMMUNITIES

In 2006, Investors Group expanded its support of the communities in which our employees, Consultants, and clients live and work. Consultants and employees continued to donate their time and expertise to hundreds of charitable organizations.

The spirit of volunteerism has been strong and continues to be recognized throughout the country. New programs to recognize employees who volunteer their personal time to help various community programs and activities were introduced in 2006. During 2006, employees worked together through several initiatives including the formation of an annual Walk/Run for the Children's Hospital Foundation of Manitoba.

In 2006, Investors Group was proud to present the third annual Herbert H. Carnegie Community Service Award to Mark Ewert and the inaugural Herbert H. Carnegie Community Leadership Award to Linda Hancock. The awards are named after Order of Canada recipient and former Investors Group Consultant Herbert Carnegie, who in his 35 years with the company, came to epitomize the qualities of success and care for others in the community. Mark exemplifies these qualities through the extensive volunteer work he does locally in the Niagara region as well as internationally where he has led or organized several humanitarian aid trips to countries like Guatemala, Zambia, and Bolivia. Linda has earned many awards for her extensive volunteer contributions to organizations such as Big Sisters, the YM-YWCA, United Way and causes that support the needs of women, people living with disabilities, sports medicine and finding a cure for cancer.

Corporately, Investors Group has a long association with United Way and its support of local campaigns in communities across Canada. We are also a major supporter of Imagine Canada and Volunteer Canada in encouraging charitable giving and volunteerism by Canadian companies. In addition, Investors Group supports the Canadian Association of Food Banks through *Food for Thought*, a national campaign of local initiatives to raise awareness about hunger-related issues.

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BUILDING ON STRENGTH

Investors Group continues to focus on its strengths as building blocks for the future. In 2006, the Consultant network growth, the active engagement of our 1,600 employees, the continual refinement of the financial planning process, and the expansion of our product and service offering demonstrates the company's commitment to meet the evolving financial needs of Canadians.