



REPORT TO SHAREHOLDERS

IGM Financial and its operating companies experienced a decrease in total assets under management in 2008, primarily from changes in asset values resulting from the global stock market value declines. As a result, net income for the Company was down year over year. Nevertheless, Investors Group Inc. and Mackenzie Financial Corporation, the Company's principal businesses, continued to generate strong activity in terms of product innovation, investment management, resource management and distribution expansion.

The Company is well diversified through its multiple distribution channels, product types, investment management units and fund brands. Assets under management are diversified by country of investment, industry sector, security type and management style. A primary theme in our business model is to support financial advisors as they work with clients to plan for and achieve their financial goals. These strong relationships, and our association with other members of the Power Financial Corporation group of companies, have placed the Company in a position of leadership and strength in the financial services industry. Together, these elements will enable IGM Financial to create long-term value for its clients, consultants, advisors, employees and shareholders over time.

Adjusted net income for the year ended December 31, 2008 was \$766.1 million compared to adjusted net income of \$863.8 million in 2007. Adjusted earnings per share were \$2.89 in 2008 compared to adjusted earnings per share of \$3.23 in 2007.

Adjusted net income in 2008 excluded items related to the Company's equity interest in Great-West Lifeco Inc.:

- A \$60.3 million charge recorded in the fourth quarter representing the Company's proportionate share of Great-West Lifeco Inc.'s after-tax impairment charge related to goodwill and indefinite life intangible assets;
- A \$25.0 million gain recorded in the second quarter representing the Company's proportionate share of Great-West Lifeco Inc.'s after-tax gain related to the sale of its healthcare business, Great-West Healthcare.

Adjusted net income in 2007 excluded a non-cash income tax benefit of \$15.3 million recorded in the fourth quarter resulting from decreases in federal corporate income tax rates.

Net income without adjustment for the year ended December 31, 2008 was \$730.8 million compared to net income without adjustment of \$879.1 million in 2007. Earnings per share on this basis were \$2.76 in 2008 compared to \$3.29 in 2007.

Total assets under management at December 31, 2008 totalled \$101.7 billion. This compared with total assets under management of \$123.0 billion at December 31, 2007, a decrease of 17.3%.

Dividends increased for the 19th consecutive year, rising 22.5 cents to \$2.00 per share for the year.

INDUSTRY PERSPECTIVE

Towards the end of 2007 and throughout 2008, global stock market volatility has continued based on significant credit concerns and slowing U.S. and global economic growth. In this context, a strong relationship with an advisor to keep focused on long-term financial goals is important.

The significant role of an advisor in helping with financial planning is appreciated by the vast majority of investing Canadians. The Investment Funds Institute of Canada (IFIC) has now published three annual surveys conducted in 2006, 2007 and 2008 indicating that approximately 85% of mutual fund investors preferred to invest through an advisor and they highly rated the support and advice provided by their advisors.

OPERATING HIGHLIGHTS

The Investors Group Consultant network continued to expand to our highest level on record of 4,479 Consultants at December 31, 2008. Since June 30, 2004, we have had 18 consecutive calendar quarters of net growth in the Consultant network. With a further seven region offices announced in 2008, we have 92 region offices across Canada.

Investors Group continued to respond to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice. Throughout the year Consultants worked with clients to help them understand the impact of financial market volatility on their long-term financial planning.

Investors Group mutual fund assets under management

were \$47.5 billion at the end of 2008 compared to \$60.2 billion in 2007. Gross sales of \$5.9 billion were lower than record high gross sales in 2007 of \$7.2 billion. Our redemption rate on long-term mutual funds for 2008 was 7.9%, up slightly from our lowest rate on record of 7.3% in 2007. Net sales of mutual funds in 2008 were \$625 million.

Mackenzie maintained its focus on delivering consistent long-term investment performance true to the multiple styles deployed in the investment process, while emphasizing product innovation and communication with advisors and investors through this period of market volatility. This quality focus is evidenced by the strength of Mackenzie's relationships with financial advisors, the work undertaken with investor and advisor education programs and tools and its commitment to focusing on active investment management strategies. During 2008, Mackenzie acquired Saxon Financial Inc., and its subsidiaries, expanding our retail and institutional distribution relationships and adding a tenured team of investment professionals with fixed-income and multi-cap value investing experience.

Mackenzie's total assets under management were \$54.7 billion, compared to \$63.3 billion at December 31, 2007. Gross sales were \$12.3 billion down from the prior year level of \$12.7 billion. Total net redemptions for the year were \$2.7 billion.

IGM Financial continues to build its business through a strategic focus on multiple distribution opportunities delivering high-quality advice, innovative investment and service solutions for investors. Our scale and

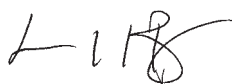
investment in technology and operations continue to help us manage our resources effectively and develop long-term growth in our business. Our stability in our various businesses, combined with our association with the Power Financial Corporation group of companies, provides the foundation for lasting relationships with our various stakeholders.

LOOKING AHEAD

As Canadians weather the current economic crisis they will increasingly be focused on their short- and long-term financial planning needs.

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, our service innovations, effective management of the Company and long-term value for our clients and shareholders.

On behalf of the Board of Directors,



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



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

February 13, 2009