

Quarterly Review

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31

(\$ thousands, except per share amounts)

	2009				2008			
	4	3	2	1	4	3	2	1
Fee and net investment income								
Management	\$ 449,687	\$ 432,190	\$ 399,340	\$ 365,419	\$ 396,325	\$ 476,929	\$ 503,320	\$ 490,649
Administration	88,259	88,537	86,902	82,322	84,248	88,098	89,401	87,502
Distribution	70,753	62,001	62,337	62,336	67,364	70,598	72,395	75,687
Net investment income and other	(65,864)	39,910	39,184	48,977	(24,334)	49,027	80,555	60,315
Total fee and net investment income	542,835	622,638	587,763	559,054	523,603	684,652	745,671	714,153
Operating expenses								
Commission expense	213,504	205,293	197,309	192,376	206,421	230,053	234,803	234,994
Non-commission expense	148,732	148,723	158,252	158,515	162,566	155,377	162,500	167,411
Interest expense	29,264	29,125	28,582	22,893	24,448	22,176	21,990	21,990
Total operating expenses	391,500	383,141	384,143	373,784	393,435	407,606	419,293	424,395
Income before taxes	151,335	239,497	203,620	185,270	130,168	277,046	326,378	289,758
Income taxes	37,624	72,147	59,116	51,743	50,367	78,352	85,277	78,555
Net income – GAAP	\$ 113,711	\$ 167,350	\$ 144,504	\$ 133,527	\$ 79,801	\$ 198,694	\$ 241,101	\$ 211,203
Reconciliation of non-GAAP financial measures⁽¹⁾								
Adjusted net income – non-GAAP measure	\$ 176,537	\$ 167,350	\$ 144,504	\$ 133,527	\$ 140,147	\$ 198,694	\$ 216,098	\$ 211,203
Non-cash charge on available for sale equity securities, net of tax	(66,240)	–	–	–	–	–	–	–
Non-cash income tax benefit	17,814	–	–	–	–	–	–	–
Premium paid on redemption of preferred shares	(14,400)	–	–	–	–	–	–	–
Proportionate share of affiliate's impairment charge	–	–	–	–	(60,346)	–	–	–
Proportionate share of affiliate's gain	–	–	–	–	–	–	25,003	–
Net income – GAAP	\$ 113,711	\$ 167,350	\$ 144,504	\$ 133,527	\$ 79,801	\$ 198,694	\$ 241,101	\$ 211,203
Diluted earnings per share (¢)								
GAAP	43	63	55	51	30	75	91	79
Adjusted	67	63	55	51	53	75	81	79
Dividends per share (¢)	51.25	51.25	51.25	51.25	51.25	51.25	48.75	48.75

STATISTICAL DATA (\$ millions)

Mutual funds

Investors Group								
Sales	\$ 1,376	\$ 1,134	\$ 1,105	\$ 1,427	\$ 1,237	\$ 1,299	\$ 1,457	\$ 1,953
Redemption rate (%) – total	9.0	9.1	9.2	9.4	9.4	9.1	8.9	8.7
– long-term funds	7.4	7.3	7.5	7.7	7.9	7.7	7.6	7.4
Net sales (redemptions)	154	36	(95)	309	60	61	(6)	510
Assets under management	57,655	56,560	52,498	46,574	47,491	54,306	59,006	58,582
Mackenzie								
Sales	1,414	997	1,231	1,263	1,646	1,901	2,343	2,059
Redemption rate (%) – total	17.5	19.6	21.2	22.2	22.4	20.2	19.2	18.0
– long-term funds	14.6	16.0	17.3	18.3	18.7	16.9	15.6	14.4
Net sales (redemptions)	(408)	(439)	(362)	(357)	(869)	(312)	(94)	(278)
Assets under management	40,624	39,854	37,249	33,659	35,814	41,823	43,716	44,555
Investment Planning Counsel								
Sales	120	87	69	67	43	54	63	84
Redemption rate (%) – total	12.7	13.8	14.8	15.6	15.8	14.4	12.5	10.9
– long-term funds	11.6	12.4	13.6	14.6	14.8	13.7	11.9	10.3
Net sales (redemptions)	54	32	11	9	(33)	(25)	(25)	3
Assets under management	2,140	2,030	1,838	1,670	1,740	1,931	2,139	2,180
Combined mutual fund assets under management⁽²⁾								
	100,419	98,444	91,585	81,903	85,025	98,035	104,834	105,289
Total assets under management	120,545	117,904	109,647	98,655	101,742	118,535	119,669	118,957
Corporate assets	8,646	9,087	9,082	8,924	8,263	8,299	7,978	7,901
Consultants – Investors Group	4,633	4,616	4,511	4,486	4,479	4,411	4,360	4,342

(1) Refer to page 18 of the MD&A for an explanation of the Company's use of non-GAAP financial measures.

(2) Adjusted for inter-segment assets.