consolidated financial statements

Notes to Consolidated Financial Statements

Management's Responsibility for Financial Reporting

The Consolidated Financial Statements of IGM Financial Inc. have been prepared by Management, which is responsible for the integrity, objectivity and reliability of the information presented, including selecting appropriate accounting principles and making judgments and estimates. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards. Financial information presented elsewhere in this Annual Report is consistent with that in the Consolidated Financial Statements for comparable periods.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance of the reliability of financial information and the safeguarding of all assets controlled by the Company. These controls and supporting procedures include quality standards in hiring and training employees, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines through the organization. Internal controls are reviewed and evaluated extensively by the internal auditor and are subject to scrutiny by the external auditors.

Ultimate responsibility for the Consolidated Financial Statements rests with the Board of Directors. The Board is assisted in discharging this responsibility by an Audit Committee, consisting entirely of independent directors. This Committee reviews the Consolidated Financial Statements and recommends them for approval by the Board. In addition, the Audit Committee reviews the recommendations of the internal auditor and the external auditors for improvements in internal control and the action of Management to implement such recommendations. In carrying out its duties and responsibilities, the Committee meets regularly with Management and with both the internal auditor and the external auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged.

Deloitte LLP, independent auditors appointed by the shareholders, have examined the Consolidated Financial Statements of the Company in accordance with Canadian generally accepted auditing standards, and have expressed their opinion upon the completion of their examination in their Report to the Shareholders. The external auditors have full and free access to the Audit Committee to discuss their audit and related findings.

James O'Sullivan
President and Chief Executive Officer

Luke Gould
Executive Vice-President and Chief Financial Officer

Independent Auditor's Report

To the Shareholders of IGM Financial Inc.

OPINION

We have audited the consolidated financial statements of IGM Financial Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2020 and 2019, and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill – Asset Management cash generating unit – Refer to Notes 2 and 11 to the financial statements

Key Audit Matter Description

The Company's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each cash generating unit ("CGU") to its carrying value. The recoverable amount of the Asset Management CGU is based on fair value less costs of disposal, which is determined using both a market approach based on valuation multiples and an income approach based on a discounted cash flow analysis. In determining the recoverable amount of the Asset Management CGU, management made significant estimates and assumptions related to market multiples, changes in future assets under management resulting from net sales and investment returns, pricing levels, and discount rates. The recoverable amount of the Asset Management CGU exceeded its carrying value as of the measurement date and no impairment was recognized.

While there are several estimates and assumptions that are required to determine the recoverable amount of the Asset Management CGU, the estimates and assumptions with the highest degree of subjectivity are the valuation multiples used in the market approach and the future changes in assets under management resulting from net sales and investment returns, pricing levels, and discount rates used in the income approach. This required significant auditor attention as these estimates are subject to estimation uncertainty and the impact to the assumptions from the COVID-19 pandemic. Auditing these estimates and assumptions required a high degree of subjectivity in applying audit procedures and in evaluating the results of those procedures which resulted in an increased extent of audit effort and the involvement of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to market multiples, future changes in assets under management resulting from net sales and investment returns, pricing levels, and discount rates used to determine the recoverable amount of the Asset Management CGU included the following, among others:

- With the assistance of fair value specialists, evaluated the valuation multiples by analyzing precedent business acquisition transactions and comparable public company multiples and developing a range of independent market multiples and comparing them to those selected by management.
- Evaluated management's ability to accurately forecast future changes in assets under management resulting from net sales and investment returns, and pricing levels by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of forecasted future changes in assets under management resulting from net sales and investment returns, and pricing levels by comparing the forecasts to:
  - Historical changes in assets under management resulting from net sales and investment returns with consideration to historical market and industry returns;
  - Historical pricing levels; and
  - Known changes to the Asset Management CGU's operations and its industry, including the impact of the COVID-19 pandemic to future operating performance.
- With the assistance of fair value specialists, evaluated the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent discount rates and comparing to those selected by management.

Investment in Associates – Acquisition of Northleaf Capital Group Ltd.– Refer to Notes 2 and 8 to the financial statements

Key Audit Matter Description
On October 29, 2020, the Company acquired a non-controlling interest in Northleaf Capital Group Ltd. ("Northleaf") and owns a 49.9% voting interest and 70% economic interest in Northleaf with a future obligation and right to purchase additional economic and voting interest commencing in approximately five years and extending into the future. The Company determined that it does not have control over the investment in Northleaf but rather significant influence, and as such applied the equity method of accounting.

The determination of the accounting treatment for the investment in Northleaf required management to evaluate whether the Company exercised control or significant influence over the investment. This involved significant management judgment to interpret the key agreement and legal terms of the purchase agreement and other legal agreements associated with the acquisition. Auditing whether the Company exercised control or significant influence over the investment in Northleaf required a high degree of auditor judgment which resulted in an increased extent of audit effort and the involvement of professionals in our firm with expertise in business combinations and consolidation.

How the Key Audit Matter Was Addressed in the Audit
Our audit procedures related to the evaluation of whether the Company exercised control or significant influence over the investment in Northleaf, included the following, among others:

- Confirmed the key agreement and legal terms of the purchase agreement and other legal agreements directly with legal counsel and assessed the terms of the purchase agreement and other legal agreements to determine whether all key facts and circumstances were incorporated into management's assessment.
- With the assistance of professionals in our firm with expertise in business combinations and consolidation, evaluated management's assessment of whether the Company exercised control or significant influence over the investment in Northleaf by analyzing specific facts and circumstances to relevant accounting guidance.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Dalziel.

Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
February 11, 2021

CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31 *(in thousands of Canadian dollars, except per share amounts)*	2020	2019
Revenues		
Wealth management	$ 2,259,576	$ 2,299,048
Asset management	812,931	792,327
Dealer compensation expense	(283,163)	(277,075)
Net asset management	529,768	515,252
Net investment income and other *(Notes 8 and 29)*	78,209	24,825
Proportionate share of associates' earnings *(Note 8)*	150,429	105,225
	3,017,982	2,944,350
Expenses *(Note 3)*		
Advisory and business development	1,040,146	1,066,021
Operations and support	830,650	733,045
Sub-advisory	71,213	68,232
Interest *(Note 16)*	110,597	108,386
	2,052,606	1,975,684
Earnings before income taxes	965,376	968,666
Income taxes *(Note 15)*	200,770	219,719
Net earnings	764,606	748,947
Non-controlling interest *(Note 8)*	(198)	–
Perpetual preferred share dividends	–	(2,213)
Net earnings available to common shareholders	$ 764,408	$ 746,734
Earnings per share *(in dollars) (Note 24)*		
– Basic	$ 3.21	$ 3.12
– Diluted	$ 3.21	$ 3.12

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31 *(in thousands of Canadian dollars)*	2020	2019
Net earnings	$ 764,606	$ 748,947
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to Net earnings		
Fair value through other comprehensive income investments		
Other comprehensive income (loss) *(Note 4), net of tax of $(38,565) and $(1,651)*	247,085	10,597
Employee benefits		
Net actuarial gains (losses), *net of tax of $11,461 and $6,243*	(31,002)	(16,895)
Investment in associates – employee benefits and other		
Other comprehensive income (loss), *net of tax of nil*	(2,906)	(19,129)
Items that may be reclassified subsequently to Net earnings		
Investment in associates and other		
Other comprehensive income (loss), *net of tax of $(1,900) and $3,448*	50,889	(35,009)
	264,066	(60,436)
Total comprehensive income	$ 1,028,672	$ 688,511

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED BALANCE SHEETS

AS AT DECEMBER 31 *(in thousands of Canadian dollars)*	**2020**	2019
Assets		
Cash and cash equivalents	**$ 771,585**	$ 720,005
Other investments *(Note 4)*	**632,300**	357,362
Client funds on deposit	**1,063,442**	561,269
Accounts and other receivables	**444,458**	394,210
Income taxes recoverable	**30,366**	11,925
Loans *(Note 5)*	**6,331,855**	7,198,043
Derivative financial instruments *(Note 22)*	**37,334**	15,204
Other assets *(Note 7)*	**49,782**	45,843
Investment in associates *(Note 8)*	**1,931,168**	1,753,882
Capital assets *(Note 9)*	**329,690**	216,956
Capitalized sales commissions *(Note 10)*	**231,085**	149,866
Deferred income taxes *(Note 15)*	**84,624**	76,517
Intangible assets *(Note 11)*	**1,321,590**	1,230,127
Goodwill *(Note 11)*	**2,803,075**	2,660,267
	$ 16,062,354	$ 15,391,476
Liabilities		
Accounts payable and accrued liabilities	**$ 486,575**	$ 434,957
Income taxes payable	**7,146**	4,867
Derivative financial instruments *(Note 22)*	**34,514**	17,193
Deposits and certificates *(Note 12)*	**1,104,889**	584,331
Other liabilities *(Note 13)*	**536,141**	441,902
Obligations to securitization entities *(Note 6)*	**6,173,886**	6,913,636
Lease obligations	**188,334**	90,446
Deferred income taxes *(Note 15)*	**388,079**	305,049
Long-term debt *(Note 16)*	**2,100,000**	2,100,000
	11,019,564	10,892,381
Shareholders' Equity		
Share capital *(Note 17)*		
Common shares	**1,598,381**	1,597,860
Contributed surplus	**51,663**	48,677
Retained earnings	**3,207,469**	2,980,260
Accumulated other comprehensive income (loss) *(Note 20)*	**136,364**	(127,702)
Non-controlling interest *(Note 8)*	**48,913**	–
	5,042,790	4,499,095
	$ 16,062,354	$ 15,391,476

These financial statements were approved and authorized for issuance by the Board of Directors on February 11, 2021.

James O'Sullivan
Director

John McCallum
Director

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Canadian dollars)	SHARE CAPITAL PERPETUAL PREFERRED SHARES (Note 17)	SHARE CAPITAL COMMON SHARES (Note 17)	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)	NON-CONTROLLING INTEREST	TOTAL SHAREHOLDERS' EQUITY
2020							
Balance, beginning of year	**$ –**	**$ 1,597,860**	**$ 48,677**	**$ 2,980,260**	**$ (127,702)**	**$ –**	**$ 4,499,095**
Net earnings	**–**	**–**	**–**	**764,606**	**–**	**–**	**764,606**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**–**	**264,066**	**–**	**264,066**
Total comprehensive income	**–**	**–**	**–**	**764,606**	**264,066**	**–**	**1,028,672**
Common shares							
Issued under stock option plan	**–**	**521**	**–**	**–**	**–**	**–**	**521**
Stock options							
Current period expense	**–**	**–**	**3,010**	**–**	**–**	**–**	**3,010**
Exercised	**–**	**–**	**(24)**	**–**	**–**	**–**	**(24)**
Common share dividends	**–**	**–**	**–**	**(536,194)**	**–**	**–**	**(536,194)**
Issuance of non-controlling interest	**–**	**–**	**–**	**(198)**	**–**	**48,913**	**48,715**
Other	**–**	**–**	**–**	**(1,005)**	**–**	**–**	**(1,005)**
Balance, end of year	**$ –**	**$ 1,598,381**	**$ 51,663**	**$ 3,207,469**	**$ 136,364**	**$ 48,913**	**$ 5,042,790**
2019							
Balance, beginning of year	$ 150,000	$ 1,611,263	$ 45,536	$ 2,834,998	$ (45,798)	$ –	$ 4,595,999
Net earnings	–	–	–	748,947	–	–	748,947
Other comprehensive income (loss), net of tax	–	–	–	–	(60,436)	–	(60,436)
Total comprehensive income	–	–	–	748,947	(60,436)	–	688,511
Redemption of preferred shares	(150,000)	–	–	–	–	–	(150,000)
Common shares							
Issued under stock option plan	–	5,111	–	–	–	–	5,111
Purchased for cancellation	–	(18,514)	–	–	–	–	(18,514)
Stock options							
Current period expense	–	–	3,406	–	–	–	3,406
Exercised	–	–	(265)	–	–	–	(265)
Perpetual preferred share dividends	–	–	–	(2,213)	–	–	(2,213)
Common share dividends	–	–	–	(537,588)	–	–	(537,588)
Transfer out of fair value through other comprehensive income	–	–	–	21,468	(21,468)	–	–
Common share cancellation excess and other	–	–	–	(85,352)	–	–	(85,352)
Balance, end of year	$ –	$ 1,597,860	$ 48,677	$ 2,980,260	$ (127,702)	$ –	$ 4,499,095

(See accompanying notes to consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31 *(in thousands of Canadian dollars)*	**2020**	2019
Operating activities		
Earnings before income taxes	**$ 965,376**	$ 968,666
Income taxes paid	**(172,319)**	(236,676)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**36,433**	22,387
Capitalized sales commissions paid	**(117,652)**	(67,209)
Amortization of capital, intangible and other assets	**83,498**	79,496
Proportionate share of associates' earnings, net of dividends received	**(71,328)**	(32,251)
Pension and other post-employment benefits	**(4,758)**	(4,810)
Restructuring provisions and other	**74,460**	–
Gain on sale of Personal Capital Corporation	**(37,232)**	–
Gain on sale of Quadrus Group of Funds	**(30,000)**	–
Changes in operating assets and liabilities and other	**26,772**	9,316
Cash from operating activites before restructuring provision payments	**753,250**	738,919
Restructuring provision cash payments	**(16,625)**	(26,853)
	736,625	712,066
Financing activities		
Net decrease in deposits and certificates	**(5,832)**	(2,472)
Increase in obligations to securitization entities	**1,568,521**	1,456,265
Repayments of obligations to securitization entities and other	**(2,359,844)**	(1,960,757)
Repayment of lease obligations	**(25,579)**	(23,370)
Issue of debentures	**–**	250,000
Redemption of preferred shares	**–**	(150,000)
Issue of common shares	**498**	4,846
Common shares purchased for cancellation	**–**	(99,963)
Perpetual preferred share dividends paid	**–**	(4,425)
Common share dividends paid	**(536,186)**	(539,046)
	(1,358,422)	(1,068,922)
Investing activities		
Purchase of other investments	**(32,651)**	(118,917)
Proceeds from the sale of other investments	**38,840**	85,462
Increase in loans	**(1,792,995)**	(1,682,079)
Repayment of loans and other	**2,679,740**	2,211,504
Net additions to capital assets	**(38,991)**	(18,813)
Net cash used in additions to intangible assets and acquisitions	**(68,808)**	(64,121)
Investment in Northleaf Capital Group Ltd. *(Note 8)*	**(198,793)**	–
Acquisition of GLC Asset Management Group Ltd. *(Note 29)*	**(175,788)**	–
Proceeds from sale of Personal Capital Corporation *(Note 8)*	**232,823**	–
Investment in Personal Capital Corporation	**–**	(66,811)
Proceeds from sale of Quadrus Group of Funds *(Note 8)*	**30,000**	–
Proceeds from substantial issuer bid *(Note 8)*	**–**	80,408
	673,377	426,633
Increase in cash and cash equivalents	**51,580**	69,777
Cash and cash equivalents, beginning of year	**720,005**	650,228
Cash and cash equivalents, end of year	**$ 771,585**	$ 720,005
Cash	**$ 76,617**	$ 67,986
Cash equivalents	**694,968**	652,019
	$ 771,585	$ 720,005
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 267,369**	$ 301,738
Interest paid	**$ 256,272**	$ 271,914

(See accompanying notes to consolidated financial statements.)

Notes to Consolidated Financial Statements

December 31, 2020 and 2019 *(In thousands of Canadian dollars, except shares and per share amounts)*

NOTE 1 CORPORATE INFORMATION

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Company is controlled by Power Corporation of Canada.

IGM Financial Inc. is a wealth and asset management company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's wholly-owned principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation (Mackenzie).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The policies set out below were consistently applied to all the periods presented unless otherwise noted.

USE OF JUDGMENT, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. The key areas where judgment has been applied include: the determination of which financial assets should be derecognized; the assessment of the appropriate classification of financial instruments, including those classified as fair value through profit or loss; and the assessment that significant influence exists for its investment in associates. Key components of the financial statements requiring management to make estimates include: the fair value of financial instruments, goodwill, intangible assets, income taxes, capitalized sales commissions, provisions and employee benefits. Actual results may differ from such estimates. Further detail of judgments and estimates are found in the remainder of Note 2 and in Notes 6, 8, 10, 11, 13, 14, 15, 23 and 29. The twelve months ended December 31, 2020 were characterized by increased uncertainty due to COVID-19. The Company is closely monitoring the current environment and assessing the impacts, if any, on its significant assumptions related to critical estimates.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements include the accounts of the Company and all subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The Company's investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (China AMC) and Northleaf Capital Group Ltd. (Northleaf) are accounted for using the equity method. The investments were initially recorded at cost and the carrying amounts are increased or decreased to recognize the Company's share of the investments' comprehensive income (loss) and the dividends received since the date of acquisition. The equity method was used to account for the Company's equity interest in Personal Capital Corporation (Personal Capital) until the announcement of the sale of the investment on June 29, 2020.

CHANGES IN PRESENTATION

In the third quarter of 2020, the Company realigned its reportable segments and made disclosure enhancements to its Consolidated Statements of Earnings to better characterize the Company's business lines and improve transparency into the key drivers of the business. These changes have had no impact on the reported earnings of the Company.

The Company restated comparative figures in its Consolidated Statements of Earnings and Segmented information note to conform to the current period's presentation. The changes had no impact to prior period earnings and no impact to the Consolidated Balance Sheets.

CHANGES IN PRESENTATION *(continued)*

Segment reporting

The Company has realigned its reportable segments (Note 28) as follows:

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and also through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portag3 Ventures LPs. Unallocated capital is also included within this segment.

Statements of Earnings

The Company has reclassified its Statement of Earnings as follows:

- **Wealth management revenue** – revenues earned by the Wealth Management segment for providing financial planning, investment advisory and related financial services. Revenues include financial advisory fees, investment management and related administration fees, distribution revenue associated with insurance and banking products and services, and revenue relating to mortgage lending activities.
- **Asset management revenue** – revenues earned by the Asset Management segment related to investment management advisory and administrative services.
- **Dealer compensation** – asset based and sales based compensation paid to dealers by the Asset Management segment.
- **Advisory and business development expenses** – expenses incurred on activities directly associated with providing financial planning services to clients of the Wealth Management segment. Expenses include compensation, recognition and other support provided to our financial advisors, field management, product and planning specialists; expenses associated with facilities, technology and training relating to our financial advisors and specialists; other business development activities including direct marketing and advertising; and wholesale distribution activities performed by the Asset Management segment. A significant component of these expenses vary directly with levels of assets under management or advisement, business development measures including sales and client acquisition, and the number of advisor and client relationships.
- **Operations and support expenses** – expenses associated with business operations including technology and business processes; in-house investment management and product shelf management; corporate management and support functions. These expenses primarily reflect compensation and technology and other service provider expenses.
- **Sub-advisory expenses** – reflects fees relating to investment management services provided by third party or related party investment management organizations. These fees typically are variable with the level of assets under management. These fees include investment advisory services performed for the Wealth Management segment by the Asset Management segment.

CHANGES IN PRESENTATION *(continued)*

Statements of Earnings *(continued)*

The following tables provide reconciliations from current presentation to prior period presentation for the Consolidated Statement of Earnings.

2020

PRIOR PRESENTATION		MANAGEMENT AND ADVISORY FEES	ADMINISTRATION FEES	DISTRIBUTION FEES	NET INVESTMENT INCOME AND OTHER	PROPORTIONATE SHARE OF ASSOCIATES' EARNINGS	COMMISSION EXPENSE	NON-COMMISSION EXPENSE	INTEREST EXPENSE	EARNINGS BEFORE INCOME TAXES
		$ 2,282,908	$ 403,417	$ 346,289	$ 129,412	$ 150,429	$ 1,088,343	$ 1,148,139	$ 110,597	$ 965,376
CURRENT PRESENTATION										
Revenues										
Wealth management	**$ 2,259,576**	1,564,667	301,902	341,804	51,203					
Asset management	**812,931**	718,241	101,515	4,485				(11,310)		
Dealer compensation	**(283,163)**						(283,163)			
Net asset management	**529,768**	718,241	101,515	4,485			(283,163)	(11,310)		
Net investment income and other	**78,209**				78,209					
Proportionate share of associates' earnings *(Note 8)*	**150,429**					150,429				
	3,017,982	2,282,908	403,417	346,289	129,412	150,429	(283,163)	(11,310)		
Expenses										
Advisory and business development	**1,040,146**						805,180	234,966		
Operations and support	**830,650**							830,650		
Sub-advisory	**71,213**							71,213		
Interest	**110,597**								110,597	
	2,052,606						805,180	1,136,829	110,597	
Earnings before income taxes	**$ 965,376**									

CHANGES IN PRESENTATION *(continued)*

Statements of Earnings *(continued)*

2019

PRIOR PRESENTATION		MANAGEMENT AND ADVISORY FEES	ADMINISTRATION FEES	DISTRIBUTION FEES	NET INVESTMENT INCOME AND OTHER	PROPORTIONATE SHARE OF ASSOCIATES' EARNINGS	COMMISSION EXPENSE	NON-COMMISSION EXPENSE	INTEREST EXPENSE	EARNINGS BEFORE INCOME TAXES
		$ 2,267,960	$ 414,457	$ 368,036	$ 76,928	$ 105,225	$ 1,101,165	$ 1,054,389	$ 108,386	$ 968,666
CURRENT PRESENTATION										
REVENUES										
Wealth management	**$ 2,299,048**	1,568,346	316,309	362,290	52,103					
Asset management	**792,327**	699,614	98,148	5,746				(11,181)		
Dealer compensation	**(277,075)**						(277,075)			
Net asset management	**515,252**	699,614	98,148	5,746			(277,075)	(11,181)		
Net investment income and other	**24,825**				24,825					
Proportionate share of associates' earnings *(Note 8)*	**105,225**					105,225				
	2,944,350	2,267,960	414,457	368,036	76,928	105,225	(277,075)	(11,181)		
Expenses										
Advisory and business development	**1,066,021**						814,263	251,758		
Operations and support	**733,045**						9,827	723,218		
Sub-advisory	**68,232**							68,232		
Interest	**108,386**								108,386	
	1,975,684						824,090	1,043,208	108,386	
Earnings before income taxes	**$ 968,666**									

REVENUE RECOGNITION

Wealth management revenue is earned for providing financial planning, investment advisory and related financial services. Revenues from financial advisory fees and investment management and related administration fees are based on the net asset value of investment funds or other assets under advisement and are accrued as services are performed. Distribution revenue associated with insurance and banking products and services are also recognized on an accrual basis while distribution fees derived from investment fund and securities transactions are recognized on a trade date basis.

Asset management revenue related to investment management advisory and administrative services is based on the net asset value of investment funds and other assets under management and is accrued as services are performed.

FINANCIAL INSTRUMENTS

All financial assets are initially recognized at fair value in the Consolidated Balance Sheets and are subsequently classified as measured at FVTPL, fair value through other comprehensive income (FVTOCI) or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

FINANCIAL INSTRUMENTS *(continued)*

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

Unrealized gains and losses on financial assets classified as FVTOCI as well as other comprehensive income amounts, including unrealized foreign currency translation gains and losses related to the Company's investment in its associates, are recorded in the Consolidated Statements of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income forms part of Shareholders' equity.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and temporary investments consisting of highly liquid investments with short-term maturities. Interest income is recorded on an accrual basis in Net investment income and other in the Consolidated Statements of Earnings.

OTHER INVESTMENTS

Other investments, which are recorded on a trade date basis, are classified as either FVTOCI or FVTPL.

The Company has elected to classify certain equity investments that are not held for trading as FVTOCI. Unrealized gains and losses on these FVTOCI investments are recorded in Other comprehensive income and transferred directly to retained earnings when realized without being recorded through profit or loss. Dividends declared are recorded in Net investment income and other in the Consolidated Statements of Earnings.

FVTPL investments are held for trading and are comprised of fixed income and equity investments and investments in proprietary investment funds. Unrealized and realized gains and losses, dividends declared, and interest income on these investments are recorded in Net investment income and other in the Consolidated Statements of Earnings.

LOANS

Loans are classified as either FVTPL or amortized cost, based on the Company's assessment of the business model within which the loan is managed. Revenues from mortgage activities are included in Wealth Management revenues in the Consolidated Statement of Earnings.

Changes in fair value of loans measured at FVTPL are recorded in Wealth management revenue in the Consolidated Statements of Earnings. Loans measured at amortized cost are recorded net of an allowance for expected credit losses. Interest income is accounted for on the accrual basis using the effective interest method for all loans and is recorded in Wealth management revenue in the Consolidated Statements of Earnings.

The Company applies a three-stage impairment approach to measure expected credit losses on loans: 1) On origination, an allowance for 12-month expected credit losses is established, 2) Lifetime expected credit losses are recognized where there is a significant deterioration of credit quality, and 3) A loan is considered credit impaired when there is no longer reasonable assurance of collection.

DERECOGNITION

The Company enters into transactions where it transfers financial assets recognized on its balance sheet. The determination of whether the financial assets are derecognized is based on the extent to which the risks and rewards of ownership are transferred. The gains or losses and the servicing fee revenue for financial assets that are derecognized are reported in Wealth management revenue in the Consolidated Statements of Earnings. The transactions for financial assets that are not derecognized are accounted for as secured financing transactions.

SALES COMMISSIONS

Commissions are paid on investment product sales where the Company either receives a fee directly from the client or where it receives a fee directly from the investment fund.

Commissions paid on investment product sales where the Company earns fees from a client are capitalized and amortized over their estimated useful lives, not exceeding a period of seven years. The Company regularly reviews the carrying value of capitalized selling commissions with respect to any events or circumstances that indicate impairment. Among the tests performed by the Company to assess recoverability is the comparison of the future economic benefits derived from the capitalized selling commission asset in relation to its carrying value.

All other commissions paid on investment product sales are expensed as incurred.

CAPITAL ASSETS

Capital assets are comprised of Property and equipment and Right-of-use assets.

Property and equipment

Buildings, furnishings and equipment are amortized on a straight-line basis over their estimated useful lives, which range from 3 to 17 years for equipment and furnishings and 10 to 50 years for the building and its components. Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets

A right-of-use asset representing the Company's property leases is depreciated using the straight-line method from the commencement date to the end of the lease term and is recorded in Advisory and business development and Operations and support expenses.

LEASES

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability. Imputed interest on the lease liability is recorded in Interest expense.

Lease payments included in the measurement of the lease liability comprises fixed payments less any lease incentives receivable, variable payments that depend on an index or a rate, and payments or penalties for terminating the lease, if any. The lease payments are discounted using the Company's incremental borrowing rate, which is applied to portfolios of leases with reasonably similar characteristics.

The Company does not recognize a right-of-use asset or lease liability for leases that, at commencement date, have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The Company recognizes the payments associated with these leases as an expense on a straight-line basis over the term of the lease.

GOODWILL AND INTANGIBLE ASSETS

The Company tests the carrying value of goodwill and indefinite life intangible assets for impairment at least once a year and more frequently if an event or circumstance indicates the asset may be impaired. An impairment loss is recognized if the amount of the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units).

Investment fund management contracts have been assessed to have an indefinite useful life as the contractual right to manage the assets has no fixed term.

Trade names have been assessed to have an indefinite useful life as they contribute to the revenues of the Company's integrated asset management business as a whole and the Company intends to utilize them for the foreseeable future.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Software assets are amortized over a period not exceeding 7 years and distribution and other management contracts are amortized over a period not exceeding 20 years. Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

EMPLOYEE BENEFITS

The Company maintains a number of employee benefit plans including defined benefit plans and defined contribution pension plans for eligible employees. These plans are related parties in accordance with IFRS. The Company's defined benefit plans include a funded defined benefit pension plan for eligible employees, unfunded supplementary executive retirement plans (SERP) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

The defined benefit pension plan provides pensions based on length of service and final average earnings.

The cost of the defined benefit plans is actuarially determined using the projected unit credit method prorated on service based upon management's assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. Any changes in these assumptions will impact the carrying amount of pension obligations. The Company's accrued benefit liability in respect of defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets. The Company determines the net interest component of the pension expense for the period by applying the discount rate used to measure the accrued benefit liability at the beginning of the annual period to the net accrued benefit liability. The discount rate used to value liabilities is determined using a yield curve of AA corporate debt securities.

If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.

Current service costs, past service costs and curtailment gains or losses are included in Operations and support expenses.

Remeasurements arising from defined benefit plans represent actuarial gains and losses and the actual return on plan assets, less interest calculated at the discount rate. Remeasurements are recognized immediately through Other comprehensive income (OCI) and are not reclassified to net earnings.

The accrued benefit liability represents the deficit related to defined benefit plans and is included in Other liabilities.

Payments to the defined contribution pension plans are expensed as incurred.

SHARE-BASED PAYMENTS

The Company uses the fair value based method to account for stock options granted to employees. The fair value of stock options is determined on each grant date. Compensation expense is recognized over the period that the stock options vest, with a corresponding increase in Contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in Contributed surplus are added to Share capital.

The Company recognizes a liability for cash settled awards including those granted under the Performance Share Unit, Restricted Share Unit and Deferred Share Unit plans. Compensation expense is recognized over the vesting period, net of related hedges. The liability is remeasured at fair value at each reporting period.

PROVISIONS

A provision is recognized if, as a result of a past event, the Company has a present obligation where a reliable estimate can be made, and it is probable that an outflow of resources will be required to settle the obligation.

INCOME TAXES

The Company uses the liability method in accounting for income taxes whereby deferred income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases and tax loss carryforwards. Deferred income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are anticipated to be in effect when the temporary differences are expected to reverse.

EARNINGS PER SHARE

Basic earnings per share is determined by dividing Net earnings available to common shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share is determined using the same method as basic earnings per share except that the average number of common shares outstanding includes the potential dilutive effect of outstanding stock options granted by the Company as determined by the treasury stock method.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are utilized by the Company in the management of equity price and interest rate risks. The Company does not utilize derivative financial instruments for speculative purposes.

The Company formally documents all hedging relationships, as well as its risk management objective and strategy for undertaking various hedging transactions. This process includes linking all derivatives to specific assets and liabilities on the Consolidated Balance Sheets or to anticipated future transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Derivative financial instruments are recorded at fair value in the Consolidated Balance Sheets.

Derivative financial instruments specifically designated as a hedge and meeting the criteria for hedge effectiveness offset the changes in fair values or cash flows of hedged items. A hedge is designated either as a cash flow hedge or a fair value hedge. A cash flow hedge requires the change in fair value of the derivative, to the extent effective, to be recorded in Other comprehensive income, which is reclassified to the Consolidated Statements of Earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of the derivative in a cash flow hedge is recorded in the Consolidated Statements of Earnings. A fair value hedge requires the change in fair value of the hedging derivative and the change in fair value of the hedged item relating to the hedged risk to both be recorded in the Consolidated Statements of Earnings.

The Company enters into interest rate swaps as part of its mortgage banking and intermediary operations. These swap agreements require the periodic exchange of net interest payments without the exchange of the notional principal amount on which the payments are based. Swaps entered into to hedge the costs of funds on certain securitization activities are designated as hedging instruments (Note 21). The effective portion of changes in fair value are initially recorded in Other comprehensive income and subsequently recorded in Wealth management revenue in the Consolidated Statements of Earnings over the term of the associated Obligations to securitization entities. Remaining mortgage related swaps are not designated as hedging instruments and changes in fair value are recorded directly in Wealth management revenue in the Consolidated Statements of Earnings.

The Company also enters into total return swaps and forward agreements to manage its exposure to fluctuations in the total return of its common shares related to deferred compensation arrangements. Total return swap and forward agreements require the exchange of net contractual payments periodically or at maturity without the exchange of the notional principal amounts on which the payments are based. Certain of these derivatives are not designated as hedging instruments and changes in fair value are recorded in Operations and support expenses in the Consolidated Statements of Earnings.

Derivatives continue to be utilized on a basis consistent with the risk management policies of the Company and are monitored by the Company for effectiveness as economic hedges even if specific hedge accounting requirements are not met.

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are offset and the net amount is presented on the Consolidated Balance Sheets when the Company has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

FUTURE ACCOUNTING CHANGES

The Company continuously monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations.

NOTE 3 EXPENSES

	2020	2019
Commissions	$ 787,684	$ 824,090
Salaries and employee benefits	556,115	517,796
Restructuring and other	74,460	–
Occupancy	28,608	27,840
Amortization of capital, intangible and other assets	83,498	79,496
Other	340,431	349,844
	1,870,796	1,799,066
Sub-advisory	71,213	68,232
Interest	110,597	108,386
	$ 2,052,606	$ 1,975,684

During 2020, the Company incurred restructuring and other charges of $74.5 million related to the ongoing multi-year transformation initiatives and efforts to enhance our operational effectiveness and also from the acquisition of GLC Asset Management (GLC) and other changes to our investment management teams. As a result of these initiatives, the Company is recording costs relating to restructuring and downsizing certain related party sharing services activities as well as impairment of redundant internally generated software assets.

NOTE 4 OTHER INVESTMENTS

	2020		2019	
	COST	FAIR VALUE	COST	FAIR VALUE
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 251,417	$ 593,273	$ 244,989	$ 301,196
Fair value through profit or loss (FVTPL)				
Equity securities	1,499	1,513	1,575	1,759
Proprietary investment funds	35,254	37,514	51,304	54,407
	36,753	39,027	52,879	56,166
	$ 288,170	$ 632,300	$ 297,868	$ 357,362

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Corporate investments is primarily comprised of the Company's investments in Wealthsimple Financial Corp. (Wealthsimple) and Portag3 Ventures LP and Portag3 Ventures II LP (Portag3).

In 2020, the Company invested $4.2 million related to Portag3 (2019 – Wealthsimple $51.9 million and Portag3 $14.8 million).

The total fair value of Corporate investments of $593.3 million is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

INVESTMENT IN WEALTHSIMPLE

Wealthsimple Financial Corp. (Wealthsimple) is an online investment manager that provides financial investment guidance. As at December 31, 2020, the Company had invested a total of $186.9 million in Wealthsimple through a limited partnership controlled by Power Financial Corporation, a subsidiary of Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income.

On October 14, 2020, Wealthsimple announced a $114 million equity fundraising led by TCV, a growth equity investor focused on technology, along with Greylock, Meritech, Two Sigma Ventures and existing investor Allianz X. The purchase price associated with this fundraising values the common equity of Wealthsimple at $1.5 billion ($1.4 billion pre-money valuation).

IGM Financial Inc. holds, directly and indirectly, a 36% interest in Wealthsimple (2019 – 42%). As a result of this valuation, the fair value of the Company's investment increased by $298 million and is recorded at $550 million at December 31, 2020.

NOTE 4 OTHER INVESTMENTS *(continued)*

INVESTMENT IN PORTAG3

Portag3 is an early-stage investment fund dedicated to backing innovating financial services companies. Portag3 is controlled by the Company's parent, Power Financial Corporation.

FAIR VALUE THROUGH PROFIT OR LOSS

Proprietary investment funds

The Company manages and provides services and earns management and administration fees, in respect of investment funds that are not recognized in the Consolidated Balance Sheets. As at December 31, 2020, there were $162.3 billion in investment fund assets under management (2019 – $161.8 billion). The Company's investments in proprietary investment funds are classified on the Company's Consolidated Balance Sheets as fair value through profit or loss. These investments are generally made in the process of launching a new fund and are sold as third-party investors subscribe. The Company's maximum exposure to loss is limited to its direct investment in the proprietary investment funds.

Certain investment funds are consolidated where the Company has made the assessment that it controls the investment fund. As at December 31, 2020, the underlying investments related to these consolidated investment funds primarily consisted of cash and short-term investments of $7.5 million (2019 – $7.1 million), equity securities of $10.9 million (2019 – $21.8 million) and fixed income securities of $5.8 million (2019 – $6.0 million). The underlying securities of these funds are classified as FVTPL and recognized at fair value.

NOTE 5 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	2020 TOTAL	2019 TOTAL
Amortized cost					
Residential mortgages	$ 1,500,141	$ 4,820,230	$ 8,971	$ 6,329,342	$ 7,198,718
Less: Allowance for expected credit losses				778	675
				6,328,564	7,198,043
Fair value through profit or loss				3,291	–
				$ 6,331,855	$ 7,198,043
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of year				$ 675	$ 801
Write-offs, net of recoveries				(562)	(863)
Expected credit losses				665	737
Balance, end of year				$ 778	$ 675

Total credit impaired loans as at December 31, 2020 were $4,807 (2019 – $2,381).

In 2020, the Company worked with clients that were financially impacted by COVID-19 to defer mortgage payments for up to six months. This program expired for new applicants on September 30, 2020. As at December 31, 2020, there were no mortgages in the deferral program.

At December 31, 2020, the Company's allowance for expected credit losses was $778 compared to $675 at December 31, 2019.

Total interest income on loans was $191.2 million (2019 – $218.3 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $148.5 million (2019 – $171.9 million). Gains realized on the sale of residential mortgages totalled $9.8 million (2019 – $3.2 million). Fair value adjustments related to mortgage banking operations totalled negative $5.1 million (2019 – negative $4.3 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

NOTE 6 SECURITIZATIONS

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded offsetting liabilities for the net proceeds received as Obligations to securitization entities which are recorded at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a negative fair value of $1.2 million at December 31, 2020 (2019 – negative $5.8 million).

The Government of Canada introduced measures to support Canadians through the COVID-19 crisis where mortgage payments can be deferred for up to six months and repaid over the life of the mortgage. The program expired for new applicants on September 30, 2020. Under the NHA MBS and CMB Program, the Company has an obligation to make timely payments to security holders regardless of whether amounts are received from mortgagors. All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are recorded at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due. Credit risk is further limited to the extent these mortgages are insured.

2020	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	**$ 3,216,158**	**$ 3,307,428**	**$ (91,270)**
Bank sponsored ABCP	**2,767,743**	**2,866,458**	**(98,715)**
Total	**$ 5,983,901**	**$ 6,173,886**	**$ (189,985)**
Fair value	**$ 6,186,410**	**$ 6,345,189**	**$ (158,779)**
2019			
Carrying value			
NHA MBS and CMB Program	$ 3,890,955	$ 3,938,732	$ (47,777)
Bank sponsored ABCP	2,938,910	2,974,904	(35,994)
Total	$ 6,829,865	$ 6,913,636	$ (83,771)
Fair value	$ 6,907,742	$ 6,996,953	$ (89,211)

The carrying value of Obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

NOTE 7 OTHER ASSETS

	2020	2019
Deferred and prepaid expenses	**$ 48,763**	$ 44,673
Other	**1,019**	1,170
	$ 49,782	$ 45,843

Total other assets of $24.2 million as at December 31, 2020 (2019 – $19.1 million) are expected to be realized within one year.

NOTE 8 INVESTMENT IN ASSOCIATES

	LIFECO	CHINA AMC	PERSONAL CAPITAL	NORTHLEAF	TOTAL
2020					
Balance, beginning of year	**$ 896,651**	**$ 662,694**	**$ 194,537**	**$ –**	**$ 1,753,882**
Investment	**–**	**–**	**–**	**247,508**	**247,508**
Dividends	**(65,415)**	**(13,686)**	**–**	**–**	**(79,101)**
Proportionate share of:					
Earnings (losses)	**109,148**	**41,531**	**(4,640)**	**990**(1)	**147,029**
Associate's adjustments	**3,400**	**–**	**–**	**–**	**3,400**
Other comprehensive income (loss) and other adjustments	**18,604**	**29,743**	**8,817**	**–**	**57,164**
Disposition	**–**	**–**	**(198,714)**	**–**	**(198,714)**
Balance, end of year	**$ 962,388**	**$ 720,282**	**$ –**	**$ 248,498**	**$ 1,931,168**
2019					
Balance, beginning of year	$ 967,829	$ 683,475	$ –	$ –	$ 1,651,304
Transfer from corporate investments (FVTOCI)	–	–	216,952	–	216,952
Proceeds from substantial issuer bid	(80,408)	–	–	–	(80,408)
Dividends received	(62,673)	(10,301)	–	–	(72,974)
Proportionate share of:					
Earnings (losses)	109,088	30,119	(16,782)	–	122,425
Associate's one-time charges	(17,200)	–	–	–	(17,200)
Other comprehensive income (loss) and other adjustments	(19,985)	(40,599)	(5,633)	–	(66,217)
Balance, end of year	$ 896,651	$ 662,694	$ 194,537	$ –	$ 1,753,882

(1) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $0.8 million.

The Company uses the equity method to account for its investments in Great-West Lifeco Inc., China Asset Management Co., Ltd. and Northleaf Capital Group Ltd. as it exercises significant influence. The equity method was used up to June 29, 2020 to account for the Company's 24.8% equity interest in Personal Capital Corporation (Personal Capital), as it exercised significant influence.

GREAT-WEST LIFECO INC. (LIFECO)

Lifeco is a publicly listed company that is incorporated and domiciled in Canada and is controlled by Power Corporation of Canada. Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States, Europe and Asia.

At December 31, 2020, the Company held 37,337,133 (2019 – 37,337,133) shares of Lifeco, which represented an equity interest of 4.0% (2019 – 4.0%). Significant influence arises from several factors, including but not limited to the following: common control of Lifeco by Power Corporation of Canada, directors common to the boards of the Company and Lifeco, certain shared strategic alliances and significant intercompany transactions that influence the financial and operating policies of both companies. The Company's proportionate share of Lifeco's earnings is recorded in the Consolidated Statements of Earnings.

In December 2020, Lifeco recorded a gain in relation to the revaluation of a deferred tax asset less certain restructuring and transaction costs. The Company's after-tax proportionate share of these adjustments was $3.4 million.

In April 2019, the Company participated on a proportionate basis in the Lifeco substantial issuer bid by selling 2,400,255 of its shares in Lifeco for proceeds of $80.4 million.

In June 2019, Lifeco recorded a one-time loss in relation to the sale of substantially all of its United States individual life insurance and annuity business. In December 2019, Lifeco recorded one-time charges in relation to the revaluation of a deferred tax asset, restructuring costs and the net gain on the Scottish Friendly transaction. The Company's after-tax proportionate share of these charges was $17.2 million.

The fair value of the Company's investment in Lifeco totalled $1,133.2 million at December 31, 2020 (2019 – $1,241.8 million). The Company has elected to apply the exemption in IFRS 4 *Insurance Contracts* to retain Lifeco's relevant accounting policies related to Lifeco's deferral of the adoption of IFRS 9 *Financial Instruments*.

GREAT-WEST LIFECO INC. (LIFECO) *(continued)*

Lifeco directly owned 9,200,000 shares of the Company at December 31, 2020 (2019 – 9,200,000).

Lifeco's financial information as at December 31, 2020 can be obtained in its publicly available information.

CHINA ASSET MANAGEMENT CO., LTD. (CHINA AMC)

China AMC is an asset management company established in Beijing, China and is controlled by CITIC Securities Company Limited.

As at December 31, 2020, the Company held a 13.9% ownership interest in China AMC (2019 – 13.9%). Significant influence arises from board representation, participating in the policy making process, shared strategic initiatives including joint product launches and collaboration between management and investment teams.

The following table sets forth certain summary financial information from China AMC:

		2020		2019
AS AT DECEMBER 31 *(millions)*	CANADIAN DOLLARS	CHINESE YUAN	CANADIAN DOLLARS	CHINESE YUAN
Total assets	**2,672**	**13,695**	2,171	11,645
Total liabilities	**720**	**3,688**	504	2,701
FOR THE YEAR ENDED DECEMBER 31				
Revenue	**1,078**	**5,539**	763	3,977
Net earnings available to common shareholders	**311**	**1,598**	230	1,201
Total comprehensive income	**300**	**1,542**	234	1,219

NORTHLEAF CAPITAL GROUP LTD. (NORTHLEAF)

On October 28, 2020, the Company's subsidiary, Mackenzie, together with Lifeco, acquired a non-controlling interest in Northleaf Capital Group Ltd. (Northleaf), a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

The transaction was executed through an acquisition vehicle 80% owned by Mackenzie and 20% owned by Lifeco for cash consideration of $241.0 million and up to an additional $245.0 million in consideration at the end of five years subject to the business achieving exceptional growth in certain performance measures over the period. Any additional consideration will be recognized as expense over the five year period based on the fair value of the expected payment, which is revalued at each reporting period date.

The acquisition vehicle acquired a 49.9% non-controlling voting interest and a 70% economic interest in Northleaf. Mackenzie and Lifeco have an obligation and right to purchase the remaining economic and voting interest in Northleaf commencing in approximately five years and extending into future periods. The equity method is used to account for the acquisition vehicle's 70% economic interest as it exercises significant influence. Significant influence arises from board representation, participation in the policy making process and shared strategic initiatives.

The Company controls the acquisition vehicle and therefore recognizes the full 70% economic interest in Northleaf and recognizes Non-controlling interest (NCI) related to Lifeco's net interest in Northleaf of 14%. Net of NCI, IGM's investment at December 31, 2020 was $199.6 million, comprised of $192.6 million in cash consideration, $6.2 million in capitalized transaction costs and proportionate share of 2020 earnings of $0.8 million.

The following table sets forth certain summary financial information from Northleaf:

AS AT DECEMBER 31 *(millions)*	2020
Total assets	**115.9**
Total liabilities	**98.5**
FOR THE THREE MONTHS ENDED DECEMBER 31[1]	
Revenue	**21.7**
Net earnings available to common shareholders	**3.1**
Total comprehensive income	**3.1**

(1) Q4 2020 earnings presented; however, the Company's proportionate share of Northleaf's earnings was effective October 28, 2020.

PERSONAL CAPITAL CORPORATION (PERSONAL CAPITAL)

During the third quarter of 2020, the Company sold its equity interest in Personal Capital to a subsidiary of Lifeco, Empower Retirement, for proceeds of $232.8 million (USD $176.2 million) and up to an additional USD $24.6 million in consideration subject to Personal Capital achieving certain target growth objectives.

As a result of the sale, the Company has derecognized its investment in Personal Capital and recorded an accounting gain of $37.2 million ($31.4 million net of tax) in Net investment income and other.

As at December 31, 2019, the Company held a 24.8% equity interest in Personal Capital. IGM Financial's equity earnings from Personal Capital includes its proportionate share of Personal Capital's net loss adjusted by IGM Financial's amortization of intangible assets that it recognized as part of its investment in the company.

In January 2019, the Company invested an additional amount of $66.8 million (USD $50.0 million) in Personal Capital which increased its voting interest to 22.7% and, combined with its board representation, resulted in the Company exercising significant influence.

NOTE 9 CAPITAL ASSETS

	FURNITURE AND EQUIPMENT	BUILDING AND COMPONENTS	RIGHT-OF-USE ASSETS	TOTAL
2020				
Cost	**$ 357,351**	**$ 68,009**	**$ 227,872**	**$ 653,232**
Less: accumulated amortization	**(258,315)**	**(16,598)**	**(48,629)**	**(323,542)**
	$ 99,036	**$ 51,411**	**$ 179,243**	**$ 329,690**
Changes in capital assets:				
Balance, beginning of year	**$ 84,299**	**$ 51,801**	**$ 80,856**	**$ 216,956**
Additions	**37,799**	**1,192**	**123,529**	**162,520**
Disposals	**(3,653)**	**–**	**–**	**(3,653)**
Amortization	**(19,409)**	**(1,582)**	**(25,142)**	**(46,133)**
Balance, end of year	**$ 99,036**	**$ 51,411**	**$ 179,243**	**$ 329,690**
2019				
Cost	$ 321,108	$ 66,817	$ 104,343	$ 492,268
Less: accumulated amortization	(236,809)	(15,016)	(23,487)	(275,312)
	$ 84,299	$ 51,801	$ 80,856	$ 216,956
Changes in capital assets:				
Balance, beginning of year	$ 88,185	$ 50,462	$ –	$ 138,647
Adoption of IFRS 16	–	–	96,065	96,065
Additions	16,679	2,841	8,278	27,798
Disposals	(893)	–	–	(893)
Amortization	(19,672)	(1,502)	(23,487)	(44,661)
Balance, end of year	$ 84,299	$ 51,801	$ 80,856	$ 216,956

NOTE 10 CAPITALIZED SALES COMMISSIONS

	2020	2019
Cost	$ 310,127	$ 192,504
Less: accumulated amortization	(79,042)	(42,638)
	$ 231,085	$ 149,866
Changes in capitalized sales commissions		
Balance, beginning of year	$ 149,866	$ 105,044
Changes due to:		
Sales of investment funds	117,652	67,209
Amortization	(36,433)	(22,387)
	81,219	44,822
Balance, end of year	$ 231,085	$ 149,866

NOTE 11 GOODWILL AND INTANGIBLE ASSETS

	FINITE LIFE		INDEFINITE LIFE			
	SOFTWARE	DISTRIBUTION AND OTHER MANAGEMENT CONTRACTS	MUTUAL FUND MANAGEMENT CONTRACTS	TRADE NAMES	TOTAL INTANGIBLE ASSETS	GOODWILL
2020						
Cost	$ 293,412	$ 228,167	$ 740,559	$ 285,177	$ 1,547,315	$ 2,803,075
Less: accumulated amortization	(137,489)	(88,236)	–	–	(225,725)	–
	$ 155,923	$ 139,931	$ 740,559	$ 285,177	$ 1,321,590	$ 2,803,075
Changes in goodwill and intangible assets:						
Balance, beginning of year	$ 138,499	$ 65,892	$ 740,559	$ 285,177	$ 1,230,127	$ 2,660,267
Additions(1)	43,606	81,950	–	–	125,556	142,808
Disposals	(1,421)	(490)	–	–	(1,911)	–
Amortization	(24,761)	(7,421)	–	–	(32,182)	–
Balance, end of year	$ 155,923	$ 139,931	$ 740,559	$ 285,177	$ 1,321,590	$ 2,803,075
2019						
Cost	$ 256,365	$ 147,248	$ 740,559	$ 285,177	$ 1,429,349	$ 2,660,267
Less: accumulated amortization	(117,866)	(81,356)	–	–	(199,222)	–
	$ 138,499	$ 65,892	$ 740,559	$ 285,177	$ 1,230,127	$ 2,660,267
Changes in goodwill and intangible assets:						
Balance, beginning of year	$ 116,697	$ 48,635	$ 740,559	$ 285,177	$ 1,191,068	$ 2,660,267
Additions	44,421	25,457	–	–	69,878	–
Disposals	–	(1,726)	–	–	(1,726)	–
Amortization	(22,619)	(6,474)	–	–	(29,093)	–
Balance, end of year	$ 138,499	$ 65,892	$ 740,559	$ 285,177	$ 1,230,127	$ 2,660,267

(1) The Company completed its acquisition of GLC on December 31, 2020 and Greenchip on December 22, 2020 (Note 29)

NOTE 11 GOODWILL AND INTANGIBLE ASSETS *(continued)*

The goodwill and indefinite life intangible assets consisting of investment fund management contracts and trade names are allocated to each cash generating unit (CGU) as summarized in the following table:

	2020		2019	
	GOODWILL	INDEFINITE LIFE INTANGIBLE ASSETS	GOODWILL	INDEFINITE LIFE INTANGIBLE ASSETS
Wealth Management	$ 1,491,687	$ 23,055	$ 1,491,687	$ 23,055
Asset Management	1,311,388	1,002,681	1,168,580	1,002,681
Total	$ 2,803,075	$ 1,025,736	$ 2,660,267	$ 1,025,736

The Company tests whether goodwill and indefinite life intangible assets are impaired by assessing the carrying amounts with the recoverable amounts. The recoverable amount of the Company's CGUs is based on the best available evidence of fair value less costs of disposal.

In assessing the recoverable amounts, valuation approaches are used that may include discounted cash flow analysis and application of capitalization multiples to financial and operating metrics based upon precedent acquisition transactions and trading comparables. Assumptions and estimates employed in discounted cash flows include future changes in assets under management resulting from net sales and investment returns, pricing and profit margin changes and discount rates, which represent level 3 fair value inputs. Valuation multiples may include price-to-earnings or other conventionally used measures for investment managers or other financial service providers (multiples of value to assets under management, revenues, or other measures of profitability). This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 fair value inputs.

The fair value less costs of disposal of the Company's CGUs was compared with the carrying amount and it was determined there was no impairment. Changes in assumptions and estimates used in determining the recoverable amounts of CGUs can result in significant adjustments to the valuation of the CGUs.

NOTE 12 DEPOSITS AND CERTIFICATES

Deposits and certificates are classified as other financial liabilities measured at amortized cost.

Included in the assets of the Consolidated Balance Sheets are cash and cash equivalents, client funds on deposit and loans amounting to $1,104.9 million (2019 – $584.3 million) related to deposits and certificates.

		TERM TO MATURITY				
	DEMAND	1 YEAR OR LESS	1–5 YEARS	OVER 5 YEARS	2020 TOTAL	2019 TOTAL
Deposits	$ 1,099,365	$ 1,655	$ 1,938	$ 169	$ 1,103,127	$ 582,382
Certificates	–	410	570	782	1,762	1,949
	$ 1,099,365	$ 2,065	$ 2,508	$ 951	$ 1,104,889	$ 584,331

NOTE 13 OTHER LIABILITIES

	2020	2019
Dividends payable	$ 134,048	$ 134,040
Interest payable	27,500	30,127
Accrued benefit liabilities *(Note 14)*	250,079	207,441
Provisions	77,495	20,513
Other	47,019	49,781
	$ 536,141	$ 441,902

NOTE 13 OTHER LIABILITIES *(continued)*

The Company establishes restructuring provisions related to business acquisitions, divestitures and other items, as well as other provisions in the normal course of its operations. Changes in provisions during 2020 consisted of additional estimates of $77.8 million (2019 – $2.2 million), provision reversals of $2.2 million (2019 – $3.3 million) and payments of $18.6 million (2019 – $29.2 million).

Total other liabilities of $276.0 million as at December 31, 2020 (2019 – $221.5 million) are expected to be settled within one year.

NOTE 14 EMPLOYEE BENEFITS

DEFINED BENEFIT PLANS

The Company maintains a number of employee pension and post-employment benefit plans. These plans include a funded registered defined benefit pension plan for all eligible employees, unfunded supplementary executive retirement plans (SERPs) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

Effective July 1, 2012, the defined benefit pension plan was closed to new members. For all eligible employees hired after July 1, 2012, the Company has a registered defined contribution pension plan.

The defined benefit pension plan is a separate trust that is legally separated from the Company. The defined benefit pension plan is registered under the Pension Benefits Act of Manitoba (Act) and the Income Tax Act (ITA). As required by the Act, the defined benefit pension plan is governed by a pension committee which includes current and retired employees. The Pension Committee has certain responsibilities as described in the Act but may delegate certain activities to the Company. The ITA governs the employer's ability to make contributions and also has parameters that the plan must meet with respect to investments in foreign property.

The defined benefit pension plan provides lifetime pension benefits to all eligible employees based on length of service and final average earnings subject to limits established by the ITA. Death benefits are available on the death of an active member or a retired member.

Employees who are not senior officers are required to make annual contributions based on a percentage of salaries which are subject to a maximum amount.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2017, was completed in May 2018. The valuation determines the plan surplus or deficit on both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency deficit of $47.2 million compared to $82.7 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2016. The decrease in the solvency deficit resulted primarily from higher assets due to contribution and investment returns, and is required to be funded over five years. The registered pension plan had a going concern surplus of $46.1 million compared to $24.4 million in the previous valuation. The next required actuarial valuation will be based on a measurement date of December 31, 2020. During 2020, the Company made contributions of $25.6 million (2019 – $26.4 million). The Manitoba Government announced that they will temporarily waive certain contributions businesses are required to make to their defined benefit pension plans including solvency funding payments for the 13 months from December 2020 to December 2021. IGM has elected this special payment moratorium and as a result, the Company expects to only make current service cost contributions of approximately $14.1 million in 2021. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.

The SERPs are non-registered, non-contributory defined benefit plans which provide supplementary benefits to certain retired executives.

The other post-employment benefit plan is a non-contributory plan and provides eligible employees a reimbursement of medical costs or a fixed amount per year to cover medical costs during retirement.

The SERPs and other post-employment benefit plans are managed by the Company with oversight from the Board of Directors.

DEFINED BENEFIT PLANS *(continued)*

The defined benefit plans expose the Company to actuarial risks such as mortality risk which represents life expectancy and impacts the calculation of the obligations; interest rate risk which impacts the discount rate used to calculate the obligations and the actual return on plan assets; salary risk as estimated salary increases are used in the calculation of the obligations; and investment risk as the nature of the investments impact the actual return on the plan assets. The risks are managed by regular monitoring of the plans, applicable regulations and other factors that could impact the Company's expenses and cash flows.

Plan assets, benefit obligations and funded status:

			2020			2019
	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS
Fair value of plan assets						
Balance, beginning of year	$ 466,547	$ –	$ –	$ 407,428	$ –	$ –
Employee contributions	1,979	–	–	2,316	–	–
Employer contributions	25,468	–	–	26,368	–	–
Benefits paid	(27,792)	–	–	(32,014)	–	–
Interest income	14,935	–	–	16,065	–	–
Additions	11,200	–	–	–	–	–
Remeasurements:						
Return on plan assets	24,608	–	–	46,384	–	–
Balance, end of year	516,945	–	–	466,547	–	–
Accrued benefit obligation						
Balance, beginning of year	565,606	69,236	39,147	496,715	62,084	37,742
Benefits paid	(27,792)	(3,267)	(1,942)	(32,014)	(3,308)	(2,266)
Current service cost	20,728	1,639	587	18,540	1,462	539
Past service costs	–	(1,588)	–	–	–	–
Employee contributions	1,979	–	–	2,316	–	–
Interest expense	17,688	2,072	1,156	19,048	2,265	1,337
Additions	14,700	–	–	–	–	–
Remeasurements:						
Actuarial losses (gains)						
Demographic assumption	–	–	830	–	–	–
Experience adjustments	(33)	1,345	(535)	(970)	1,934	(648)
Financial assumptions	57,188	5,388	2,892	61,971	4,798	2,443
Balance, end of year	650,064	74,825	42,135	565,606	69,235	39,147
Accrued benefit liability	$ 133,119	$ 74,825	$ 42,135	$ 99,059	$ 69,235	$ 39,147

Significant actuarial assumptions used to calculate the defined benefit obligation:

			2020			2019
	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS
Discount rate	2.70%	1.85%-2.50%	2.35%	3.20%	2.95%-3.10%	3.05%
Rate of compensation increase	3.75%	3.75%	N/A	3.90%	3.75%	N/A
Health care cost trend rate[1]	N/A	N/A	5.60%	N/A	N/A	4.00%
Mortality rates at age 65 for current pensioners	23.0 years	23.0 years	23.0 years	23.6 years	23.6 years	23.6 years

(1) Trending to 4.00% in 2040 and remaining at that rate thereafter.

The weighted average duration of the pension plan's defined benefit obligation at the end of the reporting period is 19.3 years (2019 – 19.1 years).

DEFINED BENEFIT PLANS *(continued)*

Benefit expense:

	2020			2019		
	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS	DEFINED BENEFIT PENSION PLAN	SERPS	OTHER POST-EMPLOYMENT BENEFITS
Current service cost	$ 20,728	$ 1,639	$ 587	$ 18,540	$ 1,462	$ 539
Past service costs	–	(1,588)	–	–	–	–
Net interest cost	2,753	2,072	1,156	2,983	2,265	1,337
	$ 23,481	$ 2,123	$ 1,743	$ 21,523	$ 3,727	$ 1,876

Sensitivity analysis:

The calculation of the accrued benefit liability and the related benefit expense are sensitive to the significant actuarial assumptions. The following table presents the sensitivity analysis:

	2020		2019	
	INCREASE (DECREASE) IN LIABILITY	INCREASE (DECREASE) IN EXPENSE	INCREASE (DECREASE) IN LIABILITY	INCREASE (DECREASE) IN EXPENSE
Defined benefit pension plan				
Discount rate (+ / − 0.25%)				
Increase	$ (29,334)	$ (2,081)	$ (25,523)	$ (1,782)
Decrease	31,391	2,110	27,313	1,815
Rate of compensation (+ / − 0.25%)				
Increase	11,121	1,075	9,676	812
Decrease	(10,981)	(1,057)	(9,555)	(806)
Mortality				
Increase 1 year	14,339	849	12,476	686
SERPs				
Discount rate (+ / − 0.25%)				
Increase	(1,922)	87	(1,825)	52
Decrease	2,001	(93)	1,908	(56)
Rate of compensation (+ / − 0.25%)				
Increase	41	21	79	23
Decrease	(42)	(15)	(78)	(22)
Mortality				
Increase 1 year	1,645	45	1,681	58
Other post-employment benefits				
Discount rate (+ / − 0.25%)				
Increase	(1,056)	52	(982)	43
Decrease	1,106	(55)	1,028	(46)
Health care cost trend rates (+ / − 1.00%)				
Increase	1,476	35	1,372	39
Decrease	(1,273)	(30)	(1,183)	(35)
Mortality				
Increase 1 year	1,270	42	1,180	44

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in certain assumptions may be correlated.

Asset allocation of defined benefit pension plan by asset category:

	2020	2019
Equity securities	60.8 %	59.2 %
Fixed income securities	29.6	30.3
Alternative strategies	8.6	9.4
Cash and cash equivalents	1.0	1.1
	100.0 %	100.0 %

NOTE 14 EMPLOYEE BENEFITS *(continued)*

DEFINED BENEFIT PLANS *(continued)*

The defined benefit pension plan adheres to its Statement of Investment Policies and Procedures which includes investment objectives, asset allocation guidelines and investment limits by asset class. The defined benefit pension plan assets are invested in proprietary investment funds with the exception of cash on deposit with Schedule I Canadian chartered banks.

DEFINED CONTRIBUTION PENSION PLANS

The Company maintains a number of defined contribution pension plans for eligible employees. The total expense recorded in Advisory and business development and Operations and support expenses was $6.2 million (2019 – $5.5 million).

GROUP RETIREMENT SAVINGS PLAN (RSP)

The Company maintains a group RSP for eligible employees. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled $7.6 million (2019 – $6.9 million).

NOTE 15 INCOME TAXES

Income tax expense:

	2020	2019
Income taxes recognized in net earnings		
Current taxes		
Tax on current year's earnings	$ 170,441	$ 200,736
Adjustments in respect of prior years	(2,003)	513
	168,438	201,249
Deferred taxes	32,332	18,470
	$ 200,770	$ 219,719

Effective income tax rate:

	2020	2019
Income taxes at Canadian federal and provincial statutory rates	26.68 %	26.77 %
Effect of:		
Proportionate share of associates' earnings *(Note 8)*	(3.71)	(3.31)
Proportionate share of associate's adjustments *(Note 8)*	(0.09)	0.48
Tax loss consolidation *(Note 26)*	(1.15)	(1.41)
Disposition of assets and other acquisition costs	(0.82)	–
Other items	(0.11)	0.15
Effective income tax rate	20.80 %	22.68 %

DEFERRED INCOME TAXES

Composition and changes in net deferred taxes are as follows:

	ACCRUED BENEFIT LIABILITIES	LOSS CARRYFORWARDS	CAPITALIZED SALES COMMISSIONS	INTANGIBLE ASSETS	OTHER INVESTMENTS	OTHER	TOTAL
FOR THE YEAR ENDED DECEMBER 31, 2020							
Balance, beginning of year	**$ 55,994**	**$ 33,700**	**$ (40,006)**	**$ (268,734)**	**$ (8,104)**	**$ (1,382)**	**$ (228,532)**
Recognized in statements of:							
Earnings	**(933)**	**(6,096)**	**(21,573)**	**(4,485)**	**708**	**47**	**(32,332)**
Comprehensive income	**11,461**	**–**	**–**	**–**	**(38,565)**	**(1,900)**	**(29,004)**
Equity	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Business acquisitions	**945**	**–**	**–**	**(15,010)**	**–**	**488**	**(13,577)**
Foreign exchange rate charges and other	**–**	**–**	**–**	**–**	**–**	**(10)**	**(10)**
Balance, end of year	**$ 67,467**	**$ 27,604**	**$ (61,579)**	**$ (288,229)**	**$ (45,961)**	**$ (2,757)**	**$ (303,455)**
FOR THE YEAR ENDED DECEMBER 31, 2019							
Balance, beginning of year	$ 51,025	$ 33,165	$ (28,254)	$ (265,343)	$ (7,714)	$ (2,991)	$ (220,112)
Recognized in statements of:							
Earnings	(1,274)	535	(11,752)	(3,391)	(2,091)	(497)	(18,470)
Comprehensive income	6,243	–	–	–	1,701	3,448	11,392
Equity	–	–	–	–	–	(1,341)	(1,341)
Business acquisitions	–	–	–	–	–	–	–
Foreign exchange rate charges and other	–	–	–	–	–	(1)	(1)
Balance, end of year	$ 55,994	$ 33,700	$ (40,006)	$ (268,734)	$ (8,104)	$ (1,382)	$ (228,532)

Deferred income tax assets and liabilities are presented on the Consolidated Balance Sheets as follows:

	2020	2019
Deferred income tax assets	**$ 84,624**	$ 76,517
Deferred income tax liabilities	**388,079**	305,049
	$ 303,455	$ 228,532

As at December 31, 2020, the Company had non-capital losses of $12.2 million (2019 – $10.0 million) available to reduce future taxable income, the benefit of which had not been recognized. $11.4 million of the losses can be carried forward indefinitely and the remainder expire on December 31, 2037.

NOTE 16 LONG-TERM DEBT

MATURITY	RATE	2020	2019
January 26, 2027	3.44 %	**400,000**	400,000
December 13, 2027	6.65 %	**125,000**	125,000
May 9, 2031	7.45 %	**150,000**	150,000
December 31, 2032	7.00 %	**175,000**	175,000
March 7, 2033	7.11 %	**150,000**	150,000
December 10, 2040	6.00 %	**200,000**	200,000
January 25, 2047	4.56 %	**200,000**	200,000
December 9, 2047	4.115 %	**250,000**	250,000
July 13, 2048	4.174 %	**200,000**	200,000
March 21, 2050	4.206 %	**250,000**	250,000
		$ 2,100,000	$ 2,100,000

Long-term debt consists of unsecured debentures which are redeemable by the Company, in whole or in part, at any time, at the greater of par and a formula price based upon yields at the time of redemption.

Long-term debt is classified as other financial liabilities and is recorded at amortized cost.

Interest expense relating to long-term debt was $106.7 million (2019 – $104.3 million).

On March 20, 2019, the Company issued $250.0 million 4.206% debentures maturing March 21, 2050. The net proceeds were used by the Company to fund the redemption of $150.0 million of its issued and outstanding 5.90% Non-Cumulative First Preferred Shares, Series B and for general corporate purposes. The Company redeemed the Series B Preferred Shares on April 30, 2019.

NOTE 17 SHARE CAPITAL

AUTHORIZED

Unlimited number of:

- First preferred shares, issuable in series
- Second preferred shares, issuable in series
- Class 1 non-voting shares
- Common shares, no par value

ISSUED AND OUTSTANDING

	2020		2019	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Common shares:				
Balance, beginning of year	**238,294,090**	**$ 1,597,860**	240,885,317	$ 1,611,263
Issued under Stock Option Plan *(Note 19)*	**14,194**	**521**	171,561	5,111
Purchased for cancellation	**–**	**–**	(2,762,788)	(18,514)
Balance, end of year	**238,308,284**	**$ 1,598,381**	238,294,090	$ 1,597,860

The Company redeemed its First preferred shares, Series B for $150.0 million on April 30, 2019.

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid on March 26, 2019 which was effective until March 25, 2020. Pursuant to this bid, the Company was authorized to purchase up to 4.0 million or 1.7% of its common shares outstanding as at March 14, 2019.

There were no common shares purchased in 2020. In 2019, there were 2,762,788 shares purchased at a cost of $100.0 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

NOTE 18 CAPITAL MANAGEMENT

The Company's capital management objective is to maximize shareholder returns while ensuring that the Company is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Company consists of long-term debt and common shareholders' equity. The Company regularly assesses its capital management practices in response to changing economic conditions.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include investment dealers, mutual fund dealers, exempt market dealers, portfolio managers, investment fund managers and a trust company. These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements.

The total outstanding long-term debt was $2,100.0 million at December 31, 2020, unchanged from December 31, 2019. Long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants.

Other activities in 2020 included the declaration of common share dividends of $536.2 million or $2.25 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity.

NOTE 19 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

Under the terms of the Company's Stock Option Plan (Plan), options to purchase common shares are periodically granted to employees at prices not less than the weighted average trading price per common share on the Toronto Stock Exchange for the five trading days preceding the date of the grant. The options are subject to time vesting conditions set out at the grant date. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. At December 31, 2020, 20,401,157 (2019 – 20,415,351) common shares were reserved for issuance under the Plan.

During 2020, the Company granted 2,104,365 options to employees (2019 – 1,511,540). The weighted-average fair value of options granted during the year ended December 31, 2020 has been estimated at $1.43 per option (2019 – $1.82) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $35.05 (2019 – $34.35). The assumptions used in these valuation models include:

	2020	2019
Exercise price	**$ 36.82**	$ 34.34
Risk-free interest rate	**1.11%**	2.07%
Expected option life	**7 years**	7 years
Expected volatility	**18.62%**	18.00%
Expected dividend yield	**6.45%**	6.55%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven years which is reflective of the expected option life. Stock options were exercised regularly throughout 2020 and the average share price in 2020 was $32.65 (2019 – $36.22).

The Company recorded compensation expense related to its stock option program of $3.0 million (2019 – $3.4 million).

STOCK OPTION PLAN *(continued)*

	2020		2019	
	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER OF OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Balance, beginning of year	10,529,360	$ 41.22	9,701,894	$ 42.27
Granted	2,104,365	36.82	1,511,540	34.34
Exercised	(14,194)	35.08	(171,561)	28.25
Forfeited	(689,307)	42.64	(512,513)	45.20
Balance, end of year	11,930,224	$ 40.37	10,529,360	$ 41.22
Exercisable, end of year	6,326,067	$ 43.00	5,470,178	$ 43.99

OPTIONS OUTSTANDING AT DECEMBER 31, 2020	EXPIRY DATE	EXERCISE PRICE $	OPTIONS OUTSTANDING	OPTIONS EXERCISABLE
	2021	42.49 – 46.72	424,545	424,545
	2022	45.56 – 47.23	655,701	655,701
	2023	44.73 – 47.26	994,895	994,895
	2024	53.81	715,859	669,565
	2025	43.28 – 43.97	1,082,924	917,597
	2026	34.88 – 38.17	1,914,022	1,173,633
	2027	39.71 – 41.74	1,273,796	670,077
	2028	37.58 – 40.10	1,307,536	524,911
	2029	34.29 – 36.91	1,463,846	295,143
	2030	31.85 – 38.65	2,097,100	–
			11,930,224	6,326,067

SHARE UNIT PLANS

The Company has share unit plans for eligible employees to assist in retaining and further aligning the interests of senior management with those of the shareholders. These plans include Performance Share Unit (PSU), Deferred Share Unit (DSU) and Restricted Share Unit (RSU) plans. Under the terms of the plans, share units are awarded annually and are subject to time vesting conditions. In addition, the PSU and DSU plans are subject to performance vesting conditions. The value of each share unit is based on the share price of the Company's common shares. The PSUs and RSUs are cash settled and vest over a three year period. Certain employees can elect at the time of grant to receive a portion of their PSUs in the form of deferred share units which vest over a three year period. Deferred share units are redeemable when a participant is no longer an employee of the Company or any of its affiliates by a lump sum payment based on the value of the deferred share unit at that time. Additional share units are issued in respect of dividends payable on common shares based on a value of the share unit at the dividend payment date. The Company recorded compensation expense, excluding the impact of hedging, of $16.8 million in 2020 (2019 – $17.0 million) and a liability of $31.5 million at December 31, 2020 (2019 – $26.5 million).

SHARE PURCHASE PLANS

Under the Company's share purchase plans, eligible employees and IG Wealth Management consultants can elect each year to have a percentage of their annual earnings withheld, subject to a maximum, to purchase the Company's common shares. The Company matches 50% of the contribution amounts. All contributions are used by the plan trustee to purchase common shares in the open market. Shares purchased with Company contributions vest after a maximum period of 3 years following the date of purchase. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled $3.8 million (2019 – $10.0 million).

NOTE 19 SHARE-BASED PAYMENTS *(continued)*

DIRECTORS' DEFERRED SHARE UNIT PLAN

The Company has a Deferred Share Unit (DSU) plan for the directors of the Company to promote a greater alignment of interests between directors and shareholders of the Company. Under the terms of the plan, directors are required to receive 50% of their annual board retainer in the form of DSUs and may elect to receive the balance of their annual board retainer in cash or DSUs. Directors may elect to receive certain fees in a combination of DSUs and cash. The number of DSUs granted is determined by dividing the amount of remuneration payable by the average closing price on the Toronto Stock Exchange of the common shares of the Company on the last five days of the fiscal quarter (value of DSU). A director who has elected to receive DSUs will receive additional DSUs in respect of dividends payable on common shares, based on the value of a DSU at the dividend payment date. DSUs are redeemable when a participant is no longer a director, officer or employee of the Company or any of its affiliates by cash payments, based on the value of the DSUs at that time. At December 31, 2020, the fair value of the DSUs outstanding was $21.2 million (2019 – $18.6 million). Any difference between the change in fair value of the DSUs and the change in fair value of the total return swap, which is an economic hedge for the DSU plan, is recognized in Operations and support expense in the period in which the change occurs.

NOTE 20 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

2020	EMPLOYEE BENEFITS	OTHER INVESTMENTS	INVESTMENT IN ASSOCIATES AND OTHER	TOTAL
Balance, beginning of year	**$ (165,947)**	**$ 46,363**	**$ (8,118)**	**$ (127,702)**
Other comprehensive income (loss)	**(31,002)**	**247,085**	**47,983**	**264,066**
Balance, end of year	**$ (196,949)**	**$ 293,448**	**$ 39,865**	**$ 136,364**
2019				
Balance, beginning of year	$ (149,052)	$ 57,234	$ 46,020	$ (45,798)
Other comprehensive income (loss)	(16,895)	10,597	(54,138)	(60,436)
Transfer out of FVTOCI	–	(21,468)	–	(21,468)
Balance, end of year	$ (165,947)	$ 46,363	$ (8,118)	$ (127,702)

Amounts are recorded net of tax.

NOTE 21 RISK MANAGEMENT

The Company actively manages its liquidity, credit and market risks.

LIQUIDITY AND FUNDING RISK RELATED TO FINANCIAL INSTRUMENTS

Liquidity and funding risk is the risk of the inability to generate or obtain sufficient cash in a timely and cost-effective manner to meet contractual or anticipated commitments as they come due or arise.

The Company's liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and the Company's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity management by the Financial Risk Management Committee, a committee of finance and other business leaders.

A key funding requirement for the Company is the funding of Consultant network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

LIQUIDITY AND FUNDING RISK RELATED TO FINANCIAL INSTRUMENTS *(continued)*

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage Backed Securities (NHA MBS) securities including sales to Canada Housing Trust under the Canada Mortgage Bond Program (CMB Program).

Certain subsidiaries of the Company are approved issuers of NHA MBS and are approved sellers into the CMB Program. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in the Principal Reinvestment Accounts.

The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts.

The Company's contractual maturities of certain financial liabilities were as follows:

AS AT DECEMBER 31, 2020 *($ millions)*	DEMAND	LESS THAN 1 YEAR	1 – 5 YEARS	AFTER 5 YEARS	TOTAL
Derivative financial instruments	$ –	$ 13.1	$ 21.4	$ –	$ 34.5
Deposits and certificates	1,099.4	2.1	2.5	0.9	1,104.9
Obligations to securitization entities	–	1,543.1	4,610.1	20.7	6,173.9
Leases[1]		27.6	88.2	131.1	246.9
Long-term debt	–	–	–	2,100.0	2,100.0
Pension funding[2]	–	14.1	–	–	14.1
Total contractual maturities	$ 1,099.4	$ 1,600.0	$ 4,722.2	$ 2,252.7	$ 9,674.3

(1) *Includes remaining lease payments related to office space and equipment used in the normal course of business.*

(2) *The next required actuarial valuation will be completed based on a measurement date of December 31, 2020. Pension funding requirements beyond 2021 are subject to significant variability and will be determined based on future actuarial valuations. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.*

In addition to the Company's current balance of cash and cash equivalents, liquidity is available through the Company's lines of credit. The Company's lines of credit with various Schedule I Canadian chartered banks totalled $825 million at December 31, 2020, unchanged from December 31, 2019. The lines of credit at December 31, 2020 consisted of committed lines of $650 million and uncommitted lines of $175 million, unchanged from December 31, 2019. The Company has accessed its uncommitted lines of credit in the past; however, any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2020 and December 31, 2019, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2019.

CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations. The Company's cash and cash equivalents, other investment holdings, mortgage portfolios, and derivatives are subject to credit risk. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

At December 31, 2020, cash and cash equivalents of $771.6 million (2019 – $720.0 million) consisted of cash balances of $76.6 million (2019 – $68.0 million) on deposit with Canadian chartered banks and cash equivalents of $695.0 million (2019 – $652.0 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $96.0 million (2019 – $34.5 million), provincial government treasury bills and promissory notes of $148.8 million (2019 – $206.5 million), and bankers' acceptances and other short-term notes issued by Canadian chartered banks of $450.2 million (2019 – $411.0 million).

Client funds on deposit of $1,063.4 million (2019 – $561.3 million) represent cash balances held in client accounts which are deposited at Canadian financial institutions.

The Company manages credit risk related to cash and cash equivalents by adhering to its Investment Policy that outlines credit risk parameters and concentration limits. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS *(continued)*

As at December 31, 2020, residential mortgages, recorded on the Company's balance sheet, of $6.3 billion (2019 – $7.2 billion) consisted of $6.0 billion sold to securitization programs (2019 – $6.8 billion), $334.5 million held pending sale or securitization (2019 – $344.5 million) and $14.1 million related to the Company's intermediary operations (2019 – $24.2 million).

The Company manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by the Company; and
- Its practice of originating its mortgages exclusively through its own network of Mortgage Planning Specialists and IG Wealth Management Consultants as part of a client's IG Living Plan™.

In certain instances, credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling $3.2 billion (2019 – $3.9 billion), the Company is obligated to make timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.
- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling $2.8 billion (2019 – $2.9 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $73.0 million (2019 – $71.9 million) and $45.6 million (2019 – $37.9 million), respectively, at December 31, 2020. Cash reserve accounts are reflected on the balance sheet, whereas rights to future net interest income are not reflected on the balance sheet and will be recorded over the life of the mortgages. This risk is further mitigated by insurance with 3.0% of mortgages held in ABCP Trusts insured at December 31, 2020 (2019 – 4.6%).

At December 31, 2020, residential mortgages recorded on balance sheet were 55.3% insured (2019 – 59.1%). As at December 31, 2020, impaired mortgages on these portfolios were $4.8 million, compared to $2.4 million at December 31, 2019. Uninsured non-performing mortgages over 90 days on these portfolios were $2.3 million at December 31, 2020, compared to $1.6 million at December 31, 2019.

The Company also retains certain elements of credit risk on mortgage loans sold to the Investors Mortgage and Short Term Income Fund and to the Investors Canadian Corporate Bond Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the Company's balance sheet as the Company has transferred substantially all of the risks and rewards of ownership associated with these loans.

The Company regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

The Company's allowance for expected credit losses was $0.8 million at December 31, 2020, compared to $0.7 million at December 31, 2019, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends including the economic impact of COVID-19 and Canada's COVID-19 Economic Response Plan to support Canadians and businesses, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to cash and cash equivalents, fixed income securities and mortgage portfolios have not changed materially since December 31, 2019.

The Company is exposed to credit risk through derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain stock-based compensation arrangements. These derivatives are discussed more fully under the Market Risk section.

To the extent that the fair value of the derivatives is in a gain position, the Company is exposed to credit risk that its counterparties fail to fulfil their obligations under these arrangements.

CREDIT RISK RELATED TO FINANCIAL INSTRUMENTS *(continued)*

The Company's derivative activities are managed in accordance with its Investment Policy which includes counterparty limits and other parameters to manage counterparty risk. The aggregate credit risk exposure related to derivatives that are in a gain position of $35.8 million (2019 – $15.7 million) does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, considering netting agreements and collateral arrangements and including rights to future net interest income, was $3.8 million at December 31, 2020 (2019 – $0.7 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at December 31, 2020. Management of credit risk related to derivatives has not changed materially since December 31, 2019.

MARKET RISK RELATED TO FINANCIAL INSTRUMENTS

This is the risk of loss arising from changes in the values of the Company's financial instruments due to changes in foreign exchange rates, interest rates or equity prices.

Interest Rate Risk

The Company is exposed to interest rate risk on its loan portfolio and on certain of the derivative financial instruments used in the Company's mortgage banking operations.

The Company manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- The Company has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds as part of the securitization transactions under the CMB Program. As previously discussed, as part of the CMB Program, the Company is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay Canada Mortgage Bond coupons. This swap had a negative fair value of $21.1 million (2019 – negative $0.9 million) and an outstanding notional amount of $0.7 billion at December 31, 2020 (2019 – $0.8 billion). The Company enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled $19.9 million (2019 – negative $4.9 million), on an outstanding notional amount of $1.3 billion at December 31, 2020 (2019 – $1.6 billion). The net fair value of these swaps of negative $1.2 million at December 31, 2020 (2019 – negative $5.8 million) is recorded on the balance sheet and has an outstanding notional amount of $2.0 billion (2019 – $2.4 billion).
- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth management revenue over the term of the related Obligations to securitization entities. The negative fair value of these swaps was $0.3 million (2019 – positive $0.6 million) on an outstanding notional amount of $191.3 million at December 31, 2020 (December 31, 2019 – $180.4 million).

As at December 31, 2020, the impact to annual net earnings of a 100 basis point increase in interest rates would have been a decrease of approximately $1.3 million (2019 – decrease of $2.0 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2019.

Equity Price Risk

The Company is exposed to equity price risk on its equity investments (Note 4) which are classified as either fair value through other comprehensive income or fair value through profit or loss or investments in associates. The fair value of the equity investments was $632.3 million at December 31, 2020 (2019 – $357.4 million).

The Company sponsors a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. The Company hedges its exposure to this risk through the use of forward agreements and total return swaps.

MARKET RISK RELATED TO FINANCIAL INSTRUMENTS *(continued)*

Foreign Exchange Risk

The Company is exposed to foreign exchange risk on its investment in China AMC. Changes to the carrying value due to changes in foreign exchange rates is recognized in Other comprehensive income. A 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $34.0 million ($37.6 million).

The Company's proportionate share of China AMC's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. A 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings (losses) by approximately $2.0 million ($2.1 million).

RISKS RELATED TO ASSETS UNDER MANAGEMENT

Risks related to the performance of the equity markets, changes in interest rates and changes in foreign currencies relative to the Canadian dollar can have a significant impact on the level and mix of assets under management. These changes in assets under management directly impact earnings.

NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative contracts which are either exchange-traded or negotiated in the over-the-counter market on a diversified basis with Schedule I chartered banks or Canadian bank-sponsored securitization trusts that are counterparties to the Company's securitization transactions. In all cases, the derivative contracts are used for non-trading purposes. Interest rate swaps are contractual agreements between two parties to exchange the related interest payments based on a specified notional amount and reference rate for a specified period. Total return swaps are contractual agreements to exchange payments based on a specified notional amount and the underlying security for a specific period. Options are contractual agreements which convey the right, but not the obligation, to buy or sell specific financial instruments at a fixed price at a future date. Forward contracts are contractual agreements to buy or sell a financial instrument on a future date at a specified price.

Certain of the Company's derivative financial instruments are subject to master netting arrangements and are presented on a gross basis. The amount subject to credit risk is limited to the current fair value of the instruments which are in a gain position and recorded as assets on the Consolidated Balance Sheets. The total estimated fair value represents the total amount that the Company would receive or pay to terminate all agreements at each year end. However, this would not result in a gain or loss to the Company as the derivative instruments which correlate to certain assets and liabilities provide offsetting gains or losses.

The following table summarizes the Company's derivative financial instruments:

	NOTIONAL AMOUNT					FAIR VALUE	
2020	1 YEAR OR LESS	1–5 YEARS	OVER 5 YEARS	TOTAL	CREDIT RISK	ASSET	LIABILITY
Swaps							
Hedge accounting	$ –	$ 20,831	$ 135,731	$ 156,562	$ –	$ –	$ 214
No hedge accounting	992,444	1,058,001	15,081	2,065,526	35,770	35,770	32,854
Forward contracts							
Hedge accounting	14,890	36,650	–	51,540	1,564	1,564	1,446
	$ 1,007,334	$ 1,115,482	$ 150,812	$ 2,273,628	$ 37,334	$ 37,334	$ 34,514
2019							
Swaps							
Hedge accounting	$ –	$ 59,559	$ 46,504	$ 106,063	$ 373	$ 373	$ 10
No hedge accounting	914,441	1,466,479	76,973	2,457,893	12,049	12,049	17,183
Forward contracts							
Hedge accounting	10,175	33,440	–	43,615	2,782	2,782	–
	$ 924,616	$ 1,559,478	$ 123,477	$ 2,607,571	$ 15,204	$ 15,204	$ 17,193

NOTE 22 DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

The credit risk related to the Company's derivative financial instruments after giving effect to any netting agreements was $3.8 million (2019 – $0.7 million).

The credit risk related to the Company's derivative financial instruments after giving effect to netting agreements and including rights to future net interest income, was $3.8 million (2019 – $0.7 million). Rights to future net interest income are related to the Company's securitization activities and are not reflected on the Consolidated Balance Sheets.

NOTE 23 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values are management's estimates and are calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and are matters of significant judgment.

All financial instruments measured at fair value and those for which fair value is disclosed are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets are not considered sufficiently active, fair value is measured using valuation models which may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). Management considers all reasonably available information including indicative broker quotations, any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, and internal model-based estimates. Management exercises judgment in determining the most appropriate inputs and the weighting ascribed to each input as well as in the selection of valuation methodologies.

Fair value is determined using the following methods and assumptions:

Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.

Loans classified as Level 2 are valued using market interest rates for loans with similar credit risk and maturity.

Loans classified as Level 3 are valued by discounting the expected future cash flows at prevailing market yields.

Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.

Deposits and certificates are valued by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.

Long-term debt is valued using quoted prices for each debenture available in the market.

Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

Level 1 financial instruments include exchange-traded equity investments and open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.

Level 2 assets and liabilities include fixed income securities, loans, derivative financial instruments, deposits and certificates and long-term debt. The fair value of fixed income securities is determined using quoted market prices or independent dealer price quotes. The fair value of derivative financial instruments and deposits and certificates are determined using valuation models, discounted cash flow methodologies, or similar techniques using primarily observable market inputs. The fair value of long-term debt is determined using indicative broker quotes.

Level 3 assets and liabilities include investments with little or no trading activity valued using broker-dealer quotes, loans, other financial assets, obligations to securitization entities and derivative financial instruments. Derivative financial instruments consist of principal reinvestment account swaps which represent the component of a swap entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal. Fair value is determined by discounting the projected cashflows of the swaps. The notional amount, which is an input used to determine the fair value of the swap, is determined using an average unobservable prepayment rate of 15% which is based on historical prepayment patterns. An increase (decrease) in the assumed mortgage prepayment rate increases (decreases) the notional amount of the swap.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, and certain other financial liabilities.

		FAIR VALUE			
2020	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 593,273**	**$ –**	**$ –**	**$ 593,273**	**$ 593,273**
– FVTPL	**39,027**	**38,748**	**–**	**279**	**39,027**
Loans					
– FVTPL	**3,291**	**–**	**3,291**	**–**	**3,291**
Derivative financial instruments	**37,334**	**–**	**35,389**	**1,945**	**37,334**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**6,328,564**	**–**	**346,428**	**6,186,410**	**6,532,838**
Financial liabilities recorded at fair value					
Derivative financial instruments	**34,514**	**–**	**11,466**	**23,048**	**34,514**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**1,104,889**	**–**	**1,105,384**	**–**	**1,105,384**
Obligations to securitization entities	**6,173,886**	**–**	**–**	**6,345,189**	**6,345,189**
Long-term debt	**2,100,000**	**–**	**2,653,814**	**–**	**2,653,814**
2019					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 301,196	$ –	$ –	$ 301,196	$ 301,196
– FVTPL	56,166	55,603	–	563	56,166
Loans					
– FVTPL	–	–	–	–	–
Derivative financial instruments	15,204	–	10,762	4,442	15,204
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	7,198,043	–	366,020	6,907,743	7,273,763
Financial liabilities recorded at fair value					
Derivative financial instruments	17,193	–	11,845	5,348	17,193
Other financial liabilities	–	–	–	–	–
Financial liabilities recorded at amortized cost					
Deposits and certificates	584,331	–	584,662	–	584,662
Obligations to securitization entities	6,913,636	–	–	6,996,953	6,996,953
Long-term debt	2,100,000	–	2,453,564	–	2,453,564

There were no significant transfers between Level 1 and Level 2 in 2020 and 2019.

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

2020	BALANCE JANUARY 1	GAINS/ (LOSSES) INCLUDED IN NET EARNINGS[1]	GAINS/(LOSSES) INCLUDED IN OTHER COMPREHENSIVE INCOME	PURCHASES AND ISSUANCES	SETTLEMENTS	TRANSFERS IN/OUT	BALANCE DECEMBER 31
Other investments							
– FVTOCI	**$ 301,196**	**$ –**	**$ 285,650**	**$ 6,427**	**$ –**	**$ –**	**$ 593,273**
– FVTPL	**563**	**(194)**	**–**	**–**	**90**	**–**	**279**
Derivative financial instruments, net	**(906)**	**(27,143)**	**–**	**1,727**	**(5,219)**	**–**	**(21,103)**
2019							
Other investments							
– FVTOCI	$ 372,396	$ –	$ 12,248	$ 66,693	$ –	$ (150,141)[2]	$ 301,196
– FVTPL	552	11	–	–	–	–	563
Derivative financial instruments, net	4,899	(5,207)	–	(1,551)	(953)	–	(906)

(1) Included in Wealth management revenue or Operations and support expenses in the Consolidated Statements of Earnings.

(2) Reclassification of investment in Personal Capital from Other investments (FVTOCI) to Investment in associates (equity method).

NOTE 24 EARNINGS PER COMMON SHARE

	2020	2019
Earnings		
Net earnings	**$ 764,606**	$ 748,947
Non-controlling interest	**(198)**	–
Perpetual preferred share dividends	**–**	(2,213)
Net earnings available to common shareholders	**$ 764,408**	$ 746,734
Number of common shares *(in thousands)*		
Weighted average number of common shares outstanding	**238,307**	239,105
Add: Potential exercise of outstanding stock options[1]	**–**	76
Average number of common shares outstanding – Diluted basis	**238,307**	239,181
Earnings per common share *(in dollars)*		
Basic	**$ 3.21**	$ 3.12
Diluted	**$ 3.21**	$ 3.12

(1) Excludes 2,934 thousand shares in 2020 related to outstanding stock options that were anti-dilutive (2019 – 1,591 thousand).

NOTE 25 CONTINGENT LIABILITIES AND GUARANTEES

CONTINGENT LIABILITIES

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie Financial Corporation which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

NOTE 25 CONTINGENT LIABILITIES AND GUARANTEES *(continued)*

GUARANTEES

In the normal course of operations, the Company executes agreements that provide for indemnifications to third parties in transactions such as business dispositions, business acquisitions, loans and securitization transactions. The Company has also agreed to indemnify its directors and officers. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Company has not made any payments under such indemnification agreements. No provisions have been recognized related to these agreements.

NOTE 26 RELATED PARTY TRANSACTIONS

TRANSACTIONS AND BALANCES WITH RELATED ENTITIES

The Company enters into transactions with The Canada Life Assurance Company (Canada Life), which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada. On January 1, 2020, The Great-West Life Assurance Company, London Life Insurance Company and Canada Life amalgamated into a single company, The Canada Life Assurance Company. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2020 and 2019, the Company provided to and received from Canada Life certain administrative services. In 2020, the Company notified Canada Life of its intention to terminate its long-term technology infrastructure related sharing agreement. The Company distributes insurance products under a distribution agreement with Canada Life and received $45.1 million in distribution fees (2019 – $54.8 million). The Company received $18.4 million (2019 – $17.1 million) and paid $29.6 million (2019 – $26.2 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds. The Company paid $78.3 million (2019 – $78.8 million) to Canada Life related to the distribution of certain investment funds of the Company.
- During 2020, the Company sold residential mortgage loans to Canada Life for $20.9 million (2019 – $10.8 million).

After obtaining advanced tax rulings in October 2017, the Company agreed to tax loss consolidation transactions with the Power Corporation of Canada group whereby shares of a subsidiary that has generated tax losses may be acquired in each year up to and including 2020. The Company recognized the benefit of the tax losses realized throughout the year. On each of December 31, 2020 and December 31, 2019, the Company acquired shares of such loss companies and recorded the benefit of the tax losses acquired. The benefits from these tax loss consolidation arrangements ended at December 31, 2020.

Additional transactions with related parties included the sale of Personal Capital (Note 8), the investment in Northleaf (Note 8), the acquisition of GLC Asset Management Group Ltd. and the sale of Quadrus Group of Funds (Note 29).

KEY MANAGEMENT COMPENSATION

The total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are as follows:

	2020	2019
Compensation and employee benefits	**$ 3,848**	$ 4,260
Post-employment benefits	**13,522**	3,988
Share-based payments	**1,431**	2,023
	$ 18,801	$ 10,271

Share-based payments exclude the fair value remeasurement of the deferred share units associated with changes in the Company's share price (Note 19).

NOTE 27 COVID-19

Governments worldwide have enacted emergency measures to combat the spread of a novel strain of coronavirus (COVID-19). These measures, which include the implementation of travel bans, closing of non-essential businesses, self-imposed quarantine periods and social distancing, have caused significant volatility and weakness in global equity markets and material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The Company has implemented its business continuity plan as a result of these events, which has included moving substantially all employees and consultants to work from home and further supporting the Company's information technology infrastructure.

The duration and full impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

NOTE 28 SEGMENTED INFORMATION

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

These segments reflect the Company's internal financial reporting and performance measurement.

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and also through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portag3 Ventures LPs. Unallocated capital is also included within this segment.

2020

	WEALTH MANAGEMENT	ASSET MANAGEMENT	STRATEGIC INVESTMENTS AND OTHER	INTERSEGMENT	TOTAL SEGMENT	ADJUSTMENTS[1]	TOTAL
Revenues							
Wealth management	$ 2,275,955	$ –	$ –	$ (16,379)	$ 2,259,576	$ –	$ 2,259,576
Asset management	–	913,579	–	(100,648)	812,931	–	812,931
Dealer compensation	–	(299,530)	–	16,367	(283,163)	–	(283,163)
Net asset management	–	614,049	–	(84,281)	529,768	–	529,768
Net investment income and other	2,299	2,900	5,960	(182)	10,977	67,232	78,209
Proportionate share of associates' earnings *(Note 8)*	–	–	147,029	–	147,029	3,400	150,429
	2,278,254	616,949	152,989	(100,842)	2,947,350	70,632	3,017,982
Expenses							
Advisory and business development	959,946	80,212	–	(12)	1,040,146	–	1,040,146
Operations and support	453,738	293,755	4,063	(182)	751,374	79,276	830,650
Sub-advisory	163,197	8,664	–	(100,648)	71,213	–	71,213
	1,576,881	382,631	4,063	(100,842)	1,862,733	79,276	1,942,009
Earnings before undernoted	$ 701,373	$ 234,318	$ 148,926	$ –	1,084,617	(8,644)	1,075,973
Interest expense[2]					(110,597)	–	(110,597)
Gain on sale of Personal Capital					37,232	(37,232)	–
Gain on sale of QGOF net of acquisition costs					25,184	(25,184)	–
Proportionate share of associate's adjustments					3,400	(3,400)	–
Restructuring and other charges					(74,460)	74,460	–
Earnings before income taxes					965,376	–	965,376
Income taxes					200,770	–	200,770
Net earnings					764,606	–	764,606
Non-controlling interest					(198)	–	(198)
Net earnings available to common shareholders					$ 764,408	$ –	$ 764,408
Identifiable assets	$ 8,984,472	$ 1,507,729	$ 2,767,078	$ –	$ 13,259,279		
Goodwill	1,491,687	1,311,388	–	–	2,803,075		
Total assets	$ 10,476,159	$ 2,819,117	$ 2,767,078	$ –	$ 16,062,354		

(1) *Gain on sale of Personal Capital, Gain on sale of Quadrus Group of Funds (QGOF) net of acquisition costs, Proportionate share of associate's adjustments, and Restructuring and other changes are not related to a specific segment and therefore excluded from segment results. These items have been added back to their respective revenue or expense line item to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.*

(2) *Interest expense includes interest on long-term debt and interest on leases.*

2019

	WEALTH MANAGEMENT	ASSET MANAGEMENT	STRATEGIC INVESTMENTS AND OTHER	INTERSEGMENT	TOTAL SEGMENT	ADJUSTMENTS[1]	TOTAL
Revenues							
Wealth management	$ 2,315,254	$ –	$ –	$ (16,206)	$ 2,299,048	$ –	$ 2,299,048
Asset management	–	896,498	–	(104,171)	792,327	–	792,327
Dealer compensation	–	(292,896)	–	15,821	(277,075)	–	(277,075)
Net asset management	–	603,602	–	(88,350)	515,252	–	515,252
Net investment income and other	13,601	4,238	7,273	(287)	24,825	–	24,825
Proportionate share of associates' earnings *(Note 8)*	–	–	122,425	–	122,425	(17,200)	105,225
	2,328,855	607,840	129,698	(104,843)	2,961,550	(17,200)	2,944,350
Expenses							
Advisory and business development	986,479	79,869	–	(327)	1,066,021	–	1,066,021
Operations and support	435,944	295,209	2,239	(347)	733,045	–	733,045
Sub-advisory	161,546	10,855	–	(104,169)	68,232	–	68,232
	1,583,969	385,933	2,239	(104,843)	1,867,298	–	1,867,298
Earnings before undernoted	$ 744,886	$ 221,907	$ 127,459	$ –	1,094,252	(17,200)	1,077,052
Interest expense[2]					(108,386)	–	(108,386)
Proportionate share of associate's one-time charges					(17,200)	17,200	–
Earnings before income taxes					968,666	–	968,666
Income taxes					219,719	–	219,719
Net earnings					748,947	–	748,947
Perpetual preferred share dividends					(2,213)	–	(2,213)
Net earnings available to common shareholders					$ 746,734	$ –	$ 746,734
Identifiable assets	$ 9,021,978	$ 1,332,705	$ 2,376,526	$ –	$ 12,731,209		
Goodwill	1,491,687	1,168,580	–	–	2,660,267		
Total assets	$ 10,513,665	$ 2,501,285	$ 2,376,526	$ –	$ 15,391,476		

(1) Proportionate share of Associate's one-time charges is not related to a specific segment and therefore excluded from segment results. These items have been added back to their respective revenue or expense line item to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

(2) Interest expense includes interest on long-term debt and, beginning January 1, 2019, includes interest on leases of $4.1 million as a result of the Company's adoption of IFRS 16, Leases.

NOTE 29 ACQUISITIONS

GLC ASSET MANAGEMENT GROUP LTD. (GLC)

On December 31, 2020, the Company's subsidiary, Mackenzie, acquired all of the common shares of GLC, a wholly-owned subsidiary of Great-West Lifeco Inc. (Lifeco), for cash consideration of $185.0 million. Net cash outflow related to the transaction was $175.8 million, including acquisition costs of $3.8 million and $13.0 million in cash acquired.

In a separate transaction, Lifeco's subsidiary, Canada Life Assurance Company (Canada Life) acquired the fund management contracts relating to private label Quadrus Group of Funds (QGOF) from Mackenzie for cash consideration of $30.0 million. Mackenzie was previously the manager and trustee of the QGOF. Subsequent to the sale, Mackenzie continues to provide investment and administration services to the QGOF.

The purchase price allocation is preliminary and subject to change during the measurement period, which will not exceed one year from the transaction date.

Purchase price allocation	
Cash and cash equivalents	$ 13,003
Other current assets	2,528
Deferred tax asset	945
Intangible assets	56,763
Goodwill[1]	134,799
Accounts payable and accrued liabilities	(8,482)
Deferred tax liability	(14,522)
	$ 185,034

(1) Nil deductible for tax purposes

Goodwill is attributable to synergies including expansion of Mackenzie's distribution reach into the fast-growing group retirement business. Identified intangible assets are comprised of finite life management contracts valued at $56.8 million.

The acquisition had no impact to the Company's revenues and expenses for the year ended December 31, 2020.

GREENCHIP FINANCIAL CORP. (GREENCHIP)

On December 22, 2020 Mackenzie acquired 100% of Greenchip, a Canadian firm focused exclusively on the environmental economy since 2007.

Quarterly Review

CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31				2020				2019
($ millions, except per share amounts)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues								
Wealth management	$ 594.2	$ 571.6	$ 531.1	$ 562.7	$ 587.1	$ 581.1	$ 577.5	$ 553.3
Asset management	216.3	207.4	190.7	198.5	203.4	201.2	198.5	189.2
Dealer compensation expense	(74.3)	(71.3)	(66.1)	(71.4)	(69.8)	(68.9)	(69.6)	(68.7)
Net asset management	142.0	136.1	124.6	127.1	133.6	132.3	128.9	120.5
Net investment income and other	33.2	39.4	7.6	(2.0)	6.7	2.0	4.9	11.2
Proportionate share of associates' earnings	43.5	43.5	43.3	20.1	23.4	28.9	20.2	32.7
	812.9	790.6	706.6	707.9	750.8	744.3	731.5	717.7
Expenses								
Advisory and business development	283.1	252.6	245.4	259.1	270.9	257.1	267.7	270.3
Operations and support	193.8	256.4	185.4	195.1	182.6	180.3	178.5	191.7
Sub-advisory	18.3	18.5	16.9	17.5	18.1	17.4	17.0	15.7
Interest	27.9	27.9	27.5	27.3	27.8	27.8	27.6	25.2
	523.1	555.4	475.2	499.0	499.4	482.6	490.8	502.9
Earnings before income taxes	289.8	235.2	231.4	208.9	251.4	261.7	240.7	214.8
Income taxes	60.5	44.3	47.9	48.0	59.8	59.2	55.6	45.1
Net earnings	229.3	190.9	183.5	160.9	191.6	202.5	185.1	169.7
Non-controlling interest	(0.2)	–	–	–	–	–	–	–
Perpetual preferred share dividends	–	–	–	–	–	–	–	(2.2)
Net earnings available to common shareholders	$ 229.1	$ 190.9	$ 183.5	$ 160.9	$ 191.6	$ 202.5	$ 185.1	$ 167.5
Reconciliation of Non-IFRS financial measures(1) *($ millions)*								
Adjusted net earnings available to common shareholders – non-IFRS measure	$ 204.3	$ 214.2	$ 183.5	$ 160.9	$ 200.8	$ 202.5	$ 193.1	$ 167.5
Other items:								
Gain on sale of Personal Capital, net of tax	–	31.4	–	–	–	–	–	–
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	21.4	–	–	–	–	–	–	–
Proportionate share of associate's adjustments	3.4	–	–	–	–	–	–	–
Restructuring and other, net of tax	–	(54.7)	–	–	–	–	–	–
Proportionate share of associate's one-time charges	–	–	–	–	(9.2)	–	(8.0)	–
Net earnings available to common shareholders – IFRS	$ 229.1	$ 190.9	$ 183.5	$ 160.9	$ 191.6	$ 202.5	$ 185.1	$ 167.5
Diluted Earnings per Share *(¢)*								
Adjusted net earnings available to common shareholders(1)	86	90	77	68	84	85	81	70
Net earnings available to common shareholders	96	80	77	68	80	85	77	70
Dividends per Share *(¢)*	56.25	56.25	56.25	56.25	56.25	56.25	56.25	56.25

(1) Refer to page 24 of the MD&A for an explanation of the Company's use of non-IFRS financial measures.

Quarterly Review

STATISTICAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31				2020				2019
($ millions)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Mutual fund gross sales								
Wealth management[1]								
IG Wealth Management	$ 2,572	$ 1,949	$ 1,780	$ 2,686	$ 2,251	$ 2,077	$ 2,045	$ 2,350
IPC	177	97	110	193	147	154	174	219
	2,749	2,046	1,890	2,879	2,398	2,231	2,219	2,569
Asset management								
Mackenzie Investments	4,501	2,903	2,505	3,656	2,587	2,253	2,541	2,505
IGM Consolidated	7,250	4,949	4,395	6,535	4,985	4,484	4,760	5,074
Dealer gross inflows								
IG Wealth Management	2,938	2,132	1,901	3,006	2,467	2,189	2,184	2,467
IPC	1,487	892	1,063	1,318	1,150	947	942	1,306
Wealth management[1]	4,425	3,024	2,964	4,324	3,617	3,136	3,126	3,773
Net flows – by segment								
IG Wealth Management net flows	485	(9)	(62)	381	(109)	(233)	(500)	62
IPC net flows	249	(146)	154	116	(23)	(179)	(189)	(198)
Wealth management net flows[1]	737	(155)	93	498	(131)	(410)	(688)	(135)
Asset Management net sales[2]	1,673	627	3,599	351	147	(678)	75	183
Eliminations[3]	(189)	(64)	(43)	(28)	(23)	(28)	7	17
IGM Consolidated	2,221	408	3,649	821	(7)	(1,116)	(606)	65
Net flows – by product								
Mutual fund gross sales	7,250	4,949	4,395	6,535	4,985	4,484	4,760	5,074
Mutual fund redemptions	5,972	4,436	4,212	6,311	5,328	4,696	5,172	4,956
Mutual fund net sales	1,278	513	183	224	(343)	(212)	(412)	118
ETFs[4]	372	97	681	82	202	315	48	142
Investment funds	1,650	610	864	306	(141)	103	(364)	260
Institutional SMA	(75)	(319)	2,542	(86)	(73)	(1,132)	(180)	(107)
Consolidated AUM	1,575	291	3,406	220	(214)	(1,029)	(544)	153
Other AUA	646	117	243	601	207	(87)	(62)	(88)
Consolidated net flows	2,221	408	3,649	821	(7)	(1,116)	(606)	65
Redemption rate – long-term funds (%)								
IG Wealth Management	9.8	9.8	10.0	10.7	10.3	10.2	9.9	9.5
IPC	20.1	19.0	19.3	20.7	19.3	20.9	20.7	20.1
Mackenzie Investments	16.6	16.2	16.5	17.0	15.6	15.7	16.2	17.0
Assets under management and advisement – by segment								
IG Wealth AUA	103,273	97,538	93,836	85,834	97,100	94,529	93,858	93,013
IPC AUA	29,318	27,484	26,637	24,372	27,728	27,176	27,181	27,064
Wealth Management AUA[1]	132,583	125,015	120,467	110,199	124,820	121,697	121,031	120,069
Asset Management AUM (ex sub-advisory to Wealth Management)[5]	110,938	74,600	70,821	60,898	68,257	66,392	66,756	65,630
Sub-advisory to Wealth Management	75,821	72,660	70,135	65,103	73,575	72,565	73,261	73,577
Asset Management AUM	186,759	147,260	140,956	126,001	141,832	138,957	140,017	139,207
Asset Management through Wealth Management	(79,392)	(75,855)	(73,163)	(67,844)	(76,617)	(75,505)	(76,169)	(76,462)
Consolidated assets under management & advisement	239,950	196,420	188,260	168,356	190,035	185,149	184,879	182,814
Assets under management and advisement – by product								
Mutual fund AUM[5]	158,495	161,612	154,706	140,887	159,391	155,419	154,436	152,531
ETF AUM[4]	3,788	3,330	3,132	2,335	2,372	2,159	1,865	1,804
Investment Fund AUM	162,283	164,942	157,838	143,222	161,763	157,578	156,301	154,335
Institutional SMA[5]	51,688	7,671	7,557	4,275	5,046	4,958	6,027	6,132
Consolidated AUM	213,971	172,613	165,395	147,497	166,809	162,536	162,328	160,467
Other AUA	25,979	23,807	22,865	20,859	23,226	22,613	22,551	22,347
Consolidated assets under management & advisement	239,950	196,420	188,260	168,356	190,035	185,149	184,879	182,814
Consolidated AUM, excluding Asset Management segment AUM	27,212	25,353	24,439	21,496	24,977	23,579	22,311	21,260
Corporate assets	$ 16,062	$ 15,863	$ 15,449	$ 15,553	$ 15,391	$ 15,574	$ 15,706	$ 15,970

(1) Assets under management recorded within both operating companies' results are eliminated on consolidation.

(2) Does not include net sales relating to sub-advisory mandates to Wealth Management segment.

(3) Mackenzie mutual funds distributed through Wealth Management.

(4) Excludes IGM investment fund investments in ETFs.

(5) The fourth quarter of 2020 reflects the impact of net business acquisitions of $30.3 billion, which included the acquisitions of GLC Asset Management Group Ltd. (GLC) and Greenchip Financial Corporation (Greenchip), and the divestiture of the fund management contracts relating to private label Quadrus Group of Funds (QGOF). As a result, mutual fund AUM decreased by $13.2 billion and institutional SMA increased by $43.5 billion.

Ten Year Review

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

FOR THE YEARS ENDED DECEMBER 31

($ millions, except per share amounts)	2020	2019	2018	2017	2016	CAGR[1] 5 YEAR %	2015	2014	2013	2012	2011	CAGR[1] 10 YEAR %
Revenues[2]										RESTATED		
Wealth and Asset Management revenues	**2,789.4**	2,814.3	2,792.1	2,749.1	2,642.9	1.4	2,607.2	2,520.1	2,307.4	2,231.6	2,361.7	2.2
Net investment income and other	**78.2**	24.8	20.0	13.8	11.8	48.0	11.0	16.5	21.6	18.6	10.7	20.0
Proportionate share of associate's earnings	**150.4**	105.2	150.0	95.6	104.2	6.3	111.0	96.5	93.8	72.0	79.5	9.2
	3,018.0	2,944.3	2,962.1	2,858.5	2,758.9	2.0	2,729.2	2,633.1	2,422.8	2,322.2	2,451.9	2.7
Expenses[2]	**2,052.7**	1,975.7	1,976.0	2,073.9	1,812.0	3.4	1,738.4	1,668.2	1,441.4	1,364.1	1,354.6	4.6
Earnings before undernoted	**965.3**	968.6	986.1	784.6	946.9	(0.5)	990.8	964.9	981.4	958.1	1,097.3	(0.4)
Income taxes	**200.7**	219.7	210.0	173.9	167.6	(0.9)	210.3	202.8	210.7	190.5	250.5	(2.9)
	764.6	748.9	776.1	610.7	779.3	(0.4)	780.5	762.1	770.7	767.6	846.8	0.3
Discontinued operations	**–**	–	–	–	–		–	–	–	–	62.6	
Net earnings	**764.6**	748.9	776.1	610.7	779.3	(0.4)	780.5	762.1	770.7	767.6	909.4	0.3
Non-controlling interest	**(0.2)**	–	–	–	–		–	–	–	–	–	
Perpetual preferred share dividends	**–**	(2.2)	(8.8)	(8.8)	(8.8)		(8.8)	(8.8)	(8.8)	(8.8)	(8.8)	
Net earnings available to common shareholders	**764.4**	746.7	767.3	601.9	770.5	(0.2)	771.7	753.3	761.9	758.8	900.6	0.5
Adjusted net earnings available to common shareholders[3]	**762.9**	763.9	791.8	727.8	736.5	(0.8)	796.0	826.1	763.5	746.4	833.0	0.1
Diluted earnings per share *($)*												
Net earnings	**3.21**	3.12	3.18	2.50	3.19	0.6	3.11	2.98	3.02	2.97	3.48	1.4
Adjusted net earnings[3]	**3.20**	3.19	3.29	3.02	3.05	(0.1)	3.21	3.27	3.02	2.92	3.22	1.0
Dividends per share *($)*	**2.25**	2.25	2.25	2.25	2.25	–	2.25	2.18	2.15	2.15	2.10	0.9
Return on average common equity (ROE) *(%)*												
Net earnings	**16.1**	16.9	17.7	12.9	17.1		16.9	16.2	17.3	17.6	21.3	
Adjusted net earnings[3]	**16.1**	17.2	18.2	15.6	16.3		17.4	17.8	17.3	17.3	19.7	
Average shares outstanding *(thousands)*												
– Basic	**238,307**	239,105	240,815	240,585	241,300		248,173	252,108	252,013	254,853	258,151	
– Diluted	**238,307**	239,181	240,940	240,921	241,402		248,299	252,778	252,474	255,277	259,075	
Share price *(closing $)*	**34.51**	37.28	31.03	44.15	38.20	(0.5)	35.34	46.31	56.09	41.60	44.23	(2.3)

(1) Compound annual growth rate.

(2) Revenues and expense have been restated to retroactively reflect the disclosure enhancements introduced in 2020, as disclosed in Note 2 to the audited Consolidated Financial Statements.

(3) Non-IFRS Financial Measures – Excludes other items as follows:

2020 – After-tax gain of $31.4 million on sale of Personal Capital Corporation, after-tax gain on sale of Quadrus Group of Funds net of acquisition costs of $21.4 million, the Company's proportionate share in Great-West Lifeco Inc.'s (Lifeco) after-tax adjustments of $3.4 million, and restructuring and other charges of $54.7 million after-tax.

2019 – After-tax charge of $17.2 million representing the Company's proportionate share in Lifeco's one-time charges.

2018 – After-tax charge of $16.7 million related to restructuring and other and an after-tax charge of $7.8 million representing a premium paid on the early redemption of the $375 million debentures.

2017 – After-tax charges of $126.8 million and $16.8 million related to restructuring and other charges, an after-tax reduction of $36.8 million in expenses related to the Company's pension plan, after-tax charges of $14.0 million and $5.1 million related to the proportionate share in Lifeco's one-time charges and restructuring provision, respectively.

2016 – A favourable change in income tax provision estimates of $34.0 million related to certain tax filings.

2015 – An after-tax charge of $24.3 million related to restructuring and other charges.

2014 – An after-tax charge of $59.2 million related to distributions to clients, as well as other costs and an after-tax charge of $13.6 million related to restructuring and other charges.

2013 – An after-tax charge of $10.6 million related to restructuring and other charges and an after-tax benefit of $9.0 million representing the Company's proportionate share of net changes in Lifeco's litigation provision.

2012 – A favourable change in income tax provision estimates of $24.4 million related to certain tax filings, an after-tax charge of $5.6 million representing the Company's proportionate share of net changes in Lifeco's litigation provisions, and a non-cash income tax charge of $6.4 million resulting from increases in Ontario corporate income tax rates and their effect on the deferred income tax liability related to indefinite life intangible assets arising from prior business acquisitions.

2011 – Net earnings from discontinued operations of $62.6 million and an after-tax benefit of $5.0 million representing the Company's proportionate share of net changes in Lifeco's litigation provisions.

Ten Year Review

STATISTICAL INFORMATION

FOR THE YEARS ENDED DECEMBER 31

($ millions)	2020	2019	2018	2017	2016	CAGR[1] 5 YEAR %	2015	2014	2013	2012	2011	CAGR[1] 10 YEAR %
Wealth Management												
IG Wealth Management[2]												
Assets under management												
Mutual fund gross sales	**8,987**	8,723	9,075	9,693	7,760	2.6	7,890	7,461	6,668	5,778	6,021	4.6
Mutual fund redemption rate – long-term funds (%)	**9.8**	10.3	9.2	8.4	8.8		8.7	8.7	9.4	10.0	8.8	
Net sales (redemptions)	**(451)**	(1,089)	485	1,944	366	N/M	754	651	159	(724)	39	N/M
Ending assets	**97,713**	93,161	83,137	88,008	81,242	5.5	74,897	73,459	68,255	60,595	57,735	4.7
Assets under advisement[3]												
Net flows	**795**	(780)	739									
Ending assets	**103,273**	97,100	86,422									
Investment Planning Counsel[2]												
Assets under management												
Mutual fund gross sales	**577**	694	960	889	955	(4.9)	741	682	485	401	543	1.5
Mutual fund redemption rate – long-term funds (%)	**20.1**	19.3	19.2	16.7	15.7		13.6	12.6	13.2	14.3	10.9	
Net sales (redemptions)	**(307)**	(272)	(18)	79	293	N/M	177	207	52	(24)	225	N/M
Assets under management	**5,320**	5,391	5,125	5,377	4,908	3.6	4,452	3,850	3,406	2,950	2,811	7.1
Assets under advisement[3]												
Net flows	**373**	(589)	(148)									
Ending assets	**29,318**	27,728	25,706									
Asset Management (Mackenzie Investments)												
Mutual fund gross sales	**13,565**	9,886	9,951	9,124	6,939	14.3	6,965	7,070	6,700	5,490	5,645	8.8
Mutual fund redemption rate – long-term funds (%)	**16.6**	15.6	17.1	14.8	15.0		16.2	14.6	16.0	17.9	15.8	
Investment fund net sales (redemptions)	**4,188**	1,219	973	1,780	(555)	N/M	(1,258)	(209)	(487)	(1,974)	(1,548)	N/M
Assets under management												
Mutual fund	**55,462**	60,839	53,407	55,615	51,314	2.7	48,445	48,782	46,024	40,394	39,141	2.5
ETF	**8,451**	4,748	2,949	1,296	113							
ETFs excluding those held by IGM investment funds	**3,788**	2,372	1,613	928	113							
Investment fund[4]	**59,250**	63,211	55,020	56,543	51,427	4.1	48,445	48,782	46,024	40,394	39,141	3.1
Total assets under management excluding subadvisory to Wealth Management[3]	**110,938**	68,257	60,804									
Total assets under management[3]	**186,759**	141,832	130,733									
Consolidated assets under management[5]												
Investment fund assets under management	**162,283**	161,763	143,282	149,818	137,575	4.9	127,791	126,039	117,649	103,915	99,685	4.2
Assets under management	**213,971**	166,809	149,066	156,513	142,688	9.7	134,398	141,919	131,777	120,694	118,713	5.2
Assets under management and advisement	**239,950**	190,035	170,216									
Corporate assets	**16,062**	15,391	15,609	16,499	15,625	1.6	14,831	14,417	12,880	11,962	11,144	2.8

(1) *Compound annual growth rate.*

(2) *IG Wealth Management and Investment Planning Counsel total assets under management and net sales include separately managed accounts.*

(3) *As a result of revised segment reporting introduced in 2020, as discussed in the MD&A included in this Annual Report, these metrics were not reported on this basis prior to 2018.*

(4) *Excludes IGM investment fund investments in ETFs.*

(5) *Adjusted for inter-segment assets.*