



Murray J. Taylor
President and Chief Executive Officer
Investors Group Inc.

HIGHLIGHTS

- Our Consultant network grew from 4,518 to 4,673 during 2013. We also added one new region office, bringing the total number of offices to 109, representing office growth of 62.7% since 2004.
- Driven by the strength of our client relationships, the redemption rate for Investors Group's long-term mutual funds was 9.4% for 2013, lower than 2012 and substantially below industry levels.
- Mutual fund sales in 2013 were \$6.7 billion, up more than 15% over 2012. Net sales of mutual funds were \$159 million.
- Assets under management increased by 12.6% to \$68.3 billion at December 31, 2013, a record year-end high for the company.
- Our median client return for the year, net of fees, was 12.2%.

Investors Group is committed to comprehensive planning delivered through long-term client and Consultant relationships. We provide advice and services through a network of over 4,600 Consultants to nearly one million Canadians.

REPORT ON OPERATIONS

In 2013, Investors Group continued to make progress in a number of key areas. More stable equity markets in Canada and around the world has increased investor and Consultant confidence. In 2013, we appointed Jeff Singer as our Chief Investment Officer, who, combined with several other recently hired portfolio managers and analysts, has increased our investment management capabilities and capacity.

CONTINUED CONSULTANT NETWORK STRENGTH

Since a number of improvements were introduced to our training and support programs in mid-2004, the Consultant network has expanded by 46% from 3,207 to 4,673.

In the fourth quarter of 2013, we announced a new program to our field management that will provide Consultants with higher income potential in their first two years with Investors Group. We expect this approach will increase the number, productivity and retention of new Consultants.

Investors Group's commitment to training and support is integral to our Consultants' abilities to deliver effective financial advice. New Consultants refine their skills through an emphasis on experience-based training delivered by experienced field leadership and mentorship from successful senior Consultants. Our annual Apex conference offers advanced financial planning and practice management training to approximately 1,500 Consultants each year.

Our culture provides Consultants with an entrepreneurial environment and unique support structure to deliver personalized service and knowledgeable advice to our clients. Our clients enhance their financial literacy and gain financial confidence as our Consultants assist them with the development and deployment of their financial plans.

PRODUCTS FOR AN EVOLVING MARKETPLACE

The financial planning needs of Canadians are growing as economic uncertainties are more apparent and retirement and lifestyle decisions become more complex. Investors Group provides an industry-leading range of products and services to meet these diverse needs. We offer investment funds, segregated funds, insurance, securities, mortgage and Solutions Banking[†] products, along with other financial services to our clients through integrated financial planning.

Our Symphony Strategic Investment Planning[™] supports Consultants in building optimized risk-adjusted portfolios for clients and provides enhanced reporting features.

In early 2013, we launched a new balanced fund, the IG Mackenzie Strategic Income Fund. This fund seeks income with the potential for long-term capital growth by investing primarily in fixed-income investments and/or securities that pay equity income.

In March 2013, we implemented enhancements to the iProfile[™] Managed Asset Program to include

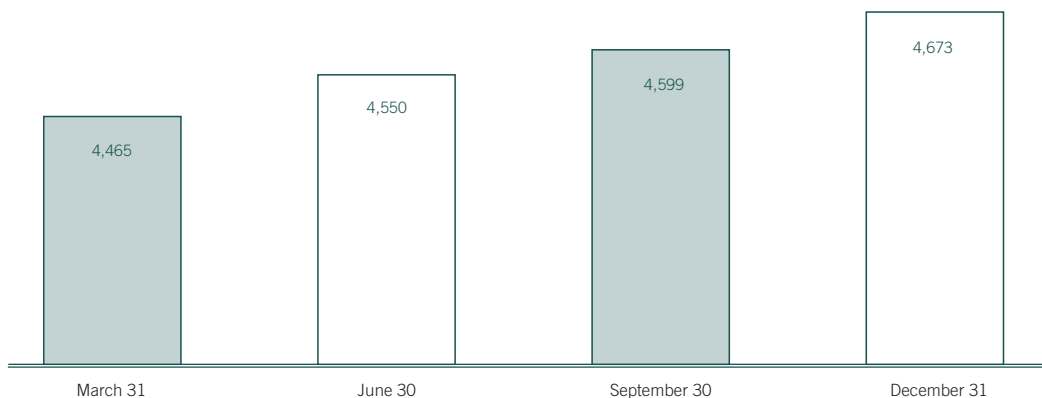
iProfile Classes in addition to the existing *iProfile* Pools. The *iProfile* Classes provide investors with the flexibility to make changes to their non-registered portfolios while deferring capital gains. We also introduced a new Series T option for *iProfile* clients who wish to receive a regular monthly cash flow via return of capital.

In June 2013, we implemented nine Investors Group fund mergers and changes to the investment objectives of 10 Investors Group Corporate Class funds. These mergers serve to provide more effective management and generally broader investment mandates with more diversification which, in turn, will provide the potential for less volatility in long-term performance.

Finally, in December 2013, we announced the addition of the IG Putnam Low Volatility U.S. Equity Fund and Class and an enhancement to our Corporate Class offering – the Investors Dividend Class.

Investors Group's commitment to the ongoing evolution and expansion of our product and service offering enhances our ability to deliver comprehensive financial planning.

Consultant Network Growth during 2013



CORPORATE SOCIAL RESPONSIBILITY

Investors Group has a long-standing commitment to corporate social responsibility (CSR). Employees and Consultants adhere to a code of conduct and respectful workplace policy to ensure that business is conducted with the highest ethical standards, in a manner worthy of the public's trust and in an environment where all individuals feel they are treated with dignity and respect. Operational integrity, good governance and risk management are fundamental to our business.

In 2013, we had a number of achievements that we are proud of pertaining to CSR.

- Investors Group, together with Mackenzie, was recognized as an employer of choice by the Cambridge University Students' Union. Our Investors Group Institute, which offers industry-leading financial planning and practice management training for our Consultants as well as professional development programs for our employees, was one reason we were recognized. We were also recognized for our community involvement and employee volunteerism. We have a culture of "People Who Care," with a strong focus towards supporting and encouraging the volunteer engagement of employees and advisors across the country.
- The 10th annual Herbert H. Carnegie Community Service Award was presented to Ottawa South Executive Consultant Gerry Doyle. Gerry has been a tireless fundraiser for many children's charities including the Champions for Children Foundation, Ottawa Children's Treatment Centre and Children's Aid Foundation of Ottawa. Herbert Carnegie, an Order of Canada recipient, came to epitomize the qualities of success and caring for others in the community through his 35 years with Investors Group.

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- The President's Lifetime Volunteer Achievement Award went to Michael Klatt, Assistant Vice-President, Product & Financial Management, Banking and Mortgage Operations, for his volunteer commitment to amateur sport.
- As part of the work of a cross-organizational environmental committee, we strived to reduce our environmental impact through continuous improvement objectives.
- We continued to offer a number of responsible product choices for our clients. We were a pioneer in promoting socially responsible investing (SRI), and our Investors Summa SRI™ Fund is the largest SRI fund in Canada. We also offer portfolio options through our Symphony Strategic Investment Planning™ approach which incorporate factors related to environmental sustainability and social responsibility combined with traditional investment analysis. In addition, the Investors Group Charitable Giving Program™ is one of the few of its kind in Canada which can be used by our clients to build an enduring charitable giving legacy while receiving tax benefits today.

- Our Consultants continued to contribute to the financial well-being of our clients through the delivery of comprehensive planning. Through their work and our financial support for programs and curriculum development, we are part of an ongoing effort to advance the financial literacy and financial security of Canadians. Investors Group received the prestigious Investor Education Award, sponsored by the Investment Funds Institute of Canada (IFIC), for our support of the Money and Youth program which is designed to improve the financial literacy of young Canadians.
- Investors Group is committed to making a contribution to the many communities across Canada in which we operate by supporting local and national activities, events and organizations. At the national level, we continued to partner with Free The Children in inspiring youth leadership and volunteerism and we were a major supporter of Imagine Canada and Volunteer Canada in encouraging charitable giving and volunteerism by Canadian companies. We also supported national initiatives for financial literacy and amateur sport.

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BUILDING ON STRENGTH

Investors Group continues to focus on our strengths as building blocks for the future. In 2013, the Consultant network growth, the active engagement of over 1,800 employees, the continual refinement of financial planning, expanded investment management resources and the expanding product and service offerings demonstrate our commitment to meet the evolving financial needs of Canadians.