



**IGM**  
Financial™

## IGM FINANCIAL Q2, 2016 Results

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August 4<sup>th</sup>, 2016

STRENGTH | FOCUS | GROWTH



# IGM FINANCIAL – CONFERENCE CALL PARTICIPANTS

Paul W. Hancock	Kevin E. Regan	Jeffrey R. Carney	Barry S. McInerney
Vice-President, Finance and Investor Relations, IGM Financial	Executive Vice- President & CFO, IGM Financial	President & CEO, IGM Financial	President & CEO, Mackenzie
		President & CEO, Investors Group	

# CAUTION CONCERNING FORWARD LOOKING STATEMENTS

Certain statements in this report other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided to assist the reader in understanding the Company's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's, and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials filed with the securities regulatory authorities in Canada, available at [www.sedar.com](http://www.sedar.com).

# NON-IFRS FINANCIAL MEASURES AND ADDITIONAL IFRS MEASURES

- Net earnings available to common shareholders, which is an additional measure in accordance with IFRS, may be subdivided into two components consisting of:
  - Operating earnings available to common shareholders; and
  - Other items, which include the after-tax impact of any item that management considers to be of a non-recurring nature or that could make the period-over-period comparison of results from operations less meaningful.
- This report may also contain non-IFRS financial measures. Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, we caution that non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Specific instances of such measures that may be referred to within this document include “Operating Earnings”, “Operating Earnings per Share” and “Earnings before Interest and Taxes” (EBIT).
- We refer you to the appropriate reconciliation in the Management’s Discussion and Analysis of these non-IFRS financial measures to measures prescribed by IFRS.

# DOCUMENTS INCORPORATED BY REFERENCE

This summary document and webcast are meant to discuss, not to serve as a substitute for, information included in these documents. The reader is hereby cautioned to refer to the following documents relating to IGM Financial's results:

1. Documents related to IGM Financial's Q2, 2016 results issued August 4, 2016:
  - IGM Financial Q2, 2016 financial results press release. This press release includes financial highlights as well as a summary earnings statement.
  - IGM Financial Q2, 2016 Consolidated Financial Statements and Notes.
  - IGM Financial Q2, 2016 Management's Discussion and Analysis ("MD&A").
  - IGM Financial Q2, 2016 Supplemental Information.
2. IGM Financial July, 2016 Mutual Fund Sales and Total Assets Under Management press release issued August 3, 2016.
3. IGM Financial 2015 Annual Report which was issued on March 17, 2016.
4. IGM Financial 2015 Corporate Responsibility Report issued July 21<sup>st</sup>, 2016.

Each of these documents are available on the Company's website at [www.igmfincial.com](http://www.igmfincial.com) and/or at [www.sedar.com](http://www.sedar.com).

# AGENDA FOR TODAY'S CALL

1. IGM Highlights
2. Investors Group
3. Mackenzie Investments

# IGM FINANCIAL HIGHLIGHTS OF SECOND QUARTER RESULTS

## Financial Results

- Operating earnings were \$172.9MM versus \$198.5MM last year and \$167.0MM during the prior quarter
- Operating earnings per share for the quarter were \$0.72 versus \$0.80 last year and \$0.69 during the prior quarter
- Quarterly dividend of \$0.5625, unchanged from prior quarter
- Repurchased \$46.8MM of common shares during the quarter

## Mutual Fund AUM & Flows

- Q2/16 average mutual fund AUM was \$127.9B, compared to \$131.4B last year and \$124.4B for the prior quarter
- Mutual fund net sales were negative \$511MM during the quarter

## Other Items

- Investment of \$50MM USD in Personal Capital Corporation, a market leading digital wealth advisor in the U.S., for an initial 10% ownership interest which may rise to 15% in the next year
- Recognition of IGM's strong commitment to corporate responsibility

# OPERATING ENVIRONMENT

## Financial Markets

- The S&P TSX Composite Index rose 4.2% in the quarter driven by a significant rebound in cyclical stocks such as gold and silver producers
- Other global equity indices experienced muted returns in the quarter
- Canadian dollar strength negatively impacted foreign equity returns

## Industry Assets and Flows

- Industry long-term mutual fund assets increased 2.9% in the quarter
- Total industry mutual fund net sales were \$4.7B during the quarter, down \$10.2B from last year
- Balanced and Income Oriented categories captured the majority of net sales in the quarter

## Industry Flows by Channel

- Advice channel mutual fund gross sales declined 5.7% in Q2 2016 compared to the same period last year while net sales declined 74.0%
- Deposit takers mutual fund gross sales declined by 12.5% compared to Q2 2015 while net sales fell 71%



# REGULATORY DEVELOPMENTS IN THE QUARTER

## CSA Consultation Paper 33-404

*PROPOSALS TO ENHANCE  
THE OBLIGATIONS OF  
ADVISERS, DEALERS, AND  
REPRESENTATIVES TOWARD  
THEIR CLIENTS* April 28<sup>th</sup>, 2016

- Focused on ‘enhancing’ the client-advisor relationship, including introduction of a best interest standard
- Targeted reforms extensive and cover all aspects of the client-advisor relationship; the CSA are not in agreement on the need for a regulatory best interest on top of the reforms
- Investors Group is well positioned with the regulatory reforms, as we’re focused on the same objectives - client-oriented, long-term and comprehensive financial planning services and advice

## CSA Staff Notice 81-327

*Next Steps in the CSA’s  
Examination of Mutual Fund  
Fees* June 29<sup>th</sup>, 2016

- Notification by the CSA that a consultation paper is anticipated to be published in the fall of 2016 focused on the option to discontinue embedded commissions
- No regulatory decision has been made, with the regulators indicating they want to consider impact on accessibility of advice which we think is critical
- We support the consultative approach being taken by the regulators; understanding the potential unintended consequences on access and affordability of advice will be critical

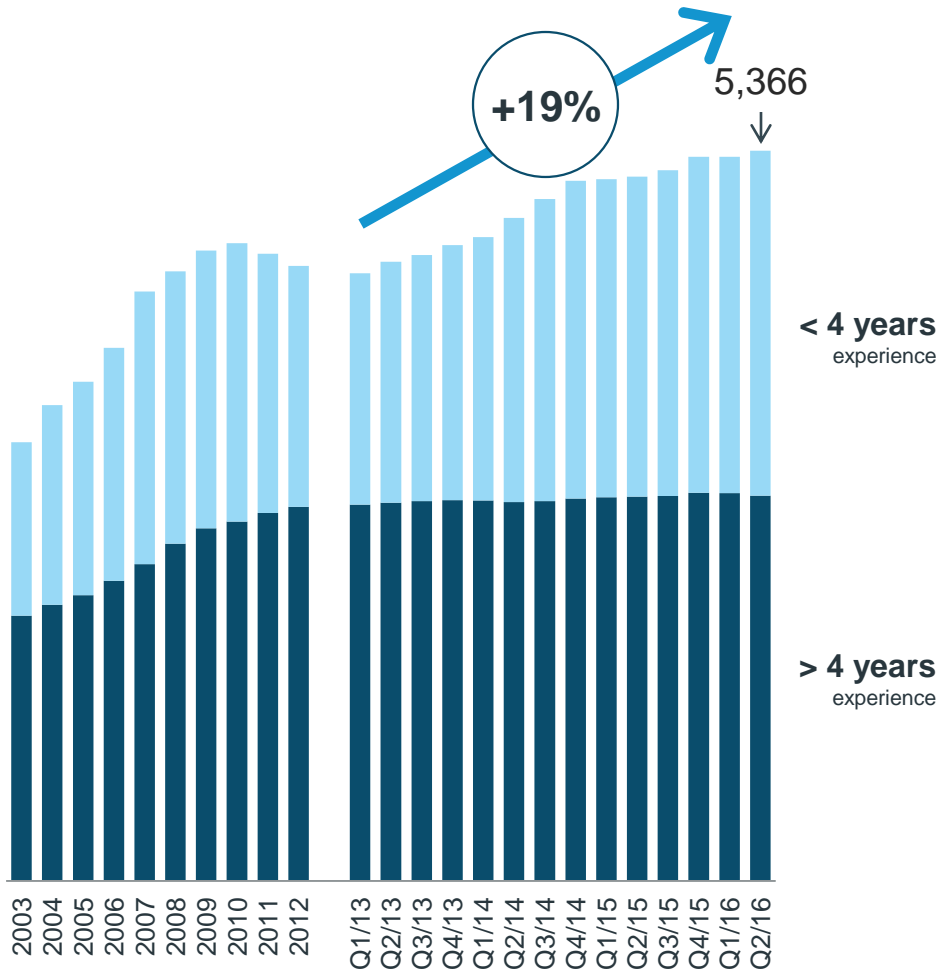


# INVESTORS GROUP SECOND QUARTER REVIEW

## Company Highlights

- 1) Consultant network at record high
- 2) Continued momentum in HNW segment
- 3) Strong utilization of our competitive product offerings
- 4) CEO Listening Tour and Consultant engagement

# CONSULTANT NETWORK GROWTH



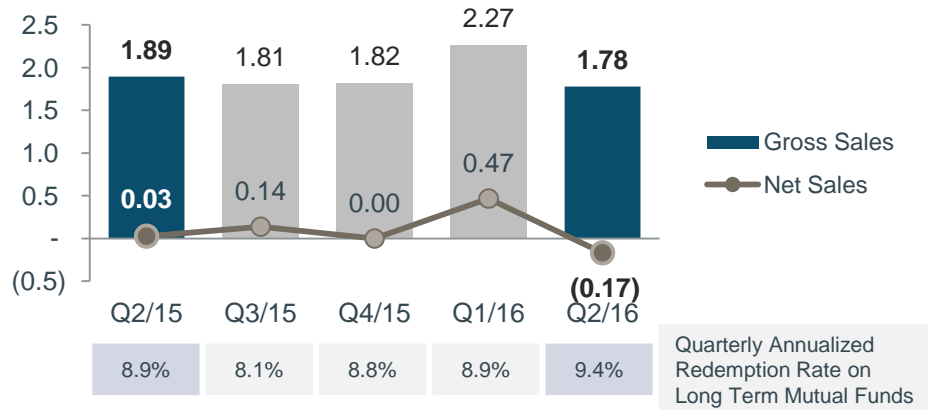
- Consultant network at 5,366, up 19% from the end of 2012
- Number of Consultants with CFP or F.PI. designations stands at 1,543, with an additional 874 Consultants enrolled in these programs which combined is up 27% from Q2 2015

*Continued Growth in Consultant Network*

# TREND IN FLOWS

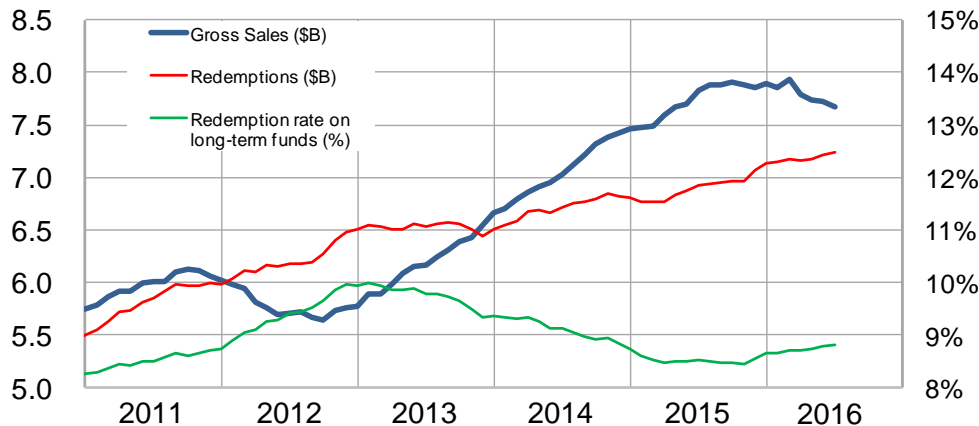
## Quarterly Gross and Net Sales Trends

(\$ Billions)



## Mutual Fund Gross Sales and Redemptions

(Last Twelve Month Trailing - \$ Billions)

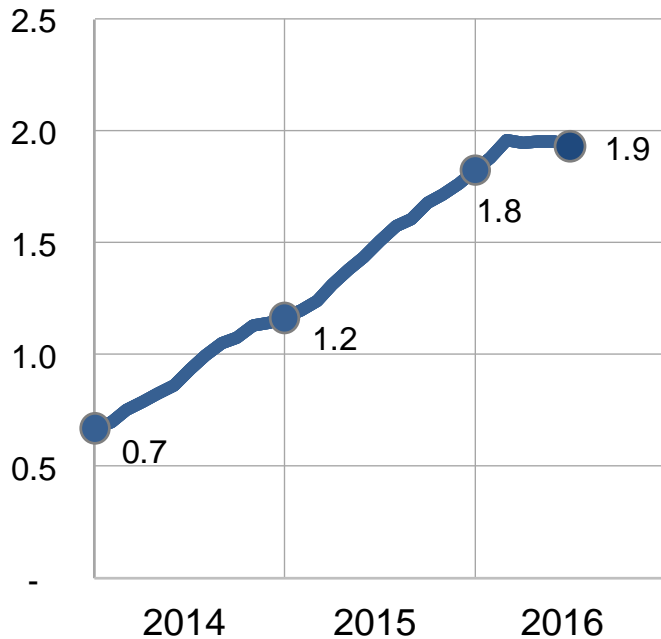


- Gross sales during the quarter of \$1.78B were down 6.1% compared to Q2 2015 but represent the second highest Q2 gross sales on record
- Net redemptions of \$168MM in the quarter
- Last twelve month trailing redemption rate for long term funds was 8.8%

*Second Highest Q2 Gross Sales on Record*

# HNW SEGMENT – KEY GROWTH FOCUS

Mutual Fund Gross Sales in HNW Series<sup>1</sup>  
(Last Twelve Month Trailing - \$ Billions)



- Mutual fund gross sales in HNW series<sup>1</sup> were \$1.0B YTD 2016, a 12% increase relative to the prior year (25% of gross sales compared to 21% in the prior period)
- 7.6% of mutual fund assets in unbundled fee structures, up 30% compared to Q2 2015<sup>2</sup>

*High Net Worth Segment a Key Focus*

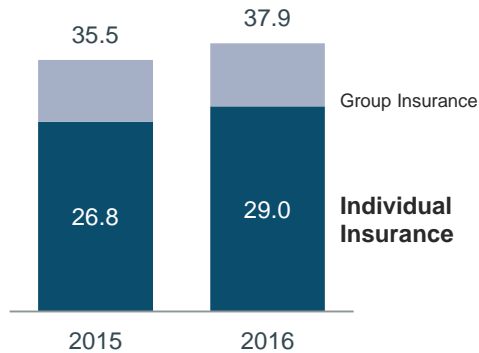


1. Includes iProfile and Series J & U.  
2. Includes iProfile and Series U.

# INSURANCE & MORTGAGE BUSINESS

## New Annualized Insurance Premiums

(Six months ended June 30 - \$ Millions)

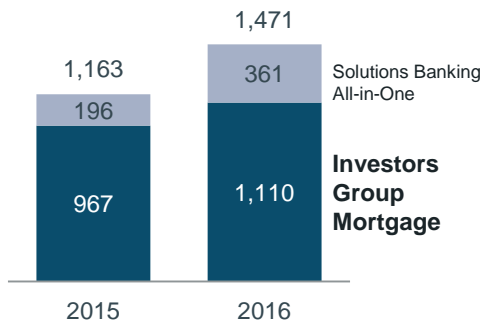


- New individual insurance product sales have increased 8.2% YTD 2016

- New mortgage business YTD 2016 was \$1.47B, up 26.5% compared to 2015

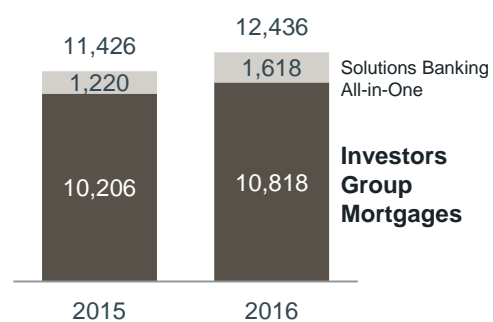
## Mortgage New Business

(Six months ended June 30 - \$ Millions)



## Mortgages Outstanding

(As at June 30 - \$ Millions)

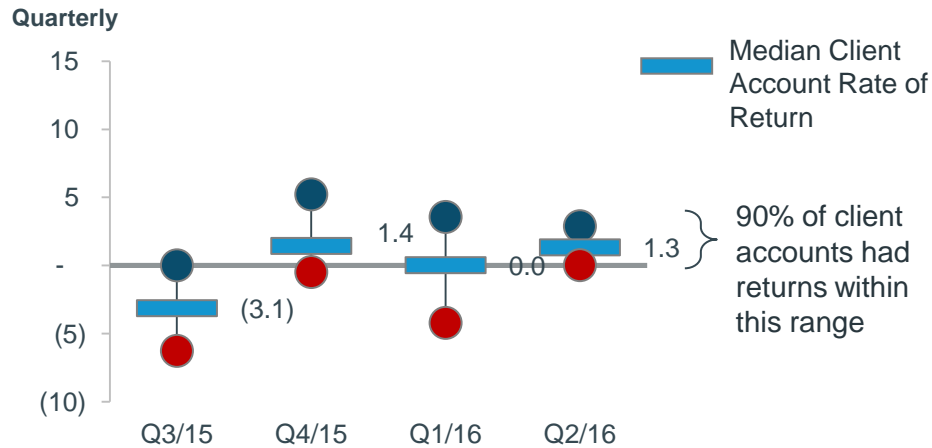


- Mortgages outstanding at June 30, 2016 increased 8.8% to \$12.4B relative to the prior year

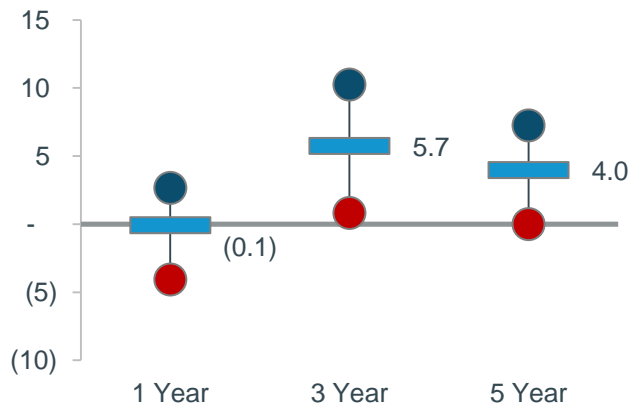
*Strong Growth in Mortgages & Insurance*

# INVESTMENT PERFORMANCE

## Client Account Rate of Return Experience (%)



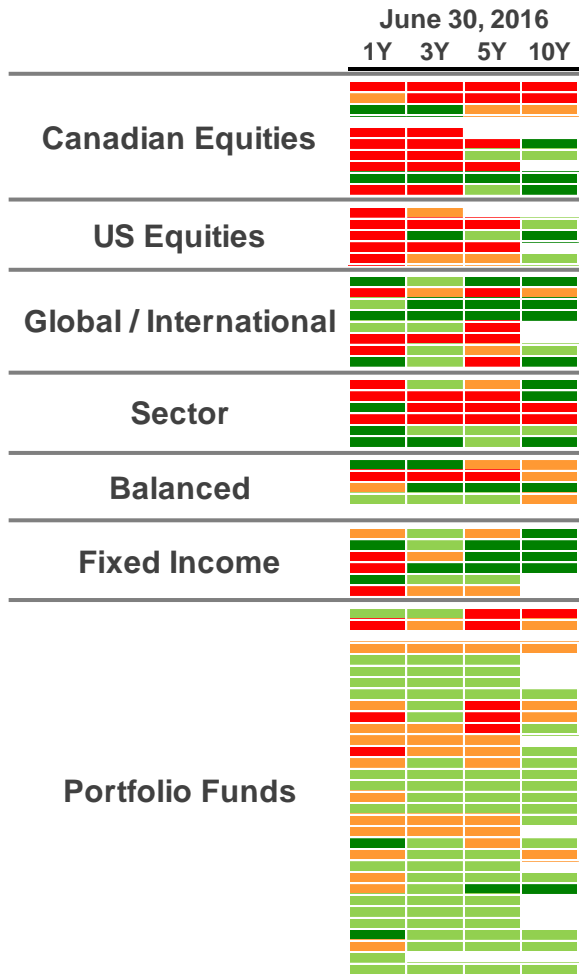
### As at June 30, 2016



- Client account rate of return for up to five years now appears on quarterly statements
- Median client account rate of return was 1.3% during the second quarter, and (0.1)% over the last 12 months



# INVESTMENT PERFORMANCE BASED ON GROSS RETURNS RELATIVE TO BENCHMARKS



## Gross Returns Above Benchmarks

	Fixed Income	Equity & Balanced
Dark Green	> +30bps	> +110bps
Light Green	0 to +30bps	0 to +110bps
Orange	-30bps to 0	-110bps to 0
Red	< -30bps	< -110bps

**INCLUDES INTERNAL  
TEAM OF INVESTMENT  
MANAGERS**

*Investment Team Focused on Generating Alpha*

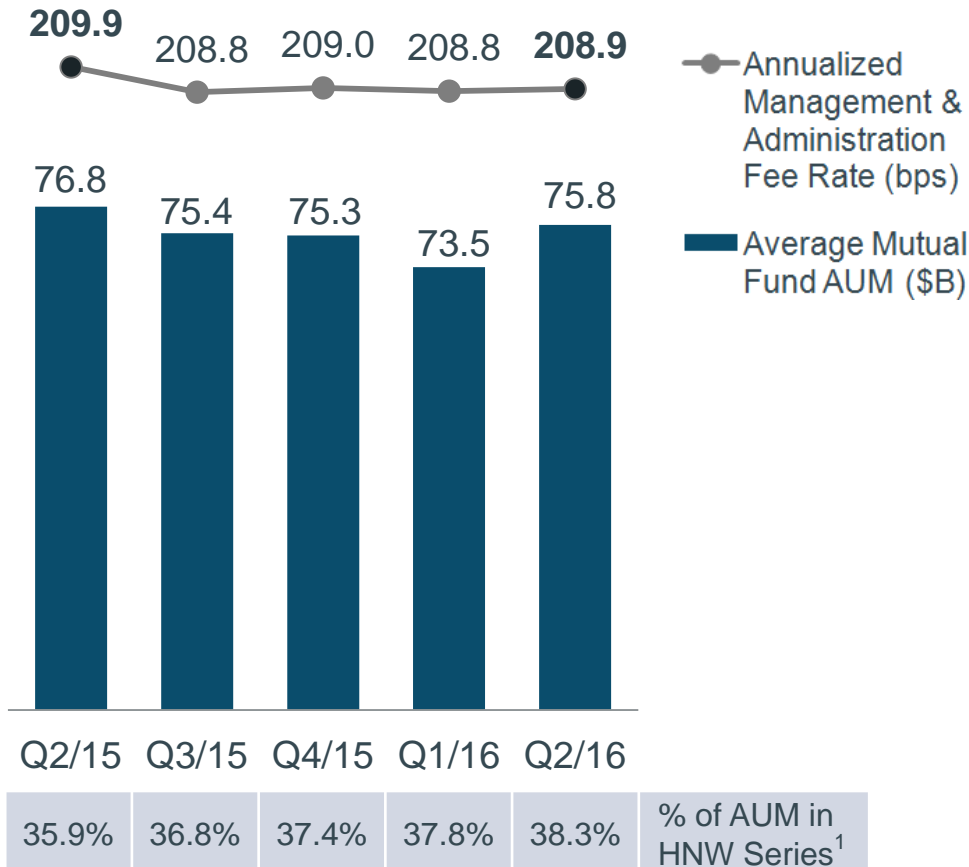
1. For each individual mandate, Investors Group has selected an appropriate benchmark index based on the investment objective/strategy of the mandate.

2. Shading denotes performance (Eq. + Bal/FI Threshold: 110/30 bps); Green - Above threshold, Light Green - 0 to threshold, Orange - 0 to negative threshold and Red - Below negative threshold.

This graphic illustrates the Gross Return Above Index returns of the Investors Group mandates (being the difference in their returns, gross of fees, relative to their internal benchmark indices) for the performance periods ended December 31, 2015. These mandates are advised exclusively by I.G. Investment Management, Ltd. and its affiliates. Management believes that a comparison using gross returns is more reflective of investment performance relative to each fund mandate's comparative index. The actual performance between corporate class and non-corporate class alternatives for each fund mandate may vary.

This is for illustrative purposes only to assist in assessing the portfolio management capabilities of I.G. Investment Management, Ltd. and its affiliates [generally] and is not intended to provide performance information to investors considering investing in one or more Investors Group funds. For this reason, individual fund names have been removed. The internal benchmark indices used for this comparison have been applied consistently in respect of each fund mandate over the time periods shown. As these indices are intended to provide a reasonable point of comparison for each mandate's specific investment strategy, they are not widely-recognized and publicly available indices in every case. These indices will be made available upon request.

# AVERAGE MUTUAL FUND AUM & FEE RATES



- Q2 2016 average mutual fund AUM increased 3.1% compared to Q1 2016
- Proportion of mutual fund AUM in HNW series increased to 38.3% in Q2 2016<sup>1</sup>
- Management & administration fee rate relatively unchanged compared to the prior quarter

*Fee Rate Stable Over Last 4 Quarters*

# INVESTORS GROUP EBIT

(\$ Millions, unless otherwise indicated)

	Q2/15	Q1/16	Q2/16	Change Relative to:	
				Prior Year	Prior Quarter
Average mutual fund AUM (\$ billions)	76.8	73.5	75.8	(1.3%)	3.1%
<b>Revenues</b>					
Management fees	323.5	308.2	318.3	(1.6%)	3.3%
Administration fees	77.3	73.6	76.5	(1.0%)	3.9%
	400.8	381.8	394.8	(1.5%)	3.4%
Distribution fees	49.4	49.9	51.4	4.0%	3.0%
	450.2	431.7	446.2	(0.9%)	3.4%
Net investment income & other	14.2	13.8	18.6	31.0%	34.8%
<b>Total</b>	<b>464.4</b>	<b>445.5</b>	<b>464.8</b>	<b>0.1%</b>	<b>4.3%</b>
<b>Expenses</b>					
Commission amortization	42.0	44.2	44.2	5.2%	0.0%
Other mutual fund commission	88.4	85.1	89.8	1.6%	5.5%
Other non-mutual fund commission	17.1	18.1	18.1	5.8%	0.0%
Commission	147.5	147.4	152.2	3.2%	3.3%
Non-commission	127.1	135.0	138.5	9.0%	2.6%
<b>Total</b>	<b>274.5</b>	<b>282.4</b>	<b>290.7</b>	<b>5.9%</b>	<b>2.9%</b>
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>189.9</b>	<b>163.1</b>	<b>174.1</b>	<b>(8.3%)</b>	<b>6.7%</b>

- Management and administration fees increased compared to Q1 2016 reflecting higher average mutual fund AUM
- Net investment income & other increased due to higher net interest income on securitized loans and gains on the sale of residential mortgages
- Non-commission expenses increased 9% versus the prior year



MACKENZIE

Investments

CONFIDENCE  
IN A CHANGING WORLD

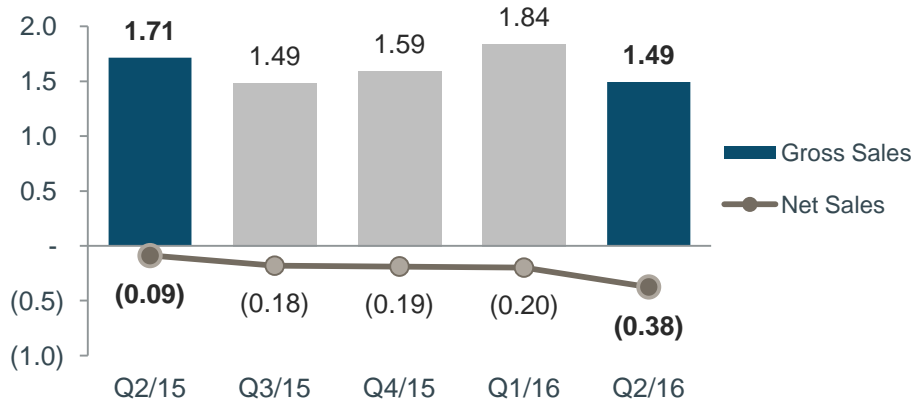
# MACKENZIE SECOND QUARTER REVIEW

## Company Highlights

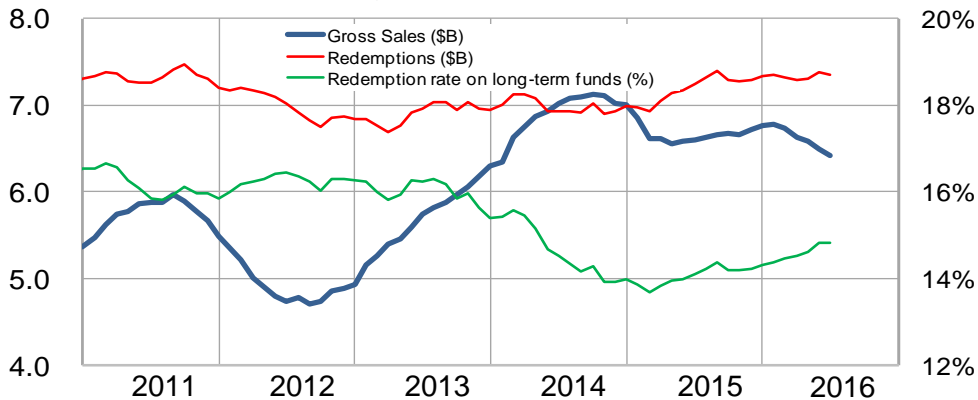
- 1) Continued improvement in investment performance
- 2) Launched six actively managed ETFs listed on TSX and four mutual funds
  - 4 fixed income ETFs
  - 2 TOBAM equity ETFs and corresponding mutual funds
  - Mackenzie Ivy International Equity Fund
  - Mackenzie Global Low Volatility Fund
- 3) Large European institutional mandate funded
- 4) Gallup employee engagement survey results show meaningful improvement
- 5) Welcome to Barry McInerney

# MUTUAL FUND FLOWS

Quarterly Mutual Fund Flows<sup>1</sup>  
(\$ Billions)



Mutual Fund Gross Sales and Redemptions<sup>1</sup>  
(Last Twelve Month Trailing - \$ Billions)



- Mutual fund gross sales of \$1.49B were down 12.8% relative to Q2 2015
- Mutual fund net redemptions were \$375MM
- Adjusted last twelve months trailing redemption rate for long-term funds was 14.8%<sup>1</sup> which is below the peer average<sup>2</sup>

1. Excludes the impact of significant fund allocation changes in historical periods.  
2. Peer average last twelve month redemption rate on long-term funds was 15.2% at June 30, 2016, which reflects industry excluding Mackenzie, Investors Group, deposit takers and direct distributors.

# FLOWS – MUTUAL FUND GROSS SALES BY ASSET CLASS

## Total Mutual Fund Gross Sales

(Three months ended June 30 - \$ Millions)

	2015 <sup>1</sup>	2016	\$ Change	% Change
Money market	110	91	(19)	(17.3%)
Income-oriented	328	170	(158)	(48.2%)
Balanced				
<i>Symmetry</i>	374	275	(99)	(26.5%)
<i>Other</i>	344	380	36	10.5%
Total Balanced	718	655	(63)	(8.8%)
Canadian equity	69	71	2	2.9%
Foreign equity	432	441	9	2.1%
Sector / other	57	66	9	15.8%
<b>Adjusted Total<sup>1</sup></b>	<b>1,714</b>	<b>1,494</b>	<b>(220)</b>	<b>(12.8%)</b>
<i>Reported Total</i>	1,855	1,494	(361)	(19%)

- Core balanced fund gross sales increase 10.5% relative to prior year due to strong investment performance
- Foreign equity gross sales remain strong at \$441MM

*Balanced and Foreign Equity Funds Key Drivers of Gross Sales*



# FLOWS – TOTAL INVESTMENT PRODUCT NET SALES

## Total Investment Product Net Sales

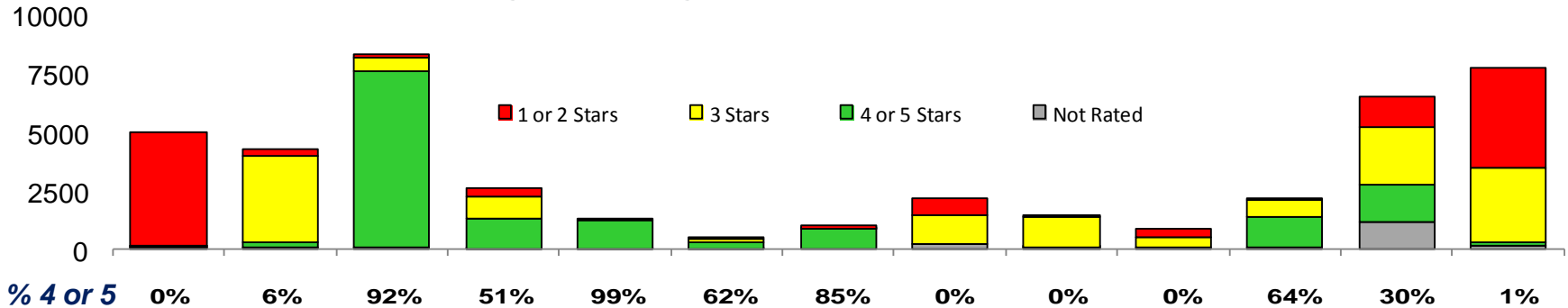
	2015 <sup>1</sup>	2016	\$ Change
Money market	36	4	(32)
Income-oriented	(65)	(130)	(65)
Balanced			
<i>Symmetry</i>	238	83	(155)
<i>Other</i>	(54)	(3)	51
Total Balanced	185	80	(104)
Canadian equity	(119)	(176)	(57)
Foreign equity	(123)	(146)	(23)
Sector / other	(4)	(8)	(4)
<b>Adjusted Mutual Funds<sup>1</sup></b>	<b>(90)</b>	<b>(375)</b>	<b>(285)</b>
<i>Reported Mutual Funds</i>	<i>(545)</i>	<i>(375)</i>	<i>170</i>
<b>Adjusted Institutional<sup>2,3</sup></b>	<b>173</b>	<b>84</b>	<b>(89)</b>
<i>Reported Institutional</i>	<i>(10,127)</i>	<i>84</i>	<i>10,211</i>
<b>Adjusted Total<sup>1,2,3</sup></b>	<b>84</b>	<b>(291)</b>	<b>(375)</b>
<i>Reported Total</i>	<i>(10,672)</i>	<i>(291)</i>	<i>10,381</i>

- \$51MM improvement in balance fund category excluding Symmetry
- Institutional net sales were \$84MM during Q2 2016
  - New European pension mandate of \$578MM
  - Institutional redemption of \$500MM



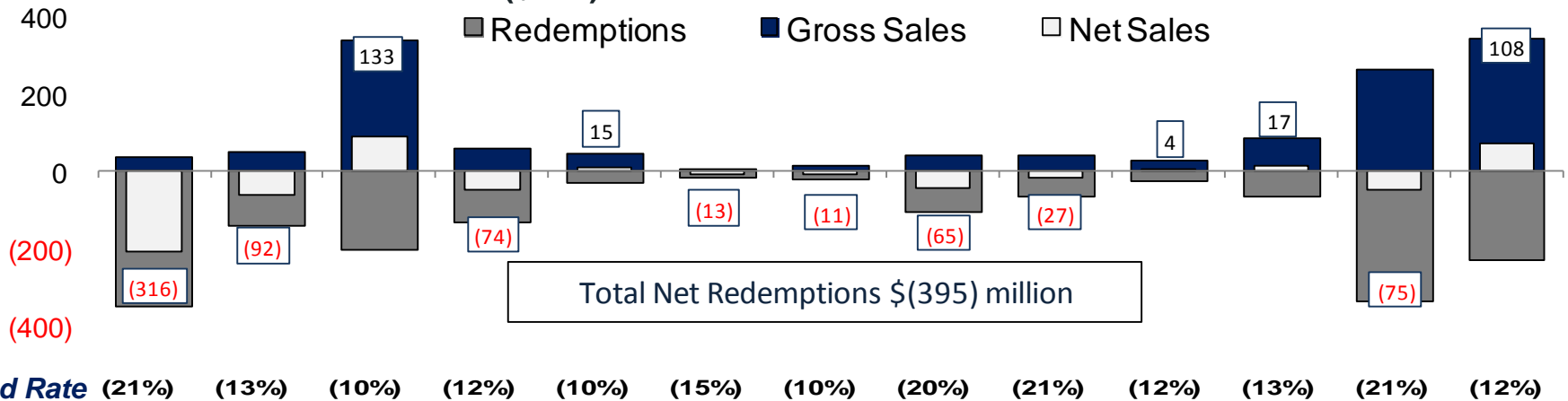
# INVESTMENT BOUTIQUES – PERFORMANCE & FLOWS

Mutual Fund Assets by Morningstar Rating at Jun 30, 2016 (\$MM) <sup>1</sup>



Value-Oriented		Quality	Growth-Oriented					Core & Dividend		Fixed Income	Managed Products	
Cundill	All Cap Value	Ivy	Growth	Canadian Growth	Waddell & Reed	JP Morgan	Putnam	Resources	Systematic Strategies	Global Equity & Income	Fixed Income	Asset Allocation

Mutual Fund Net Sales – Q2/16 (\$MM) <sup>1</sup>

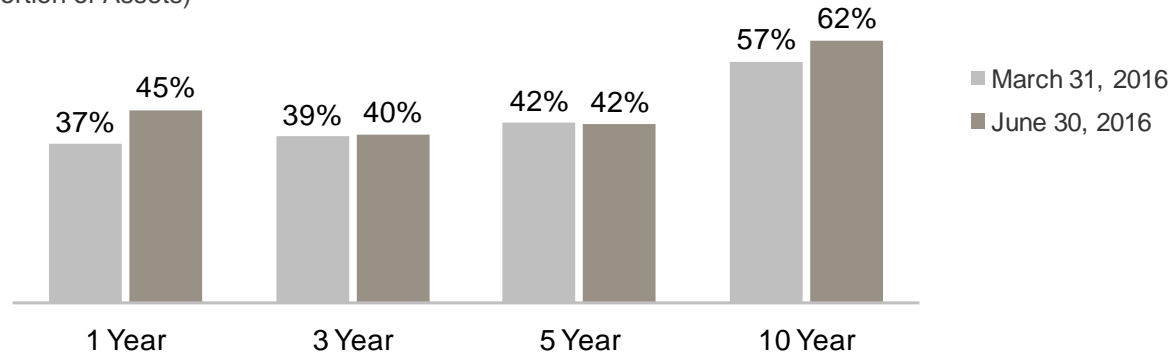


Quality, Growth-Orientated and Core & Dividend Performing Well

# INVESTMENT PERFORMANCE – MUTUAL FUNDS

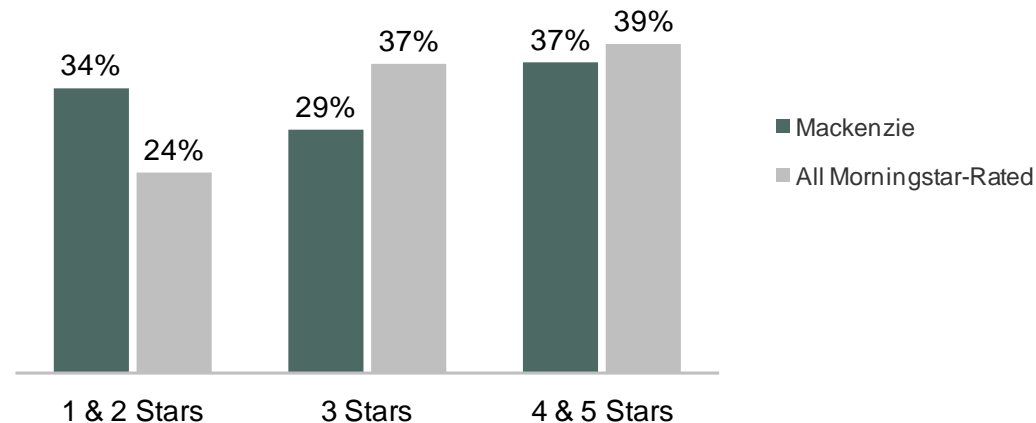
## Mackenzie Mutual Funds in First or Second Quartile<sup>1</sup>

(Proportion of Assets)



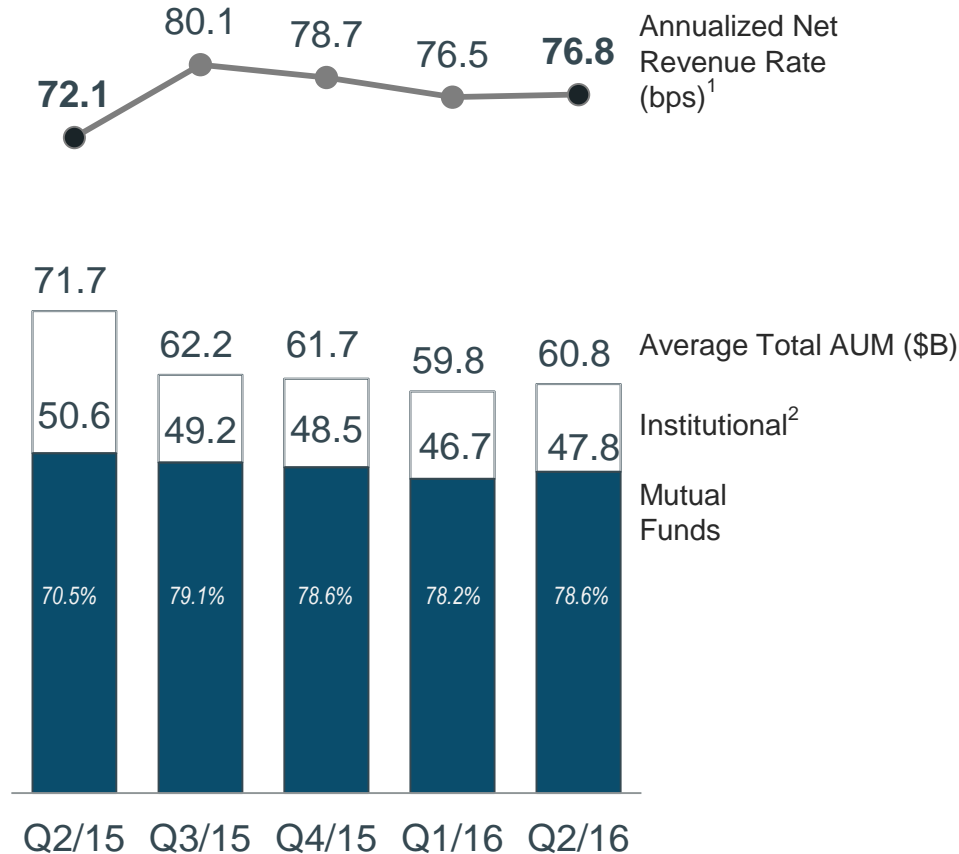
## Morningstar Ratings – Proportion of Morningstar-Rated Assets<sup>1</sup>

(As at June 30, 2016)



**37% of Assets in Four and Five Star Funds<sup>1</sup>**

# AVERAGE TOTAL AUM & FEE RATES



- Q2 2016 change in average AUM versus Q1 2016:
  - Mutual funds up 2.3%
  - Institutional down 0.2%
  - Proportion of average AUM in mutual funds increased slightly
- Net revenue rate<sup>1</sup> increased to 76.8 bps of average total AUM

*Change in AUM Mix Positively Impacts Net Revenue Rate in Quarter*

# MACKENZIE EBIT

(\$ Millions, unless otherwise indicated)

	Q2/15	Q1/16	Q2/16	Change Relative to:	
				Prior Year	Prior Quarter
Average AUM (\$ Billions):					
Total	71.7	59.8	60.8	(15.1%)	1.8%
Mutual funds	50.6	46.7	47.8	(5.4%)	2.3%
Net revenue:					
Management fees	178.6	160.5	163.5	(8.5%)	1.9%
Administration fees	24.8	22.4	22.8	(8.1%)	1.8%
Distribution fees	2.5	2.5	2.5	0.0%	0.0%
	<u>206.0</u>	<u>185.4</u>	<u>188.8</u>	<u>(8.3%)</u>	<u>1.8%</u>
Commission amortization	(14.5)	(14.3)	(13.5)	(6.9%)	(5.6%)
Trailing commission	<u>(63.0)</u>	<u>(57.4)</u>	<u>(58.7)</u>	<u>(6.8%)</u>	<u>2.3%</u>
Commission	<u>(77.5)</u>	<u>(71.7)</u>	<u>(72.2)</u>	<u>(6.8%)</u>	<u>0.7%</u>
<b>Total Net Revenue</b>	<b><u>128.5</u></b>	<b><u>113.7</u></b>	<b><u>116.6</u></b>	<b><u>(9.3%)</u></b>	<b><u>2.6%</u></b>
Net investment income & other	-	0.3	1.2	n/m	300.0%
<b>Non-commission expenses</b>	<b><u>(74.5)</u></b>	<b><u>(77.6)</u></b>	<b><u>(77.6)</u></b>	<b><u>4.2%</u></b>	<b><u>0.0%</u></b>
<b>Earnings before Interest and Taxes (EBIT)</b>	<b><u>54.0</u></b>	<b><u>36.4</u></b>	<b><u>40.2</u></b>	<b><u>(25.6%)</u></b>	<b><u>10.4%</u></b>

- Net revenue up 2.6% compared to Q1 2016 due to higher AUM level
- Non-commission expenses were up 4.2% compared to Q2 2015

## Q&A