CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited) *(in thousands of Canadian dollars, except per share amounts)*	THREE MONTHS ENDED SEPTEMBER 30 2019	2018	NINE MONTHS ENDED SEPTEMBER 30 2019	2018
Revenues				
Management fees	$ 574,083	$ 573,825	$ 1,686,729	$ 1,693,207
Administration fees	104,433	109,054	310,260	323,711
Distribution fees	91,075	93,344	274,584	276,561
Net investment income and other	17,580	15,974	55,672	48,760
Proportionate share of associates' earnings *(Note 6)*	28,902	39,793	81,816	115,360
	816,073	831,990	2,409,061	2,457,599
Expenses				
Commission	272,367	270,073	822,886	826,335
Non-commission	254,257	268,676	788,346	774,448
Interest	27,764	37,703	80,628	96,737
	554,388	576,452	1,691,860	1,697,520
Earnings before income taxes	261,685	255,538	717,201	760,079
Income taxes	59,208	55,172	159,884	166,045
Net earnings	202,477	200,366	557,317	594,034
Perpetual preferred share dividends	–	2,213	2,213	6,638
Net earnings available to common shareholders	$ 202,477	$ 198,153	$ 555,104	$ 587,396
Earnings per share *(in dollars) (Note 14)*				
– Basic	$ 0.85	$ 0.82	$ 2.32	$ 2.44
– Diluted	$ 0.85	$ 0.82	$ 2.32	$ 2.44

(See accompanying notes to interim condensed consolidated financial statements.)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited) *(in thousands of Canadian dollars)*	THREE MONTHS ENDED SEPTEMBER 30 **2019**	2018	NINE MONTHS ENDED SEPTEMBER 30 **2019**	2018
Net earnings	**$ 202,477**	$ 200,366	**$ 557,317**	$ 594,034
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), *net of tax of $244, $164, $(1,829) and $1,059*	**(1,567)**	(1,032)	**11,714**	(6,784)
Employee benefits				
Net actuarial gains (losses), *net of tax of $1,095, $(4,742), $14,550 and $(7,426)*	**(2,965)**	12,818	**(39,352)**	20,081
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*	**(5,256)**	4,349	**(15,151)**	2,918
Items that may be reclassified subsequently to Net earnings				
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $2,072, $4,866, $5,191 and $3,024*	**(30,357)**	(45,018)	**(31,091)**	4,944
	(40,145)	(28,883)	**(73,880)**	21,159
Total comprehensive income	**$ 162,332**	$ 171,483	**$ 483,437**	$ 615,193

(See accompanying notes to interim condensed consolidated financial statements.)

CONSOLIDATED BALANCE SHEETS

(unaudited) *(in thousands of Canadian dollars)*	**SEPTEMBER 30 2019**	DECEMBER 31 2018
Assets		
Cash and cash equivalents	**$ 683,153**	$ 650,228
Other investments *(Note 3)*	**375,379**	459,911
Client funds on deposit	**489,893**	546,787
Accounts and other receivables	**364,785**	319,609
Income taxes recoverable	**12,801**	9,316
Loans *(Note 4)*	**7,504,953**	7,738,031
Derivative financial instruments	**20,092**	16,364
Other assets	**51,513**	46,531
Investment in associates *(Note 6)*	**1,752,731**	1,651,304
Capital assets *(Note 2)*	**223,800**	138,647
Capitalized sales commissions	**132,788**	105,044
Deferred income taxes	**79,588**	75,607
Intangible assets	**1,222,660**	1,191,068
Goodwill	**2,660,267**	2,660,267
	$ 15,574,403	$ 15,608,714
Liabilities		
Accounts payable and accrued liabilities	**$ 454,706**	$ 397,379
Income taxes payable	**5,132**	51,894
Derivative financial instruments	**22,818**	28,990
Deposits and certificates	**516,800**	568,799
Other liabilities	**466,356**	444,173
Obligations to securitization entities	**7,186,407**	7,370,193
Lease obligations *(Note 2)*	**96,609**	–
Deferred income taxes	**299,553**	295,719
Long-term debt *(Note 7)*	**2,100,000**	1,850,000
	11,148,381	11,007,147
Shareholders' Equity		
Share capital		
Perpetual preferred shares	**–**	150,000
Common shares	**1,596,910**	1,611,263
Contributed surplus	**47,869**	45,536
Retained earnings	**2,922,389**	2,840,566
Accumulated other comprehensive income (loss)	**(141,146)**	(45,798)
	4,426,022	4,601,567
	$ 15,574,403	$ 15,608,714

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on October 31, 2019.

(See accompanying notes to interim condensed consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited) (in thousands of Canadian dollars)	SHARE CAPITAL PERPETUAL PREFERRED SHARES (Note 8)	SHARE CAPITAL COMMON SHARES (Note 8)	CONTRIBUTED SURPLUS	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) (Note 11)	TOTAL SHAREHOLDERS' EQUITY
						NINE MONTHS ENDED SEPTEMBER 30
2019						
Balance, beginning of period						
As previously reported	$ 150,000	$ 1,611,263	$ 45,536	$ 2,840,566	$ (45,798)	$ 4,601,567
Change in accounting policy *(Note 2)*						
IFRS 16	–	–	–	(5,568)	–	(5,568)
As restated	150,000	1,611,263	45,536	2,834,998	(45,798)	4,595,999
Net earnings	–	–	–	557,317	–	557,317
Other comprehensive income (loss), net of tax	–	–	–	–	(73,880)	(73,880)
Total comprehensive income	–	–	–	557,317	(73,880)	483,437
Redemption of preferred shares	(150,000)	–	–	–	–	(150,000)
Common shares						
Issued under stock option plan	–	4,161	–	–	–	4,161
Purchased for cancellation	–	(18,514)	–	–	–	(18,514)
Stock options						
Current period expense	–	–	2,556	–	–	2,556
Exercised	–	–	(223)	–	–	(223)
Perpetual preferred share dividends	–	–	–	(2,213)	–	(2,213)
Common share dividends	–	–	–	(403,548)	–	(403,548)
Transfer out of fair value through other comprehensive income	–	–	–	21,468	(21,468)	–
Common share cancellation excess & other	–	–	–	(85,633)	–	(85,633)
Balance, end of period	$ –	$ 1,596,910	$ 47,869	$ 2,922,389	$ (141,146)	$ 4,426,022
2018						
Balance, beginning of period	$ 150,000	$ 1,602,726	$ 42,633	$ 2,620,797	$ (71,113)	$ 4,345,043
Net earnings	–	–	–	594,034	–	594,034
Other comprehensive income (loss), net of tax	–	–	–	–	21,159	21,159
Total comprehensive income	–	–	–	594,034	21,159	615,193
Common shares						
Issued under stock option plan	–	7,105	–	–	–	7,105
Stock options						
Current period expense	–	–	2,773	–	–	2,773
Exercised	–	–	(707)	–	–	(707)
Perpetual preferred share dividends	–	–	–	(6,638)	–	(6,638)
Common share dividends	–	–	–	(406,384)	–	(406,384)
Other	–	–	–	(5,385)	–	(5,385)
Balance, end of period	$ 150,000	$ 1,609,831	$ 44,699	$ 2,796,424	$ (49,954)	$ 4,551,000

(See accompanying notes to interim condensed consolidated financial statements.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) *(in thousands of Canadian dollars)*	NINE MONTHS ENDED SEPTEMBER 30 2019	2018
Operating activities		
Earnings before income taxes	$ 717,201	$ 760,079
Income taxes paid	(180,446)	(94,939)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	15,902	10,132
Capitalized sales commissions paid	(43,646)	(42,467)
Amortization of capital and intangible assets	59,557	41,697
Proportionate share of associates' earnings, net of dividends received	(24,263)	(58,046)
Pension and other post-employment benefits	(1,584)	(18,253)
Restructuring provisions and other	–	22,758
Changes in operating assets and liabilities and other	9,905	4,400
Cash from operating activities before restructuring provision payments	552,626	625,361
Restructuring provision cash payments	(23,884)	(44,487)
	528,742	580,874
Financing activities		
Net increase (decrease) in deposits and certificates	545	(806)
Increase in obligations to securitization entities	1,185,701	1,238,291
Repayments of obligations to securitization entities and other	(1,393,012)	(1,530,838)
Repayments of lease obligations	(19,511)	–
Issue of debentures	250,000	200,000
Repayment of debentures	–	(525,000)
Redemption of preferred shares	(150,000)	–
Issue of common shares	3,940	6,398
Common shares purchased for cancellation	(99,963)	–
Perpetual preferred share dividends paid	(4,425)	(6,638)
Common share dividends paid	(405,020)	(406,290)
	(631,745)	(1,024,883)
Investing activities		
Purchase of other investments	(110,499)	(93,160)
Proceeds from the sale of other investments	61,546	67,420
Increase in loans	(1,277,625)	(1,300,332)
Repayment of loans and other	1,513,354	1,441,776
Net additions to capital assets	(14,066)	(8,167)
Net cash used in additions to intangible assets and acquisitions	(50,379)	(43,701)
Investment in Personal Capital Corporation	(66,811)	–
Proceeds from substantial issuer bid *(Note 6)*	80,408	–
	135,928	63,836
Increase (decrease) in cash and cash equivalents	32,925	(380,173)
Cash and cash equivalents, beginning of period	650,228	966,843
Cash and cash equivalents, end of period	$ 683,153	$ 586,670
Cash	$ 62,026	$ 63,703
Cash equivalents	621,127	522,967
	$ 683,153	$ 586,670
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	$ 228,262	$ 222,977
Interest paid	$ 203,927	$ 222,920

(See accompanying notes to interim condensed consolidated financial statements.)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2019 *(unaudited) (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 Financial Corporation.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited Interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the accounting policies as set out in this note and in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2018. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2018 IGM Financial Inc. Annual Report.

CHANGES IN ACCOUNTING POLICIES

IFRS 16 LEASES (IFRS 16)

As of January 1, 2019, the Company adopted IFRS 16 using the modified retrospective method with no restatement of comparative financial information. Under this approach, the Company recognized a lease liability of $105.5 million equal to the present value of the remaining lease payments discounted using the Company's incremental borrowing rate at January 1, 2019. The weighted average discount rate applied was 4.4%. A right-of-use asset of $96.1 million representing the Company's property leases was also recognized at its carrying amount as if IFRS 16 had been applied since each lease commencement date, net of the accumulated amortization that would have been recognized up to January 1, 2019. The difference between the right-of-use asset and the lease liability of $9.4 million was recognized as an adjustment to retained earnings as at January 1, 2019. The following practical expedients were applied on transition:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Accounted for leases for which the remaining lease term ends within 12 months of the date of initial application as a short-term lease.
- Relied on its assessment of whether leases are onerous applying IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* immediately before the date of initial application as an alternative to performing an impairment review.

Amortization expense increased due to the amortization of the right-of-use asset and interest expense increased due to the imputed interest on the lease liability; however total expenses are not materially different due to the offsetting decrease to operating lease expense.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CHANGES IN ACCOUNTING POLICIES *(continued)*

IFRS 16 LEASES (IFRS 16) *(continued)*

Impact of the changes in accounting policies on the Consolidated Balance Sheet:

	DECEMBER 31, 2018	ADJUSTMENT DUE TO ADOPTION OF IFRS 16	JANUARY 1, 2019
Assets			
Other assets[1]	$ 46,531	**$ (61)**	$ 46,470
Capital assets	138,647	**96,065**	234,712
		$ 96,004	
Liabilities & Shareholders' Equity			
Accounts payable and accrued liabilities[1]	$ 397,379	**$ (1,958)**	$ 395,421
Lease obligations	–	**105,539**	105,539
Deferred income taxes	295,719	**(2,009)**	293,710
Retained earnings	2,840,566	**(5,568)**	2,834,998
		$ 96,004	

(1) Write-off of free rent inducement on capitalized leases

LEASES

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date to the end of the lease term and is recorded in Non-commission expense. 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.

NOTE 3 OTHER INVESTMENTS

	SEPTEMBER 30, 2019		DECEMBER 31, 2018	
	COST	FAIR VALUE	COST	FAIR VALUE
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 237,657	$ 295,159	$ 303,619	$ 372,396
Fair value through profit or loss (FVTPL)				
Equity securities	1,560	1,767	16,976	12,915
Proprietary investment funds	79,068	78,453	78,504	74,600
	80,628	80,220	95,480	87,515
	$ 318,285	$ 375,379	$ 399,099	$ 459,911

In January 2019, the Company invested an additional amount of $66.8 million (USD $50.0 million) in Personal Capital Corporation which increased its voting interest to 22.7% and resulted in reclassification of the investment in Personal Capital Corporation from FVTOCI to the equity method (Note 6).

The Company invested a total of $46.5 million in Wealthsimple Financial Corporation in the nine month period of 2019.

The Company invested a total of $12.8 million in Portag3 Ventures LP and Portag3 Ventures II LP in the nine month period of 2019.

NOTE 4 LOANS

	CONTRACTUAL MATURITY				
	1 YEAR OR LESS	1 – 5 YEARS	OVER 5 YEARS	SEPTEMBER 30 2019 TOTAL	DECEMBER 31 2018 TOTAL
Amortized cost					
Residential mortgages	$ 1,483,355	$ 6,001,930	$ 8,315	$ 7,493,600	$ 7,734,529
Less: Allowance for expected credit losses				675	801
				7,492,925	7,733,728
Fair value through profit or loss				12,028	4,303
				$ 7,504,953	$ 7,738,031

The change in the allowance for expected credit losses is as follows:

Balance, beginning of period	$ 801	$ 806
Write-offs, net of recoveries	(556)	(326)
Provision for credit losses	430	321
Balance, end of period	$ 675	$ 801

Total credit impaired loans as at September 30, 2019 were $3,075 (December 31, 2018 – $3,271).

Total interest income on loans was $164.8 million (2018 – $159.2 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $130.6 million (2018 – $122.6 million). Gains realized on the sale of residential mortgages totalled $2.6 million (2018 – $1.5 million). Fair value adjustments related to mortgage banking operations totalled negative $4.5 million (2018 – negative $7.5 million). These amounts were included in Net investment income and other. Net investment income and other also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

NOTE 5 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, is recorded as a derivative and had a negative fair value of $7.4 million at September 30, 2019 (December 31, 2018 – positive $4.9 million).

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.

SEPTEMBER 30, 2019	SECURITIZED MORTGAGES	OBLIGATIONS TO SECURITIZATION ENTITIES	NET
Carrying value			
NHA MBS and CMB Program	**$ 4,104,154**	**$ 4,128,827**	**$ (24,673)**
Bank sponsored ABCP	**3,017,727**	**3,057,580**	**(39,853)**
Total	**$ 7,121,881**	**$ 7,186,407**	**$ (64,526)**
Fair value	**$ 7,213,595**	**$ 7,298,527**	**$ (84,932)**
December 31, 2018			
Carrying value			
NHA MBS and CMB Program	$ 4,246,668	$ 4,250,641	$ (3,973)
Bank sponsored ABCP	3,102,498	3,119,552	(17,054)
Total	$ 7,349,166	$ 7,370,193	$ (21,027)
Fair value	$ 7,405,170	$ 7,436,873	$ (31,703)

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 6 INVESTMENT IN ASSOCIATES

	LIFECO	CHINA AMC	PERSONAL CAPITAL	TOTAL
SEPTEMBER 30, 2019				
Balance, beginning of period	$ 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	(47,252)	(10,301)	–	(57,553)
Proportionate share of:				
Earnings (losses)	79,231	22,864	(12,279)	89,816
Associate's one-time loss	(8,000)	–	–	(8,000)
Other comprehensive income (loss) and other adjustments	(12,710)	(44,841)	(1,829)	(59,380)
Balance, end of period	$ 898,690	$ 651,197	$ 202,844	$ 1,752,731
SEPTEMBER 30, 2018				
Balance, beginning of period	$ 901,405	$ 647,880	$ –	$ 1,549,285
Dividends received	(46,374)	(12,156)	–	(58,530)
Proportionate share of:				
Earnings	93,598	21,762	–	115,360
Other comprehensive income (loss) and other adjustments	18,769	(16,162)	–	2,607
Balance, end of period	$ 967,398	$ 641,324	$ –	$ 1,608,722

The Company uses the equity method to account for its investments in Great-West Lifeco Inc., China Asset Management Co., Ltd. and Personal Capital Corporation as it exercises significant influence.

GREAT-WEST LIFECO INC. (LIFECO)

At September 30, 2019, the Company held 37,337,133 (December 31, 2018 – 39,737,388) shares of Lifeco, which represented an equity interest of 4.0% (December 31, 2018 – 4.0%).

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. The Company's after-tax proportionate share of this loss was $8.0 million.

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 September 30, 2019, the Company held a 13.9% equity interest in China AMC (2018 – 13.9%).

PERSONAL CAPITAL CORPORATION (PERSONAL CAPITAL)

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.

As at September 30, 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.

NOTE 7 LONG-TERM DEBT

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 8 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

	SEPTEMBER 30, 2019		SEPTEMBER 30, 2018	
	SHARES	STATED VALUE	SHARES	STATED VALUE
Perpetual preferred shares – classified as equity:				
First preferred shares, Series B	–	$ –	6,000,000	$ 150,000
Common shares:				
Balance, beginning of period	**240,885,317**	**$ 1,611,263**	240,666,131	$ 1,602,726
Issued under Stock Option Plan	**145,568**	**4,161**	168,389	7,105
Purchased for cancellation	**(2,762,788)**	**(18,514)**	–	–
Balance, end of period	**238,268,097**	**$ 1,596,910**	240,834,520	$ 1,609,831

PERPETUAL PREFERRED SHARES

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

NORMAL COURSE ISSUER BID

The Company commenced a normal course issuer bid on March 26, 2019 which is effective until the earlier of March 25, 2020 and the date on which the Corporation has purchased the maximum number of common shares permitted under the Normal Course Issuer Bid. Pursuant to this bid, the Company may purchase up to 4.0 million or 1.7% of its common shares outstanding as at March 14, 2019. The Company's previous normal course issuer bid expired on March 19, 2018.

In the nine months ended September 30, 2019, there were 2,762,788 shares (2018 – nil) 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.

In connection with its normal course issuer bid, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how the Company's common shares are to be purchased under its normal course issuer bid during certain pre-determined trading blackout periods. Outside of these pre-determined trading blackout periods, purchases under the Company's normal course issuer bid will be completed based upon management's discretion.

NOTE 9 CAPITAL MANAGEMENT

The capital management policies, procedures and activities of the Company are discussed in the Capital Resources section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2019 Report to Shareholders and in Note 17 to the Consolidated Financial Statements in the 2018 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2018.

NOTE 10 SHARE-BASED PAYMENTS

STOCK OPTION PLAN

	SEPTEMBER 30 2019	DECEMBER 31 2018
Common share options		
– Outstanding	10,654,362	9,701,894
– Exercisable	5,585,141	4,742,050

In the third quarter of 2019, the Company did not grant any options to employees (2018 – 725). In the nine months ended September 30, 2019, the Company granted 1,511,540 options to employees (2018 – 1,336,990). The weighted-average fair value of options granted during the nine months ended September 30, 2019 has been estimated at $1.82 per option (2018 – $2.56) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $34.35. The assumptions used in these valuation models include:

	NINE MONTHS ENDED SEPTEMBER 30	
	2019	2018
Exercise price	$ 34.34	$ 39.28
Risk-free interest rate	2.07%	2.35%
Expected option life	7 years	6 years
Expected volatility	18.00%	17.00%
Expected dividend yield	6.55%	5.73%

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. 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.

NOTE 11 ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

SEPTEMBER 30, 2019	EMPLOYEE BENEFITS	OTHER INVESTMENTS	INVESTMENT IN ASSOCIATES AND OTHER	TOTAL
Balance, beginning of period	$ (149,052)	$ 57,234	$ 46,020	$ (45,798)
Other comprehensive income (loss)	(39,352)	11,714	(46,242)	(73,880)
Transfer out of FVTOCI	–	(21,468)	–	(21,468)
Balance, end of period	$ (188,404)	$ 47,480	$ (222)	$ (141,146)
SEPTEMBER 30, 2018				
Balance, beginning of period	$ (132,529)	$ 39,068	$ 22,348	$ (71,113)
Other comprehensive income (loss)	20,081	(6,784)	7,862	21,159
Balance, end of period	$ (112,448)	$ 32,284	$ 30,210	$ (49,954)

Amounts are recorded net of tax.

NOTE 12 RISK MANAGEMENT

The risk management policies and procedures of the Company are discussed in the Financial Instruments Risk section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2019 Report to Shareholders and in Note 20 to the Consolidated Financial Statements in the 2018 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2018.

NOTE 13 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.

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

	CARRYING VALUE	LEVEL 1	LEVEL 2	LEVEL 3	FAIR VALUE TOTAL
SEPTEMBER 30, 2019					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 295,159	$ –	$ –	$ 295,159	$ 295,159
– FVTPL	80,220	79,601	–	619	80,220
Loans					
– FVTPL	12,028	–	12,028	–	12,028
Derivative financial instruments	20,092	–	16,229	3,863	20,092
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	7,492,925	–	368,666	7,213,595	7,582,261
Financial liabilities recorded at fair value					
Derivative financial instruments	22,818	–	11,550	11,268	22,818
Other financial liabilities	–	–	–	–	–
Financial liabilities recorded at amortized cost					
Deposits and certificates	516,800	–	517,186	–	517,186
Obligations to securitization entities	7,186,407	–	–	7,298,527	7,298,527
Long-term debt	2,100,000	–	2,493,554	–	2,493,554
DECEMBER 31, 2018					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 372,396	$ –	$ –	$ 372,396	$ 372,396
– FVTPL	87,515	86,963	–	552	87,515
Loans					
– FVTPL	4,303	–	4,303	–	4,303
Derivative financial instruments	16,364	–	7,179	9,185	16,364
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	7,733,728	–	380,372	7,405,170	7,785,542
Financial liabilities recorded at fair value					
Derivative financial instruments	28,990	–	24,704	4,286	28,990
Other financial liabilities	8,237	8,235	2	–	8,237
Financial liabilities recorded at amortized cost					
Deposits and certificates	568,799	–	569,048	–	569,048
Obligations to securitization entities	7,370,193	–	–	7,436,873	7,436,873
Long-term debt	1,850,000	–	2,050,299	–	2,050,299

There were no significant transfers between Level 1 and Level 2 in 2019 and 2018.

NOTE 13 FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

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

	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 SEPTEMBER 30
SEPTEMBER 30, 2019							
Other investments							
– FVTOCI	**$ 372,396**	**$ –**	**$ 13,542**	**$ 59,362**	**$ –**	**$ (150,141)[2]**	**$ 295,159**
– FVTPL	**552**	**67**	**–**	**–**	**–**	**–**	**619**
Derivative financial instruments, net	**4,899**	**(11,226)**	**–**	**(1,551)**	**(473)**	**–**	**(7,405)**
SEPTEMBER 30, 2018							
Other investments							
– FVTOCI	$ 262,825	$ –	$ (7,843)	$ 66,197	$ –	$ –	$ 321,179
– FVTPL	661	49	–	–	–	(101)	609
Derivative financial instruments, net	4,095	125	–	446	(11,004)	–	15,670

(1) Included in Net investment income in the Consolidated Statements of Earnings.

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

NOTE 14 EARNINGS PER COMMON SHARE

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2019	2018	**2019**	2018
Earnings				
Net earnings	**$ 202,477**	$ 200,366	**$ 557,317**	$ 594,034
Perpetual preferred share dividends	**–**	2,213	**2,213**	6,638
Net earnings available to common shareholders	**$ 202,477**	$ 198,153	**$ 555,104**	$ 587,396
Number of common shares *(in thousands)*				
Weighted average number of common shares outstanding	**238,266**	240,829	**239,381**	240,799
Add: Potential exercise of outstanding stock options[1]	**105**	137	**23**	215
Average number of common shares outstanding – diluted basis	**238,371**	240,966	**239,404**	241,014
Earnings per common share *(in dollars)*				
– Basic	**$ 0.85**	$ 0.82	**$ 2.32**	$ 2.44
– Diluted	**$ 0.85**	$ 0.82	**$ 2.32**	$ 2.44

(1) Excludes 1,493 thousand shares for the three months ended September 30, 2019 (2018 – 1,370 thousand) related to outstanding stock options that were anti-dilutive. Excludes 1,784 thousand shares for the nine months ended September 30, 2019 (2018 – 1,139 thousand) related to outstanding stock options that were anti-dilutive.

NOTE 15 SEGMENTED INFORMATION

The Company's reportable segments are:

- IG Wealth Management
- Mackenzie Investments
- Corporate and Other

These segments reflect the Company's internal financial reporting and performance measurement. In the third quarter of 2018, the Company announced that it has rebranded Investors Group as IG Wealth Management.

IG Wealth Management earns fee-based revenues in the conduct of its core business activities which are primarily related to the distribution, management and administration of its investment funds. It also earns fee revenues from the provision of brokerage services and the distribution of insurance and banking products. In addition, IG Wealth Management earns intermediary revenues primarily from mortgage banking and servicing activities and from the assets funded by deposit and certificate products.

Mackenzie Investments earns fee-based revenues from services it provides as fund manager to its investment funds and as investment advisor to sub-advisory and institutional accounts.

Corporate and Other includes Investment Planning Counsel, equity income from its investment in Lifeco, China AMC and Personal Capital (Note 6), net investment income on unallocated investments, other income, and also includes consolidation elimination entries.

2019

THREE MONTHS ENDED SEPTEMBER 30	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 376,241	$ 178,620	$ 19,222	$ 574,083
Administration fees	75,189	24,988	4,256	104,433
Distribution fees	41,421	1,365	48,289	91,075
Net investment income and other	15,850	(1,420)	3,150	17,580
Proportionate share of associates' earnings	–	–	28,902	28,902
	508,701	203,553	103,819	816,073
Expenses				
Commission	154,764	73,005	44,598	272,367
Non-commission	148,189	84,149	21,919	254,257
	302,953	157,154	66,517	526,624
Earnings before undernoted	$ 205,748	$ 46,399	$ 37,302	289,449
Interest expense(1)				(27,764)
Earnings before income taxes				261,685
Income taxes				59,208
Net earnings				202,477
Perpetual preferred share dividends				–
Net earnings available to common shareholders				$ 202,477

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

NOTE 15 SEGMENTED INFORMATION *(continued)*

2018

THREE MONTHS ENDED SEPTEMBER 30	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 374,743	$ 178,577	$ 20,505	$ 573,825
Administration fees	79,645	24,791	4,618	109,054
Distribution fees	42,585	1,694	49,065	93,344
Net investment income and other	13,315	(1,091)	3,750	15,974
Proportionate share of associates' earnings	–	–	39,793	39,793
	510,288	203,971	117,731	831,990
Expenses				
Commission	150,627	73,221	46,225	270,073
Non-commission	146,088	78,062	21,768	245,918
	296,715	151,283	67,993	515,991
Earnings before undernoted	$ 213,573	$ 52,688	$ 49,738	315,999
Interest expense				(27,023)
Premium paid on early redemption of debentures				(10,680)
Restructuring and other charges				(22,758)
Earnings before income taxes				255,538
Income taxes				55,172
Net earnings				200,366
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 198,153

NOTE 15 SEGMENTED INFORMATION *(continued)*

2019

NINE MONTHS ENDED SEPTEMBER 30	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 1,106,323	$ 523,138	$ 57,268	$ 1,686,729
Administration fees	224,267	72,766	13,227	310,260
Distribution fees	127,172	4,349	143,063	274,584
Net investment income and other	39,410	3,627	12,635	55,672
Proportionate share of associates' earnings	–	–	89,816	89,816
	1,497,172	603,880	316,009	2,417,061
Expenses				
Commission	469,216	219,003	134,667	822,886
Non-commission	464,015	257,815	66,516	788,346
	933,231	476,818	201,183	1,611,232
Earnings before undernoted	$ 563,941	$ 127,062	$ 114,826	805,829
Interest expense[1]				(80,628)
Proportionate share of associate's one-time loss				(8,000)
Earnings before income taxes				717,201
Income taxes				159,884
Net earnings				557,317
Perpetual preferred share dividends				2,213
Net earnings available to common shareholders				$ 555,104
Identifiable assets	$ 8,748,254	$ 1,150,676	$ 3,015,206	$ 12,914,136
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,096,035	$ 2,319,256	$ 3,159,112	$ 15,574,403

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

NOTE 15 SEGMENTED INFORMATION *(continued)*

2018

NINE MONTHS ENDED SEPTEMBER 30	IG WEALTH MANAGEMENT	MACKENZIE INVESTMENTS	CORPORATE AND OTHER	TOTAL
Revenues				
Management fees	$ 1,101,376	$ 531,506	$ 60,325	$ 1,693,207
Administration fees	235,196	74,590	13,925	323,711
Distribution fees	126,392	5,301	144,868	276,561
Net investment income and other	35,746	1,172	11,842	48,760
Proportionate share of associates' earnings	–	–	115,360	115,360
	1,498,710	612,569	346,320	2,457,599
Expenses				
Commission	467,093	221,434	137,808	826,335
Non-commission	437,671	248,198	65,821	751,690
	904,764	469,632	203,629	1,578,025
Earnings before undernoted	$ 593,946	$ 142,937	$ 142,691	879,574
Interest expense				(86,057)
Premium paid on early redemption of debentures				(10,680)
Restructuring and other charges				(22,758)
Earnings before income taxes				760,079
Income taxes				166,045
Net earnings				594,034
Perpetual preferred share dividends				6,638
Net earnings available to common shareholders				$ 587,396
Identifiable assets	$ 8,787,767	$ 1,174,561	$ 2,776,013	$ 12,738,341
Goodwill	1,347,781	1,168,580	143,906	2,660,267
Total assets	$ 10,135,548	$ 2,343,141	$ 2,919,919	$ 15,398,608