MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Management's Discussion and Analysis (MD&A) presents management's view of the results of operations and financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the three months ended March 31, 2020 and should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (Interim Financial Statements) as well as the 2019 IGM Financial Inc. Annual Report filed on www.sedar.com. Commentary in the MD&A as at and for the three months ended March 31, 2020 is as of May 8, 2020.

BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The Interim Financial Statements of IGM Financial, which are the basis of the information presented in the Company's MD&A, have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IFRS) and are presented in Canadian dollars (Note 2 of the Interim Financial Statements).

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, outbreaks of disease or pandemics (such as COVID-19), 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, including this Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada, available at 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:

- Adjusted net 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.

"Adjusted net earnings available to common shareholders", "adjusted diluted earnings per share" (EPS) and "adjusted return on average common equity" (ROE) are non-IFRS financial measures which are used to provide management and investors with additional measures to assess earnings performance. These non-IFRS financial measures do not have standard meanings prescribed by IFRS and may not be directly comparable to similar measures used by other companies.

"Earnings before interest and taxes" (EBIT), "earnings before interest, taxes, depreciation and amortization before sales commissions" (EBITDA before sales commissions), and "earnings before interest, taxes, depreciation and amortization after sales commissions" (EBITDA after sales commissions) are also non-IFRS financial measures. EBIT, EBITDA before sales commissions and EBITDA after sales commissions are alternative measures of performance utilized by management, investors and investment analysts to evaluate and analyze the Company's results. EBITDA before sales commissions excludes all mutual fund sales commissions and is comparable to prior periods. EBITDA after sales commissions includes all sales commissions and highlights aggregate cash flows. Other items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful, are further excluded to arrive at EBITDA before sales commissions and EBITDA after sales commissions. These non-IFRS financial measures do not have standard meanings prescribed by IFRS and may not be directly comparable to similar measures used by other companies.

"Earnings before income taxes" and "net earnings available to common shareholders" are additional IFRS measures which are used to provide management and investors with additional measures to assess earnings performance. These measures are considered additional IFRS measures as they are in addition to the minimum line items required by IFRS and are relevant to an understanding of the entity's financial performance.

Refer to the appropriate reconciliations of non-IFRS financial measures to reported results in accordance with IFRS in Tables 1, 2 and 3.

IGM FINANCIAL INC.

SUMMARY OF CONSOLIDATED OPERATING RESULTS

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company. The Company's principal businesses are Investors Group Inc. and Mackenzie Financial Corporation, each operating distinctly primarily within the advice segment of the financial services market.

IGM Financial's assets under administration were $168.5 billion as at March 31, 2020, compared with $182.8 billion at March 31, 2019 and $190.2 billion at December 31, 2019.

Total assets under management were $147.5 billion at March 31, 2020 compared with $160.5 billion at March 31, 2019 and $166.8 billion at December 31, 2019, as detailed in Table 5. Average total assets under management for the first quarter of 2020 were $163.3 billion compared to $155.9 billion in the first quarter of 2019.

Investment fund assets under management were $143.2 billion at March 31, 2020 compared with $154.3 billion at March 31, 2019 and $161.8 billion at December 31, 2019. Average investment fund assets under management for the first quarter of 2020 were $158.5 billion compared to $149.9 billion in the first quarter of 2019.

The decrease in assets under management was primarily due to decreases in the level of financial markets, particularly in the last month of the quarter.

Net earnings available to common shareholders for the three months ended March 31, 2020 were $160.9 million or 68 cents per share compared with net earnings available to common shareholders of $167.5 million or 70 cents per share for the comparative period in 2019, a decrease of 2.9% in earnings per share.

Shareholders' equity was $4.6 billion as at March 31, 2020, compared to $4.5 billion at December 31, 2019. Return on average common equity based on net earnings for the three months ended March 31, 2020 was 14.1% compared with 15.2% for the comparative period in 2019. The quarterly dividend per common share declared in the first quarter of 2020 was 56.25 cents, unchanged from the fourth quarter of 2019.

2020 DEVELOPMENTS

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, 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.

Despite the unprecedented volatility in global equity markets in the month of March, over the last five quarters there has been an overall increase in those markets. In 2019 the S&P-TSX Composite index rose by 19.1% and in the first quarter of 2020 declined by 21.6%. U.S. equity markets for those same periods increased by 28.9% and declined by 20.0%. Our clients experienced an average investment return of 13.0% in 2019 and negative 11.7% in the first quarter of 2020. The decline in IGM Financial assets under management of 11.6% from $166.8 billion at December 31, 2019 to $147.5 billion at March 31, 2020 was not as severe as overall market declines, reflecting the diversified nature of IGM Financial's overall asset mix.

The duration and 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 Corporation and its operating subsidiaries in future periods.

In response to the impact of COVID-19 on the Company's clients, employees, Consultants and shareholders, we have taken the following actions:

- Adhering to crisis management and business continuity protocols and processes and following government guidance on these matters.
- Focusing our teams on addressing and managing COVID-19 issues, and establishing new committees and processes where required:
  1) Executive COVID-19 committee – focusing, or establishing where necessary, leadership committees and forums to address COVID-19 issues with the following mandates.
  2) Business continuity and emergency preparedness committee – planning and responding to events including pandemics.
  3) Human resources committee – employee and leader support, workforce planning, and benefits and employee assistance program support.
  4) Distribution and client communication committee – IG Consultant network, Mackenzie and IPC distribution and client communication specific to market conditions.
- Implementing a work at home policy for our employees across the country, suspending all non-essential business travel, and postponing (or using virtual technology) all internal and external events involving employees and/or clients.
- Implementing a work at home policy for our Consultants and their teams and temporarily closing all offices across Canada and globally.

- Establishing regular and ongoing market updates for our clients and increasing the level and extent of client communications and financial planning engagement.
- Changing the format of planned events and conferences to be remote, including the IG Consultant Network field leadership conference and the Company's annual meeting of shareholders on Friday, May 8, 2020 to a virtual-only format.
- Establishing expense management plans to prudently manage expenses while: a) nurturing client relationships, b) doing right by our employees and financial advisors, c) delivering on strategic priorities, and d) seeking opportunities to curtail discretionary spending.

On March 23, 2020, the Company along with Canada Life and Power Corporation of Canada announced a $1 million joint contribution to support crisis relief efforts. The funding is being used to: support immediate needs of local and national foodbanks, which are struggling to cope with increased demand; provide resources to other pressing needs of vulnerable people through utilizing the unique expertise of the United Way and Centraide du Grand Montreal; and assist with the pressures faced by small businesses across Canada.

COVID-19 has the current and ongoing potential to expose the Company to a number of risks inherent in our business activities. These include: liquidity risk; credit risk; business risk and risks related to assets under management; operational risk; governance, oversight and strategic risk; regulatory developments; and people risk. These risks are discussed in further detail in the Risk Management section of this MD&A.

REPORTABLE SEGMENTS

IGM Financial's reportable segments are:

- IG Wealth Management (IG Wealth Management or IG)
- Mackenzie Investments (Mackenzie Investments or Mackenzie)
- Corporate and Other

These segments, as shown in Tables 2 and 3 reflect the Company's internal financial reporting and performance measurement.

Certain items reflected in Tables 2 and 3 are not allocated to segments:

- *Interest expense* – represents interest expense on long-term debt and interest expense on leases. The change in interest

TABLE 1: RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

THREE MONTHS ENDED	2020 MARCH 31		2019 DECEMBER 31		2019 MARCH 31	
($ millions)	EARNINGS	EPS[1]	EARNINGS	EPS[1]	EARNINGS	EPS[1]
Adjusted net earnings available to common shareholders – Non-IFRS measure	**$ 160.9**	**$ 0.68**	$ 200.8	$ 0.84	$ 167.5	$ 0.70
Proportionate share of associate's one-time charges	**–**	**–**	(9.2)	(0.04)	–	–
Net earnings available to common shareholders – IFRS	**$ 160.9**	**$ 0.68**	$ 191.6	$ 0.80	$ 167.5	$ 0.70
EBITDA before sales commissions – Non-IFRS measure	**$ 271.7**		$ 336.5		$ 295.9	
Sales-based commissions paid	**(40.7)**		(45.2)		(43.7)	
EBITDA after sales commissions – Non-IFRS measure	**231.0**		291.3		252.2	
Sales-based commissions paid subject to amortization	**33.0**		23.5		12.6	
Amortization of capitalized sales commissions	**(7.7)**		(6.5)		(4.8)	
Amortization of capital, intangible and other assets	**(20.1)**		(19.9)		(20.0)	
Interest expense[2]	**(27.3)**		(27.8)		(25.2)	
Adjusted earnings before income taxes – Non-IFRS measure	**208.9**		260.6		214.8	
Proportionate share of associate's one-time charges	**–**		(9.2)		–	
Earnings before income taxes	**208.9**		251.4		214.8	
Income taxes	**(48.0)**		(59.8)		(45.1)	
Perpetual preferred share dividends	**–**		–		(2.2)	
Net earnings available to common shareholders – IFRS	**$ 160.9**		$ 191.6		$ 167.5	

(1) Diluted earnings per share.

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

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q1 2020 VS. Q1 2019

	IG WEALTH MANAGEMENT		MACKENZIE INVESTMENTS		CORPORATE & OTHER		TOTAL	
THREE MONTHS ENDED *($ millions)*	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31
Revenues								
Fee income	**$ 479.6**	$ 473.2	**$ 202.4**	$ 193.0	**$ 70.6**	$ 70.0	**$ 752.6**	$ 736.2
Net investment income and other	**8.7**	10.0	**(2.8)**	4.2	**23.6**	38.7	**29.5**	52.9
	488.3	483.2	**199.6**	197.2	**94.2**	108.7	**782.1**	789.1
Expenses								
Commission	**149.5**	157.0	**75.4**	72.5	**45.1**	45.2	**270.0**	274.7
Non-commission(1)	**165.4**	162.9	**88.5**	88.8	**22.0**	22.7	**275.9**	274.4
	314.9	319.9	**163.9**	161.3	**67.1**	67.9	**545.9**	549.1
Earnings before interest and taxes	**$ 173.4**	$ 163.3	**$ 35.7**	$ 35.9	**$ 27.1**	$ 40.8	**236.2**	240.0
Interest expense(2)							**(27.3)**	(25.2)
Earnings before income taxes							**208.9**	214.8
Income taxes							**48.0**	45.1
Net earnings							**160.9**	169.7
Perpetual preferred share dividends							**–**	2.2
Net earnings available to common shareholders							**$ 160.9**	$ 167.5
Adjusted net earnings available to common shareholders							**$ 160.9**	$ 167.5

(1) The Company's investment management functions reside at Mackenzie Investments and the cost of investment management activities is allocated proportionately between the segments.

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

TABLE 3: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q1 2020 VS. Q4 2019

	IG WEALTH MANAGEMENT		MACKENZIE INVESTMENTS		CORPORATE & OTHER		TOTAL	
THREE MONTHS ENDED *($ millions)*	**2020 MAR. 31**	2019 DEC. 31	**2020 MAR. 31**	2019 DEC. 31	**2020 MAR. 31**	2019 DEC. 31	**2020 MAR. 31**	2019 DEC. 31
Revenues								
Fee income	**$ 479.6**	$ 501.0	**$ 202.4**	$ 207.3	**$ 70.6**	$ 70.5	**$ 752.6**	$ 778.8
Net investment income and other	**8.7**	16.8	**(2.8)**	0.6	**23.6**	36.5	**29.5**	53.9
	488.3	517.8	**199.6**	207.9	**94.2**	107.0	**782.1**	832.7
Expenses								
Commission	**149.5**	159.6	**75.4**	73.9	**45.1**	44.8	**270.0**	278.3
Non-commission(1)	**165.4**	151.9	**88.5**	92.6	**22.0**	21.5	**275.9**	266.0
	314.9	311.5	**163.9**	166.5	**67.1**	66.3	**545.9**	544.3
Earnings before interest and taxes	**$ 173.4**	$ 206.3	**$ 35.7**	$ 41.4	**$ 27.1**	$ 40.7	**236.2**	288.4
Interest expense(2)							**(27.3)**	(27.8)
Proportionate share of associate's one-time charges							**–**	(9.2)
Earnings before income taxes							**208.9**	251.4
Income taxes							**48.0**	59.8
Net earnings available to common shareholders							**$ 160.9**	$ 191.6
Adjusted net earnings available to common shareholders(3)							**$ 160.9**	$ 200.8

(1) The Company's investment management functions reside at Mackenzie Investments and the cost of investment management activities is allocated proportionately between the segments.

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

(3) Refer to Non-IFRS Financial Measures and Additional IFRS Measures in this MD&A for an explanation of the Company's use of non-IFRS financial measures.

The fourth quarter of 2019 adjusted net earnings excluded the proportionate share of associate's one-time charges of $9.2 million, which was recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings.

expense in the period resulted from the impact of the issuance of $250 million 4.206% debentures on March 20, 2019

- *2019 Proportionate share of associate's one-time charges* – $9.2 million recorded in the fourth quarter which represented the Company's proportionate share in Great-West Lifeco Inc.'s after-tax adjustments related to the revaluation of a deferred tax asset, restructuring costs and the net gain on the Scottish Friendly transaction.
- *Income taxes* – changes in the effective tax rates are shown in Table 4.

  Tax planning may result in the Company recording lower levels of income taxes. Management monitors the status of its income tax filings and regularly assesses the overall adequacy of its provision for income taxes and, as a result, income taxes recorded in prior years may be adjusted in the current year. The effect of changes in management's best estimates reported in adjusted net earnings is reflected in Other items, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.
- *Perpetual preferred share dividends* – represents the dividends declared on the Company's 5.90% non-cumulative first preferred shares. The decrease in the preferred share dividends reflects the redemption of the $150.0 million in preferred shares on April 30, 2019.

SUMMARY OF CHANGES IN TOTAL ASSETS UNDER MANAGEMENT AND ADMINISTRATION

Assets under administration were $168.5 billion at March 31, 2020 compared to $182.8 billion at March 31, 2019, a decrease of 7.8%. Total assets under management were $147.5 billion at March 31, 2020 compared to $160.5 billion at March 31, 2019, a decrease of 8.1%. Changes in assets under management and administration are detailed in Table 5.

Changes in assets under management for IG Wealth Management and Mackenzie Investments are discussed further in each of their respective Review of the Business sections in the MD&A.

SUMMARY OF QUARTERLY RESULTS

The Summary of Quarterly Results in Table 6 includes the eight most recent quarters and the reconciliation of non-IFRS financial measures to net earnings in accordance with IFRS.

Changes in average daily investment fund assets under management over the eight most recent quarters, as shown in Table 6, largely reflect the impact of changes in domestic and foreign markets and net sales of the Company.

TABLE 4: EFFECTIVE INCOME TAX RATE

THREE MONTHS ENDED	2020 MAR. 31	2019 DEC. 31	2019 MAR. 31
Income taxes at Canadian federal and provincial statutory rates	**26.65 %**	26.76 %	26.79 %
Effect of:			
Proportionate share of associates' earnings	**(2.34)**	(3.43)	(3.95)
Tax loss consolidation[1]	**(1.30)**	(1.36)	(1.55)
Other items	**(0.02)**	0.83	(0.32)
Effective income tax rate – adjusted net earnings	**22.99**	22.80	20.97
Proportionate share of associate's one-time charges	**–**	0.99	–
Effective income tax rate – net earnings	**22.99 %**	23.79 %	20.97 %

(1) See Note 26 – Related Party Transactions of the Consolidated Financial Statements included in the 2019 IGM Financial Inc. Annual Report (Annual Financial Statements).

TABLE 5: CHANGE IN TOTAL ASSETS UNDER MANAGEMENT – Q1 2020 VS. Q1 2019[1]

	IG WEALTH MANAGEMENT		MACKENZIE INVESTMENTS		INVESTMENT PLANNING COUNSEL		INTERCOMPANY ELIMINATIONS[2]		CONSOLIDATED	
THREE MONTHS ENDED (*$ millions*)	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31	**2020 MAR. 31**	2019 MAR. 31
Investment funds										
Mutual funds[3][4]										
Gross sales	**$ 2,686**	$ 2,350	**$ 3,656**	$ 2,505	**$ 193**	$ 219	**$ –**	$ –	**$ 6,535**	$ 5,074
Net sales	**(50)**	(14)	**355**	148	**(81)**	(16)	**–**	–	**224**	118
ETFs										
Net creations			**1,015**	228			**–**	–	**1,015**	228
Inter-product eliminations[2]			**(378)**	–			**(555)**	(86)	**(933)**	(86)
Total investment fund net sales	**(50)**	(14)	**992**	376	**(81)**	(16)	**(555)**	(86)	**306**	260
Sub-advisory, institutional and other accounts										
Net sales			**(198)**	(103)			**112**	(4)	**(86)**	(107)
Combined net sales	**$ (50)**	$ (14)	**$ 794**	$ 273	**$ (81)**	$ (16)	**$ (443)**	$ (90)	**$ 220**	$ 153
Change in total assets under management										
Net sales	**$ (50)**	$ (14)	**$ 794**	$ 273	**$ (81)**	$ (16)	**$ (443)**	$ (90)	**$ 220**	$ 153
Investment returns	**(11,210)**	6,288	**(7,896)**	4,775	**(612)**	317	**188**	(132)	**(19,530)**	11,248
Net change in assets	**(11,260)**	6,274	**(7,102)**	5,048	**(693)**	301	**(255)**	(222)	**(19,310)**	11,401
Beginning assets	**93,161**	83,137	**70,205**	62,728	**5,391**	5,125	**(1,949)**	(1,924)	**166,808**	149,066
Ending assets	**$ 81,901**	$ 89,411	**$ 63,103**	$ 67,776	**$ 4,698**	$ 5,426	**$ (2,204)**	$ (2,146)	**$147,498**	$160,467
Total assets under management consists of:										
Investment funds										
Mutual funds[3]	**$ 81,901**	$ 89,411	**$ 54,288**	57,694	**$ 4,698**	$ 5,426	**$ –**	$ –	**$140,887**	$152,531
ETFs			**5,255**	3,330			**–**	–	**5,255**	3,330
Inter-product eliminations[2]			**(1,766)**	(898)			**(1,153)**	(628)	**(2,919)**	(1,526)
Total investment funds	**81,901**	89,411	**57,777**	60,126	**4,698**	5,426	**(1,153)**	(628)	**143,223**	154,335
Sub-advisory, institutional and other accounts			**5,326**	7,650			**(1,051)**	(1,518)	**4,275**	6,132
Ending assets	**$ 81,901**	$ 89,411	**$ 63,103**	$ 67,776	**$ 4,698**	$ 5,426	**$ (2,204)**	$ (2,146)	**$147,498**	$160,467
Assets under administration[1]	**$ 85,951**	$ 92,999	**$ 63,103**	$ 67,776	**$ 24,372**	$ 27,064	**$ (4,953)**	$ (5,020)	**$168,473**	$182,819

(1) Assets under management consists of assets in the Company's funds and pools.
Assets under administration consists of assets in client accounts administered by the Company.

(2) Consolidated results eliminate double counting where business is reflected within multiple segments:
- *Included with Mackenzie's results were advisory mandates to other segments with assets of $2.2 billion at March 31, 2020 (2019 – $2.1 billion) and net sales of $443 million for the first quarter of 2020 (2019 – net sales of $90 million).*
- *Included in ETFs are mutual fund investments in ETFs totalling $1.8 billion at March 31, 2020 (2019 – $898 million) and net sales of $378 million in the three months ending March 31, 2020 (2019 – nil).*

(3) IG Wealth Management and Investment Planning Counsel AUM and net sales include separately managed accounts.

(4) During the first quarter of 2020, institutional clients which include Mackenzie mutual funds within their investment offerings made fund allocation changes which resulted in sales of $373 million, redemptions of $192 million and net sales of $181 million.

TABLE 6: SUMMARY OF QUARTERLY RESULTS

	2020 Q1	2019 Q4	2019 Q3	2019 Q2	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Consolidated statements of earnings *($ millions)*								
Revenues								
Management and advisory fees	$ **562.1**	$ 581.2	$ 574.0	$ 567.5	$ 545.2	$ 546.0	$ 573.8	$ 562.8
Administration fees	**101.9**	104.2	104.5	104.1	101.7	103.3	109.1	107.1
Distribution fees	**88.6**	93.4	91.1	94.2	89.3	94.4	93.3	89.9
Net investment income and other	**29.5**	53.9	46.5	46.1	52.9	47.8	55.8	56.2
	782.1	832.7	816.1	811.9	789.1	791.5	832.0	816.0
Expenses								
Commission	**270.0**	278.3	272.4	275.8	274.7	272.4	270.1	270.1
Non-commission	**275.9**	266.0	254.3	259.7	274.4	269.0	245.9	252.7
Interest(1)	**27.3**	27.8	27.7	27.7	25.2	24.1	27.0	28.8
	573.2	572.1	554.4	563.2	574.3	565.5	543.0	551.6
Earnings before undernoted	**208.9**	260.6	261.7	248.7	214.8	226.0	289.0	264.4
Proportionate share of associate's one-time charges	**–**	(9.2)	–	(8.0)	–	–	–	–
Premium paid on early redemption of debentures	**–**	–	–	–	–	–	(10.7)	–
Restructuring and other	**–**	–	–	–	–	–	(22.7)	–
Earnings before income taxes	**208.9**	251.4	261.7	240.7	214.8	226.0	255.6	264.4
Income taxes	**48.0**	59.8	59.2	55.6	45.1	43.9	55.2	58.5
Net earnings	**160.9**	191.6	202.5	185.1	169.7	182.1	200.4	205.9
Perpetual preferred share dividends	**–**	–	–	–	2.2	2.2	2.2	2.2
Net earnings available to common shareholders	$ **160.9**	$ 191.6	$ 202.5	$ 185.1	$ 167.5	$ 179.9	$ 198.2	$ 203.7
Reconciliation of Non-IFRS financial measures(2) *($ millions)*								
Adjusted net earnings available to common shareholders – non-IFRS measure	$ **160.9**	$ 200.8	$ 202.5	$ 193.1	$ 167.5	$ 179.9	$ 222.7	$ 203.7
Other items:								
Proportionate share of associate's one-time charges	**–**	(9.2)	–	(8.0)	–	–	–	–
Premium paid on early redemption of debentures, net of tax	**–**	–	–	–	–	–	(7.8)	–
Restructuring and other, net of tax	**–**	–	–	–	–	–	(16.7)	–
Net earnings available to common shareholders – IFRS	$ **160.9**	$ 191.6	$ 202.5	$ 185.1	$ 167.5	$ 179.9	$ 198.2	$ 203.7
Earnings per Share *(¢)*								
Adjusted net earnings available to common shareholders(1)								
– Basic	**68**	84	85	81	70	75	92	85
– Diluted	**68**	84	85	81	70	75	92	85
Net earnings available to common shareholders								
– Basic	**68**	80	85	77	70	75	82	85
– Diluted	**68**	80	85	77	70	75	82	85
Average daily investment fund assets *($ billions)*	$ **158.5**	$ 159.5	$ 156.8	$ 155.7	$ 149.9	$ 147.0	$ 154.0	$ 150.9
Total investment fund assets under management *($ billions)*	$ **143.2**	$ 161.8	$ 157.6	$ 156.3	$ 154.3	$ 143.3	$ 153.4	$ 152.5
Total assets under management *($ billions)*	$ **147.5**	$ 166.8	$ 162.5	$ 162.3	$ 160.5	$ 149.1	$ 159.7	$ 159.1
Assets under administration *($ billions)*	$ **168.5**	$ 190.2	$ 185.1	$ 184.7	$ 182.8	$ 170.1	$ 182.6	$ 181.6

(1) Interest expense includes interest on long-term debt and beginning in Q1 2019 also includes interest on leases as a result of the Company's adoption of IFRS 16, Leases.

(2) Refer to Non-IFRS Financial Measures and Additional IFRS Measures in this MD&A in addition to the Summary of Consolidated Operating Results section included in the MD&A of the 2019 IGM Financial Inc. Annual Report for an explanation of Other items used to calculate the Company's Non-IFRS financial measures.

IG WEALTH MANAGEMENT

REVIEW OF THE BUSINESS

2020 DEVELOPMENTS

COVID-19 AND CLIENT OUTREACH

As a result of COVID-19 and the resulting impact to global financial markets, we have undertaken to significantly increase communications to clients and Consultants. We have provided comprehensive information and ongoing market updates to our Consultants, so they have the tools they need to support our clients and their long-term financial planning needs. Our Consultants are actively reaching out and communicating with our clients, continuing to reinforce the importance of long term planning and a diversified investment portfolio.

FEE TRANSPARENCY FOR ALL CLIENTS AND PRICING CHANGES

IG Wealth Management is delivering on its client-focused commitment by expanding fee transparency while introducing product and pricing changes to accelerate growth.

IG Wealth Management increased fee transparency by making unbundled solutions available to all client segments in the fourth quarter of 2019. This means clients pay an advisory fee to the dealer for its services as opposed to dealer compensation being bundled within mutual fund management fees. Previously, these solutions were available only to high net worth clients.

IG Wealth Management introduced the IG Advisory Account (IGAA) in the fourth quarter of 2019. IGAA is a fee-based account that offers clients the ability to simplify and consolidate investments into a single account while providing unbundled pricing solutions and improved fee transparency. IGAA accounts can hold both IG Wealth Management and eligible external assets. IG Wealth Management earns fees from these external assets while also compensating its Consultants on these assets.

IG WEALTH MANAGEMENT STRATEGY

IG Wealth Management's promise is to inspire financial confidence.

Our strategic mandate is to be Canada's financial partner of choice.

Canadians hold $4.4 trillion in discretionary financial assets, and we view these savings as IG Wealth's addressable market. 74% of these savings are held by households with over $1 million, which we refer to as high net worth, and another 21% reside with households with between $100,000 and $1 million, which we refer to as mass affluent. These segments tend to have more complicated financial needs, and IG Wealth Management's focus on providing comprehensive financial planning solutions positions it well to compete and grow in these segments.

Our value proposition is to deliver better Gamma, better Beta and better Alpha.

We seek to deliver our value proposition through:

- Superior Advice – Acquiring a deep knowledge of Canadian investors and using those insights to shape everything we do.
- Segmented Client Experiences – Creating segmented experiences personalized throughout our clients' lifetimes.
- Entrepreneurial Advisors – Inspiring our entrepreneurial advisors to constantly deliver an engaging experience and a holistic plan that seeks to deliver superior outcomes.
- Powerful Financial Solutions – Providing our clients with a comprehensive suite of well-constructed, high-performing and competitively priced solutions.
- Business processes that are simple, easy and digitized – Re-designing client and advisor interactions to simplify processes, reduce errors, and digitize the experience with an appropriate cost structure.
- Enabled by a high-performing and diverse culture.

DELIVERING GAMMA

THE VALUE OF ALL EFFORTS THAT SIT OUTSIDE OF INVESTMENT PORTFOLIO CONSTRUCTION. THIS INCLUDES THE VALUE THAT A FINANCIAL ADVISOR ADDS TO A CLIENT RELATIONSHIP, AND COMES FROM THE CREATION AND FOLLOW THROUGH OF A WELL-CONSTRUCTED FINANCIAL PLAN.

Entrepreneurial Advisors, Superior Advice

Our financial advisors provide value to clients by developing insight into their specific needs, creating and implementing well-constructed financial plans and offering superior advice. IG Wealth Management has a national distribution network of more than 3,000 highly qualified financial advisors (called Consultants) in communities throughout Canada. Our advisory services are most suited to individuals with complicated financial needs.

IG Wealth Management requires all Consultants with more than four years of experience to have or be enrolled to achieve the Certified Financial Planner (CFP) or its Quebec equivalent, Financial Planner (F.Pl.) designations. The CFP and F.Pl. designations are nationally recognized financial planning qualifications that require an individual to demonstrate financial planning competence through education, standardized examinations, continuing education requirements, and accountability to ethical standards.

The following provides a breakdown of the IG Wealth Management Consultant network into its significant components at March 31, 2020:

- 1,830 Consultant practices (1,966 at March 31, 2019), which reflect Consultants with more than four years of experience.

- These practices may include Associates as described below. The level and productivity of Consultant practices is a key measurement of our business as they serve clientele representing approximately 95% of AUM.
- 498 New Consultants (640 at March 31, 2019), which are those Consultants with less than four years of experience.
- 1,035 Associates and Regional Directors (1,036 at March 31, 2019). Associates are licensed team members of Consultant practices who provide financial planning services and advice to the clientele served by the team.
- IG Wealth Management had a total Consultant network of 3,363 (3,642 at March 31, 2019).

IG Wealth Management's recruiting standards increase the likelihood of success while also enhancing our culture and brand.

Our training curriculum is reviewed and refreshed each year to offer new Consultants important building blocks to develop client relationships. As Consultants progress, they develop their skills as financial planners and business managers through a selection of focused educational programs.

IG Wealth Management also supports Consultants and clients through its network of product and planning specialists who assist in the areas of advanced financial planning, mortgages and banking, insurance, and securities. These specialists provide support in ensuring that we are providing comprehensive financial planning across all elements of a client's financial life. Clients are served by our Mutual Fund Dealers Association of Canada (MFDA) and Investment Industry Regulatory Organization of Canada (IIROC) licensed Consultants or specialists.

Segmented Client Experiences

IG Wealth Management distinguishes itself from its competition by offering comprehensive planning to its clients within the context of long-term relationships. We focus on advising and attracting high net worth clients, while continuing to offer financial advice to all clients. The value of this approach is illustrated through independent studies demonstrating that households receiving advice from a financial advisor have greater wealth than non-advised households, and that this advantage increases based on the length of the relationship with the financial advisor.

For the distinct needs of the high net worth market, we offer IG Private Wealth Management which includes investment management, retirement, tax and estate planning services.

IG Living Plan™ is a holistic, client-centric approach to financial planning that reflects the evolving needs, goals and aspirations of Canadian families and individuals. The IG Living Plan provides a single, integrated view of all aspects of a client's finances. It incorporates integrated investment, tax and risk management strategies, for a truly personalized plan.

The IG Living Plan leverages the experience and expertise of IG Wealth Management's Consultants who serve approximately one million clients located in communities throughout Canada.

IG Wealth Management has a full range of products that allow us to provide a tailored IG Living Plan that evolves over time. These products include:

- Powerful financial solutions that include investment vehicles that match risk and investment performance to each client's needs and requirements.
- Insurance products that include a variety of different policy types from the leading insurers in Canada.
- Mortgage and banking to develop mortgage and other lending strategies that meet the individual needs and goals of each client as part of their comprehensive financial plan.
- Charitable Giving Program, a donor-advised giving program which enables Canadians to make donations and build an enduring charitable giving legacy with considerably less expense and complexity than setting up and administering their own private foundation.

The National Service Centre allows us to offer a targeted, consistent and improved real-time experience for clients with smaller accounts, while our credentialed planners focus on those clients who have more complicated and sophisticated needs.

Business Processes

IG Wealth Management continually reviews and enhances our Consultant technology platform, bringing greater efficiencies to our Consultants' contact management and portfolio information and financial planning systems to help them serve our clients more effectively.

This administrative support is provided for Consultants and clients from both IG Wealth Management's head office in Winnipeg, Manitoba and IG Wealth Management's Quebec General Office located in Montreal for Consultants and clients residing in Quebec. The Quebec General Office has approximately 175 employees and operating units for most functions supporting approximately 700 Consultants throughout Quebec. Mutual fund assets under management in Quebec were approximately $15 billion as at March 31, 2020.

The IG Advisor Portal, introduced in 2019, is a customer relationship management platform based on Salesforce. It enables our Consultants to manage client relationships, improve their efficiency through digitized workflows, and access data-driven reporting to help better run their practices. The IG Advisor Portal positions us for future growth.

IG Wealth Management's dealer platform provides increased automation and supports both MFDA and IIROC licensed advisors as well as new products on our investment dealer platform designed to support the high net worth segment of our client base.

Enabled by a High-Performing and Diverse Culture

It is essential that we offer competitive compensation and benefits to attract and retain outstanding people. Our training and development approach, along with our use of feedback from periodic employee surveys, positions our employees and advisors to better serve our clients.

BETA AND ALPHA

BETA – THE VALUE CREATED BY WELL-CONSTRUCTED INVESTMENT PORTFOLIOS – ACHIEVING EXPECTED INVESTMENT RETURNS FOR THE LOWEST POSSIBLE RISK.

ALPHA – THE VALUE OF ACTIVE MANAGEMENT – ACHIEVING RETURNS SUPERIOR TO PASSIVE BENCHMARKS WITH A SIMILAR COMPOSITION AND RISK PROFILE.

IG Wealth Management strives to achieve expected investment returns for the lowest possible risk through well-constructed investment portfolios (Beta), and to create value for clients through active management (Alpha). To do this, we select and engage high-quality global sub-advisors so our clients have access to a diverse range of investment products and solutions. Each asset manager is selected through a proven and rigorous process. We oversee all sub-advisors to ensure that their activities are consistent with their investment philosophies and with the investment objectives and strategies of the products they advise.

IG Wealth Management's relationships include Mackenzie Investments and other world class investment firms such as BlackRock, T. Rowe Price, PIMCO, China AMC and JP Morgan Asset Management.

Powerful Financial Solutions

We provide clients with an extensive suite of well-constructed and competitively priced financial solutions. We regularly enhance the scope and diversity of our investment offering with new funds and product changes that enable clients to achieve their goals.

Our solutions include:

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- Managed portfolios that rebalance investments to ensure that a chosen mix of risk and return is maintained. These solutions include IG Core Portfolios, IG Managed Payout Portfolios, Investors Portfolios, and IG Managed Risk Portfolios.
- *IG Advisory Account (IGAA) and unbundled fee structures* – The IGAA was introduced in the fourth quarter of 2019 and is a fee-based account that improves client experience by offering the ability to simplify and consolidate selected investments into a single account while providing all of our clients with unbundled pricing solutions. IGAA accounts increase fee transparency and can hold both IG Wealth Management and eligible external assets.
- *iProfile™* – iProfile is a unique portfolio management program that is available for households with investments held at IG Wealth Management in excess of $250,000. iProfile investment portfolios have been designed to maximize returns and manage risk by diversifying across asset classes, management styles and geographic regions.
- Segregated funds that provide for long-term investment growth potential combined with risk management, benefit guarantee features and estate planning efficiencies.
- Separately managed accounts (discretionary dealer-managed accounts) and fee-based brokerage accounts.

A growing portion of IG Wealth Management's client assets are in unbundled fee structures. We are in the process of migrating our clients to unbundled fee products, a significant change for IG Wealth Management and the Canadian mutual fund industry overall. Unbundled fee products separate the advisory fee that is charged directly to a client's account from the fees charged to the underlying investment funds. This separation provides clients with greater transparency into the fees they pay, and allows IG Wealth Management to offer competitive pricing, particularly for high net worth clients. We are introducing more competitive pricing to reward client loyalty, encourage consolidation of our clients' assets with IG Wealth Management, and attract new clients.

We are discontinuing to offer bundled purchase options for substantially all investment products.

IG Wealth Management monitors its investment performance by comparing to certain benchmarks. Morningstar† fund ranking service is one of the rankings monitored when determining fund performance.

At March 31, 2020, 97.0% of IG Wealth Management mutual fund unbundled series had a rating of three stars or better from Morningstar† fund ranking service and 59.6% had a rating of four or five stars. This compared to the Morningstar† universe of 71.4% for three stars or better and 37.4% for four and five star funds at March 31, 2020. These are available within the IG Advisory Account to which we are in the process of migrating all IG client accounts. Morningstar Ratings† are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

ASSETS UNDER ADMINISTRATION AND MANAGEMENT

The introduction of the IG Advisory Account means that fees are charged on eligible external assets under administration. Assets under administration are therefore a key performance indicator for the Company.

IG Wealth Management's assets under administration were $86.0 billion at March 31, 2020 and mutual fund assets under management were $81.9 billion. The level of assets under administration and management are influenced by three factors: sales, redemptions and investment returns.

Changes in assets under administration for the periods under review are reflected in Table 7.

As more and more of our clients migrate to the IG Advisory Account, assets under administration will become a key driver to understanding our business. Revenues from the IG Advisory Account are earned on eligible external assets under administration. Our Consultants' compensation is also based on assets contributed into the IG Advisory Account and other fee-based programs.

For the quarter ended March 31, 2020, gross client inflows of IG Wealth Management assets under administration were $3.0 billion, an increase of 21.8% from $2.5 billion in the comparable period in 2019. Net flows were $381 million in the first quarter, an increase of $319 million from $62 million in the comparable period in 2019. During the first quarter, investment returns resulted in a decrease of $11.7 billion in assets under administration compared to an increase of $6.7 billion in the first quarter of 2019.

Changes in mutual fund assets under management for the periods under review are reflected in Table 8.

At March 31, 2020, $32.6 billion, or 39.8% of IG Wealth Management's mutual fund assets under management were in products with unbundled fee structures, up 12.3% from $29.0 billion at March 31, 2019 which represented 32.4% of assets under management. Sales of these products to high net worth clients totalled $1.1 billion for the first quarter of 2020, an increase of $273 million from the first quarter of 2019, representing 86% of total high net worth sales and 41% of total mutual fund sales.

HIGH NET WORTH OFFERINGS

IG Wealth Management has several offerings to address the needs of high net worth clients, who represent a growing segment of our client base, and continues to look at ways to provide further offerings to this segment. Assets under management for clients in this category totalled $44.1 billion at March 31, 2020, a decrease of 3.0% from one year ago, and represented 54% of total assets under management. Sales of high net worth solutions totalled $1.3 billion for the first quarter of 2020, an increase of 18.0% from a year ago, and represented 47% of total sales up from 46% in 2019.

- Series U is available to all clients and provides a pricing structure which separates the advisory fee, which is charged directly to a client's account, from the fees charged to the underlying investment funds. At March 31, 2020, Series U assets under management related to households with investments in IG Wealth Management funds in excess of $500,000 had increased to $18.3 billion, compared to $18.2 billion at March 31, 2019, an increase of 0.4%.

TABLE 7: CHANGE IN ASSETS UNDER ADMINISTRATION – IG WEALTH MANAGEMENT

				% CHANGE	
THREE MONTHS ENDED *($ millions)*	**2020** **MAR. 31**	2019 DEC. 31	2019 MAR. 31	2019 DEC. 31	2019 MAR. 31
Gross client inflows	**$ 3,006**	$ 2,465	$ 2,467	21.9 %	21.8 %
Gross client outflows	**2,625**	2,576	2,405	1.9	9.1
Net flows	**381**	(111)	62	N/M	N/M
Investment returns	**(11,707)**	2,932	6,650	N/M	N/M
Net change in assets	**(11,326)**	2,821	6,712	N/M	N/M
Beginning assets	**97,277**	94,456	86,287	3.0	12.7
Ending assets	**$ 85,951**	$ 97,277	$ 92,999	(11.6) %	(7.6) %
Average assets under administration	**$ 94,184**	$ 95,324	$ 90,084	(1.2) %	4.6 %

TABLE 8: CHANGE IN ASSETS UNDER MANAGEMENT – IG WEALTH MANAGEMENT

THREE MONTHS ENDED ($ millions)	2020 MAR. 31	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Sales	$ 2,686	$ 2,251	$ 2,350	19.3 %	14.3 %
Redemptions	2,736	2,498	2,364	9.5	15.7
Net sales (redemptions)	(50)	(247)	(14)	79.8	N/M
Investment returns	(11,210)	2,629	6,288	N/M	N/M
Net change in assets	(11,260)	2,382	6,274	N/M	N/M
Beginning assets	93,161	90,779	83,137	2.6	12.1
Ending assets	$ 81,901	$ 93,161	$ 89,411	(12.1) %	(8.4) %
Daily average mutual fund assets	$ 90,909	$ 91,931	$ 86,989	(1.1) %	4.5 %

- iProfile™ – is a unique portfolio management program that is available for households with investments held at IG Wealth Management in excess of $250,000. The iProfile program has a pricing structure which separates the advisory fee, which is charged directly to a client's account, from the fees charged to the underlying investment funds. At March 31, 2020, the iProfile program assets under management were $14.3 billion, an increase of 32.4% from $10.8 billion at March 31, 2019.
- Series J is available for households with investments in IG Wealth Management funds in excess of $500,000 and had assets of $11.5 billion at March 31, 2020, a decrease of 30.1% from $16.4 billion at March 31, 2019, largely as a result of transfer activity from Series J to Series U. Series J pricing structure bundles the cost of asset management and advice into one fee.

NATIONAL SERVICE CENTRE

Our National Service Centre supports more than 200,000 clients and $1.5 billion assets under management.

CHANGE IN ASSETS UNDER MANAGEMENT AND ADMINISTRATION – Q1 2020 VS. Q1 2019

IG Wealth Management's assets under administration were $86.0 billion at March 31, 2020, representing a decrease of 7.6% from $93.0 billion at March 31, 2019. IG Wealth Management's mutual fund assets under management were $81.9 billion at March 31, 2020, representing a decrease of 8.4% from $89.4 billion at March 31, 2019. Average daily mutual fund assets were $90.9 billion in the first quarter of 2020, up 4.5% from $87.0 billion in the first quarter of 2019.

For the quarter ended March 31, 2020, sales of IG Wealth Management mutual funds through its Consultant network were $2.7 billion, an increase of 14.3% from the comparable period in 2019. Mutual fund redemptions totalled $2.7 billion, an increase of 15.7% from 2019. IG Wealth Management mutual fund net redemptions for the first quarter of 2020 were $50 million compared with net redemptions of $14 million in 2019. During the first quarter, investment returns resulted in a decrease of $11.2 billion in mutual fund assets compared to an increase of $6.3 billion in the first quarter of 2019.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 11.7% in the first quarter of 2020, compared to 10.4% in the first quarter of 2019. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 10.7% at March 31, 2020, compared to 9.5% at March 31, 2019, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 17.1% at March 31, 2020. IG Wealth Management and the mutual fund industry experienced significant increases in redemptions in March 2020 as a result of COVID-19.

CHANGE IN ASSETS UNDER MANAGEMENT AND ADMINISTRATION – Q1 2020 VS. Q4 2019

IG Wealth Management's assets under administration were $86.0 billion at March 31, 2020, a decrease of 11.6% from $97.3 billion at December 31, 2019. IG Wealth Management's mutual fund assets under management were $81.9 billion at March 31, 2020, a decrease of 12.1% from $93.2 billion at December 31, 2019. Average daily mutual fund assets were $90.9 billion in the first quarter of 2020 compared to $91.9 billion in the fourth quarter of 2019, a decrease of 1.1%.

For the quarter ended March 31, 2020, sales of IG Wealth Management mutual funds through its Consultant network were $2.7 billion, an increase of 19.3% from the fourth quarter of 2019. Mutual fund redemptions, which totalled $2.7 billion for the first quarter, increased 9.5% from the previous quarter and the annualized quarterly redemption rate was 11.7% in the first quarter compared to 10.2% in the fourth quarter of 2019. IG Wealth Management mutual fund net redemptions were $50 million for the current quarter compared to net redemptions of $247 million in the previous quarter.

OTHER PRODUCTS AND SERVICES

SEGREGATED FUNDS

IG Wealth Management offers segregated funds which include the IG Series of Guaranteed Investment Funds (GIFs). Select GIF policies allow for a Lifetime Income Benefit (LIB) option to provide guaranteed retirement income for life. The investment components of these segregated funds are managed by IG Wealth Management. At March 31, 2020, total segregated fund assets were $1.4 billion, compared to $1.7 billion at March 31, 2019.

INSURANCE

IG Wealth Management continues to be a leader in the distribution of life insurance in Canada. Through its arrangements with leading insurance companies, IG Wealth Management offers a broad range of term, universal life, whole life, disability, critical illness, long-term care, personal health care coverage and group insurance. The Canada Life Assurance Company is a leading provider of the Company's insurance products. Effective as of January 1, 2020, Great-West, London Life and Canada Life, amalgamated into a single company, The Canada Life Assurance Company.

The average number of policies sold by each insurance-licensed Consultant was 2.1 for the quarter ended March 31, 2020, compared to 2.2 in 2019. Distribution of insurance products is enhanced through IG Wealth Management's Insurance Planning Specialists, located throughout Canada, who assist Consultants with advanced estate planning solutions for high net worth clients.

SECURITIES OPERATIONS

Investors Group Securities Inc. is an investment dealer registered in all Canadian provinces and territories providing clients with securities services to complement their financial and investment planning. IG Wealth Management Consultants can refer clients to one of our Wealth Planning Specialists available through Investors Group Securities Inc.

MORTGAGE AND BANKING OPERATIONS

IG Wealth Management Mortgage Planning Specialists are located throughout each province in Canada, and work with our clients and their Consultants to develop mortgage and other lending strategies that meet the individual needs and goals of each client as part of their comprehensive financial plan.

Mortgages are offered to clients by IG Wealth Management, a national mortgage lender, and through IG Wealth Management's Solutions Banking†, provided by National Bank of Canada under a long-term distribution agreement. An All-in-One product, a comprehensive cash management solution that integrates the features of a mortgage, term loan, revolving line of credit and deposit account, is also offered through Solutions Banking†.

The Company supports and is participating in the deferral of mortgage payments enacted to support homeowners as a result of the economic disruption caused by COVID-19. This assessment is being made on a case by case basis, subject to client needs and in the context of their overall financial plan.

Mortgage fundings offered through IG Wealth Management and through Solutions Banking† for the first quarter ended March 31, 2020 were $187 million compared to $203 million in 2019, a decrease of 7.9%. At March 31, 2020, mortgages offered through both sources totalled $10.2 billion, compared to $10.6 billion at March 31, 2019, a decrease of 4.2%.

Available credit associated with Solutions Banking† All-in-One accounts originated for the quarter ended March 31, 2020 were $209 million compared to $135 million in 2019. At March 31, 2020, the balance outstanding of Solutions Banking† All-in-One products was $3.0 billion, compared to $2.6 billion one year ago, and represented approximately 50% of total available credit associated with these accounts.

Other products and services offered through IG Wealth Management's Solutions Banking† include investment loans, lines of credit, personal loans, creditor insurance, deposit accounts, and credit cards. Through Solutions Banking†, clients have access to a network of banking machines, as well as a private labeled client website and client service centre. The Solutions Banking† offering supports IG Wealth Management's approach to delivering total financial solutions for our clients through a broad financial planning platform. Total lending products of IG Wealth Management clients in the Solutions Banking† offering, including Solutions Banking† mortgages totalled $4.7 billion at March 31, 2020, compared to $4.2 billion at March 31, 2019.

IG Wealth Management's earnings before interest and taxes are presented in Table 9.

Q1 2020 VS. Q1 2019

FEE INCOME

Fee income is generated from the management, administration and distribution of IG Wealth Management mutual funds. The distribution of insurance and Solutions Banking† products and the provision of securities services provide additional fee income.

Management and advisory fees include fees for investment management services provided to its mutual funds and advisory fees for advice provided to clients, which depend largely on the level and composition of mutual fund assets under management and administration. Management and advisory fees were $368.1 million in the first quarter of 2020, an increase of $9.9 million or 2.8% from $358.2 million in 2019.

The net increase in management and advisory fees in the first quarter of 2020 was primarily due to the increase in average assets under management of 4.5%, as shown in Table 8. In addition, there was one more calendar day in the first quarter of 2020 compared to the first quarter of 2019, which resulted in additional management fees of $3.3 million. The average management fee rate for the first quarter was 162.6 basis points of average assets under management compared to 167.1 basis points in 2019, reflecting changes in product mix and pricing reductions during 2019.

IG Wealth Management receives administration fees for providing administrative services to its mutual funds and trusteeship services to its unit trust mutual funds, which also depend largely on the level and composition of mutual fund assets under management. Administration fees totalled $72.8 million in the current quarter, down 1.5% from $73.9 million a year ago. The decrease resulted primarily from the movement of assets into unbundled products which are not charged certain administration fees. This was offset in part by an increase in fees resulting from higher average assets under management.

Distribution fees are earned from:

- Distribution of insurance products through I.G. Insurance Services Inc.
- Redemption fees on mutual funds that were sold with a deferred sales charge.
- Portfolio fund distribution fees.
- Securities trading services provided through Investors Group Securities Inc.
- Banking services provided through Solutions Banking†.

TABLE 9: OPERATING RESULTS – IG WEALTH MANAGEMENT

THREE MONTHS ENDED ($ millions)	2020 MAR. 31	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Revenues					
Management and advisory fees	**$ 368.1**	$ 381.7	$ 358.2	(3.6) %	2.8 %
Administration fees	**72.8**	75.3	73.9	(3.3)	(1.5)
Distribution fees	**38.7**	44.0	41.1	(12.0)	(5.8)
	479.6	501.0	473.2	(4.3)	1.4
Net investment income and other	**8.7**	16.8	10.0	(48.2)	(13.0)
	488.3	517.8	483.2	(5.7)	1.1
Expenses					
Commission					
Commission amortization	**7.7**	6.5	4.8	18.5	60.4
Mutual fund sales commissions expensed as incurred	**–**	16.1	23.4	(100.0)	(100.0)
Other commissions	**28.2**	30.7	29.6	(8.1)	(4.7)
	35.9	53.3	57.8	(32.6)	(37.9)
Asset-based compensation	**113.6**	106.3	99.2	6.9	14.5
Non-commission	**165.4**	151.9	162.9	8.9	1.5
	314.9	311.5	319.9	1.1	(1.6)
Earnings before interest and taxes	**$ 173.4**	$ 206.3	$ 163.3	(15.9) %	6.2 %

Distribution fee income of $38.7 million for the first quarter of 2020 decreased by $2.4 million from $41.1 million in 2019, primarily due to lower distribution fee income from insurance products and lower redemption fees. IG Wealth Management no longer offers the deferred sales purchase option for its mutual funds. Redemption fee income varies depending on the level of deferred sales charge attributable to fee-based redemptions.

NET INVESTMENT INCOME AND OTHER

Net investment income and other includes income related to mortgage banking operations and net interest income related to intermediary operations.

Net investment income and other was $8.7 million in the first quarter of 2020, a decrease of $1.3 million from $10.0 million in 2019. The decrease was primarily due to unrealized losses on our equity securities and proprietary mutual funds.

These losses were offset in part by an increase of $2.4 million in net investment income related to IG Wealth Management's mortgage banking operations which totalled $9.7 million for the first quarter of 2020 compared to $7.3 million in 2019. A summary of mortgage banking operations for the quarter under review is presented in Table 10.

EXPENSES

IG Wealth Management incurs commission expense in connection with the distribution of its financial services and products. Commissions are paid on the sale of these products and fluctuate with the level of sales. Commissions paid on the sale of investment products are capitalized and amortized over their estimated useful lives where the Company receives a fee directly from the client. All other commissions paid on investment product sales are expensed as incurred.

Commission expense was $35.9 million for the first quarter of 2020, a decrease of $21.9 million from $57.8 million in 2019 as all commissions paid on the sales of investment products are capitalized in 2020.

Effective January 1, 2020, IG Wealth Management Consultant sales commissions are based upon the level of new assets contributed to client accounts at IG Wealth Management (subject to eligibility requirements), where previously they were based upon gross sales of IG Wealth Management mutual funds. All commission payments will now be capitalized and amortized as they reflect incremental costs to obtain a client contract. Previously, commissions associated with sales of IG Wealth Management mutual funds with bundled pricing were expensed

TABLE 10: MORTGAGE BANKING OPERATIONS – IG WEALTH MANAGEMENT

THREE MONTHS ENDED *($ millions)*	**2020 MAR. 31**	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	**$ 47.9**	$ 50.5	$ 52.6	(5.1) %	(8.9) %
Interest expense	**39.8**	41.3	44.1	(3.6)	(9.8)
Net interest income	**8.1**	9.2	8.5	(12.0)	(4.7)
Gains on sales[1]	**1.8**	0.6	0.3	200.0	N/M
Fair value adjustments	**(2.7)**	0.2	(3.5)	N/M	22.9
Other	**2.5**	2.8	2.0	(10.7)	25.0
	$ 9.7	$ 12.8	$ 7.3	(24.2) %	32.9 %
Average mortgages serviced					
Securitizations	**$ 6,729**	$ 6,996	$ 7,402	(3.8) %	(9.1) %
Other	**2,772**	2,744	2,855	1.0	(2.9)
	$ 9,501	$ 9,740	$ 10,257	(2.5) %	(7.4) %
Mortgage sales to:[2]					
Securitizations	**$ 248**	$ 284	$ 437	(12.7) %	(43.2) %
Other[1]	**226**	256	66	(11.7)	242.4
	$ 474	$ 540	$ 503	(12.2) %	(5.8) %

(1) Represents sales to institutional investors through private placements, to Investors Mortgage and Short Term Income Fund, and to Investors Canadian Corporate Bond Fund as well as gains realized on those sales.

(2) Represents principal amounts sold.

as incurred as these commissions were deemed to be fulfillment of an existing contract with a mutual fund.

Asset-based compensation, which is based on the value of assets under management, increased by $14.4 million for the first quarter ended March 31, 2020 to $113.6 million, compared to 2019. The increase was primarily due to compensation changes implemented in 2020 and the increase in assets under administration.

Non-commission expenses incurred by IG Wealth Management primarily relate to the support of the Consultant network, the administration, marketing and management of its mutual funds and other products, as well as sub-advisory fees related to mutual fund assets under management. Non-commission expenses were $165.4 million for the first quarter of 2020 compared to $162.9 million in 2019, an increase of $2.5 million or 1.5%.

Q1 2020 VS. Q4 2019

FEE INCOME

Management and advisory fee income decreased by $13.6 million or 3.6% to $368.1 million in the first quarter of 2020 compared with the fourth quarter of 2019. The decrease in management and advisory fees in the first quarter was primarily due to the decrease in average assets under management of 1.1% for the quarter, as shown in Table 8, as well as the decrease of approximately $4.4 million resulting from one less calendar day in the first quarter compared to the fourth quarter of 2019 and the impact of the leap year in the first quarter of 2020. The average management fee rate for the first quarter was 162.6 basis points of average assets under management compared to 165.2 basis points in the fourth quarter of 2019.

Administration fees were $72.8 million in the first quarter of 2020, a decrease of $2.5 million from $75.3 in the fourth quarter of 2019. The administration fees decreased due to decreased assets under management and the movement of assets into unbundled products which are not charged certain administration fees.

Distribution fee income of $38.7 million in the first quarter of 2020 decreased by $5.3 million from $44.0 million in the fourth quarter primarily due to a decrease in distribution fee income from insurance product sales.

NET INVESTMENT INCOME AND OTHER

Net investment income and other was $8.7 million in the first quarter of 2020 compared to $16.8 million in the previous quarter, a decrease of $8.1 million.

Net investment income related to IG Wealth Management's mortgage banking operations totalled $9.7 million in the first quarter, a decrease of $3.1 million from $12.8 million in the previous quarter as shown in Table 10. The decrease in net investment income and other was also due to unrealized losses on our equity securities and the proprietary mutual funds.

EXPENSES

Commission expense in the current quarter was $35.9 million compared with $53.3 million in the previous quarter. The decrease was due to all commissions paid on the sales of investment products being capitalized in 2020.

Non-commission expenses increased to $165.4 million in the current quarter compared to $151.9 million in the prior quarter primarily due to the seasonality of expenses.

MACKENZIE INVESTMENTS

REVIEW OF THE BUSINESS

Mackenzie Investments is a diversified asset management solutions provider founded in 1967. We offer a wide range of investment mandates through a boutique structure and use multiple distribution channels.

COVID-19 AND COMMUNICATION

As a result of COVID-19 and the resulting impact to global financial markets, we have undertaken to significantly increase communications to support the independent financial advisors and our institutional clients. Our focus has been to provide capital market and economic updates, ongoing commentary, and access to investment management to ensure they have the tools and resources they need to support their clients. Our multi-boutique approach ensures that investors can find the right solution in any market condition.

MACKENZIE STRATEGY

Mackenzie seeks to be Canada's preferred global asset management solutions provider and business partner.

Mackenzie's vision: We are committed to the financial success of investors, through *their* eyes. This vision impacts our strategic priorities and drives future business growth. Our strategic mandate is two-fold: win in the Canadian retail space and build meaningful strategic relationships. We aim to achieve this mandate by attracting and fostering the best minds in the investment industry, responding to changing needs of financial advisors and investors with distinctive and innovative solutions, and continuing to deliver institutional quality in everything we do.

To support this vision and strategic mandate our employees strive to:

- Deliver competitive and consistent risk-adjusted performance
- Offer innovative and high quality investment solutions
- Accelerate distribution
- Advance brand leadership
- Drive operational excellence and discipline
- Enable a high-performing and diverse culture

Mackenzie seeks to maximize returns on business investment by focusing our resources in areas that directly impact the success of our strategic mandate: investment management, distribution and client experience.

Our investment management capabilities are delivered through a boutique structure, with separate in-house teams having distinct focuses and diverse styles. Our research and portfolio management teams are located in Toronto, Montreal, Winnipeg, Boston, Dublin and Hong Kong. In addition to our own investment teams, we supplement our investment capabilities with strategic partners (third party sub-advisors) in selected areas. The development of a broad range of investment capabilities and products is a key strength in supporting the evolving financial needs of investors.

Our business focuses on three key distribution channels: retail, strategic alliances and institutional.

Mackenzie primarily distributes its retail investment products through third-party financial advisors. Our sales teams work with many of the more than 30,000 independent financial advisors and their firms across Canada. Our innovative, comprehensive lineup of investment solutions covers all asset classes and parts of the globe. We offer a range of relevant products and investment solutions designed to help advisors meet the evolving needs of their clients. We regularly introduce new funds and we may merge or streamline our fund offerings to provide enhanced investment solutions.

In addition to our retail distribution team, Mackenzie also has specialty teams focused on strategic alliances and the institutional marketplace.

Within the strategic alliance channel, Mackenzie offers certain series of our mutual funds and provides sub-advisory services to third-party and related party investment programs offered by banks, insurance companies and other investment companies. Strategic alliances with related parties include providing advisory services to IG Wealth Management, Investment Planning Counsel and Great-West Lifeco Inc. (Lifeco) subsidiaries, and also include a private label mutual fund arrangement with Lifeco subsidiary Quadrus. Within the strategic alliance channel, Mackenzie's primary distribution relationship is with the head office of the respective bank, insurance company or investment company.

In the institutional channel, Mackenzie provides investment management services to pension plans, foundations and other institutions. We attract new institutional business through our relationships with pension and management consultants.

Gross sales and redemption activity in strategic alliance and institutional accounts can be more pronounced than in the retail channel given the relative size and the nature of the distribution relationships of these accounts. These accounts are also subject to ongoing reviews and rebalance activities which may result in a significant change in the level of assets under management.

Mackenzie is positioned to continue to build and enhance its distribution relationships given its team of experienced investment professionals, strength of its distribution network, broad product shelf, competitively priced products and its focus on client experience and investment excellence.

ASSETS UNDER MANAGEMENT

The changes in investment fund assets under management are summarized in Table 11 and the changes in total assets under management are summarized in Table 12.

At March 31, 2020, Mackenzie's investment fund assets under management (mutual funds, ETFs) were $57.8 billion and total assets under management (including sub-advisory, institutional and other accounts) were $63.1 billion. The change in Mackenzie's assets under management is determined by investment returns generated for our clients and net contributions from our clients.

CHANGE IN ASSETS UNDER MANAGEMENT – Q1 2020 VS. Q1 2019

Mackenzie's total assets under management at March 31, 2020 were $63.1 billion, a decrease of 6.9% from $67.8 billion at March 31, 2019. Mackenzie's sub-advisory, institutional and other accounts at March 31, 2020 were $5.3 billion, a decrease of 30.4% from $7.7 billion last year.

Mackenzie's investment fund assets under management were $57.8 billion at March 31, 2020, a decrease of 3.9% from March 31, 2019. Mackenzie's mutual fund assets under management were $54.3 billion at March 31, 2020, a decrease of 5.9% from $57.7 billion at March 31, 2019. Mackenzie's ETF assets were $5.3 billion at March 31, 2020, inclusive of $1.8 billion in investments from Mackenzie mutual funds, compared to $3.3 billion at March 31, 2019, inclusive of $898 million in investments from Mackenzie mutual funds.

In the three months ended March 31, 2020, Mackenzie's mutual fund gross sales were $3.7 billion, the highest first quarter gross sales in the company's history and an increase of 45.9% from $2.5 billion in 2019. Mutual fund redemptions in the current quarter were $3.3 billion, an increase of 40.1% from $2.4 billion last year. Mutual fund net sales for the three months ended March 31, 2020 were $355 million, as compared to net sales of $148 million last year. In the three months ended March 31, 2020, ETF net creations were $1.0 billion compared to $228 million last year, inclusive of $378 million in investments from Mackenzie mutual funds in 2020. Investment fund net sales in the current quarter were $992 million compared to net sales of $376 million last year. During the current quarter, investment returns resulted in investment fund assets

TABLE 11: CHANGE IN INVESTMENT FUND ASSETS UNDER MANAGEMENT – MACKENZIE[(1)]

THREE MONTHS ENDED *($ millions)*	**2020** **MAR. 31**	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Sales	**$ 3,656**	$ 2,587	$ 2,505	41.3 %	45.9 %
Redemptions	**3,301**	2,569	2,357	28.5	40.1
Mutual fund net sales (redemptions)[(2)]	**355**	18	148	N/M	139.9
ETF net creations	**1,015**	646	228	57.1	N/M
Inter-product eliminations[(3)]	**(378)**	(399)	–	5.3	N/M
Investment fund net sales (redemptions)	**992**	265	376	N/M	163.8
Investment returns	**(7,206)**	1,576	4,242	N/M	N/M
Net change in assets	**(6,214)**	1,841	4,618	N/M	N/M
Beginning assets	**63,991**	62,150	55,508	3.0	15.3
Ending assets	**$ 57,777**	$ 63,991	$ 60,126	(9.7) %	(3.9) %
Consists of:					
Mutual funds	**$ 54,288**	$ 60,838	$ 57,694	(10.8) %	(5.9) %
ETFs	**5,255**	4,749	3,330	10.7	57.8
Inter-product eliminations[(3)]	**(1,766)**	(1,596)	(898)	(10.7)	(96.7)
Investment funds	**$ 57,777**	$ 63,991	$ 60,126	(9.7) %	(3.9) %
Daily average investment fund assets	**$ 63,459**	$ 62,969	$ 58,184	0.8 %	9.1 %

(1) Mackenzie segment excludes investments into Mackenzie mutual funds by IG Wealth Management mutual funds from its assets under management and net sales.

(2) During 2020 and 2019, institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:

– First quarter of 2020 – resulted in sales of $373 million, redemptions of $192 million and net sales of $181 million

– Fourth quarter of 2019 – resulted in sales of $129 million, redemptions of $165 million and net redemptions of $36 million

(3) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.

TABLE 12: CHANGE IN TOTAL ASSETS UNDER MANAGEMENT – MACKENZIE[1]

THREE MONTHS ENDED ($ millions)	2020 MAR. 31	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Net sales (redemptions)					
Mutual funds[2]	$ 355	$ 18	$ 148	N/M %	139.9 %
ETF net creations	1,015	646	228	57.1	N/M
Inter-product eliminations[3]	(378)	(399)	–	5.3	N/M
Investment funds	992	265	376	N/M	163.8
Sub-advisory, institutional and other accounts	(198)	(86)	(103)	(130.2)	(92.2)
Total net sales (redemptions)	794	179	273	N/M	190.8
Investment returns	(7,896)	1,755	4,775	N/M	N/M
Net change in assets	(7,102)	1,934	5,048	N/M	N/M
Beginning assets	70,205	68,271	62,728	2.8	11.9
Ending assets	$ 63,103	$ 70,205	$ 67,776	(10.1) %	(6.9) %
Consists of:					
Mutual funds	$ 54,288	$ 60,838	$ 57,694	(10.8) %	(5.9) %
ETFs	5,255	4,749	3,330	10.7	57.8
Inter-product eliminations[3]	(1,766)	(1,596)	(898)	(10.7)	(96.7)
Investment funds	57,777	63,991	60,126	(9.7)	(3.9)
Sub-advisory, institutional and other accounts	5,326	6,214	7,650	(14.3)	(30.4)
Total assets under management	$ 63,103	$ 70,205	$ 67,776	(10.1) %	(6.9) %
Average total assets[4]	$ 69,366	$ 69,137	$ 65,613	0.3 %	5.7 %

(1) Mackenzie segment excludes investments into Mackenzie mutual funds by IG Wealth Management mutual funds from its assets under management and net sales.
(2) During 2020 and 2019, institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:
– First quarter of 2020 – resulted in sales of $373 million, redemptions of $192 million and net sales of $181 million
– Fourth quarter of 2019 – resulted in sales of $129 million, redemptions of $165 million and net redemptions of $36 million
(3) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.
(4) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

decreasing by $7.2 billion compared to an increase of $4.2 billion last year.

During the first quarter of 2020, certain third party programs, which include Mackenzie mutual funds, made fund allocation changes resulting in gross sales of $373 million, redemptions of $192 million and net sales of $181 million. Excluding these transactions in 2020, mutual fund gross sales increased 31.1% and mutual fund redemptions increased 31.9% in the three months ended March 31, 2020 compared to last year and mutual fund net sales of $174 million in 2020 compared to mutual fund net sales of $148 million last year.

Total net sales for the three months ended March 31, 2020 were $794 million, compared to net sales of $273 million last year. During the current quarter, investment returns resulted in assets decreasing by $7.9 billion compared to an increase of $4.8 billion last year. Excluding the mutual fund allocation changes made by third party programs during the first quarter of 2020, total net sales were $613 million in the current quarter compared to net sales of $273 million last year.

Redemptions of long-term mutual funds in the three months ended March 31, 2020, were $3.2 billion, as compared to $2.2 billion last year. Redemptions of long-term mutual funds excluding mutual fund allocation changes made by third party programs were $3.0 billion in the three months ended March 31, 2020. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 22.0% in the first quarter of 2020, compared to 16.4% in the first quarter of 2019. Mackenzie's annualized quarterly redemption rate for long-term mutual funds excluding rebalance transactions was 20.6% in the first quarter of 2020. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 17.0% at March 31, 2020, consistent with last year. Mackenzie's twelve month trailing redemption rate for long-term funds, excluding rebalance transactions, was 16.3% at March 31, 2020, compared to 15.6% at March 31, 2019. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 16.7% at March 31, 2020. Mackenzie and the mutual fund industry saw increased redemptions in March 2020 as a result of COVID-19. Mackenzie's twelve-month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load assets with redemption fees, and deferred sales charge assets without redemption fees (matured assets). Generally, redemption rates for front-end load assets and matured assets are higher than the redemption rates for deferred sales charge and low load assets with redemption fees.

CHANGE IN ASSETS UNDER MANAGEMENT – Q1 2020 VS. Q4 2019

Mackenzie's total assets under management at March 31, 2020, were $63.1 billion, a decrease of 10.1% from $70.2 billion at December 31, 2019. Mackenzie's sub-advisory, institutional and other accounts at March 31, 2020 were $5.3 billion, a decrease of 14.3% from $6.2 billion at December 31, 2019.

Mackenzie's investment fund assets under management were $57.8 billion at March 31, 2020, a decrease of 9.7% from $64.0 billion at December 31, 2019. Mackenzie's mutual fund assets under management were $54.3 billion at March 31, 2020, a decrease of 10.8% from $60.8 billion at December 31, 2019. Mackenzie's ETF assets were $5.3 billion at March 31, 2020, inclusive of $1.8 billion in investments from Mackenzie mutual funds compared to $4.7 billion at December 31, 2019, inclusive of $1.6 billion in investments from Mackenzie mutual funds.

For the quarter ended March 31, 2020, Mackenzie mutual fund gross sales were $3.7 billion, an increase of 41.3% from the fourth quarter of 2019. Mutual fund redemptions, which totalled $3.3 billion for the first quarter, increased by 28.5% from the previous quarter. Net sales of Mackenzie mutual funds for the current quarter were $355 million compared with net sales of $18 million in the previous quarter. Excluding the mutual fund allocation changes made by third party programs during the first quarter of 2020 and the fourth quarter of 2019, mutual fund gross sales increased 33.6% and mutual fund redemptions increased 29.3% in the current quarter compared to the previous quarter and mutual fund net sales of $174 million in the current quarter compared to net sales of $54 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were $3.2 billion, compared to $2.5 billion in the fourth quarter of 2019. Excluding rebalance transactions, redemptions of long-term mutual fund assets in the current quarter were $3.0 billion, compared to $2.3 billion in the fourth quarter of 2019. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 22.0% compared to 16.4% for the fourth quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds excluding the mutual fund allocation changes made by third party programs was 20.6% during the current quarter compared to 15.3% in the previous quarter. Net sales of long-term funds for the current quarter were $257 million compared to net redemptions of $19 million in the previous quarter.

For the quarter ended March 31, 2020, Mackenzie ETF net creations were $1.0 billion, compared to $646 million in the fourth quarter. In the current quarter, ETF net creations were inclusive of $378 million in investments from Mackenzie mutual funds compared to $399 million in the fourth quarter.

Investment fund net sales in the current quarter were $992 million compared to net sales of $265 million in the fourth quarter. Excluding the mutual fund allocation changes made by third party programs, investment fund net sales of $811 million in the current quarter compared to net sales of $301 million in the prior quarter.

INVESTMENT MANAGEMENT

Mackenzie has $126.2 billion in assets under management at March 31, 2020, including $63.1 billion of advisory mandates to the IG Wealth Management family of funds. Our investment team consists of fourteen boutiques located in Toronto, Montreal, Winnipeg, Boston, Dublin and Hong Kong.

We continue to deliver our investment offerings through a boutique structure, with separate in-house investment teams which each have a distinct focus and investment approach. This boutique approach promotes diversification of styles and ideas and provides Mackenzie with a breadth of capabilities. Oversight is conducted through a common process intended to promote superior risk-adjusted returns over time. This process is focused upon i) identifying and encouraging each team's performance edge, ii) promoting best practices in portfolio construction, and iii) emphasizing risk management.

In addition to our own investment teams, Mackenzie supplements investment capabilities through the use of third party sub-advisors in selected areas. These sub-advisors include Putnam Investments Inc., TOBAM, China AMC, Impax Asset Management LLC, Rockefeller Capital Management and Greenchip Financial.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At March 31, 2020, 77.1% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 69.3% for the three year time frame and 69.3% for the five year time frame. Mackenzie also monitors its fund performance relative to the ratings it receives on its mutual funds from the Morningstar† fund ranking service. At March 31, 2020, 87.8% of Mackenzie mutual fund assets measured by Morningstar† had a rating of three stars or better and 59.2% had a rating of four or five stars. This compared to the Morningstar† universe of 85.0% for three stars or better and 46.0% for four and five star funds at March 31, 2020. These ratings exclude the Quadrus Group of Funds†.

PRODUCTS

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients.

EXCHANGE TRADED FUNDS

The addition of Exchange Traded Funds (ETF) has complemented Mackenzie's broad and innovative fund line-up and reflects its investor-focused vision to provide advisors and investors with new solutions to drive investor outcomes and achieve their personal goals. These ETFs offer investors another investment option to utilize in building long-term diversified portfolios.

Mackenzie's current line-up consists of thirty ETFs: fifteen active and strategic beta ETFs and fifteen traditional index ETFs. ETF assets under management ended the quarter at $5.3 billion, inclusive of $1.8 billion in investments from Mackenzie mutual funds. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

MUTUAL FUNDS

Mackenzie regularly introduces new funds and may merge or streamline our fund offerings to meet the needs of financial advisors and investors.

During the first quarter of 2020, Mackenzie launched the Mackenzie Global Small-Mid Cap Fund to provide investors with the potential to access the strong growth and risk-adjusted performance available within global small and mid cap companies. This Fund offers a unique global approach by leveraging a combination of regional specialist teams that have proven experience in small and mid cap investing in North America, Europe and Asia. The fund is managed by Mackenzie's Growth Team, European & International Equities Team and Asian Team.

Mackenzie's segment excludes revenue earned on advisory mandates to IG Wealth Management funds and investments into Mackenzie mutual funds by IG Wealth Management mutual funds. The costs of the investment management team have been allocated across segments.

Mackenzie's earnings before interest and taxes are presented in Table 13.

Q1 2020 VS. Q1 2019

REVENUES

The largest component of Mackenzie's revenues is management fees. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. For example, equity-based mandates have higher management fee rates than fixed income mandates and retail mutual fund accounts have higher management fee rates than sub-advised and institutional accounts. The majority of Mackenzie's mutual fund assets are purchased on a retail basis.

Within Mackenzie's retail mutual fund offering, certain series are offered for fee-based programs of participating dealers whereby dealer compensation on such series is charged directly by the dealer to a client (primarily Series F). As Mackenzie does not pay the dealer compensation, these series have lower management fees. At March 31, 2020, these series had $10.0 billion in assets, an increase of 8.4% from the prior year.

Management fees were $176.0 million for the three months ended March 31, 2020, an increase of $7.7 million or 4.6% from $168.3 million last year. The net increase in management fees was due to an increase in total average assets under management of 5.7% offset by a decline in the effective management fee rate. Mackenzie's average management fee rate was 102.1 basis points in the three months ended March 31, 2020 compared to 104.0 basis points in the comparative period in 2019.

The decrease in the average management fee rate in the current quarter was due to a change in the composition of assets under management, including the impact of having a greater share in non-retail priced products and Series F. In addition, there was one more calendar day in the first quarter of 2020 compared to the first quarter of 2019, which resulted in additional management fees of $1.9 million.

Mackenzie earns administration fees primarily from providing services to its investment funds. Administration fees were $24.9 million for the three months ended March 31, 2020, an increase of $1.6 million or 6.9% from last year.

Mackenzie earns distribution fee income on redemptions of mutual fund assets sold on a deferred sales charge purchase option and on a low load purchase option. Redemption fees charged for deferred sales charge assets range from 5.5% in the first year and decrease to zero after seven years. Redemption fees for low load assets range from 2.0% to 3.0% in the first year and decrease to zero after two or three years, depending

TABLE 13: OPERATING RESULTS – MACKENZIE

THREE MONTHS ENDED ($ millions)	**2020 MAR. 31**	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Revenues					
Management fees	**$ 176.0**	$ 180.4	$ 168.3	(2.4) %	4.6 %
Administration fees	**24.9**	25.5	23.3	(2.4)	6.9
Distribution fees	**1.5**	1.4	1.4	7.1	7.1
	202.4	207.3	193.0	(2.4)	4.9
Net investment income and other	**(2.8)**	0.6	4.2	N/M	N/M
	199.6	207.9	197.2	(4.0)	1.2
Expenses					
Commission	**7.6**	5.6	7.6	35.7	–
Trailing commission	**67.8**	68.3	64.9	(0.7)	4.5
Non-commission	**88.5**	92.6	88.8	(4.4)	(0.3)
	163.9	166.5	161.3	(1.6)	1.6
Earnings before interest and taxes	**$ 35.7**	$ 41.4	$ 35.9	(13.8) %	(0.6) %

on the purchase option. Distribution fee income in the three months ended March 31, 2020 was $1.5 million, an increase of $0.1 million from $1.4 million last year.

Net investment income and other includes investment returns related to Mackenzie's investments in proprietary funds. These investments are generally made in the process of launching a fund and are sold as third party investors subscribe. Net investment income and other was ($2.8) million for the three months ended March 31, 2020 compared to $4.2 million last year.

EXPENSES

Mackenzie's expenses were $163.9 million for the three months ended March 31, 2020, an increase of $2.6 million or 1.6% from $161.3 million in 2019.

Mackenzie pays selling commissions to the dealers that sell its mutual funds on a deferred sales charge and low load purchase option. Commissions paid are expensed as incurred.

Commission expense was $7.6 million in the three months ended March 31, 2020, unchanged from the prior year.

Trailing commissions paid to dealers are paid on certain classes of retail mutual funds and are calculated as a percentage of mutual fund assets under management. These fees vary depending on the fund type and the purchase option upon which the fund was sold: front-end, deferred sales charge or low load. Trailing commissions were $67.8 million in the three months ended March 31, 2020, an increase of $2.9 million or 4.5% from $64.9 million last year. The net increase in trailing commissions was due to the increase in average mutual fund assets of 7.1% offset by a decline in the effective trailing commission rate. Trailing commissions as a percentage of average mutual fund assets under management was 45.3 basis points in the three months ended March 31, 2020 compared to 46.4 basis points last year. The decline was due to a change in composition of mutual fund assets towards those series within mutual funds that do not pay trailing commissions.

Non-commission expenses are incurred by Mackenzie in the administration, marketing and management of its assets under management. Non-commission expenses were $88.5 million in the three months ended March 31, 2020, a decrease of $0.3 million or 0.3% from $88.8 million in 2019.

Q1 2020 VS. Q4 2019

REVENUES

Mackenzie's revenues were $199.6 million for the current quarter, a decrease of $8.3 million or 4.0% from $207.9 million in the fourth quarter.

Management fees were $176.0 million for the current quarter, a decrease of $4.4 million or 2.4% from $180.4 million in the fourth quarter. Factors contributing to the net decrease are as follows:

- Mackenzie's average management fee rate was 102.1 basis points in the current quarter compared to 103.8 basis points in the prior quarter.
- There was one fewer calendar day in the first quarter of 2020 compared to the fourth quarter of 2019, which resulted in a decrease in management fees of $1.9 million.
- Average assets under management were $69.4 billion in the current quarter, an increase of 0.3% from the prior quarter.

Administration fees were $24.9 million in the current quarter, a decrease of 2.4% from $25.5 million in the fourth quarter.

Net investment income and other includes investment returns related to Mackenzie's investments in proprietary funds. Net investment income and other was ($2.8) million for the current quarter compared to $0.6 million in the fourth quarter.

EXPENSES

Mackenzie's expenses were $163.9 million for the current quarter, a decrease of $2.6 million or 1.6% from $166.5 million in the fourth quarter.

Commission expense related to selling commissions paid was $7.6 million in the quarter ended March 31, 2020, as compared to $5.6 million in the fourth quarter.

Trailing commissions were $67.8 million in the current quarter, a decrease of $0.5 million or 0.7% from $68.3 million in the fourth quarter. The change in trailing commissions reflects the 0.2% period over period decrease in average mutual fund assets under management and a decline in the effective trailing commission rate. The effective trailing commission rate was 45.3 basis points in the current quarter compared to 45.6 basis points in the fourth quarter.

Non-commission expenses were $88.5 million in the current quarter, a decrease of $4.1 million from $92.6 million in the fourth quarter.

CORPORATE AND OTHER

REVIEW OF SEGMENT OPERATING RESULTS

The Corporate and Other segment includes net investment income not allocated to the IG Wealth Management or Mackenzie segments, the Company's proportionate share of earnings of its associates, Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (China AMC) and Personal Capital Corporation (Personal Capital), operating results for Investment Planning Counsel Inc., other income, as well as consolidation elimination entries.

The Company also has investments in Wealthsimple Financial Corporation and Portag3 Ventures LPs.

Corporate and other earnings before interest and taxes are presented in Table 14.

Q1 2020 VS. Q1 2019

The proportionate share of associates' earnings decreased by $12.6 million in the first quarter of 2020, compared to 2019. These earnings reflect equity earnings from Lifeco, China AMC and Personal Capital, as discussed in the Consolidated Financial Position section of this MD&A. The decrease in the first quarter resulted primarily from the decrease in Lifeco's earnings of $14.4 million, offset in part by an increase in China AMC's earnings. Net investment income and other decreased to $3.5 million in the first quarter of 2020 compared to $6.0 million in 2019.

Earnings before interest and taxes related to Investment Planning Counsel were $0.6 million lower in the first quarter of 2020 compared to the same period in 2019.

Q1 2020 VS. Q4 2019

The proportionate share of associates' earnings was $20.1 million in the first quarter of 2020, a decrease of $12.5 million from the fourth quarter of 2019 primarily resulting from a decrease of $15.6 million in Lifeco's earnings, offset in part by an increase in China AMC's earnings. Net investment income and other was $3.5 million in the first quarter of 2020, compared to $3.9 million in the fourth quarter.

Earnings before interest and taxes related to Investment Planning Counsel were $0.5 million lower in the first quarter of 2020 compared to the prior quarter.

TABLE 14: OPERATING RESULTS – CORPORATE AND OTHER

THREE MONTHS ENDED ($ millions)	**2020 MAR. 31**	2019 DEC. 31	2019 MAR. 31	% CHANGE 2019 DEC. 31	% CHANGE 2019 MAR. 31
Revenues					
Fee income	**$ 70.6**	$ 70.5	$ 70.0	0.1 %	0.9 %
Net investment income and other	**3.5**	3.9	6.0	(10.3)	(41.7)
Proportionate share of associates' earnings	**20.1**	32.6	32.7	(38.3)	(38.5)
	94.2	107.0	108.7	(12.0)	(13.3)
Expenses					
Commission	**45.1**	44.8	45.2	0.7	(0.2)
Non-commission	**22.0**	21.5	22.7	2.3	(3.1)
	67.1	66.3	67.9	1.2	(1.2)
Earnings before interest and taxes	**$ 27.1**	$ 40.7	$ 40.8	(33.4) %	(33.6) %

IGM FINANCIAL INC.

CONSOLIDATED FINANCIAL POSITION

IGM Financial's total assets were $15.6 billion at March 31, 2020, compared to $15.4 billion at December 31, 2019.

OTHER INVESTMENTS

The composition of the Company's securities holdings is detailed in Table 15.

FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)

Gains and losses on FVTOCI investments are recorded in Other comprehensive income.

Corporate Investments

Corporate investments is primarily comprised of the Company's investments in Wealthsimple Financial Corporation, and Portag3 Ventures LP and Portag3 Ventures II LP.

Portag3 Ventures LP and Portag3 Ventures II LP (Portag3) are early-stage investment funds dedicated to backing innovating financial services companies and are controlled by the Company's parent, Power Financial Corporation. As at March 31, 2020, the Company had invested a total of $48.9 million in Portag3.

Wealthsimple Financial Corporation (Wealthsimple) is an online investment manager that provides financial investment guidance. As at March 31, 2020, the Company had invested a total of $186.9 million in Wealthsimple through a limited partnership controlled by the Company's parent, Power Financial Corporation.

FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

Securities classified as FVTPL include equity securities and proprietary investment funds. Gains and losses are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Certain proprietary investment funds are consolidated where the Company has made the assessment that it controls the investment fund. The underlying securities of these funds are classified as FVTPL.

LOANS

The composition of the Company's loans is detailed in Table 16.

Loans consisted of residential mortgages and represented 44.9% of total assets at March 31, 2020, compared to 46.8% at December 31, 2019.

Loans measured at amortized cost are primarily comprised of residential mortgages sold to securitization programs sponsored by third parties that in turn issue securities to investors. An offsetting liability, Obligations to securitization entities, has been recorded and totalled $6.7 billion at March 31, 2020, compared to $6.9 billion at December 31, 2019.

The Company holds loans pending sale or securitization. Loans measured at fair value through profit or loss are residential mortgages held temporarily by the Company pending sale. Loans held for securitization are carried at amortized cost. Total loans being held pending sale or securitization are $267.0 million at March 31, 2020, compared to $344.5 million at December 31, 2019.

Residential mortgages originated by IG Wealth Management are funded primarily through sales to third parties on a fully serviced basis, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization programs. At March 31, 2020, IG Wealth Management serviced $11.9 billion of residential mortgages, including $2.4 billion originated by subsidiaries of Lifeco.

TABLE 15: OTHER INVESTMENTS

	MARCH 31, 2020		DECEMBER 31, 2019	
($ millions)	COST	FAIR VALUE	COST	FAIR VALUE
Fair value through other comprehensive income				
Corporate investments	**$ 245.0**	**$ 303.6**	$ 245.0	$ 301.2
Fair value through profit or loss				
Equity securities	**1.5**	**1.3**	1.6	1.8
Proprietary investment funds	**63.2**	**60.7**	51.3	54.4
	64.7	**62.0**	52.9	56.2
	$ 309.7	**$ 365.6**	$ 297.9	$ 357.4

TABLE 16: LOANS

($ millions)	2020 MARCH 31	2019 DECEMBER 31
Amortized cost	$ 6,946.5	$ 7,198.7
Less: Allowance for expected credit losses	0.8	0.7
	6,945.7	7,198.0
Fair value through profit or loss	31.8	–
	$ 6,977.5	$ 7,198.0

SECURITIZATION ARRANGEMENTS

Through the Company's mortgage banking operations, residential mortgages originated by IG Wealth Management mortgage planning specialists are sold to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company securitizes residential mortgages through the CMHC sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) and the Canada Mortgage Bond Program (CMB Program) and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. The Company retains servicing responsibilities and certain elements of credit risk and prepayment risk associated with the transferred assets. The Company's credit risk on its securitized mortgages is partially mitigated through the use of insurance. Derecognition of financial assets in accordance with IFRS is based on the transfer of risks and rewards of ownership. As the Company has retained prepayment risk and certain elements of credit risk associated with the Company's securitization transactions through the CMB and ABCP programs, they are accounted for as secured borrowings. The Company records the transactions under these programs as follows: i) the mortgages and related obligations are carried at amortized cost, with interest income and interest expense, utilizing the effective interest rate method, recorded over the term of the mortgages, ii) the component of swaps 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, are recorded at fair value, and iii) cash reserves held under the ABCP program are carried at amortized cost.

In the first quarter of 2020, the Company securitized loans through its mortgage banking operations with cash proceeds of $243.0 million compared to $428.7 million in 2019. Additional information related to the Company's securitization activities, including the Company's hedges of related reinvestment and interest rate risk, can be found in the Financial Risk section of this MD&A and in Note 5 to the Interim Financial Statements.

INVESTMENT IN ASSOCIATES

Great-West Lifeco Inc. (Lifeco)

At March 31, 2020, the Company held a 4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power Corporation of Canada.

The equity method is used to account for IGM Financial's investment in Lifeco, as it exercises significant influence. Changes in the carrying value for the quarter ended March 31, 2020 compared with 2019 are shown in Table 17.

In March 2020, Lifeco recorded an adjustment which related to unfavourable basis changes and market related impacts due to significant market declines and volatility driven by the COVID-19 pandemic. The Company's after-tax proportionate share of this adjustment was approximately $8.1 million and is included in the proportionate share of earnings.

China Asset Management Co., Ltd. (China AMC)

Founded in 1998 as one of the first fund management companies in China, China AMC has developed and maintained a position among the market leaders in China's asset management industry.

China AMC's total assets under management, excluding subsidiary assets under management, were RMB¥ 1,032.1 billion ($192.4 billion) at December 31, 2019, representing an increase of 12.4% (CAD$ increase of 9.9%) from RMB¥ 918.1 billion ($175.1 billion) at June 30, 2019.

The equity method is used to account for the Company's 13.9% equity interest in China AMC, as it exercises significant influence. Changes in the carrying value for the three months ended March 31, 2020 are shown in Table 17. The change in other comprehensive income in the three month period of March 31, 2020 was due to a 6.8% appreciation of the Chinese yuan relative to the Canadian dollar.

TABLE 17: INVESTMENT IN ASSOCIATES

($ millions)	MARCH 31, 2020 LIFECO	CHINA AMC	PERSONAL CAPITAL	TOTAL	MARCH 31, 2019 LIFECO	CHINA AMC	PERSONAL CAPITAL	TOTAL
Carrying value, January 1	$ 896.7	$ 662.7	$ 194.5	$ 1,753.9	$ 967.8	$ 683.5	$ –	$ 1,651.3
Transfer from corporate investments (FVTOCI)	–	–	–	–	–	–	217.0	217.0
Dividends	(16.4)	(13.7)	–	(30.1)	(16.4)	–	–	(16.4)
Proportionate share of:								
Earnings (losses)(1)	14.3	8.9	(3.1)	20.1	28.7	7.4	(3.4)	32.7
Other comprehensive income (loss) and other adjustments	12.4	45.6	16.5	74.5	19.4	1.9	0.1	21.4
Carrying value, March 31	$ 907.0	$ 703.5	$ 207.9	$ 1,818.4	$ 999.5	$ 692.8	$ 213.7	$ 1,906.0

(1) The proportionate share of earnings from the Company's investment in associates is recorded in Net investment income and other in the Corporate and other reportable segment (Tables 2 and 3).

Personal Capital Corporation (Personal Capital)

Founded in 2009 in the United States, Personal Capital is a leading digital wealth manager that has experienced significant growth since its inception.

As at March 31, 2020, Personal Capital had 2.52 million registered users, individuals who have signed up to use Personal Capital's free dashboard platform, representing an increase of 18.5% from 2.12 million at March 31, 2019 and an increase of 4.3% from 2.41 million at December 31, 2019.

Personal Capital's total assets under management were USD $10.7 billion as at March 31, 2020, representing an increase of 15.7% from USD $9.2 billion at March 31, 2019 and a decrease of 13.1% from USD $12.3 billion as at December 31, 2019.

Tracked Account Value (TAV), the gross value of assets and liabilities aggregated by registered users, was USD $847 billion as at March 31, 2020, representing an increase of 20.5% from USD $703 billion at March 31, 2019 and an increase of 0.8% from USD $841 billion as at December 31, 2019.

The equity method is used to account for the Company's 24.8% equity interest in Personal Capital, as it exercises significant influence. 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. Changes in the carrying value for the three months ended March 31, 2020 are shown in Table 17. The change in Other comprehensive income in the three month period ended March 31, 2020 was due to an 8.6% appreciation of the US dollar relative to the Canadian dollar.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

Cash and cash equivalents totalled $709.5 million at March 31, 2020 compared with $720.0 million at December 31, 2019 and $837.1 million at March 31, 2019. Cash and cash equivalents related to the Company's deposit operations were $1.9 million at March 31, 2020, compared to $2.2 million at December 31, 2019 and $3.3 million at March 31, 2019, as shown in Table 18.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in deposit liabilities. The increase in the first quarter of 2020 is primarily due to market volatility that has caused clients to hold larger cash positions.

Working capital, which consists of current assets less current liabilities, totalled $591.1 million at March 31, 2020 compared with $464.3 million at December 31, 2019 and $583.1 million at March 31, 2019 (Table 19).

Working capital is utilized to:

- Finance ongoing operations, including the funding of sales commissions.
- Temporarily finance mortgages in its mortgage banking operations.
- Pay interest and dividends related to long-term debt and preferred shares.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.
- Finance common share repurchases and retirement of long-term debt.

IGM Financial continues to generate significant cash flows from its operations. Earnings before interest, taxes, depreciation and amortization before sales commissions (EBITDA before sales commissions) totalled $271.7 million for the first quarter of 2020 compared to $295.9 million for the first quarter of 2019 and $336.5 million for the fourth quarter of 2019. EBITDA before sales commissions excludes the impact of both commissions paid and commission amortization (refer to Table 1).

Earnings before interest, taxes, depreciation and amortization after sales commissions (EBITDA after sales commissions) totalled $231.0 million in the first quarter of 2020 compared to $252.2 million in the first quarter of 2019 and $291.3 million in the fourth quarter of 2019. EBITDA after sales commissions excludes the impact of commission amortization (refer to Table 1).

Refer to the Financial Instruments Risk section of this MD&A for information related to other sources of liquidity and to the Company's exposure to and management of liquidity and funding risk.

CASH FLOWS

Table 20 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the Interim Financial Statements for the quarter ended March 31, 2020. Cash and cash equivalents decreased by $10.5 million in the first quarter of 2020 compared to an increase of $186.9 million in 2019.

TABLE 18: DEPOSIT OPERATIONS – FINANCIAL POSITION

($ millions)	**2020 MAR. 31**	2019 DEC. 31	2019 MAR. 31
Assets			
Cash and cash equivalents	**$ 1.9**	$ 2.2	$ 3.3
Client funds on deposit	**856.0**	561.3	507.6
Accounts and other receivables	**11.9**	12.3	9.6
Loans	**17.2**	20.4	21.9
Total assets	**$ 887.0**	$ 596.2	$ 542.4
Liabilities and shareholders' equity			
Deposit liabilities	**$ 876.4**	$ 584.3	$ 531.6
Other liabilities	**0.5**	0.5	0.5
Shareholders' equity	**10.1**	11.4	10.3
Total liabilities and shareholders' equity	**$ 887.0**	$ 596.2	$ 542.4

TABLE 19: WORKING CAPITAL

($ millions)	2020 MAR. 31	2019 DEC. 31	2019 MAR. 31
Current assets			
Cash and cash equivalents	$ 709.5	$ 720.0	$ 837.1
Client funds on deposit	856.0	561.3	507.6
Accounts receivable and other assets	375.4	345.3	301.4
Current portion of mortgages and other	1,711.7	1,531.7	1,326.1
	3,652.6	3,158.3	2,972.2
Current liabilities			
Accounts and other payables	573.3	611.9	560.0
Deposits and certificates	872.1	579.0	524.5
Current portion of long-term liabilities	1,616.1	1,503.1	1,304.6
	3,061.5	2,694.0	2,389.1
Working capital	$ 591.1	$ 464.3	$ 583.1

Adjustments to determine net cash from operating activities during the three month period of 2020 compared to 2019 consist of non-cash operating activities offset by cash operating activities:

- The add-back of amortization of capitalized sales commissions offset by the deduction of capitalized sales commissions paid.
- The add-back of amortization of capital, intangible and other assets.
- The deduction of investment in associates' equity earnings offset by dividends received.
- The add-back of pension and other post-employment benefits offset by cash contributions.
- Changes in operating assets and liabilities and other.
- The deduction of restructuring provision cash payments.

Financing activities during the first quarter of 2020 compared to 2019 related to:

- An increase in obligations to securitization entities of $240.2 million and repayments of obligations to securitization entities of $392.4 million in 2020 compared to an increase in obligations to securitization entities of $426.3 million and repayments of obligations to securitization entities of $321.0 million in 2019.
- The payment of regular common share dividends which totalled $134.0 million in 2020 compared to $135.5 million in 2019.

The first quarter of 2019 also included the following financing activities:

- Issuance of debentures of $250.0 million.

TABLE 20: CASH FLOWS

THREE MONTHS ENDED ($ millions)	2020 MAR. 31	2019 MAR. 31	% CHANGE
Operating activities			
Earnings before income taxes	$ 208.9	$ 214.8	(2.7) %
Income taxes paid	(42.1)	(96.6)	56.4
Adjustments to determine net cash from operating activities	(76.5)	(89.3)	14.3
	90.3	28.9	212.5
Financing activities	(294.2)	207.4	N/M
Investing activities	193.4	(49.4)	N/M
Change in cash and cash equivalents	(10.5)	186.9	N/M
Cash and cash equivalents, beginning of period	720.0	650.2	10.7
Cash and cash equivalents, end of period	$ 709.5	$ 837.1	(15.2) %

- The purchase of 266,093 common shares under IGM Financial's normal course issuer bid at a cost of $9.2 million.
- Payment of perpetual preferred share dividends which totalled $2.2 million.

Investing activities during the first quarter of 2020 compared to 2019 primarily related to:

- The purchases of other investments totalling $19.1 million and sales of other investments with proceeds of $0.5 million in 2020 compared to $35.4 million and $20.2 million, respectively, in 2019.
- An increase in loans of $321.3 million with repayments of loans and other of $547.1 million in 2020 compared to $293.3 million and $341.3 million, respectively, in 2019 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $10.9 million in 2020 compared to $10.2 million in 2019.

The first quarter of 2019 also included the additional investment in Personal Capital of $66.8 million.

CAPITAL RESOURCES

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 which totalled $6.7 billion at March 31, 2020, compared to $6.6 billion at December 31, 2019. 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 $2.1 billion at March 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 the first quarter of 2020 included the declaration of common share dividends of $134.0 million or $0.5625 per share. Changes in common share capital are reflected in the Interim Consolidated Statements of Changes in Shareholders' Equity.

Standard & Poor's (S&P) current rating on the Company's senior unsecured debentures is "A" with a stable outlook. Dominion Bond Rating Service's (DBRS) current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

These ratings are not a recommendation to buy, sell or hold the securities of the Company and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

The A rating assigned to IGM Financial's senior unsecured debentures by S&P is the sixth highest of the 22 ratings used for long-term debt. This rating indicates S&P's view that the Company's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories.

The A (High) rating assigned to IGM Financial's senior unsecured debentures by DBRS is the fifth highest of the 26 ratings used for long-term debt. Under the DBRS long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial. While this is a favourable rating, entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

FINANCIAL INSTRUMENTS

Table 21 presents the carrying amounts and fair values of financial assets and financial liabilities. The table excludes fair

TABLE 21: FINANCIAL INSTRUMENTS

($ millions)	MARCH 31, 2020 CARRYING VALUE	MARCH 31, 2020 FAIR VALUE	DECEMBER 31, 2019 CARRYING VALUE	DECEMBER 31, 2019 FAIR VALUE
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	$ 303.6	$ 303.6	$ 301.2	$ 301.2
– Fair value through profit or loss	62.0	62.0	56.2	56.2
Loans				
– Fair value through profit or loss	31.8	31.8	–	–
Derivative financial instruments	32.2	32.2	15.2	15.2
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	6,945.7	7,139.6	7,198.0	7,273.8
Financial liabilities recorded at fair value				
Derivative financial instruments	65.6	65.6	17.2	17.2
Financial liabilities recorded at amortized cost				
Deposits and certificates	876.4	876.7	584.3	584.7
Obligations to securitization entities	6,729.4	6,936.0	6,913.6	6,997.0
Long-term debt	2,100.0	2,274.4	2,100.0	2,453.6

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 is determined using the following methods and assumptions:

- Other investments and other financial assets and 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 held for trading are valued using market interest rates for loans with similar credit risk and maturity, specifically lending rates offered to retail borrowers by financial institutions.
- Loans classified as amortized cost 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.

See Note 13 of the Interim Financial Statements which provides additional discussion on the determination of fair value of financial instruments.

Although there were changes to both the carrying values and fair values of financial instruments, these changes did not have a material impact on the financial condition of the Company for the three months ended March 31, 2020.

The Company is exposed to a variety of risks that are inherent in its business activities. Its ability to manage these risks is key to its ongoing success. The Company emphasizes a strong risk management culture and the implementation of an effective risk management approach. The risk management approach coordinates risk management across the organization and its business units and seeks to ensure prudent and measured risk-taking in order to achieve an appropriate balance between risk and return. Fundamental to our enterprise risk management program is protecting and enhancing our reputation.

RISK MANAGEMENT FRAMEWORK

The Company's risk management approach is undertaken through its Enterprise Risk Management (ERM) Framework which includes five core elements: risk governance, risk appetite, risk principles, a defined risk management process, and risk management culture. The ERM Framework is established under the Company's ERM Policy, which is approved by the Risk Management Committee.

RISK GOVERNANCE

The Company's risk governance structure emphasizes a comprehensive and consistent framework throughout the Company and its subsidiaries, with identified ownership of risk management in each business unit and oversight by an executive Risk Management Committee accountable to the Board of Directors. Additional oversight is provided by the Enterprise Risk Management (ERM) Department, compliance groups, and the Company's Internal Audit Department.

The Board of Directors provides primary oversight and carries out its risk management mandate. The Board is responsible for the oversight of enterprise risk management by: i) ensuring that appropriate procedures are in place to identify and manage risks and establish risk tolerances, ii) ensuring that appropriate policies, procedures and controls are implemented to manage risks, and iii) reviewing the risk management process on a regular basis to ensure that it is functioning effectively.

Other specific risks are managed with the support of the following Board committees:

- The Audit Committee has specific risk oversight responsibilities in relation to financial disclosure, internal controls and the control environment as well as the Company's compliance activities.
- Other committees having specific risk oversight responsibilities include: i) the Human Resource Committee which oversees compensation policies and practices, ii) the Governance and Nominating Committee which oversees corporate governance practices, and iii) the Related Party and Conduct Review Committee which oversees conflicts of interest as well as the administration of the Code of Business Conduct and Ethics for Directors, Officers and Employees (Code of Conduct).

Management oversight for risk management resides with the executive Risk Management Committee which is comprised of the President and Chief Executive Officer, IGM Financial and IG Wealth Management, the President and Chief Executive Officer, Mackenzie Investments, the Chief Financial Officer, the General Counsel, the Chief Operating Officer and the Executive Vice President Chief Strategy and Corporate Development Officer. The committee is responsible for providing oversight of the Company's risk management process by: i) establishing and maintaining the risk framework and policy, ii) defining the Company's risk appetite, iii) ensuring the Company's risk profile and processes are aligned with corporate strategy and risk appetite, and iv) establishing "tone at the top" and reinforcing a strong culture of risk management.

The Chief Executive Officers of the operating companies have overall responsibility for overseeing risk management of their respective companies.

The Company has assigned responsibility for risk management using the Three Lines of Defence model, with the First Line reflecting the business units having primary responsibility for risk management, supported by Second Line risk management functions and a Third Line Internal Audit function providing assurance and validation of the design and effectiveness of the ERM Framework.

In response to the impact of COVID-19, the Company is focusing our teams on addressing and managing COVID-19 issues, and establishing new committees and processes where required:

- Executive COVID-19 committee – focusing, or establishing where necessary, leadership committees and forums to address COVID-19 issues with the following mandates.
- Business continuity and emergency preparedness committee – planning and responding to events including pandemics.
- Human resources committee – employee and leader support, workforce planning, and benefits and employee assistance program support.
- Distribution and client communication committee – IG Consultant network, Mackenzie and IPC distribution and client communication specific to market conditions.

First Line of Defence

The leaders of the various business units and support functions have primary ownership and accountability for the ongoing risk management associated with their respective activities. Responsibilities of business unit and support function leaders include: i) establishing and maintaining procedures for the identification, assessment, documentation and escalation of risks, ii) implementing control activities to mitigate risks, iii) identifying opportunities for risk reduction or transfer, and iv) aligning business and operational strategies with the risk culture and risk appetite of the organization as established by the Risk Management Committee.

Second Line of Defence

The Enterprise Risk Management (ERM) Department provides oversight, analysis and reporting to the Risk Management Committee on the level of risks relative to the established risk appetite for all activities of the Company. Other responsibilities include: i) developing and maintaining the enterprise risk management program and framework, ii) managing the enterprise risk management process, and iii) providing guidance and training to business unit and support function leaders.

The Company has a number of committees of senior business leaders which provide oversight of specific business risks, including the Financial Risk Management and Operational Risk Management committees. These committees perform critical reviews of risk assessments, risk management practices and risk response plans developed by business units and support functions.

Other oversight accountabilities reside with the Company's corporate and compliance groups which are responsible for ensuring compliance with policies, laws and regulations.

Third Line of Defence

The Internal Audit Department is the third line of defence and provides independent assurance to senior management and the Board of Directors on the effectiveness of risk management policies, processes and practices.

RISK APPETITE AND RISK PRINCIPLES

The Risk Management Committee establishes the Company's appetite for different types of risk through the Risk Appetite Framework. Under the Risk Appetite Framework, one of four appetite levels is established for each risk type and business activity of the Company. These appetite levels range from those where the Company has no appetite for risk and seeks to minimize any losses, to those where the Company readily accepts exposure while seeking to ensure that risks are well understood and managed. These appetite levels guide our business units as they engage in business activities, and inform them in establishing policies, limits, controls and risk transfer activities.

A Risk Appetite Statement and Risk Principles provide further guidance to business leaders and employees as they conduct risk management activities. The Risk Appetite Statement's emphasis is to maintain the Company's reputation and brand, ensure financial flexibility, and focus on mitigating operational risk.

RISK MANAGEMENT PROCESS

The Company's risk management process is designed to foster:

- Ongoing assessment of risks and tolerance in a changing operating environment.
- Appropriate identification and understanding of existing and emerging risks and risk response.
- Timely monitoring and escalation of risks based upon changing circumstances.

Significant risks that may adversely affect the Company's ability to achieve its strategic and business objectives are identified through the Company's ongoing risk management process.

We use a consistent methodology across our organizations and business units for identification and assessment of risks. Risks are assessed by evaluating the impact and likelihood of the potential risk event after consideration of controls and any risk transfer activities. The results of these assessments are considered relative to risk appetite and tolerances and may result in action plans to adjust the risk profile.

Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the ERM Department. The ERM Department promotes and coordinates communication and consultation to support effective risk management and escalation. The ERM Department regularly reports on the results of risk assessments and on the assessment process to the Risk Management Committee and to the Board of Directors.

RISK MANAGEMENT CULTURE

Risk management is intended to be everyone's responsibility within the organization. The ERM Department engages all business units in workshops to foster awareness and incorporation of our risk framework into our business activities.

We have an established business planning process which reinforces our risk management culture. Our compensation programs are typically objectives-based, and do not encourage or reward excessive or inappropriate risk taking, and often are aligned specifically with risk management objectives.

Our risk management program emphasizes integrity, ethical practices, responsible management and measured risk-taking with a long-term view. Our standards of integrity and ethics are reflected within our Code of Conduct which applies to directors, officers and employees.

KEY RISKS OF THE BUSINESS

The Company identifies risks to which its businesses and operations could be exposed considering factors both internal and external to the organization. These risks are broadly grouped into six categories.

1) FINANCIAL RISK

LIQUIDITY AND FUNDING RISK

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.

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 CMB Program. The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts. 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's continued ability to fund residential mortgages through Canadian bank-sponsored securitization trusts and NHA MBS is dependent on securitization market conditions and government regulations that are subject to change. A condition of the NHA MBS and CMB Program is that securitized loans be insured by an insurer that is approved by CMHC. The availability of mortgage insurance is dependent upon market conditions and is subject to change.

The Government of Canada has 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. For mortgages sold to the NHA MBS program, IG Wealth Management is obligated to make timely payment of interest and principal payments regardless of payment by the client. This creates a timing difference between the receipt of cash from clients deferring mortgage payments and the payment to the NHA MBS program of those amounts until the mortgage term renews and is refinanced. All mortgages in the NHA MBS program are insured against default. Management believes that this will not have a significant impact on the Company and sufficient liquidity exists to meet the cash flow requirements of this program.

As part of ongoing liquidity management during 2020 and 2019, the Company:

- Continued to assess additional funding sources for the Company's mortgage banking operations.
- Issued $250 million 4.206% debentures in March 2019 maturing March 21, 2050. The net proceeds were used by the Company to fund the redemption of $150 million 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.
- Participated in the Lifeco substantial issuer bid by selling 2,400,255 of its shares in Lifeco for proceeds of $80.4 million.

The Company's contractual obligations are reflected in Table 22.

In addition to IGM Financial'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 March 31, 2020, unchanged from December 31, 2019. The lines of credit at March 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 March 31, 2020 and December 31, 2019, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

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

TABLE 22: CONTRACTUAL OBLIGATIONS

AS AT MARCH 31, 2020 ($ millions)	DEMAND	LESS THAN 1 YEAR	1-5 YEARS	AFTER 5 YEARS	TOTAL
Derivative financial instruments	$ –	$ 25.9	$ 39.0	$ 0.7	$ 65.6
Deposits and certificates	867.5	4.5	3.3	1.1	876.4
Obligations to securitization entities	–	1,565.3	5,153.2	10.9	6,729.4
Leases[1]	–	25.6	52.7	21.1	99.4
Long-term debt	–	–	–	2,100.0	2,100.0
Pension funding[2]	–	18.6	–	–	18.6
Total contractual obligations	$ 867.5	$ 1,639.9	$ 5,248.2	$ 2,133.8	$ 9,889.4

(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 2020 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.*

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 the first quarter of 2020, the Company made contributions of $6.5 million (2019 – $5.5 million). The Company expects to make contributions of approximately $18.6 million in the remainder of 2020. 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.

Management believes cash flows from operations, available cash balances and other sources of liquidity described above are sufficient to meet the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the impact that debt and equity market performance has on the Company's fee income and commission and certain other expenses. The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2019.

CREDIT RISK

Credit risk is the potential for 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.

Cash and Cash Equivalents and Client Funds on Deposit

At March 31, 2020, cash and cash equivalents of $709.5 million (December 31, 2019 – $720.0 million) consisted of cash balances of $92.7 million (December 31, 2019 – $68.0 million) on deposit with Canadian chartered banks and cash equivalents of $616.8 million (December 31, 2019 – $652.0 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $331.0 million (December 31, 2019 – $34.5 million), provincial government treasury bills and promissory notes of $115.4 million (December 31, 2019 – $206.5 million), bankers' acceptances and other short-term notes issued by Canadian chartered banks of $170.4 million (December 31, 2019 – $411.0 million).

Client funds on deposit of $856.0 million (December 31, 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.

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

Mortgage Portfolio

As at March 31, 2020, residential mortgages, recorded on the Company's balance sheet, of $7.0 billion (December 31, 2019 – $7.2 billion) consisted of $6.7 billion sold to securitization programs (December 31, 2019 – $6.8 billion), $267.0 million held pending sale or securitization (December 31, 2019 – $344.5 million) and $21.3 million related to the Company's intermediary operations (December 31, 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 $3.8 billion (December 31, 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 $2.9 billion (December 31, 2019 – $2.9 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $70.0 million (December 31, 2019 – $71.9 million) and $39.1 million (December 31, 2019 – $37.9 million), respectively, at March 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 4.5% of mortgages held in ABCP Trusts insured at March 31, 2020 (December 31, 2019 – 4.6%).

At March 31, 2020, residential mortgages recorded on balance sheet were 58.2% insured (December 31, 2019 – 59.1%). As at March 31, 2020, impaired mortgages on these portfolios were $3.1 million, compared to $2.4 million at December 31, 2019. Uninsured non-performing mortgages over 90 days on these portfolios were $2.6 million at March 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 March 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 mortgage portfolios have not changed materially since December 31, 2019.

Derivatives

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 of this MD&A.

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.

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 $29.9 million (December 31, 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 nil at March 31, 2020 (December 31, 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 March 31, 2020. Management of credit risk related to derivatives has not changed materially since December 31, 2019.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Note 5 to the Interim Financial Statements and Notes 2, 6 and 22 to the Annual Financial Statements.

MARKET RISK

Market risk is the potential for loss to the Company from changes in the values of its 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 mortgage 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 $21.5 million (December 31, 2019 – negative $0.9 million) and an outstanding notional amount of $0.8 billion at March 31, 2020 (December 31, 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 $17.2 million (December 31, 2019 – negative $4.9 million), on an outstanding notional amount of $1.7 billion at March 31, 2020 (December 31, 2019 – $1.6 billion). The net fair value of these swaps of negative $4.3 million at March 31, 2020 (December 31, 2019 – negative $5.8 million) is recorded on the balance sheet and has an outstanding notional amount of $2.6 billion (December 31, 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. Beginning in 2018, 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 Net investment income and other over the term of the related Obligations to securitization entities. The negative fair value of these swaps was $2.0 million (December 31, 2019 – positive $0.6 million) on an outstanding notional amount of $100.6 million at March 31, 2020 (December 31, 2019 – $180.4 million).

As at March 31, 2020, the impact to annual net earnings of a 100 basis point increase in interest rates would have been a decrease of approximately $0.8 million (December 31, 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 which are classified as either fair value through other comprehensive income or fair value through profit or loss. The fair value of the equity investments was $365.6 million at March 31, 2020 (December 31, 2019 – $357.4 million), as shown in Table 15.

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.

Foreign Exchange Risk

The Company is exposed to foreign exchange risk on its investments in Personal Capital and China AMC. Changes to the carrying value due to changes in foreign exchange rates on these investments are 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 $38.2 million ($47.7 million).

The Company's proportionate share of China AMC's and Personal Capital's earnings (losses), 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 $0.3 million ($0.2 million).

RISKS RELATED TO ASSETS UNDER MANAGEMENT

At March 31, 2020, IGM Financial's total assets under management were $147.5 billion compared to $166.8 billion at December 31, 2019.

The Company's primary sources of revenues are management, administration and other fees which are applied as an annual percentage of the level of assets under management. As a result, the level of the Company's revenues and earnings are indirectly exposed to a number of financial risks that affect the value of assets under management on an ongoing basis. These include market risks, such as changes in equity prices, interest rates and foreign exchange rates, as well as credit risk on debt securities, loans and credit exposures from other counterparties within our client portfolios.

Changing financial market conditions may also lead to a change in the composition of the Company's assets under management between equity and fixed income instruments, which could result in lower revenues depending upon the management fee rates associated with different asset classes and mandates.

Since the end of February 2020, there have been significant global market declines and volatility, as discussed in the Operational Assessment section of the MD&A.

The Company believes that over the long term, exposure to investment returns on its client portfolios is beneficial to the Company's results and consistent with stakeholder expectations, and generally it does not engage in risk transfer activities such as hedging in relation to these exposures.

The Company has increased its communication to clients and others of market conditions and changes. IG and its Consultants have actively been reaching out to clients to discuss their financial planning needs and goals in light of COVID-19 and will continue those efforts. The Company has also increased communication to support the independent financial advisors and its institutional clients with a focus on providing capital market and economic updates, ongoing commentary, and access to investment management to ensure they have the tools and resources they need to support their clients in light of COVID-19.

The Company's exposure to the value of assets under management aligns it with the experience of its clients. Assets under management are broadly diversified by asset class, geographic region, industry sector, investment team and style. The Company regularly reviews the sensitivity of its assets under management, revenues, earnings and cash flow to changes in financial markets.

2) OPERATIONAL RISK

Operational risks relating to people and processes are mitigated through policies and process controls. Oversight of risks and ongoing evaluation of the effectiveness of controls is provided by the Company's Compliance Department, ERM Department and Internal Audit Department.

The Company has an insurance review process where it assesses and determines the nature and extent of insurance that is appropriate to provide adequate protection against

TABLE 23: IGM FINANCIAL ASSETS UNDER MANAGEMENT – ASSET AND CURRENCY MIX

AS AT MARCH 31, 2020	INVESTMENT FUNDS	TOTAL
Cash	1.7 %	1.8 %
Short-term fixed income and mortgages	5.4	5.3
Other fixed income	29.8	29.4
Domestic equity	20.0	20.0
Foreign equity	40.2	40.6
Real Property	2.9	2.9
	100.0 %	100.0 %
CAD	56.0 %	55.8 %
USD	28.5	28.3
Other	15.5	15.9
	100.0 %	100.0 %

unexpected losses, and where it is required by law, regulators or contractual agreements.

OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, human interaction or external events, but excludes business risk.

Operational risk affects all business activities, including the processes in place to manage other risks. As a result, operational risk can be difficult to measure, given that it forms part of other risks of the Company and may not always be separately identified. Our Company is exposed to a broad range of operational risks, including information technology security and system failures, errors relating to transaction processing, financial models and valuations, fraud and misappropriation of assets, and inadequate application of internal control processes. The impact can result in significant financial loss, reputational harm or regulatory actions.

The Company's risk management framework emphasizes operational risk management and internal control. The Company has a very low appetite for risk in this area.

The business unit leaders are responsible for management of the day to day operational risks of their respective business units. Specific programs, policies, training, standards and governance processes have been developed to support the management of operational risk.

The Company has a crisis response plan which outlines crisis response coordination policies and procedures in the event of a crisis that could significantly impact the organization's reputation, brands or business operations. The Company executes annual simulation exercises. The Company has a crisis assessment team comprised of senior leadership who are responsible for crisis confirmation and management. In addition, this team is responsible for setting strategy, overseeing response and ensuring appropriate subject matter experts are engaged in the scenario-dependent crisis response team.

The Company also has a business continuity management program to support the sustainment, management and recovery of critical operations and processes in the event of a business disruption.

For the health and safety of the Company's employees and clients and to help efforts to limit the speed and spread of the COVID-19 infection, the Company has moved substantially all of its employees and Consultants to work from home and temporarily closed its offices.

The Company's business continuity plan has been effective at ensuring the Company is able to continue operations and provide client service with minimal disruptions.

TECHNOLOGY AND CYBER RISK

Technology and cyber risk driven by systems are managed through controls over technology development and change management. Information security is a significant risk to our industry and our Company's operations. The Company uses systems and technology to support its business operations and the client and financial advisor experience. As a result, we are exposed to risks relating to technology and cyber security such as data breaches, identity theft and hacking, including the risk of denial of service or malicious software attacks. The volume of these activities in our society has increased since the onset of COVID-19. Such attacks could compromise confidential information of the Company and that of clients or other stakeholders, and could result in negative consequences including lost revenue, litigation, regulatory scrutiny or reputational damage. To remain resilient to such threats, the Company has established enterprise-wide cyber security programs, benchmarked capabilities to sound industry practices, and has implemented threat and vulnerability assessment and response capabilities.

THIRD PARTY SERVICE PROVIDERS

The Company regularly engages third parties to provide expertise and efficiencies that support our operational activities. Our exposure to third party service provider risk could include reputational, regulatory and other operational risks. Policies, standard operating procedures and dedicated resources, including a supplier code of conduct, have been developed and implemented to specifically address third party service provider risk. Due diligence and monitoring activities are performed by the Company prior to entering into contractual relationships with third party service providers and on an ongoing basis. As our reliance on external service providers continues to grow, we continue to enhance resources and processes to support third party risk management.

MODEL RISK

The Company uses a variety of models to assist in: the valuation of financial instruments, operational scenario testing, management of cash flows, capital management, and assessment of potential acquisitions. These models incorporate internal assumptions, observable market inputs and available market prices. Effective controls exist over the development, implementation and application of these models. However, changes in the internal assumptions or other factors affecting the models could have an adverse effect on the Company's consolidated financial position.

LEGAL AND REGULATORY COMPLIANCE

Legal and regulatory compliance risk is the risk of not complying with laws, contractual agreements or regulatory requirements. These risks relate to regulation governing product distribution, investment management, accounting, reporting and communications.

IGM Financial is subject to complex and changing legal, taxation and regulatory requirements, including the requirements of agencies of the federal, provincial and territorial governments in Canada which regulate the Company and its activities. The Company and its subsidiaries are also subject to the requirements of self-regulatory organizations to which they belong. These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. These requirements include those that apply to IGM Financial as a publicly traded company and those that apply to the Company's subsidiaries based on the nature of their activities. They include regulations related to the management and provision of financial products and services, including securities, insurance and mortgages, and other activities carried on by the Company in the markets in which it operates. Regulatory standards affecting the Company and the financial services industry are significant and continually evolve. The Company and its subsidiaries are subject to reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages legal and regulatory compliance risk through its efforts to promote a strong culture of compliance. The monitoring of regulatory developments and their impact on the Company is overseen by the Regulatory Initiatives Committee chaired by the Executive Vice-President, General Counsel. The Company also continues to develop and maintain compliance policies, processes and oversight, including specific communications on compliance and legal matters, training, testing, monitoring and reporting. The Audit Committee of the Company receives regular reporting on compliance initiatives and issues.

IGM Financial promotes a strong culture of ethics and integrity through its Code of Conduct approved by the Board of Directors, which outlines standards of conduct that apply to all IGM Financial directors, officers and employees. The Code of Conduct references many policies relating to the conduct of directors, officers and employees. Other corporate policies cover anti-money laundering and privacy. Training is provided on these policies on an annual basis. Individuals subject to the Code of Conduct attest annually that they understand the requirements and have complied with its provisions.

Business units are responsible for management of legal and regulatory compliance risk, and implementing appropriate policies, procedures and controls. The Company's Compliance Departments are responsible for providing oversight of all regulated compliance activities. The Internal Audit Department also provides oversight and investigations concerning regulatory compliance matters.

CONTINGENCIES

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 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.

3) GOVERNANCE, OVERSIGHT AND STRATEGIC RISK

Governance, oversight and strategic risk is the risk of potential adverse impacts resulting from inadequate or inappropriate governance, oversight, management of incentives and conflicts, and strategic planning.

IGM Financial believes in the importance of good corporate governance and the central role played by directors in the governance process. We believe that sound corporate governance is essential to the well-being of the Company and its shareholders.

Oversight of IGM Financial is performed by the Board of Directors directly and through its five committees. The Company's President and Chief Executive Officer has overall responsibility for management of the Company. The Company's activities are carried out principally by three operating companies – Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. – each of which are managed by a President and Chief Executive Officer.

The Company has a business planning process that supports development of an annual business plan, approved by the Board of Directors, which incorporates objectives and targets for the Company. Components of management compensation are associated with the achievement of earnings targets and other objectives associated with the plan. Strategic plans and direction are part of this planning process and are integrated into the Company's risk management program.

ACQUISITION RISK

The Company is also exposed to risks related to its acquisitions. The Company undertakes thorough due diligence prior to completing an acquisition, but there is no assurance that the Company will achieve the expected strategic objectives or cost and revenue synergies subsequent to an acquisition. Subsequent changes in the economic environment and other unanticipated factors may affect the Company's ability to achieve expected earnings growth or expense reductions. The success of an acquisition is dependent on retaining assets under management, clients, and key employees of an acquired company.

4) REGULATORY DEVELOPMENTS

Regulatory development risk is the potential for changes to regulatory, legal, or tax requirements that may have an adverse impact upon the Company's business activities or financial results.

The Company is exposed to the risk of changes in laws, taxation and regulation that could have an adverse impact on the Company. Particular regulatory initiatives may have the effect of making the products of the Company's subsidiaries appear to be less competitive than the products of other financial service providers, to third party distribution channels and to clients. Regulatory differences that may impact the competitiveness of the Company's products include regulatory costs, tax treatment, disclosure requirements, transaction processes or other differences that may be as a result of differing regulation or application of regulation. Regulatory developments may also impact product structures, pricing, and dealer and advisor compensation. While the Company and its subsidiaries actively monitor such initiatives, and where feasible comment upon or discuss them with regulators, the ability of the Company and its subsidiaries to mitigate the imposition of differential regulatory treatment of financial products or services is limited.

The Company continuously monitors regulatory developments, guidance and communications, and has been engaged in ongoing discussions with regulators as the industry works to address issues resulting from COVID-19.

CLIENT FOCUSED REFORMS

On October 3, 2019, the Canadian Securities Administrators (the CSA) published final rule amendments to implement enhancements to the obligations owed by registrants to their clients (the Client Focused Reforms).

The Client Focused Reforms include rule amendments that, when implemented, will require registrants to:

- Address all material conflicts of interest in the best interest of the client;
- Put the client's interest first when making a suitability determination; and
- Do more to clarify for clients what they should expect from their registrants.

The rule amendments came into force on December 31, 2019, and provided for a phased transition period spanning over two years. The Canadian Securities Administrators has recently published relief orders delaying the implementation of some aspects of the rule amendments as a result of the COVID-19 pandemic.

MUTUAL FUND EMBEDDED COMMISSIONS

On December 19, 2019, the CSA published a notice announcing that all provinces and territories in Canada will eliminate trailing commissions paid to dealers who only execute orders and do not provide advice, such as discount brokers; and all provinces and territories, excluding Ontario, will eliminate the Deferred Sales Charge (DSC) purchase option.

The rule amendments are expected to be published in 2020 and be subject to a two-year transition period. The Ontario Securities Commission will explore alternative approaches to the elimination of the DSC purchase option in Ontario.

The Company believes it is well positioned to respond to these proposals, as IG Wealth Management and Investment Planning Counsel no longer offer the deferred sales charge option.

5) BUSINESS RISK

GENERAL BUSINESS CONDITIONS

General business conditions risk refers to the potential for an unfavourable impact on IGM Financial resulting from competitive or other external factors relating to the marketplace.

Global economic conditions, changes in equity markets, demographics and other factors including geopolitical risk and government instability, can affect investor confidence, income levels and savings decisions. This could result in reduced sales of IGM Financial's products and services and/or result in investors redeeming their investments. These factors may also affect the level and volatility of financial markets and the value of the Company's assets under management, as described more fully under the Risks Related to Assets Under Management section of this MD&A.

The Company, across its operating subsidiaries, is focused on communicating with clients and emphasizing the importance of financial planning across economic cycles. The Company and the industry continue to take steps to educate Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility, Consultants and independent financial advisors play a key role in assisting investors in maintaining perspective and focus on their long-term objectives.

Redemption rates for long-term funds are summarized in Table 24 and are discussed in the IG Wealth Management and Mackenzie Segment Operating Results sections of this MD&A.

TABLE 24: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

	2020 MAR. 31	2019 MAR. 31
IGM Financial Inc.		
IG Wealth Management	**10.7 %**	9.5 %
Mackenzie	**17.0 %**	17.0 %
Counsel	**20.7 %**	20.1 %

CATASTROPHIC EVENTS OR LOSS

Catastrophic events or loss refers to the risk that events such as earthquakes, floods, fire, tornadoes, pandemics, or terrorism could adversely affect the Company's financial performance.

Catastrophic events can cause economic uncertainty, affect investor confidence, income levels and financial planning decisions. This could affect the level and volatility of financial markets and the level of the Company's assets under administration and management.

The global COVID-19 pandemic has caused economic disruption, adversely impacted economic conditions, has caused significant volatility and reductions in the level of financial markets, and has increased unemployment in Canada and globally.

In response, the Company has implemented its business continuity plans and has transitioned substantially all of its employees and Consultants to working from home.

It is difficult to predict how significant the COVID-19 pandemic and government measures taken in response will be to world economies, our clients and our business. This event could have a material impact on the financial positions and results of the Company, subject to duration and severity.

PRODUCT/SERVICE OFFERING

There is potential for unfavourable impacts on IGM Financial resulting from inadequate product or service performance, quality or breadth.

IGM Financial and its subsidiaries operate in a highly competitive environment, competing with other financial service providers, investment managers and product and service types. Client development and retention can be influenced by a number of factors, including products and services offered by competitors, relative service levels, relative pricing, product attributes, reputation and actions taken by competitors. This competition could have an adverse impact upon the Company's financial position and operating results. Please refer to The Competitive Landscape section of this MD&A for further discussion.

The Company provides Consultants, independent financial advisors, as well as retail and institutional clients with a high level of service and support and a broad range of investment products, with a focus on building enduring relationships. The Company's subsidiaries also continually review their respective product and service offering and pricing to ensure competitiveness in the marketplace.

The Company strives to deliver strong investment performance on its products relative to benchmarks and peers. Poor investment performance relative to benchmarks or peers could reduce the level of assets under management and sales and asset retention, as well as adversely impact our brands. Meaningful and/or sustained underperformance could affect the Company's results. The Company's objective is to cultivate investment processes and disciplines that provide it with a competitive advantage, and does so by diversifying its assets under management and product shelf by investment team, brand, asset class, mandate, style and geographic region.

BUSINESS/CLIENT RELATIONSHIPS

Business/Client relationships risk refers to the risk potential for unfavourable impacts on IGM Financial resulting from changes to other key relationships. These relationships primarily include IG Wealth Management clients and Consultants, Mackenzie retail distribution, strategic and significant business partners, clients of Mackenzie funds, and sub-advisors and other product suppliers.

IG Wealth Management Consultant network – IG Wealth Management derives all of its mutual fund sales through its Consultant network. IG Wealth Management Consultants have regular direct contact with clients which can lead to a strong and personal client relationship based on the client's confidence in that individual Consultant. The market for financial advisors is extremely competitive. The loss of a significant number of key Consultants could lead to the loss of client accounts which could have an adverse effect on IG Wealth Management's results of operations and business prospects. IG Wealth Management is focused on strengthening its distribution network of Consultants and on responding to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice, as discussed in the IG Wealth Management Review of the Business section of this MD&A.

Mackenzie – Mackenzie derives the majority of its mutual fund sales through third party financial advisors. Financial advisors generally offer their clients investment products in addition to, and in competition with Mackenzie. Mackenzie also derives sales of its investment products and services from its strategic alliance and institutional clients. Due to the nature of the distribution relationship in these relationships and the relative size of these accounts, gross sale and redemption activity can be more pronounced in these accounts than in a retail relationship. Mackenzie's ability to market its investment products is highly dependent on continued access to these distribution networks. The inability to have such access could have a material adverse effect on Mackenzie's operating results and business prospects. Mackenzie is well positioned to manage this risk and to continue to build and enhance its distribution relationships. Mackenzie's diverse portfolio of financial products and its long-term investment performance record, marketing, educational and service support has made Mackenzie one of Canada's leading investment management companies. These factors are discussed further in the Mackenzie Review of the Business section of this MD&A.

PEOPLE RISK

People risk refers to the potential inability to attract or retain key employees or Consultants, develop to an appropriate level of proficiency, or manage personnel succession or transition.

Management, investment and distribution personnel play an important role in developing, implementing, managing and distributing products and services offered by IGM Financial. The loss of these individuals or an inability to attract, retain and motivate sufficient numbers of qualified personnel could affect IGM Financial's business and financial performance.

We have a Diversity and Inclusion Strategy with the purpose of driving an inclusive, equitable and consistent experience for employees and clients that supports our business objectives now and into the future. To achieve the desired outcomes, we focus on three pillars of action: raising awareness; improving inclusive leadership behaviours; and building external partnerships and community engagement.

Our activities have a current focus on enabling the upward mobility of women and other under-represented groups. We have a goal to have at least 35% of our executive roles – Vice-President and above – held by women by the end of 2020. As of March 31, 2020, 34% of these roles were held by women and 28% of IG Wealth Management Consultants were women. We are supporters of the UN Women's Empowerment Principles and also work with Catalyst, the Institute for Gender and the Economy and Women in Capital Markets to advance gender equality.

COVID-19 has caused significant disruption in peoples' lives both professionally and personally. The Company's actions have included:

- Implementing a work at home strategy to maintain social distance for our employees and Consultants.
- Providing the tools and processes to enable our employees and Consultants to continue to operate effectively from home.
- Providing Employee Assistance Programs and other programs to support the mental and physical well-being of our employees, Consultants, and their families.

6) ENVIRONMENTAL AND SOCIAL RISK

Environmental and social risk is the potential risk of financial loss or harm resulting from environmental or social issues arising from our business operations or investment activities. Environmental and social risks are identified as one of the six categories of risks within the Company's ERM Framework.

Environmental risks include issues such as climate change, biodiversity, pollution, waste, and the unsustainable use of energy, water and other resources. Social risks include issues such as human rights, labour standards, diversity and inclusion, and community impacts.

IGM Financial has a long-standing commitment to responsible management, as articulated in the Company's Corporate Responsibility Statement approved by the Board of Directors. The Board's risk management oversight includes ensuring that material environmental and social risks are appropriately identified, managed and monitored.

The Company's executive Risk Management Committee is responsible for providing oversight of the risk management process. Other management committees provide oversight of specific risks including the Corporate Responsibility Committee. The Corporate Responsibility Committee is comprised of senior executives of the Company who are responsible for ensuring implementation of policy and strategy, establishing goals and initiatives, measuring progress, and approving annual reporting for environmental, social and governance matters.

Our commitment to responsible management is demonstrated through various mechanisms – including our Code of Conduct for our employees, contractors, and directors; our Supplier Code of Conduct for the firms that do business with us; our Respectful Workplace Policy; our Diversity Policy; our Environmental Policy; and other related policies.

IG Wealth Management and Mackenzie Investments are signatories to the Principles for Responsible Investment (PRI). IG Wealth Management sub-advisors were also required to be signatories to the PRI by the end of 2019. Under the PRI, investors formally commit to incorporate environmental, social and governance issues into their investment decision making and active ownership processes. In addition, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel have implemented Responsible Investment Policies outlining the practices at each company.

IGM Financial also reports annually on its environmental, social and governance management and performance in its Corporate Responsibility Report available on our website. The Company has been recognized for demonstrating strong performance through positions earned on the FTSE4Good Index Series, Jantzi Social Index, and Corporate Knights' 2020 Global 100.

CLIMATE CHANGE

We believe that financial services companies have an important role to play in addressing climate change. Global practices are continually evolving relating to the identification, analysis, and management of climate risks and opportunities.

IGM Financial is a long-standing participant in the CDP (formerly Carbon Disclosure Project), which promotes corporate disclosures on greenhouse gas emissions and climate change management including setting and monitoring emission reduction targets. For the 2018 and 2019 surveys, IGM Financial was recognized by CDP as a corporate leader in climate change disclosure with a position on their Climate Change A List.

The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) was established in response to investor demand for enhanced information on climate-related risks and opportunities. IGM Financial and its operating companies support the TCFD recommendations which include a framework for consistent, voluntary climate-related financial disclosures that provide decision-useful information to investors and other stakeholders.

THE FINANCIAL SERVICES ENVIRONMENT

Canadians held $4.4 trillion in discretionary financial assets with financial institutions at December 31, 2018 based on the most recent report from Investor Economics. The nature of holdings was diverse, ranging from demand deposits held for short-term cash management purposes to longer-term investments held for retirement purposes. Approximately 65% ($2.9 trillion) of these financial assets are held within the context of a relationship with a financial advisor, and this is the primary channel serving the longer-term savings needs of Canadians. Of the $1.5 trillion held outside of a financial advisory relationship, approximately 63% consisted of bank deposits.

Financial advisors represent the primary distribution channel for the Company's products and services, and the core emphasis of the Company's business model is to support these financial advisors as they work with clients to plan for and achieve their financial goals. Multiple sources of emerging research show significantly better financial outcomes for Canadians who use financial advisors compared to those who do not. The Company actively promotes the value of financial advice and the importance of a relationship with an advisor to develop and remain focused on long-term financial plans and goals.

Approximately 40% of Canadian discretionary financial assets or $1.8 trillion resided in investment funds at December 31, 2018, making it the largest financial asset class held by Canadians. Other asset types include deposit products and direct securities such as stocks and bonds. Approximately 77% of investment funds are comprised of mutual fund products, with other product categories including segregated funds, hedge funds, pooled funds, closed end funds and exchange traded funds. With $143 billion in investment fund assets under management at March 31, 2020, the Company is among the country's largest investment fund managers. Management believes that investment funds are likely to remain the preferred savings vehicle of Canadians. Investment funds provide investors with the benefits of diversification, professional management, flexibility and convenience, and are available in a broad range of mandates and structures to meet most investor requirements and preferences.

Competition and technology have fostered a trend towards financial service providers offering a comprehensive range of proprietary products and services. Traditional distinctions between bank branches, full service brokerages, financial planning firms and insurance agent sales forces have become obscured as many of these financial service providers strive to offer comprehensive financial advice implemented through access to a broad product shelf. Accordingly, the Canadian financial services industry is characterized by a number of large, diversified, vertically-integrated participants, similar to IGM Financial, who offer both financial planning and investment management services.

Canadian banks distribute financial products and services through their traditional bank branches, as well as through their full service and discount brokerage subsidiaries. Bank branches continue to place increased emphasis on both financial planning and mutual funds. In addition, each of the "big six" banks has one or more mutual fund management subsidiaries. Collectively, mutual fund assets of the "big six" bank-owned mutual fund managers and affiliated firms represented 48% of total industry long-term mutual fund assets at March 31, 2020.

The Canadian mutual fund industry continues to be very concentrated, with the ten largest firms and their subsidiaries representing 73% of industry long-term mutual fund assets and 73% of total mutual fund assets under management at March 31, 2020. Management anticipates continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

Management believes that the financial services industry will continue to be influenced by the following trends:

- Shifting demographics as the number of Canadians in their prime savings and retirement years continue to increase.
- Changes in investor attitudes based on economic conditions.
- Continued importance of the role of the financial advisor.
- Public policy related to retirement savings.
- Changes in the regulatory environment.
- An evolving competitive landscape.
- Advancing and changing technology.

THE COMPETITIVE LANDSCAPE

IGM Financial and its subsidiaries operate in a highly competitive environment. IG Wealth Management and Investment Planning Counsel compete directly with other retail financial service providers, including other financial planning firms, as well as full service brokerages, banks and insurance companies. IG Wealth Management, Mackenzie and Investment Planning Counsel compete directly with other investment managers for assets under management, and their products compete with stocks, bonds and other asset classes for a share of the investment assets of Canadians.

Competition from other financial service providers, alternative product types or delivery channels, and changes in regulations or public preferences could impact the characteristics of product and service offerings of the Company, including pricing, product structures, dealer and advisor compensation and disclosure. The Company monitors developments on an ongoing basis, and engages in policy discussions and develops product and service responses as appropriate.

IGM Financial continues to focus on its commitment to provide quality investment advice and financial products, service innovations, effective management of the Company and long-term value for its clients and shareholders. Management believes that the Company is well-positioned to meet competitive challenges and capitalize on future opportunities.

The Company enjoys several competitive strengths, including:

- Broad and diversified distribution with an emphasis on those channels emphasizing comprehensive financial planning through a relationship with a financial advisor.
- Broad product capabilities, leading brands and quality sub-advisory relationships.
- Enduring client relationships and the long-standing heritages and cultures of its subsidiaries.
- Benefits of being part of the Power Corporation group of companies.

BROAD AND DIVERSIFIED DISTRIBUTION

IGM Financial's distribution strength is a competitive advantage. In addition to owning two of Canada's largest financial planning organizations, IG Wealth Management and Investment Planning Counsel, IGM Financial has, through Mackenzie, access to distribution through over 30,000 independent financial advisors.

Mackenzie also, in its growing strategic alliance business, partners with Canadian and U.S. manufacturing and distribution complexes to provide investment management to a number of retail investment fund mandates.

BROAD PRODUCT CAPABILITIES

IGM Financial's subsidiaries continue to develop and launch innovative products and strategic investment planning tools to assist advisors in building optimized portfolios for clients.

ENDURING RELATIONSHIPS

IGM Financial enjoys significant advantages as a result of the enduring relationships that advisors enjoy with clients. In addition, the Company's subsidiaries have strong heritages and cultures which are challenging for competitors to replicate.

BENEFITS OF BEING PART OF THE POWER CORPORATION GROUP OF COMPANIES

As part of the Power Corporation group of companies, IGM Financial benefits through expense savings from shared service arrangements, as well as through access to distribution, products and capital.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

SUMMARY OF CRITICAL ACCOUNTING ESTIMATES

The three months ended March 31, 2020 were characterized by increased uncertainty due to COVID-19 which could impact the Company's significant assumptions related to critical estimates compared to those reported at December 31, 2019.

- *Goodwill and intangible assets* – The Company tests the fair 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. Based on March 31, 2020 financial information the Company determined there was no impairment in the value of those assets. The duration and severity of COVID-19 related economic disruptions and resulting depressed financial markets could materially impact the results and financial position of the Company. As a result, subsequent impairment tests may be based on different assumptions which could result in an impairment of goodwill or indefinite life intangible assets. Any such impairment would result in an adjustment to the carrying amount of the asset and a corresponding non-cash charge to the Company's earnings.

  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 and 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). Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

  These tests involve the use of estimates and assumptions appropriate in the circumstances. In assessing the recoverable amounts, valuation approaches are used that 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 include future changes in assets under management resulting from net sales and investment returns, pricing and profit margin changes, discount rates, and capitalization multiples.
- *Employee benefits* – The Company maintains a number of employee benefit plans. These plans include a funded registered defined benefit pension plan for all eligible employees, unfunded supplementary executive retirement plans for certain executive officers (SERPs) and an unfunded post-employment health care and life insurance plan for eligible retirees.

  During the first quarter of 2020, the performance of the defined benefit pension plan assets was positively impacted by an increase in discount rates. Corporate bond yields increased in Q1 2020 thereby impacting the discount rate used to measure the Company's accrued benefit liability. The discount rate utilized to value the defined benefit pension plan accrued benefit liability at March 31, 2020 was 4.30% compared to 3.20% at December 31, 2019. The pension plan assets decreased to $412.2 million at March 31, 2020 from $466.5 million at December 31, 2019. The decrease in plan assets was due to market performance primarily caused by COVID-19 which resulted in actuarial losses of $54.0 million, which were recorded in Other comprehensive income. The increase in the discount rate utilized to value the defined benefit pension plan obligation resulted in actuarial gains of $118.8 million which were recorded in Other comprehensive income. The total defined benefit pension plan obligation was $448.2 million at March 31, 2020 compared to $565.6 million at December 31, 2019. As a result of these changes, the defined benefit pension plan had an accrued benefit liability of $36.0 million at March 31, 2020 compared to $99.1 million at December 31, 2019. Total gains recorded in Other comprehensive income, including the defined benefit pension plan, the SERPS and post-employment benefit plans, were $77.7 million ($56.7 million after tax) for the three months ended March 31, 2020.

CHANGES IN ACCOUNTING POLICIES

IGM Financial has not adopted any changes in accounting policies in 2020.

FUTURE ACCOUNTING CHANGES

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

The IASB is currently undertaking a number of projects which will result in changes to existing IFRS standards that may affect the Company. Updates will be provided as the projects develop.

INTERNAL CONTROL OVER FINANCIAL REPORTING

During the first quarter of 2020, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

OTHER INFORMATION

TRANSACTIONS WITH RELATED PARTIES

There were no changes to the types of related party transactions from those reported at December 31, 2019. For further information on transactions involving related parties, see Notes 8 and 26 to the Company's Annual Financial Statements.

OUTSTANDING SHARE DATA

Outstanding common shares of IGM Financial as at March 31, 2020 totalled 238,308,284. Outstanding stock options as at March 31, 2020 totalled 11,672,984 of which 6,390,368 were exercisable. As at May 5, 2020, there were no changes to these amounts.

SEDAR

Additional information relating to IGM Financial, including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com.