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Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the results of operations and the financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the years ended December 31, 2021 and 2020 and should be read in conjunction with the audited Consolidated Financial Statements. Commentary in the MD&A as at and for the year ended December 31, 2021 is as of February 10, 2022.

Basis of Presentation and Summary of Accounting Policies

The Consolidated 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 Financial Reporting Standards (IFRS) and are presented in Canadian dollars (Note 2 of the Consolidated Financial Statements).

Principal Holders of Voting Shares

As at December 31, 2021, Power Corporation of Canada (Power) and Great-West Lifeco Inc. (Lifeco), a subsidiary of Power, held directly or indirectly 61.7% and 3.8%, respectively, of the outstanding common shares of IGM Financial.

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), "adjusted earnings before interest and taxes" (Adjusted 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, Adjusted 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 sales commissions. 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 to 4.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company supporting financial advisors and the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. The Company operates through a number of operating subsidiaries and also holds a number of strategic investments that provide benefits to these subsidiaries while furthering the Company's growth prospects. The Company's principle operating subsidiaries are wealth manager IG Wealth Management (IG) and asset manager Mackenzie Investments (Mackenzie). The Company also operates through wealth manager Investment Planning Counsel (IPC) and has strategic investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Northleaf Capital Group Ltd. (Northleaf), and Wealthsimple Financial Corp. (Wealthsimple) as described more fully later in this MD&A.

In the third quarter of 2020, the Company realigned its financial reporting and related disclosures to reflect its current reportable segments of Wealth Management, Asset Management and Strategic Investments and Other. In the first quarter of 2021, the Company further expanded its reportable segment disclosures to report to Net Earnings. These segments are described later in this MD&A.

IGM Financial's assets under management and advisement were \$277.1 billion as at December 31, 2021, the highest level in the history of the Company, compared with \$240.0 billion at December 31, 2020, as detailed in Table 6. Average total assets under management and advisement for the year ended December 31, 2021 were \$259.7 billion compared to \$191.2 billion in 2020. Average total assets under management and advisement for the fourth quarter of 2021 were \$272.0 billion compared to \$202.2 billion in the fourth quarter of 2020.

Total assets under management were \$245.3 billion at December 31, 2021, the highest level in the history of the Company, compared with \$214.0 billion at December 31, 2020. Average total assets under management for the year ended December 31, 2021 were \$231.4 billion compared to \$168.5 billion in 2020. Average total assets under management for the fourth quarter of 2021 were \$241.9 billion compared to \$177.6 billion in the fourth quarter of 2020.

Net earnings available to common shareholders for the year ended December 31, 2021 were at a record high of \$978.9 million or \$4.08 per share compared to net earnings available to common shareholders of \$764.4 million or \$3.21 per share in 2020, representing an increase of 27.1% in earnings per share. Net earnings available to common shareholders for the three months ended December 31, 2021 were \$268.5 million or \$1.11 per share compared to net earnings available to common shareholders of \$229.1 million or \$0.96

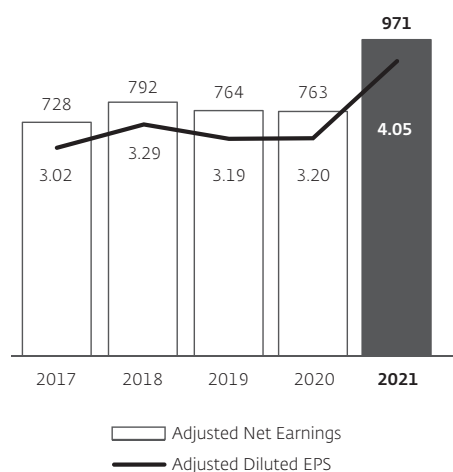
per share for the comparative period in 2020, an increase of 15.6% in earnings per share.

Adjusted net earnings available to common shareholders, excluding other items outlined below, for the year ended December 31, 2021 were at a record high of \$971.2 million or \$4.05 per share compared to adjusted net earnings available to common shareholders of \$762.9 million or \$3.20 per share in 2020, representing an increase of 26.6% in earnings per share. Adjusted net earnings available to common shareholders, excluding other items outlined below, for the three months ended December 31, 2021 were \$260.8 million or \$1.08 per share compared to adjusted net earnings available to common shareholders of \$204.3 million or \$0.86 per share for the comparative period in 2020, an increase of 25.6% in earnings per share.

Other items for the quarter ended December 31, 2021 consisted of additional consideration receivable of \$10.6 million (\$7.7 million after-tax) related to the sale of the Company's equity interest in Personal Capital Corporation (Personal Capital) in 2020.

Adjusted Net Earnings and Adjusted Net Earnings per Share

For the financial year (\$ millions, except per share amounts)



Adjusted net earnings and adjusted net earnings per share excluded the following after-tax amounts:

- 2017 – charges related to restructuring and other, a favourable revaluation of the Company's pension plan obligation, charges representing the Company's proportionate share in Great-West Lifeco Inc.'s one-time charges and restructuring provision.
- 2018 – charges related to restructuring and other and the premium paid on the early redemption of debentures.
- 2019 – the Company's proportionate share in Great-West Lifeco Inc.'s one-time charges.
- 2020 – the gain on sale of Personal Capital, gain on sale of Quadrus Group of Funds net of acquisition costs, the Company's proportionate share of associate's adjustments and restructuring and other.
- 2021 – additional consideration receivable related to the sale of Personal Capital in 2020.

Other items for the year ended December 31, 2020 consisted of:

- A gain on the sale of the Quadrus Group of Funds net of acquisition costs, of \$21.4 million after-tax (\$25.2 million pre-tax), recorded in the fourth quarter.
- The Company's proportionate share in Great-West Lifeco Inc.'s after-tax adjustments related to the revaluation of a deferred tax asset less certain restructuring and transaction costs, of \$3.4 million, recorded in the fourth quarter.
- A gain on the sale of the investment in Personal Capital of \$31.4 million after-tax (\$37.2 million pre-tax), recorded in the third quarter.
- Restructuring and other charges of \$54.7 million after-tax (\$74.5 million pre-tax), recorded in the third quarter, resulting from our ongoing multi-year transformation initiatives and efforts to enhance our operational effectiveness and also from the acquisition of GLC Asset Management Group Ltd. (GLC) and other changes to our investment management teams. This included activities to improve efficiency and capabilities by leveraging the scale and expertise of scaled providers through outsourcing partnerships, as well as process automation initiatives relating to key internal processes. The Company also incurred severance and other charges relating to the acquisition of GLC as well as other personnel changes.

Shareholders' equity was \$6.5 billion at December 31, 2021, compared to \$5.0 billion at December 31, 2020. Return on average common equity based on adjusted net earnings for the year ended December 31, 2021 was 16.4%, compared with 16.1% for the comparative period in 2020. Excluding the impact of fair value through other comprehensive income investments net of tax, return on average common equity for the year ended December 31, 2021 is 19.0%. The quarterly dividend per common share was 56.25 cents in 2021, unchanged from the end of 2020.

2021 DEVELOPMENTS

WEALTHSIMPLE FINANCIAL CORP. (WEALTHSIMPLE)

Wealthsimple is an online investment manager that provides financial investment guidance.

On May 3, 2021, Wealthsimple announced a \$750 million equity fundraising, valuing IGM Financial's investment in Wealthsimple at \$1,448 million. As part of the transaction, IGM Financial disposed of a portion of its investment for proceeds of \$294 million (\$258 million after-tax).

The Company continues to be the largest shareholder in Wealthsimple with an interest of 23% and fair value of \$1,153 million.

CHINA ASSET MANAGEMENT CO. LTD. (CHINAAMC)

On January 5, 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of \$1.15 billion from Power Corporation of Canada (Power), which will increase the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial will sell 15,200,662 common shares of Lifeco to Power for cash consideration of \$575 million, which will reduce the Company's equity interest in Lifeco from 4% to 2.4%. These transactions are expected to close in the first half of 2022, subject to customary closing conditions, including Chinese regulatory approvals. The sale of Lifeco is conditional on IGM Financial's purchase of the ChinaAMC shares.

Benefits of the ChinaAMC acquisition include:

- Enhancing participation in the rapidly growing Chinese asset management industry, through a meaningful ownership position in one of the leading asset managers in China.
- Reinforcing relationships and business opportunities between Mackenzie and ChinaAMC as Mackenzie builds global, fully diversified and differentiated solutions for its clients and strengthens distribution opportunities in China.
- Simplifying the IGM Financial and Power organization structure by consolidating the ChinaAMC ownership position at Mackenzie.
- Providing a financially attractive outcome that is expected to be accretive to IGM Financial's earnings in the first year of increased ownership.

COVID-19

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

The distribution of vaccines has resulted in the easing of restrictions in many economies and has contributed to strong gains in certain economic sectors during 2021. However, there is uncertainty regarding the effectiveness of vaccines against new variants of the virus, and this contributes towards uncertainty of the timing of a full economic recovery. As a result, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

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 and advisement; 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.

MARKET OVERVIEW

Returns in financial markets have remained strong in 2021 with a continued upward trend since the first quarter of 2020:

- The S&P TSX Composite total return index increased by 6.5% in the fourth quarter of 2021 and 25.1% for the year.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 11.0% in the fourth quarter of 2021 and 28.7% for the year.

TABLE 1: RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

(\$ millions)	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31
Adjusted net earnings available to common shareholders – Non-IFRS measure	\$ 260.8	\$ 270.8	\$ 204.3	\$ 971.2	\$ 762.9
Gain on sale of Personal Capital, net of tax	7.7	–	–	7.7	31.4
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	–	–	21.4	–	21.4
Proportionate share of associate's adjustments	–	–	3.4	–	3.4
Restructuring and other, net of tax	–	–	–	–	(54.7)
Net earnings available to common shareholders – IFRS	\$ 268.5	\$ 270.8	\$ 229.1	\$ 978.9	\$ 764.4
Adjusted net earnings per share⁽¹⁾ available to common shareholders – Non-IFRS measure	\$ 1.08	\$ 1.13	\$ 0.86	\$ 4.05	\$ 3.20
Gain on sale of Personal Capital, net of tax	0.03	–	–	0.03	0.13
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	–	–	0.09	–	0.09
Proportionate share of associate's adjustments	–	–	0.01	–	0.02
Restructuring and other, net of tax	–	–	–	–	(0.23)
Net earnings per share⁽¹⁾ available to common shareholders – IFRS	\$ 1.11	\$ 1.13	\$ 0.96	\$ 4.08	\$ 3.21
Average outstanding shares – Diluted (thousands)	241,443	240,575	238,308	240,019	238,307
EBITDA before sales commissions – Non-IFRS measure	\$ 411.8	\$ 422.3	\$ 326.4	\$ 1,547.0	\$ 1,226.4
Sales-based commissions paid	(42.9)	(37.8)	(41.3)	(170.5)	(139.5)
EBITDA after sales commissions – Non-IFRS measure	368.9	384.5	285.1	1,376.5	1,086.9
Sales-based commissions paid subject to amortization	39.3	33.8	36.1	151.0	117.6
Amortization of capitalized sales commissions	(16.2)	(14.8)	(10.6)	(56.7)	(36.4)
Amortization of capital, intangible and other assets	(25.4)	(24.9)	(21.5)	(99.8)	(83.5)
Adjusted earnings before interest and income taxes – Non-IFRS measure	366.6	378.6	289.1	1,371.0	1,084.6
Interest expense ⁽²⁾	28.6	28.7	27.9	113.9	110.6
Adjusted earnings before income taxes – Non-IFRS measure	338.0	349.9	261.2	1,257.1	974.0
Income taxes	76.5	78.4	56.7	283.9	210.9
Adjusted net earnings – Non-IFRS measure	261.5	271.5	204.5	973.2	763.1
Gain on sale of Personal Capital, net of tax	7.7	–	–	7.7	31.4
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	–	–	21.4	–	21.4
Proportionate share of associate's adjustments	–	–	3.4	–	3.4
Restructuring and other, net of tax	–	–	–	–	(54.7)
Net earnings – IFRS	\$ 269.2	\$ 271.5	\$ 229.3	\$ 980.9	\$ 764.6

(1) Diluted earnings per share.

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

- European equity markets, as measured by the MSCI Europe, net total return index increased by 7.7% in the fourth quarter of 2021 and 25.1% for the year.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, decreased by 1.8% in the fourth quarter of 2021 and decreased by 1.5% for the year.
- The FTSE TMX Canada Universe Bond total return Index increased by 1.5% in the fourth quarter of 2021 and decreased by 2.5% for the year.
- Our clients experienced an average investment return of 4.3% in the fourth quarter of 2021 and 11.9% for the year.

IGM Financial's assets under management and advisement increased by 15.5% from \$240.0 billion at December 31, 2020 to \$277.1 billion at December 31, 2021. See Table 29 for the composition of IGM Financial's assets under management by asset class.

REPORTING CHANGES

Effective January 1, 2021, the Company expanded its reportable segment disclosures to report to Net earnings, whereas previously it reported to Earnings before interest and taxes. These changes further build on the disclosure enhancements announced by the Company in the third quarter of 2020, which were introduced to improve transparency into key drivers of each business line and help stakeholders understand and assess components of value. The Company's reportable segments are Wealth Management, Asset Management and Strategic Investments & Other.

Prior period comparative information has been restated to reflect these changes.

These changes have no impact on the reported earnings of the Company.

These changes are intended to:

- Better reflect the business performance of underlying segments
- Reflect the capacity for financial leverage within the segments
- Encourage sum-of-parts approach to value assessment

To calculate segment Net earnings, debt and interest is allocated to each segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income tax expense is calculated based on revenue and expenses included in each segment.

REPORTABLE SEGMENTS

The segments as described below reflect the Company's internal financial reporting and performance measurement (Tables 2 to 4):

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial

planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.

- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portag3 Ventures LPs, as well as unallocated capital. Investments are classified in this segment (as opposed to the Wealth Management or Asset Management segment) when warranted due to different market segments, growth profiles or other unique characteristics.

Assets under Management and Advisement (AUM&A)

represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies.

Assets under Advisement (AUA) are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.

Assets under Management (AUM) are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities.

FINANCIAL PRESENTATION

The financial presentation includes revenues and expenses to align with the key drivers of business activity and to reflect our emphasis on business growth and operational efficiency. The categories are as follows:

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

Interest expense represents interest expense on long-term debt and leases. Interest expense is allocated to each segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

Income taxes are reported in each segment. IGM Financial consolidated changes in the effective tax rates are detailed in Table 5.

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, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.

Other items, as reflected in Tables 2, 3 and 4, 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 and are not allocated to segments. Other items in 2021 and 2020 included:

- *Gain on sale of Personal Capital*
 - 2021 – \$10.6 million (\$7.7 million after-tax), recorded in the fourth quarter, resulting from additional consideration receivable related to the sale of the Company's equity interest in Personal Capital in 2020.
 - 2020 – \$37.2 million (\$31.4 million after-tax), recorded in the third quarter, resulting from the sale of the Company's investment in Personal Capital.
- *2020 Gain on sale of the Quadrus Group of Funds net of acquisition costs* – \$25.2 million (\$21.4 million after-tax), recorded in the fourth quarter.
- *2020 Proportionate share of associate's adjustments* – \$3.4 million which represented the Company's proportionate share in GreatWest Lifeco Inc.'s after-tax adjustments, recorded in the fourth quarter, related to the revaluation of a deferred tax asset less certain restructuring and transaction costs.
- *2020 Restructuring and other* – \$74.5 million (\$54.7 million after-tax), recorded in the third quarter, resulting from our ongoing multi-year transformation initiatives and efforts to enhance our operational effectiveness and also from the acquisition of GLC and other changes to our investment management teams. This included activities to improve efficiency and capabilities by leveraging the scale and expertise of scaled providers through outsourcing partnerships, as well as process automation initiatives relating to key internal processes. The Company also incurred severance and other charges relating to the acquisition of GLC as well as other personnel changes.

TABLE 2: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q4 2021 VS. Q4 2020

THREE MONTHS ENDED (\$ millions)	WEALTH MANAGEMENT		ASSET MANAGEMENT		STRATEGIC INVESTMENTS & OTHER		INTERSEGMENT ELIMINATIONS		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31
Revenues										
Wealth management	\$ 672.5	\$ 598.5	\$ –	\$ –	\$ –	\$ –	\$ (5.0)	\$ (4.3)	\$ 667.5	\$ 594.2
Asset management	–	–	296.8	242.1	–	–	(30.0)	(25.8)	266.8	216.3
Dealer compensation expense	–	–	(91.7)	(78.6)	–	–	5.0	4.3	(86.7)	(74.3)
Net asset management	–	–	205.1	163.5	–	–	(25.0)	(21.5)	180.1	142.0
Net investment income and other	1.4	1.0	1.3	1.0	1.1	1.1	–	0.1	3.8	3.2
Proportionate share of associates' earnings	–	–	–	–	50.7	40.1	–	–	50.7	40.1
	673.9	599.5	206.4	164.5	51.8	41.2	(30.0)	(25.7)	902.1	779.5
Expenses										
Advisory and business development	284.8	254.8	24.1	28.3	–	–	–	–	308.9	283.1
Operations and support	115.9	113.3	88.3	74.6	1.3	0.9	–	0.2	205.5	189.0
Sub-advisory	49.5	42.7	1.6	1.5	–	–	(30.0)	(25.9)	21.1	18.3
	450.2	410.8	114.0	104.4	1.3	0.9	(30.0)	(25.7)	535.5	490.4
Adjusted earnings before interest and taxes ⁽¹⁾	223.7	188.7	92.4	60.1	50.5	40.3	–	–	366.6	289.1
Interest expense ⁽²⁾	22.7	22.7	5.9	5.2	–	–	–	–	28.6	27.9
Adjusted earnings before income taxes	201.0	166.0	86.5	54.9	50.5	40.3	–	–	338.0	261.2
Income taxes	53.8	44.2	21.2	14.2	1.5	(1.7)	–	–	76.5	56.7
Adjusted net earnings ⁽¹⁾	147.2	121.8	65.3	40.7	49.0	42.0	–	–	261.5	204.5
Non-controlling interest	–	–	–	–	0.7	0.2	–	–	0.7	0.2
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 147.2	\$ 121.8	\$ 65.3	\$ 40.7	\$ 48.3	\$ 41.8	\$ –	\$ –	260.8	204.3
Other items, net of tax										
Gain on sale of Personal Capital									7.7	–
Gain on sale of Quadrus Group of Funds net of acquisition costs									–	21.4
Proportionate share of associate's adjustments									–	3.4
Net earnings available to common shareholders									\$ 268.5	\$ 229.1

(1) 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.

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

TABLE 3: CONSOLIDATED OPERATING RESULTS BY SEGMENT – TWELVE MONTHS ENDED

TWELVE MONTHS ENDED (\$ millions)	WEALTH MANAGEMENT		ASSET MANAGEMENT		STRATEGIC INVESTMENTS & OTHER		INTERSEGMENT ELIMINATIONS		TOTAL	
	2021 DEC. 31	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31
Revenues										
Wealth management	\$ 2,572.9	\$ 2,276.0	\$	\$ –	\$ –	\$ –	\$ (19.3)	\$ (16.4)	\$ 2,553.6	\$ 2,259.6
Asset management	–	–	1,126.1	913.5	–	–	(114.6)	(100.6)	1,011.5	812.9
Dealer compensation expense	–	–	(355.3)	(299.5)	–	–	19.3	16.4	(336.0)	(283.1)
Net asset management	–	–	770.8	614.0	–	–	(95.3)	(84.2)	675.5	529.8
Net investment income and other	3.6	2.3	5.8	2.9	2.7	6.0	(0.2)	(0.2)	11.9	11.0
Proportionate share of associates' earnings	–	–	–	–	196.4	147.0	–	–	196.4	147.0
	2,576.5	2,278.3	776.6	616.9	199.1	153.0	(114.8)	(100.8)	3,437.4	2,947.4
Expenses										
Advisory and business development	1,089.3	960.0	88.7	80.2	–	–	–	–	1,178.0	1,040.2
Operations and support	466.1	453.7	335.6	293.7	4.9	4.1	(0.2)	(0.1)	806.4	751.4
Sub-advisory	189.7	163.2	6.9	8.7	–	–	(114.6)	(100.7)	82.0	71.2
	1,745.1	1,576.9	431.2	382.6	4.9	4.1	(114.8)	(100.8)	2,066.4	1,862.8
Adjusted earnings before interest and taxes ⁽¹⁾	831.4	701.4	345.4	234.3	194.2	148.9	–	–	1,371.0	1,084.6
Interest expense ⁽²⁾	90.3	89.9	23.6	20.7	–	–	–	–	113.9	110.6
Adjusted earnings before income taxes	741.1	611.5	321.8	213.6	194.2	148.9	–	–	1,257.1	974.0
Income taxes	198.0	162.6	81.0	55.7	4.9	(7.4)	–	–	283.9	210.9
Adjusted net earnings ⁽¹⁾	543.1	448.9	240.8	157.9	189.3	156.3	–	–	973.2	763.1
Non-controlling interest	–	–	–	–	2.0	0.2	–	–	2.0	0.2
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 543.1	\$ 448.9	\$ 240.8	\$ 157.9	\$ 187.3	\$ 156.1	\$ –	\$ –	971.2	762.9
Other items, net of tax										
Gain on sale of Personal Capital									7.7	31.4
Gain on sale of Quadrus Group of Funds net of acquisition costs									–	21.4
Proportionate share of associate's adjustments									–	3.4
Restructuring and other									–	(54.7)
Net earnings available to common shareholders									\$ 978.9	\$ 764.4

(1) 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.

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

TABLE 4: CONSOLIDATED OPERATING RESULTS BY SEGMENT – Q4 2021 VS. Q3 2021

THREE MONTHS ENDED (\$ millions)	WEALTH MANAGEMENT		ASSET MANAGEMENT		STRATEGIC INVESTMENTS & OTHER		INTERSEGMENT ELIMINATIONS		TOTAL	
	2021 DEC. 31	2021 SEP. 30	2021 DEC. 31	2021 SEP. 30	2021 DEC. 31	2021 SEP. 30	2021 DEC. 31	2021 SEP. 30	2021 DEC. 31	2021 SEP. 30
Revenues										
Wealth management	\$ 672.5	\$ 660.0	\$ –	\$ –	\$ –	\$ –	\$ (5.0)	\$ (5.0)	\$ 667.5	\$ 655.0
Asset management	–	–	296.8	293.1	–	–	(30.0)	(29.7)	266.8	263.4
Dealer compensation expense	–	–	(91.7)	(90.9)	–	–	5.0	5.0	(86.7)	(85.9)
Net asset management	–	–	205.1	202.2	–	–	(25.0)	(24.7)	180.1	177.5
Net investment income and other	1.4	(0.2)	1.3	2.2	1.1	0.6	–	(0.1)	3.8	2.5
Proportionate share of associates' earnings	–	–	–	–	50.7	55.9	–	–	50.7	55.9
	673.9	659.8	206.4	204.4	51.8	56.5	(30.0)	(29.8)	902.1	890.9
Expenses										
Advisory and business development	284.8	274.8	24.1	19.2	–	–	–	–	308.9	294.0
Operations and support	115.9	113.2	88.3	83.3	1.3	1.2	–	(0.1)	205.5	197.6
Sub-advisory	49.5	48.7	1.6	1.7	–	–	(30.0)	(29.7)	21.1	20.7
	450.2	436.7	114.0	104.2	1.3	1.2	(30.0)	(29.8)	535.5	512.3
Adjusted earnings before interest and taxes ⁽¹⁾	223.7	223.1	92.4	100.2	50.5	55.3	–	–	366.6	378.6
Interest expense ⁽²⁾	22.7	22.8	5.9	5.9	–	–	–	–	28.6	28.7
Adjusted earnings before income taxes	201.0	200.3	86.5	94.3	50.5	55.3	–	–	338.0	349.9
Income taxes	53.8	53.5	21.2	23.3	1.5	1.6	–	–	76.5	78.4
Adjusted net earnings ⁽¹⁾	147.2	146.8	65.3	71.0	49.0	53.7	–	–	261.5	271.5
Non-controlling interest	–	–	–	–	0.7	0.7	–	–	0.7	0.7
Adjusted net earnings available to common shareholders ⁽¹⁾	\$ 147.2	\$ 146.8	\$ 65.3	\$ 71.0	\$ 48.3	\$ 53.0	\$ –	\$ –	260.8	270.8
Other items, net of tax										
Gain on sale of Personal Capital									7.7	–
Net earnings available to common shareholders									\$ 268.5	\$ 270.8

(1) 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.

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

TABLE 5: EFFECTIVE INCOME TAX RATE

	THREE MONTHS ENDED			TWELVE MONTHS ENDED	
	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	2021 DEC. 31	2020 DEC. 31
Income taxes at Canadian federal and provincial statutory rates	26.64 %	26.65 %	26.60 %	26.63 %	26.68 %
Effect of:					
Proportionate share of associates' earnings	(3.39)	(3.78)	(3.29)	(3.65)	(3.71)
Tax loss consolidation ⁽¹⁾	–	–	(0.96)	–	(1.15)
Other	(0.48)	(0.47)	(0.19)	(0.36)	(0.11)
Effective income tax rate – adjusted net earnings	22.77	22.40	22.16	22.62	21.71
Disposition of assets net of acquisition costs	–	–	(0.98)	–	(0.82)
Proportionate share of associate's adjustments	–	–	(0.31)	–	(0.09)
Effective income tax rate – net earnings	22.77 %	22.40 %	20.87 %	22.62 %	20.80 %

(1) See Note 27 – Related Party Transactions of the Consolidated Financial Statements included in the 2021 IGM Financial Inc. Annual Report (Consolidated Financial Statements).
The benefits from the tax loss consolidation arrangements ended at December 31, 2020.

TOTAL ASSETS UNDER MANAGEMENT AND ADVISEMENT

Assets under management and advisement were \$277.1 billion at December 31, 2021 compared to \$240.0 billion at December 31, 2020, an increase of 15.5%, as detailed in Table 6. Total assets under management were \$245.3 billion at December 31, 2021 compared to \$214.0 billion at December 31, 2020, an increase of 14.6%.

Full year net inflows of \$8.7 billion are a record high and up from \$7.1 billion in 2020. Full year investment fund net sales of \$7.0 billion are a record high and up from net sales of \$3.4 billion

in 2020. Total net inflows were \$1.2 billion in the fourth quarter of 2021 down from \$2.2 billion in the fourth quarter of 2020. Investment fund net sales of \$1.1 billion in the fourth quarter of 2021 were down from \$1.7 billion in the fourth quarter of 2020. Net flows and net sales are based on assets under management and advisement excluding sub-advisory assets to Canada Life and to the Wealth Management segment.

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

TABLE 6: ASSETS UNDER MANAGEMENT AND ADVISEMENT

	WEALTH MANAGEMENT				ASSET MANAGEMENT ⁽¹⁾		INTERCOMPANY ELIMINATIONS ⁽²⁾		CONSOLIDATED	
	IG WEALTH MANAGEMENT		INVESTMENT PLANNING COUNSEL		MACKENZIE INVESTMENTS					
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
(\$ millions)	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31	DEC. 31
THREE MONTHS ENDED										
Gross flows										
Mutual fund gross sales ⁽³⁾⁽⁴⁾	\$ 2,959	\$ 2,572	\$ 174	\$ 177	\$ 2,592	\$ 4,501	\$ –	\$ –	\$ 5,725	\$ 7,250
Dealer gross inflows	3,437	2,938	1,509	1,487	–	–	–	–	4,946	4,425
Net flows										
Mutual fund net sales ⁽³⁾⁽⁴⁾	457	(9)	(129)	(89)	512	1,376	–	–	840	1,278
ETF net creations ⁽⁵⁾	–	–	–	–	245	372	–	–	245	372
Investment fund net sales	457	(9)	(129)	(89)	757	1,748	–	–	1,085	1,650
Institutional SMA net sales ⁽⁶⁾	–	–	–	–	(576)	(75)	–	–	(576)	(75)
Mackenzie net sales through Wealth Management	36	130	20	59	–	–	(56)	(189)	–	–
IGM product net sales	493	121	(109)	(30)	181	1,673	(56)	(189)	509	1,575
Other dealer net flows	492	364	232	279	–	–	1	3	725	646
Total net flows	985	485	123	249	181	1,673	(55)	(186)	1,234	2,221
TWELVE MONTHS ENDED										
Gross flows										
Mutual fund gross sales ⁽³⁾⁽⁴⁾	\$ 11,845	\$ 8,987	\$ 774	\$ 577	\$ 12,022	\$ 13,565	\$ –	\$ –	\$ 24,641	\$ 23,129
Dealer gross inflows	13,434	9,977	5,366	4,760	–	–	–	–	18,800	14,737
Net flows										
Mutual fund net sales ⁽³⁾⁽⁴⁾	1,813	(451)	(288)	(307)	3,908	2,956	–	–	5,433	2,198
ETF Net creations ⁽⁵⁾	–	–	–	–	1,532	1,232	–	–	1,532	1,232
Investment fund net sales	1,813	(451)	(288)	(307)	5,440	4,188	–	–	6,965	3,430
Institutional SMA net sales ⁽⁶⁾	–	–	–	–	(306)	2,062	–	–	(306)	2,062
Mackenzie net sales through Wealth Management	431	211	180	113	–	–	(611)	(324)	–	–
IGM product net sales	2,244	(240)	(108)	(194)	5,134	6,250	(611)	(324)	6,659	5,492
Other dealer net flows	1,440	1,035	596	567	–	–	6	5	2,042	1,607
Total net flows	3,684	795	488	373	5,134	6,250	(605)	(319)	8,701	7,099

(1) Asset Management flows activity excludes sub-advisory to Canada Life and the Wealth Management segment.

In the fourth quarter of 2020, Mackenzie Investments sold fund management contracts relating to private label Quadrus Group of Funds (QGOF) to Lifeco and, as a result, gross and net mutual fund flows in 2021 are not directly comparable with 2020.

(2) Consolidated results eliminate double counting where business is reflected within multiple segments.

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

(4) During the fourth quarter and the twelve month period, institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes which resulted in:

2021 YTD – net redemptions of \$361 million.

2020 YTD – sales of \$1.4 billion and net sales of \$612 million.

2020 Q4 – sales of \$625 million and net sales of \$32 million.

(5) ETFs – During the second and third quarters of 2020, Wealthsimple made allocation changes which resulted in \$370 million in purchases in Mackenzie ETFs and \$325 million of redemptions from Mackenzie's ETFs, respectively.

(6) Sub-advisory, institutional and other accounts:

2021 Q2 – Mackenzie was awarded \$680 million of sub-advisory wins.

Q4 – an institutional client re-assigned sub-advisory responsibilities on mandates advised by Mackenzie totalling \$667 million.

2020 Q2 – Mackenzie was awarded \$2.6 billion of sub-advisory wins.

TABLE 6: ASSETS UNDER MANAGEMENT AND ADVISEMENT (CONTINUED)

	WEALTH MANAGEMENT				ASSET MANAGEMENT		INTERCOMPANY ELIMINATIONS ⁽¹⁾		CONSOLIDATED	
	IG WEALTH MANAGEMENT		INVESTMENT PLANNING COUNSEL		MACKENZIE INVESTMENTS					
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
(\$ millions)	Dec. 31	DEC. 31	Dec. 31	DEC. 31	Dec. 31	DEC. 31	Dec. 31	DEC. 31	Dec. 31	DEC. 31
Assets under Management and Advisement										
Wealth Management										
AUM	\$ 110,541	\$ 97,713	\$ 5,629	\$ 5,320			\$ -	\$ -	\$ 116,170	\$ 103,033
Mackenzie assets sold through										
Wealth Management	957	438	3,640	3,133			-	-	4,597	3,571
Other AUA	8,059	5,122	23,808	20,865			(11)	(8)	31,856	25,979
AUA	119,557	103,273	33,077	29,318			(11)	(8)	152,623	132,583
Asset Management										
Mutual funds					\$ 62,969	\$ 52,682			62,969	52,682
ETFs					5,393	3,788			5,393	3,788
Investment funds					68,362	56,470			68,362	56,470
Institutional SMA					7,948	7,293			7,948	7,293
Sub-Advisory to Canada Life					52,805	47,175			52,805	47,175
Total Institutional SMA					60,753	54,468			60,753	54,468
Total ex sub-advisory to Wealth Management					129,115	110,938			129,115	110,938
Sub-advisory to Wealth Management					81,228	74,210			81,228	74,210
Total AUM					210,343	185,148			210,343	185,148
ETFs										
Distributed to third parties					5,393	3,788			5,393	3,788
Held within IGM managed products					7,281	4,663	(7,281)	(4,663)	-	-
Total ETFs					12,674	8,451	(7,281)	(4,663)	5,393	3,788
Consolidated										
AUM	110,541	97,713	5,629	5,320	210,343	185,148	(81,228)	(74,210)	245,285	213,971
Mackenzie assets sold through										
Wealth Management	957	438	3,640	3,133	-	-	(4,597)	(3,571)	-	-
Other AUA	8,059	5,122	23,808	20,865	-	-	(11)	(8)	31,856	25,979
AUM&A	119,557	103,273	33,077	29,318	210,343	185,148	(85,836)	(77,789)	277,141	239,950

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.

SELECTED ANNUAL INFORMATION

Financial information for the three most recently completed years is included in Table 7.

Net Earnings and Earnings per Share – Except as noted in the reconciliation in Table 7, variations in net earnings and total revenues result primarily from changes in average assets under management and advisement. Assets under management and advisement were \$190.0 billion in 2019, increased to \$240.0 billion in 2020 and to \$277.1 billion in 2021. Increases were driven largely by changes in financial markets during the periods, and in 2020 were primarily due to net business acquisitions of \$30.3 billion. Average total assets under management and advisement for the year ended December 31, 2021 were \$259.7 billion compared to \$191.2 billion in 2020. The impact on earnings and revenues of changes in average total assets under management and advisement and other pertinent items are discussed in the Review of Segment Operating Results sections of the MD&A for both IG Wealth Management and Mackenzie.

Net earnings in future periods will largely be determined by the level of assets under management and advisement which will continue to be influenced by global market conditions.

Dividends per Common Share – Annual dividends per common share were \$2.25 in 2021, unchanged from 2020 and 2019.

SUMMARY OF QUARTERLY RESULTS

The Summary of Quarterly Results in Table 8 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 8, largely reflect the impact of changes in domestic and foreign markets and net sales of the Company.

TABLE 7: SELECTED ANNUAL INFORMATION

	2021	2020	2019
Consolidated statements of earnings (\$ millions)			
Revenues			
Wealth management	\$ 2,553.6	\$ 2,259.6	\$ 2,299.0
Net asset management	675.5	529.8	515.3
Net investment income and other	11.9	11.0	24.8
Proportionate share of associates' earnings	196.4	147.0	122.4
	3,437.4	2,947.4	2,961.5
Expenses	2,180.3	1,973.4	1,975.7
	1,257.1	974.0	985.8
Gain on sale of Personal Capital	10.6	37.2	–
Gain on sale of Quadrus Group of Funds net of acquisition costs	–	25.2	–
Proportionate share of associate's adjustments	–	3.4	–
Restructuring and other	–	(74.5)	–
Proportionate share of associate's one-time charges	–	–	(17.2)
Earnings before income taxes	1,267.7	965.3	968.6
Income taxes	286.8	200.7	219.7
Net earnings	980.9	764.6	748.9
Non-controlling interest	(2.0)	(0.2)	–
Perpetual preferred share dividends	–	–	(2.2)
Net earnings available to common shareholders	\$ 978.9	\$ 764.4	\$ 746.7
Reconciliation of Non-IFRS financial measures⁽¹⁾ (\$ millions)			
Adjusted net earnings available to common shareholders – non-IFRS measure	\$ 971.2	\$ 762.9	\$ 763.9
Other items:			
Gain on sale of Personal Capital, net of tax	7.7	31.4	–
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	–	21.4	–
Proportionate share of associate's adjustments	–	3.4	–
Restructuring and other, net of tax	–	(54.7)	–
Proportionate share of associate's one-time charges	–	–	(17.2)
Net earnings available to common shareholders – IFRS	\$ 978.9	\$ 764.4	\$ 746.7
Earnings per share (\$)			
Adjusted net earnings available to common shareholders ⁽¹⁾			
– Basic	\$ 4.07	\$ 3.20	\$ 3.19
– Diluted	4.05	3.20	3.19
Net earnings available to common shareholders			
– Basic	4.10	3.21	3.12
– Diluted	4.08	3.21	3.12
Dividends per share (\$)			
Common	\$ 2.25	\$ 2.25	\$ 2.25
Preferred, Series B	–	–	0.37
Average assets under management and advisement (\$ billions)			
Investment fund assets under management	\$ 173.4	\$ 161.7	\$ 155.5
Total assets under management	231.4	168.5	161.1
Total assets under management and advisement	259.7	191.2	183.5
Ending assets under management and advisement (\$ billions)			
Investment fund assets under management	\$ 184.5	\$ 159.5	\$ 161.8
Total assets under management	245.3	214.0	166.8
Total assets under management and advisement	277.1	240.0	190.0
Total corporate assets (\$ millions)	\$ 17,661	\$ 16,062	\$ 15,391
Total long-term debt (\$ millions)	\$ 2,100	\$ 2,100	\$ 2,100
Outstanding common shares (thousands)	239,679	238,308	238,294
Average outstanding shares – Diluted (thousands)	240,019	238,307	239,181

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

TABLE 8: SUMMARY OF QUARTERLY RESULTS

	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Consolidated statements of earnings (\$ millions)								
Revenues								
Wealth management	\$ 667.5	\$ 655.0	\$ 627.6	\$ 603.5	\$ 594.2	\$ 571.6	\$ 531.1	\$ 562.7
Asset management	266.8	263.4	248.3	233.0	216.3	207.4	190.7	198.5
Dealer compensation expense	(86.7)	(85.9)	(82.7)	(80.7)	(74.3)	(71.3)	(66.1)	(71.4)
Net asset management	180.1	177.5	165.6	152.3	142.0	136.1	124.6	127.1
Net investment income and other	3.8	2.5	2.5	3.1	3.2	2.2	7.6	(2.0)
Proportionate share of associates' earnings	50.7	55.9	48.2	41.6	40.1	43.5	43.3	20.1
	902.1	890.9	843.9	800.5	779.5	753.4	706.6	707.9
Expenses								
Advisory and business development	308.9	294.0	291.1	284.0	283.1	252.6	245.4	259.1
Operations and support	205.5	197.6	196.8	206.5	189.0	181.9	185.4	195.1
Sub-advisory	21.1	20.7	20.4	19.8	18.3	18.5	16.9	17.5
Interest ⁽¹⁾	28.6	28.7	28.5	28.1	27.9	27.9	27.5	27.3
	564.1	541.0	536.8	538.4	518.3	480.9	475.2	499.0
Earnings before undernoted	338.0	349.9	307.1	262.1	261.2	272.5	231.4	208.9
Gain on sale of Personal Capital	10.6	–	–	–	–	37.2	–	–
Gain on sale of Quadrus Group of Funds net of acquisition costs	–	–	–	–	25.2	–	–	–
Proportionate share of associate's adjustments	–	–	–	–	3.4	–	–	–
Restructuring and other	–	–	–	–	–	(74.5)	–	–
Earnings before income taxes	348.6	349.9	307.1	262.1	289.8	235.2	231.4	208.9
Income taxes	79.4	78.4	69.3	59.7	60.5	44.3	47.9	48.0
Net earnings	269.2	271.5	237.8	202.4	229.3	190.9	183.5	160.9
Non-controlling interest	0.7	0.7	0.4	0.2	0.2	–	–	–
Net earnings available to common shareholders	\$ 268.5	\$ 270.8	\$ 237.4	\$ 202.2	\$ 229.1	\$ 190.9	\$ 183.5	\$ 160.9
Reconciliation of Non-IFRS financial measures⁽²⁾ (\$ millions)								
Adjusted net earnings available to common shareholders – non-IFRS measure	\$ 260.8	\$ 270.8	\$ 237.4	\$ 202.2	\$ 204.3	\$ 214.2	\$ 183.5	\$ 160.9
Other items:								
Gain on sale of Personal Capital, net of tax	7.7	–	–	–	–	31.4	–	–
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax	–	–	–	–	21.4	–	–	–
Proportionate share of associate's adjustments	–	–	–	–	3.4	–	–	–
Restructuring and other, net of tax	–	–	–	–	–	(54.7)	–	–
Net earnings available to common shareholders – IFRS	\$ 268.5	\$ 270.8	\$ 237.4	\$ 202.2	\$ 229.1	\$ 190.9	\$ 183.5	\$ 160.9
Earnings per Share (\$)								
Adjusted net earnings available to common shareholders ⁽²⁾								
– Basic	\$ 1.09	\$ 1.13	\$ 0.99	\$ 0.85	\$ 0.86	\$ 0.90	\$ 0.77	\$ 0.68
– Diluted	1.08	1.13	0.99	0.85	0.86	0.90	0.77	0.68
Net earnings available to common shareholders								
– Basic	1.12	1.13	0.99	0.85	0.96	0.80	0.77	0.68
– Diluted	1.11	1.13	0.99	0.85	0.96	0.80	0.77	0.68
Average outstanding shares – Diluted (thousands)	241,443	240,575	239,821	238,474	238,308	238,308	238,308	238,316
Average assets under management and advisement (\$ billions)								
Investment fund assets under management	\$ 181.9	\$ 178.6	\$ 170.2	\$ 162.7	\$ 169.8	\$ 163.7	\$ 152.6	\$ 158.5
Total assets under management	241.9	238.3	227.8	217.6	177.6	171.4	159.2	163.3
Assets under management and advisement	272.0	267.4	255.4	243.9	202.2	194.9	181.5	186.0
Ending assets under management and advisement (\$ billions)								
Investment fund assets under management	\$ 184.5	\$ 176.8	\$ 174.4	\$ 165.5	\$ 159.5	\$ 164.9	\$ 157.8	\$ 143.2
Total assets under management	245.3	236.2	233.6	221.6	214.0	172.6	165.4	147.5
Assets under management and advisement	277.1	265.2	262.0	248.5	240.0	196.4	188.3	168.4

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

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

Wealth Management

The Wealth Management segment consists of both IG Wealth Management (IG) and Investment Planning Counsel, Inc. (IPC).

Wealth Management revenue consists of:

- **Advisory fees** are related to providing financial advice to clients including fees related to the distribution of products.
- **Product and program fees** are related to the management of investment products and include management, administration and other related fees.
- **Other financial planning revenues** are fees related to providing clients other financial products including mortgages, insurance and banking products.

Sub-advisory fees are paid between segments and to third parties for investment management services provided to our investment products. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Effective January 1, 2021, each segment now reflects their results to adjusted net earnings. Debt and interest expense is allocated to segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

IG Wealth Management, founded in 1926, provides comprehensive personal financial planning and wealth management services to Canadians through our exclusive network of 3,278 Consultants. IG Wealth Management clients are more than one million individuals, families and business owners.

Investment Planning Counsel, founded in 1996, is an independent distributor of financial products, services and advice in Canada, with 675 financial advisors.

The Wealth Management segment provides a comprehensive planning approach, through IG Wealth Management Consultants and IPC Advisors, by offering a broad range of financial products and services.

The review of the business in the Wealth Management section primarily relates to IG Wealth Management as it represents 96% of adjusted net earnings of the total segment.

2021 DEVELOPMENTS

In the fourth quarter, IG Wealth Management launched IG Climate Action Portfolios, a suite of four diversified managed solutions:

- IG Climate Action Portfolio – Global Fixed Income Balanced
- IG Climate Action Portfolio – Global Neutral Balanced
- IG Climate Action Portfolio – Global Equity Balanced
- IG Climate Action Portfolio – Global Equity

These portfolios were developed with leading global asset managers and provide clients with a new way to support the world's transition to net zero emissions. The portfolios invest in both equity and fixed income securities that are believed to reduce the risks or are expected to benefit from the

opportunities associated with climate change and the transition to a net zero emission global economy.

IG Wealth Management entered into a partnership with CapIntel that provides IG advisors access to a powerful investment analysis and proposal tool. Portfolio comparisons and product information is integrated with our Advisor Portal (Salesforce) to quickly and transparently deliver on demand analysis and generate compliant & compelling investment proposals to our clients. CapIntel also monitors daily investment funds and equities and notifies our advisors (through advisor portal) of any significant changes to investments that should be reviewed (for example, but not inclusive – material change reports, change in risk category, fund merger, corporate action, etc.)

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 \$5.6 trillion in discretionary financial assets with financial institutions at December 31, 2020, based on the most recent report from Investor Economics, and we view these savings as IG Wealth Management's addressable market. 76% of these savings are held by households with over \$1 million, which are referred to as high net worth, and another 20% reside with households with between \$100,000 and \$1 million, which are referred 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.
- 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 Consultant practices are industry leaders in holding a credentialed financial planning designation. These 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 December 31, 2021:

- 1,761 Consultant practices (1,815 at December 31, 2020), 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 96% of AUM.

- 380 New Consultants (445 at December 31, 2020), which are those Consultants with less than four years of experience.
- 1,137 Associates and Regional Directors (1,044 at December 31, 2020). 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 3,278 (3,304 at December 31, 2020).

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.

We also support Consultants and clients through our network of product and planning specialists, who assist in the areas of advanced financial planning, mortgages and banking, insurance, and securities. These specialists help to ensure 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 our competition by offering comprehensive planning to our clients within the context of long-term relationships. A primary focus is on advising and attracting high net worth and mass affluent clients.

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 our holistic, client-centric approach to financial planning that reflects the evolving needs, goals and aspirations of Canadian families and individuals. The IG Living Plan Portal, which is based on Conquest Planning, provides a single, integrated view of a client's entire financial picture and uses predictive tools to determine planning strategies customized to the individual.

The IG Living Plan leverages the 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 policy types from the leading insurers in Canada.
- Mortgage and banking solutions that are offered as part of a 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.

IG Wealth Management's National Service Centre is focused on supporting more than 200,000 clients with less complex requirements while allowing our Consultant practices to focus on those clients with more complex needs.

IG Wealth Management Consultants are focused on the high net worth and mass affluent segments of the market, which we define as households with over \$1 million and between \$100 thousand and \$1 million, respectively.

Assets under advisement for clients with household assets greater than \$1 million (defined as "high net worth") totalled \$43.5 billion at December 31, 2021, an increase of 40.8% from one year ago, and represented 36% of total assets under advisement.

Assets under advisement for clients with household assets between \$100 thousand and \$1 million (defined as "mass affluent") totalled \$66.5 billion at December 31, 2021, an increase of 7.2% from one year ago, and represented 56% of total assets under advisement.

Assets under advisement for clients with household assets less than \$100 thousand (defined as "mass market") totalled \$9.6 billion at December 31, 2021, a decrease of 7.8% from one year ago, and represented 8.0% of total assets under advisement.

Business processes

IG Wealth Management continually seeks to enhance our systems and business processes so our Consultants can serve clients more effectively. We look to enhance client and advisor interactions on an ongoing basis to simplify processes, reduce errors, and digitize the experience with an appropriate cost structure.

The IG Wealth Management Advisor Portal 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.

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.

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 and advisor surveys, positions our employees and advisors to better serve our clients.

DELIVERING 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 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, ChinaAMC, Putnam 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 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 a transparent advisory fee. IGAA accounts increase fee transparency and can hold most securities and investment products available in the marketplace to individual investors.
 - *iProfile™ Portfolios* – iProfile Portfolios are a suite of four managed solutions that provide comprehensive diversification and are designed to suit personal preferences for risk tolerance and investment goals. These portfolios provide exposure similar to the investments of the iProfile Private Pools. These portfolios are offered in both the IGAA and iProfile account structures.
 - *iProfile™ Private Portfolios* – iProfile Private Portfolios are model portfolios comprised of iProfile Private Pools, available for households with investments held at IG Wealth Management in excess of \$250,000. iProfile Private Portfolios have been designed to deliver strong risk-adjusted returns by diversifying across asset classes, management styles and geographic regions. Recent enhancements include the launch of new discretionary model portfolios and six new iProfile Private Pools to support the new models: three iProfile Active Allocation Private Pools, iProfile Alternatives Private Pool with mandates including long-short, global macro and global equity hedge strategies, iProfile ETF Private Pool providing exposure through exchange traded funds (ETF) and iProfile Low Volatility Private Pool with Canadian, U.S., International and Emerging Market geographic coverage.
- In addition, we have incorporated investments in private assets with the introduction of a Private Credit Mandate in the iProfile Fixed Income Private Pool. The pool has committed to three Northleaf Capital Partners' private credit investments that focus on loans to middle market companies in North America and Europe, as well as to BlackRock, PIMCO and Sagard. We have also introduced Private Investment Mandates into both the iProfile Canadian Equity Private Pool and the iProfile U.S. Equity Private Pool. Both of these mandates intend to provide investors with enhanced diversification and long-term capital appreciation through exposure to investments in privately held companies. The iProfile Canadian Equity Private Pool has currently made a commitment to the Northleaf Growth Fund and the iProfile U.S. Equity Private Pool has made a commitment to the Northleaf Capital Opportunities Fund.
- 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).

In support of the global goal to reach net zero by 2050, IG Wealth Management is a founding Signatory to Responsible Investment Association's Canadian Investor Statement on Climate Change. To support this initiative, in the fourth quarter IG Wealth Management launched the IG Climate Action Portfolios, a suite of four diversified managed solutions.

A growing portion of IG Wealth Management's client assets are in unbundled fee structures. 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 differentiate pricing by client segment to ensure that it is competitive.

We have discontinued offering the bundled purchase option of mutual funds and substantially all of our investment account types.

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 December 31, 2021, 75.8% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar[†] fund ranking service and 39.0% had a rating of four or five stars. This compared to the Morningstar[†] universe of 86.4% for three stars or better and 54.9% for four and five star funds at December 31, 2021. Morningstar Ratings[†] are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

WEALTH MANAGEMENT ASSETS UNDER MANAGEMENT AND ADVISEMENT

Assets under management and advisement are key performance indicators for the Wealth Management segment.

Wealth Management's assets under advisement were at a record high level of \$152.6 billion at December 31, 2021, an increase of 15.1% from December 31, 2020. The level of assets under advisement are influenced by three factors: client inflows, client outflows and investment returns.

Wealth Management's assets under management were also at a record high level of \$116.2 billion, an increase of 12.8% from December 31, 2020. The level of assets under management are influenced by sales, redemptions and investment returns.

Changes in Wealth Management assets under advisement and assets under management for the periods under review are reflected in Tables 9 and 10.

TABLE 9: CHANGE IN ASSETS UNDER ADVISEMENT – WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Gross client inflows	\$ 4,946	\$ 4,278	\$ 4,425	15.6 %	11.8 %
Gross client outflows	3,837	3,003	3,688	27.8	4.0
Net flows	1,109	1,275	737	(13.0)	50.5
Investment returns	6,052	842	6,831	N/M	(11.4)
Net change in assets	7,161	2,117	7,568	238.3	(5.4)
Beginning assets	145,462	143,345	125,015	1.5	16.4
Ending assets under advisement	\$ 152,623	\$ 145,462	\$ 132,583	4.9 %	15.1 %
IG Wealth Management	119,557	113,958	103,273	4.9	15.8
Investment Planning Counsel	33,077	31,515	29,318	5.0	12.8
Average assets under advisement	\$ 149,702	\$ 146,531	\$ 128,342	2.2 %	16.6 %
IG Wealth Management	117,379	114,820	100,295	2.2	17.0
Investment Planning Counsel	32,334	31,721	28,054	1.9	15.3

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE
Gross client inflows	\$ 18,800	\$ 14,737	27.6 %
Gross client outflows	14,622	13,564	7.8
Net flows	4,178	1,173	256.2
Investment returns	15,862	6,590	140.7
Net change in assets	20,040	7,763	158.1
Beginning assets	132,583	124,820	6.2
Ending assets under advisement	\$ 152,623	\$ 132,583	15.1 %
IG Wealth Management	119,557	103,273	15.8
Investment Planning Counsel	33,077	29,318	12.8
Average assets under advisement	\$ 142,867	\$ 122,919	16.2 %
IG Wealth Management	111,880	95,870	16.7
Investment Planning Counsel	30,997	27,056	14.6

TABLE 10: CHANGE IN ASSETS UNDER MANAGEMENT – WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Sales	\$ 3,133	\$ 2,929	\$ 2,749	7.0 %	14.0 %
Redemptions	2,805	2,343	2,847	19.7	(1.5)
Net sales (redemptions)	328	586	(98)	(44.0)	N/M
Investment returns	3,788	765	5,118	N/M	(26.0)
Net change in assets	4,116	1,351	5,020	204.7	(18.0)
Beginning assets	112,054	110,703	98,013	1.2	14.3
Ending assets under management	\$ 116,170	\$ 112,054	\$ 103,033	3.7 %	12.8 %
IG Wealth Management	110,541	106,551	97,713	3.7	13.1
Investment Planning Counsel	5,629	5,503	5,320	2.3	5.8
Daily average mutual fund assets	\$ 115,115	\$ 113,145	\$ 100,419	1.7 %	14.6 %
IG Wealth Management	109,521	107,557	95,194	1.8	15.1
Investment Planning Counsel	5,594	5,588	5,225	0.1	7.1

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE	
Sales	\$ 12,619	\$ 9,564		31.9 %
Redemptions	11,094	10,322		7.5
Net sales (redemptions)	1,525	(758)		N/M
Investment returns	11,612	5,239		121.6
Net change in assets	13,137	4,481		193.2
Beginning assets	103,033	98,552		4.5
Ending assets under management	\$ 116,170	\$ 103,033		12.8 %
IG Wealth Management	110,541	97,713		13.1
Investment Planning Counsel	5,629	5,320		5.8
Daily average mutual fund assets	\$ 110,445	\$ 97,062		13.8 %
IG Wealth Management	104,962	91,929		14.2
Investment Planning Counsel	5,483	5,133		6.8

IG WEALTH MANAGEMENT ASSETS UNDER MANAGEMENT AND ADVISEMENT

Assets under advisement (AUA) are a key performance indicator for IG Wealth Management. AUA represents savings and investment products, including Assets Under Management where we provide investment management services, that are held within our clients' accounts. Advisory fees are charged based on an annual percentage of substantially all AUA, through the IG Advisory Account fee, and represent the majority of the fees earned from our clients. Our Consultants' compensation is also based on AUA and net assets contributed by our clients.

IG Wealth Management's assets under advisement and mutual fund assets under management were at record high levels at December 31, 2021. Assets under advisement were \$119.6 billion at December 31, 2021, an increase of 15.8% from December 31, 2020, and mutual fund assets under management were \$110.5 billion, an increase of 13.1%.

Changes in IG Wealth Management assets under advisement and management for the periods under review are reflected in Tables 11 and 12.

For the quarter ended December 31, 2021, gross client inflows of IG Wealth Management assets under advisement were \$3.4 billion, an increase of 17.0% from \$2.9 billion in the comparable period in 2020. Net client inflows were \$1.0 billion, an improvement of \$500 million from net client inflows of \$485 million in the comparable period in 2020. During the fourth quarter, investment returns resulted in an increase of \$4.6 billion in assets under advisement compared to an increase of \$5.3 billion in the fourth quarter of 2020.

For the twelve months ended December 31, 2021, gross client inflows of IG Wealth Management assets under advisement were \$13.4 billion, the highest annual result in the history of the company, and represented an increase of 34.6% from \$10.0 billion in the comparable period in 2020. Net client inflows

TABLE 11: CHANGE IN ASSETS UNDER ADVISEMENT – IG WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Gross client inflows	\$ 3,437	\$ 3,141	\$ 2,938	9.4 %	17.0 %
Gross client outflows	2,452	2,127	2,453	15.3	–
Net flows	985	1,014	485	(2.9)	103.1
Investment returns	4,614	759	5,250	N/M	(12.1)
Net change in assets	5,599	1,773	5,735	215.8	(2.4)
Beginning assets	113,958	112,185	97,538	1.6	16.8
Ending assets	\$ 119,557	\$ 113,958	\$ 103,273	4.9 %	15.8 %
Average assets under advisement	\$ 117,379	\$ 114,820	\$ 100,295	2.2 %	17.0 %

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE	
Gross client inflows	\$ 13,434	\$ 9,977		34.6 %
Gross client outflows	9,750	9,182		6.2
Net flows	3,684	795		N/M
Investment returns	12,600	5,378		134.3
Net change in assets	16,284	6,173		163.8
Beginning assets	103,273	97,100		6.4
Ending assets	\$ 119,557	\$ 103,273		15.8 %
Average assets under advisement	\$ 111,880	\$ 95,870		16.7 %

were at an all-time high level of \$3.7 billion in the twelve month period, an improvement of \$2.9 billion from net client inflows of \$795 million in the comparable period in 2020. During 2021, investment returns resulted in an increase of \$12.6 billion in assets under advisement compared to an increase of \$5.4 billion in 2020.

Changes in mutual fund assets under management for the periods under review are reflected in Table 12.

In addition to net sales of \$457 million in the fourth quarter of 2021 to IG Wealth Management fund products, there were net sales to Mackenzie fund products of \$36 million for a total of \$493 million in net sales to IGM Financial's products. For the twelve month period, net sales to IG Wealth Management fund products were \$1.8 billion and net sales to Mackenzie fund products were \$0.4 billion for a total of \$2.2 billion in net sales to IGM Financial's products.

At December 31, 2021, \$77.8 billion, or 70% of IG Wealth Management's mutual fund assets under management, were in products with unbundled fee structures, up 50.6% from \$51.7 billion at December 31, 2020 which represented 53% of assets under management.

CHANGE IN ASSETS UNDER MANAGEMENT AND ADVISEMENT – 2021 VS. 2020

IG Wealth Management's assets under advisement were \$119.6 billion at December 31, 2021, an increase of 15.8% from \$103.3 billion at December 31, 2020. IG Wealth Management's mutual fund assets under management were \$110.5 billion at December 31, 2021, representing an increase of 13.1% from \$97.7 billion at December 31, 2020. Average daily mutual fund assets were \$109.5 billion in the fourth quarter of 2021, up 15.1% from \$95.2 billion in the fourth quarter of 2020. Average daily mutual fund assets were \$105.0 billion for the twelve months ended December 31, 2021, up 14.2% from \$91.9 billion in 2020.

For the quarter ended December 31, 2021, sales of IG Wealth Management mutual funds through its Consultant network were \$3.0 billion, an increase of 15.0% from the comparable period in 2020. Mutual fund redemptions totalled \$2.5 billion, a decrease of 3.1% from 2020. IG Wealth Management mutual fund net sales for the fourth quarter of 2021 were \$457 million compared with net redemptions of \$9 million in 2020. During the fourth quarter, investment returns resulted in an increase of \$3.5 billion in mutual fund assets compared to an increase of \$4.8 billion in the fourth quarter of 2020.

TABLE 12: CHANGE IN ASSETS UNDER MANAGEMENT – IG WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Sales	\$ 2,959	\$ 2,741	\$ 2,572	8.0 %	15.0 %
Redemptions	2,502	2,165	2,581	15.6	(3.1)
Net sales (redemptions)	457	576	(9)	(20.7)	N/M
Investment returns	3,533	757	4,848	N/M	(27.1)
Net change in assets	3,990	1,333	4,839	199.3	(17.5)
Beginning assets	106,551	105,218	92,874	1.3	14.7
Ending assets	\$ 110,541	\$ 106,551	\$ 97,713	3.7 %	13.1 %
Daily average assets under management	\$ 109,521	\$ 107,557	\$ 95,194	1.8 %	15.1 %
Managed asset net sales					
Investment fund net sales	\$ 457	\$ 576	\$ (9)	(20.7) %	N/M %
Mackenzie net sales through Wealth Management	36	65	130	(44.6)	(72.3)
	\$ 493	\$ 641	\$ 121	(23.1) %	N/M %

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE
Sales	\$ 11,845	\$ 8,987	31.8 %
Redemptions	10,032	9,438	6.3
Net sales (redemptions)	1,813	(451)	N/M
Investment returns	11,015	5,003	120.2
Net change in assets	12,828	4,552	181.8
Beginning assets	97,713	93,161	4.9
Ending assets	\$ 110,541	\$ 97,713	13.1 %
Daily average assets under management	\$ 104,962	\$ 91,929	14.2 %
Managed asset net sales			
Investment fund net sales	\$ 1,813	\$ (451)	N/M %
Mackenzie net sales through Wealth Management	431	211	104.3
	\$ 2,244	\$ (240)	N/M %

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 8.8% in the fourth quarter of 2021, compared to 10.3% in the fourth quarter of 2020. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 9.2% at December 31, 2021, compared to 9.8% at December 31, 2020, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 13.5% at December 31, 2021. IG Wealth Management's redemption rate has been very stable compared to the overall mutual fund industry, reflecting our focus on financial planning.

For the twelve months ended December 31, 2021, sales of IG Wealth Management mutual funds through its Consultant network were \$11.8 billion, an increase of 31.8% from 2020. Mutual fund redemptions totalled \$10.0 billion, an increase of 6.3% from 2020. Net sales of IG Wealth Management mutual funds were \$1.8 billion compared with net redemptions of \$451 million in 2020. During 2021, investment returns resulted

in an increase of \$11.0 billion in mutual fund assets compared to an increase of \$5.0 million in 2020.

CHANGE IN ASSETS UNDER MANAGEMENT AND ADVISEMENT – Q4 2021 VS. Q3 2021

IG Wealth Management's assets under advisement were \$119.6 billion at December 31, 2021, an increase of 4.9% from \$114.0 billion at September 30, 2021. IG Wealth Management's mutual fund assets under management were \$110.5 billion at December 31, 2021, an increase of 3.7% from \$106.6 billion at September 30, 2021. Average daily mutual fund assets were \$109.5 billion in the fourth quarter of 2021 compared to \$107.6 billion in the third quarter of 2021, an increase of 1.8%.

For the quarter ended December 31, 2021, sales of IG Wealth Management mutual funds through its Consultant network were \$3.0 billion, an increase of 8.0% from the third quarter of 2021. Mutual fund redemptions, which totalled \$2.5 billion for the fourth quarter, increased 15.6% from the previous quarter, and the annualized quarterly redemption rate was 8.8% in

the fourth quarter compared to 7.7% in the third quarter of 2021. IG Wealth Management mutual fund net sales were \$457 million for the current quarter compared to net sales of \$576 million in the previous quarter.

IG WEALTH MANAGEMENT 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 December 31, 2021, total segregated fund assets were \$1.5 billion, compared to \$1.6 billion at December 31, 2020.

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 average number of policies sold by each insurance-licensed Consultant was 2.3 for the quarter ended December 31, 2021, compared to 2.6 in 2020. For the twelve months ended December 31, 2021, the average number of policies sold by each insurance-licensed Consultant was 9.5 compared to 9.0 in 2020. 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[†].

Mortgage fundings offered through IG Wealth Management and through Solutions Banking[†] for the three and twelve months ended December 31, 2021 were \$221 million and \$1.08 billion compared to \$297 million and \$1.12 billion in 2020, a decrease of 25.6% and 3.3%, respectively. At December 31, 2021, mortgages offered through both sources totalled \$8.4 billion, compared to \$9.5 billion at December 31, 2020, a decrease of 11.3%.

Available credit associated with Solutions Banking[†] All-in-One accounts originated for the three and twelve month periods ended December 31, 2021 were \$276 million and \$1.3 billion, respectively, compared to \$411 million and \$1.2 billion in 2020. At December 31, 2021, the balance outstanding of Solutions Banking[†] All-in-One products was \$3.9 billion, compared to \$3.4 billion one year ago, and represented approximately 52% 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 labelled 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 outstanding lending products of IG Wealth Management clients in the Solutions Banking[†] offering, including Solutions Banking[†] mortgages totalled \$5.7 billion at December 31, 2021, compared to \$5.1 billion at December 31, 2020.

Review of Segment Operating Results

The Wealth Management segment's adjusted net earnings are presented in Table 13 and include the operations of IG Wealth Management and Investment Planning Counsel.

IG WEALTH MANAGEMENT

IG Wealth Management adjusted net earnings are presented in Table 14. Adjusted net earnings for the fourth quarter of 2021 were \$141.1 million, an increase of 20.2% from the fourth quarter in 2020 and an increase of 0.1% from the prior quarter. Adjusted net earnings for the year ended December 31, 2021 were \$522.9 million, an increase of 20.5% from 2020.

Adjusted earnings before interest and taxes for the fourth quarter of 2021 were \$215.0 million, an increase of 17.9% from the fourth quarter in 2020 and an increase of 0.1% from the prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2021 were \$802.8 million, an increase of 18.1% from 2020.

2021 VS. 2020

FEE INCOME

Advisory fees include fees for providing financial advice to clients including fees related to the distribution of products, and depend largely on the level and composition of assets under advisement. Advisory fees were \$301.1 million in the fourth quarter of 2021, an increase of \$35.6 million or 13.4% from \$265.5 million in 2020. For the twelve months ended December 31, 2021, advisory fees were \$1,154.3 million, an increase of \$135.2 million or 13.3% from \$1,019.1 million in 2020.

The increase in advisory fees in the three and twelve month periods ending December 31, 2021 was primarily due to the increase in average assets under advisement of 17.0% and 16.7%, respectively, as shown in Table 11. In both periods, the increase in average assets was offset in part by a decrease in the advisory fee rate. The average advisory fee rate for the fourth quarter was 101.8 basis points of average assets under advisement compared to 105.3 basis points in 2020, and for the twelve month period, the rate was 103.2 basis points compared to 106.3 basis points in 2020. The decrease in rates reflects changes in product and client mix as we have more high net worth clients who are eligible for lower rates.

Product and program fees depend largely on the level and composition of mutual fund assets under management. Product and program fees totalled \$238.1 million in the current quarter, up 15.7% from \$205.8 million a year ago. Product and program fees were \$903.5 million for the twelve month period ended December 31, 2021 compared to \$790.6 million in 2020, an increase of 14.3%.

The increase in product and program fees in both the three and twelve month periods of 2021 was primarily due to the increase in average assets under management of 15.1% and 14.2%, respectively, as shown in Table 12. The average product and program fee rate for the fourth quarter was 86.3 basis points of average assets under management compared to 85.8 basis points in 2020, and the rate for the twelve month period was 86.0 basis points of average assets under management compared to 85.8 basis points in 2020, reflecting changes in product mix and price in both periods.

Other financial planning revenues are primarily earned from:

- Mortgage banking operations
- Distribution of insurance products through I.G. Insurance Services Inc.
- Securities trading services provided through Investors Group Securities Inc.
- Banking services provided through Solutions Banking[†]

Other financial planning revenues of \$41.7 million for the fourth quarter of 2021 decreased by \$3.6 million from \$45.3 million in 2020, primarily due to lower earnings from the mortgage banking operations partly offset by higher distribution fee income from insurance products. For the twelve month period, other financial planning revenues of \$163.4 million increased by \$13.9 million from \$149.5 million in 2020, due to higher distribution fee income from insurance products partly offset by lower earnings from the mortgage banking operations.

A summary of mortgage banking operations for the three and twelve month periods under review is presented in Table 15.

NET INVESTMENT INCOME AND OTHER

Net investment income and other is primarily related to investment income earned on our cash and cash equivalents and securities and other income not related to our core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital.

EXPENSES

IG Wealth Management incurs advisory and business development expenses that include compensation paid to our Consultants. The majority of these costs vary directly with asset or sales levels. Also included are other distribution and business development activities which do not vary directly with asset or sales levels, such as direct marketing and advertising, financial planning specialist support and other costs incurred to support our adviser networks. These expenses tend to be discretionary or vary based upon the number of consultants or clients.

Asset-based compensation fluctuates with the value of assets under advisement. Asset-based compensation increased by \$25.2 million and \$90.5 million for the three and twelve month

TABLE 13: OPERATING RESULTS – WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021	2021	2020	% CHANGE	
	DEC. 31	SEP. 30	DEC. 31	2021 SEP. 30	2020 DEC. 31
Revenues					
Wealth Management					
Advisory fees	\$ 370.6	\$ 364.5	\$ 325.5	1.7 %	13.9 %
Product and program fees	252.8	248.4	219.8	1.8	15.0
	623.4	612.9	545.3	1.7	14.3
Redemption fees	1.7	1.8	3.2	(5.6)	(46.9)
Other financial planning revenues	47.4	45.3	50.0	4.6	(5.2)
Total Wealth Management	672.5	660.0	598.5	1.9	12.4
Net investment income and other	1.4	(0.2)	1.0	N/M	40.0
	673.9	659.8	599.5	2.1	12.4
Expenses					
Advisory and business development					
Asset-based compensation	195.2	191.6	164.3	1.9	18.8
Sales-based compensation	15.9	14.7	10.6	8.2	50.0
Other					
Other product commissions	21.3	16.5	20.1	29.1	6.0
Business development	52.4	52.0	59.8	0.8	(12.4)
	73.7	68.5	79.9	7.6	(7.8)
Total advisory and business development	284.8	274.8	254.8	3.6	11.8
Operations and support	115.9	113.2	113.3	2.4	2.3
Sub-advisory	49.5	48.7	42.7	1.6	15.9
	450.2	436.7	410.8	3.1	9.6
Adjusted earnings before interest and taxes	223.7	223.1	188.7	0.3	18.5
Interest expense	22.7	22.8	22.7	(0.4)	–
Adjusted earnings before taxes	201.0	200.3	166.0	0.3	21.1
Income taxes	53.8	53.5	44.2	0.6	21.7
Adjusted net earnings	\$ 147.2	\$ 146.8	\$ 121.8	0.3 %	20.9 %
TWELVE MONTHS ENDED					
(\$ millions)			2021 DEC. 31	2020 DEC. 31	% CHANGE
Revenues					
Wealth Management					
Advisory fees			\$ 1,417.2	\$ 1,245.7	13.8 %
Product and program fees			961.1	846.3	13.6
			2,378.3	2,092.0	13.7
Redemption fees			10.0	16.0	(37.5)
Other financial planning revenues			184.6	168.0	9.9
Total Wealth Management			2,572.9	2,276.0	13.0
Net investment income and other			3.6	2.3	56.5
			2,576.5	2,278.3	13.1
Expenses					
Advisory and business development					
Asset-based compensation			740.1	625.9	18.2
Sales-based compensation			56.1	36.4	54.1
Other					
Other product commissions			75.5	69.8	8.2
Business development			217.6	227.9	(4.5)
			293.1	297.7	(1.5)
Total advisory and business development			1,089.3	960.0	13.5
Operations and support			466.1	453.7	2.7
Sub-advisory			189.7	163.2	16.2
			1,745.1	1,576.9	10.7
Adjusted earnings before interest and taxes			831.4	701.4	18.5
Interest expense			90.3	89.9	0.4
Adjusted earnings before taxes			741.1	611.5	21.2
Income taxes			198.0	162.6	21.8
Adjusted net earnings			\$ 543.1	\$ 448.9	21.0 %

TABLE 14: OPERATING RESULTS – IG WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021	2021	2020	% CHANGE	
	DEC. 31	SEP. 30	DEC. 31	2021 SEP. 30	2020 DEC. 31
Revenues					
Wealth Management					
Advisory fees	\$ 301.1	\$ 296.9	\$ 265.5	1.4 %	13.4 %
Product and program fees	238.1	233.5	205.8	2.0	15.7
	539.2	530.4	471.3	1.7	14.4
Redemption fees	1.7	1.8	3.0	(5.6)	(43.3)
Other financial planning revenues	41.7	39.8	45.3	4.8	(7.9)
Total Wealth Management	582.6	572.0	519.6	1.9	12.1
Net investment income and other	1.3	(0.5)	0.8	N/M	62.5
	583.9	571.5	520.4	2.2	12.2
Expenses					
Advisory and business development					
Asset-based compensation	142.0	138.4	116.8	2.6	21.6
Sales-based compensation	15.9	14.7	10.6	8.2	50.0
Other					
Other product commissions	18.0	13.3	17.3	35.3	4.0
Business development	43.8	43.8	52.3	–	(16.3)
	61.8	57.1	69.6	8.2	(11.2)
Total advisory and business development	219.7	210.2	197.0	4.5	11.5
Operations and support	103.6	101.8	101.8	1.8	1.8
Sub-advisory	45.6	44.7	39.2	2.0	16.3
	368.9	356.7	338.0	3.4	9.1
Adjusted earnings before interest and taxes	215.0	214.8	182.4	0.1	17.9
Interest expense	22.5	22.6	22.5	(0.4)	–
Adjusted earnings before taxes	192.5	192.2	159.9	0.2	20.4
Income taxes	51.4	51.3	42.5	0.2	20.9
Adjusted net earnings	\$ 141.1	\$ 140.9	\$ 117.4	0.1 %	20.2 %
TWELVE MONTHS ENDED					
(\$ millions)			2021	2020	% CHANGE
			DEC. 31	DEC. 31	
Revenues					
Wealth Management					
Advisory fees			\$ 1,154.3	\$ 1,019.1	13.3 %
Product and program fees			903.5	790.6	14.3
			2,057.8	1,809.7	13.7
Redemption fees			9.9	15.7	(36.9)
Other financial planning revenues			163.4	149.5	9.3
Total Wealth Management			2,231.1	1,974.9	13.0
Net investment income and other			2.6	1.3	100.0
			2,233.7	1,976.2	13.0
Expenses					
Advisory and business development					
Asset-based compensation			536.0	445.5	20.3
Sales-based compensation			56.1	36.4	54.1
Other					
Other product commissions			62.8	58.6	7.2
Business development			184.6	199.1	(7.3)
			247.4	257.7	(4.0)
Total advisory and business development			839.5	739.6	13.5
Operations and support			416.9	407.1	2.4
Sub-advisory			174.5	149.7	16.6
			1,430.9	1,296.4	10.4
Adjusted earnings before interest and taxes			802.8	679.8	18.1
Interest expense			89.6	89.3	0.3
Adjusted earnings before taxes			713.2	590.5	20.8
Income taxes			190.3	156.7	21.4
Adjusted net earnings			\$ 522.9	\$ 433.8	20.5 %

TABLE 15: MORTGAGE BANKING OPERATIONS – IG WEALTH MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021	2021	2020	% CHANGE	
	DEC. 31	SEP. 30	DEC. 31	2021 SEP. 30	2020 DEC. 31
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	\$ 33.1	\$ 35.6	\$ 44.1	(7.0) %	(24.9) %
Interest expense	25.5	27.3	33.5	(6.6)	(23.9)
Net interest income	7.6	8.3	10.6	(8.4)	(28.3)
Gains on sales ⁽¹⁾	0.5	1.8	3.7	(72.2)	(86.5)
Fair value adjustments	–	1.3	(1.0)	(100.0)	100.0
Other	0.7	0.2	1.8	250.0	(61.1)
	\$ 8.8	\$ 11.6	\$ 15.1	(24.1) %	(41.7) %
Average mortgages serviced					
Securitizations	\$ 5,111	\$ 5,338	\$ 6,126	(4.3) %	(16.6) %
Other	2,411	2,454	2,670	(1.8)	(9.7)
	\$ 7,522	\$ 7,792	\$ 8,796	(3.5) %	(14.5) %
Mortgage sales to: ⁽²⁾					
Securitizations	\$ 297	\$ 333	\$ 434	(10.8) %	(31.6) %
Other ⁽¹⁾	176	222	246	(20.7)	(28.5)
	\$ 473	\$ 555	\$ 680	(14.8) %	(30.4) %
TWELVE MONTHS ENDED (\$ millions)			2021 DEC. 31	2020 DEC. 31	% CHANGE
Total mortgage banking income					
Net interest income on securitized loans					
Interest income			\$ 147.0	\$ 181.1	(18.8) %
Interest expense			111.4	148.5	(25.0)
Net interest income			35.6	32.6	9.2
Gains on sales ⁽¹⁾			3.9	9.8	(60.2)
Fair value adjustments			1.4	(5.1)	N/M
Other			3.5	8.5	(58.8)
			\$ 44.4	\$ 45.8	(3.1) %
Average mortgages serviced					
Securitizations			\$ 5,431	\$ 6,465	(16.0) %
Other			2,503	2,748	(8.9)
			\$ 7,934	\$ 9,213	(13.9) %
Mortgage sales to: ⁽²⁾					
Securitizations			\$ 1,506	\$ 1,605	(6.2) %
Other ⁽¹⁾			872	760	14.7
			\$ 2,378	\$ 2,365	0.5 %

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

(2) Represents principal amounts sold.

periods ended December 31, 2021 to \$142.0 million and \$536.0 million, respectively, compared to 2020. The increase was primarily due to increased average assets under advisement and Consultant performance.

IG Wealth Management sales-based compensation is based upon the level of new assets contributed to client accounts at IG Wealth Management (subject to eligibility requirements). All sales-based compensation payments are capitalized and amortized as they reflect incremental costs to obtain a client contract.

Sales-based compensation was \$15.9 million for the fourth quarter of 2021, an increase of \$5.3 million from \$10.6 million in 2020. For the twelve month period, sales-based compensation expense was \$56.1 million, an increase of \$19.7 million from \$36.4 million in 2020. The increase in expense is due to additional sales-based commission being capitalized and amortized throughout 2020 and 2021.

Other advisory and business development expenses were \$61.8 million in the fourth quarter of 2021, compared to \$69.6 million in 2020. Other advisory and business development expenses were \$247.4 million in the twelve months ended December 31, 2021, compared to \$257.7 million in 2020.

Operations and support includes costs that support our wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses. Operations and support expenses were \$103.6 million for the fourth quarter of 2021 compared to \$101.8 million in 2020, an increase of \$1.8 million or 1.8%. For the twelve month period, operations and support expenses were \$416.9 million in 2021 compared to \$407.1 million in 2020, an increase of \$9.8 million or 2.4%.

Sub-advisory expenses were \$45.6 million for the fourth quarter of 2021 compared to \$39.2 million in 2020, an increase of \$6.4 million or 16.3%. For the twelve month period, sub-advisory expenses were \$174.5 million in 2021 compared to \$149.7 million in 2020, an increase of \$24.8 million or 16.6%. The increase in both periods is primarily due to higher assets under management.

INTEREST EXPENSE

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$22.5 million in the fourth quarter of 2021, unchanged from 2020. For the twelve month period, interest expense totalled \$89.6 million compared to \$89.3 million in 2020. Long-term debt interest expense is calculated based on a long-term debt allocation of \$1.7 billion to IG Wealth Management.

Q4 2021 VS. Q3 2021

FEE INCOME

Advisory fee income increased by \$4.2 million or 1.4% to \$301.1 million in the fourth quarter of 2021 compared with the third quarter of 2021. The increase in advisory fees in the fourth quarter was primarily due to the increase in average assets under advisement of 2.2% for the quarter, as shown in Table 11. The average advisory fee rate for the fourth quarter was 101.8 basis points of average assets under management, a decrease from 102.6 basis points in the third quarter primarily due to changes in client mix.

Product and program fees were \$238.1 million in the fourth quarter of 2021, an increase of \$4.6 million from \$233.5 million in the third quarter of 2021. The increase in product and program fees was due to higher assets under management. The average product and program fee rate was 86.3 basis points in the current quarter, compared to 86.1 basis points in the third quarter.

Other financial planning revenues of \$41.7 million in the fourth quarter of 2021 increased by \$1.9 million from \$39.8 million in the third quarter, due to higher insurance sales partly offset by lower mortgage income.

NET INVESTMENT INCOME AND OTHER

Net investment income and other was \$1.3 million in the fourth quarter of 2021, an increase of \$1.8 million from the third quarter.

EXPENSES

Advisory and business development expenses in the current quarter were \$219.7 million, an increase of \$9.5 million from \$210.2 million in the previous quarter primarily due to higher assets under advisement, higher sales based compensation and higher insurance sales.

Operations and support expenses were \$103.6 million for the fourth quarter of 2021 compared to \$101.8 million in the previous quarter, an increase of \$1.8 million or 1.8%.

INVESTMENT PLANNING COUNSEL

2021 VS. 2020

Adjusted net earnings related to Investment Planning Counsel were \$1.7 million and \$5.1 million higher in the three and twelve month periods ended December 31, 2021 than the comparable periods in 2020.

Q4 2021 VS. Q3 2021

Adjusted net earnings related to Investment Planning Counsel were \$0.2 million higher in the fourth quarter of 2021 compared to the prior quarter.

Asset Management

The Asset Management segment includes Mackenzie Investments (Mackenzie).

Asset Management revenue reflects:

- **Net asset management fees – third party** includes fees received from our mutual funds and fees from third parties for investment management services. Compensation paid to dealers offsets the fees earned.
- **Asset management fees – Wealth Management** includes fees received from the Wealth Management segment. Wealth

Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Assets managed for IG Wealth Management are included in the Asset Management segment's assets under management.

Effective January 1, 2021, each segment now reflects their results to adjusted net earnings. Debt and interest expense is allocated to a segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

Mackenzie Investments is a diversified asset management solutions provider founded in 1967. We provide investment management and related services with a wide range of investment mandates through a boutique structure and using multiple distribution channels. We are committed to delivering strong investment performance for our clients by drawing on more than 50 years of investment management experience.

Mackenzie earns asset management fees primarily from:

- Management fees earned from its investment funds, sub-advised accounts and institutional clients.
- Fees earned from its mutual funds for administrative services.
- Redemption fees on deferred sales charge and low load units.

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. 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.

ASSET MANAGEMENT STRATEGY

Mackenzie's mission is to create a more invested world, together.

Mackenzie's objective is to become Canada's preferred global asset management solutions provider and business partner.

Mackenzie's focus is based on five key strategies:

- Win in retail in a segmented way
- Build a global institutional business with a targeted approach
- Deliver innovative investment solutions and performance

- Business processes that are simple, easy and digitized
- Continue to foster a high performance and diverse culture

These strategies impact our strategic priorities and drive future business growth. We aim to achieve this 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.

Mackenzie seeks to maximize returns on business investment by focusing our resources in areas that directly impact the success of our strategic focus: 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, Vancouver, 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. Mackenzie partners with Wealthsimple to distribute ETFs through their product shelf. 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 continues to be positioned to continue to build and enhance our distribution relationships given our team of experienced investment professionals, strength of our distribution network, broad product shelf, competitively priced products and our focus on client experience and investment excellence.

ACQUISITIONS

GLC Asset Management Group Ltd. (GLC)

On December 31, 2020, Mackenzie acquired GLC, a Canadian investment management firm with \$37 billion in assets under management, from Great-West Lifeco Inc. (Lifeco).

TABLE 16: CHANGE IN TOTAL ASSETS UNDER MANAGEMENT – ASSET MANAGEMENT⁽¹⁾

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment					
Net sales (redemptions)					
Mutual funds ⁽¹⁾	\$ 512	\$ 799	\$ 1,376	(35.9) %	(62.8) %
ETF net creations ⁽²⁾	245	320	372	(23.4)	(34.1)
Investment funds ⁽³⁾	757	1,119	1,748	(32.4)	(56.7)
Sub-advisory, institutional and other accounts ⁽⁴⁾	(576)	(27)	(75)	N/M	N/M
Total net sales (redemptions)	181	1,092	1,673	(83.4)	(89.2)
Change due to GLC ⁽⁵⁾	–	–	(16,875)	–	100.0
Investment returns	3,162	54	4,365	N/M	(27.6)
Net change in assets	3,343	1,146	(10,837)	191.7	N/M
Beginning Assets	72,967	71,821	74,600	1.6	(2.2)
Ending Assets	\$ 76,310	\$ 72,967	\$ 63,763	4.6 %	19.7 %
Consolidated Assets under management⁽⁵⁾					
Mutual funds	\$ 62,969	\$ 59,721	\$ 52,682	5.4 %	19.5 %
ETFs	5,393	5,068	3,788	6.4	42.4
Investment funds ⁽³⁾	68,362	64,789	56,470	5.5	21.1
Sub-advisory, institutional and other accounts	7,948	8,178	7,293	(2.8)	9.0
	76,310	72,967	63,763	4.6	19.7
Sub-advisory to Canada Life	52,805	51,131	47,175	3.3	11.9
Total excluding sub-advisory to Wealth Management	129,115	124,098	110,938	4.0	16.4
Sub-advisory to Wealth Management	81,228	79,242	74,210	2.5	9.5
Consolidated assets under management	\$ 210,343	\$ 203,340	\$ 185,148	3.4 %	13.6 %
Average total assets⁽⁶⁾					
Excluding sub-advisory to Wealth Management	\$ 126,759	\$ 125,181	\$ 77,186	1.3 %	64.2 %
Consolidated	207,143	204,850	149,491	1.1	38.6

TABLE 16: CHANGE IN TOTAL ASSETS UNDER MANAGEMENT – ASSET MANAGEMENT⁽¹⁾

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment			
Net sales (redemptions)			
Mutual funds ⁽¹⁾	\$ 3,908	\$ 2,956	32.2 %
ETF net creations ⁽²⁾	1,532	1,232	24.4
Investment funds ⁽³⁾	5,440	4,188	29.9
Sub-advisory, institutional and other accounts ⁽⁴⁾	(306)	2,062	N/M
Total net sales (redemptions)	5,134	6,250	(17.9)
Change due to GLC ⁽⁵⁾	–	(16,875)	100.0
Investment returns	7,413	6,131	20.9
Net change in assets	12,547	(4,494)	N/M
Beginning Assets	63,763	68,257	(6.6)
Ending Assets	\$ 76,310	\$ 63,763	19.7 %
Average total assets⁽⁶⁾			
Excluding sub-advisory to Wealth Management	\$ 120,988	\$ 71,402	69.4 %
Consolidated	198,946	141,985	40.1

(1) Mutual funds – Institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:

2021 YTD – resulted in redemptions and net redemptions of \$361 million.

2020 YTD – resulted in sales of \$1.4 billion, redemptions of \$785 million and net sales of \$612 million.

2020 Q4 – resulted in sales of \$625 million, redemptions of \$593 million and net sales of \$32 million.

Q3 – resulted in sales and net sales of \$290 million.

(2) ETFs – During the second and third quarters of 2020, Wealthsimple made allocation changes which resulted in \$370 million in purchases in Mackenzie ETFs and \$325 million of redemptions from Mackenzie's ETFs, respectively.

(3) Investment fund assets under management and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(4) Sub-advisory, institutional and other accounts:

2021 Q2 – Mackenzie was awarded \$680 million of sub-advisory wins.

Q4 – an institutional client re-assigned sub-advisory responsibilities on mandates advised by Mackenzie totalling \$667 million.

2020 Q2 – Mackenzie was awarded \$2.6 billion of sub-advisory wins.

(5) In the fourth quarter of 2020 Mackenzie Investments:

– Sold \$16.2 billion of fund management contracts relating to private label Quadrus Group of Funds (QGOF) to Lifeco.

– Acquired \$183 million in mutual fund assets under management related to the acquisition of Greenchip Financial Corp.

– Acquired \$46.3 billion in institutional accounts as part of the transaction with Lifeco.

(6) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

Separately, Lifeco's subsidiary, The Canada Life Assurance Company (Canada Life) acquired the fund management contracts relating to private label Quadrus Group of Funds (QGOF). Mackenzie was previously the manager and trustee of the QGOF. Subsequent to the sale, Mackenzie continues to provide investment and administration services to the QGOF.

Benefits of the deal to Mackenzie include the following:

- The net addition of \$30.1 billion in assets under management solidifying Mackenzie as one of Canada's largest asset managers.
- Expands Mackenzie's distribution reach to the fast-growing group retirement business channel and establishes Mackenzie as one of the top three providers in Canada of investment solutions to defined contribution plans and other group retirement offerings.
- Enhances Mackenzie's investment capabilities with the addition of a new Canadian Equity boutique.

The acquisition also includes a distribution agreement with Canada Life, positioning Mackenzie as the core investment advisor to its individual and group product offerings and enhancing Canada Life's capabilities and competitiveness.

Greenchip Financial Corp. (Greenchip)

On December 22, 2020, Mackenzie acquired Greenchip, a leading Canadian firm focused exclusively on the environmental economy since 2007. The acquisition added \$618 million in assets under management, of which \$435 million was sub-advisory mandates to the Mackenzie Global Environmental Equity Fund. Mackenzie has been a leader in bringing sustainable investing to Canadians, with an evolving suite of funds focused on environmental leadership, gender diversity and sustainability. The acquisition of Greenchip is a natural evolution reflecting the success of Greenchip's sub-advisory relationship to the Mackenzie Global Environmental Equity Fund.

ASSETS UNDER MANAGEMENT

The changes in total assets under management are summarized in Table 16 and the changes in investment fund assets under management are summarized in Table 17.

Assets managed for the Wealth Management segment are included in total assets under management. Prior to the third quarter of 2020, assets managed by Mackenzie for IG Wealth Management were excluded from the Mackenzie reportable segment. Comparative periods have been retroactively restated.

At December 31, 2021, Mackenzie's total assets under management were \$210.3 billion, an all-time high, and an increase of 13.6% from \$185.1 billion last year. Mackenzie's total assets under management (excluding sub-advisory to Wealth Management) were \$129.1 billion, an all-time high, and an increase of 16.4% from \$110.9 billion last year. 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 – 2021 VS. 2020

Mackenzie's total assets under management at December 31, 2021 were \$210.3 billion, an all-time high and an increase of 13.6% from \$185.1 billion at December 31, 2020. Assets under management excluding sub-advisory to the Wealth Management segment were \$129.1 billion, an all-time high and an increase of 16.4% from \$110.9 billion at December 31, 2020.

Investment fund assets under management were \$68.4 billion at December 31, 2021, compared to \$56.5 billion at December 31, 2020, an increase of 21.1%. Mackenzie's mutual fund assets under management of \$63.0 billion increased by 19.5% from \$52.7 billion at December 31, 2020. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were \$5.4 billion at December 31, 2021, an increase of 42.4% from \$3.8 billion at December 31, 2020. ETF assets inclusive of IGM Financial's managed products were \$12.7 billion at December 31, 2021 compared to \$8.5 billion at December 31, 2020.

In the three months ended December 31, 2021, Mackenzie's mutual fund gross sales were \$2.6 billion a decrease of 42.4% from \$4.5 billion in 2020. Mutual fund redemptions in the current quarter were \$2.1 billion, a decrease of 33.4% from last year. Mutual fund net sales for the three months ended December 31, 2021 were \$512 million, as compared to net sales of \$1.4 billion last year. In the three months ended December 31, 2021, ETF net creations were \$245 million compared to \$372 million last year. Investment fund net sales in the current quarter were \$757 million compared to net sales of \$1.7 billion last year. During the current quarter, investment

returns resulted in investment fund assets increasing by \$2.8 billion compared to an increase of \$3.8 billion last year.

During the fourth quarter of 2020, certain third party programs, which include Mackenzie mutual funds, made fund allocation changes resulting in gross sales of \$625 million, redemptions of \$593 million and net sales of \$32 million. Excluding these transactions in 2020, mutual fund gross sales decreased by 33.1% in the three months ended December 31, 2021 compared to last year, mutual fund redemptions decreased by 17.9% and mutual fund net sales of \$512 million in 2021 compared to mutual fund net sales of \$1.3 billion last year.

Total net sales excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended December 31, 2021 were \$181 million compared to net sales of \$1.7 billion last year. During the fourth quarter of 2021, an institutional client re-assigned sub-advisory responsibilities on mandates advised by Mackenzie totalling \$667 million. Excluding this transaction and the mutual fund transactions discussed above, net sales were \$848 million for the three months ended December 31, 2021 compared to net sales of \$1.6 billion last year. During the current quarter, investment returns resulted in assets increasing by \$3.2 billion compared to an increase of \$4.4 billion last year.

In the twelve months ended December 31, 2021, Mackenzie's mutual fund gross sales were \$12.0 billion, a decrease of 11.4% from \$13.6 billion in 2020. Mutual fund redemptions in the current period were \$8.1 billion, a decrease of 23.5% from last year. Mutual fund net sales for the year ended December 31, 2021 were \$3.9 billion, as compared to net sales of \$3.0 billion last year. In the year ended December 31, 2021, ETF net creations were \$1.5 billion compared to \$1.2 billion last year. Investment fund net sales in the current period were \$5.4 billion compared to net sales of \$4.2 billion last year. During the current period, investment returns resulted in investment fund assets increasing by \$6.5 billion compared to an increase of \$5.1 billion last year.

During the twelve months ended December 31, 2021, certain third party programs, which include Mackenzie mutual funds made fund allocation changes resulting in redemptions and net redemptions of \$361 million. During the twelve months ended December 31, 2020, certain third party programs, which include Mackenzie mutual funds made fund allocation changes resulting in gross sales of \$1.4 billion, redemptions of \$785 million and net sales of \$612 million. Excluding these transactions in 2021 and 2020, mutual fund gross sales decreased 1.2% and mutual fund redemptions decreased 21.1% in the twelve months ended December 31, 2021 compared to last year, and mutual fund net sales were \$4.3 billion in the current year compared to \$2.3 billion last year.

TABLE 17: CHANGE IN INVESTMENT FUND ASSETS UNDER MANAGEMENT – ASSET MANAGEMENT⁽¹⁾

THREE MONTHS ENDED (\$ millions)	% CHANGE				
	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	2021 SEP. 30	2020 DEC. 31
Sales	\$ 2,592	\$ 2,476	\$ 4,501	4.7 %	(42.4) %
Redemptions	2,080	1,677	3,125	24.0	(33.4)
Mutual fund net sales (redemptions) ⁽²⁾	512	799	1,376	(35.9)	(62.8)
ETF net creations ⁽³⁾	245	320	372	(23.4)	(34.1)
Investment fund net sales (redemptions)⁽⁴⁾	757	1,119	1,748	(32.4)	(56.7)
Change due to divestiture of Quadrus Group of Funds and Greenchip acquisition ⁽⁵⁾	–	–	(15,996)	–	100.0
Investment returns	2,816	16	3,789	N/M	(25.7)
Net change in assets	3,573	1,135	(10,459)	214.8	N/M
Beginning assets	64,789	63,654	66,929	1.8	(3.2)
Ending assets	\$ 68,362	\$ 64,789	\$ 56,470	5.5 %	21.1 %
Consists of:					
Mutual funds	\$ 62,969	\$ 59,721	\$ 52,682	5.4 %	19.5 %
ETFs	5,393	5,068	3,788	6.4	42.4
Investment funds	\$ 68,362	\$ 64,789	\$ 56,470	5.5 %	21.1 %
Daily average investment fund assets	\$ 66,833	\$ 65,460	\$ 69,343	2.1 %	(3.6) %
TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE		
Sales	\$ 12,022	\$ 13,565	(11.4) %		
Redemptions	8,114	10,609	(23.5)		
Mutual fund net sales (redemptions) ⁽²⁾	3,908	2,956	32.2		
ETF net creations ⁽³⁾	1,532	1,232	24.4		
Investment fund net sales (redemptions)⁽⁴⁾	5,440	4,188	29.9		
Change due to divestiture of Quadrus Group of Funds and Greenchip acquisition ⁽⁵⁾	–	(15,996)	100		
Investment returns	6,452	5,067	27.3		
Net change in assets	11,892	(6,741)	N/M		
Beginning assets	56,470	63,211	(10.7)		
Ending assets	\$ 68,362	\$ 56,470	21.1 %		
Daily average investment fund assets	\$ 63,003	\$ 64,617	(2.5) %		

(1) Investment fund assets under management and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Mutual funds – Institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:

2021 YTD – resulted in redemptions and net redemptions of \$361 million.

2020 YTD – resulted in sales of \$1.4 billion, redemptions of \$785 million and net sales of \$612 million.

2020 Q4 – resulted in sales of \$625 million, redemptions of \$593 million and net sales of \$32 million.

Q3 – resulted in sales and net sales of \$290 million.

In the fourth quarter of 2020, Mackenzie Investments sold fund management contracts relating to private label Quadrus Group of Funds (QGOF) to Lifeco and, as a result, gross and net mutual fund flows in 2021 are not directly comparable with 2020.

(3) ETFs – During the second and third quarters of 2020, Wealthsimple made allocation changes which resulted in \$370 million in purchases in Mackenzie ETFs and \$325 million of redemptions from Mackenzie's ETFs, respectively.

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

(5) In the fourth quarter of 2020 Mackenzie Investments:

– Sold \$16.2 billion of fund management contracts relating to private label Quadrus Group of Funds (QGOF) to Lifeco.

– Acquired \$183 million in mutual fund assets under management related to the acquisition of Greenchip Financial Corp.

Redemptions of long-term mutual funds in the three and twelve months ended December 31, 2021, were \$2.0 billion and \$8.0 billion, respectively, compared to \$3.0 billion and \$10.1 billion last year. Redemptions of long-term mutual funds excluding mutual fund allocation changes made by third party programs were \$7.6 billion in the twelve months ended December 31, 2021 compared to \$9.3 billion in the comparative period last year. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 13.3% in the fourth quarter of 2021, compared to 18.2% in the fourth quarter of 2020. Mackenzie's annualized quarterly redemption rate for long-term mutual funds excluding rebalance transactions was 14.5% in the fourth quarter of 2020. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 13.6% at December 31, 2021, compared to 16.6% last year. Mackenzie's twelve month trailing redemption rate for long-term funds, excluding rebalance transactions, was 12.9% at December 31, 2021, compared to 15.3% at December 31, 2020. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 13.1% at December 31, 2021. 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.

ETF net creations were \$1.5 billion in the twelve months ended December 31, 2021, compared to \$1.2 billion last year. During the twelve months ended December 31, 2020, Wealthsimple purchased \$370 million and redeemed \$325 million of Mackenzie ETFs. Excluding these transactions in 2020, ETF net creations were \$1.5 billion in the current year compared to \$1.2 billion last year.

Total net sales excluding sub-advisory to Canada Life and to the Wealth Management segment for the year ended December 31, 2021 were \$5.1 billion, compared to net sales of \$6.3 billion last year. During the second quarter of 2021, Mackenzie was awarded \$680 million of sub-advisory mandates through our strategic partnership with ChinaAMC. During the second quarter of 2020, Mackenzie was awarded \$2.6 billion of sub-advisory mandates from various clients. Excluding these transactions and the 2021 and 2020 transactions previously discussed, net sales were \$5.5 billion for the twelve months ended December 31, 2021 compared to net sales of \$3.0 billion last year. During the twelve months ended December 31, 2021, investment returns resulted in assets increasing by \$7.4 billion compared to an increase of \$6.1 billion last year.

As at December 31, 2021, Mackenzie's sub-advisory to Canada Life were \$52.8 billion compared to \$47.2 at December 31, 2020.

As at December 31, 2021, Mackenzie's sub-advisory to the Wealth Management segment were \$81.2 billion or 69.9% of total Wealth Management assets under management compared to \$74.2 billion or 72.0% of total Wealth Management assets under management at December 31, 2020.

CHANGE IN ASSETS UNDER MANAGEMENT – Q4 2021 VS. Q3 2021

Mackenzie's total assets under management at December 31, 2021 were \$210.3 billion, an increase of 3.4% from \$203.3 billion at September 30, 2021. Assets under management excluding sub-advisory to the Wealth Management segment were \$129.1 billion, an increase of 4.0% from \$124.1 billion at September 30, 2021.

Investment fund assets under management were \$68.4 billion at December 31, 2021, an increase of 5.5% from \$64.8 billion at September 30, 2021. Mackenzie's mutual fund assets under management were \$63.0 billion at December 31, 2021, an increase of 5.4% from \$59.7 billion at September 30, 2021. Mackenzie's ETF assets were \$5.4 billion at December 31, 2021 compared to \$5.1 billion at September 30, 2021. ETF assets inclusive of IGM Financial's managed products were \$12.7 billion at December 31, 2021 compared to \$11.9 billion at September 30, 2021.

For the quarter ended December 31, 2021, Mackenzie mutual fund gross sales were \$2.6 billion, an increase of 4.7% from the third quarter of 2021. Mutual fund redemptions were \$2.1 billion, an increase of 24.0% from the third quarter of 2021. Net sales of Mackenzie mutual funds for the current quarter were \$512 million compared with net sales of \$799 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were \$2.0 billion, compared to \$1.7 billion in the third quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 13.3% compared to 11.0% in the third quarter.

For the quarter ended December 31, 2021, Mackenzie ETF net creations were \$245 million compared to \$320 million in the third quarter.

Investment fund net sales in the current quarter were \$757 million compared to net sales of \$1.1 billion in the third quarter.

As at December 31, 2021, Mackenzie's sub-advisory to Canada Life were \$52.8 billion compared to \$51.1 at September 30, 2021.

As at December 31, 2021, Mackenzie's sub-advisory to the Wealth Management segment were \$81.2 billion or 69.9% of total Wealth Management assets under management compared to \$79.2 billion or 70.7% of total Wealth Management assets under management at September 30, 2021.

INVESTMENT MANAGEMENT

Mackenzie has \$210.3 billion in assets under management at December 31, 2021, an all-time high, including \$81.2 billion of sub-advisory mandates to the Wealth Management segment. It has teams located in Toronto, Montreal, Winnipeg, Vancouver, 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 oversight process focuses on i) identifying and encouraging each team's performance edge, ii) promoting best practices in portfolio construction, and iii) emphasizing risk management.

Our investment team currently consists of seventeen boutiques, including the following additions during 2021:

- Addition of a new Canadian Equity boutique with the acquisition of GLC.
- Addition of a new boutique, Greenchip, that focuses on thematic investing to combat climate change, through the acquisition of Greenchip Financial Corp.
- Launch of a new sustainability-focused boutique "Betterworld" during the second quarter of 2021. This boutique invests exclusively in companies exemplifying leadership in environmental, social and governance (ESG) behaviours and practices.

Mackenzie's 56% ownership interest in Northleaf enhances its investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients.

In addition to our own investment teams, Mackenzie supplements investment capabilities through the use of third party sub-advisors and strategic beta index providers in selected areas. These include Putnam Investments, TOBAM, ChinaAMC, Impax Asset Management and Rockefeller Capital Management.

During 2021, Mackenzie undertook a number of initiatives on climate change in support of the global goal to reach net zero by 2050. This builds upon Mackenzie's sustainability strategy, and these items included the following:

- Signatory to the global Net Zero Asset Managers Initiative
- Founding participant to Climate Engagement Canada
- Founding Signatory to Responsible Investment Association's Canadian Investor Statement on Climate Change.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At December 31, 2021, 34.3% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 58.8% for

the three year time frame and 59.5% 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 December 31, 2021, 85.8% of Mackenzie mutual fund assets measured by Morningstar[†] had a rating of three stars or better and 50.6% had a rating of four or five stars. This compared to the Morningstar[†] universe of 86.4% for three stars or better and 54.9% for four and five star funds at December 31, 2021.

Mackenzie was once again recognized for industry leading performance, winning eight 2021 Refinitiv Lipper Awards across its mutual funds and ETFs. The awards honour funds that lead in delivering strong, risk-adjusted performance relative to their peers:

- Mackenzie Canadian Growth Balanced Series F – Best ten-year performance in the Canadian Equity Balanced category. This fund is co-managed by Mackenzie's Bluewater, Fixed Income and Multi-Asset Strategies Teams.
- Mackenzie Canadian Growth Series F – Best ten-year performance in the Canadian Focused Equity category. This fund is managed by Mackenzie's Bluewater Team.
- Mackenzie Floating Rate Income Series F5 – Best five-year performance in the Floating Rate Loan category. This fund is managed by Mackenzie's Fixed Income Team.
- Mackenzie Global Resource Fund F US – Best ten-year performance in the Nature Resources Equity category. This fund is managed by Mackenzie's Resource Team.
- Mackenzie Precious Metals Fund F US – Best ten-year performance in the Precious Metals Equity category. This fund is managed by Mackenzie's Resource Team.
- Mackenzie Core Plus Canadian Fixed Income ETF – Best three-year and five-year performance in the ETF Canadian Fixed Income category. This ETF is managed by Mackenzie's Fixed Income Team.
- Mackenzie US TIPS Index ETF (CAD-Hedged) – Best three-year performance in the ETF Global Fixed Income category.

In addition, thirteen of Mackenzie's mutual funds and ETFs were recognized for industry leading performance at the Funddata FundGrade A+ awards.

PRODUCTS

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients. In 2021, Mackenzie launched a number of new products and merged mutual funds to streamline and strengthen its product shelf. During 2021, Mackenzie launched ten mutual funds, two ETFs, and two alternative funds, including five mutual funds and one alternative fund during the fourth quarter. In January 2022, Mackenzie launched an additional two mutual funds, two ETFs and one alternative fund.

MUTUAL FUNDS

Mackenzie manages its product shelf through new fund launches and fund mergers to streamline fund offerings for advisors and investors.

During the first three quarters of 2021, Mackenzie launched five mutual funds:

- Mackenzie Greenchip Global Balanced Fund
- Mackenzie Global Sustainable Bond Fund
- Mackenzie Tax-Managed Global Equity Fund
- Mackenzie Betterworld Canadian Equity Fund
- Mackenzie Betterworld Global Equity Fund

During the fourth quarter of 2021, Mackenzie launched five mutual funds:

- Furthering its commitment to offer Canadian investors expanded access to the strong growth taking place in China, Mackenzie launched the Mackenzie ChinaAMC All China Bond Fund and Mackenzie ChinaAMC Multi-Asset Fund. These Funds are sub-advised by ChinaAMC.
 - Mackenzie ChinaAMC All China Bond Fund seeks to generate above average income for investors with the potential for long-term capital growth by investing in China's fixed income markets, primarily in a diversified portfolio of Chinese fixed-income securities of any size, issued by companies and governments.
 - Mackenzie ChinaAMC Multi Asset Fund is an all-in-one solution for those seeking exposure to China. By investing in both fixed income and equity markets, the Fund offers the potential for favourable long term asset growth with high yield potential and the diversification benefits of low correlation to other markets.
- To address the needs of investors approaching retirement, Mackenzie added to the suite of Monthly Income Portfolios with the launch of the Mackenzie Monthly Income Growth Portfolio. This Fund is Mackenzie's first monthly income fund in the global equity balanced category. It seeks to provide investors with a diversified portfolio designed to provide a steady stream of income with long-term capital appreciation and reduced volatility. The Fund offers a fixed 4% distribution and is managed by Mackenzie's Multi-Asset Strategies Team.
- Mackenzie Global Green Bond Fund seeks to generate income with the potential for long-term capital appreciation by investing primarily in fixed income securities of global issuers of sustainable and responsible debt. The Fund focusses on labelled green bonds and other debt instruments that are used to finance a greener future. The Fund is managed by the Mackenzie Fixed Income Team.
- Mackenzie Maximum Diversification Global Multi-Asset Fund further expands the suite of Maximum Diversification portfolio

solutions offered in partnership with sub-advisor TOBAM. The unique feature of the Fund is its exposure to cryptocurrency through an allocation to Bitcoin and Ethereum ETFs up to 10%. The Fund also has exposures to global equity and fixed income securities.

In January 2022, Mackenzie launched two mutual funds:

- Mackenzie North American Equity Fund invests primarily in US and Canadian companies, diversified across sectors and industries. The portfolio managers seek to identify leading businesses with above average growth rates and apply a strong valuation discipline when investing. The Fund is managed by the Mackenzie Bluewater Team.
- Mackenzie North American Balanced Fund invests with a balanced approach with value added from asset allocation and equity and fixed income selections. The Fund is in the global neutral balanced category, and as such will generally maintain between 40-60% equities and 40-60% fixed income, with a neutral target asset mix of 50% equity and 50% fixed income. The Fund is co-managed by the Mackenzie Bluewater Team, Mackenzie Fixed Team and Mackenzie Multi-Asset Strategies Team.

On July 30, 2021, Mackenzie wound-up the Mackenzie Financial Capital Corporation on a tax-deferred basis by merging each of the 34 corporate class funds into their corresponding trust fund equivalent. Changes to tax legislation and evolving market trends have eliminated many of the benefits that were available to corporate class funds. The continuing trust funds have a substantially similar investment objective.

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 when building long-term diversified portfolios.

During 2021, Mackenzie launched two new ETFs. These ETFs further broadened our diverse offerings of ETFs:

- Wealthsimple Shariah World Equity Index ETF
- Mackenzie Global Sustainable Bond ETF

Mackenzie's current line-up consists of 43 ETFs: 24 active and strategic beta ETFs and 19 traditional index ETFs. ETF assets under management ended the quarter at \$12.7 billion, inclusive of \$7.3 billion in investments from IGM Financial's mutual funds. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

In early 2022, Mackenzie launched two ETFs:

- Wealthsimple Green Bond Index ETF seeks to replicate the performance of the Solactive Green Bond Index by investing primarily in investment-grade green, social and sustainable bonds, with its foreign currency exposure hedged back to the Canadian dollar. The Index will generally invest in issuers of green bonds that promote climate or other environmentally sustainable initiatives.
- Mackenzie Emerging Markets Equity Index ETF captures large and mid-cap representation across 20 emerging markets countries. It tracks the Solactive GBS Emerging Markets Large & Mid Cap CAD Index which is designed to track the performance of equity securities in emerging markets.

ALTERNATIVE FUNDS

During 2021 and early 2022, Mackenzie launched three products in collaboration with Northleaf Capital Partners (Northleaf) as part of its ongoing commitment to expand retail investor access to private market investment solutions.

- Mackenzie Northleaf Private Credit Fund was launched during the first quarter and is managed by Mackenzie's Fixed Income Team in partnership with Northleaf. It targets to invest a majority of its capital in Northleaf's senior secured private lending program for institutional investors. This enables the Fund to provide accredited retail investors with the opportunity to achieve higher income with enhanced lender protections as compared to investments in the public debt markets.
- Mackenzie Northleaf Private Infrastructure Fund was launched during the second quarter and is managed by Mackenzie's Multi-Asset Strategies Team in partnership with Northleaf. The Fund seeks to achieve long-term capital

appreciation and income generation primarily through investments in private infrastructure assets.

- Mackenzie Northleaf Private Credit Interval Fund was launched during January 2022 and is managed by Mackenzie's Fixed Income Team in partnership with Northleaf. The Fund, a first-of-its-kind retail offering in Canada, uses an interval fund structure which allows for limited redemptions at quarterly intervals. This provides retail investors with a new way to access illiquid private credit investment strategies that have traditionally been reserved for accredited and institutional investors.

Review of Segment Operating Results

The Asset Management segment includes revenue earned on advisory mandates to the Wealth Management segment and investments into Mackenzie mutual funds and ETFs by the Wealth Management segment.

The Asset Management segment adjusted net earnings are presented in Table 18. Adjusted net earnings for the fourth quarter of 2021 were \$65.3 million, an increase of 60.4% from the fourth quarter in 2020 and a decrease of 8.0% from the prior quarter.

Adjusted earnings before interest and taxes for the fourth quarter of 2021 were \$92.4 million, an increase of 53.7% from the fourth quarter in 2020 and a decrease of 7.8% from the prior quarter.

2021 VS. 2020

REVENUES

Asset management fees are classified as either Asset management fees – third party or Asset management fees – Wealth Management.

- Net asset management fees – third party is comprised of the following:
 - Asset management fees – third party consists of management and administration fees earned from our investment funds and management fees from our third party sub-advisory, institutional and other accounts. The largest component is management fees from our investment funds. 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 retail and sold through third party financial advisors.
 - Redemption fees – consists of fees earned from the redemptions of mutual fund assets sold on a deferred sales charge purchase option and on a low load purchase option.

TABLE 18: OPERATING RESULTS – ASSET MANAGEMENT

THREE MONTHS ENDED (\$ millions)	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	% CHANGE	
				2021 SEP. 30	2020 DEC. 31
Revenues					
Asset management					
Asset management fees – third party	\$ 265.4	\$ 262.5	\$ 215.1	1.1 %	23.4 %
Redemption fees	1.4	0.9	1.2	55.6	16.7
	266.8	263.4	216.3	1.3	23.3
Dealer compensation expenses					
Asset-based compensation	(88.1)	(86.9)	(73.5)	1.4	19.9
Sales-based compensation	(3.6)	(4.0)	(5.1)	(10.0)	(29.4)
	(91.7)	(90.9)	(78.6)	0.9	16.7
Net asset management fees – third party	175.1	172.5	137.7	1.5	27.2
Asset management fees – Wealth Management	30.0	29.7	25.8	1.0	16.3
Net asset management	205.1	202.2	163.5	1.4	25.4
Net investment income and other	1.3	2.2	1.0	(40.9)	30.0
	206.4	204.4	164.5	1.0	25.5
Expenses					
Advisory and business development	24.1	19.2	28.3	25.5	(14.8)
Operations and support	88.3	83.3	74.6	6.0	18.4
Sub-advisory	1.6	1.7	1.5	(5.9)	6.7
	114.0	104.2	104.4	9.4	9.2
Adjusted earnings before interest and taxes					
Interest expense	92.4	100.2	60.1	(7.8)	53.7
	5.9	5.9	5.2	–	13.5
Adjusted earnings before taxes	86.5	94.3	54.9	(8.3)	57.6
Income taxes	21.2	23.3	14.2	(9.0)	49.3
Adjusted net earnings	\$ 65.3	\$ 71.0	\$ 40.7	(8.0) %	60.4 %

TABLE 18: OPERATING RESULTS – ASSET MANAGEMENT

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE
Revenues			
Asset management			
Asset management fees – third party	\$ 1,007.0	\$ 808.4	24.6 %
Redemption fees	4.5	4.5	–
	1,011.5	812.9	24.4
Dealer compensation expenses			
Asset-based compensation	(335.8)	(277.7)	20.9
Sales-based compensation	(19.5)	(21.8)	(10.6)
	(355.3)	(299.5)	18.6
Net asset management fees – third party	656.2	513.4	27.8
Asset management fees – Wealth Management	114.6	100.6	13.9
Net asset management	770.8	614.0	25.5
Net investment income and other	5.8	2.9	100.0
	776.6	616.9	25.9
Expenses			
Advisory and business development	88.7	80.2	10.6
Operations and support	335.6	293.7	14.3
Sub-advisory	6.9	8.7	(20.7)
	431.2	382.6	12.7
Adjusted earnings before interest and taxes	345.4	234.3	47.4
Interest expense	23.6	20.7	14.0
Adjusted earnings before taxes	321.8	213.6	50.7
Income taxes	81.0	55.7	45.4
Adjusted net earnings	\$ 240.8	\$ 157.9	52.5 %

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 on the purchase option.

- Dealer compensation expenses – consists of asset-based and sales-based compensation. Asset-based compensation represents trailing commissions paid to dealers 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. Sales based compensation are paid to dealers on the sale of mutual funds under the deferred sales charge purchase option and on a low load purchase option.
- Asset management fees – Wealth Management consists of sub-advisory fees earned from the Wealth Management segment.

Net asset management fees – third party were \$175.1 million for the three months ended December 31, 2021, an increase of \$37.4 million or 27.2% from \$137.7 million last year. The

increase in net asset management fees – third party was primarily due to a 64.2% increase in average assets under management, as shown in Table 16, partially offset by a decline in the effective net asset management fee rate. Mackenzie's net asset management fee rate was 54.8 basis points for the three months ended December 31, 2021 compared to 70.8 basis points in the comparative period in 2020. The decline in the net management fee rate was primarily due to the increase in sub-advisory assets from the GLC acquisition, which have lower effective rates.

Net asset management fees – third party were \$656.2 million for the twelve months ended December 31, 2021, an increase of \$142.8 million or 27.8% from \$513.4 million last year. The increase in net asset management fees – third party was primarily due to a 69.4% increase in average assets under management, as shown in Table 16, partially offset by a decline in the effective net asset management fee rate. Mackenzie's net asset management fee rate was 54.2 basis points for the twelve months ended December 31, 2021 compared to 72.0 basis points in the comparative period in 2020. The decline in the net management fee rate was primarily due to the increase in sub-advisory assets from the GLC acquisition, which

have lower effective rates. Other factors include a change in the composition of assets under management, including the impact of having a greater share in non-retail priced products. Contributing to the increase in non-retail assets was the onboarding of \$2.6 billion of sub-advisory and institutional wins during the second quarter of 2020.

Management fees – Wealth Management were \$30.0 million for the three months ended December 31, 2021, an increase of \$4.2 million or 16.3% from \$25.8 million last year. The increase in management fees was due to an increase in the effective management fee rate and a 11.2% increase in average assets under management. Mackenzie's management fee rate was 14.8 basis points for the three months ended December 31, 2021 compared to 14.2 basis points in the comparative period in 2020. The increase in the management fee rate was due to a change in the composition of assets under management.

Management fees – Wealth Management were \$114.6 million for the twelve months ended December 31, 2021, an increase of \$14.0 million or 13.9% from \$100.6 million last year. The increase in management fees was due to an increase in the effective management fee rate and a 10.5% increase in average assets under management. Mackenzie's management fee rate was 14.7 basis points for the twelve months ended December 31, 2021 compared to 14.3 basis points in the comparative period in 2020. The increase in the management fee rate was due to a change in the composition of assets under management.

Net investment income and other primarily 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 \$1.3 million for the three months ended December 31, 2021 compared to \$1.0 million last year, and was \$5.8 million for the twelve months ended December 31, 2021 compared to \$2.9 million last year.

EXPENSES

Mackenzie incurs advisory and business development expenses that primarily include wholesale distribution activities and these costs vary directly with assets or sales levels. Advisory and business development expenses were \$24.1 million for the three months ended December 31, 2021, a decrease of \$4.2 million or 14.8% from \$28.3 million in 2020. The decline in expenses in the current quarter is due to lower wholesaler commissions attributed to lower sales in the fourth quarter of 2021 compared to the fourth quarter of 2020. Expenses for the twelve months ended December 31, 2021 were \$88.7 million, an increase of \$8.5 million or 10.6% from \$80.2 million last year. The increase in the twelve months ended December 31, 2021 compared to the prior year is due to higher wholesaler commissions attributed to record high level of sales during 2021.

Operations and support includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses. Operations and support expenses were \$88.3 million for the three months ended December 31, 2021, an increase of \$13.7 million or 18.4% from \$74.6 million in 2020. Expenses for the twelve months ended December 31, 2021 were \$335.6 million, an increase of \$41.9 million or 14.3% from \$293.7 million last year. The increase in the three and twelve month periods ended December 31, 2021 compared to the prior year is due to strategic initiatives including the acquisitions during the fourth quarter of 2020.

Sub-advisory expenses were \$1.6 million for the three months ended December 31, 2021, compared to \$1.5 million in 2020. Expenses for the twelve months ended December 31, 2021 were \$6.9 million, compared to \$8.7 million last year.

INTEREST EXPENSE

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$5.9 million in the fourth quarter of 2021 compared to \$5.2 million in the fourth quarter of 2020. Interest expense for the twelve month period was \$23.6 million compared to \$20.7 million in 2020. Long-term debt interest expense is calculated based on a long-term debt allocation of \$0.4 billion to Mackenzie.

Q4 2021 VS. Q3 2021

REVENUES

Net asset management fees – third party were \$175.1 million for the current quarter, an increase of \$2.6 million or 1.5% from \$172.5 million in the third quarter. The increase in Net asset management fees – third party was primarily due to a 1.3% increase in average assets under management, as shown in Table 16, and an increase in the effective net asset management fee rate. Mackenzie's net asset management fee rate was 54.8 basis points for the current quarter compared to 54.7 basis points in the third quarter.

Management fees – Wealth Management were \$30.0 million in the current quarter, up from \$29.7 million in the third quarter of 2021, primarily due to the increase in assets under management of 0.9% from the third quarter. The management fee rate was 14.8 basis points in the current quarter, consistent with the third quarter.

Net investment income and other was \$1.3 million for the current quarter, a decrease of \$0.9 million from the third quarter.

EXPENSES

Advisory and business development expenses were \$24.1 million for the current quarter, an increase of \$4.9 million or 25.5% from \$19.2 million in the third quarter.

Operations and support expenses were \$88.3 million for the current quarter, an increase of \$5.0 million or 6.0% from \$83.3 million compared to the third quarter.

Sub-advisory expenses were \$1.6 million for the current quarter, compared to \$1.7 million in the third quarter.

Strategic Investments and Other

Review of Segment Operating Results

The Strategic Investments and Other segment includes investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Northleaf Capital Group Ltd. (Northleaf), Wealthsimple Financial Corp., Portag3 Ventures LPs., and unallocated capital.

Earnings from the Strategic Investments and Other segment include the Company's proportionate share of earnings of its associates, Lifeco, ChinaAMC and Northleaf as well as net investment income on unallocated capital.

In January 2022, the Company entered into an agreement to acquire an additional 13.9% in ChinaAMC as discussed in the Consolidated Financial Position section of this MD&A. To partially fund the transaction, IGM Financial will sell 1.6% of its 4% interest in Lifeco.

In the third quarter of 2020, the Company sold its 24.8% equity interest in Personal Capital Corporation (Personal Capital) as discussed in the Consolidated Financial Position section of this MD&A.

Assets held by the Strategic Investments and Other segment are included in Table 19.

Unallocated capital represents capital not allocated to any of the operating companies and which would be available for investment, debt repayment, distribution to shareholders or other corporate purposes. This capital is invested in highly liquid, high quality financial instruments in accordance with the Company's Investment Policy.

Strategic Investments and Other segment adjusted net earnings are presented in Table 20.

2021 VS. 2020

The proportionate share of associates' earnings increased by \$10.6 million in the fourth quarter of 2021 compared to the fourth quarter of 2020, and increased by \$49.4 million in the twelve months ended December 31, 2021 compared to 2020. These earnings reflect equity earnings from Lifeco, ChinaAMC, Northleaf and, until the third quarter of 2020, Personal Capital, as discussed in the Consolidated Financial Position section of this MD&A. The increase in the fourth quarter of 2021 resulted primarily from increases in the proportionate share of ChinaAMC's earnings of \$5.2 million and Lifeco's earnings of \$3.1 million. The increase in the twelve month period of 2021 resulted primarily from increases in the proportionate share of ChinaAMC's earnings of \$20.1 million and Lifeco's earnings of \$16.0 million and an increase due to Personal Capital, reflecting the sale of the Company's investment in the second quarter of 2020. The increase in both the three and twelve month periods was also due to the increase in the proportionate share of Northleaf's earnings of \$1.8 million and \$6.9 million, respectively, net of non-controlling interest.

Net investment income and other was \$1.1 million in the fourth quarter of 2021, unchanged from 2020, and was \$2.7 million in the twelve months ended December 31, 2021, a decrease from \$6.0 million in 2020.

Q4 2021 VS. Q3 2021

The proportionate share of associates' earnings was \$50.7 million in the fourth quarter of 2021, a decrease of \$5.2 million from the third quarter of 2021, primarily due to a decrease in the proportionate share of Lifeco's earnings. Net investment income and other was \$1.1 million in the fourth quarter of 2021, compared to \$0.6 million in the third quarter.

TABLE 19: TOTAL ASSETS – STRATEGIC INVESTMENTS AND OTHER

(\$ millions)	2021 DECEMBER 31	2020 DECEMBER 31
Investments in associates		
Lifeco	\$ 1,020.8	\$ 962.4
ChinaAMC	768.7	720.3
Northleaf	258.8	248.5
	2,048.3	1,931.2
FVTOCI investments		
Wealthsimple (direct investment only)	1,133.5	511.6
Portag3 and other investments	157.9	81.7
	1,291.4	593.3
Unallocated capital and other	767.5	240.6
Total assets	\$ 4,107.2	\$ 2,765.1
<i>Lifeco fair value</i>	\$ 1,415.5	\$ 1,133.2

TABLE 20: OPERATING RESULTS – STRATEGIC INVESTMENTS AND OTHER

THREE MONTHS ENDED (\$ millions)	% CHANGE				
	2021 DEC. 31	2021 SEP. 30	2020 DEC. 31	2021 SEP. 30	2020 DEC. 31
Revenues					
Net investment income and other	\$ 1.1	\$ 0.6	\$ 1.1	83.3 %	– %
Proportionate share of associates' earnings					
Investment in Lifeco	30.4	35.3	27.3	(13.9)	11.4
Investment in ChinaAMC	17.0	17.0	11.8	–	44.1
Investment in Northleaf	3.3	3.6	1.0	(8.3)	230.0
	50.7	55.9	40.1	(9.3)	26.4
	51.8	56.5	41.2	(8.3)	25.7
Expenses					
Operations and support	1.3	1.2	0.9	8.3	44.4
Adjusted earnings before taxes	50.5	55.3	40.3	(8.7)	25.3
Income taxes	1.5	1.6	(1.7)	(6.3)	N/M
Adjusted net earnings	49.0	53.7	42.0	(8.8)	16.7
Non-controlling interest	0.7	0.7	0.2	–	250.0
Adjusted net earnings available to common shareholders	\$ 48.3	\$ 53.0	\$ 41.8	(8.9) %	15.6 %
TWELVE MONTHS ENDED (\$ millions)					
			2021 DEC. 31	2020 DEC. 31	% CHANGE
Revenues					
Net investment income and other			\$ 2.7	\$ 6.0	(55.0) %
Proportionate share of associates' earnings					
Investment in Lifeco			125.1	109.1	14.7
Investment in ChinaAMC			61.6	41.5	48.4
Investment in Northleaf			9.7	1.0	N/M
Investment in Personal Capital			–	(4.6)	100.0
			196.4	147.0	33.6
			199.1	153.0	30.1
Expenses					
Operations and support			4.9	4.1	19.5
Adjusted earnings before taxes			194.2	148.9	30.4
Income taxes			4.9	(7.4)	N/M
Adjusted net earnings			189.3	156.3	21.1
Non-controlling interest			2.0	0.2	N/M
Adjusted net earnings available to common shareholders			\$ 187.3	\$ 156.1	20.0 %

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were \$17.7 billion at December 31, 2021, compared to \$16.1 billion at December 31, 2020.

OTHER INVESTMENTS

The composition of the Company's securities holdings is detailed in Table 21.

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 Corp. (Wealthsimple), and Portag3 Ventures LP, Portag3 Ventures II LP and Portage Ventures III LP (Portag3).

Wealthsimple is an online investment manager that provides financial investment guidance. The investment is classified at Fair value through other comprehensive income.

On May 3, 2021, Wealthsimple announced a \$750 million equity fundraising, valuing IGM Financial's investment in Wealthsimple at \$1,448 million. As part of the transaction, IGM Financial disposed of a portion of its investment for proceeds of \$294 million (\$258 million after-tax).

In 2021, a realized gain of \$241 million (\$209 million after-tax) was transferred from Accumulated other comprehensive income to Other retained earnings.

The Company continues to be the largest shareholder in Wealthsimple with an interest of 23% and fair value of \$1,153 million.

Portag3 consists of early-stage investment funds dedicated to backing innovating financial services companies and are controlled by Power Corporation of Canada.

The total fair value of Corporate investments of \$1.4 billion at December 31, 2021 is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

In 2021, the Company recorded after-tax gains in Other comprehensive income of \$834.5 million due to fair value changes in the Company's investments, primarily related to a \$776.3 million fair value adjustment in the first quarter related to Wealthsimple.

In the fourth quarter of 2021, the Company recorded after-tax gains in Other comprehensive income of \$31.5 million related to fair value changes in the Company's investment in Portag3 as well as the disposition of its investment in Aequitas Innovations, Inc. which is expected to close in 2022.

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 22.

Loans consisted of residential mortgages and represented 30.3% of total assets at December 31, 2021, compared to 39.4% at December 31, 2020.

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

TABLE 21: OTHER INVESTMENTS

(\$ millions)	DECEMBER 31, 2021		DECEMBER 31, 2020	
	COST	FAIR VALUE	COST	FAIR VALUE
Fair value through other comprehensive income				
Corporate investments	\$ 226.2	\$1,291.4	\$ 251.4	\$ 593.3
Fair value through profit or loss				
Equity securities	1.2	1.6	1.5	1.5
Proprietary investment funds	101.3	105.0	35.3	37.5
	102.5	106.6	36.8	39.0
	\$ 328.7	\$1,398.0	\$ 288.2	\$ 632.3

TABLE 22: LOANS

(\$ millions)	DECEMBER 31, 2021	DECEMBER 31, 2020
Amortized cost	\$ 5,297.0	\$ 6,329.4
Less: Allowance for expected credit losses	0.6	0.8
	5,296.4	6,328.6
Fair value through profit or loss	57.4	3.3
	\$ 5,353.8	\$ 6,331.9

offsetting liability, Obligations to securitization entities, has been recorded and totalled \$5.1 billion at December 31, 2021, compared to \$6.2 billion at December 31, 2020.

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 \$315.8 million at December 31, 2021, compared to \$334.5 million at December 31, 2020.

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 December 31, 2021, IG Wealth Management serviced \$9.7 billion of residential mortgages, including \$2.3 billion originated by subsidiaries of Lifeco.

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 fourth quarter of 2021, the Company securitized loans through its mortgage banking operations with cash proceeds of \$283.7 million compared to \$422.8 million in 2020. 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 7 to the Consolidated Financial Statements.

INVESTMENT IN ASSOCIATES

Great-West Lifeco Inc. (Lifeco)

At December 31, 2021, the Company held a 4.0% 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 three and twelve months ended December 31, 2021 compared with 2020 are shown in Table 23.

On January 5, 2022, to partially fund the acquisition of an additional 13.9% interest in ChinaAMC, the Company announced it will sell 15,200,662 common shares of Lifeco to Power for cash consideration of \$575 million, which will reduce the Company's equity interest in Lifeco from 4.0% to 2.4%. The sale of Lifeco is conditional on IGM Financial's purchase of the ChinaAMC shares and is expected to close in the first half of 2022.

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

TABLE 23: INVESTMENT IN ASSOCIATES

(\$ millions)	DECEMBER 31, 2021				DECEMBER 31, 2020				
	LIFECO	CHINAAMC	NORTHLEAF	TOTAL	LIFECO	CHINAAMC	NORTHLEAF	PERSONAL CAPITAL ⁽³⁾	TOTAL
THREE MONTHS ENDED									
Carrying value, October 1	\$ 1,001.5	\$ 742.6	\$ 255.3	\$ 1,999.4	\$ 942.8	\$ 713.0	\$ –	\$ –	\$ 1,655.8
Investment	–	–	0.2	0.2	–	–	247.5	–	247.5
Dividends	(18.3)	–	–	(18.3)	(16.3)	–	–	–	(16.3)
Proportionate share of:									
Earnings ⁽¹⁾	30.4	17.0	3.3⁽²⁾	50.7	27.3	11.8	1.0 ⁽²⁾	–	40.1
Associate's adjustments ⁽¹⁾	–	–	–	–	3.4	–	–	–	3.4
Other comprehensive income (loss) and other adjustments	7.2	9.1	–	16.3	5.2	(4.5)	–	–	0.7
Carrying value, December 31	\$ 1,020.8	\$ 768.7	\$ 258.8	\$ 2,048.3	\$ 962.4	\$ 720.3	\$ 248.5	\$ –	\$ 1,931.2
TWELVE MONTHS ENDED									
Carrying value, January 1	\$ 962.4	\$ 720.3	\$ 248.5	\$ 1,931.2	\$ 896.7	\$ 662.7	\$ –	\$ 194.5	\$ 1,753.9
Investment	–	–	0.6	0.6	–	–	247.5	–	247.5
Dividends	(67.4)	(26.8)	–	(94.2)	(65.4)	(13.7)	–	–	(79.1)
Proportionate share of:									
Earnings (losses) ⁽¹⁾	125.1	61.6	9.7⁽²⁾	196.4	109.1	41.5	1.0 ⁽²⁾	(4.6)	147.0
Associate's adjustments ⁽¹⁾	–	–	–	–	3.4	–	–	–	3.4
Other comprehensive income (loss) and other adjustments	0.7	13.6	–	14.3	18.6	29.8	–	8.8	57.2
Disposition	–	–	–	–	–	–	–	(198.7)	(198.7)
Carrying value, December 31	\$ 1,020.8	\$ 768.7	\$ 258.8	\$ 2,048.3	\$ 962.4	\$ 720.3	\$ 248.5	\$ –	\$ 1,931.2

(1) The proportionate share of earnings from the Company's investment in associates is recorded in the Strategic Investments and Other segment.

(2) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was \$2.6 million and \$7.7 million, respectively, for the three and twelve month periods in 2021 (2020 – \$0.8 million in both periods).

(3) In 2020, the Company sold its equity interest in Personal Capital to a subsidiary of Lifeco, Empower Retirement.

China Asset Management Co., Ltd. (ChinaAMC)

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

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥ 1,661.6 billion (\$330.5 billion) at December 31, 2021, representing an increase of 13.7% (CAD\$ 15.9%) from RMB¥ 1,461.1 billion (\$285.1 billion) at December 31, 2020.

The equity method is used to account for the Company's 13.9% equity interest in ChinaAMC, as it exercises significant influence. Changes in the carrying value for the three and twelve months ended December 31, 2021 are shown in Table 23. The change in other comprehensive income of \$9.1 million in the three month period ended December 31, 2021, was due to a 1.3% appreciation of the Chinese yuan relative to the Canadian dollar.

On January 5, 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of \$1.15 billion from Power Corporation of Canada (Power) which will increase the Company's equity interest in ChinaAMC from 13.9% to 27.8%. The transaction is expected to close in the first half of 2022, subject to customary closing conditions, including Chinese regulatory approvals.

Northleaf Capital Group Ltd. (Northleaf)

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

The transaction was executed through an acquisition vehicle 80% owned by Mackenzie and 20% owned by Lifeco for cash consideration of \$241 million and up to an additional \$245 million in consideration at the end of five years from the acquisition date subject to the business achieving exceptional

growth in certain performance measures over the period. Any additional consideration will be recognized as expense over the five year period based on the fair value of the expected payment, which is revalued at each reporting period date.

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

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

Northleaf's assets under management, including invested capital and uninvested commitments, were \$19.5 billion as at December 31, 2021 (December 31, 2020 – \$14.6 billion). The increase of \$4.9 billion in assets under management during the twelve month period was driven by \$5.5 billion in new commitments and an increase of \$0.1 billion related to foreign exchange on USD denominated assets, offset by a decrease of \$0.7 billion in return of capital and other.

Personal Capital Corporation (Personal Capital)

In 2020, the Company sold its equity interest in Personal Capital to a subsidiary of Lifeco, Empower Retirement, for proceeds of \$232.8 million (USD \$176.2 million) and up to an additional USD \$24.6 million in consideration subject to Personal Capital achieving certain target growth objectives. As a result of the sale, the Company has derecognized its investment in Personal Capital and recorded an accounting gain of \$37.2 million (\$31.4 million net of tax) in Net investment income and other. During the fourth quarter of 2021, the Company recorded additional consideration receivable of \$10.6 million (\$7.7 million after tax) in Net investment income and other.

Consolidated Liquidity and Capital Resources

LIQUIDITY

Cash and cash equivalents totalled \$1,292.4 million at December 31, 2021 compared with \$771.6 million at December 31, 2020. Cash and cash equivalents related to the Company's deposit operations were \$1.3 million at December 31, 2021, compared to \$5.2 million at December 31, 2020, as shown in Table 24.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in deposit liabilities.

Working capital, which consists of current assets less current liabilities, totalled \$908.0 million at December 31, 2021 compared with \$330.8 million at December 31, 2020 (Table 25).

Working capital, which includes unallocated capital, is utilized to:

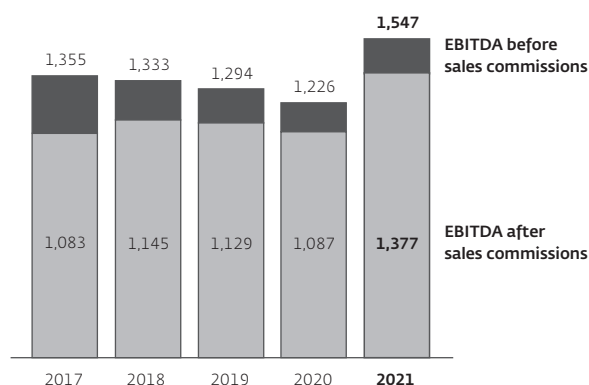
- Finance ongoing operations, including the funding of sales commissions.
- Temporarily finance mortgages in its mortgage banking operations.
- Pay interest related to long-term debt.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.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

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), a non-IFRS measure, totalled \$1,547.0 million for the year ended December 31, 2021, compared to \$1,226.4 million for 2020. 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), a non-IFRS measure, totalled \$1,376.5 million for the year ended December 31, 2021, compared to \$1,086.9 million for 2020. EBITDA after sales commissions excludes the impact of commission amortization (refer to Table 1).

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

For the financial year (\$ millions)



Adjusted EBITDA before and after sales commissions excluded the following:

- 2017 – charges related to restructuring and other, a favourable revaluation of the Company's pension plan obligation, charges representing the Company's proportionate share in Great-West Lifeco Inc.'s one-time charges and restructuring provision.
- 2018 – charges related to restructuring and other and the premium paid on the early redemption of debentures.
- 2019 – the Company's proportionate share of associate's one-time charges.
- 2020 – the gain on sale of Personal Capital, gain on sale of Quadrus Group of Funds net of acquisition costs, the Company's proportionate share of associate's adjustments and restructuring and other.
- 2021 – additional consideration receivable related to the sale of Personal Capital in 2020.

TABLE 24: DEPOSIT OPERATIONS – FINANCIAL POSITION

AS AT DECEMBER 31 (\$ millions)	2021	2020
Assets		
Cash and cash equivalents	\$ 1.3	\$ 5.2
Client funds on deposit	2,238.6	1,063.4
Accounts and other receivables	0.6	48.4
Loans	10.8	10.5
Total assets	\$ 2,251.3	\$ 1,127.5
Liabilities and shareholders' equity		
Deposit liabilities	\$ 2,220.3	\$ 1,104.9
Other liabilities	20.4	12.2
Shareholders' equity	10.6	10.4
Total liabilities and shareholders' equity	\$ 2,251.3	\$ 1,127.5

TABLE 25: WORKING CAPITAL

AS AT DECEMBER 31 (\$ millions)	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,292.4	\$ 771.6
Client funds on deposit	2,238.6	1,063.4
Accounts receivable and other assets	405.0	391.3
Current portion of securitized mortgages and other	1,234.5	1,518.6
	5,170.5	3,744.9
Current Liabilities		
Accounts and other payables	879.1	756.5
Deposits and certificates	2,219.0	1,101.4
Current portion of obligations to securitization entities and other	1,164.4	1,556.2
	4,262.5	3,414.1
Working Capital	\$ 908.0	\$ 330.8

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 26 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the Consolidated Financial Statements for the year ended December 31, 2021. Cash and cash equivalents increased by \$520.8 million in 2021 compared to an increase of \$51.6 million in 2020.

Adjustments to determine net cash from operating activities during the year ended 2021 compared to 2020 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 adjustment for other items in 2020, which included the add-back of restructuring provision and other and the deduction of the gain on the sale of the Company's investment in Personal Capital and the gain on the sale of the Quadrus Group of Funds.
- The deduction of restructuring provision cash payments.

Financing activities during the year ended December 31, 2021 compared to 2020 related to:

- An increase in obligations to securitization entities of \$1,428.9 million and repayments of obligations to securitization entities of \$2,442.7 million in 2021 compared to an increase in obligations to securitization entities of \$1,568.5 million and repayments of obligations to securitization entities of \$2,359.8 million in 2020.

TABLE 26: CASH FLOWS

TWELVE MONTHS ENDED (\$ millions)	2021 DEC. 31	2020 DEC. 31	% CHANGE
Operating activities			
Earnings before income taxes	\$ 1,267.7	\$ 965.4	31.3 %
Income taxes paid	(153.5)	(172.3)	10.9
Adjustments to determine net cash from operating activities	(170.6)	(56.5)	(201.9)
	943.6	736.6	28.1
Financing activities	(1,521.9)	(1,358.4)	(12.0)
Investing activities	1,099.1	673.4	63.2
Change in cash and cash equivalents	520.8	51.6	N/M
Cash and cash equivalents, beginning of year	771.6	720.0	7.2
Cash and cash equivalents, end of year	\$ 1,292.4	\$ 771.6	67.5 %

- The payment of regular common share dividends which totalled \$537.0 million in 2021 compared to \$536.2 million in 2020.

Investing activities during the year ended December 31, 2021 compared to 2020 primarily related to:

- The purchases of other investments totalling \$131.8 million and sales of other investments with proceeds of \$348.2 million in 2021 compared to \$32.7 million and \$38.8 million, respectively, in 2020.
- An increase in loans of \$1,776.1 million with repayments of loans and other of \$2,744.7 million in 2021 compared to \$1,793.0 million and \$2,679.7 million, respectively, in 2020, primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets and acquisitions was \$75.3 million in 2021 compared to \$68.8 million in 2020.

2020 also included the following investing activities:

- The acquisition of GLC Asset Management Group Ltd. for \$175.8 million.
- The investment in Northleaf Capital Group Ltd. of \$198.8 million.
- The sales of the Company's investment in Personal Capital and the Quadrus Group of Funds with proceeds of \$262.8 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 \$8.6 billion at December 31, 2021, compared to \$7.1 billion at December 31, 2020. 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 December 31, 2021, unchanged from December 31, 2020. 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 2021 included the declaration of common share dividends of \$537.8 million or \$2.25 per share. Changes in common share capital are reflected in the Annual Consolidated Statements of Changes in Shareholders' Equity.

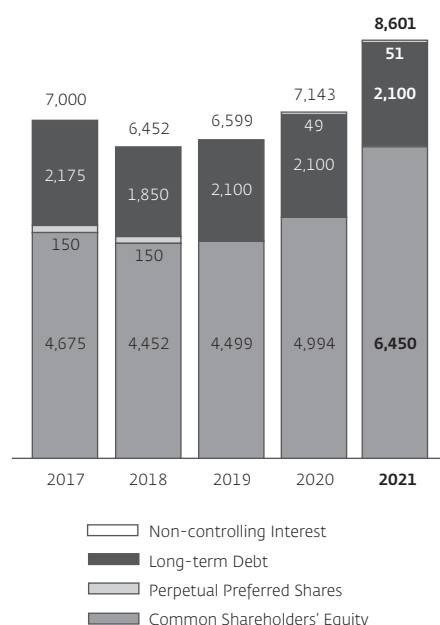
Standard & Poor's (S&P) current rating on the Company's senior unsecured debentures is "A" with a stable outlook. Dominion Bond Rating Service's (DBRS) current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

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.

Capital

As at December 31 (\$ millions)



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 27 presents the carrying amounts and fair values of financial assets and financial liabilities. The table excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities and certain other financial liabilities.

Fair value is determined using the following methods and assumptions:

- Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and

amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.

- Loans classified as 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.
- Valuation methods used for Other investments classified as FVOCI include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.
- 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 24 of the Consolidated 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 twelve months ended December 31, 2021.

TABLE 27: FINANCIAL INSTRUMENTS

(\$ millions)	DECEMBER 31, 2021		DECEMBER 31, 2020	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	\$ 1,291.4	\$ 1,291.4	\$ 593.3	\$ 593.3
– Fair value through profit or loss	106.6	106.6	39.0	39.0
Loans				
– Fair value through profit or loss	57.4	57.4	3.3	3.3
Derivative financial instruments	41.2	41.2	37.3	37.3
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	5,296.4	5,354.2	6,328.6	6,532.8
Financial liabilities recorded at fair value				
Derivative financial instruments	17.8	17.8	34.5	34.5
Financial liabilities recorded at amortized cost				
Deposits and certificates	2,220.3	2,220.5	1,104.9	1,105.4
Obligations to securitization entities	5,057.9	5,146.4	6,173.9	6,345.2
Long-term debt	2,100.0	2,544.4	2,100.0	2,653.8

Risk Management

IGM Financial is exposed to a variety of risks that are inherent in our business activities. Our ability to manage these risks is key to our ongoing success. The Company emphasizes a strong risk management culture and the implementation of an effective risk management approach. Our 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 our comprehensive Enterprise Risk Management (ERM) Framework which is composed of five core elements: risk governance, risk appetite, risk principles, a defined risk management process, and risk management culture. The ERM Framework is established under our ERM Policy, which is approved by the Executive Risk Management Committee.

RISK GOVERNANCE

Our risk governance structure emphasizes ownership of risk management in each business unit and oversight by an executive Risk Management Committee accountable to the Risk Committee of the Board (Risk Committee) and ultimately to the Board of Directors. Additional oversight is provided by the ERM, Compliance and Internal Audit Departments.

The Risk Committee provides primary oversight and carries out its risk management mandate. The Risk Committee is responsible for assisting the Board in reviewing and overseeing the risk governance structure and risk management program of the Company 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 our compliance activities, including administration of the Code of Conduct.
- The Human Resource Committee oversees compensation policies and practices.
- The Governance and Nominating Committee oversees corporate governance practices.

- The Related Party and Conduct Review Committee oversees conflicts of interest.

Management oversight for risk management resides with the executive Risk Management Committee which is comprised of the Chief Executive Officers of IGM Financial, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel, the Chief Financial Officer, the General Counsel, the Chief Operating Officer, and the Chief Human Resources Officer. The committee is responsible for oversight of IGM Financial's risk management process by: i) establishing and maintaining the risk framework and policy; ii) defining the risk appetite; iii) ensuring our 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 (the 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 has established new committees and processes where required.

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 Legal and Compliance Departments 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 the Company's 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 Risk Committee.

RISK MANAGEMENT CULTURE

Risk management is intended to be everyone's responsibility within the organization. The ERM Department engages all business units in risk workshops and surveys to foster awareness and facilitate 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

Significant risks that may adversely affect our ability to achieve strategic and business objectives are identified through our ongoing risk management process.

We use a consistent methodology across our organizations and business units to identify and assess risks, considering factors both internal and external to the organization. These risks are broadly grouped into five categories: financial, operational, strategic, business, and environmental and social.

1) FINANCIAL RISK

LIQUIDITY AND FUNDING RISK

This is the risk of an 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.

Our 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 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.

As part of ongoing liquidity management during 2021 and 2020, the Company:

- Continued to assess additional funding sources for the Company's mortgage banking operations.
- Received proceeds of \$310.8 million from the sales of a portion of the Company's investment in Wealthsimple and other investments in 2021.
- Received proceeds from the sales of the Company's investment in Personal Capital and the Quadrus Group of Funds of \$262.8 million in 2020.
- Acquired GLC for \$185 million and Northleaf for \$241 million in 2020.

The Company's contractual obligations are reflected in Table 28.

The maturity schedule for long-term debt of \$2.1 billion is reflected in the accompanying chart (Long-Term Debt Maturity Schedule).

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 December 31, 2021, unchanged from December 31, 2020. The lines of credit at December 31, 2021 consisted of committed lines of \$650 million and uncommitted lines of \$175 million, unchanged from December 31, 2020. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2021 and December 31, 2020, 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, 2020, was completed in

TABLE 28: CONTRACTUAL OBLIGATIONS

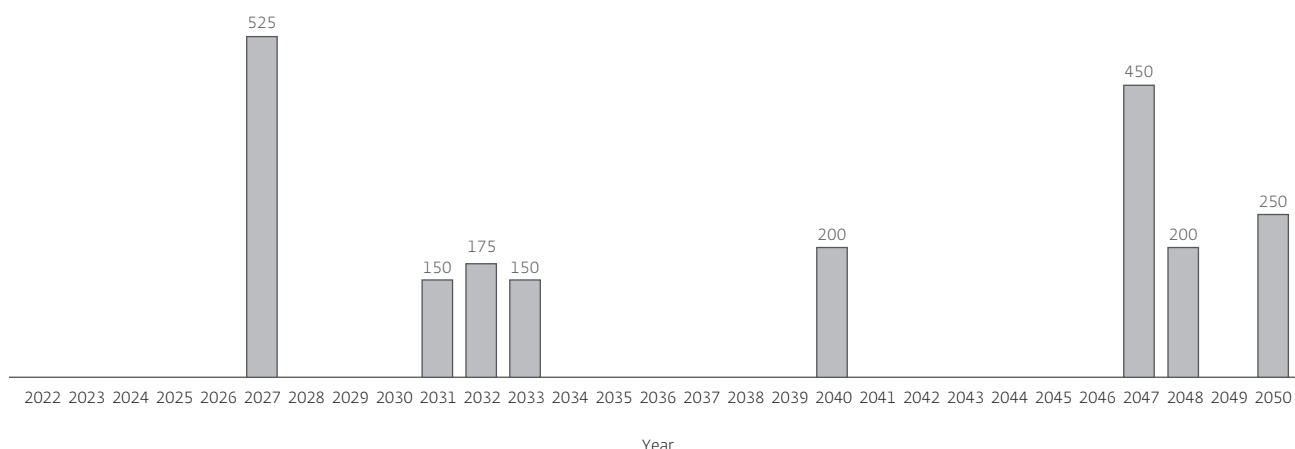
AS AT DECEMBER 31, 2021 (\$ millions)	DEMAND	LESS THAN 1 YEAR	1-5 YEARS	AFTER 5 YEARS	TOTAL
Derivative financial instruments	\$ –	\$ 6.7	\$ 11.1	\$ –	\$ 17.8
Deposits and certificates	2,218.6	0.4	0.5	0.8	2,220.3
Obligations to securitization entities	–	1,157.8	3,893.3	6.8	5,057.9
Leases ⁽¹⁾	–	31.8	98.3	125.2	255.3
Long-term debt	–	–	–	2,100.0	2,100.0
Pension funding ⁽²⁾	–	14.1	–	–	14.1
Total contractual obligations	\$ 2,218.6	\$ 1,210.8	\$ 4,003.2	\$ 2,232.8	\$ 9,665.4

(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, 2021. Pension funding requirements beyond 2022 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.

Long-Term Debt Maturity Schedule

(\$ millions)



June 2021. The valuation determines the plan surplus or deficit on both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency deficit of \$61.3 million compared to \$47.2 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2017. The increase in the solvency deficit resulted primarily as a result of lower interest rates and is required to be funded over five years. The registered pension plan had a going concern surplus of \$79.2 million compared to \$46.1 million in the previous valuation. The next required actuarial valuation will be based on a measurement date of December 31, 2021. During the year, the Company has made cash contributions of \$14.3 million (2020 – \$25.6 million). IGM Financial expects annual contributions of approximately \$14.1 million in 2022. 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. Effective December 20, 2021, the Government of Manitoba implemented funding changes for defined benefit pension plans. The changes include funding the solvency deficit only if it falls below 85% (previously was required to fund the entire solvency deficit). In determining the funding for going concern deficits, a margin known as the provision for adverse deviation will be added to the going concern deficit. The minimum provision is 5% of the going concern liabilities and can increase up to 22% based on the pension's target asset allocation. The funding period for going concern deficits will decrease from 15 years to 10 years.

The changes in the funding requirements will be considered as part of the valuation of the pension plan that will be based on a measurement date of December 31, 2021. The changes also allow an employer to establish a solvency reserve account which is a separate account within the pension fund to which the employer can remit solvency deficiency payments. The administrator can refund all or a portion of the assets in this separate account to the employer provided the plan remains fully funded on a going concern basis and maintains a solvency ratio of at least 105%. Benefit improvements under the plan are not allowed if the solvency ratio is less than 85%.

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, 2020.

CREDIT RISK

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations.

The Company's cash and cash equivalents, other investment holdings, mortgage portfolios, and derivatives are subject to

credit risk. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

Cash and Cash Equivalents and Client Funds on Deposit

At December 31, 2021, cash and cash equivalents of \$1,292.4 million (2020 – \$771.6 million) consisted of cash balances of \$326.2 million (2020 – \$76.6 million) on deposit with Canadian chartered banks and cash equivalents of \$966.2 million (2020 – \$695.0 million). Cash equivalents are comprised of Government of Canada treasury bills totalling \$358.7 million (2020 – \$96.0 million), provincial government treasury bills and promissory notes of \$350.6 million (2020 – \$148.8 million), bankers' acceptances of \$198.3 million (2020 – \$450.2 million) and other corporate commercial paper of \$58.6 million (2020 – nil).

Client funds on deposit of \$2,238.6 million (2020 – \$1,063.4 million) represent cash balances held in client accounts 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, 2020.

Mortgage Portfolio

As at December 31, 2021, residential mortgages, recorded on the Company's balance sheet, of \$5.4 billion (2020 – \$6.3 billion) consisted of \$5.0 billion sold to securitization programs (2020 – \$6.0 billion), \$315.8 million held pending sale or securitization (2020 – \$334.5 million) and \$13.7 million related to the Company's intermediary operations (2020 – \$14.1 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 \$2.6 billion (2020 – \$3.2 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 \$2.4 billion (2020 – \$2.8 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$67.6 million (2020 – \$73.0 million) and \$34.1 million (2020 – \$45.6 million), respectively, at December 31, 2021. 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.

At December 31, 2021, residential mortgages recorded on balance sheet were 53.1% insured (2020 – 55.3%). As at December 31, 2021, impaired mortgages on these portfolios were \$2.8 million, compared to \$4.8 million at December 31, 2020. Uninsured non-performing mortgages over 90 days on these portfolios were \$1.5 million at December 31, 2021, compared to \$2.3 million at December 31, 2020.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short Term Income Fund and to the IG Mackenzie 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 \$0.6 million at December 31, 2021, compared to \$0.8 million at December 31, 2020, 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, 2020.

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 \$39.5 million (2020 – \$35.8 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 \$0.7 million at December 31, 2021 (2020 – \$3.8 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at December 31, 2021. Management of credit risk related to derivatives has not changed materially since December 31, 2020.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Notes 2, 7 and 23 to the Consolidated Financial Statements.

MARKET RISK

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

Interest Rate Risk

IGM Financial is exposed to interest rate risk on its mortgage portfolio and on certain of the derivative financial instruments used in our 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 fair value of \$1.0 million (December 31, 2020 – negative \$21.1 million) and an outstanding notional amount of \$0.3 billion at December 31, 2021 (December 31, 2020 – \$0.7 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 \$3.5 million (December 31, 2020 – \$19.9 million), on an outstanding notional amount of \$1.3 billion at December 31, 2021 (December 31, 2020 – \$1.3 billion). The net fair value of these swaps of \$4.5 million at December 31, 2021 (December 31, 2020 – negative \$1.2 million) is recorded on the balance sheet and has an outstanding notional amount of \$1.6 billion (December 31, 2020 – \$2.0 billion).

- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth Management revenue over the term of the related Obligations to securitization entities. The fair value of these swaps was \$0.6 million (December 31, 2020 – negative \$0.3 million) on an outstanding notional amount of \$128.6 million at December 31, 2021 (December 31, 2020 – \$191.3 million).

As at December 31, 2021, the impact to annual net earnings of a 100 basis point increase in interest rates would have been a decrease of approximately \$3.0 million (December 31, 2020 – decrease of \$1.3 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2020.

Equity Price Risk

IGM Financial is exposed to equity price risk on our equity investments which are classified as either fair value through other comprehensive income or fair value through profit or loss or investments in associates. The fair value of the equity investments was \$1.4 billion at December 31, 2021 (December 31, 2020 – \$632.3 million), as shown in Table 21.

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

IGM Financial is exposed to foreign exchange risk on its investment in ChinaAMC. Changes to the carrying value due to changes in foreign exchange rates is recognized in Other

comprehensive income. As at December 31, 2021, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately \$36.3 million (\$40.2 million).

The Company's proportionate share of ChinaAMC's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. For the year ended December 31, 2021, the impact to net earnings of a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings (losses) by approximately \$2.9 million (\$3.2 million).

RISKS RELATED TO ASSETS UNDER MANAGEMENT AND ADVISEMENT

At December 31, 2021, IGM Financial's total assets under management and advisement were \$277.1 billion compared to \$240.0 billion at December 31, 2020.

The Company's primary sources of revenues are advisory fees and asset management fees which are applied as an annual percentage of the level of assets under management and advisement. 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 and advisement 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.

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's exposure to the value of assets under management and advisement 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

This is the risk of financial loss, reputational damage or regulatory actions resulting from inadequate or failed internal processes or systems, human interaction or external events. This excludes business risk, which is a separate category in our ERM framework.

We are 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.

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

TABLE 29: IGM FINANCIAL ASSETS UNDER MANAGEMENT – ASSET AND CURRENCY MIX

AS AT DECEMBER 31, 2021	INVESTMENT FUNDS	TOTAL
Cash	1.2 %	2.2 %
Short-term fixed income and mortgages	3.7	3.5
Other fixed income	23.3	23.0
Domestic equity	20.6	25.8
Foreign equity	48.7	43.6
Real Property	2.5	1.9
	100.0 %	100.0 %
CAD	51.0 %	56.4 %
USD	32.4	29.5
Other	16.6	14.1
	100.0 %	100.0 %

that is appropriate to provide adequate protection against unexpected losses, and where it is required by law, regulators or contractual agreements.

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.

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 help manage 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 simulation exercises on a regular basis. 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 enable critical operations and processes to function 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 moved substantially all of its employees and Consultants to work from home and temporarily closed its offices in March 2020. The Company is continuously assessing its plan and protocols, and taking direction from external governing bodies such as the Medical Officers of Health, to determine when employees and advisors will return to the office.

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

We use systems and technology to support 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, we have established enterprise-wide cyber security programs, benchmarked capabilities to sound industry practices, and implemented threat and vulnerability assessment and response capabilities. Extended duration of work from home programs introduces increased need to mitigate risk of potential data loss.

THIRD PARTY RISK

We regularly engage 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 and outsourcing policy, have been developed and implemented to specifically address third party service provider risk. We perform due diligence and monitoring activities before 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

We use 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 and reputation.

LEGAL AND REGULATORY COMPLIANCE RISK

This 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 Board 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 Compliance Department is responsible for providing oversight of all regulated compliance activities. The Internal Audit Department also provides oversight concerning regulatory compliance matters.

PRIVACY RISK

Our clients entrust us with their personal information, and we have a legal and ethical responsibility to protect it. In accordance with Canadian privacy laws, we collect only personal information that is necessary to provide our products and services to clients, or where we have consent to do so. We do not disclose personal information about clients unless required by law, when necessary to provide products or services to them, or as otherwise authorized by them.

If we need to share clients' personal information with third-party service providers, we remain responsible for that information and

protect it through contracts that commit the service providers to maintain levels of protection comparable to ours.

IGM Financial has established an enterprise Privacy Policy, and our operating companies have supporting privacy policies and procedures relevant to their businesses. Our operating companies also have comprehensive procedures and controls to safeguard personal information and prevent privacy breaches. In the event of a privacy breach, our operating companies have policies and procedures to mitigate risks and prevent re-occurrence. If a breach is determined to pose a real risk of significant harm to a client, we will notify the individual, and the federal and/or provincial Privacy Commissioner where applicable, in a timely manner.

Employees and advisors are required to complete mandatory privacy training at onboarding, and annually thereafter. The training includes our privacy obligations, privacy tips and best practices, and how to prevent, handle and report privacy breaches, complaints and access to information requests. Each operating company also has its own Privacy Officer, who is responsible for the operating company's privacy program, provides guidance to employees and advisors, and manages our response to privacy concerns.

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) STRATEGIC RISK

This is the risk of potential adverse impacts resulting from inadequate or inappropriate governance, oversight, management of incentives and conflicts, regulatory developments and strategy.

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 our 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 also has a strategy execution oversight function and committee that reviews and approves strategic initiative business cases and oversees progress against our strategic priorities and objectives.

The President and Chief Executive Officer of the Company, in collaboration with the Board of Directors, is responsible each year to develop, review and update the Company's strategic plan. The strategic plan sets out both the annual and longer-term objectives for the Company in light of emerging opportunities and risks and with a view to the Company's sustained profitable growth and long-term value creation. The Board is responsible for approving the Company's overall business strategy. In carrying out this responsibility, the Board reviews the short-, medium- and long-term risks associated with the strategic plan, considers the strengths and potential weaknesses of trends and opportunities, and approves the Company's annual business, financial and capital management plans. A portion of each Board meeting is dedicated to discussion of strategic matters including receiving updates on the progress and implementation of the strategic plan.

REGULATORY DEVELOPMENT RISK

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

We are 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. .

ACQUISITION RISK

The Company is exposed to risks related to its acquisitions and strategic investments. 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) BUSINESS RISK

GENERAL BUSINESS CONDITIONS

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from competitive or other external factors relating to the marketplace.

Global economic conditions, changes in equity markets, inflation, 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.

To manage this risk, the Company, across its operating subsidiaries, communicates with clients and underscores 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 30 and are discussed in the Wealth Management and the Asset Management Segment Operating Results sections of this MD&A.

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 management and advisement.

TABLE 30: TWELVE MONTH TRAILING REDEMPTION RATE FOR LONG-TERM FUNDS

	2021 DEC. 31	2020 DEC. 31
IGM Financial Inc.		
IG Wealth Management	9.2 %	9.8 %
Mackenzie	13.6 %	16.6 %
Counsel	22.3 %	20.1 %

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

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

It is difficult to predict the ongoing significance of the COVID-19 pandemic and government measures taken in response will affect 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

This risk refers to the 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 investment performance, 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.

We provide 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.

We strive to deliver strong investment performance on our 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 and reputation.

Meaningful and/or sustained underperformance could affect the Company's results. Our objective is to cultivate investment processes and disciplines that give us a competitive advantage, and we do this by diversifying our assets under management and product shelf by investment team, brand, asset class, mandate, style and geographic region.

BUSINESS / CLIENT RELATIONSHIPS

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from changes to key business or client 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 Wealth Management Review of the Business section of this MD&A.

Asset Management – 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. Lack of 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 Asset Management Review of the Business section of this MD&A.

PEOPLE RISK

This risk refers to the potential inability to attract or retain employees or Consultants, develop them to an appropriate level of proficiency, or manage engagement and 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 engage sufficient numbers of qualified personnel could negatively affect IGM Financial's business and financial performance.

We have a Diversity, Equity 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.

We also have a Wellness Strategy to support our employees' wellbeing with a goal to ensure our employees are physically thriving, emotionally balanced, socially connected and financially secure.

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 the health and safety of our employees and Consultants through social distancing.
- Providing tools and processes to enable our employees and Consultants to continue to operate effectively from home.
- Providing various wellness programs including Employee Assistance Programs, e-Health and other programs to support the mental and physical well-being of our employees, Consultants, and their families.
- Developing a return to office strategy including the introduction of a hybrid working model to enhance work life flexibility and to safely allow employees and Consultants to return to the office when appropriate.

5) ENVIRONMENTAL AND SOCIAL RISK (INCLUDING CLIMATE CHANGE)

This is the potential for financial loss or other unfavourable impacts resulting from environmental or social (E&S) issues connected to our business operations, investment activities, meeting our sustainability commitments, and increasingly for regulatory compliance. We recognize that E&S risks can be within our operations or impact stakeholders along our supply chain, including clients, investee companies and suppliers.

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

IGM Financial has a long-standing commitment to responsible management, as articulated in our Corporate Sustainability Statement approved by the Board of Directors. Through its Risk Committee, the Board is responsible for ensuring that material E&S risks are appropriately identified, managed and monitored.

The Company's executive Risk Management Committee is responsible for oversight of the risk management process, including E&S and climate change risks. Other management committees provide oversight of specific risks including the Sustainability Committee and the Diversity and Inclusion Executive Council. The Sustainability Committee is composed of senior executives 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 (ESG) matters.

Our commitment to responsible management is demonstrated through various mechanisms. These include our Code of Conduct for employees, contractors, and directors; our Supplier Code of Conduct; our Workplace Harassment and Discrimination Prevention Policy; our Diversity Policy; our Environmental Policy; and other related policies.

IG Wealth Management and Mackenzie Investments, and their investment sub-advisors, are signatories to the Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate ESG issues into their investment decision making and active ownership processes. In addition, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel have implemented Sustainable Investment Policies outlining the practices at each company.

IGM Financial reports annually on ESG management and performance in its Sustainability Report available on our website. The Company has been recognized for demonstrating strong ESG performance through positions earned on the FTSE4Good Index Series, Jantzi Social Index, Corporate Knights' 2022 Global 100 and 2021 Best 50 Corporate Citizens.

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. IGM Financial has been recognized by CDP at the leadership level for the past five years for its climate disclosures.

Global practices are continually evolving relating to the identification, analysis, and management of climate risks and opportunities. 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, analysts, rating agencies and other stakeholders.

TCFD DISCLOSURE

The TCFD recommends that organizations disclose information about climate-related risks and opportunities in four areas: governance, strategy, risk management, and metrics and targets. Full implementation of TCFD will be a multi-year journey.

GOVERNANCE

Our Board is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters. The Board meets with management at least annually to discuss plans and emerging ESG issues. Through its Risk Committee, the Board is responsible for ensuring that material ESG risks are appropriately identified, managed and monitored.

The senior-most leaders at each of our operating companies have primary ownership and accountability for the ongoing climate risk and opportunity management associated with their respective activities. IGM Financial's Risk Management and Sustainability Committees perform oversight functions, and our Chief Financial Officer oversees implementation of the Corporate Sustainability and Enterprise Risk Management programs.

We have established a cross-functional, enterprise wide TCFD Working Group of senior leaders to lead the planning and implementation of the TCFD recommendations. This working group is focused on enhancing our knowledge and tools to quantify climate risks in tandem with our industry, further integrating climate into our business strategy, operations and product offering, evolving our engagement approach with investee companies, and addressing increased disclosure expectations.

The Mackenzie Sustainability Steering Committee is responsible for approving and governing corporate and sustainability related

policies; approval and oversight for investment stewardship priorities including climate; approval and monitoring for targets related to climate change; and evaluation of progress relative to key performance indicators, strategy roadmap, and the market.

The IG Wealth Management Sustainable Investing Committee is responsible for reviewing and approving sustainable investing and ESG matters including but not limited to evaluating and considering climate-related risks and opportunities.

STRATEGY

Through IGM Financial's wealth and asset management businesses the company plays a role in the global transition to a low-carbon economy. In November 2021, IGM Financial detailed its climate commitments in a position statement on our website, with a focus on three key areas:

1. *Investing in a greener, climate resilient economy* – Our investment processes and products give us the opportunity to manage climate risks and create innovative solutions to our ongoing climate issues.
2. *Collaborating and engaging to help shape the global transition* – We play a role in bringing climate-smart investment advice and solutions to clients, helping companies adapt, and participating in industry and policy advancements.
3. *Demonstrating alignment through our corporate actions* – We will hold ourselves to a similar standard that we expect from the companies we invest in and empower our employees to stand behind our commitments.

Our operating companies are active participants in collaborative industry groups that support our climate commitments by engaging companies on improving climate change governance, reducing emissions and strengthening climate-related financial disclosures. IGM Financial also joined the Partnership for Carbon Accounting Financials (PCAF) to support our journey to measure and disclose the greenhouse gas emissions associated with our mortgage loans and investments.

Climate-related risks and opportunities are identified and assessed within IGM Financial through our business planning processes which define our strategic priorities, initiatives and budgets. Our climate-related risks and opportunities can be grouped into the physical impacts of climate change and the impacts related to the transition to a low-carbon economy.

Risks

Our climate risks relate primarily to the potential for physical or transition risks to: negatively affect the performance of our clients' investments, resulting in reduced fee revenue; harm our reputation; create market risks through shifts in product demand; or lead to new regulatory, legal or disclosure requirements that could affect our business. Diversification

within and across our investment portfolios aids in managing exposure to any one company, sector or geographic region that might be exposed to climate-related risks. We are also exposed to the impact of extreme weather events on our corporate properties which could lead to business disruption, and on the valuations of investment properties and client mortgages, which if not addressed proactively, could affect financial performance and the ability to use the assets long-term.

Our operating companies are committed to sustainable investing programs and policies that include a focus on climate risk. We provide data and tools for our investment teams to carry out current and forward-looking climate analysis and we integrate material climate risks into our investment and oversight processes for investment management sub-advisors. As part of the hiring process and ongoing assessment of sub-advisors, our teams request information about how ESG, including climate risks and opportunities, is resourced, what processes and tools are used, metrics and targets, and how strategy and governance are influenced. As we continue to implement the TCFD recommendations, we are devoting increased resources to areas such as training, analysis, metrics, target-setting, strategy planning and working with collaborative organizations.

Opportunities

We are focused on meeting growing demand for sustainable investing and the opportunity to invest in the transition to a net-zero economy. We are also increasing our focus on educating and communicating with clients and advisors on sustainable investing and climate change.

At Mackenzie Investments, sustainable investing is an area of strategic emphasis, and we have established a dedicated team within Mackenzie's Sustainability Centre of Excellence who bring focus to ESG and climate across the organization. Mackenzie has an investment boutique, Greenchip, which is exclusively focused on thematic investing to combat climate change. In 2021, Mackenzie also launched the Betterworld Team who invests in companies making a positive impact on the people and the planet, and expanded its suite of climate offerings in 2021 through the addition of the Mackenzie Greenchip Global Balanced Fund, the Mackenzie Global Sustainable Bond ETF, and the Mackenzie Global Green Bond Fund.

At IG Wealth Management, we have integrated environmental and climate issues into our sub-advisory selection and oversight processes, and product development strategy. In October 2021, IG Wealth Management launched its Climate Action Portfolios, a suite of four diversified managed solutions which aim to provide clients with the opportunity to support and benefit from the global transition to net zero emissions.

Scenarios

We have implemented a tool for our investment funds to enhance our quantitative assessment of climate risks by analyzing emissions and other climate-related information at the investee company and portfolio levels. This system enables us to model potential transition pathways and track our portfolios against the goal of limiting global warming to 2°C above pre-industrial levels and examine the adequacy of emissions reductions over time in meeting the goals of the Paris Agreement. We are exploring scenario analysis tools with external data providers to support us in our efforts to run climate-related scenario analysis across our business.

RISK MANAGEMENT

Assessment and management of climate-related risks is integrated into our ERM framework. We use a consistent methodology across our organizations and business units for identification and assessment of risks, considering factors both internal and external to the organization. Risks are broadly grouped into five categories: financial, operational, strategic, business, and environmental and social. We are increasingly focused on defining the relationship of climate risk to other material risks.

At Mackenzie Investments, each boutique investment team is responsible for determining when and how climate transition and physical risks are material, and for incorporating these risks into their investment process. At IG Wealth Management and IPC, management evaluates the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

Engagement

To maximize stewardship efforts, engagement at Mackenzie is undertaken both internally and by a third-party engagement specialist where climate change is a priority engagement topic. At IPC, a pooled engagement service provider is used to work with companies to enhance corporate behaviour and strategy related to topics including climate change. At IG Wealth Management, investment management sub-advisors including Mackenzie are responsible for engagement activities and IG Wealth Management monitors their practices as part of regular due diligence and oversight.

Mackenzie Investments became a founding participant in Climate Engagement Canada this quarter, and also participates in CERES' Investor Network on Climate Risk. Both Mackenzie Investments and IG Wealth Management support Climate Action 100+ and became founding signatories to the Canadian Investor Statement on Climate Change in October 2021.

METRICS AND TARGETS

We set, monitor and report on climate change-related metrics and targets annually in our CDP response and our Sustainability Report which are available on our website.

We currently report Scope 1, 2 and 3 GHG emissions, where possible, including Scope 3 investment emissions related to our real assets in the IG Real Property Fund. We are working to expand the measurement and reporting of emissions related to our investment portfolios in 2022.

Through IGM Financial's Climate Position Statement launched in November 2021, we have set a target to be climate neutral in our corporate offices and travel by the end of 2022. We also commit to setting interim targets for investment portfolios as a first step, consistent with the global ambition to achieve net zero emissions by 2050. As such, Mackenzie Investments joined the Net Zero Asset Managers Initiative and will set an interim investment target in line with the attainment of net zero emissions by 2050 or sooner by the end of 2022.

The Financial Services Environment

Canadians held \$5.6 trillion in discretionary financial assets with financial institutions at December 31, 2020 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 64% (\$3.6 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 \$2.0 trillion held outside of a financial advisory relationship, approximately 59% consisted of bank deposits.

Financial advisors represent the primary distribution channel for IGM Financial's products and services, and the core emphasis of our 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. We actively promote 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 \$2.2 trillion resided in investment funds at December 31, 2020, 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 76% 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 \$185 billion in investment fund assets under management at December 31, 2021, IGM Financial is among the country's largest investment fund managers. We believe that investment funds are likely to remain the preferred savings vehicle of Canadians. They offer 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.

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, that 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 47% of total industry long-term mutual fund assets at December 31, 2021.

The Canadian mutual fund industry continues to be very concentrated, with the 10 largest firms and their subsidiaries representing 69% of industry long-term mutual fund assets and 69% of total mutual fund assets under management at December 31, 2021. We anticipate continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

We believe 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 continues 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.
- A highly competitive landscape.
- Advancing and changing technology.

THE COMPETITIVE LANDSCAPE

Our subsidiaries, IG Wealth Management and Investment Planning Counsel, compete directly with other retail financial service providers in the advice segment, including other financial planning firms, as well as full service brokerages, banks and insurance companies. Our asset management subsidiary, Mackenzie Investments, competes directly with other investment managers for assets under management, and our products compete with stocks, bonds and other asset classes for a share of Canadians' investment assets.

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

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective and responsible management of the Company and long-term value for our clients and shareholders.

We are midway through a five-year transformation to modernize our digital platforms and technology infrastructure to enhance operations, achieve efficiencies and improve the service experience for our clients. We believe that IGM Financial is well-positioned to meet competitive challenges and capitalize on future growth opportunities.

Our competitive strength includes:

- Broad and diversified distribution through more than 35,000 financial advisors, with an emphasis on comprehensive financial planning.
- 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

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 global manufacturing and distribution entities to provide investment management services.

BROAD PRODUCT CAPABILITIES

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

ENDURING CLIENT RELATIONSHIPS

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

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 preparation of financial statements in accordance with IFRS requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect amounts reported in the Consolidated Financial Statements and accompanying notes. In applying these policies, management makes subjective and complex judgments that frequently require estimates about matters that are inherently uncertain. Many of these policies are common in the financial services industry; others are specific to IGM Financial's businesses and operations. IGM Financial's significant accounting policies are described in detail in Note 2 of the Consolidated Financial Statements.

Critical accounting estimates relate to the fair value of financial instruments, goodwill and intangibles, income taxes, capitalized sales commissions, provisions and employee benefits.

The major critical accounting estimates are summarized below:

- *Fair value of financial instruments* – The Company's financial instruments are carried at fair value, except for loans, deposits and certificates, obligations to securitization entities, and long-term debt which are all carried at amortized cost. The fair value of publicly traded financial instruments is determined using published market prices. The fair value of financial instruments where published market prices are not available, including Corporate investments and derivatives related to the Company's securitized loans, are determined using various valuation models which maximize the use of observable market inputs where available. Valuation methodologies and assumptions used in valuation models are reviewed on an ongoing basis. Changes in these assumptions or valuation methodologies could result in significant changes in net earnings.
- *Goodwill and intangible assets* – Goodwill, indefinite life intangible assets, and definite life intangible assets are reflected in Note 12 of the Consolidated Financial Statements. 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. 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.

The Company completed its annual impairment tests of goodwill and indefinite life intangible assets as at April 1, 2021, and determined there was no impairment in the value of those assets.

- *Income taxes* – The provision for income taxes is determined on the basis of the anticipated tax treatment of transactions recorded in the Consolidated Statements of Earnings. The determination of the provision for income taxes requires interpretation of tax legislation in a number of jurisdictions. Tax planning may allow the Company to record lower income taxes in the current year and income taxes recorded in prior years may be adjusted in the current year to reflect management's best estimates of the overall adequacy of its provisions. Any related tax benefits or changes in management's best estimates are reflected in the provision for income taxes. The recognition of deferred tax assets depends on management's assumption that future earnings will be sufficient to realize the future benefit. The amount of the deferred tax asset or liability recorded is based on management's best estimate of the timing of the realization of the assets or liabilities. If our interpretation of tax legislation differs from that of the tax authorities or if timing of reversals is not as anticipated, the provision for income taxes could increase or decrease in future periods. Additional information related to income taxes is included in the Summary of Consolidated Operating Results in this MD&A and in Note 16 to the Consolidated Financial Statements.
- *Capitalized sales commissions* – Commissions paid directly by the client on the sale of certain mutual fund products are deferred and amortized over a maximum period of seven years. The Company regularly reviews the carrying value of capitalized sales commissions with respect to any events or circumstances that indicate impairment. Among the tests performed by the Company to assess recoverability is the comparison of the future economic benefits derived from the capitalized sales commission asset in relation to its carrying value. At December 31, 2021, there were no indications of impairment to capitalized sales commissions.

- *Provisions* – A provision is recognized when there is a present obligation as a result of a past transaction or event, it is “probable” that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the obligation. In determining the best estimate for a provision, a single estimate, a weighted average of all possible outcomes, or the midpoint where there is a range of equally possible outcomes are all considered. A significant change in assessment of the likelihood or the best estimate may result in additional adjustments to net earnings.
- *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. The funded registered defined benefit pension plan provides pensions based on length of service and final average earnings. The measurement date for the Company's defined benefit pension plan assets and for the accrued benefit obligations on all defined benefit plans is December 31.

Due to the long-term nature of these plans, the calculation of the accrued benefit liability depends on various assumptions including discount rates, rates of return on assets, the level and types of benefits provided, healthcare cost trend rates, projected salary increases, retirement age, mortality and termination rates. The discount rate assumption is determined using a yield curve of AA corporate debt securities. All other assumptions are determined by management and reviewed by independent actuaries who calculate the pension and other future benefits expenses and accrued benefit obligations. Actual experience that differs from the actuarial assumptions will result in actuarial gains or losses as well as changes in benefits expense. The Company records actuarial gains and losses on all of its defined benefit plans in Other comprehensive income.

During 2021, the performance of the defined benefit pension plan assets was positively impacted by market conditions. Corporate bond yields increased in 2021 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 December 31, 2021 was 3.30% compared to 2.70% at December 31, 2020. Pension plan assets increased to \$566.7 million at December 31, 2021 from \$517.0 million

at December 31, 2020. The increase in plan assets was due to market performance of \$62.0 million comprised of interest income of \$13.8 million calculated based on the discount rate, which was recorded as a reduction to the pension expense, and actuarial gains of \$48.2 million, which were recorded in Other comprehensive income. The assets in the Company's registered defined benefit pension plan also increased due to the Company contributing \$13.6 million (2020 – \$25.6 million) to the pension plan. The increase in the discount rate utilized to value the defined benefit pension plan obligation resulted in actuarial gains of \$75.5 million which were recorded in Other comprehensive income. Demographic assumptions and experience adjustments were revised which resulted in \$3.3 million in net actuarial gains. The total defined benefit pension plan obligation was \$588.4 million at December 31, 2021 compared to \$650.1 million at December 31, 2020. As a result of these changes, the defined benefit pension plan had an accrued benefit liability of \$21.7 million at December 31, 2021 compared to \$133.1 million at the end of 2020. The unfunded SERPs and other post-retirement benefits plans had an accrued benefit liability of \$71.6 million and \$32.6 million, respectively, at December 31, 2021 compared to \$74.8 million and \$42.1 million in 2020.

A decrease of 0.25% in the discount rate utilized in 2021 would result in a change of \$30.2 million in the accrued pension obligation, \$27.8 million in other comprehensive income, and \$2.4 million in pension expense. Additional information regarding the Company's accounting and sensitivities related to pensions and other post-retirement benefits is included in Notes 2 and 15 of the Consolidated Financial Statements.

CHANGES IN ACCOUNTING POLICIES

IGM Financial has not adopted any changes in accounting policies in 2021.

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.

Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that (a) material information relating to the Company is made known to the President and Chief Executive Officer and the Chief Financial Officer by others, particularly during the period in which the annual filings are being prepared, and (b) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

The Company's management, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures. Based on their evaluations as of December 31, 2021, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting.

All internal control systems have inherent limitations and may become inadequate because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company's management, under the supervision of the President and Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of the Company's internal control over financial reporting based on the Internal

Control – Integrated Framework (COSO 2013 Framework) published by The Committee of Sponsoring Organizations of the Treadway Commission. The Company transitioned to the COSO 2013 Framework during 2014. Based on their evaluations as of December 31, 2021, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the Company's internal control over financial reporting is effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

Notwithstanding the above, during the fourth quarter of 2021, 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

IGM Financial enters into transactions with The Canada Life Assurance Company (Canada Life), which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2021 and 2020, the Company provided to and received from Canada Life certain administrative services enabling each organization to take advantage of economies of scale and areas of expertise.
- The Company distributes insurance products under a distribution agreement with Canada Life and received \$52.7 million in distribution fees (2020 – \$45.1 million). The Company received \$63.3 million (2020 – \$18.4 million) and paid \$22.6 million (2020 – \$29.6 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds. The Company paid \$15.5 million (2020 – \$78.3 million) to Canada Life related to the distribution of certain mutual funds of the Company.
- In order to manage its overall liquidity position, the Company's mortgage banking operation is active in the securitization market and also sells residential mortgage loans to third parties, on a fully serviced basis. During 2021, the Company sold residential mortgage loans to Canada Life for \$11.9 million compared to \$20.9 million in 2020.

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

On January 5, 2022, the Company entered into an agreement to acquire an additional interest in ChinaAMC from Power Corporation of Canada. The Company's Board of Directors (Board) established a special committee of independent directors (Committee) to assess, review and supervise negotiations regarding the proposed terms of the purchase of Power's equity interest in ChinaAMC and the sale of Lifeco shares and to make recommendations relating to the transactions to the Board. Having received and considered the recommendation of the Committee, the Board unanimously determined that each of the transactions is in the best interests of the Company and approved the transactions.

In 2020, additional transactions with related parties included the sale of Personal Capital, the investment in Northleaf, the acquisition of GLC Asset Management Group Ltd. and the sale of Quadrus Group of Funds (Notes 9 and 30 of the Consolidated Financial Statements).

For further information on transactions involving related parties, see Notes 9, 27 and 30 to the Company's Consolidated Financial Statements.

OUTSTANDING SHARE DATA

Outstanding common shares of IGM Financial as at December 31, 2021 totalled 239,679,043. Outstanding stock options as at December 31, 2021 totalled 11,712,164 of which 6,179,244 were exercisable. As at February 4, 2022, outstanding common shares totalled 239,727,142 and outstanding stock options totalled 11,655,519 of which 6,131,145 were exercisable.

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.