



# News Release

Readers are referred to the disclaimer regarding Forward-Looking Statements, Non-IFRS Financial Measures and Additional IFRS Measures at the end of this Release.

## IGM FINANCIAL INC. REPORTS THIRD QUARTER EARNINGS

---

**Winnipeg – November 2, 2017:** IGM Financial Inc. (IGM or the Company) (TSX:IGM) today announced earnings results for the third quarter of 2017.

### HIGHLIGHTS

- Net earnings of \$173.4 million or 72 cents per share, compared to \$197.6 million or 82 cents per share in the third quarter of 2016. Current net earnings include:
  - Pre-tax negative fair value adjustments of \$12.7 million (4 cents per share after-tax), which reflects an earnings timing difference related to the impact of increases in mortgage lending rates on the valuation of warehoused loans held pending sale or securitization.
  - A reduction in the proportionate share of associates' earnings of \$7.0 million (3 cents per share after-tax) caused by losses incurred by Great-West Lifeco in relation to Hurricanes Harvey, Irma and Maria.
- A quarterly common share dividend of \$0.5625 per share was declared in the third quarter of 2017, maintained from the prior quarter.
- Record high assets under management of \$150.0 billion were achieved at September 30, 2017, an increase of 0.9% in the quarter and 5.1% year to date.
- Record high third quarter investment fund net sales of \$779 million, up significantly from net redemptions of \$205 million during the third quarter of 2016.

"IGM's investment fund net sales of \$779 million represented the best third quarter net sales in the Company's history, contributing to the Company's all-time high quarter end level of assets under management of \$150.0 billion," said Jeffrey R. Carney, President and Chief Executive Officer of IGM Financial Inc. "On August 31, the Company finalized its previously announced acquisition of a 13.9% interest in China Asset Management Co., Ltd., a premier asset management firm in China. This is a great opportunity for us in the world's second largest economy."

Net earnings available to common shareholders for the three months ended September 30, 2017 were \$173.4 million or 72 cents per share compared to net earnings available to common shareholders of \$197.6 million or 82 cents per share for the comparative period in 2016.

Net earnings available to common shareholders for the nine months ended September 30, 2017 were \$551.3 million or \$2.29 per share compared to net earnings available to common shareholders of \$537.5 million or \$2.22 per share for the comparative period in 2016. Adjusted net earnings available to common shareholders, excluding other items,<sup>1</sup> for the nine months ended September 30, 2017 were \$536.4 million or \$2.23 per share.

### INVESTORS GROUP OPERATIONS

**Record high mutual fund sales** - Mutual fund sales for the third quarter of 2017 were \$2.1 billion, an increase of 28.5% compared to \$1.6 billion in the prior year. Mutual fund sales for the nine months ended September 30, 2017 were \$7.4 billion, an increase of 30.1% compared to \$5.7 billion in the prior year.

**Mutual fund net sales the best third quarter in a decade** - Mutual fund net sales of \$287 million for the third quarter of 2017 increased \$481 million, compared to net redemptions of \$194 million a year ago. Mutual fund net sales for the nine month period were \$1.6 billion compared to net sales of \$105 million a year ago.

**Strong and improving asset retention** - The annualized quarterly redemption rate for long-term funds was 7.9% in the third quarter of 2017, compared to 8.5% in the third quarter of 2016.

**Assets under management at an all-time quarter end high** - Mutual fund assets under management at September 30, 2017 were \$85.2 billion compared to \$78.9 billion at September 30, 2016. Total assets under management, which include sub-advisory, institutional and other accounts, were \$85.8 billion compared to \$79.4 billion at September 30, 2016.

### MACKENZIE OPERATIONS

**Mutual fund net sales highest third quarter since 1999** - Mutual fund gross sales of \$1.8 billion in the quarter increased by 11.4% compared to last year while net sales were \$304 million, an increase of \$374 million from 2016.

**Investment fund net sales increased \$583 million** - Net sales for the third quarter of 2017 were \$538 million compared to net redemptions of \$45 million a year ago and net sales for the nine month period were \$1.4 billion<sup>2</sup> compared to net redemptions of \$574 million a year ago.

**ETF business continued to experience strong growth in the quarter** - ETF net creations were \$286 million in the third quarter, including Mackenzie mutual fund investments in ETFs of \$52 million, and assets under management totalled \$906 million at September 30, 2017.

**Investment fund assets under management at an all-time quarter end high** - Mutual fund assets under management were \$53.8 billion and ETF assets were \$906 million at September 30, 2017, resulting in consolidated investment fund assets under management of \$54.3 billion compared to \$50.3 billion a year ago. Mackenzie's total assets under management at September 30, 2017 were \$69.2 billion compared to \$64.3 billion at September 30, 2016.

---

<sup>1</sup> Other items for the nine months ended September 30, 2017 consisted of:

- Favourable revaluation of the Company's registered pension plan obligation of \$50.4 million (\$36.8 million after-tax), reflecting a new policy related to the granting of benefit increases at the Company's discretion.
- Restructuring and other charges including severance and termination costs largely associated with the reduction of our region office footprint of \$23.0 million (\$16.8 million after tax).
- An after-tax charge of \$5.1 million representing the Company's proportionate share in Great-West Lifeco Inc.'s restructuring provision.

<sup>2</sup> During the nine months ended September 30, 2017, Investors Group mutual funds and certain third party programs which include Mackenzie mutual funds made fund allocation changes which resulted in net redemptions of \$200 million.

**DIVIDENDS**

The Board of Directors has declared a dividend of 56.25 cents per share on the Company's common shares and has declared a dividend of \$0.36875 per share on the Company's 5.90% Non-Cumulative First Preferred Shares, Series "B". The common share dividend and the preferred share dividend are payable on January 31, 2018 to shareholders of record on December 29, 2017.

**FORWARD-LOOKING STATEMENTS**

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

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

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

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

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

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

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

#### **NON-IFRS FINANCIAL MEASURES AND ADDITIONAL IFRS MEASURES**

This release contains non-IFRS financial measures and additional IFRS measures. Net earnings available to common shareholders, which is an additional measure in accordance with International Financial Reporting Standards (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.

Terms by which non-IFRS financial measures are identified include but are not limited to "adjusted net earnings available to common shareholders", "adjusted earnings per share", "adjusted return on average common equity" and other similar expressions used to provide management and investors with additional measures to assess earnings performance. However, non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Please refer to the attached Financial Highlights for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS.

Terms by which additional IFRS measures are identified include "earnings before income taxes" and "net earnings available to common shareholders". Additional IFRS measures 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.

#### **THIRD QUARTER WEBCAST AND CONFERENCE CALL**

IGM Financial Inc.'s Third Quarter 2017 conference call and webcast will be held on Friday November 3, 2017 at 10:00 A.M. (ET). The webcast and conference call can be accessed respectively through [www.igmfinancial.com](http://www.igmfinancial.com) or by phone at **1-866-223-7781** or **416-340-2216**.

The most recent interim unaudited Consolidated Financial Statements and Management's Discussion and Analysis (MD&A) of operating results are available on IGM Financial Inc.'s website at [www.igmfinancial.com](http://www.igmfinancial.com).

#### **About IGM Financial Inc.**

*IGM Financial Inc. is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of mutual funds and other managed asset products, with over \$154 billion in total assets under management as of October 31, 2017. Its activities are carried out principally through Investors Group, Mackenzie Investments and Investment Planning Counsel.*

A MEMBER OF THE POWER FINANCIAL CORPORATION GROUP OF COMPANIES.

#### **For more information contact:**

##### **Media Relations:**

Allan Hiebert  
204-956-8535  
[media.relations@igmfinancial.com](mailto:media.relations@igmfinancial.com)

##### **Investor Relations:**

Paul Hancock  
204-956-8103  
[investor.relations@igmfinancial.com](mailto:investor.relations@igmfinancial.com)

**IGM FINANCIAL INC.****Consolidated Statements of Earnings**

<i>(unaudited)</i> <i>(in thousands of Canadian dollars,</i> <i>except shares and per share amounts)</i>	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
<b>Revenues</b>				
Management fees	\$ 541,836	\$ 518,308	\$ 1,616,539	\$ 1,499,530
Administration fees	109,126	107,931	329,328	312,609
Distribution fees	89,855	101,048	289,890	292,358
Net investment income and other	7,644	23,114	52,866	61,400
Proportionate share of associates' earnings	24,875	26,049	72,652	77,733
	<b>773,336</b>	<b>776,450</b>	<b>2,361,275</b>	<b>2,243,630</b>
<b>Expenses</b>				
Commission	275,996	273,202	849,751	801,845
Non-commission	238,792	224,880	704,768	684,487
Interest	28,949	23,165	84,439	68,991
	<b>543,737</b>	<b>521,247</b>	<b>1,638,958</b>	<b>1,555,323</b>
Earnings before income taxes	229,599	255,203	722,317	688,307
Income taxes	54,026	55,389	164,397	144,214
<b>Net earnings</b>	<b>175,573</b>	<b>199,814</b>	<b>557,920</b>	<b>544,093</b>
Perpetual preferred share dividends	2,213	2,213	6,638	6,638
<b>Net earnings available to common shareholders</b>	<b>\$ 173,360</b>	<b>\$ 197,601</b>	<b>\$ 551,282</b>	<b>\$ 537,455</b>
Average number of common shares (in thousands)				
- Basic	240,589	240,498	240,573	241,564
- Diluted	240,915	240,589	240,862	241,657
Earnings per share (in dollars)				
- Basic	\$ 0.72	\$ 0.82	\$ 2.29	\$ 2.22
- Diluted	\$ 0.72	\$ 0.82	\$ 2.29	\$ 2.22

**Financial Highlights**

(unaudited)	For the three months ended September 30			As at and for the nine months ended September 30			
	2017	2016	Change	2017	2016	Change	
<b>Net earnings available to common shareholders (\$ millions)</b>							
Net Earnings	\$ 173.4	\$ 197.6	(12.2) %	\$ 551.3	\$ 537.5	2.6 %	
Adjusted Net Earnings <sup>(1)</sup>	173.4	197.6	(12.2)	536.4	537.5	(0.2)	
<b>Diluted earnings per share</b>							
Net Earnings	0.72	0.82	(12.2)	2.29	2.22	3.2	
Adjusted Net Earnings <sup>(1)</sup>	0.72	0.82	(12.2)	2.23	2.22	0.5	
<b>Return on equity</b>							
Net Earnings				15.7%	16.0%		
Adjusted Net Earnings <sup>(1)</sup>				15.3%	16.0%		
<b>Dividends per share</b>	<b>0.5625</b>	0.5625	-	<b>1.6875</b>	1.6875	-	
<b>Total assets under management <sup>(2)</sup> (\$ millions)</b>				<b>\$ 150,015</b>	\$ 140,719	6.6 %	
<b>Investment funds assets under management <sup>(3)</sup></b>				<b>\$ 144,124</b>	\$ 133,697	7.8 %	
<b>Investors Group</b>							
Mutual funds				85,226	78,892		
Sub-advisory, institutional and other accounts				548	480		
<b>Total</b>				<b>85,774</b>	79,372	8.1	
<b>Mackenzie</b>							
Mutual funds				53,752	50,252		
ETFs				906	71		
Investment funds <sup>(3)</sup>				54,325	50,323		
Sub-advisory, institutional and other accounts				14,918	13,950		
<b>Total</b>				<b>69,243</b>	64,273	7.7	
<b>Investment Planning Counsel</b>							
Mutual funds				4,682	4,485		
Institutional and other accounts				1,098	867		
<b>Total <sup>(4)</sup></b>				<b>5,177</b>	4,857	6.6	
<b>Net Sales</b>							
(\$ millions)							
				Investors Group	Mackenzie	Investment Planning Counsel	Total <sup>(2)</sup>
For the three months ended September 30, 2017							
Mutual funds	\$ 287	\$ 304	\$ (47)	\$ 545			
ETFs	-	286	-	286			
<b>Investment funds <sup>(3)</sup></b>	<b>287</b>	<b>538</b>	<b>(47)</b>	<b>779</b>			
Sub-advisory, institutional and other accounts	(32)	338	20	25			
<b>Total <sup>(4)</sup></b>	<b>255</b>	<b>876</b>	<b>3</b>	<b>834</b>			
For the nine months ended September 30, 2017							
Mutual funds	\$ 1,612	\$ 932	\$ (52)	\$ 2,388			
ETFs	-	789	-	789			
<b>Investment funds <sup>(3)</sup></b>	<b>1,612</b>	<b>1,407</b>	<b>(52)</b>	<b>2,863</b>			
Sub-advisory, institutional and other accounts	10	2,032	114	152			
<b>Total <sup>(4)</sup></b>	<b>1,622</b>	<b>3,439</b>	<b>31</b>	<b>2,984</b>			

<sup>(1)</sup> Non-IFRS Financial Measures:

2017 adjusted net earnings for the nine month period excluded:

- An after-tax reduction in non-commission expenses of \$36.8 million related to the Company's pension plan.
- An after-tax charge to non-commission expenses of \$16.8 million related to restructuring and other.
- An after-tax charge of \$5.1 million representing the Company's proportionate share in Great-West Lifeco Inc.'s restructuring provision.

<sup>(2)</sup> Total assets under management (AUM) and net sales exclude those assets and net sales related to accounts sub-advised by Mackenzie on behalf of Investors Group and Investment Planning Counsel. AUM excluded \$10.2 billion in 2017 (\$7.8 billion in 2016) and net sales excluded \$0.3 billion for the three month period and \$2.1 billion for the nine month period.

<sup>(3)</sup> Investment funds consist of mutual funds and ETFs. Investment fund AUM and net sales exclude Mackenzie mutual fund investments in ETFs. AUM excluded \$333 million at September 30, 2017 and net sales excluded \$52 million for the three month period and \$314 million for the nine month period.

<sup>(4)</sup> Investment Planning Counsel's total AUM and net sales exclude the Private Wealth Program investment in Counsel mutual funds. AUM excluded \$0.6 billion in 2017 (\$0.5 billion in 2016) and net sales excluded (\$30) million for the three month period and \$31 million for the nine month period.