



# 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 FOURTH QUARTER AND 2017 EARNINGS

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**Winnipeg – February 9, 2018:** IGM Financial Inc. (IGM or the Company) (TSX:IGM) today announced earnings results for the fourth quarter of 2017 and for the year ended December 31, 2017.

### HIGHLIGHTS

- Net earnings of \$50.6 million or 21 cents per share, compared to \$233.0 million or 97 cents per share in the fourth quarter of 2016. Net earnings in the current quarter include:
  - A previously announced one-time charge of \$126.8 million after-tax, or \$172.3 million pre-tax, which equates to 52 cents per share. This charge is related to the implementation of a number of initiatives to assist in the Company's operational effectiveness and include:
    - The decision to discontinue development of a new investment fund accounting system
    - Expanding IGM's shared services model
    - Offering a one-time voluntary retirement program, and
    - Simplifying the Company's reporting structure
  - An after-tax charge of \$14.0 million or 6 cents per share representing the Company's proportionate share in Great-West Lifeco Inc.'s one-time charges.
- Adjusted net earnings, excluding other items,<sup>1,2</sup> of \$191.4 million or 79 cents per share, compared to \$199.0 million or 83 cents per share in the fourth quarter of 2016. Adjusted net earnings include:
  - Pre-tax negative fair value adjustments of \$19.6 million (6 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 quarterly common share dividend of \$0.5625 per share was declared in the fourth quarter of 2017, maintained from the prior quarter.
- Record high quarterly assets under management of \$156.5 billion were achieved at December 31, 2017, an increase of 4.3% in the quarter and 9.7% annually.
- Overall net sales in the fourth quarter were \$1.8 billion and for the year ended December 31, 2017 were \$4.8 billion, the best results in IGM's history. Fourth quarter investment fund net sales were \$749 million, up significantly from net sales of \$334 million during the fourth quarter of 2016.

"IGM's investment fund net sales of \$749 million represented the best fourth quarter net sales in over a decade," said Jeffrey R. Carney, President and Chief Executive Officer of IGM Financial Inc. "This net sales result combined with robust financial markets has led to the Company's all-time high quarter end level of assets under management of \$156.5 billion."

Net earnings available to common shareholders for the three months ended December 31, 2017 were \$50.6 million or 21 cents per share compared to \$233.0 million or 97 cents per share for the comparative period in 2016. Adjusted net earnings available to common shareholders, excluding other items,<sup>1,2</sup> for the three months ended December 31, 2017 were \$191.4 million or 79 cents per share compared to \$199.0 million or 83 cents per share for the comparative period in 2016.

Net earnings available to common shareholders for the year ended December 31, 2017 were \$601.9 million or \$2.50 per share compared to \$770.5 million or \$3.19 per share for 2016. Adjusted net earnings available to common shareholders, excluding other items,<sup>1,2</sup> for the year ended December 31, 2017 were \$727.8 million or \$3.02 per share compared to \$736.5 million or \$3.05 per share for the comparative period in 2016.

### **INVESTORS GROUP OPERATIONS**

**Record high mutual fund sales** - Mutual fund sales for the fourth quarter of 2017 were \$2.3 billion, an increase of 10.8% compared to \$2.1 billion in the prior year. Annual mutual fund sales for 2017 were \$9.7 billion, an increase of 24.9% compared to \$7.8 billion in the prior year.

**Mutual fund net sales the best fourth quarter in a decade** - Mutual fund net sales of \$332 million for the fourth quarter of 2017 increased \$71 million, compared to net sales of \$261 million a year ago. Annual mutual fund net sales for 2017 were \$1.9 billion compared to net sales of \$366 million a year ago.

**Strong and improving asset retention** - The annualized quarterly redemption rate for long-term funds was 8.3% in the fourth quarter of 2017, unchanged from the fourth quarter of 2016.

**Assets under management at an all-time quarter end high** - Mutual fund assets under management at December 31, 2017 were \$88.0 billion compared to \$81.2 billion at December 31, 2016.

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<sup>1</sup> Other items for the three and twelve months ended December 31, 2017 included:

- Restructuring and other charges of \$126.8 million after-tax (\$172.3 million pre-tax) resulting from efforts in respect of the implementation of a number of initiatives to assist in the Company's operational efforts.
- An after-tax charge of \$14.0 million representing the Company's proportionate share in Great-West Lifeco Inc.'s charges related to the impact of United States tax reforms and the pending sale of an equity investment.

Other items for the twelve months ended December 31, 2017 also included:

- Favourable revaluation of the Company's registered pension plan obligation of \$36.8 million after-tax (\$50.4 million pre-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 \$16.8 million after-tax (\$23.0 million pre-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> Other items for the three and twelve months ended December 31, 2016 consisted of a favourable change in income tax provision estimates of \$34.0 million related to certain tax filings.

## MACKENZIE OPERATIONS

**Mutual fund net sales highest fourth quarter since 2006** - Mutual fund gross sales of \$2.2 billion in the quarter increased by 14.4% compared to last year while net sales were \$137 million, an increase of \$161 million from 2016.

**Investment fund net sales increased \$458 million** - Net sales for the fourth quarter of 2017 were \$477 million compared to net sales of \$19 million a year ago and net sales for the twelve month period were \$1.9 billion<sup>3</sup> compared to net redemptions of \$555 million a year ago.

**ETF business continued to experience strong growth in the quarter** - ETF net creations were \$367 million in the fourth quarter, including Mackenzie mutual fund investments in ETFs of \$27 million, and assets under management totalled \$1.3 billion at December 31, 2017.

**Investment fund assets under management at an all-time quarter end high** - Mutual fund assets under management were \$55.7 billion and ETF assets were \$1.3 billion at December 31, 2017, resulting in consolidated investment fund assets under management of \$56.7 billion compared to \$51.4 billion a year ago. Mackenzie's total assets under management at December 31, 2017 were \$64.6 billion compared to \$57.7 billion at December 31, 2016.

## 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 April 30, 2018 to shareholders of record on March 29, 2018.

## 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".*

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<sup>3</sup> During the twelve months ended December 31, 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.

*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.*

#### **FOURTH QUARTER WEBCAST AND CONFERENCE CALL**

IGM Financial Inc.’s Fourth Quarter 2017 conference call and webcast will be held on Friday February 9, 2018 at 3:00 p.m. (ET). The webcast and conference call can be accessed respectively through [www.igmfinancial.com](http://www.igmfinancial.com) or by phone at **1-800-273-9672** 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 \$157 billion in total assets under management as of January 31, 2018. 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.*

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**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 December 31		Twelve months ended December 31	
	2017	2016	2017	2016
<b>Revenues</b>				
Management fees	\$ 564,425	\$ 525,651	\$ 2,180,964	\$ 2,025,181
Administration fees	110,372	109,009	439,700	421,618
Distribution fees	95,179	117,777	385,069	410,135
Net investment income and other	(263)	22,223	52,603	83,623
Proportionate share of associates' earnings	23,022	26,493	95,674	104,226
	<b>792,735</b>	<b>801,153</b>	<b>3,154,010</b>	<b>3,044,783</b>
<b>Expenses</b>				
Commission	292,816	288,203	1,142,567	1,090,048
Non-commission	407,866	231,115	1,112,634	915,602
Interest	29,718	23,205	114,157	92,196
	<b>730,400</b>	<b>542,523</b>	<b>2,369,358</b>	<b>2,097,846</b>
Earnings before income taxes	62,335	258,630	784,652	946,937
Income taxes	9,490	23,419	173,887	167,633
<b>Net earnings</b>	<b>52,845</b>	<b>235,211</b>	<b>610,765</b>	<b>779,304</b>
Perpetual preferred share dividends	2,212	2,212	8,850	8,850
<b>Net earnings available to common shareholders</b>	<b>\$ 50,633</b>	<b>\$ 232,999</b>	<b>\$ 601,915</b>	<b>\$ 770,454</b>
Earnings per share (in dollars)				
- Basic	\$ 0.21	\$ 0.97	\$ 2.50	\$ 3.19
- Diluted	\$ 0.21	\$ 0.97	\$ 2.50	\$ 3.19

**Financial Highlights**

(unaudited)	For the three months ended December 31			As at and for the twelve months ended December 31			
	2017	2016	Change	2017	2016	Change	
<b>Net earnings available to common shareholders</b> (\$ millions)							
Net Earnings	\$ 50.6	\$ 233.0	(78.3) %	\$ 601.9	\$ 770.5	(21.9) %	
Adjusted Net Earnings <sup>(1)</sup>	191.4	199.0	(3.8)	727.8	736.5	(1.2)	
<b>Diluted earnings per share</b>							
Net Earnings	0.21	0.97	(78.4)	2.50	3.19	(21.6)	
Adjusted Net Earnings <sup>(1)</sup>	0.79	0.83	(4.8)	3.02	3.05	(1.0)	
<b>Return on equity</b>							
Net Earnings				12.9%	17.1%		
Adjusted Net Earnings <sup>(1)</sup>				15.6%	16.3%		
<b>Dividends per share</b>	<b>0.5625</b>	0.5625	-	<b>2.25</b>	2.25	-	
<b>Total assets under management</b> <sup>(2)</sup> (\$ millions)				<b>\$ 156,513</b>	\$ 142,688	9.7 %	
<b>Investment funds assets under management</b> <sup>(2)</sup>				<b>\$ 149,819</b>	\$ 137,575	8.9 %	
<b>Investors Group</b>							
<b>Mutual funds</b> <sup>(3)</sup>				<b>88,008</b>	81,242	8.3	
<b>Mackenzie</b>							
Mutual funds				55,728	51,314		
ETFs				1,296	113		
Investment funds <sup>(2)</sup>				56,656	51,427		
Sub-advisory, institutional and other accounts				7,966	6,232		
<b>Total</b>				<b>64,622</b>	57,659	12.1	
<b>Investment Planning Counsel</b>							
<b>Mutual funds</b> <sup>(3)</sup>				<b>5,377</b>	4,908	9.6	
<b>Net Sales</b>							
(\$ millions)							
				Investors Group	Mackenzie	Investment Planning Counsel	Total <sup>(2)</sup>
For the three months ended December 31, 2017							
Mutual funds <sup>(3)</sup>	\$	332	\$	137	\$	48	\$ 516
ETFs		-		367		-	260
<b>Investment funds</b> <sup>(2)</sup>		<b>332</b>		<b>477</b>		<b>48</b>	<b>749</b>
Sub-advisory, institutional and other accounts		-		1,080		-	1,068
<b>Total</b>		<b>332</b>		<b>1,557</b>		<b>48</b>	<b>1,817</b>
For the twelve months ended December 31, 2017							
Mutual funds <sup>(3)</sup>	\$	1,944	\$	1,069	\$	79	\$ 2,987
ETFs		-		1,156		-	1,049
<b>Investment funds</b> <sup>(2)</sup>		<b>1,944</b>		<b>1,884</b>		<b>79</b>	<b>3,695</b>
Sub-advisory, institutional and other accounts		-		1,189		-	1,107
<b>Total</b>		<b>1,944</b>		<b>3,073</b>		<b>79</b>	<b>4,802</b>

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

2017 adjusted net earnings excluded:

- An after-tax charge to expenses of \$126.8 million, recorded in the fourth quarter, related to restructuring and other.
- An after-tax charge to non-commission expenses of \$16.8 million, recorded in the second quarter, related to restructuring and other.
- An after-tax reduction in non-commission expenses of \$36.8 million, recorded in the second quarter, related to the Company's pension plan.
- An after-tax charge of \$14.0 million, recorded in the fourth quarter, representing the Company's proportionate share in Great-West Lifeco Inc.'s charges related to the impact of United States tax reforms and the pending sale of an equity investment.
- An after-tax charge of \$5.1 million, recorded in the second quarter, representing the Company's proportionate share in Great-West Lifeco Inc.'s restructuring provision.

2016 adjusted net earnings excluded:

- A favourable change in income tax provision estimates of \$34.0 million, recorded in the fourth quarter, related to certain tax filings.

<sup>(2)</sup> Consolidated results eliminate double counting where business is reflected within multiple segments:

- Included in Mackenzie's results were advisory mandates to other segments with assets of \$1.5 billion in 2017 (2016 - \$1.1 billion) and net sales of \$120 million for the fourth quarter and \$294 million for the twelve month period.
- Included in ETFs are mutual fund investments in ETFs totalling \$368 million at December 31, 2017 and net sales of \$27 million for the fourth quarter and \$341 million for the twelve month period.

<sup>(3)</sup> Includes separately managed accounts.