



News Release

IGM FINANCIAL INC. ANNOUNCES THE IMPLEMENTATION OF IFRS 15

Winnipeg, May 3, 2018: IGM Financial Inc. (TSX: IGM) today announced the accounting impact of the implementation of *IFRS 15, Revenue from Contracts with Customers (IFRS 15)* in the first quarter of 2018.

IFRS 15 and related guidance outlines criteria to assess the eligibility of capitalizing acquisition costs, which includes investment product sales commissions. To determine whether acquisition costs associated with the distribution of investment funds should be capitalized, an assessment must be made whether the customer is best characterized as the investment fund or the individual investor. If the investment fund is assessed to be the customer, acquisition costs are characterized as pertaining to fulfilling an existing investment management contract and are expensed as incurred. In cases where our dealers contract directly with the end investor on fee arrangements, our determination is that the customer is best characterized as the end investor, and in these instances acquisition costs are capitalized and amortized over their expected lives.

As a result of IGM's assessment of these criteria, the Company will derecognize \$704 million of its deferred selling commission asset and related deferred taxes of \$189 million. The net amount will reduce shareholder's equity by \$515 million.

This change in accounting standard will impact net earnings and earnings before taxes ("EBT"). Due to an ongoing shift from sales-based compensation towards asset-based compensation, sales commission payments are expected to decline in 2018 and subsequent years in relation to the last several years. As a result, expensing sales commissions as incurred will result in lower commission expense than our previous approach of amortizing these amounts over an expected life of up to seven years.

The full year 2018 impact of IFRS 15 is expected to increase net earnings by approximately \$39 million (\$53 million before tax). The Q1, 2018 impact of the new standard was to increase net earnings by approximately \$6 million (\$9 million before tax).

In Q4, 2017, we announced that Investors Group had introduced changes to its Consultant Network compensation arrangements effective January 1, 2018, and that these changes would result in a greater proportion of compensation being asset-based and expensed as incurred and a lower proportion being sales-based and subject to amortization. We disclosed that the expected impact of this earlier recognition of expense would be to decrease net earnings by approximately \$19 million (\$25 million before tax) for full year 2018 and \$5 million (\$7 million before tax) in Q1 2018 (with total compensation paid unaffected). The expected impact of adoption of IFRS 15 described above was established after consideration of these compensation changes announced during Q4, 2017, with a net impact of increasing net earnings in Q1 2018 by \$1 million (\$2 million before tax).

The implementation of IFRS 15 will result in a change in timing of the recognition of commission expenses but has no effect on the cash flows of the Company.

As previously announced, the Company will host a live webcast of its first quarter results conference call on Friday, May 4, 2018 at 1:30 p.m. CT/2:30 p.m. ET.

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.

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 CAD\$156 billion in total assets under management at April 30, 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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