

# IGM Financial Q2, 2019 Results

August 1, 2019



# CONFERENCE CALL PARTICIPANTS



**JEFFREY R. CARNEY**

PRESIDENT & CEO  
IGM FINANCIAL

PRESIDENT & CEO  
IG WEALTH MANAGEMENT



**BARRY S. MCINERNEY**

PRESIDENT & CEO  
MACKENZIE INVESTMENTS



**LUKE GOULD**

EXECUTIVE VICE-PRESIDENT  
& CFO  
IGM FINANCIAL

# CAUTION CONCERNING 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, 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 & 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.

This report may also contain non-IFRS financial measures. Non-IFRS financial measures are used to provide management and investors with additional measures of performance. However, we caution that non-IFRS financial measures do not have standard meanings prescribed by IFRS and are not directly comparable to similar measures used by other companies. Specific instances of such measures that may be referred to within this document include “Adjusted Net Earnings”, “Adjusted Earnings per Share”, “Earnings before Interest and Taxes” (EBIT), “earnings before interest, taxes, depreciation and amortization before sales commissions” (EBITDA before sales commissions) and “earnings before interest, taxes, depreciation and amortization after sales commissions” (EBITDA after sales commissions).

We refer you to the appropriate reconciliation in the Management’s Discussion and Analysis of these non-IFRS financial measures to measures prescribed by IFRS.

Other items for the three and six months ended June 30, 2019 consisted of:

- An after-tax loss of \$8.0 million representing the Company’s proportionate share in Great-West Lifeco Inc.’s (GWL) loss on the sale of substantially all of its United States individual life insurance and annuity business.

# DOCUMENTS INCORPORATED BY REFERENCE

This summary document and webcast are meant to discuss, not to serve as a substitute for, information included in these documents. The reader is hereby cautioned to refer to the following documents relating to IGM Financial's results:

1. Documents related to IGM Financial's Q2, 2019 results issued on August 1, 2019:
  - IGM Financial Q2, 2019 financial results press release. This press release includes financial highlights as well as a summary earnings statement.
  - IGM Financial Q2, 2019 Interim Condensed Consolidated Financial Statements and Notes.
  - IGM Financial Q2, 2019 Management's Discussion and Analysis ("MD&A").
  - IGM Financial Q2, 2019 Supplemental Information.
2. IGM Financial 2018 Corporate Responsibility Report issued on July 16, 2019.
3. IGM Financial 2018 Annual Report issued on March 14, 2019.
4. IGM Financial 2017 Investor Day Presentation issued on November 28, 2017.

Each of these documents are available on the Company's website at [www.igmfinc.com](http://www.igmfinc.com) and/or at [www.sedar.com](http://www.sedar.com).



IGM FINANCIAL



# Financial and Operating Results

August 1, 2019

# IGM FINANCIAL Q2, 2019 HIGHLIGHTS

**1** Record high quarter-end total AUM of \$162.3B, up 1.2% during Q2 and 8.9% year-to-date

**2** Investment fund net redemptions of \$364MM (annualized net redemption rate of 0.9%)

- IGM gained market share with a net sales rate better than advice channel peers<sup>1</sup>
- Industry advice channel long-term mutual fund net redemptions of \$2.8B during Q2/19 (annualized net redemption rate of 1.5%), compares to \$1.8B net redemptions in Q2/18

**3** EPS of 77 cents and Adjusted EPS of 81 cents during the second quarter of 2019

- Reported EPS of 77 cents includes IGM's proportionate share of GWL's one-time loss (\$8.0MM after-tax)
- Maintaining full-year 2019 non-commission expense growth guidance of 4%

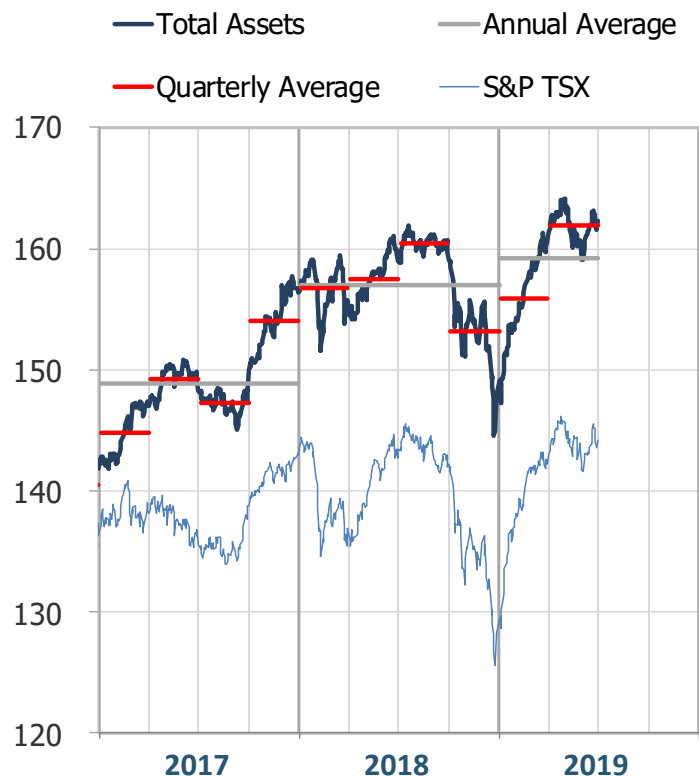
**4** Repurchased 2.5 million common shares during the second quarter for \$91MM

- Received \$80MM proceeds from proportionate tender to GWL's substantial issuer bid

1) Based on quarterly long-term mutual fund net sales rate relative to advice channel peers. IG Wealth Management includes total mutual fund net sales.

# ASSETS UNDER MANAGEMENT & FINANCIAL MARKETS

## IGM Assets Under Management (\$B)



## Investment Performance

		2018	Q1/19	Q2/19	YTD June 30/19	
<b>IGM Client Investment Returns<sup>1</sup></b>		(5.3%)	7.5%	1.3%	9.0%	
<b>Equity Markets:</b>						
Canada	(S&P / TSX Composite)	(11.6%)	12.4%	1.7%	14.4%	
U.S.	(S&P 500)	(6.2%)	13.1%	3.8%	17.3%	
Europe	(MSCI Europe)	(13.1%)	12.0%	1.5%	13.6%	
Asia	(MSCI AC Asia Pacific)	(15.6%)	8.9%	0.2%	9.1%	
World	(MSCI World)	(10.4%)	11.9%	3.4%	15.6%	
<b>Fixed Income</b>		(FTSE TMX Canada Universe)	(1.6%)	3.2%	1.8%	5.0%
<b>Currency:</b>						
USD relative to CAD		8.5%	(2.1%)	(1.9%)	(4.0%)	
Euro relative to CAD		3.6%	(4.2%)	(0.6%)	(4.8%)	

Index returns are local market price returns, except Asia and World are reported in USD.

1) IGM Financial's asset mix for total assets under management as at June 30, 2019 was 64% equities, 32% fixed income, and 4% other.

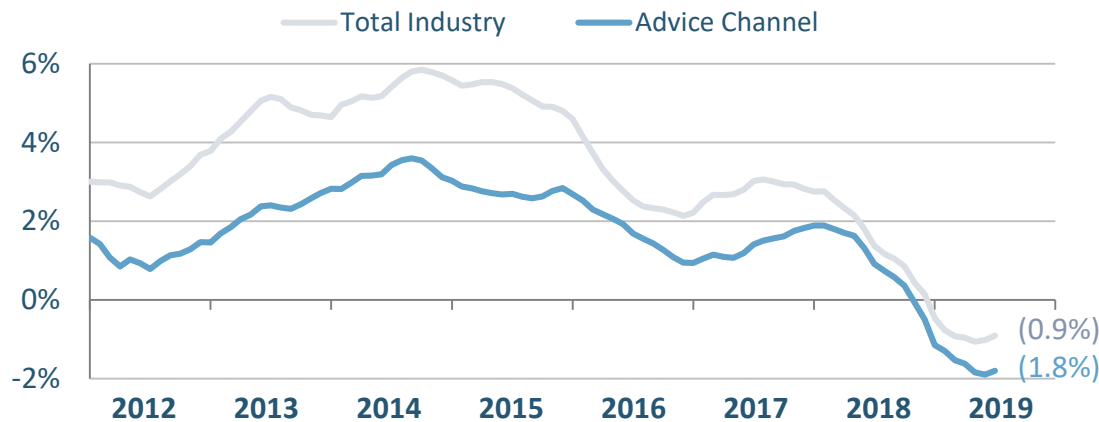


# INDUSTRY OPERATING ENVIRONMENT

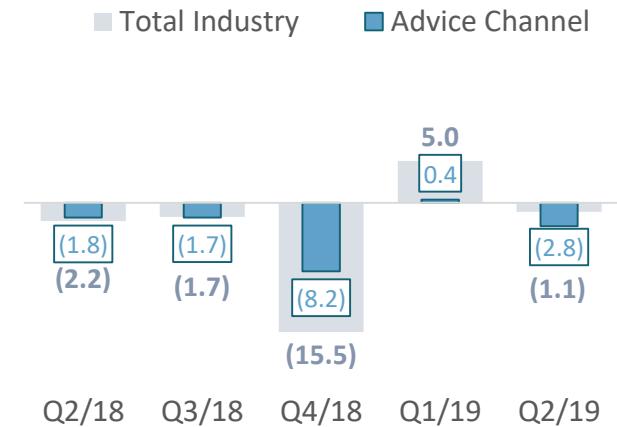
## Industry Net Sales (\$B)

	Q2/18	Q2/19	\$ Change	Net Sales Rate %
Long-term Mutual Funds				Q2/19 Annualized
Advice channel	(1.8)	(2.8)	(1.0)	(1.5)
Deposit takers	(1.0)	1.7	2.7	1.0
Other	0.6	0.0	(0.5)	0.1
Total	(2.2)	(1.1)	1.1	(0.3)
ETF Net Creations	1.8	7.0	5.2	

## Long-term Mutual Fund Net Sales Rate (LTM, % of Average AUM)



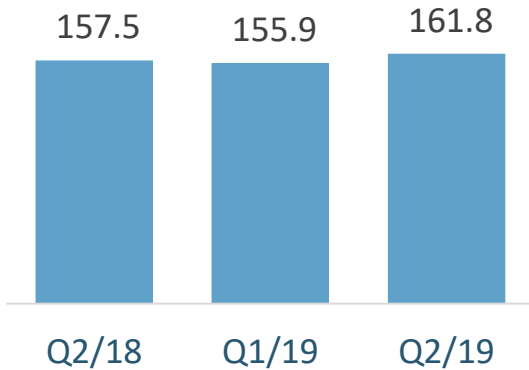
## Industry Long-term Net Sales (\$B)



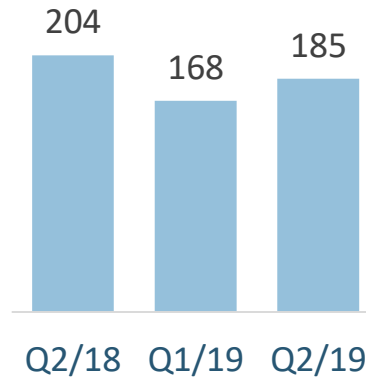
Source: Simfund data reflecting the “Funds Administration View” and excluding exchange traded funds. “Advice channel” includes “Independents” (including IGM Financial), “Life Insurers” and other select companies. “Other” includes direct sellers, unions & associations and others. “Net Sales” reflects gross sales less redemptions and is presented by Simfund as “Net New Money”. Industry net sales include net flows for sponsors who do not publish net sales. Net transfers are excluded from all reported figures.

# IGM FINANCIAL Q2, 2019 RESULTS

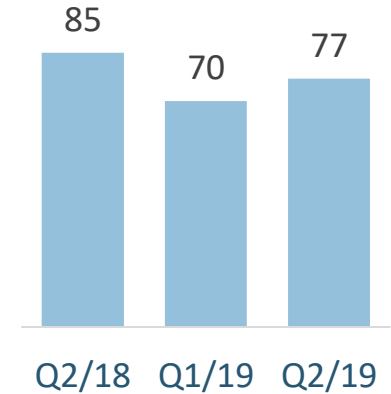
## Average Total AUM (\$B)



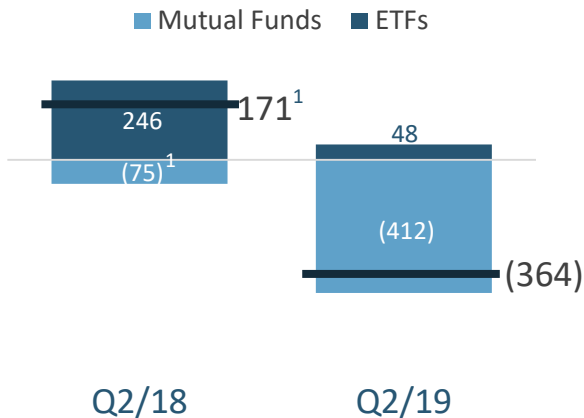
## Net Earnings (\$MM)



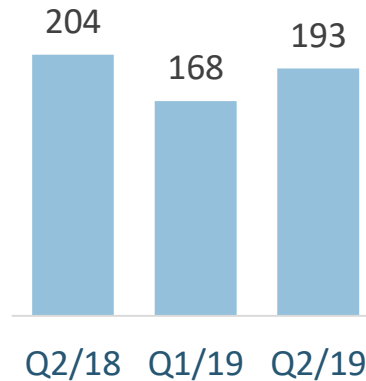
## Net Earnings Per Share (¢)



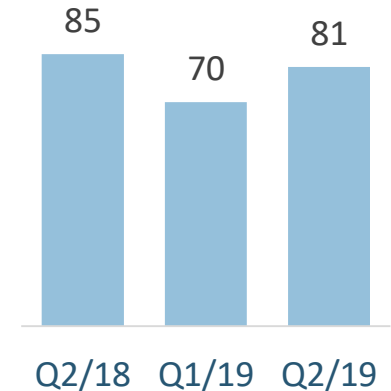
## Investment Fund Net Sales (\$MM)



## Adjusted Net Earnings<sup>2</sup> (\$MM)



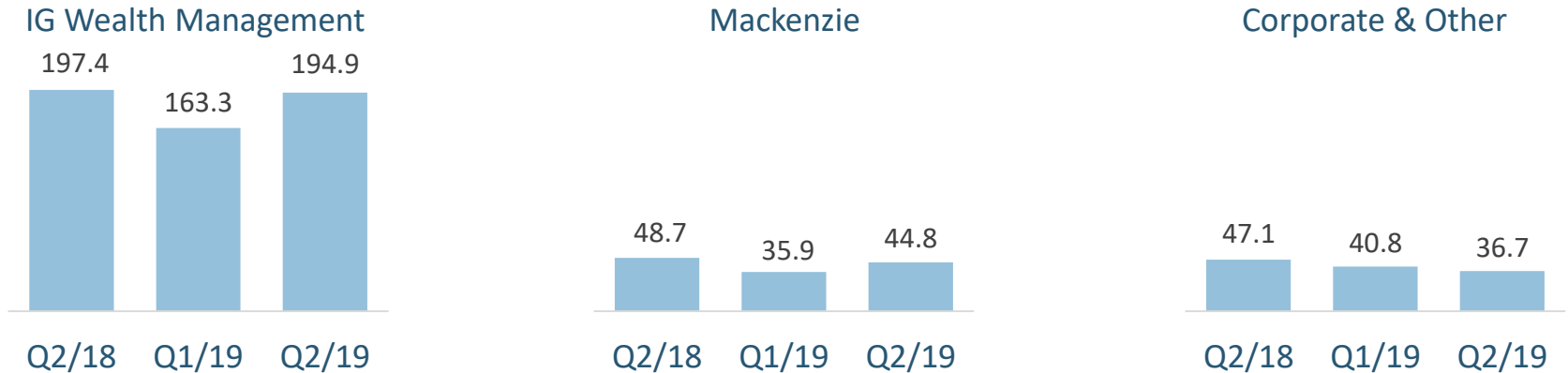
## Adjusted Net Earnings Per Share<sup>2</sup> (¢)



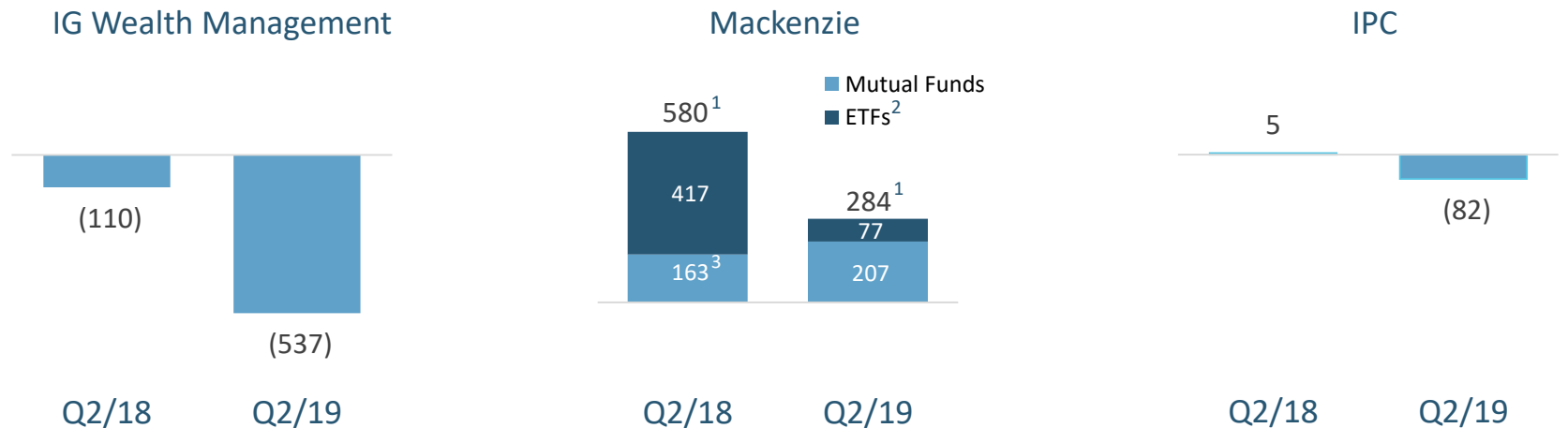
1) Includes gross sales of \$381MM, redemptions of \$514MM and net redemptions of \$133MM during Q2, 2018 related to certain fund allocation changes by institutional clients which include Mackenzie mutual funds within their investment offerings. 2) Excludes other items in Q2, 2019 amounting to \$8MM after-tax (see slide 4 for additional details).

# OPERATING SEGMENTS Q2, 2019 RESULTS

## Adjusted Earnings Before Interest & Taxes (\$MM)



## Investment Fund Net Sales (\$MM)



1) Includes intercompany net sales of \$29MM during Q2 2019 and net sales of \$171MM during Q2 2018. 2) Excludes Mackenzie mutual fund investments in ETFs which were \$11MM in Q2 2019 and \$153MM in Q2 2018. 3) Excludes gross sales of \$381MM, redemptions of \$514MM and net redemptions of \$133MM during Q2, 2018 related to certain fund allocation changes by institutional clients which include Mackenzie mutual funds within their investment offerings.



IG WEALTH MANAGEMENT



# Operating Highlights

August 1, 2019

# IG WEALTH MANAGEMENT Q2, 2019 HIGHLIGHTS

**1** Record high quarter-end AUM of \$90.2B, up 8.5% year-to-date

- Driven by strong client investment returns, including 1.3% during Q2/19

**2** IG Wealth Management net redemptions of \$537MM during Q2/19

- Continued low investor confidence as the industry remains in net redemptions
- \$62MM of net flows into high interest savings accounts, which are not included in reported net sales figures

**3** Continue to emphasize HNW and mass affluent

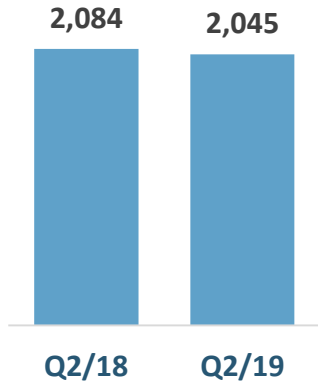
- Gross sales into HNW Solutions increased 15.6% relative to the same quarter last year

**4** Over \$1B in client AUM now serviced by IG's National Service Centre (launched in 2018)

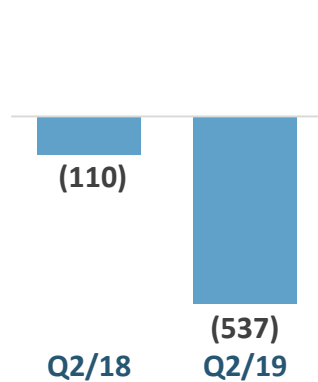
- National Service Centre's salaried representatives help provide consistent service levels to all clients
- Creates capacity for Consultants to focus more time on HNW and mass affluent households

# IG WEALTH MANAGEMENT Q2, 2019 OPERATING RESULTS

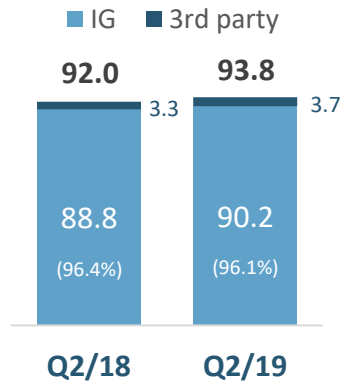
**Mutual Fund  
Gross Sales (\$MM)**



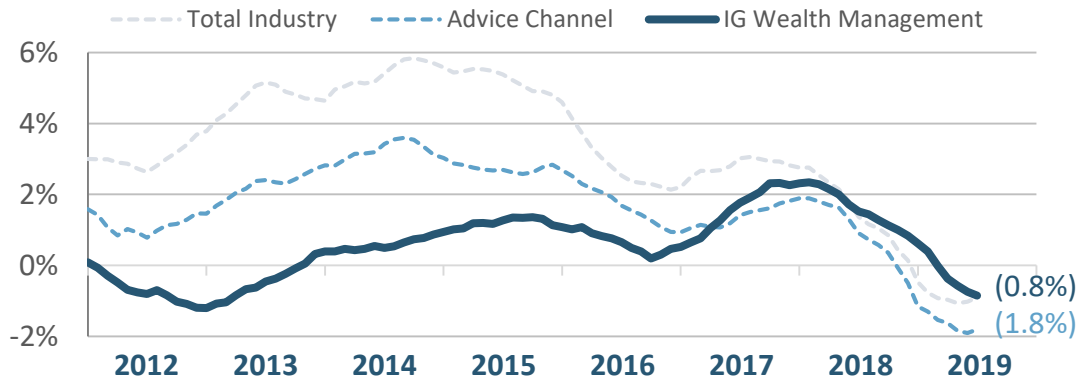
**Mutual Fund  
Net Sales (\$MM)**



**Client Assets Under  
Administration (\$B)**



**Long-term Mutual Fund Net Sales Rate<sup>1</sup> (LTM, % of Average AUM)**



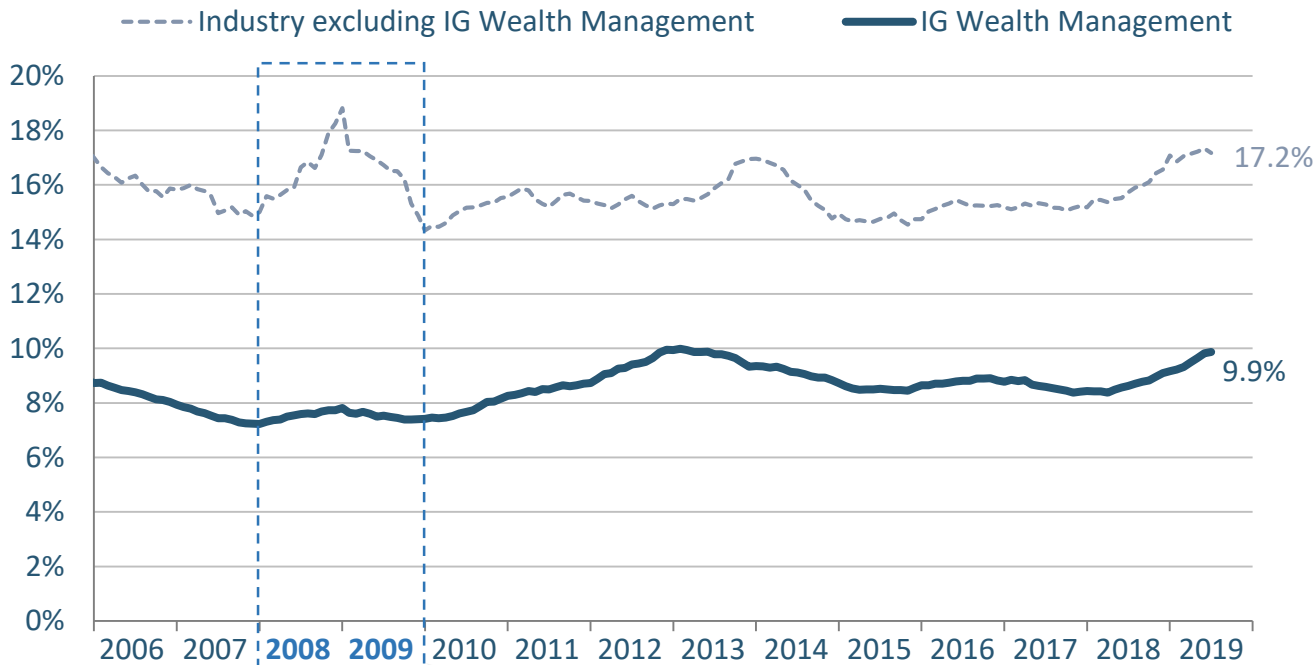
Source: Simfund

- Mutual fund gross sales of \$2.0B
- Mutual fund net redemptions of \$537MM
- \$62MM net flows into high interest savings accounts<sup>2</sup>, which are not included in reported net sales figures
- Expanding disclosures on total dealer assets and flows in 2020
- IG Wealth Management's twelve-month trailing net sales rate continues to be above the advice channel and overall industry

1) IG Wealth Management reflects total net sales and average AUM. 2) Net flows into high interest savings accounts were negative \$5MM during Q2/18.

# IG WEALTH MANAGEMENT'S HISTORICAL REDEMPTION RATE

**Redemption Rate on Long-term Mutual Funds<sup>1</sup>**  
**(Last Twelve Month Trailing % of Average Assets Under Management)**



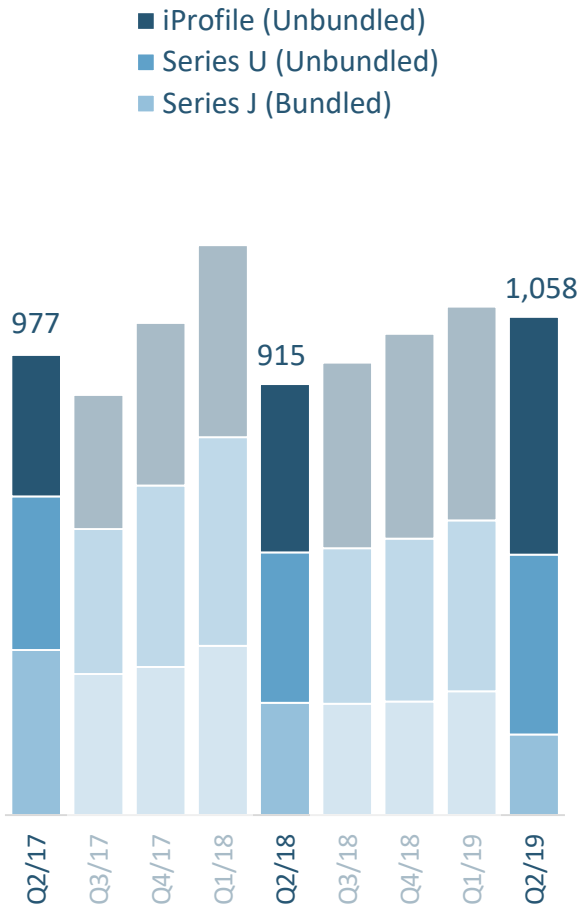
- IG Wealth Management's last twelve month trailing long-term redemption rate of 9.9% is well-below that of peers

Clients remain focused on financial plans throughout periods of market volatility

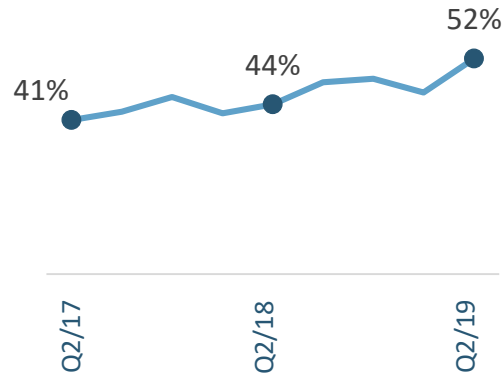
1) All numbers exclude CI Investments and Invesco from the date that they discontinued reporting to IFIC. CI discontinued reporting to IFIC during December, 2008 and Invesco discontinued reporting to IFIC during October, 2010. Changed to Funds Administration view in Q1 2019. Historical industry figures were restated back to Jan. 1 2009.

# CONTINUED EMPHASIS ON HIGH NET WORTH SOLUTIONS AND MANAGED SOLUTIONS

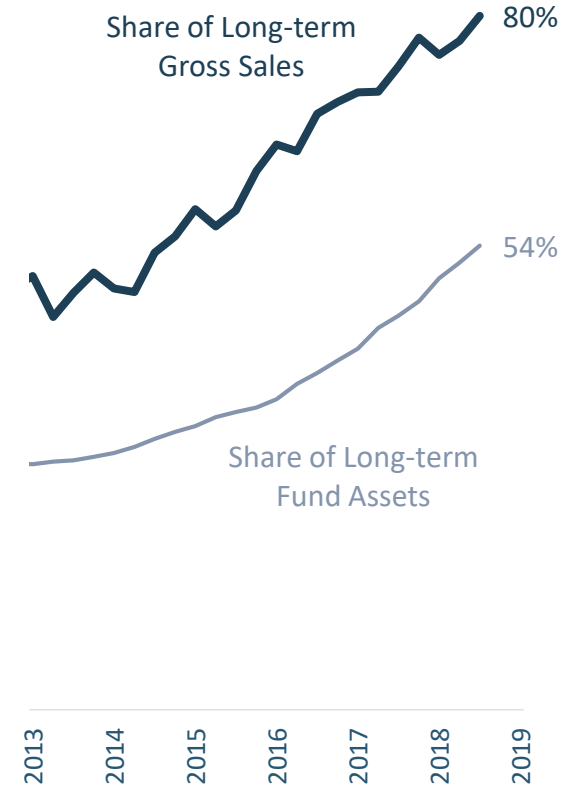
Gross Sales of HNW Solutions (\$MM)



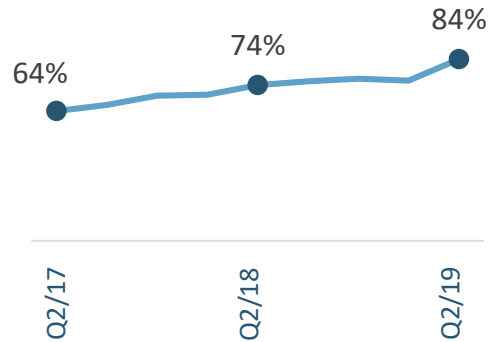
HNW Solutions % of Total Sales



Managed Solutions Share of Long-term Funds



Unbundled % of HNW Solution Sales



Managed solutions include fund of funds and high net worth programs.

High Net Worth (HNW) solutions include Series J & U and iProfile. Series J provides a bundled pricing structure for households with investment assets >\$500,000. Series U provides an unbundled pricing structure for households with investment assets >\$500,000. iProfile provide an unbundled pricing structure for households with investment assets >\$250,000.





MACKENZIE INVESTMENTS



# Operating Highlights

August 1, 2019

# MACKENZIE INVESTMENTS Q2, 2019 HIGHLIGHTS

**1** Record high investment fund AUM of \$61.4B, up 2.1% during Q2 and 10.6% year-to-date

- Driven by investment returns and investment fund net sales

**2** Continued market share gains relative to advice channel peers with investment fund net sales of \$284MM<sup>1</sup>

**3** Mackenzie's retail investment fund net sales of \$392MM continue to be strong in context of industry net redemptions in the quarter

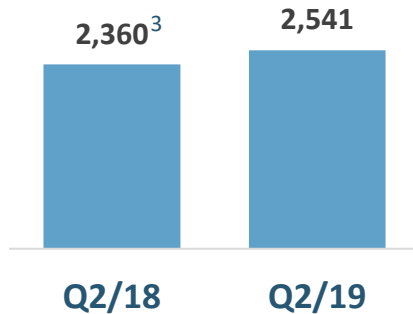
- Mackenzie has experienced 11 consecutive quarters of positive retail mutual fund net sales and 13 consecutive quarters of positive retail ETF net creations

**4** Strong investment performance; 46% of mutual fund AUM in 4 or 5 star rated funds by Morningstar

1) Includes intercompany net sales of \$29MM during Q2 2019.

# MACKENZIE INVESTMENTS Q2, 2019 OPERATING RESULTS

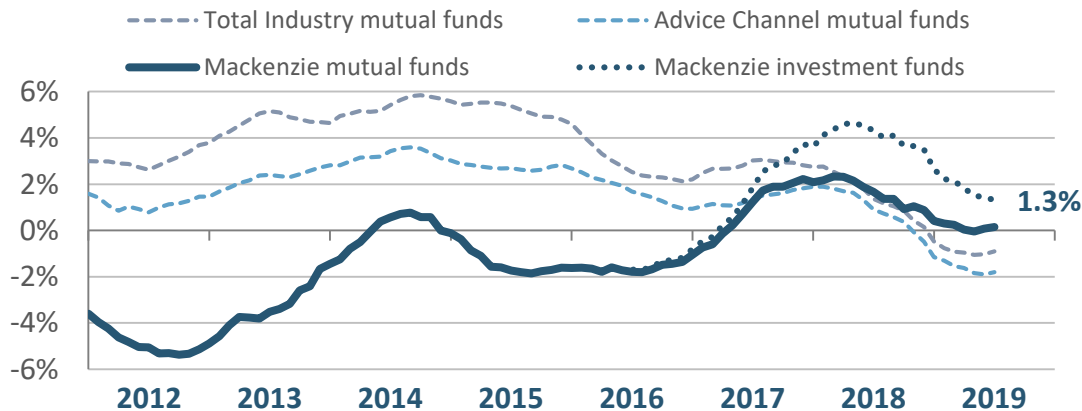
## Mutual Fund Gross Sales (\$MM)



## Net Sales (\$MM)

	Q2/18	Q2/19
Mutual Funds	163 <sup>3</sup>	207
ETFs	570	88
Mackenzie mutual fund investment in ETFs	(153)	(11)
Investment Funds <sup>1</sup>	580 <sup>3</sup>	284
Institutional & Other	(97)	(534)
<b>Total<sup>2</sup></b>	<b>483<sup>3</sup></b>	<b>(250)</b>

## Long-term Fund Net Sales Rate (LTM, % of Average AUM)



Source: Simfund

- Q2 total mutual fund gross sales of \$2.5B, an increase of 7.7% relative to Q2 2018<sup>3</sup> and an all-time record high second quarter adjusted gross sales result
- Investment fund net sales of \$284MM<sup>1</sup>
- 1.3% long-term investment fund net sales rate over the last twelve months

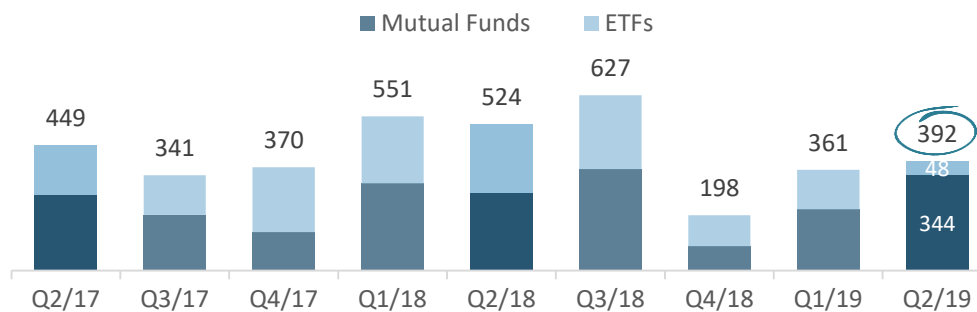
1) Includes intercompany net sales of \$29MM during Q2 2019 and net sales of \$171MM during Q2 2018. 2) Included with Mackenzie's results were advisory mandates to other segments with net redemptions of \$325MM in Q2 2019 and net sales of \$164MM in Q2 2018. 3) Excludes gross sales of \$381MM, redemptions of \$514MM and net redemptions of \$133MM during Q2, 2018 related to certain fund allocation changes by institutional clients which include Mackenzie mutual funds within their investment offerings.

# MACKENZIE RETAIL MUTUAL FUND GROSS SALES CAPTURE RATES IMPROVED ACROSS MAJOR ASSET CLASSES

\$MM	Mutual Fund Gross Sales			Retail Gross Sales Capture Rate <sup>1</sup>			Net Sales		
	Q2/18	Q2/19	% Change	Q2/18	Q2/19	Change	Q2/18	Q2/19	\$ Change
<b>Retail Investment Funds</b>									
<b>Mutual Funds</b>									
Income	248	220	(11.3)	5.2%	3.6%	-1.6%	89	21	(68)
Balanced	711	738	3.8	8.1%	8.3%	0.2%	220	189	(31)
Canadian Equity	147	138	(6.1)	8.1%	8.6%	0.5%	2	(11)	(13)
Foreign / Global Equity	366	614	67.8	5.7%	11.2%	5.4%	(68)	118	186
Sector / Specialty	3	3	(1.3)	1.0%	0.3%	-0.7%	(6)	(6)	0
Alternatives	59	60	1.8	20.9%	7.0%	-13.9%	32	21	(11)
<b>Subtotal Long Term</b>	1,534	1,773	15.6	6.8%	7.4%	0.5%	269	332	63
Money Market	46	43	(6.5)				9	12	3
<b>Total Mutual Funds</b>	1,580	1,816	14.9				278	344	66
<b>Total ETFs</b>							246	48	(198)
<b>Total Retail Investment Funds</b>							524	392	(132)

- Mackenzie's share of Q2/19 advice channel long-term mutual fund gross sales increased to 7.4%, up from 6.8% in Q2/18
- Retail investment fund net sales were \$392MM, representing Mackenzie's 11<sup>th</sup> consecutive quarter of positive retail net sales

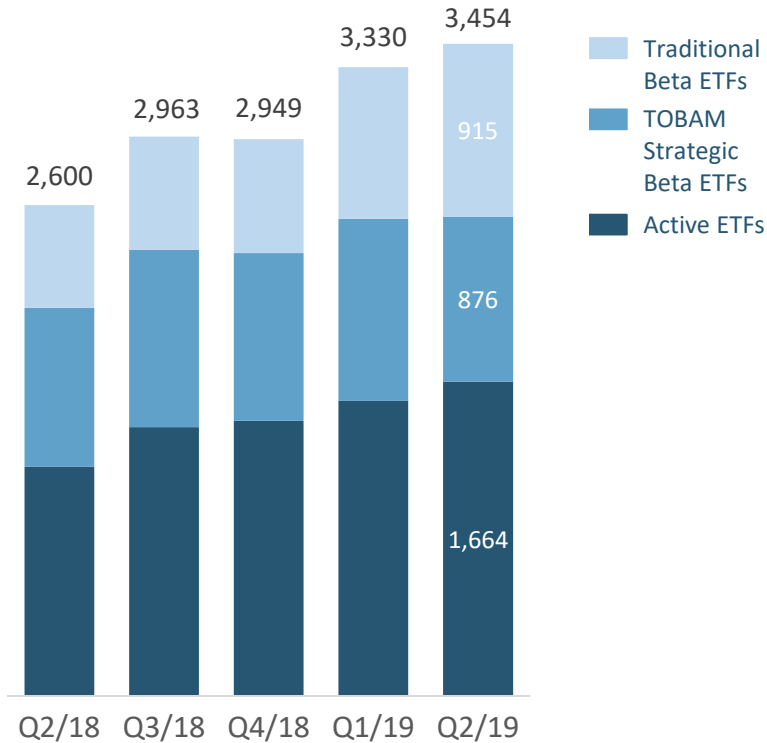
## Retail Investment Fund Net Sales (\$MM)



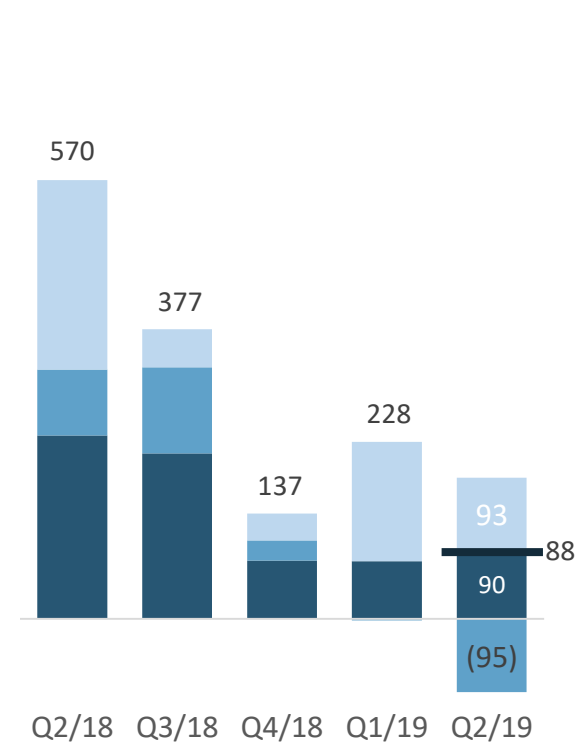
1) Calculated as a percentage of long-term advice channel mutual fund gross sales.

# MACKENZIE'S CONTINUED ETF GROWTH ACROSS CHANNELS

## ETF AUM by Quarter (\$MM)



## ETF Net Creations by Quarter (\$MM)

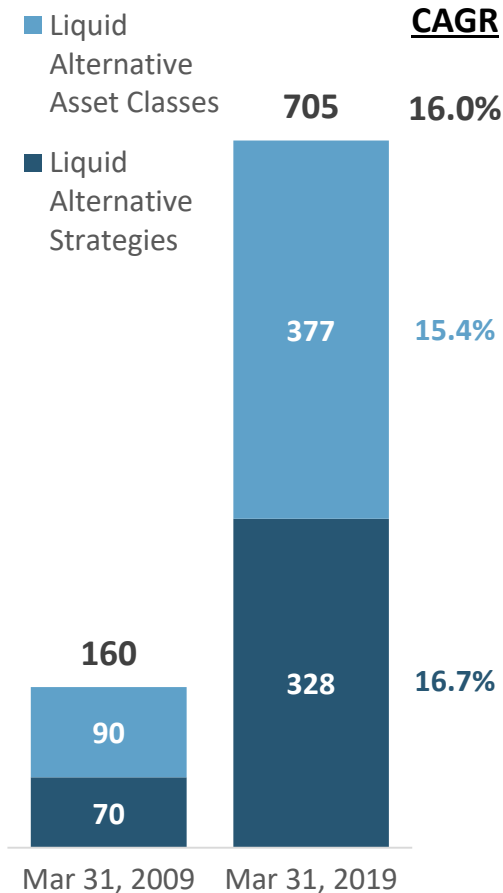


% Retail & Other	50%	53%	55%	54%	54%
% IG, IPC & Mackenzie Mutual Funds	50%	47%	45%	46%	46%

246	264	111	142	48	Retail & Other (\$MM)
324	113	26	86	40	IG, IPC & Mackenzie Mutual Funds (\$MM)

# LIQUID ALTERNATIVE STRATEGIES & ALTERNATIVE ASSETS

## U.S. Experience - Alternative Mutual Fund & ETF AUM<sup>1</sup> (US\$MM)



## Mackenzie Alternatives: \$1.1B AUM

### \$0.7B AUM in Liquid Alternative Asset Classes Mackenzie Funds:

- Mackenzie Diversified Alternatives Fund (launched in 2015)
- Mackenzie Portfolio Completion ETF (launched in 2017)

### \$0.4B AUM in Liquid Alternative Strategies Mackenzie Funds:

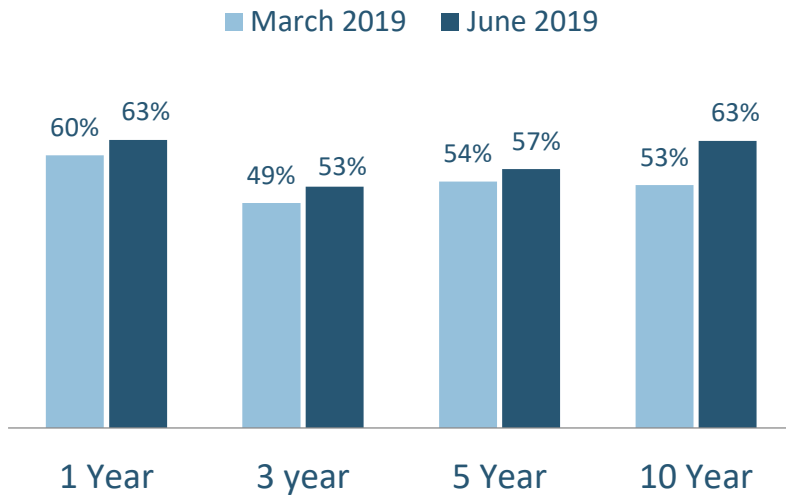
- Mackenzie Multi-Strategy Absolute Return Fund (launched in 2018)
- Mackenzie Credit Absolute Return Fund (launched in 2019)
- Mackenzie Global Long/Short Equity Alpha Fund (launched in 2019)
- Mackenzie Global Macro Fund (launched in 2019)

- Growth in alternatives over the past 10 years in the U.S. has been substantial, reaching US\$700B
- Two distinct categories, Liquid Alternative Asset Classes & Liquid Alternative Strategies, both providing uncorrelated sources of return
- \$1.1B AUM in Mackenzie's suite of alternative funds

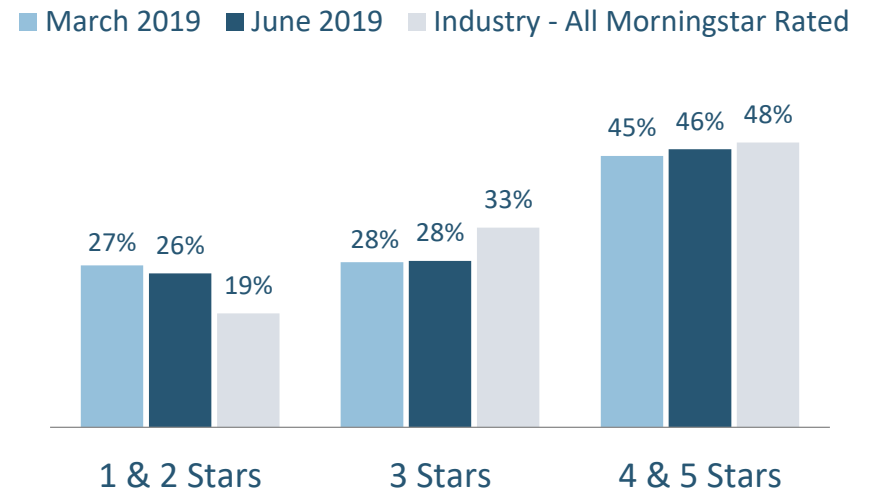
<sup>1</sup> Source: Morningstar Direct as of March 31, 2019. Liquid Alternative asset classes consist of funds in the Real Estate, Global Real Estate, Infrastructure, Energy Limited Partnerships and Commodity categories. Liquid alternative strategies consist of funds in the Alternative and Non-traditional Bond categories.

# INVESTMENT PERFORMANCE HIGHLIGHTS

## Mackenzie Mutual Funds in 1<sup>st</sup> or 2<sup>nd</sup> Quartile<sup>1</sup> (Proportion of Assets)



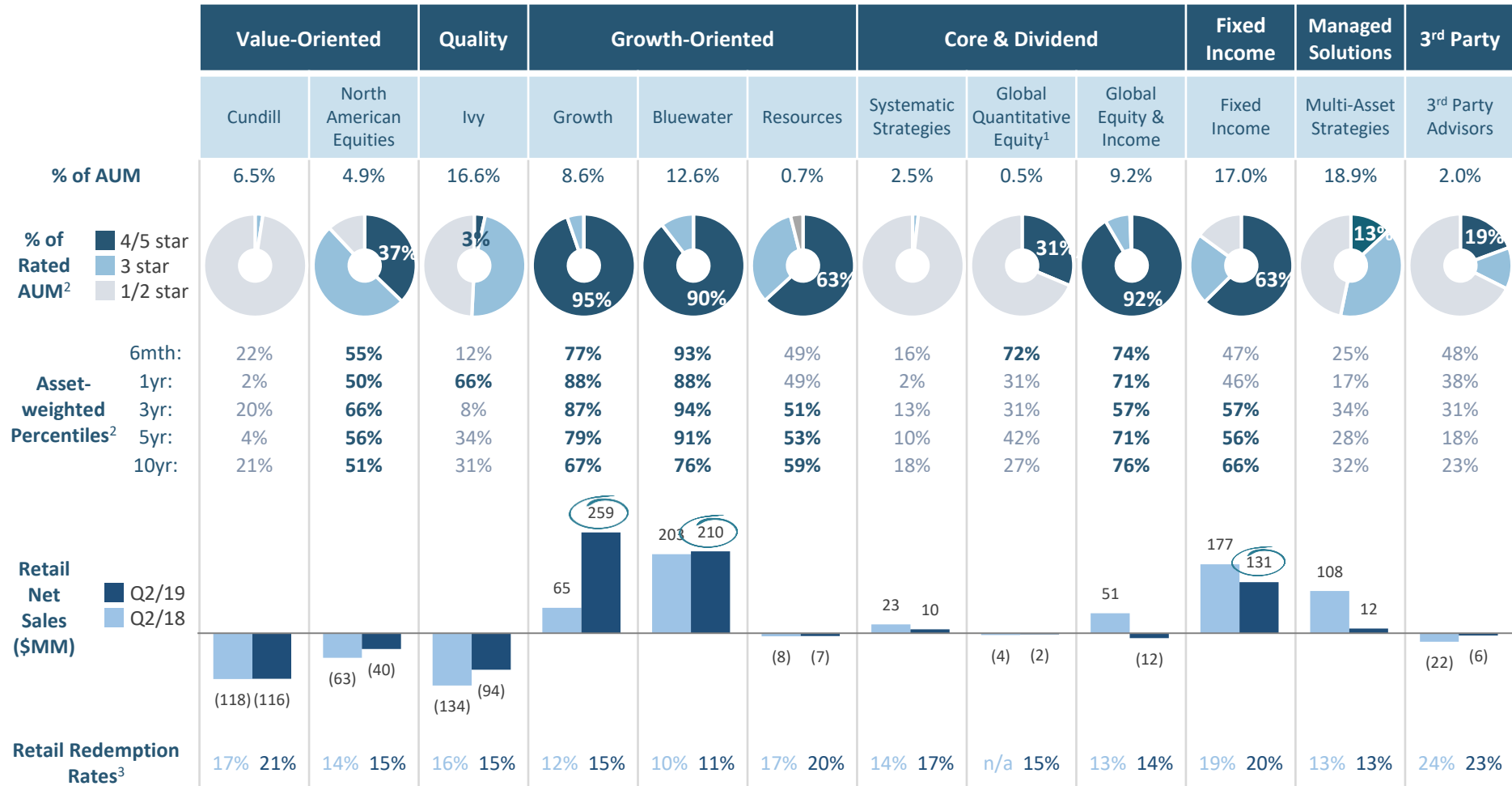
## Mackenzie Mutual Funds Morningstar Star Ratings<sup>1</sup> (Proportion of Assets)



**46% of AUM is 4/5 star;  
18/20 largest funds are  
rated 4/5 star and 8/20  
are rated 5 star (series F)**

1) Based on Morningstar data as at June 30, 2019 unless otherwise stated and excludes Quadrus funds.

# INVESTMENT BOUTIQUE MUTUAL FUND PERFORMANCE & RETAIL NET SALES



Total Retail Net Sales Q2/19: \$344MM Q2/18: \$278M

Mutual Funds Only.

1) On May 17, 2018, the Global Quantitative Equity boutique began managing Mackenzie's emerging market offerings which were previously managed by a third party sub-advisor. 2) Star ratings and percentiles based on Morningstar and reflect all series (non-rated funds excluded from the calculation). Asset-weighted percentiles illustrate Mackenzie mutual fund gross returns relative to gross returns of other funds in the same category. Management believes that a comparison using gross returns is more reflective of investment performance relative to peers. This is for illustrative purposes only to assist in assessing the portfolio management capabilities of Mackenzie Investments and its affiliates (generally) and is not intended to provide performance information to investors considering investing in one or more of Mackenzie's funds. 3) Annualized redemption rate on retail mutual funds.





IGM FINANCIAL

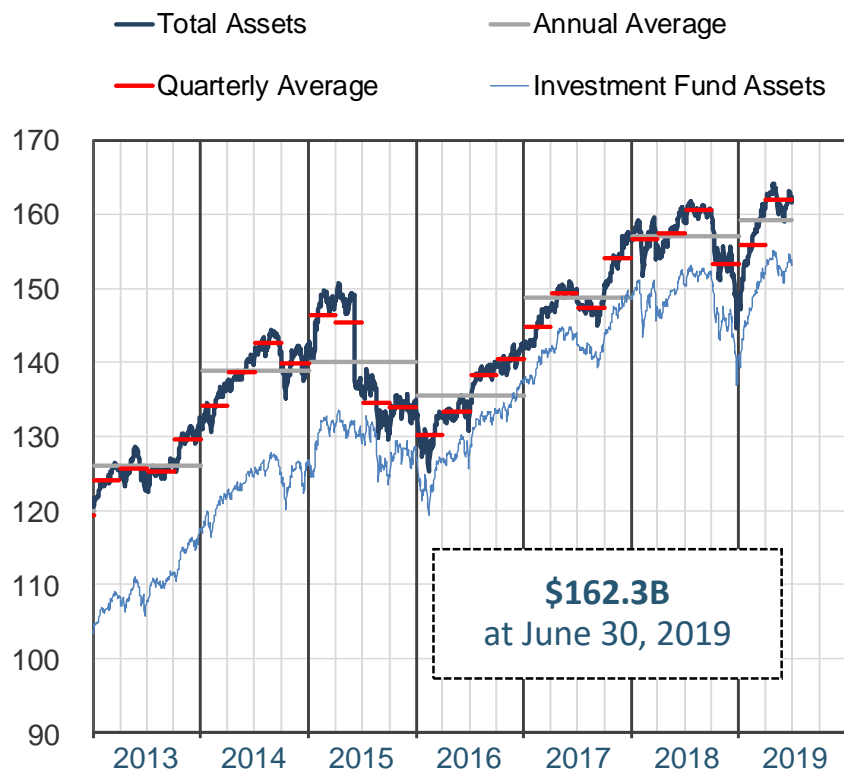


# Financial Highlights

August 1, 2019

# ASSETS UNDER MANAGEMENT

## IGM Assets Under Management (\$B)

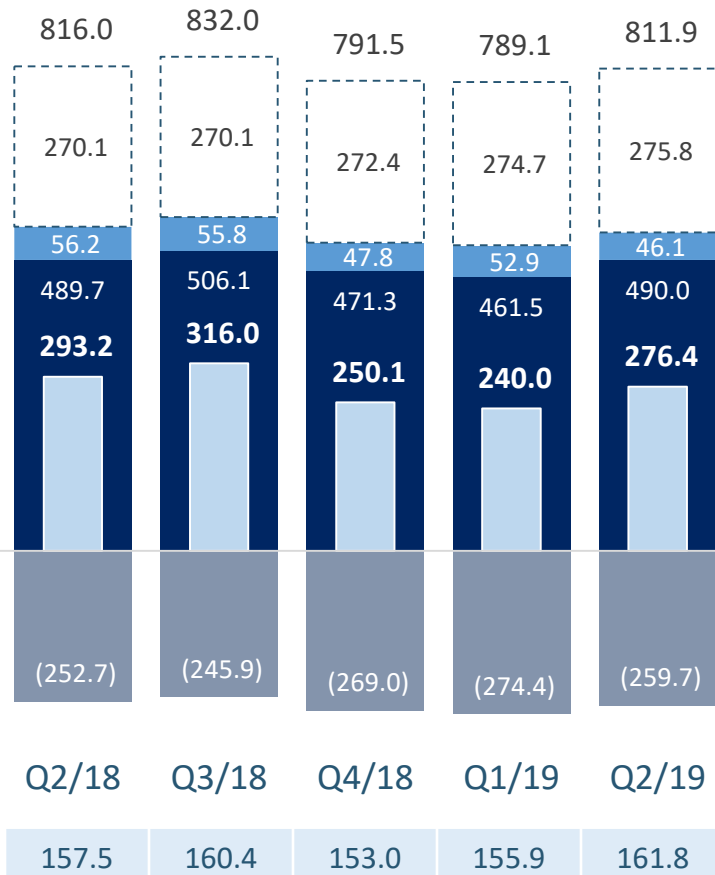


## Change in IGM Assets Under Management (\$B)

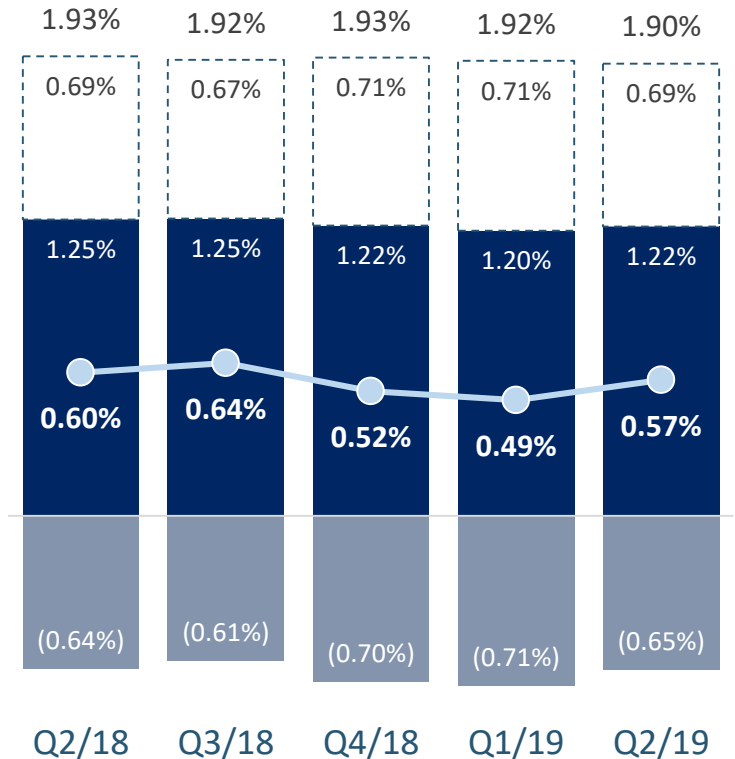
	Q2/18	Q3/18	Q4/18	Q1/19	Q2/19	LTM
Opening	155.8	159.1	159.7	149.1	160.5	159.1
Net Sales - Investment Funds	0.2	0.1	(0.2)	0.3	(0.4)	(0.2)
Net Sales - Institutional & Other	(0.1)	(0.3)	(0.2)	(0.1)	(0.2)	(0.8)
<b>Total Net Sales</b>	<b>0.1</b>	<b>(0.2)</b>	<b>(0.4)</b>	<b>0.2</b>	<b>(0.5)</b>	<b>(1.0)</b>
Investment Returns	3.2	0.8	(10.2)	11.2	2.3	4.2
<b>Ending</b>	<b>159.1</b>	<b>159.7</b>	<b>149.1</b>	<b>160.5</b>	<b>162.3</b>	<b>162.3</b>
Change	2.2%	0.4%	-6.6%	7.6%	1.1%	2.0%
<b>Average Total Assets</b>	<b>157.5</b>	<b>160.4</b>	<b>153.0</b>	<b>155.9</b>	<b>161.8</b>	<b>157.8</b>
Annualized Net Sales Rate:						
Investment Funds	0.5%	0.4%	-0.6%	0.7%	-0.9%	<b>-0.1%</b>
Total Net Sales	0.2%	-0.5%	-1.1%	0.4%	-1.3%	<b>-0.6%</b>
Investment Returns Rate - Inv. Funds	2.1%	0.6%	-6.5%	7.6%	<b>1.4%</b>	<b>2.6%</b>
S&P / TSX Total Return	6.8%	-0.6%	-10.1%	13.3%	2.6%	3.9%
S&P 500 Total Return (in \$USD)	3.4%	7.7%	-13.5%	13.6%	4.3%	10.4%
USD vs. CAD	1.8%	-1.7%	5.7%	-2.1%	-1.9%	-0.3%

# IGM EBIT & MARGINS

## IGM Adjusted EBIT<sup>1</sup> (\$MM)



## IGM Adjusted EBIT Margin<sup>1,2</sup> (% of Average AUM)



1) Excludes other items where appropriate (see slide 4 for additional details).

2) Excludes net investment income & share of associates' earnings

# IGM FINANCIAL CONSOLIDATED PROFITABILITY<sup>1</sup>

(\$MM, unless otherwise indicated)

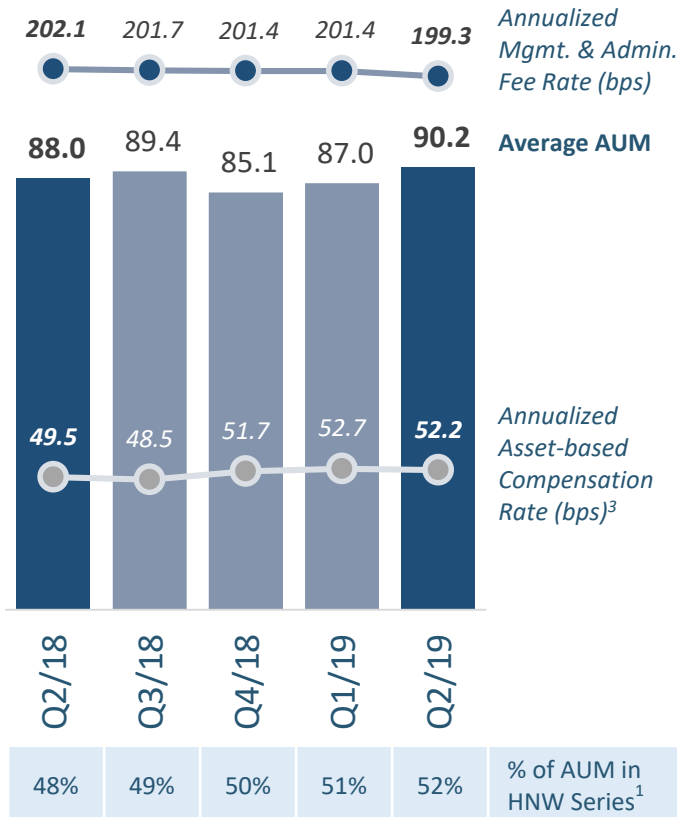
	Q2/18	Q1/19	Q2/19	Change QoQ		Change YoY	
				\$	%	\$	%
Days in the period	91	90	91		1.1%		0.0%
<b>Average AUM (\$ Billions):</b>							
Total	157.5	155.9	161.8	5.9	3.8%	4.3	2.7%
Investment funds	150.9	149.9	155.7	5.8	3.9%	4.8	3.2%
<b>Fee revenue:</b>							
Management & Administration fees	669.9	646.9	671.6	24.7	3.8%	1.7	0.3%
Distribution fees	89.9	89.3	94.2	4.9	5.5%	4.3	4.8%
<b>Total fee revenue</b>	<b>759.8</b>	<b>736.2</b>	<b>765.8</b>	<b>29.6</b>	<b>4.0%</b>	<b>6.0</b>	<b>0.8%</b>
Net investment income & other	18.6	20.2	17.9	(2.3)	(11.4%)	(0.7)	(3.8%)
Proportionate share of associates' earnings	37.6	32.7	28.2	(4.5)	(13.8%)	(9.4)	(25.0%)
<b>Total Revenue</b>	<b>816.0</b>	<b>789.1</b>	<b>811.9</b>	<b>22.8</b>	<b>2.9%</b>	<b>(4.1)</b>	<b>(0.5%)</b>
Commission expenses	270.1	274.7	275.8	1.1	0.4%	5.7	2.1%
Non-commission expenses	252.7	274.4	259.7	(14.7)	(5.4%)	7.0	2.8%
<b>Total Expenses</b>	<b>522.8</b>	<b>549.1</b>	<b>535.5</b>	<b>(13.6)</b>	<b>(2.5%)</b>	<b>12.7</b>	<b>2.4%</b>
<b>Adjusted EBIT</b>	<b>293.2</b>	<b>240.0</b>	<b>276.4</b>	<b>36.4</b>	<b>15.2%</b>	<b>(16.8)</b>	<b>(5.7%)</b>
Interest expense	28.8	25.2	27.7	2.5	9.9%	(1.1)	(3.8%)
Tax expense	58.5	45.1	55.6	10.5	23.3%	(2.9)	(5.0%)
Perpetual preferred share dividends	2.2	2.2	-	(2.2)	n/m	(2.2)	n/m
<b>Adjusted Net Earnings available to common shareholders</b>	<b>203.7</b>	<b>167.5</b>	<b>193.1</b>	<b>25.6</b>	<b>15.3%</b>	<b>(10.6)</b>	<b>(5.2%)</b>
Average diluted shares outstanding	241.0	240.9	239.1	(1.9)	(0.8%)	(1.9)	(0.8%)
<b>Adjusted EPS (cents)</b>	<b>85</b>	<b>70</b>	<b>81</b>	<b>11</b>	<b>15.7%</b>	<b>(4)</b>	<b>(4.7%)</b>

- 1 Net investment income down \$2.3MM sequentially, primarily due to gains on investments in proprietary funds recorded in Q1/19
- 2 Q2/19 proportionate share of associates' earnings includes Personal Capital losses of \$4.6MM<sup>2</sup>
- 3 Q2/19 non-commission expenses up 2.8% year-over-year; continue to guide to 4% growth during full-year 2019

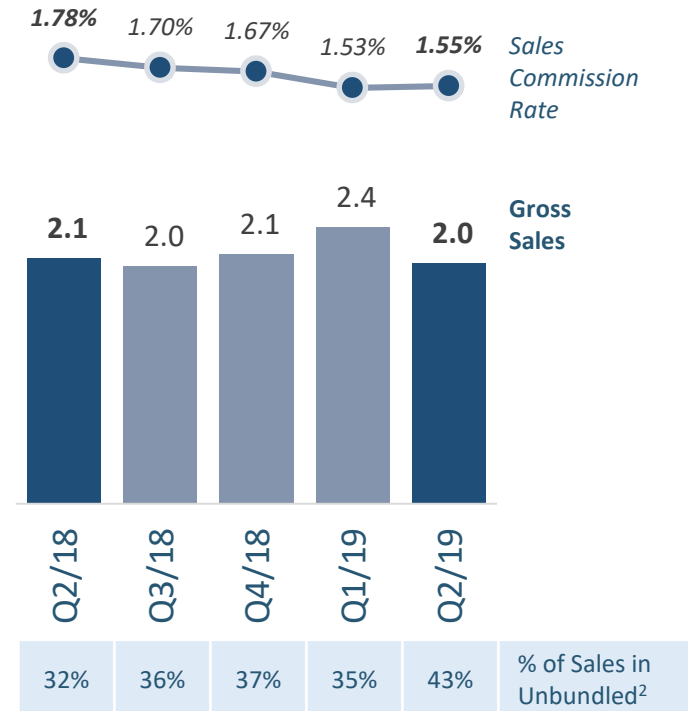
1) Excludes other items in Q2, 2019 amounting to \$8MM after-tax (see slide 4 for additional details). 2) IGM's equity earnings from Personal Capital includes its 24.9% portion of Personal Capital's net income adjusted by IGM's amortization of intangible assets that it recognized as part of its investment in the company.

# IG WEALTH MANAGEMENT KEY PROFITABILITY DRIVERS

## Average AUM & Rates of AUM (\$B, unless otherwise stated)



## Gross Sales & Rates of Sales (\$B, unless otherwise stated)



1) Reflects quarter ending proportion of mutual fund AUM held in iProfile and Series J & U.

2) "Unbundled" or "Fee-Based" arrangements are where dealer compensation is charged directly to the end client through advisory or other fees. This reflects Series U and iProfile. 3) Note that annual asset-based compensation rates are applied one-twelfth per month versus a daily basis.

# IG WEALTH MANAGEMENT PROFITABILITY

(\$MM, unless otherwise indicated)

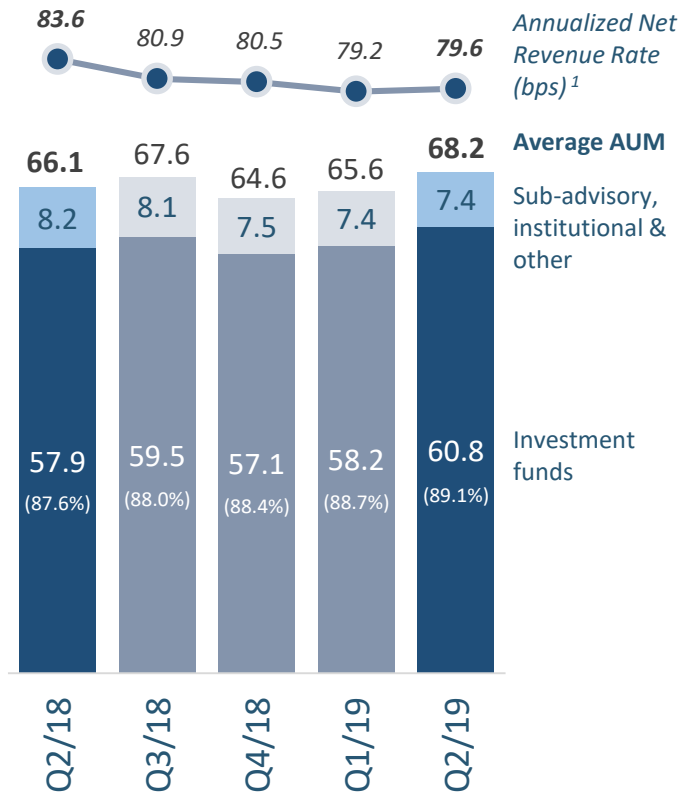
	Q2/18	Q1/19	Q2/19	Change QoQ		Change YoY	
				\$	%	\$	%
Days in the period	91	90	91		1.1%		0.0%
<b>Average mutual fund AUM (\$ Billions)</b>	<b>88.0</b>	<b>87.0</b>	<b>90.2</b>	<b>3.2</b>	<b>3.6%</b>	<b>2.2</b>	<b>2.5%</b>
Management & Administration fees	443.3	432.1	447.1	15.0	3.5%	3.8	0.9%
Distribution fees	40.5	41.1	44.6	3.5	8.5%	4.1	10.1%
Net investment income & other	12.1	10.0	13.6	3.6	36.0%	1.5	12.4%
<b>Total Revenue</b>	<b>495.9</b>	<b>483.2</b>	<b>505.3</b>	<b>22.1</b>	<b>4.6%</b>	<b>9.4</b>	<b>1.9%</b>
Commission expenses							
Total sales-based commission expenses	27.9	28.2	22.1	(6.1)	(21.6%)	(5.8)	(20.8%)
Asset-based compensation & other	108.7	113.0	117.0	4.0	3.5%	8.3	7.6%
Mutual Fund	136.6	141.2	139.1	(2.1)	(1.5%)	2.5	1.8%
Other	15.0	15.8	18.4	2.6	16.5%	3.4	22.7%
	151.6	157.0	157.5	0.5	0.3%	5.9	3.9%
Non-commission expenses	146.9	162.9	152.9	(10.0)	(6.1%)	6.0	4.1%
<b>Total Expenses</b>	<b>298.5</b>	<b>319.9</b>	<b>310.4</b>	<b>(9.5)</b>	<b>(3.0%)</b>	<b>11.9</b>	<b>4.0%</b>
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>197.4</b>	<b>163.3</b>	<b>194.9</b>	<b>31.6</b>	<b>19.4%</b>	<b>(2.5)</b>	<b>(1.3%)</b>

① Sales-based commission expenses declined quarter-over quarter due to seasonality of sales activities

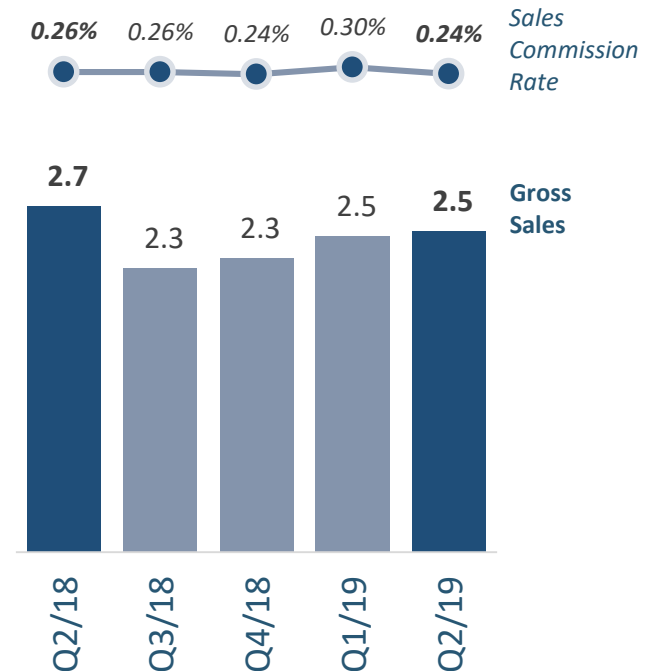
② Year-over-year change in mutual fund commission expenses includes transition to more asset-based and less sales-based compensation

# MACKENZIE KEY PROFITABILITY DRIVERS

**Average AUM & Rates of AUM**  
(\$B, unless otherwise stated)



**Mutual Fund Gross Sales & Rates of Sales**  
(\$B, unless otherwise stated)



1) Net revenue rate reflects management, administration and distribution fees less trailing commission expense divided by average total AUM. Note that annual trailing commission rates are applied one-twelfth per month versus a daily basis.

# MACKENZIE PROFITABILITY

(\$MM, unless otherwise indicated)



	Q2/18	Q1/19	Q2/19	Change QoQ		Change YoY	
				\$	%	\$	%
Days in the period	91	90	91		1.1%		0.0%
<b>Average AUM (\$ Billions):</b>							
Total	66.1	65.6	68.2	2.6	3.9%	2.1	3.1%
Investment funds	57.9	58.2	60.8	2.6	4.5%	2.9	5.0%
<b>Fee Revenue</b>							
Management & Administration fees	201.9	191.6	200.7	9.1	4.7%	(1.2)	(0.6%)
Distribution fees	1.5	1.4	1.6	0.2	14.3%	0.1	6.7%
Total Fee Revenue	203.4	193.0	202.3	9.3	4.8%	(1.1)	(0.5%)
Less: Trailing Commission Expenses	65.7	64.9	67.3	2.4	3.7%	1.6	2.4%
<b>Total Net Revenue</b>	<b>137.7</b>	<b>128.1</b>	<b>135.0</b>	<b>6.9</b>	<b>5.4%</b>	<b>(2.7)</b>	<b>(2.0%)</b>
Net investment income & other	2.5	4.2	0.8	(3.4)	(81.0%)	(1.7)	(68.0%)
Sales-based commission expenses	7.2	7.6	6.2	(1.4)	(18.4%)	(1.0)	(13.9%)
Non-commission expenses	84.3	88.8	84.8	(4.0)	(4.5%)	0.5	0.6%
<b>Earnings before Interest and Taxes (EBIT)</b>	<b>48.7</b>	<b>35.9</b>	<b>44.8</b>	<b>8.9</b>	<b>24.8%</b>	<b>(3.9)</b>	<b>(8.0%)</b>

- ① Sales-based commissions down from Q1 due to product mix



# IGM FINANCIAL STRATEGIC INVESTMENTS

(\$MM, unless otherwise indicated)

	Opening Balance	In-period change due to:					Ending Balance	
	March 31, 2019	Investment / (sales)	Proportionate share of earnings		Dividends	Other comprehensive income	Change in market value	June 30, 2019
			Recurring	Loss on sale of U.S. business <sup>1</sup>				
<b>Fair Value Through OCI Investments:</b>								
	232	① 29				② 24		285
<b>Equity Accounted for Investments in Associates:</b>								
<b>PERSONAL CAPITAL</b>	214		(5)			③ (4)		205
	693		8		(10)	④ (28)		662
GREAT-WEST LIFECO INC. Carrying Value	1,000	(80)	25	(8)	(15)	(11)		910
Market Value (TSX)	1,286	⑤ (80)					(80)	1,126

- ① \$11MM investment in Portag3 and \$18MM investment in Wealthsimple
- ② Fair value adjustment of \$24MM largely related to most recent Wealthsimple funding round, which included Allianz X
- ③ USD declined against CAD by 1.9%
- ④ RMB declined against CAD by 4.1%
- ⑤ \$80MM proceeds from GWL SIB

1) After-tax loss of \$8.0MM representing the Company's proportionate share in GWL's loss on the sale of its United States individual life insurance and annuity business.



IGM FINANCIAL



Q&A

August 1, 2019