Bettering the lives of Canadians

2022 Annual Report

IGM Financial | TSX: IGM

IGM Financial

IG Wealth Management

Mackenzie Investments

Investment Planning Counsel

Contents

Visit igmfinancial.com/en/corporate-sustainability to learn more about our sustainability efforts.

Who we are

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 globally.

IGM's family of companies provide a broad range of financial planning and investment management services to help Canadians meet their financial goals. The company creates value for shareholders through three key areas:

- Wealth management
- Asset management
- Strategic investments

Reasons to invest

- Bold steps taken to transform operating companies resulting in market share gains and operational efficiencies
- Experienced leadership team focused on driving innovation, an agile culture and exceptional client outcomes
- Exciting growth opportunities through investments in fintech, private alternative markets and China
- Ability to benefit from financial strength and scale and strong governance as a member of the Power Corporation group of companies
- Long-term view to shareholder value creation and demonstrated commitment to corporate responsibility

Readers are referred to the caution regarding Forward-Looking Statements and Non-IFRS Financial Measures and Other Financial Measures on pages 18 and 19 of this report.

Unless otherwise noted, all figures mentioned in this report are in Canadian dollars and are as of, or for the year ending, December 31, 2022.

Our purpose

IGM Financial's family of companies are committed to bettering the lives of Canadians, by better planning and managing their money.

We strive to do this through the pursuit of:

Better experiences

We bring together the best of both worlds for our people – the accountability and agility of a smaller organization with the scale and impact of a bigger firm – while offering more room to grow, in a diverse and inclusive work environment.

Better solutions

We believe in improving the financial well-being of Canadians by making comprehensive investment and wealth planning solutions more accessible; built on lasting relationships, not transactions.

Better communities

We leverage our local connectivity coast-to-coast and our global voice to better our communities, the environment, and the world around us, creating a collective impact that goes well beyond our company walls.

Better ownership

As part of the Power Corporation group of companies, we balance short-term needs with a long-term perspective that is focused on creating enduring value and a sustainable future for generations to come.

Our values guide how we engage with our people, our clients, our shareholders and our communities. We are:

progressive

We think beyond today and challenge conventional thinking to seek new and improved ways of working.

entrepreneurial

We celebrate initiative and encourage everyone to own their actions.

responsible

We hold ourselves to the highest standards and do what's right for today and sustainable for our future.

inclusive

We embrace and nurture our unique perspectives as an asset to be cultivated.

2022 highlights

Our clients

1 million+
IG Wealth Management clients

198,000
Investment Planning Counsel clients

30,000+
external advisors serving more than one million Mackenzie clients

$4.81 billion
assets under management in Sustainable Solutions, up from $4.32B in 2021

PRI Principles for Responsible Investment

IG and Mackenzie are committed to the PRI and require all sub-advisors to be signatories

CDP DISCLOSURE INSIGHT ACTION

IGM has ranked at the leadership level for the past five years for its climate change disclosure

Our people

Canada's Top 100 Employers 2023

IGM recognized as one of the Top 100 Employers in Canada

4,010
employees across the IGM family of companies

~4,000
IG and IPC advisors across Canada helping Canadians meet their financial goals

33%
of IGM senior leadership roles (Vice-President level and higher) held by women

550
IGM employees and field members completed the 4 Seasons of Reconciliation training

7
employee-led Business Resource Groups across IGM focused on promoting an inclusive work environment

Our community

GLOBAL 100 2023 THE WORLD'S MOST SUSTAINABLE CORPORATIONS

Recognized as one of Corporate Knights' 2023 Global 100 Most Sustainable Corporations

BEST 50 2022 CANADA'S BEST CORPORATE CITIZENS

IGM ranked 25th in Corporate Knights' 2022 Best 50 Corporate Citizens in Canada

IG EMPOWER YOUR TOMORROW Building financial confidence together

Mackenzie Annual Caring Campaign

$1.8 million raised through IGM Caring Company Campaign, with increased participation over 2021

Prosper Canada

Partnership has helped over 150 First Nations community members gain financial literacy through 19 workshops and 110+ one-on-one learning sessions

Climate Action 100+ Global Investors Driving Business Transition

IG and Mackenzie are part of the Climate Action 100+, an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take action on climate change

We are proud of our commitments and achievements in working towards a sustainable future

JOURNEY OF RECONCILIATION LES CHEMINS DE LA RÉCONCILIATION

BLACKNORTH INITIATIVE

In support of WOMEN'S EMPOWERMENT PRINCIPLES

PRIDE AT WORK CANADA FIERTÉ AU TRAVAIL CANADA PROUD PARTNER | FIÈRE PARTENAIRE

FTSE4Good

JSI JANTZI SOCIAL INDEX

IMAGINE A CANADA

Shareholder highlights

Net earnings

$867.2 million

$3.63 per share

available to common shareholders
EPS 2nd highest in company history

Assets under management & advisement

$249.4 billion

Net Inflows

$1.2 billion

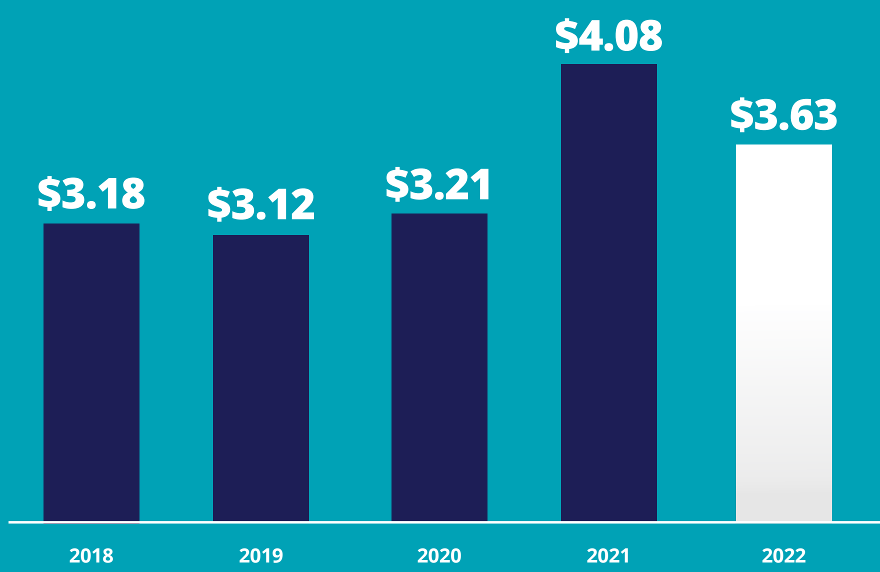
Dividends declared

$536.1 million

$2.25 per share

per common share

IGM Financial earnings per share



Total assets under management and advisement ($B)

	Opening	Net flows	Investment returns & other	Ending
IG Wealth Management	119.6	2.7	(11.5)	110.8
Investment Planning Counsel	33.1	0.3	(3.9)	29.5
Mackenzie Investments	129.1	(1.9)	(14.1)[1]	113.1
IGM Financial consolidated[2]	277.1	1.2	(28.9)	249.4

1 Investment returns and other includes the change in sub-advised Canada Life assets under management.
2 Consolidated results eliminate double counting where business is reflected within multiple segments.

Letter to shareholders

In 2022 people moved forward by reconnecting and adapting to new ways of working together. IGM responded as we continued our focus on bettering the lives of Canadians, by better planning and managing their money.

These positive developments, however, were also accompanied by new challenges, including rising inflation and interest rates, market volatility and geo-political uncertainty. We are proud of the way our team and our clients rose to the occasion together. It truly represented the best of IGM.

The environment we faced demonstrated the importance of a sound strategy and determined execution. It also demonstrated the value that thoughtful, well-considered planning plays in helping deliver the best results for our clients, while moving our business forward.

As our clients navigated the year, we provided them with the guidance and support they required. Thanks to the exceptional work and commitment of our employees and advisors, our clients – and our shareholders – are well-positioned to benefit as market volatility begins to subside in 2023.

Support for our employees continued as we emerged from the pandemic. By providing individual team hybrid work flexibility, special days off, and ensuring a living wage, we've maintained our ongoing focus on people's emotional, financial, physical, and social well-being. This focus contributed to IGM being named a Top 100 Employer in Canada by MediaCorp Canada Inc. in its annual ranking of leading workplaces.

A key priority for us in 2022 was to keep a prudent eye on expenses. We are a market-sensitive business. As markets drove revenues down sharply, we revised our full-year expense guidance, which includes operations and business development expenses, down from approximately 5% to no more than 3% growth on a year-over-year basis. In fact, we ended the year lower still. These efforts are not only responding to the current environment, but also helping lay the foundation for building an even stronger organization.

During the year, we were pleased to welcome new people to new roles. Luke Gould, formerly IGM's Chief Financial Officer, assumed the role of President and CEO of Mackenzie Investments. Keith Potter succeeded Luke as Executive Vice-President and Chief Financial Officer, having most recently served as Head of Mortgage, Insurance and Banking for IG Wealth Management. Finally, Kelly Hepher joined IGM Financial as Chief Risk Officer in April. We are fortunate to have these individuals on our team.

We ended 2022 with assets under management and advisement (AUM&A) of $249 billion, compared to

A Strong Foundation – Our focus on the value of advice, and delivering strong services and products, became increasingly relevant as we worked to help Canadians through these times to preserve and build wealth over the long term.

$277 billion last year. Net inflows for the year were $1.2 billion compared to inflows of $8.7 billion in 2021. Annual net earnings were $867 million or $3.63 per share, which is the second highest in company history.

Wealth management

Against a more challenging economic background, IG Wealth Management and Investment Planning Counsel provided their clients with the guidance they required by remaining focused on the value of financial planning and being responsive to market opportunities.

IG Wealth Management

Led by President and CEO Damon Murchison, IG Wealth Management continued to demonstrate strength and adaptability. Client AUM&A were a robust $110.8 billion, and net inflows remained strong at $2.7 billion. We maintained our momentum in attracting and serving clients from the high net worth (HNW) and mass affluent market segments. Further, inflows of IG-managed investments to new affluent clients with investments of more than $500,000 has grown by 59% since 2019. During 2022, we benefited from IG clients' inclination to stay committed to their tailored financial plans even during periods of significant market volatility.

As we continued to drive advisor productivity (as measured by gross new assets per advisor), we also kept a strong focus on enhancing our client service and engagement. These efforts helped IG score at or ahead of the industry average across all measures in the J.D. Power Canada 2022 Full-Service Investor Satisfaction Study.

IG continues to leverage technology on behalf of clients and advisors. In December, IG announced a partnership with nesto, Canada's leading digital mortgage lending platform. Starting in the first half of 2023, by integrating nesto's Mortgage Cloud solution in our mortgage solutions business, IG advisors will begin providing clients with an easier, faster and best-in-class digital mortgage experience. We also launched a new online Tax Centre for clients and expanded the range of digital forms and tools for advisors to manage client accounts. Our overall commitment to improving the advisor experience over the last few years helped IG become the top-rated, full-service mutual fund dealer in the 2022 Investment Executive Dealer Report Card, an annual study that is based on feedback from advisors about their firms and the overall wealth management industry.

James O'Sullivan

President and
Chief Executive Officer
IGM Financial

Investment Planning Counsel

In 2022, Investment Planning Counsel (IPC) continued to provide support and services to more than 650 advisors who manage close to $30 billion in investments for over 200,000 Canadians. IPC, guided by President and CEO Blaine Shewchuk, achieved solid financial results in 2022, with net earnings of $11 million.

IPC delivered positive net flows on assets under administration (AUA) despite market volatility. In addition, to provide savings to our clients, we lowered management fees across 30 Counsel investment solutions. These changes, coupled with asset allocation changes by our portfolio management team, have enhanced the overall attractiveness of our investment portfolio.

Further, we continued to evolve IPC One, our discretionary wealth management platform for Portfolio Managers. The platform, which was launched in 2021, ended the year with $2.2 billion in assets.

Asset management

On July 1, 2022, Luke Gould took on the role of President and CEO of Mackenzie Investments, succeeding Barry McInerney who announced his retirement. We thank Barry for his contributions. Drawing upon more than 25 years of experience in executive roles across IGM, Luke is well-positioned to guide the firm into the future.

Despite significant market turbulence and an environment in which the industry experienced investment fund net outflows of $50.2 billion, Mackenzie delivered solid results, relative to other firms. Total AUM stood at $186.6 billion, compared to $210.3 billion at the end of 2021. Mackenzie saw investment fund net redemptions of $1.0 billion and total net redemptions (including institutional) of $1.9 billion in 2022.

Challenging market conditions are nothing new for Mackenzie. We are confident in our strategy and look forward to continuing to capitalize on key opportunities, such as our exciting new partnership with Primerica. Together we launched the Mackenzie FuturePath product suite: 25 exclusive funds designed to meet the needs of Primerica's network of 7,000 advisors and 250,000 clients.

Retail and institutional investors continued to look for sustainable investment options that deliver dependable risk-adjusted returns and support positive social and environmental change. During the year, Mackenzie's Greenchip boutique, which focuses on environmental thematic investing, continued to be among our top-performing and best-selling capabilities.

Alternative investments, which are expected to account for approximately 50% of the global asset management pool by 2024, are an important asset class that retail investors in Canada have only recently been able to access. Through our partnership with Northleaf Capital, we are democratizing alternative investments, including private equity, private credit and infrastructure, by making these types of opportunities more available to retail investors. This included the launch of the Mackenzie Northleaf Private Credit Interval Fund (a first-of-its-kind retail offering in Canada), and the Mackenzie Northleaf Global Private Equity Fund, which further expanded retail investor access to private market investment solutions.

Strategic investments

Strategic investments are an effective way for IGM and our businesses to enter new sectors, expand our core operations, and create rewarding investment opportunities across our various businesses. On January 12, 2023, we completed the acquisition of an additional 13.9% equity interest in ChinaAMC, increasing our holdings to 27.8%. Among other things, this further enhances our participation in the rapidly growing Chinese asset management industry, through a meaningful ownership position in one of the country's leading asset managers.

In addition to our ownership stake in ChinaAMC, we are the largest shareholder in Wealthsimple, which grew its number of clients by 16% to almost two million (excluding Weathsimple Tax users). As part of our new agreement with nesto, we also made a minority equity investment in the company. Further, we are a key investor in Portag3 Ventures, a global venture capital investor targeting the fintech sector, which enables IGM to participate in the growth of these companies and leverage expertise and learnings in our core business.

Digitizing to deliver a better client and employee experience

Over the last several years, IGM has pursued a strategic digital transformation to modernize and enhance the experience we provide to employees, advisors, and clients.

We built on this foundation during the year by partnering with recognized leaders in innovation and service, including Google Cloud and Salesforce. In July, we announced a strategic agreement with CGI to deliver the next generation of mutual fund transfer agency platforms in Canada. Later in August, we announced a collaboration with Microsoft Canada, choosing the company's Azure cloud computing platform to support our ongoing modernization of key infrastructure and practices. In October, we transitioned the IG Contact Centre to a digital platform, Salesforce Service Cloud Voice, a foundational step in our modernization story.

While technological, social and environmental changes were already reshaping the way the world lives and works, the pandemic has accelerated many of these trends.

One of the defining workplace changes to come out of the pandemic is the shift to new ways of working. In partnership with our employees, IGM adopted a hybrid work model based on flexibility for our leaders and the needs of their teams. This has allowed our people to balance their professional and personal lives while still providing external advisors and clients with exceptional levels of support and service. Additionally, special days off and wellness programs that accommodate both virtual and in-person activities contributed to impressive employee engagement results in 2022.

Driving change for the better

Working to build a just, equitable and inclusive society is a priority for IGM, our employees and advisors. We recognize that we have a role to play and are committed to doing so. Across our operations and communities, IGM continued to foster diversity, equity and inclusion (DEI) through performance targets, hiring initiatives, training and community investments.

We have set targets for increasing the number of employees from underrepresented groups across IGM within the next three years, including women executives, Black executives and Indigenous employees. To help build a more diverse and inclusive culture, we support seven Business Resource Groups – 2SLGBTQIA+, Black Advisory Council, DiverseAbility, Green, Indigenous, Pan-Asian and Women – aligning their programs and initiatives with IGM's DEI strategy and business priorities.

As part of our ongoing reconciliation journey, in 2022 IGM provided 4 Seasons of Reconciliation training to all employees and field members. This included time to reflect and honour Canada's National Day for Truth and Reconciliation in the workplace and in the community. We continue to partner with Prosper Canada in helping to ensure First Nations have access to services that help build their financial confidence.

A common thread that runs through IGM is helping people prepare for the future. A similar focus guides our effort to help address the global issue of climate change, which we recognize as a defining challenge of our time. In 2022, we continued implementing the Task Force on Climate-related Financial Disclosure recommendations, including enhancing reporting on investment-related carbon emissions. Additionally, we set interim climate targets at Mackenzie to engage companies in which we invest and encourage wider adoption of science-based targets. Further, IGM engages with portfolio companies across a range of sustainability-related issues, including climate. We are proudly Canadian and strive to advance the decarbonization and resilience of the Canadian economy.

Our efforts are being recognized. We were once again named by Corporate Knights as one of the Best 50 Corporate Citizens in Canada, as one of the Global 100 Most Sustainable Global Corporations, and also as a leader in climate action and disclosure by CDP. These awards reflect our sustainability focus and performance and our commitment to engage our business in serving the interests of people and our planet.

Looking forward

In an ever-changing world, IGM continues to be guided by our values and our purpose. Throughout the year, we worked to ensure the financial well-being of our clients, to help our employees and advisors build their careers, to support the communities where we live and work, and to use our influence and capacity to fight climate change and drive positive social impact.

Looking ahead, we will remain focused on driving growth by working to attract and support great employees, advisors and clients and continuing to build a high-performing, engaged and diverse workforce. We will also advance our modernization initiatives and continue to look for opportunities to strengthen our ability to compete with global asset managers and grow our wealth management business with HNW and ultra-HNW clients. Thoughtfully, prudently, and strategically, we will keep moving forward.

The world is adopting new ways of working and collaborating to move past the pandemic. While market and macroeconomic factors impacted results, we are pleased with the underlying performance of our businesses and are well positioned to come out even stronger as markets recover. Equally, we are delighted by the ongoing commitment and determination of our leaders, employees, and advisors to navigate these times. Heading into 2023, we are confident in our strategy, people and culture, and sure in the belief that we will continue to better the lives of Canadians and deliver lasting value for our shareholders.

In an ever-changing world, IGM continues to be guided by our values and our purpose.

On behalf of the Board of Directors,

James O'Sullivan
President and
Chief Executive Officer
IGM Financial

R. Jeffrey Orr
Chair of the Board
IGM Financial

We are confident in our strategy, people and culture, and will continue to better the lives of Canadians and deliver lasting value for our shareholders.

R. Jeffrey Orr
Chair of the Board
IGM Financial

Corporate structure

IGM maintains the unique strategies of our individual businesses while maximizing the value of shared knowledge and resources.

Strength and scale as part of the Power Corporation group of companies.

POWER CORPORATION OF CANADA

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia.

IGM Financial

Wealth management

IG Wealth Management

Investment Planning Counsel

Asset management

Mackenzie Investments

Strategic investments

ChinaAMC

Northleaf

Wealthsimple

Portage

Great-West Lifeco Inc.

We've seen first-hand the power of better planned and managed money and how it can change lives. It's what motivates us to drive our business forward.

Wealth management

IGM Financial is committed to improving the financial well-being of Canadians.

IG Wealth Management and Investment Planning Counsel continued to focus on delivering holistic financial planning and promoting a culture that places the financial well-being of Canadians at the centre of everything we do.

IG WEALTH MANAGEMENT

Damon Murchison
President and
Chief Executive Officer
IG Wealth Management

$110.8 billion
Total assets under advisement

$12.9 billion
Gross client inflows

$2.7 billion
Net client inflows

IG WEALTH MANAGEMENT
WALK FOR ALZHEIMER'S

Continued support for The Alzheimer Society of Canada with

$5.7 million

raised nationally by more than 2,547 walkers and 5,050 donors through the IG Wealth Management Walk for Alzheimer's

84% mutual fund assets rated 3 stars or better by Morningstar†

5 FundGrade® A+ Awards for Performance

Ranked 6th in client engagement in the 2022 J.D. Power Canada Full-Service Investor Satisfaction Study

Top-ranked in 2022 Investment Executive Dealer Report card, tying for first among Full-Service and Mutual Fund Dealers

Investment Planning Counsel

Blaine Shewchuk
President and
Chief Executive Officer
Investment Planning Counsel

$29.5 billion
Total assets under advisement

$4.6 billion
Total assets under management

$4.4 billion
Gross client inflows

Corporate office model, IPC Pinnacle reached
$5.3 billion

Discretionary Portfolio Management platform launched for PM Advisors reached
$1.9 billion

Welcomed over **30** new independent advisors

Employee engagement score of **81** reflects highly engaged head office support team

Asset management

IGM Financial is committed to providing innovative, high-quality investments.

Mackenzie Investments continue to help advisors and investors build strong portfolios that meet today's needs while anticipating future economic and capital market conditions.

MACKENZIE Investments

Luke Gould
President and
Chief Executive Officer
Mackenzie Investments

$186.6 billion
Total assets under management*

$1.9 billion
Total net redemptions

$7.5 billion
Mutual fund gross sales

REFINITIV LIPPER FUND AWARDS

Investment management team earned **7** Refinitiv Lipper Awards

Ontario's Adanac Ski Hill and BC's Kimberley Alpine Resort crowned 2022 Mackenzie Top Peak winners

86% of Mackenzie mutual fund assets reside in funds rated 3 stars or better by Morningstar[†]

Launched suite of **25** funds designed to address the specific needs of Primerica's network of 7,000 advisors and 250,000 clients

Established **Mackenzie Together Futures Initiatives**, a new female-driven educational partnership with Ivey Business School to help the investment industry better engage and inspire women

8 FundGrade® A+ Awards for outstanding investment performance

* Includes $73.5 billion in advisory fee mandates to wealth management.

Strategic investments

IGM Financial's portfolio of strategic investments had another strong year, deriving value from previous investments and integrating them in ways that generate new benefits to investors and clients.

ChinaAMC
ChinaAMC is one of the leading asset managers in China
27.8% ownership interest[1]

Northleaf
Global private markets solutions provider
56% economic interest

Wealthsimple, Portage and other
Fintech investments provide innovative capabilities and access to markets with significant growth potential
$603M fair value

GREAT-WEST LIFECO INC.
Publicly traded, international financial services holding company
2.4% ownership interest[1]

1 As at transaction close on January 12, 2023.

Our people

We are building a strong, inclusive and progressive culture, where people want to grow their careers and do their best for clients, communities and one another.

During 2022, IGM Financial was proud to be recognized as one of Canada's Top 100 employers.

One of our differentiating achievements was the move to a new hybrid work model that supports working remotely and in the office.

We asked our employees how they wanted to work, and we aligned our hybrid model to their answer. We also gave our leaders the freedom to learn, adapt and be flexible instead of driving them to a set of structured rules.

Survey results

Highlights from our annual employee engagement survey:

86% see their people leader as effective

85% are proud to work for IGM

83% feel they get the training needed to do their job

83% would gladly recommend IGM as a place to work

79% overall engagement score, higher than global benchmarks

These results are consistent with our advisor and client surveys which remained stable or were up during the past year, showing the link between engaged employees and the people we support.

Throughout the year, we held activities and events to bring IGM employees together.

Wellness at work

With the shift to hybrid work, our wellness programs now offer virtual and in-person activities focusing on emotional, financial, physical and social wellness.

Over 1,800 employees participated in wellness workshops, virtual fitness classes, mental health training, financial literacy education and "Wellness 101" information sessions about various benefits available to employees.

Diversity, equity, inclusion

We are committed to advancing DEI across our industry, and our strategy is focused on three pillars:

In 2022 we made significant progress by:

- Establishing targets for CEOs and leaders that focus on underrepresented employees
- Holding events and training sessions to foster learning and engagement
- Supporting seven business resource groups to help advance the DEI strategy
- Furthering our reconciliation journey through participation in the 4 Seasons of Reconciliation training and taking time to reflect and honour the National Day for Truth and Reconciliation

Inclusive workplace
Nurture a culture of allyship and inclusive leadership

Diverse talent
Attract, develop, retain and accelerate

Clients & brand
Leverage DEI in the marketplace

Employees took part in the Earth Day Shoreline and Park Cleanup events across Canada.

1,900 employees and IG Consultants participated in the IG Wealth Management Walk for Alzheimer's.

Our commitment to sustainability

Bettering lives for tomorrow

IGM's sustainability strategy helps us prioritize the topics that matter most to our business and our stakeholders. It provides direction on addressing these issues and holds us accountable for our progress and outcomes.

Our strategy focuses on three areas where we – as wealth and asset managers – can have the most significant impact. Underpinning everything we do is a commitment to responsible business practices.

Focus areas

Building financial wellness

Advancing sustainable investing

Accelerating DEI in finance

Responsible business practices

- Governance
- Ethics and compliance
- Risk management
- Information security and privacy
- Talent and culture
- Community support
- Climate change
- Environmental footprint

Highlights

TCFD

IGM supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Here are some 2022 highlights as we continue to progress our implementation:

Governance

- Management and Board had three meetings on sustainability and climate
- Participated in consultations about standardized climate reporting (International Sustainability Standards Board, Canadian Securities Administrators, U.S. Securities Exchange Commission)

Risk management

- Integrated IGM's sustainability and risk functions under one division

Strategy

- Enhanced capacity for climate-related investment risk measurement and scenario analysis

Metrics targets

- Mackenzie set interim targets for the Net Zero Asset Managers initiative (NZAM)

Financial Section

Management's Discussion and Analysis

Financial Review

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, 2022 and 2021 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, 2022 is as of February 9, 2023.

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, 2022, Power Corporation of Canada (Power) and Great-West Lifeco Inc. (Lifeco), a subsidiary of Power, held directly or indirectly 62.2% and 3.9%, 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 Other Financial Measures

This report contains Non-IFRS financial measures and non-IFRS ratios that do not have standard meanings prescribed by IFRS and may not be directly comparable to similar measures used by other companies. These measures and ratios are used to provide management, investors and investment analysts with additional measures to assess earnings performance.

Non-IFRS financial measures include, but are not limited to, “adjusted net earnings available to common shareholders”, “adjusted net earnings”, “adjusted earnings before income taxes”, “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). These measures exclude other items which are items of a non-recurring nature, or that could make the period-over-period comparison of results from operations less meaningful. EBITDA before sales commissions excludes all sales commissions. EBITDA after sales commissions includes all sales commissions and highlights aggregate cash flows.

Non-IFRS ratios include the following:

Ratio	Numerator	Denominator
Adjusted earnings per share (Adjusted EPS)	Adjusted net earnings available to common shareholders	Average number of outstanding common shares on a diluted basis
Return (Adjusted return) on equity (ROE, Adjusted ROE)	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders’ equity excluding non-controlling interest
ROE (Adjusted ROE) excluding the impact of fair value through other comprehensive income investments	Net earnings (Adjusted net earnings) available to common shareholders	Average shareholders’ equity excluding non-controlling interest and the impact of fair value through other comprehensive income investments net of tax

Refer to the appropriate reconciliations of non-IFRS financial measures, including as components of non-IFRS ratios, to reported results in accordance with IFRS in Tables 1 to 4.

This report also contains other financial measures which include:

- **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.
- **Working Capital** which consists of current assets less current liabilities.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company supporting 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.

IGM Financial's assets under management and advisement were $249.4 billion as at December 31, 2022, compared with $277.1 billion at December 31, 2021, as detailed in Table 6. Average total assets under management and advisement for the year ended December 31, 2022 were $255.2 billion compared to $259.7 billion in 2021. Average total assets under management and advisement for the fourth quarter of 2022 were $247.8 billion compared to $272.0 billion in the fourth quarter of 2021.

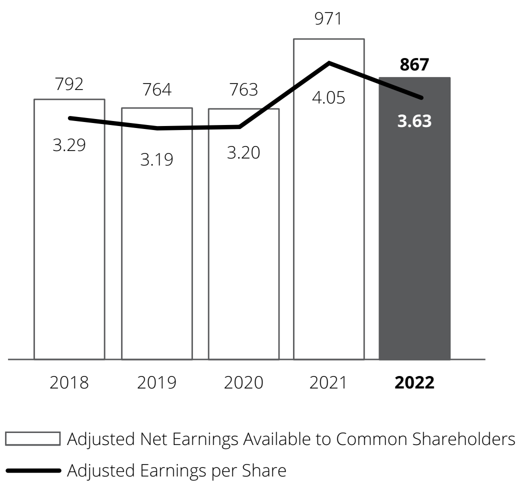
Total assets under management were $217.0 billion at December 31, 2022, compared with $245.3 billion at December 31, 2021. Average total assets under management for the year ended December 31, 2022 were $224.6 billion compared to $231.4 billion in 2021. Average total assets under management for the fourth quarter of 2022 were $216.5 billion compared to $241.9 billion in the fourth quarter of 2021.

Net earnings available to common shareholders for the year ended December 31, 2022 were $867.2 million or $3.63 per share compared to net earnings available to common shareholders of $978.9 million or $4.08 per share in 2021, representing a decrease of 11.0% in earnings per share. Net earnings available to common shareholders for the three months ended December 31, 2022 were $224.7 million or $0.94 per share compared to net earnings available to common shareholders of $268.5 million or $1.11 per share for the comparative period in 2021, a decrease of 15.3% in earnings per share.

Annual net earnings per share in 2022 represented a decrease of 10.4% over annual adjusted net earnings per share in 2021. Net earnings per share for the fourth quarter of 2022 represented a decrease of 13.0% over adjusted net earnings per share (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the fourth quarter of 2021. In 2021, adjusted net earnings available to common shareholders, excluding other items outlined below, were $971.2 million or $4.05 per share for the twelve month period and were $260.8 million or $1.08 per share for the fourth quarter of 2021.

Adjusted Net Earnings Available to Common Shareholders(1) and Adjusted Earnings per Share(1)

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



Adjusted net earnings available to common shareholders and adjusted net earnings per share excluded the following after-tax amounts:

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 acqusition 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.

(1) A Non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Other items for the three and twelve months 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.

Shareholders' equity was $6.3 billion at December 31, 2022, compared to $6.5 billion at December 31, 2021. Adjusted ROE (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the year ended December 31, 2022 was 14.0% compared with 16.4% for the comparative period in 2021. Adjusted ROE excluding the impact of fair value through other comprehensive income investments (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the year ended December 31, 2022 was 15.2% compared with 19.0% in 2021. The quarterly dividend per common share was 56.25 cents in 2022, unchanged from the end of 2021.

China Asset Management Co., Ltd. (ChinaAMC)

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's (Power) 13.9% interest in ChinaAMC for cash consideration of $1.15 billion, increasing the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial sold 15,200,662 common shares of Lifeco to Power for cash consideration of $553 million which reduced the Company's equity interest in Lifeco from 4% to 2.4%. The remaining $597 million of consideration was funded from the Company's existing financial resources including $22 million in dividends received after March 31, 2022 with respect to the Lifeco shares that were sold.

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.

Market Overview

Following an extended period of strong financial market returns that began during the second quarter of 2020, negative

Table 1: Reconciliation of Non-IFRS Financial Measures

	Three months ended			*Twelve months ended*	
($ millions except EPS)	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Adjusted net earnings available to common shareholders[1]	**$ 224.7**	$ 216.1	$ 260.8	**$ 867.2**	$ 971.2
Gain on sale of Personal Capital, net of tax	**–**	–	7.7	**–**	7.7
Net earnings available to common shareholders	**$ 224.7**	$ 216.1	$ 268.5	**$ 867.2**	$ 978.9
Adjusted earnings per share[1]	**$ 0.94**	$ 0.91	$ 1.08	**$ 3.63**	$ 4.05
Gain on sale of Personal Capital, net of tax	**–**	–	0.03	**–**	0.03
Earnings per share[2]	**$ 0.94**	$ 0.91	$ 1.11	**$ 3.63**	$ 4.08
Average outstanding shares – Diluted *(thousands)*	**237,958**	237,808	241,443	**238,996**	240,019
EBITDA before sales commissions[1]	**$ 366.1**	$ 356.0	$ 411.8	**$ 1,425.6**	$ 1,547.0
Sales–based commissions paid	**(22.2)**	(25.6)	(42.9)	**(130.8)**	(170.5)
EBITDA after sales commissions[1]	**343.9**	330.4	368.9	**1,294.8**	1,376.5
Sales–based commissions paid subject to amortization	**22.2**	25.6	39.3	**123.5**	151.0
Amortization of capitalized sales commissions	**(20.9)**	(20.1)	(16.2)	**(77.6)**	(56.7)
Amortization of capital, intangible and other assets	**(26.2)**	(26.4)	(25.4)	**(104.0)**	(99.8)
Adjusted earnings before interest and income taxes[1]	**319.0**	309.5	366.6	**1,236.7**	1,371.0
Interest expense[3]	**28.7**	28.6	28.6	**113.8**	113.9
Adjusted earnings before income taxes[1]	**290.3**	280.9	338.0	**1,122.9**	1,257.1
Income taxes	**63.3**	63.9	76.5	**250.4**	283.9
Adjusted net earnings[1]	**227.0**	217.0	261.5	**872.5**	973.2
Gain on sale of Personal Capital, net of tax	**–**	–	7.7	**–**	7.7
Net earnings	**$ 227.0**	$ 217.0	$ 269.2	**$ 872.5**	$ 980.9

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Diluted earnings per share.
(3) Interest expense includes interest on long-term debt and leases.

returns during 2022 were reflective of the current volatility in global markets:

- The S&P TSX Composite total return index increased by 6.0% in the fourth quarter of 2022 and decreased by 5.8% for the year.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 7.6% in the fourth quarter of 2022 and decreased by 18.1% for the year.
- European equity markets, as measured by the MSCI Europe net total return index, increased by 9.6% in the fourth quarter of 2022 and decreased by 9.5% for the year.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, increased by 12.5% in the fourth quarter of 2022 and decreased by 17.2% for the year.
- The FTSE TMX Canada Universe Bond total return index increased by 0.1% in the fourth quarter of 2022 and decreased by 11.7% for the year.
- Our clients experienced an average investment return of 5.4% in the fourth quarter of 2022 and -9.9% for the year.

IGM Financial's assets under management and advisement decreased by 10.0% from $277.1 billion at December 31, 2021 to $249.4 billion at December 31, 2022. See Table 6 for the breakdown of IGM Financial's assets under management and advisement.

Reportable Segments

The Company's reportable segments are Wealth Management, Asset Management and Strategic Investments & Other and reflect the Company's internal financial reporting and performance measurement (Tables 2, 3 and 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 that 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 Portage 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.

Table 2: Consolidated Operating Results by Segment – Q4 2022 vs. Q4 2021

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Revenues										
Wealth management	**$ 610.8**	$ 672.5	**$ –**	$ –	**$ –**	$ –	**$ (4.6)**	$ (5.0)	**$ 606.2**	$ 667.5
Asset management	**–**	–	**260.5**	296.8	**–**	–	**(27.3)**	(30.0)	**233.2**	266.8
Dealer compensation expense	**–**	–	**(76.9)**	(91.7)	**–**	–	**4.5**	5.0	**(72.4)**	(86.7)
Net asset management	**–**	–	**183.6**	205.1	**–**	–	**(22.8)**	(25.0)	**160.8**	180.1
Net investment income and other	**2.6**	1.4	**5.6**	1.3	**7.4**	1.1	**–**	–	**15.6**	3.8
Proportionate share of associates' earnings	**–**	–	**–**	–	**65.4**	50.7	**–**	–	**65.4**	50.7
	613.4	673.9	**189.2**	206.4	**72.8**	51.8	**(27.4)**	(30.0)	**848.0**	902.1
Expenses										
Advisory and business development	**276.9**	284.8	**21.3**	24.1	**–**	–	**–**	–	**298.2**	308.9
Operations and support	**121.3**	115.9	**90.9**	88.3	**0.4**	1.3	**(0.1)**	–	**212.5**	205.5
Sub-advisory	**44.6**	49.5	**1.0**	1.6	**–**	–	**(27.3)**	(30.0)	**18.3**	21.1
	442.8	450.2	**113.2**	114.0	**0.4**	1.3	**(27.4)**	(30.0)	**529.0**	535.5
Adjusted earnings before interest and taxes[1]	**170.6**	223.7	**76.0**	92.4	**72.4**	50.5	**–**	–	**319.0**	366.6
Interest expense[2]	**22.8**	22.7	**5.9**	5.9	**–**	–	**–**	–	**28.7**	28.6
Adjusted earnings before income taxes[1]	**147.8**	201.0	**70.1**	86.5	**72.4**	50.5	**–**	–	**290.3**	338.0
Income taxes	**39.7**	53.8	**18.8**	21.2	**4.8**	1.5	**–**	–	**63.3**	76.5
Adjusted net earnings[1]	**108.1**	147.2	**51.3**	65.3	**67.6**	49.0	**–**	–	**227.0**	261.5
Non-controlling interest	**0.2**	–	**–**	–	**2.1**	0.7	**–**	–	**2.3**	0.7
Adjusted net earnings available to common shareholders[1]	**$ 107.9**	$ 147.2	**$ 51.3**	$ 65.3	**$ 65.5**	$ 48.3	**$ –**	$ –	**224.7**	260.8
Other items[1], net of tax										
Gain on sale of Personal Capital									**–**	7.7
Net earnings available to common shareholders									**$ 224.7**	$ 268.5

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

- ***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 and wholesale distribution activities performed by the Asset Management segment. Expenses include compensation, recognition and other support provided to our advisors, field management, product & planning specialists; expenses associated with facilities, technology and training relating to our advisors and specialists; other business development activities including direct marketing and advertising. 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

Table 3: Consolidated Operating Results by Segment – Twelve Months Ended

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Revenues										
Wealth management	**$ 2,484.0**	$ 2,572.9	**$ –**	$ –	**$ –**	$ –	**$ (18.7)**	$ (19.3)	**$ 2,465.3**	$ 2,553.6
Asset management	**–**	–	**1,077.7**	1,126.1	**–**	–	**(111.7)**	(114.6)	**966.0**	1,011.5
Dealer compensation expense	**–**	–	**(327.6)**	(355.3)	**–**	–	**18.7**	19.3	**(308.9)**	(336.0)
Net asset management	**–**	–	**750.1**	770.8	**–**	–	**(93.0)**	(95.3)	**657.1**	675.5
Net investment income and other	**4.1**	3.6	**5.7**	5.8	**14.6**	2.7	**(0.3)**	(0.2)	**24.1**	11.9
Proportionate share of associates' earnings	**–**	–	**–**	–	**210.7**	196.4	**–**	–	**210.7**	196.4
	2,488.1	2,576.5	**755.8**	776.6	**225.3**	199.1	**(112.0)**	(114.8)	**3,357.2**	3,437.4
Expenses										
Advisory and business development	**1,126.1**	1,089.3	**79.4**	88.7	**–**	–	**–**	–	**1,205.5**	1,178.0
Operations and support	**476.9**	466.1	**358.4**	335.6	**4.9**	4.9	**(0.3)**	(0.2)	**839.9**	806.4
Sub-advisory	**181.9**	189.7	**4.9**	6.9	**–**	–	**(111.7)**	(114.6)	**75.1**	82.0
	1,784.9	1,745.1	**442.7**	431.2	**4.9**	4.9	**(112.0)**	(114.8)	**2,120.5**	2,066.4
Adjusted earnings before interest and taxes(1)	**703.2**	831.4	**313.1**	345.4	**220.4**	194.2	**–**	–	**1,236.7**	1,371.0
Interest expense(2)	**90.3**	90.3	**23.5**	23.6	**–**	–	**–**	–	**113.8**	113.9
Adjusted earnings before income taxes(1)	**612.9**	741.1	**289.6**	321.8	**220.4**	194.2	**–**	–	**1,122.9**	1,257.1
Income taxes	**164.2**	198.0	**76.4**	81.0	**9.6**	4.9	**0.2**	–	**250.4**	283.9
Adjusted net earnings(1)	**448.7**	543.1	**213.2**	240.8	**210.8**	189.3	**(0.2)**	–	**872.5**	973.2
Non-controlling interest	**0.2**	–	**–**	–	**5.1**	2.0	**–**	–	**5.3**	2.0
Adjusted net earnings available to common shareholders(1)	**$ 448.5**	$ 543.1	**$ 213.2**	$ 240.8	**$ 205.7**	$ 187.3	**$ (0.2)**	$ –	**867.2**	971.2
Other items(1), net of tax										
Gain on sale of Personal Capital									**–**	7.7
Net earnings available to common shareholders									**$ 867.2**	$ 978.9

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

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.

Table 4: Consolidated Operating Results by Segment – Q4 2022 vs. Q3 2022

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	**2022 Dec. 31**	2022 Sep. 30	**2022 Dec. 31**	2022 Sep. 30	**2022 Dec. 31**	2022 Sep. 30	**2022 Dec. 31**	2022 Sep. 30
Revenues										
Wealth management	**$ 610.8**	$ 611.3	**$ –**	$ –	**$ –**	$ –	**$ (4.6)**	$ (4.5)	**$ 606.2**	$ 606.8
Asset management	**–**	–	**260.5**	262.7	**–**	–	**(27.3)**	(27.3)	**233.2**	235.4
Dealer compensation expense	**–**	–	**(76.9)**	(77.5)	**–**	–	**4.5**	4.6	**(72.4)**	(72.9)
Net asset management	**–**	–	**183.6**	185.2	**–**	–	**(22.8)**	(22.7)	**160.8**	162.5
Net investment income and other	**2.6**	2.8	**5.6**	3.8	**7.4**	4.7	**–**	(0.2)	**15.6**	11.1
Proportionate share of associates' earnings	**–**	–	**–**	–	**65.4**	46.9	**–**	–	**65.4**	46.9
	613.4	614.1	**189.2**	189.0	**72.8**	51.6	**(27.4)**	(27.4)	**848.0**	827.3
Expenses										
Advisory and business development	**276.9**	278.0	**21.3**	16.4	**–**	–	**–**	–	**298.2**	294.4
Operations and support	**121.3**	118.5	**90.9**	86.0	**0.4**	1.1	**(0.1)**	(0.1)	**212.5**	205.5
Sub-advisory	**44.6**	44.0	**1.0**	1.2	**–**	–	**(27.3)**	(27.3)	**18.3**	17.9
	442.8	440.5	**113.2**	103.6	**0.4**	1.1	**(27.4)**	(27.4)	**529.0**	517.8
Adjusted earnings before interest and taxes(1)	**170.6**	173.6	**76.0**	85.4	**72.4**	50.5	**–**	–	**319.0**	309.5
Interest expense(2)	**22.8**	22.7	**5.9**	5.9	**–**	–	**–**	–	**28.7**	28.6
Adjusted earnings before income taxes(1)	**147.8**	150.9	**70.1**	79.5	**72.4**	50.5	**–**	–	**290.3**	280.9
Income taxes	**39.7**	40.5	**18.8**	21.0	**4.8**	2.4	**–**	–	**63.3**	63.9
Adjusted net earnings(1)	**108.1**	110.4	**51.3**	58.5	**67.6**	48.1	**–**	–	**227.0**	217.0
Non-controlling interest	**0.2**	–	**–**	–	**2.1**	0.9	**–**	–	**2.3**	0.9
Adjusted net earnings available to common shareholders(1)	**$ 107.9**	$ 110.4	**$ 51.3**	$ 58.5	**$ 65.5**	$ 47.2	**$ –**	$ –	**224.7**	216.1
Other items(1), net of tax									**–**	–
Net earnings available to common shareholders									**$ 224.7**	$ 216.1

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.
(2) Interest expense includes interest on long-term debt and leases.

Table 5: Effective Income Tax Rate

	Three months ended			*Twelve months ended*	
	2022 Dec. 31	2022 Sep. 30	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Income taxes at Canadian federal and provincial statutory rates	**26.61 %**	26.62 %	26.64 %	**26.62 %**	26.63 %
Effect of:					
Proportionate share of associates' earnings	**(5.51)**	(3.93)	(3.39)	**(4.50)**	(3.65)
Other	**0.70**	0.05	(0.48)	**0.18**	(0.36)
Effective income tax rate – net earnings	**21.80 %**	22.74 %	22.77 %	**22.30 %**	22.62 %

Other items, as reflected in Tables 2 and 3, 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 the fourth quarter of 2021 included a gain on sale of Personal Capital of $10.6 million ($7.7 million after-tax) resulting from additional consideration receivable related to the sale of the Company's equity interest in Personal Capital in 2020. There were no Other items in the periods under review as reflected in Tables 2, 3 and 4.

Table 6: Assets Under Management and Advisement

	Wealth Management				Asset Management(1)					
	IG Wealth Management		Investment Planning Counsel		Mackenzie Investments		Intercompany Eliminations(2)		Consolidated	
($ millions)	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Three months ended										
Gross flows										
Mutual fund gross sales(3)	**$ 2,125**	$ 2,959	**$ 138**	$ 174	**$ 1,559**	$ 2,592	**$ –**	$ –	**$ 3,822**	$ 5,725
Dealer gross inflows	**3,031**	3,437	**1,157**	1,509	**–**	–	**–**	–	**4,188**	4,946
Net flows										
Mutual fund net sales(3)	**(718)**	457	**(148)**	(129)	**(966)**	512	**–**	–	**(1,832)**	840
ETF net creations	**–**	–	**–**	–	**134**	245	**–**	–	**134**	245
Investment fund net sales	**(718)**	457	**(148)**	(129)	**(832)**	757	**–**	–	**(1,698)**	1,085
Institutional SMA net sales(4)	**–**	–	**–**	–	**(135)**	(576)	**–**	–	**(135)**	(576)
Mackenzie net sales through Wealth Management	**(18)**	36	**(33)**	20	**–**	–	**51**	(56)	**–**	–
IGM product net sales	**(736)**	493	**(181)**	(109)	**(967)**	181	**51**	(56)	**(1,833)**	509
Other dealer net flows	**1,165**	492	**226**	232	**–**	–	**2**	1	**1,393**	725
Total net flows	**429**	985	**45**	123	**(967)**	181	**53**	(55)	**(440)**	1,234
Twelve months ended										
Gross flows										
Mutual fund gross sales(3)	**$ 10,587**	$ 11,845	**$ 621**	$ 774	**$ 7,496**	$ 12,022	**$ –**	$ –	**$ 18,704**	$ 24,641
Dealer gross inflows	**12,872**	13,434	**4,424**	5,366	**–**	–	**–**	–	**17,296**	18,800
Net flows										
Mutual fund net sales(3)(5)	**43**	1,813	**(322)**	(288)	**(1,736)**	3,908	**–**	–	**(2,015)**	5,433
ETF net creations(6)	**–**	–	**–**	–	**705**	1,532	**–**	–	**705**	1,532
Investment fund net sales	**43**	1,813	**(322)**	(288)	**(1,031)**	5,440	**–**	–	**(1,310)**	6,965
Institutional SMA net sales(4)	**–**	–	**–**	–	**(834)**	(306)	**–**	–	**(834)**	(306)
Mackenzie net sales through Wealth Management	**(32)**	431	**(39)**	180	**–**	–	**71**	(611)	**–**	–
IGM product net sales	**11**	2,244	**(361)**	(108)	**(1,865)**	5,134	**71**	(611)	**(2,144)**	6,659
Other dealer net flows	**2,679**	1,440	**616**	596	**–**	–	**6**	6	**3,301**	2,042
Total net flows	**2,690**	3,684	**255**	488	**(1,865)**	5,134	**77**	(605)	**1,157**	8,701

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

(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) Sub-advisory, institutional and other accounts:
2022 Q1 – an institutional investor redeemed $291 million within products Mackenzie sub-advises.
2021 Q2 – Mackenzie was awarded $680 million of sub-advisory wins.
2021 Q4 – An institutional client re-assigned sub-advisory responsibilities on mandate advised by Mackenzie totalling $667 million.

(5) During the twelve month period in 2021, institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes which resulted in redemptions and net redemptions of $361 million.

(6) ETFs – During the twelve month period of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

Total Assets Under Management and Advisement

Assets under management and advisement were $249.4 billion at December 31, 2022 compared to $277.1 billion at December 31, 2021, a decrease of 10.0%, as detailed in Table 6. Total assets under management were $217.0 billion at December 31, 2022 compared to $245.3 billion at December 31, 2021, a decrease of 11.5%.

Net inflows for the twelve months ended December 31, 2022 were $1.2 billion compared to $8.7 billion in 2021, as detailed in Table 6. Investment fund net redemptions for the twelve month period were $1.3 billion in 2022 compared to net sales of $7.0 billion in 2021. Net outflows in the fourth quarter of 2022 were $440 million compared to net inflows of $1.2 billion in the fourth quarter of 2021, as detailed in Table 6. Fourth quarter investment fund net redemptions were $1.7 billion compared to net sales of $1.1 billion in 2021. 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.

The Company also benefits from the underlying assets under management of the Company's investments in associates, including ChinaAMC and Northleaf. This AUM is not currently reported as the Company's AUM&A.

Table 6: Assets Under Management and Advisement (continued)

	Wealth Management				Asset Management					
	IG Wealth Management		Investment Planning Counsel		Mackenzie Investments		Intercompany Eliminations[1]		Consolidated	
($ millions)	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31	**2022 Dec. 31**	2021 Dec. 31
Assets under Management and Advisement										
Wealth Management[2]										
AUM	**$ 99,275**	$ 110,541	**$ 4,622**	$ 5,629			**$ –**	$ –	**$ 103,897**	$ 116,170
Mackenzie assets sold through Wealth Management	**850**	957	**3,195**	3,640			**–**	–	**4,045**	4,597
Other AUA	**10,691**	8,059	**21,730**	23,808			**(7)**	(11)	**32,414**	31,856
AUA	**110,816**	119,557	**29,547**	33,077			**(7)**	(11)	**140,356**	152,623
Asset Management										
Mutual funds					**$ 54,434**	$ 62,969			**54,434**	62,969
ETFs					**5,219**	5,393			**5,219**	5,393
Investment funds					**59,653**	68,362			**59,653**	68,362
Institutional SMA					**6,422**	7,948			**6,422**	7,948
Sub-advisory to Canada Life					**47,023**	52,805			**47,023**	52,805
Total Institutional SMA					**53,445**	60,753			**53,445**	60,753
Total ex sub-advisory to Wealth Management					**113,098**	129,115			**113,098**	129,115
Sub-advisory to Wealth Management					**73,514**	81,228			**73,514**	81,228
Total AUM					**186,612**	210,343			**186,612**	210,343
ETFs										
Distributed to third parties					**5,219**	5,393			**5,219**	5,393
Held within IGM managed products					**7,176**	7,281	**(7,176)**	(7,281)	**–**	–
Total ETFs					**12,395**	12,674	**(7,176)**	(7,281)	**5,219**	5,393
Consolidated										
AUM	**99,275**	110,541	**4,622**	5,629	**186,612**	210,343	**(73,514)**	(81,228)	**216,995**	245,285
Mackenzie assets sold through Wealth Management	**850**	957	**3,195**	3,640	**–**	–	**(4,045)**	(4,597)	**–**	–
Other AUA	**10,691**	8,059	**21,730**	23,808	**–**	–	**(7)**	(11)	**32,414**	31,856
AUM&A	**110,816**	119,557	**29,547**	33,077	**186,612**	210,343	**(77,566)**	(85,836)	**249,409**	277,141

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.
(2) IG Wealth Management and Investment Planning Counsel AUM include separately managed accounts.

At December 31, 2022, ChinaAMC's AUM was RMB¥ 1,721.6 billion ($337.6 billion) compared to RMB¥ 1,661.6 billion ($330.5 billion) at December 31, 2021, an increase of 3.6% (CAD$ 2.2%). IGM Financial held a 13.9% interest in ChinaAMC on December 31, 2022, which was increased to 27.8% on January 12, 2023.

At December 31, 2022, Northleaf's AUM was $24.1 billion compared to $19.5 billion at December 31, 2021, an increase of 23.6%. IGM Financial holds a 56% economic interest in Northleaf.

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.

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 $240.0 billion in 2020, increased to $277.1 billion in 2021 and decreased to $249.4 billion in 2022. Changes were driven largely by changes in financial markets during the periods. Average total assets under management and advisement for the year ended December 31, 2022 were $255.2 billion compared to $259.7 billion in 2021. 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 2022, unchanged from 2021 and 2020.

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

		2022		2021		2020
Consolidated statements of earnings *($ millions)*						
Revenues						
Wealth management	$	**2,465.3**	$	2,553.6	$	2,259.6
Net asset management		**657.1**		675.5		529.8
Net investment income and other		**24.1**		11.9		11.0
Proportionate share of associates' earnings		**210.7**		196.4		147.0
		3,357.2		3,437.4		2,947.4
Expenses		**2,234.3**		2,180.3		1,973.4
		1,122.9		1,257.1		974.0
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		**1,122.9**		1,267.7		965.3
Income taxes		**250.4**		286.8		200.7
Net earnings		**872.5**		980.9		764.6
Non-controlling interest		**(5.3)**		(2.0)		(0.2)
Net earnings available to common shareholders	$	**867.2**	$	978.9	$	764.4
Reconciliation of Non-IFRS financial measures *($ millions)*						
Adjusted net earnings available to common shareholders(1)	$	**867.2**	$	971.2	$	762.9
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	$	**867.2**	$	978.9	$	764.4
Earnings per share *($)*						
Adjusted earnings per share(1)						
– Basic	$	**3.64**	$	4.07	$	3.20
– Diluted		**3.63**		4.05		3.20
Earnings per share						
– Basic		**3.64**		4.10		3.21
– Diluted		**3.63**		4.08		3.21
Dividends per share *($)*						
Common	$	**2.25**	$	2.25	$	2.25
Average assets under management and advisement *($ billions)*						
Investment fund assets under management	$	**168.9**	$	173.4	$	161.7
Total assets under management		**224.6**		231.4		168.5
Total assets under management and advisement		**255.2**		259.7		191.2
Ending assets under management and advisement *($ billions)*						
Investment fund assets under management	$	**163.6**	$	184.5	$	159.5
Total assets under management		**217.0**		245.3		214.0
Total assets under management and advisement		**249.4**		277.1		240.0
Total corporate assets *($ millions)*	$	**18,873**	$	17,661	$	16,062
Total long-term debt *($ millions)*	$	**2,100**	$	2,100	$	2,100
Outstanding common shares *(thousands)*		**237,668**		239,679		238,308
Average outstanding shares – Diluted *(thousands)*		**238,996**		240,019		238,307

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 8: Summary of Quarterly Results

	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Consolidated statements of earnings *($ millions)*								
Revenues								
Wealth management	**$ 606.2**	$ 606.8	$ 611.1	$ 641.2	$ 667.5	$ 655.0	$ 627.6	$ 603.5
Asset management	**233.2**	235.4	241.6	255.8	266.8	263.4	248.3	233.0
Dealer compensation expense	**(72.4)**	(72.9)	(77.4)	(86.2)	(86.7)	(85.9)	(82.7)	(80.7)
Net asset management	**160.8**	162.5	164.2	169.6	180.1	177.5	165.6	152.3
Net investment income and other	**15.6**	11.1	(0.6)	(2.0)	3.8	2.5	2.5	3.1
Proportionate share of associates' earnings	**65.4**	46.9	50.0	48.4	50.7	55.9	48.2	41.6
	848.0	827.3	824.7	857.2	902.1	890.9	843.9	800.5
Expenses								
Advisory and business development	**298.2**	294.4	303.8	309.1	308.9	294.0	291.1	284.0
Operations and support	**212.5**	205.5	206.4	215.5	205.5	197.6	196.8	206.5
Sub-advisory	**18.3**	17.9	18.3	20.6	21.1	20.7	20.4	19.8
Interest[(1)]	**28.7**	28.6	28.4	28.1	28.6	28.7	28.5	28.1
	557.7	546.4	556.9	573.3	564.1	541.0	536.8	538.4
Earnings before undernoted	**290.3**	280.9	267.8	283.9	338.0	349.9	307.1	262.1
Gain on sale of Personal Capital	**–**	–	–	–	10.6	–	–	–
Earnings before income taxes	**290.3**	280.9	267.8	283.9	348.6	349.9	307.1	262.1
Income taxes	**63.3**	63.9	59.4	63.8	79.4	78.4	69.3	59.7
Net earnings	**227.0**	217.0	208.4	220.1	269.2	271.5	237.8	202.4
Non-controlling interest	**2.3**	0.9	1.3	0.8	0.7	0.7	0.4	0.2
Net earnings available to common shareholders	**$ 224.7**	$ 216.1	$ 207.1	$ 219.3	$ 268.5	$ 270.8	$ 237.4	$ 202.2
Reconciliation of Non-IFRS financial measures *($ millions)*								
Adjusted net earnings available to common shareholders[(2)]	**$ 224.7**	$ 216.1	$ 207.1	$ 219.3	$ 260.8	$ 270.8	$ 237.4	$ 202.2
Other items:								
Gain on sale of Personal Capital, net of tax ($2.9 million)	**–**	–	–	–	7.7	–	–	–
Net earnings available to common shareholders	**$ 224.7**	$ 216.1	$ 207.1	$ 219.3	$ 268.5	$ 270.8	$ 237.4	$ 202.2
Earnings per Share *($)*								
Adjusted earnings per share[(2)]								
– Basic	**$ 0.95**	$ 0.91	$ 0.87	$ 0.91	$ 1.09	$ 1.13	$ 0.99	$ 0.85
– Diluted	**0.94**	0.91	0.87	0.91	1.08	1.13	0.99	0.85
Earnings per share								
– Basic	**0.95**	0.91	0.87	0.91	1.12	1.13	0.99	0.85
– Diluted	**0.94**	0.91	0.87	0.91	1.11	1.13	0.99	0.85
Average outstanding shares – Diluted *(thousands)*	**237,958**	237,808	239,242	241,251	241,443	240,575	239,821	238,474
Average assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 163.3**	$ 164.3	$ 169.3	$ 179.0	$ 181.9	$ 178.6	$ 170.2	$ 162.7
Total assets under management	**216.5**	217.3	225.2	238.4	241.9	238.3	227.8	217.6
Assets under management and advisement	**247.8**	247.2	255.3	269.5	272.0	267.4	255.4	243.9
Ending assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 163.6**	$ 157.6	$ 160.2	$ 178.5	$ 184.5	$ 176.8	$ 174.4	$ 165.5
Total assets under management	**217.0**	208.7	213.1	237.1	245.3	236.2	233.6	221.6
Assets under management and advisement	**249.4**	238.1	242.1	268.3	277.1	265.2	262.0	248.5

(1) Interest expense includes interest on long-term debt and leases.
(2) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

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 and depend largely on the level and composition of assets under advisement.
- ***Product and program fees*** are related to the management of investment products and include management, administration and other related fees and depend largely on the level and composition of assets under management.
- ***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.

Debt and interest expense is allocated to each IGM Financial 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, is a leading wealth management company in Canada that focuses on providing comprehensive personal financial planning to Canadians.

Investment Planning Counsel, founded in 1996, is an independent distributor of financial products, services and advice in Canada, with 653 advisors.

The Wealth Management segment provides a comprehensive planning approach, through IG Wealth Management 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 98% of adjusted net earnings available to common shareholders of the total segment.

2022 Developments

In April 2022, IG Wealth Management launched two new suites of products, consisting of a total of eight funds. IG U.S. Taxpayer Portfolios (Portfolios) offer investors a comprehensive investment solution that help simplify tax reporting for Canadian residents who pay taxes in the U.S. The second suite, IG Mackenzie U.S. Dollar Funds (Funds), is designed for investors who are seeking to invest in U.S. dollar investments. The new Funds will provide clients with comprehensive diversification for their U.S. dollars and the new Portfolios have been designed to help simplify a tax reporting process that is typically complicated and costly. IG Wealth Management has collaborated with industry leading investment managers at Mackenzie and BlackRock Asset Management to deliver these suites of diversified investment solutions that will offer Canadians new and innovative ways to meet their financial goals.

IG Wealth Management and Nesto Inc. (nesto) have entered into a strategic agreement to have nesto provide next generation white label mortgage services to IG Wealth Management clients across Canada through its Mortgage Cloud solution. The initiative is part of IG Wealth Management's ongoing strategy to transform its business and follows the firm's modernization of its investment management and financial planning platforms.

nesto's Mortgage Cloud solution will be integrated into IG Wealth Management's mortgage solutions business. It will allow IG Wealth Management advisors to provide clients with an enhanced mortgage experience through:

- an online application process
- quick turnaround times
- live tracking and regular status updates
- dynamic tools such as the ability to upload mortgage documents using a mobile device.

IG Wealth Management and nesto will begin offering the newly integrated mortgage services on nesto Mortgage Cloud solution in 2023.

IG Wealth Management

IG Wealth Management is one of the largest independent financial planning firms in Canada, with advisors in every community from coast to coast. We are driven by our mission to inspire financial confidence that can transform the lives of our clients and their families and we are deeply committed to improving financial literacy in the communities where we work and live.

Our exclusive network is comprised of 3,235 advisors. IG Wealth Management clients are more than one million individuals, families and business owners.

Canadians hold $6.5 trillion in discretionary financial assets with financial institutions at December 31, 2021, based on the most recent report from Investor Economics, and we view these savings as IG Wealth Management's addressable market. 77% 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.

Strategy

IG Wealth Management's promise is to inspire financial confidence.

IG Wealth has a client-centric strategy with a focus on high net worth (HNW) and mass affluent client segments, which we define as households with over $1 million and between $100 thousand and $1 million, respectively.

IG Wealth Management is committed to increasing the financial confidence of all Canadians by leveraging our people, expertise and resources because we believe it will help create stronger communities and a better future for all.

We believe that Canadians deserve a high standard of advice that takes into consideration all dimensions of their financial lives with financial plans tailored to meet and adapt to their needs.

Our strategic mandate is to be Canada's financial partner of choice.

We achieve our strategic mandate by focusing on providing comprehensive financial advice and well-constructed investment solutions designed to deliver returns and risks that take into account each client's needs and requirements.

Financial Advice

Our advisors focus on providing financial advice which is the value of all efforts that sit outside the investment portfolio construction. This includes the value that an advisor adds to a client relationship and comes from the creation and follow through of a well-constructed financial plan.

Advisors

IG Wealth Management has a national distribution network of more than 3,000 advisors in communities throughout Canada. Our advisory services are most suited to individuals with complicated financial needs.

IG Wealth provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors 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.
- IG Wealth Management has a National Service Centre focused on supporting approximately 240,000 clients with less complex requirements, while allowing our entrepreneurial advisor practices to focus on those clients with more complex needs.

Our entrepreneurial advisor network creates a competitive advantage and drives client engagement with a focus on comprehensive financial planning and product solutions. Our advantage is further enabled by hiring top quality advisors, increasing proficiency, improving technology, implementing a client segmentation approach and enhancing a strong brand.

Assets under advisement consists of the following:

- Clients with household assets greater than $1 million (defined as "high net worth") which totalled $37.7 billion at December 31, 2022, a decrease of 13.3% from one year ago, and represented 34% of total assets under advisement.
- Clients with household assets between $100 thousand and $1 million (defined as "mass affluent") which totalled $63.6 billion at December 31, 2022, a decrease of 4.4% from one year ago, and represented 57% of total assets under advisement.
- Clients with household assets less than $100 thousand (defined as "mass market") which totalled $9.5 billion at December 31, 2022, a decrease of 0.6% from one year ago, and represented 9% of total assets under advisement.

IG Wealth Management advisor 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 advisor network into its significant components at December 31, 2022:

- 1,741 advisor practices (1,761 at December 31, 2021), which reflect advisors with more than four years of experience. These practices may include associates as described below. The level and productivity of advisor practices is a key measurement of our business as they serve clientele representing approximately 96% of AUM.
- 333 new advisors (380 at December 31, 2021), which are those advisors with less than four years of experience.
- 1,161 associates and regional vice-presidents (1,137 at December 31, 2021). Associates are licensed team members of advisor practices who provide financial planning services and advice to the clientele served by the team.
- IG Wealth Management had a total advisor network of 3,235 (3,278 at December 31, 2021).

IG Wealth uses advisor productivity as a key performance measure in evaluating its advisor network. The productivity is measured based on gross inflows per advisor and is monitored for both advisor recruits with less than 4 years experience and advisor practices with greater than 4 years experience.

- The advisor recruit's gross inflows were $0.66 million per advisor in Q4 2022 compared to $0.60 million per advisor in the comparative period of 2021.
- The advisory practice gross inflows were $1.49 million per practice compared to $1.69 million in the comparative period of 2021.

Key initiatives that impact advisor productivity are:

- Elimination of DSC in 2017 which removed competitive impediment.
- Tightened recruiting standards that increased the likelihood of success while also enhancing our culture and brand.
- National Service Centre that provides consistent service levels to clients with less complex needs and creates capacity for advisors.
- Product and pricing enhancements with a focus on the high net worth and mass affluent segments.
- Continued technology enhancements such as the Advisor Desktop powered by Salesforce.
- IG Living Plan™ and other client experience enhancements.
- Digital application to deliver tailored client investment proposals (powered by CapIntel).

We also support advisors 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 licensed and securities licensed advisors and specialists.

Client Experiences

IG Wealth Management distinguishes itself from our competition by offering comprehensive planning to our clients that synchronize every aspect of their financial life. IG Wealth Management serves approximately one million clients located in communities throughout Canada. 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™ allows clients to collaborate with an IG advisor through an enhanced digital experience to develop and track a financial plan which is unique to each client's goals.

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.

The Charitable Giving Program is 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.

The IG Advisory Account 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 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.

Financial Solutions

IG Wealth Management strives to achieve expected investment returns for the lowest possible risk through well-constructed investment portfolios, and to create value for clients through active management. 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.

Our investment solutions leverage top global asset manager relationships including Mackenzie Investments and other world class investment firms such as Fidelity Investments Canada, T. Rowe Price, Sagard, Beutel Goodman Investment Counsel, PanAgora, PIMCO, Northleaf, BristolGate Capital Partners, Aristotle Capital Boston, Putnam Investments, Franklin Templeton Investments, Wellington Management, Rockefeller Asset Management, JP Morgan Asset Management, BlackRock, ClearBridge Investments, 1832 Asset Management, and ChinaAMC.

We provide clients with an extensive suite of well-constructed and competitively priced financial solutions that incorporate public and private market investments as well as alternative investment strategies. We regularly enhance the scope and diversity of our investment offering with new funds and product changes that enable clients to achieve their goals. We believe that well-constructed managed solutions provide advisors with the best opportunity to focus on providing financial advice to their clients.

We provide portfolio construction with investment solutions that include public markets, private markets and alternative strategies.

Our investment solutions include:

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- Managed solutions that rebalance investments to ensure that a chosen mix of investments and risk and return is maintained. These solutions include IG Core Portfolios, IG Managed Payout Portfolios, Investors Portfolios, IG Climate Action Portfolios, IG U.S. Taxpayer Portfolios and IG Managed Risk Portfolios.
- *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.
- *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.
- 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).

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 investments managed by 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.

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, IG Wealth Management clients can invest in the IG Climate Action Portfolios which is a suite of four diversified managed solutions.

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, 2022, 84.0% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar† fund ranking service and 55.4% had a rating of four or five stars. This compared to the Morningstar† universe of 84.0% for three stars or better and 53.3% for four and five star funds at December 31, 2022. 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 $140.4 billion at December 31, 2022, a decrease of 8.0% from December 31, 2021. 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 $103.9 billion, a decrease of 10.6% from December 31, 2021. 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.

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 advisors' compensation is also based on AUA and net assets contributed by our clients.

Assets under advisement were $110.8 billion at December 31, 2022, a decrease of 7.3% from December 31, 2021, and mutual fund assets under management were $99.3 billion, a decrease of 10.2%.

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

Table 9: Change in Assets Under Advisement – Wealth Management

Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Gross client inflows	**$ 4,188**	$ 3,655	$ 4,946	14.6 %	(15.3)%
Gross client outflows	**3,712**	3,209	3,837	15.7	(3.3)
Net flows	**476**	446	1,109	6.7	(57.1)
Investment returns	**6,571**	(1,296)	6,052	N/M	8.6
Net change in assets	**7,047**	(850)	7,161	N/M	(1.6)
Beginning assets	**133,309**	134,159	145,462	(0.6)	(8.4)
Ending assets under advisement	**$ 140,356**	$ 133,309	$ 152,623	5.3 %	(8.0)%
IG Wealth Management	**110,816**	105,029	119,557	5.5	(7.3)
Investment Planning Counsel	**29,547**	28,286	33,077	4.5	(10.7)
Average assets under advisement	**$ 139,155**	$ 137,793	$ 149,702	1.0 %	(7.0)%
IG Wealth Management	**109,638**	108,549	117,379	1.0	(6.6)
Investment Planning Counsel	**29,524**	29,251	32,334	0.9	(8.7)

Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	Change
Gross client inflows	**$ 17,296**	$ 18,800	(8.0)%
Gross client outflows	**14,345**	14,622	(1.9)
Net flows	**2,951**	4,178	(29.4)
Investment returns	**(15,218)**	15,862	N/M
Net change in assets	**(12,267)**	20,040	N/M
Beginning assets	**152,623**	132,583	15.1
Ending assets under advisement	**$ 140,356**	$ 152,623	(8.0)%
IG Wealth Management	**110,816**	119,557	(7.3)
Investment Planning Counsel	**29,547**	33,077	(10.7)
Average assets under advisement	**$ 141,530**	$ 142,867	(0.9)%
IG Wealth Management	**111,271**	111,880	(0.5)
Investment Planning Counsel	**30,268**	30,997	(2.4)

Table 10: Change in Assets Under Management – Wealth Management

Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Sales	**$ 2,263**	$ 2,097	$ 3,133	7.9 %	(27.8)%
Redemptions	**3,129**	2,541	2,805	23.1	11.6
Net sales (redemptions)	**(866)**	(444)	328	(95.0)	N/M
Investment returns	**4,728**	(759)	3,788	N/M	24.8
Net change in assets	**3,862**	(1,203)	4,116	N/M	(6.2)
Beginning assets	**100,035**	101,238	112,054	(1.2)	(10.7)
Ending assets under management	**$ 103,897**	$ 100,035	$ 116,170	3.9 %	(10.6)%
IG Wealth Management	**99,275**	95,460	110,541	4.0	(10.2)
Investment Planning Counsel	**4,622**	4,575	5,629	1.0	(17.9)
Daily average mutual fund assets	**$ 103,867**	$ 103,874	$ 115,115	– %	(9.8)%
IG Wealth Management	**99,208**	99,128	109,521	0.1	(9.4)
Investment Planning Counsel	**4,659**	4,746	5,594	(1.8)	(16.7)

Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	Change
Sales	**$ 11,208**	$ 12,619	(11.2)%
Redemptions	**11,487**	11,094	3.5
Net sales (redemptions)	**(279)**	1,525	N/M
Investment returns	**(11,994)**	11,612	N/M
Net change in assets	**(12,273)**	13,137	N/M
Beginning assets	**116,170**	103,033	12.8
Ending assets under management	**$ 103,897**	$ 116,170	(10.6)%
IG Wealth Management	**99,275**	110,541	(10.2)
Investment Planning Counsel	**4,622**	5,629	(17.9)
Daily average mutual fund assets	**$ 106,768**	$ 110,445	(3.3)%
IG Wealth Management	**101,859**	104,962	(3.0)
Investment Planning Counsel	**4,909**	5,483	(10.5)

For the quarter ended December 31, 2022, gross client inflows of IG Wealth Management assets under advisement were $3.0 billion, a decrease of 11.8% from $3.4 billion in the comparable period in 2021. Gross client inflows in 2022 were the second highest fourth quarter results in IG Wealth Management's history. Net client inflows were $429 million, a decrease of 56.4% from net client inflows of $985 million in the comparable period in 2021. During the fourth quarter, investment returns resulted in an increase of $5.4 billion in assets under advisement compared to an increase of $4.6 billion in the fourth quarter of 2021.

Gross client inflows of IG Wealth Management assets under advisement were $12.9 billion for the twelve months ended December 31, 2022, and represented a decrease of 4.2% from $13.4 billion in the comparable period in 2021. Gross client inflows in 2022 were the second highest annual results in IG Wealth Management's history. Net client inflows were $2.7 billion in the twelve month period, a decrease of $1.0 billion from net client inflows of $3.7 billion in the comparable period in 2021. During 2022, investment returns resulted in a decrease of $11.4 billion in assets under advisement compared to an increase of $12.6 billion in 2021.

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

At December 31, 2022, $76.7 billion, or 77% of IG Wealth Management's mutual fund assets under management, were in products with unbundled fee structures, down 1.4% from $77.8 billion at December 31, 2021 which represented 70% of assets under management.

Change in Assets Under Management and Advisement – 2022 vs. 2021

IG Wealth Management's assets under advisement were $110.8 billion at December 31, 2022, a decrease of 7.3% from $119.6 billion at December 31, 2021. IG Wealth Management's mutual fund assets under management were $99.3 billion at December 31, 2022, representing a decrease of 10.2% from $110.5 billion at December 31, 2021. Average daily mutual fund assets were $99.2 billion in the fourth quarter of 2022,

Table 11: Change in Assets Under Advisement – IG Wealth Management

Three months ended *($ millions)*	**2022** **Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Gross client inflows	**$ 3,031**	$ 2,773	$ 3,437	9.3 %	(11.8)%
Gross client outflows	**2,602**	2,367	2,452	9.9	6.1
Net flows	**429**	406	985	5.7	(56.4)
Investment returns	**5,358**	(851)	4,614	N/M	16.1
Net change in assets	**5,787**	(445)	5,599	N/M	3.4
Beginning assets	**105,029**	105,474	113,958	(0.4)	(7.8)
Ending assets	**$ 110,816**	$ 105,029	$ 119,557	5.5 %	(7.3)%
Daily average assets under advisement	**$ 109,638**	$ 108,549	$ 117,379	1.0 %	(6.6)%

Twelve months ended *($ millions)*	**2022** **Dec. 31**	2021 Dec. 31	Change
Gross client inflows	**$ 12,872**	$ 13,434	(4.2)%
Gross client outflows	**10,182**	9,750	4.4
Net flows	**2,690**	3,684	(27.0)
Investment returns	**(11,431)**	12,600	N/M
Net change in assets	**(8,741)**	16,284	N/M
Beginning assets	**119,557**	103,273	15.8
Ending assets	**$ 110,816**	$ 119,557	(7.3)%
Average assets under advisement	**$ 111,271**	$ 111,880	(0.5)%

Table 12: Change in Assets Under Management – IG Wealth Management

Three months ended *($ millions)*	**2022** **Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Sales	**$ 2,125**	$ 1,970	$ 2,959	7.9 %	(28.2)%
Redemptions	**2,843**	2,374	2,502	19.8	13.6
Net sales (redemptions)	**(718)**	(404)	457	(77.7)	N/M
Investment returns	**4,533**	(739)	3,533	N/M	28.3
Net change in assets	**3,815**	(1,143)	3,990	N/M	(4.4)
Beginning assets	**95,460**	96,603	106,551	(1.2)	(10.4)
Ending assets	**$ 99,275**	$ 95,460	$ 110,541	4.0 %	(10.2)%
Daily average assets under management	**$ 99,208**	$ 99,128	$ 109,521	0.1 %	(9.4)%
Managed asset net sales					
Investment fund net sales	**$ (718)**	$ (404)	$ 457	(77.7)%	N/M
Mackenzie net sales through Wealth Management	**(18)**	(13)	36	(38.5)	N/M
	$ (736)	$ (417)	$ 493	(76.5)%	N/M

Twelve months ended *($ millions)*	**2022** **Dec. 31**	2021 Dec. 31	Change
Sales	**$ 10,587**	$ 11,845	(10.6)%
Redemptions	**10,544**	10,032	5.1
Net sales (redemptions)	**43**	1,813	(97.6)
Investment returns	**(11,309)**	11,015	N/M
Net change in assets	**(11,266)**	12,828	N/M
Beginning assets	**110,541**	97,713	13.1
Ending assets	**$ 99,275**	$ 110,541	(10.2)%
Daily average assets under management	**$ 101,859**	$ 104,962	(3.0)%
Managed asset net sales			
Investment fund net sales	**$ 43**	$ 1,813	(97.6)%
Mackenzie net sales through Wealth Management	**(32)**	431	N/M
	$ 11	$ 2,244	(99.5)%

down 9.4% from $109.5 billion in the fourth quarter of 2021. Average daily mutual fund assets were $101.9 billion for the twelve months ended December 31, 2022, down 3.0% from $105.0 billion in 2021.

For the quarter ended December 31, 2022, sales of IG Wealth Management mutual funds through its advisor network were $2.1 billion, a decrease of 28.2% from the comparable period in 2021. Mutual fund redemptions totalled $2.8 billion, an increase of 13.6% from 2021. IG Wealth Management mutual fund net redemptions for the fourth quarter of 2022 were $718 million compared with net sales of $457 million in 2021. During the fourth quarter, investment returns resulted in an increase of $4.5 billion in mutual fund assets compared to an increase of $3.5 billion in the fourth quarter of 2021.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 11.0% in the fourth quarter of 2022, compared to 8.8% in the fourth quarter of 2021. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 10.0% at December 31, 2022, compared to 9.2% at December 31, 2021, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 16.6% at December 31, 2022. 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, 2022, sales of IG Wealth Management mutual funds through its advisor network were $10.6 billion, a decrease of 10.6% from 2021. Mutual fund redemptions totalled $10.5 billion, an increase of 5.1% from 2021. Net sales of IG Wealth Management mutual funds were $43 million compared with net sales of $1.8 billion in 2021. During 2022, investment returns resulted in a decrease of $11.3 billion in mutual fund assets compared to an increase of $11.0 billion in 2021.

Change in Assets Under Management and Advisement – Q4 2022 vs. Q3 2022

IG Wealth Management's assets under advisement were $110.8 billion at December 31, 2022, an increase of 5.5% from $105.0 billion at September 30, 2022. IG Wealth Management's mutual fund assets under management were $99.3 billion at December 31, 2022, an increase of 4.0% from $95.5 billion at September 30, 2022. Average daily mutual fund assets were $99.2 billion in the fourth quarter of 2022 compared to $99.1 billion in the third quarter of 2022, an increase of 0.1%.

For the quarter ended December 31, 2022, sales of IG Wealth Management mutual funds through its advisor network were $2.1 billion, an increase of 7.9% from the third quarter of 2022. Mutual fund redemptions, which totalled $2.8 billion for the fourth quarter, increased 19.8% from the previous quarter, and the annualized quarterly redemption rate was 11.0% in the fourth quarter compared to 9.3% in the third quarter of 2022. IG Wealth Management mutual fund net redemptions were $718 million for the current quarter compared to net redemptions of $404 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, 2022, total segregated fund assets were $1.3 billion, compared to $1.5 billion at December 31, 2021.

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.

At December 31, 2022, total in-force policies were approximately 377 thousand with an insured value of $103 billion, compared to approximately 379 thousand with an insured value of $102 billion at December 31, 2021. Distribution of insurance products is enhanced through IG Wealth Management's Insurance Planning Specialists, located throughout Canada, who assist advisors 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 advisors 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 advisors 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†. 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, 2022 were $122 million and $732 million compared to $221 million and $1.08 billion in 2021, a decrease of 44.7% and 32.5%, respectively. At December 31, 2022, mortgages offered through both sources totalled $7.7 billion, compared to $8.4 billion at December 31, 2021, a decrease of 7.8%.

Available credit associated with Solutions Banking† All-in-One accounts originated for the three and twelve month periods ended December 31, 2022 were $74 million and $749 million, respectively, compared to $276 million and $1.3 billion, in 2021. At December 31, 2022, the balance outstanding of Solutions Banking† All-in-One products was $4.2 billion, compared to $3.9 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 $5.8 billion at December 31, 2022, compared to $5.7 billion at December 31, 2021.

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 2022 were $104.6 million, a decrease of 25.9% from the fourth quarter in 2021 and a decrease of 4.5% from the prior quarter. Adjusted net earnings for the year ended December 31, 2022 were $437.4 million, a decrease of 16.4% from 2021.

Adjusted earnings before interest and taxes for the fourth quarter of 2022 were $165.4 million, a decrease of 23.1% from the fourth quarter in 2021 and a decrease of 3.9% from the prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2022 were $686.9 million, a decrease of 14.4% from 2021.

2022 vs. 2021

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 $283.1 million in the fourth quarter of 2022, a decrease of $18.0 million or 6.0% from $301.1 million in 2021. For the twelve months ended December 31, 2022, advisory fees were $1,140.4 million, a decrease of $13.9 million or 1.2% from $1,154.3 million in 2021.

Table 13: Operating Results – Wealth Management

				Change	
Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	2022 Sep. 30	2021 Dec. 31
Revenues					
Wealth Management					
Advisory fees	**$ 344.8**	$ 341.8	$ 370.6	0.9 %	(7.0)%
Product and program fees	**225.8**	225.5	252.8	0.1	(10.7)
	570.6	567.3	623.4	0.6	(8.5)
Redemption fees	**0.7**	0.8	1.7	(12.5)	(58.8)
Other financial planning revenues	**39.5**	43.2	47.4	(8.6)	(16.7)
Total Wealth Management	**610.8**	611.3	672.5	(0.1)	(9.2)
Net investment income and other	**2.6**	2.8	1.4	(7.1)	85.7
	613.4	614.1	673.9	(0.1)	(9.0)
Expenses					
Advisory and business development					
Asset-based compensation	**187.5**	184.5	195.2	1.6	(3.9)
Sales-based compensation	**20.4**	19.7	15.9	3.6	28.3
Other					
Other product commissions	**19.7**	19.5	21.3	1.0	(7.5)
Business development	**49.3**	54.3	52.4	(9.2)	(5.9)
	69.0	73.8	73.7	(6.5)	(6.4)
Total advisory and business development	**276.9**	278.0	284.8	(0.4)	(2.8)
Operations and support	**121.3**	118.5	115.9	2.4	4.7
Sub-advisory	**44.6**	44.0	49.5	1.4	(9.9)
	442.8	440.5	450.2	0.5	(1.6)
Adjusted earnings before interest and taxes(1)	**170.6**	173.6	223.7	(1.7)	(23.7)
Interest expense	**22.8**	22.7	22.7	0.4	0.4
Adjusted earnings before income taxes(1)	**147.8**	150.9	201.0	(2.1)	(26.5)
Income taxes	**39.7**	40.5	53.8	(2.0)	(26.2)
Adjusted net earnings(1)	**108.1**	110.4	147.2	(2.1)	(26.6)
Non-controlling interest	**0.2**	–	–	N/M	N/M
Adjusted net earnings available to common shareholders(1)	**$ 107.9**	$ 110.4	$ 147.2	(2.3)%	(26.7)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 13: Operating Results – Wealth Management (continued)

Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	Change
Revenues			
Wealth Management			
Advisory fees	**$ 1,391.5**	$ 1,417.2	(1.8)%
Product and program fees	**923.9**	961.1	(3.9)
	2,315.4	2,378.3	(2.6)
Redemption fees	**4.0**	10.0	(60.0)
Other financial planning revenues	**164.6**	184.6	(10.8)
Total Wealth Management	**2,484.0**	2,572.9	(3.5)
Net investment income and other	**4.1**	3.6	13.9
	2,488.1	2,576.5	(3.4)
Expenses			
Advisory and business development			
Asset-based compensation	**754.0**	740.1	1.9
Sales-based compensation	**76.1**	56.1	35.7
Other			
Other product commissions	**76.8**	75.5	1.7
Business development	**219.2**	217.6	0.7
	296.0	293.1	1.0
Total advisory and business development	**1,126.1**	1,089.3	3.4
Operations and support	**476.9**	466.1	2.3
Sub-advisory	**181.9**	189.7	(4.1)
	1,784.9	1,745.1	2.3
Adjusted earnings before interest and taxes(1)	**703.2**	831.4	(15.4)
Interest expense	**90.3**	90.3	–
Adjusted earnings before income taxes(1)	**612.9**	741.1	(17.3)
Income taxes	**164.2**	198.0	(17.1)
Adjusted net earnings(1)	**448.7**	543.1	(17.4)
Non-controlling interest	**0.2**	–	N/M
Adjusted net earnings available to common shareholders(1)	**$ 448.5**	$ 543.1	(17.4)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

The decrease in advisory fees in the three months ending December 31, 2022 was primarily due to the decrease in average assets under advisement of 6.6%, as shown in Table 11, partially offset by an increase in the advisory fee rate. The decrease in advisory fees in the twelve months ending December 31, 2022 was primarily due to the decrease in average assets under advisement of 0.5%, as shown in Table 11, and a decrease in the advisory fee rate. The average advisory fee rate for the fourth quarter was 102.4 basis points of average assets under advisement compared to 101.8 basis points in 2021, and for the twelve month period, the rate was 102.5 basis points compared to 103.2 basis points in 2021. The change in the average advisory fee rate for the three and twelve month periods primarily reflects changes in client and product mix.

Product and program fees depend largely on the level and composition of mutual fund assets under management. Product and program fees totalled $214.7 million in the current quarter, down 9.8% from $238.1 million a year ago primarily due to the decrease in average assets under management of 9.4%, as shown in Table 12. Product and program fees were $875.1 million for the twelve month period ended December 31, 2022 compared to $903.5 million in 2021, a decrease of 3.1% primarily due to the decrease in average assets under management of 3.0%, as shown in Table 12. The average product and program fee rate for the fourth quarter was 85.9 basis points of assets under management compared to 86.3 basis points in 2021, and the rate for the twelve month period of 2022 was 85.9 basis points of average assets under management compared to 86.0 basis points in 2021, reflecting price reductions in certain funds and changes in product mix.

Other financial planning revenues are primarily earned from:

- Mortgage banking operations
- Distribution of insurance products through I.G. Insurance Services Inc.

Table 14: Operating Results – IG Wealth Management

Three months ended *($ millions)*	2022 Dec. 31	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Revenues					
Wealth Management					
Advisory fees	**$ 283.1**	$ 280.4	$ 301.1	1.0 %	(6.0)%
Product and program fees	**214.7**	214.1	238.1	0.3	(9.8)
	497.8	494.5	539.2	0.7	(7.7)
Redemption fees	**0.6**	0.8	1.7	(25.0)	(64.7)
Other financial planning revenues	**32.4**	37.3	41.7	(13.1)	(22.3)
Total Wealth Management	**530.8**	532.6	582.6	(0.3)	(8.9)
Net investment income and other	**2.1**	2.2	1.3	(4.5)	61.5
	532.9	534.8	583.9	(0.4)	(8.7)
Expenses					
Advisory and business development					
Asset-based compensation	**140.3**	136.6	142.0	2.7	(1.2)
Sales-based compensation	**20.4**	19.7	15.9	3.6	28.3
Other					
Other product commissions	**16.8**	16.9	18.0	(0.6)	(6.7)
Business development	**39.7**	45.5	43.8	(12.7)	(9.4)
	56.5	62.4	61.8	(9.5)	(8.6)
Total advisory and business development	**217.2**	218.7	219.7	(0.7)	(1.1)
Operations and support	**108.8**	102.9	103.6	5.7	5.0
Sub-advisory	**41.5**	41.0	45.6	1.2	(9.0)
	367.5	362.6	368.9	1.4	(0.4)
Adjusted earnings before interest and taxes[1]	**165.4**	172.2	215.0	(3.9)	(23.1)
Interest expense	**22.6**	22.6	22.5	–	0.4
Adjusted earnings before income taxes[1]	**142.8**	149.6	192.5	(4.5)	(25.8)
Income taxes	**38.2**	40.1	51.4	(4.7)	(25.7)
Adjusted net earnings[1]	**$ 104.6**	$ 109.5	$ 141.1	(4.5)%	(25.9)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

- Securities trading services provided through Investors Group Securities Inc.
- Banking services provided through Solutions Banking†

Other financial planning revenues of $32.4 million for the fourth quarter of 2022 decreased by $9.3 million from $41.7 million in 2021. For the twelve month period, other financial planning revenues of $140.5 million decreased by $22.9 million from $163.4 million in 2021. The decrease in both the three and twelve month periods were primarily due to lower earnings from 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 consists of unrealized gains or losses on investments in proprietary funds in the three and twelve months ended December 31, 2022, and 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 advisors. 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 advisor networks. These expenses tend to be discretionary or vary based upon the number of advisors or clients.

Asset-based compensation fluctuates with the value of assets under advisement. Asset-based compensation decreased by $1.7 million for the three months ended December 31, 2022 to $140.3 million compared to 2021, primarily due to rate

Table 14: Operating Results – IG Wealth Management (continued)

Twelve months ended *($ millions)*	**2022 Dec.31**	2021 Dec. 31	Change
Revenues			
Wealth Management			
Advisory fees	**$ 1,140.4**	$ 1,154.3	(1.2)%
Product and program fees	**875.1**	903.5	(3.1)
	2,015.5	2,057.8	(2.1)
Redemption fees	**3.9**	9.9	(60.6)
Other financial planning revenues	**140.5**	163.4	(14.0)
Total Wealth Management	**2,159.9**	2,231.1	(3.2)
Net investment income and other	**2.4**	2.6	(7.7)
	2,162.3	2,233.7	(3.2)
Expenses			
Advisory and business development			
Asset-based compensation	**558.9**	536.0	4.3
Sales-based compensation	**76.1**	56.1	35.7
Other			
Other product commissions	**65.5**	62.8	4.3
Business development	**182.2**	184.6	(1.3)
	247.7	247.4	0.1
Total advisory and business development	**882.7**	839.5	5.1
Operations and support	**423.6**	416.9	1.6
Sub-advisory	**169.1**	174.5	(3.1)
	1,475.4	1,430.9	3.1
Adjusted earnings before interest and taxes[1]	**686.9**	802.8	(14.4)
Interest expense	**89.7**	89.6	0.1
Adjusted earnings before income taxes[1]	**597.2**	713.2	(16.3)
Income taxes	**159.8**	190.3	(16.0)
Adjusted net earnings[1]	**$ 437.4**	$ 522.9	(16.4)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

increases and decreased average assets under advisement. For the twelve months ended December 31, 2022, asset-based compensation increased by $22.9 million to $558.9 million compared to 2021, primarily due to rate increases due to changes in advisor productivity.

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 $20.4 million for the fourth quarter of 2022, an increase of $4.5 million from $15.9 million in 2021. For the twelve month period, sales-based compensation expense was $76.1 million, an increase of $20.0 million from $56.1 million in 2021. The increase in expense is due to additional sales-based commission being capitalized and amortized throughout 2021 and 2022.

Other advisory and business development expenses were $56.5 million in the fourth quarter of 2022, compared to $61.8 million in 2021, a decrease of $5.3 million due to decreases in other advisor program expenses and distribution of insurance products. Other advisory and business development expenses were $247.7 million in the twelve months ended December 31, 2022, compared to $247.4 million in 2021.

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 $108.8 million for the fourth quarter of 2022 compared to $103.6 million in 2021, an increase of $5.2 million. For the twelve month period, operations and support expenses were $423.6 million in 2022 compared to $416.9 million in 2021, an increase of $6.7 million or 1.6%.

Table 15: Mortgage Banking Operations – IG Wealth Management

Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	**$ 34.1**	$ 32.2	$ 33.1	5.9 %	3.0 %
Interest expense	**29.5**	25.7	25.5	14.8	15.7
Net interest income	**4.6**	6.5	7.6	(29.2)	(39.5)
Gains on sales[1]	**–**	–	0.5	–	(100.0)
Fair value adjustments	**(5.7)**	(1.0)	–	N/M	N/M
Other	**4.0**	2.8	0.7	42.9	N/M
	$ 2.9	$ 8.3	$ 8.8	(65.1)%	(67.0)%
Average mortgages serviced					
Securitizations	**$ 4,567**	$ 4,638	$ 5,111	(1.5)%	(10.6)%
Other	**2,357**	2,419	2,411	(2.6)	(2.2)
	$ 6,924	$ 7,057	$ 7,522	(1.9)%	(8.0)%
Mortgage sales to:[2]					
Securitizations	**$ 359**	$ 535	$ 297	(32.9)%	20.9 %
Other[1]	**–**	–	176	–	(100.0)
	$ 359	$ 535	$ 473	(32.9)%	(24.1)%

Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	Change
Total mortgage banking income			
Net interest income on securitized loans			
Interest income	**$ 127.2**	$ 147.0	(13.5)%
Interest expense	**102.8**	111.4	(7.7)
Net interest income	**24.4**	35.6	(31.5)
(Losses) gains on sales[1]	**(3.5)**	3.9	N/M
Fair value adjustments	**(3.1)**	1.4	N/M
Other	**8.2**	3.5	134.3
	$ 26.0	$ 44.4	(41.4)%
Average mortgages serviced			
Securitizations	**$ 4,708**	$ 5,431	(13.3)%
Other	**2,404**	2,503	(4.0)
	$ 7,112	$ 7,934	(10.4)%
Mortgage sales to:[2]			
Securitizations	**$ 1,281**	$ 1,506	(14.9)%
Other[1]	**355**	872	(59.3)
	$ 1,636	$ 2,378	(31.2)%

(1) Represents sales to institutional investors through private placements and to IG Mackenzie Mortgage and Short Term Income Fund, as well as gains (losses) realized on those sales.
(2) Represents principal amounts sold.

Sub-advisory expenses were $41.5 million for the fourth quarter of 2022 compared to $45.6 million in 2021, a decrease of $4.1 million or 9.0%. For the twelve month period, sub-advisory expenses were $169.1 million in 2022 compared to $174.5 million in 2021, a decrease of $5.4 million or 3.1%. The decreases in both the three and twelve month periods are primarily due to lower assets under management.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $22.6 million and $89.7 million in the three and twelve months ended December 31, 2022, respectively, comparable to 2021. Long-term debt interest expense is calculated based on a long-term debt allocation of $1.7 billion to IG Wealth Management.

Q4 2022 vs. Q3 2022

Fee Income

Advisory fee income increased by $2.7 million or 1.0% to $283.1 million in the fourth quarter of 2022 compared with the third quarter. The increase in advisory fees in the fourth quarter was primarily due to the increase in average assets under advisement of 1.0% for the quarter, as shown in Table 11. The average advisory fee rate for the fourth quarter was 102.4 basis points of average assets under management, compared to 102.5 basis points in the third quarter.

Product and program fees were $214.7 million in the fourth quarter of 2022, an increase of $0.6 million from $214.1 million in the third quarter of 2022. The average product and program fee rate was 85.9 basis points in the current quarter, compared to 85.7 basis points in the third quarter.

Other financial planning revenues of $32.4 million in the fourth quarter of 2022 decreased by $4.9 million from $37.3 million in the third quarter due to a decrease in earnings from the mortgage banking operations.

Expenses

Advisory and business development expenses in the current quarter were $217.2 million, a decrease of $1.5 million from $218.7 million in the previous quarter.

Operations and support expenses were $108.8 million for the fourth quarter of 2022 compared to $102.9 million in the previous quarter, an increase of $5.9 million or 5.7%.

Investment Planning Counsel

2022 vs. 2021

Adjusted net earnings available to common shareholders related to Investment Planning Counsel were $2.8 million and $9.1 million lower in the three and twelve month periods ended December 31, 2022 than the comparable periods in 2021.

Q4 2022 vs. Q3 2022

Adjusted net earnings available to common shareholders related to Investment Planning Counsel were $2.4 million higher in the fourth quarter of 2022 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.

Debt and interest expense is allocated to each IGM Financial 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 exchange traded funds, sub-advised accounts 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, Winnipeg, Vancouver, Boston, Dublin and Hong Kong. In addition, our ownership interest in Northleaf enhances our investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients and our ownership interest in ChinaAMC offers our clients access to Chinese capital markets. We also 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. In 2022, Mackenzie entered into a new multi-year product and services distribution agreement with PFSL Investment Canada Ltd. (Primerica) where Mackenzie serves as one of two exclusive investment solutions providers and, on June 30, 2022, Mackenzie launched a suite of 25 funds designed to address the specific needs of Primerica advisors and their clients. 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 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.

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.

At December 31, 2022, Mackenzie's total assets under management were $186.6 billion, a decrease of 11.3% from $210.3 billion last year. Mackenzie's total assets under management (excluding sub-advisory to Wealth Management) were $113.1 billion, a decrease of 12.4% from $129.1 billion last year. The change in Mackenzie's assets under management is determined by investment returns and net contributions from our clients.

Change in Assets Under Management – 2022 vs. 2021

Mackenzie's total assets under management at December 31, 2022 were $186.6 billion, a decrease of 11.3% from $210.3 billion at December 31, 2021. Assets under management excluding sub-advisory to the Wealth Management segment were $113.1 billion, a decrease of 12.4% from $129.1 billion at December 31, 2021.

Investment fund assets under management were $59.7 billion at December 31, 2022, compared to $68.4 billion at December 31, 2021, a decrease of 12.7%. Mackenzie's mutual fund assets under management of $54.4 billion decreased by 13.6% from $63.0 billion at December 31, 2021. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were $5.2 billion at December 31, 2022, a decrease of 3.2% from $5.4 billion at December 31, 2021. ETF assets inclusive of IGM Financial's managed products were $12.4 billion at December 31, 2022 compared to $12.7 billion at December 31, 2021.

In the three months ended December 31, 2022, Mackenzie's mutual fund gross sales were $1.6 billion, a decrease of 39.9% from $2.6 billion in 2021. Mutual fund redemptions in the current quarter were $2.5 billion, an increase of 21.4% from last year. Mutual fund net redemptions for the three months ended December 31, 2022 were $966 million, compared to net sales of $512 million last year. In the three months ended December 31, 2022, ETF net creations were $134 million compared to $245 million last year. Investment fund net redemptions in the current quarter were $832 million compared to net sales of $757 million last year. During the current quarter, investment returns resulted in investment fund assets increasing by $2.9 billion compared to an increase of $2.8 billion last year.

Table 16: Change in Total Assets Under Management – Asset Management

Three months ended *($ millions)*	**2022** **Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment					
Net sales (redemptions)					
Mutual funds	**$ (966)**	$ (594)	$ 512	(62.6)%	N/M %
ETF net creations	**134**	(86)	245	N/M	(45.3)
Investment funds(1)	**(832)**	(680)	757	(22.4)	N/M
Sub-advisory, institutional and other accounts(2)	**(135)**	(139)	(576)	2.9	76.6
Total net sales (redemptions)	**(967)**	(819)	181	(18.1)	N/M
Investment returns	**3,385**	(812)	3,162	N/M	7.1
Net change in assets	**2,418**	(1,631)	3,343	N/M	(27.7)
Beginning assets	**63,657**	65,288	72,967	(2.5)	(12.8)
Ending assets	**$ 66,075**	$ 63,657	$ 76,310	3.8 %	(13.4)%
Consolidated assets under management					
Mutual funds	**$ 54,434**	$ 52,541	$ 62,969	3.6 %	(13.6)%
ETFs	**5,219**	5,010	5,393	4.2	(3.2)
Investment funds(1)	**59,653**	57,551	68,362	3.7	(12.7)
Sub-advisory, institutional and other accounts	**6,422**	6,106	7,948	5.2	(19.2)
	66,075	63,657	76,310	3.8	(13.4)
Sub-advisory to Canada Life	**47,023**	45,015	52,805	4.5	(10.9)
Total excluding sub-advisory to Wealth Management	**113,098**	108,672	129,115	4.1	(12.4)
Sub-advisory to Wealth Management	**73,514**	71,834	81,228	2.3	(9.5)
Consolidated assets under management	**$ 186,612**	$ 180,506	$ 210,343	3.4 %	(11.3)%
Average total assets under management(3)					
Excluding sub-advisory to Wealth Management	**$ 112,651**	$ 113,448	$ 126,759	(0.7)%	(11.1)%
Consolidated	**186,260**	187,323	207,143	(0.6)	(10.1)

Twelve months ended *($ millions)*	**2022** **Dec. 31**	2021 Dec. 31	Change
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment			
Net sales (redemptions)			
Mutual funds(4)	**$ (1,736)**	$ 3,908	N/M %
ETF net creations(5)	**705**	1,532	(54.0)
Investment funds(1)	**(1,031)**	5,440	N/M
Sub-advisory, institutional and other accounts(2)	**(834)**	(306)	(172.5)
Total net sales (redemptions)	**(1,865)**	5,134	N/M
Investment returns	**(8,370)**	7,413	N/M
Net change in assets	**(10,235)**	12,547	N/M
Beginning assets	**76,310**	63,763	19.7
Ending assets	**$ 66,075**	$ 76,310	(13.4)%
Average total assets under management(3)			
Excluding sub-advisory to Wealth Management	**$ 117,801**	$ 120,988	(2.6)%
Consolidated	**194,040**	198,946	(2.5)

(1) Investment fund assets under management and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Sub-advisory, institutional and other accounts:
2022 Q1 – an institutional investor redeemed $291 million within products Mackenzie sub-advises.
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.
(3) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.
(4) 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.
(5) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

Table 17: Change in Investment Fund Assets Under Management – Asset Management[1]

Three months ended *($ millions)*	2022 Dec. 31	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Sales	**$ 1,559**	$ 1,281	$ 2,592	21.7 %	(39.9)%
Redemptions	**2,525**	1,875	2,080	34.7	21.4
Mutual fund net sales (redemptions)	**(966)**	(594)	512	(62.6)	N/M
ETF net creations	**134**	(86)	245	N/M	(45.3)
Investment fund net sales (redemptions)[2]	**(832)**	(680)	757	(22.4)	N/M
Investment returns	**2,934**	(713)	2,816	N/M	4.2
Net change in assets	**2,102**	(1,393)	3,573	N/M	(41.2)
Beginning assets	**57,551**	58,944	64,789	(2.4)	(11.2)
Ending assets	**$ 59,653**	$ 57,551	$ 68,362	3.7 %	(12.7)%
Consists of:					
Mutual funds	**$ 54,434**	$ 52,541	$ 62,969	3.6 %	(13.6)%
ETFs	**5,219**	5,010	5,393	4.2	(3.2)
Investment funds	**$ 59,653**	$ 57,551	$ 68,362	3.7 %	(12.7)%
Daily average investment fund assets	**$ 59,421**	$ 60,405	$ 66,833	(1.6)%	(11.1)%

Twelve months ended *($ millions)*	2022 Dec. 31	2021 Dec. 31	Change
Sales	**$ 7,496**	$ 12,022	(37.6)%
Redemptions	**9,232**	8,114	13.8
Mutual fund net sales (redemptions)[3]	**(1,736)**	3,908	N/M
ETF net creations[4]	**705**	1,532	(54.0)
Investment fund net sales (redemptions)[2]	**(1,031)**	5,440	N/M
Investment returns	**(7,678)**	6,452	N/M
Net change in assets	**(8,709)**	11,892	N/M
Beginning assets	**68,362**	56,470	21.1
Ending assets	**$ 59,653**	$ 68,362	(12.7)%
Daily average investment fund assets	**$ 62,114**	$ 63,003	(1.4)%

(1) Investment fund assets under management and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.
(3) 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.
(4) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended December 31, 2022 were $967 million compared to net sales of $181 million 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, net sales were $848 million for the three months ended December 31, 2021. During the current quarter, investment returns resulted in assets increasing by $3.4 billion compared to an increase of $3.2 billion last year.

In the twelve months ended December 31, 2022, Mackenzie's mutual fund gross sales were $7.5 billion, a decrease of 37.6% from $12.0 billion in 2021. Mutual fund redemptions in the current period were $9.2 billion, an increase of 13.8% from last year. Mutual fund net redemptions for the year ended December 31, 2022 were $1.7 billion, compared to net sales of $3.9 billion in 2021. In the year ended December 31, 2022, ETF net creations were $705 million compared to $1.5 billion last year. Investment fund net redemptions in the current period were $1.0 billion compared to net sales of $5.4 billion last year. During the current period, investment returns resulted in investment fund assets decreasing by $7.7 billion compared to an increase of $6.5 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. Excluding this transaction in 2021, mutual fund redemptions increased by 19.1% in the twelve months ended December 31, 2022 compared to 2021, and mutual fund net redemptions of $1.7 billion in 2022 compared to mutual fund net sales of $4.3 billion in 2021.

Redemptions of long-term mutual funds in the three and twelve months ended December 31, 2022, were $2.5 billion and $9.1 billion, respectively, compared to $2.0 billion and $8.0 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. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 18.2% in the fourth quarter of 2022, compared to 13.3% in the fourth quarter of 2021. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 16.0% at December 31, 2022, compared to 13.6% last year. Mackenzie's twelve month trailing redemption rate for long-term funds, excluding rebalance transactions, was 12.9% at December 31, 2021. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 16.2% at December 31, 2022. 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.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the twelve months ended December 31, 2022 were $1.9 billion compared to net sales of $5.1 billion last year. During the twelve month period, investment returns resulted in assets decreasing by $8.4 billion compared to an increase of $7.4 billion last year.

During 2021, Mackenzie was awarded $680 million of sub-advisory mandates through our strategic partnership with China Asset Management Co., Ltd. (ChinaAMC).

During the twelve months ended December 31, 2022, an institutional investor redeemed $291 million within products that Mackenzie sub-advises and Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs. Excluding these two transactions and the 2021 ChinaAMC award and transactions previously mentioned, total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the twelve months ended December 31, 2022 were $2.3 billion compared to net sales of $5.5 billion last year.

As at December 31, 2022, Mackenzie's sub-advisory to Canada Life were $47.0 billion compared to $52.8 billion at December 31, 2021.

As at December 31, 2022, Mackenzie's sub-advisory to the Wealth Management segment were $73.5 billion or 70.8% of total Wealth Management assets under management compared to $81.2 billion or 69.9% of total Wealth Management assets under management at December 31, 2021.

Change in Assets under Management – Q4 2022 vs. Q3 2022

Mackenzie's total assets under management at December 31, 2022 were $186.6 billion, an increase of 3.4% from $180.5 billion at September 30, 2022. Assets under management excluding sub-advisory to the Wealth Management segment were $113.1 billion, an increase of 4.1% from $108.7 billion at September 30, 2022.

Investment fund assets under management were $59.7 billion at December 31, 2022, an increase of 3.7% from $57.6 billion at September 30, 2022. Mackenzie's mutual fund assets under management were $54.4 billion at December 31, 2022, an increase of 3.6% from $52.5 billion at September 30, 2022. Mackenzie's ETF assets were $5.2 billion at December 31, 2022 compared to $5.0 billion at September 30, 2022. ETF assets inclusive of IGM Financial's managed products were $12.4 billion at December 31, 2022 compared to $11.5 billion at September 30, 2022.

For the quarter ended December 31, 2022, Mackenzie mutual fund gross sales were $1.6 billion, an increase of 21.7% from the third quarter of 2022. Mutual fund redemptions were $2.5 billion, an increase of 34.7% from the third quarter of 2022. Net redemptions of Mackenzie mutual funds for the current quarter were $966 million compared with net redemptions of $594 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were $2.5 billion, compared to $1.8 billion in the third quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 18.2% compared to 13.4% in the third quarter.

For the quarter ended December 31, 2022, Mackenzie ETF net creations were $134 million compared to ($86) million in the third quarter.

Investment fund net redemptions in the current quarter were $832 million compared to net redemptions of $680 million in the third quarter.

As at December 31, 2022, Mackenzie's sub-advisory to Canada Life were $47.0 billion compared to $45.0 billion at September 30, 2022.

As at December 31, 2022, Mackenzie's sub-advisory to the Wealth Management segment were $73.5 billion or 70.8% of total Wealth Management assets under management compared to $71.8 billion or 71.8% of total Wealth Management assets under management at September 30, 2022.

Investment Management

Mackenzie has $186.6 billion in assets under management at December 31, 2022, including $73.5 billion of sub-advisory mandates to the Wealth Management segment. It has teams located in Toronto, 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. Our investment team currently consists of 17 boutiques. 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.

Mackenzie's 56% economic 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, and Impax Asset Management. During 2022, 1832 Asset Management, Addenda, Brandywine, Blackrock, and T. Rowe Price were added as sub-advisors for the launch of the suite of Mackenzie FuturePath Funds designed to address the specific needs of Primerica advisors and their clients.

During 2022, 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:

- Released net zero 2030 interim targets.
- Commenced engagements with the 100 companies responsible for the majority of the financed emissions produced by companies Mackenzie invests in for its clients.
- Continued to attract talent and enhance data and capabilities to address risks associated with climate change.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At December 31, 2022, 55.8% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 58.2% for the three year time frame and 64.6% 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, 2022, 85.9% of Mackenzie mutual fund assets measured by Morningstar[†] had a rating of three stars or better and 57.1% had a rating of four or five stars. This compared to the Morningstar[†] universe of 84.0% for three stars or better and 53.3% for four and five star funds at December 31, 2022.

Mackenzie was once again recognized for industry leading performance during 2022 by winning the following awards:

- Refinitiv Lipper awards – seven awards in respect of six mutual funds and one exchange traded fund. This award is presented annually and honours funds that lead in delivering strong, risk-adjusted performance relative to their peers.
- Fundata FundGrade A+ – eight awards in respect of four mutual funds and four exchange traded funds. This award is presented annually and honours funds that achieve consistently high FundGrade scores throughout the calendar year.

Products

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients. During 2022, Mackenzie launched thirty mutual funds which included a suite of twenty-five FuturePath Funds through its new partnership with Primerica Financial Services Canada (PFSL), two alternative funds in collaboration with Northleaf Capital Partners (Northleaf), and two ETFs, including one in collaboration with Wealthsimple. In January 2023, Mackenzie filed the preliminary prospectus for the upcoming launch of an additional mutual fund and ETF in partnership with Corporate Knights.

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 2022, Mackenzie launched 29 mutual funds:

- Mackenzie North American Equity Fund
- Mackenzie North American Balanced Fund
- Mackenzie Inflation-Focused Fund
- Mackenzie USD US Mid Cap Opportunities Fund
- 25 Mackenzie FuturePath funds supporting a new partnership with Primerica. This new family of funds will harness a wide selection of Mackenzie's competitive investment strategies and covers all major CIFSC categories and investment styles.

During the fourth quarter of 2022, the Mackenzie Bluewater Next Gen Growth Fund was launched. This global equity fund invests in innovation leaders across geographies, sectors, and market capitalizations who have a significant competitive advantage, strong growth opportunities and a unique value proposition.

Alternative Funds

Mackenzie currently has ten funds in the alternatives space including four products in collaboration with Northleaf Capital Partners (Northleaf). During 2022, Mackenzie launched two products in collaboration with Northleaf as part of its ongoing commitment to expand retail investor access to private market investment solutions.

- Mackenzie Northleaf Private Credit Interval Fund
- Mackenzie Northleaf Global Private Equity Fund

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 2022, Mackenzie launched two new ETFs. These ETFs further broadened our diverse offerings of ETFs:

- Wealthsimple North American Green Bond Index ETF
- Mackenzie Emerging Markets Equity Index ETF

Mackenzie's current line-up consists of 45 ETFs: 24 active and strategic beta ETFs and 21 traditional index ETFs. ETF assets under management ended the quarter at $12.4 billion, inclusive of $7.2 billion in investments from IGM managed products. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

2023 Launch

In January 2023, the launch of the Mackenzie Corporate Knights Global 100 Index Mutual Fund and Mackenzie Corporate Knights Global Index ETF was confirmed. These funds will invest in equity securities in a manner that tracks the Corporate Knights Global 100 index.

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 2022 were $51.3 million, a decrease of 21.4% from the fourth quarter in 2021 and a decrease of 12.3% from the prior quarter. Adjusted net earnings for the year ended December 31, 2022 were $213.2 million, a decrease of 11.5% from 2021.

Adjusted earnings before interest and taxes for the fourth quarter of 2022 were $76.0 million, a decrease of 17.7% from the fourth quarter in 2021 and a decrease of 11.0% from the prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2022 were $313.1 million, a decrease of 9.4% from 2021.

2022 vs. 2021

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

Table 18: Operating Results – Asset Management

Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Revenues					
Asset management					
Asset management fees – third party	**$ 232.5**	$ 234.7	$ 265.4	(0.9)%	(12.4)%
Redemption fees	**0.7**	0.7	1.4	–	(50.0)
	233.2	235.4	266.8	(0.9)	(12.6)
Dealer compensation expenses					
Asset-based compensation	**(76.9)**	(77.5)	(88.1)	(0.8)	(12.7)
Sales-based compensation	**–**	–	(3.6)	–	(100.0)
	(76.9)	(77.5)	(91.7)	(0.8)	(16.1)
Net asset management fees – third party	**156.3**	157.9	175.1	(1.0)	(10.7)
Asset management fees – Wealth Management	**27.3**	27.3	30.0	–	(9.0)
Net asset management	**183.6**	185.2	205.1	(0.9)	(10.5)
Net investment income and other	**5.6**	3.8	1.3	47.4	N/M
	189.2	189.0	206.4	0.1	(8.3)
Expenses					
Advisory and business development	**21.3**	16.4	24.1	29.9	(11.6)
Operations and support	**90.9**	86.0	88.3	5.7	2.9
Sub-advisory	**1.0**	1.2	1.6	(16.7)	(37.5)
	113.2	103.6	114.0	9.3	(0.7)
Adjusted earnings before interest and taxes(1)	**76.0**	85.4	92.4	(11.0)	(17.7)
Interest expense	**5.9**	5.9	5.9	–	–
Adjusted earnings before income taxes(1)	**70.1**	79.5	86.5	(11.8)	(19.0)
Income taxes	**18.8**	21.0	21.2	(10.5)	(11.3)
Adjusted net earnings(1)	**$ 51.3**	$ 58.5	$ 65.3	(12.3) %	(21.4)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 18: Operating Results – Asset Management (continued)

Twelve months ended *($ millions)*	**2022** **Dec. 31**	2021 Dec. 31	Change
Revenues			
Asset management			
Asset management fees – third party	**$ 962.9**	$ 1,007.0	(4.4)%
Redemption fees	**3.1**	4.5	(31.1)
	966.0	1,011.5	(4.5)
Dealer compensation expenses			
Asset-based compensation	**(320.3)**	(335.8)	(4.6)
Sales-based compensation	**(7.3)**	(19.5)	(62.6)
	(327.6)	(355.3)	(7.8)
Net asset management fees – third party	**638.4**	656.2	(2.7)
Asset management fees – Wealth Management	**111.7**	114.6	(2.5)
Net asset management	**750.1**	770.8	(2.7)
Net investment income and other	**5.7**	5.8	(1.7)
	755.8	776.6	(2.7)
Expenses			
Advisory and business development	**79.4**	88.7	(10.5)
Operations and support	**358.4**	335.6	6.8
Sub-advisory	**4.9**	6.9	(29.0)
	442.7	431.2	2.7
Adjusted earnings before interest and taxes[(1)]	**313.1**	345.4	(9.4)
Interest expense	**23.5**	23.6	(0.4)
Adjusted earnings before income taxes[(1)]	**289.6**	321.8	(10.0)
Income taxes	**76.4**	81.0	(5.7)
Adjusted net earnings[(1)]	**$ 213.2**	$ 240.8	(11.5)%

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

rates than exchange traded funds, 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. 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. Mackenzie stopped selling deferred sales charge purchase options and low load purchase options as of June 1, 2022, in accordance with regulatory changes.

• Asset management fees – Wealth Management consists of sub-advisory fees earned from the Wealth Management segment.

Net asset management fees – third party were $156.3 million for the three months ended December 31, 2022, a decrease of $18.8 million or 10.7% from $175.1 million last year. The decrease in net asset management fees – third party was due to an 11.1% decrease in average assets under management, as shown in Table 16, offset by an increase in the net asset management fee rate. Mackenzie's net asset management fee rate was 55.1 basis points for the three months ended December 31, 2022, compared to 54.8 basis points in the comparative period in 2021. The increase in rate was mostly driven by lower selling commissions.

Net asset management fees – third party were $638.4 million for the twelve months ended December 31, 2022, a decrease of $17.8 million or 2.7% from $656.2 million last year. The decrease in net asset management fees – third party was primarily due to a 2.6% decrease in average assets under management, as shown in Table 16. Mackenzie's net asset management fee rate was 54.2 basis points for the twelve months ended December 31, 2022, consistent with 2021.

Management fees – Wealth Management were $27.3 million for the three months ended December 31, 2022, a decrease of $2.7 million or 9.0% from $30.0 million last year. The decrease in management fees was primarily due to an 8.4% decrease in average assets under management. Mackenzie's management fee rate was 14.7 basis points for the three months ended December 31, 2022 compared to 14.8 basis points in the comparative period in 2021.

Management fees – Wealth Management were $111.7 million for the twelve months ended December 31, 2022, a decrease of $2.9 million or 2.5% from $114.6 million last year. The decrease in management fees was due to a 2.2% decrease in average assets under management. Mackenzie's management fee rate was 14.7 basis points for the twelve months ended December 31, 2022, consistent with 2021.

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 $5.6 million for the three months ended December 31, 2022 compared to $1.3 million last year, and was $5.7 million for the twelve months ended December 31, 2022 compared to $5.8 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 $21.3 million for the three months ended December 31, 2022, a decrease of $2.8 million or 11.6% from $24.1 million in 2021. Expenses for the twelve months ended December 31, 2022 were $79.4 million, a decrease of $9.3 million or 10.5% from $88.7 million last year. The decline in the three and twelve month periods was attributed to lower wholesaler commissions consistent with the decline in net investment fund net sales.

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 $90.9 million for the three months ended December 31, 2022, an increase of $2.6 million or 2.9% from $88.3 million in 2021. Expenses for the twelve months ended December 31, 2022 were $358.4 million, an increase of $22.8 million or 6.8% from $335.6 million last year.

Sub-advisory expenses were $1.0 million for the three months ended December 31, 2022, compared to $1.6 million in 2021. Expenses for the twelve months ended December 31, 2022 were $4.9 million, compared to $6.9 million last year, due to lower sub-advisory assets.

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 2022, unchanged from the comparative period in 2021. Interest expense for the twelve month period was $23.5 million compared to $23.6 million in 2021. Long-term debt interest expense is calculated based on a long-term debt allocation of $0.4 billion to Mackenzie.

Q4 2022 vs. Q3 2022

Revenues

Net asset management fees – third party were $156.3 million for the current quarter, a decrease of $1.6 million or 1.0% from $157.9 million in the third quarter. Factors contributing to the net decrease are as follows:

- Average assets under management were $112.7 billion in the current quarter, a decrease of 0.7% from the prior quarter.
- Net asset management fee rate was 55.1 basis points for the current quarter compared to 55.2 basis points in the third quarter.

Management fees – Wealth Management were $27.3 million in the current quarter, unchanged from the prior quarter. The decline in average assets under management was offset by an increase in the management fee rate. Average assets under management were $73.6 billion in the current quarter, a decrease of 0.4% from the prior quarter. The management fee rate was 14.7 basis points in the current quarter, compared to 14.6 basis points in the third quarter.

Net investment income and other was $5.6 million for the current quarter, compared to $3.8 million in the third quarter.

Expenses

Advisory and business development expenses were $21.3 million for the current quarter, an increase of $4.9 million or 29.9% from $16.4 million in the third quarter. The increase in the current quarter is due to higher wholesaler commissions and the timing of certain expenses.

Operations and support expenses were $90.9 million for the current quarter, an increase of $4.9 million or 5.7% from $86.0 million compared to the third quarter.

Sub-advisory expenses were $1.0 million for the current quarter, compared to $1.2 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. (Wealthsimple), Portage Ventures LPs. (Portage), 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.

On January 12, 2023, the Company closed the previously announced transaction to acquire Power's 13.9% interest in ChinaAMC as discussed in the Consolidated Financial Position section of this MD&A. To partially fund the transaction, IGM Financial sold 1.6% of its 4% interest in Lifeco.

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.

2022 vs. 2021

The proportionate share of associates' earnings increased by $14.7 million in the fourth quarter of 2022 compared to the fourth quarter of 2021 and increased by $14.3 million in the twelve months ended December 31, 2022 compared to 2021. These earnings reflect equity earnings from Lifeco, ChinaAMC and Northleaf, as discussed in the Consolidated Financial Position section of this MD&A. The increase in the three month period was due to increases in the proportionate share of Lifeco's earnings of $10.5 million and Northleaf's earnings of $7.4 million, offset in part by a decrease in the proportionate share of ChinaAMC's earnings of $2.8 million. The increase in the twelve month period was due to increases in the proportionate share of Lifeco's earnings of $3.1 million and Northleaf's earnings of $16.0 million, offset in part by a decrease in the proportionate share of ChinaAMC's earnings of $4.4 million.

Net investment income and other was $7.4 million in the fourth quarter of 2022, an increase of $6.3 million from $1.1 million in 2021. Net investment income and other was $14.6 million for the twelve month period in 2022, an increase of $11.9 million from $2.7 million in 2021. The increase in both the three and twelve month periods from 2021 was primarily related to interest rate increases earned on the Company's unallocated capital.

Table 19: Total Assets – Strategic Investments and Other

($ millions)	**December 31, 2022**	December 31, 2021
Investments in associates		
Lifeco	**$ 1,075.2**	$ 1,020.8
ChinaAMC	**787.2**	768.7
Northleaf	**284.5**	258.8
Other	**40.1**	–
	2,187.0	2,048.3
FVTOCI investments		
Wealthsimple (direct investment only)	**484.1**	1,133.5
Portage and other investments	**118.5**	157.9
	602.6	1,291.4
Unallocated capital and other	**782.3**	767.5
Total assets	**$ 3,571.9**	$ 4,107.2
Lifeco fair value	**$ 1,168.3**	$ 1,415.5

Table 20: Operating Results – Strategic Investments and Other

Three months ended *($ millions)*	**2022 Dec. 31**	2022 Sep. 30	2021 Dec. 31	Change 2022 Sep. 30	Change 2021 Dec. 31
Revenues					
Net investment income and other	**$ 7.4**	$ 4.7	$ 1.1	57.4 %	N/M %
Proportionate share of associates' earnings					
Investment in Lifeco	**40.9**	27.6	30.4	48.2	34.5
Investment in ChinaAMC	**14.2**	14.7	17.0	(3.4)	(16.5)
Investment in Northleaf	**10.7**	4.6	3.3	132.6	224.2
Other	**(0.4)**	–	–	N/M	N/M
	65.4	46.9	50.7	39.4	29.0
	72.8	51.6	51.8	41.1	40.5
Expenses					
Operations and support	**0.4**	1.1	1.3	(63.6)	(69.2)
Adjusted earnings before income taxes(1)	**72.4**	50.5	50.5	43.4	43.4
Income taxes	**4.8**	2.4	1.5	100.0	220.0
Adjusted net earnings(1)	**67.6**	48.1	49.0	40.5	38.0
Non-controlling interest	**2.1**	0.9	0.7	133.3	200.0
Adjusted net earnings available to common shareholders(1)	**$ 65.5**	$ 47.2	$ 48.3	38.8 %	35.6 %

Twelve months ended *($ millions)*	**2022 Dec. 31**	2021 Dec. 31	Change
Revenues			
Net investment income and other	**$ 14.6**	$ 2.7	N/M %
Proportionate share of associates' earnings			
Investment in Lifeco	**128.2**	125.1	2.5
Investment in ChinaAMC	**57.2**	61.6	(7.1)
Investment in Northleaf	**25.7**	9.7	164.9
Other	**(0.4)**	–	N/M
	210.7	196.4	7.3
	225.3	199.1	13.2
Expenses			
Operations and support	**4.9**	4.9	–
Adjusted earnings before income taxes(1)	**220.4**	194.2	13.5
Income taxes	**9.6**	4.9	95.9
Adjusted net earnings(1)	**210.8**	189.3	11.4
Non-controlling interest	**5.1**	2.0	155.0
Adjusted net earnings available to common shareholders(1)	**$ 205.7**	$ 187.3	9.8 %

(1) A non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Q4 2022 vs. Q3 2022

The proportionate share of associates' earnings was $65.4 million in the fourth quarter of 2022, an increase of $18.5 million from the third quarter of 2022, primarily due to increases in the proportionate share of Lifeco earnings and Northleaf earnings. Net investment income and other was $7.4 million in the fourth quarter of 2022, an increase of $2.7 million from $4.7 million in the third quarter. The increase in Net investment income and other for the fourth quarter of 2022 compared to the prior quarter primarily related to interest rate increases earned on the Company's unallocated capital.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were $18.9 billion at December 31, 2022, compared to $17.7 billion at December 31, 2021.

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 (Portage) and are recorded at FVTOCI.

Wealthsimple is a financial company that provides simple digital tools for growing and managing your money.

The Company is the largest shareholder in Wealthsimple with a combined direct and indirect interest of 24% and fair value of $492 million at December 31, 2022, unchanged from the prior quarter and a decline of $661 million from $1,153 million at December 31, 2021. Fair value is determined by using observable transactions in the investments' securities, where available, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. This change in fair value is consistent with changes in stock market valuations and public market peer multiples, as well as company revenue and other financial forecasts.

Portage 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 $603 million at December 31, 2022 is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

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 26.6% of total assets at December 31, 2022, compared to 30.3% at December 31, 2021.

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 offsetting liability, Obligations to securitization entities, has been recorded and totalled $4.6 billion at December 31, 2022, compared to $5.1 billion at December 31, 2021.

Table 21: Other Investments

	December 31, 2022		December 31, 2021	
($ millions)	Cost	Fair Value	Cost	Fair Value
Fair value through other comprehensive income				
Corporate investments	**$ 242.7**	**$ 602.6**	$ 226.2	$ 1,291.4
Fair value through profit or loss				
Equity securities	**12.7**	**12.9**	1.2	1.6
Proprietary investment funds	**156.7**	**159.0**	101.3	105.0
	169.4	**171.9**	102.5	106.6
	$ 412.1	**$ 774.5**	$ 328.7	$ 1,398.0

Table 22: Loans

($ millions)	**December 31, 2022**	December 31, 2021
Amortized cost	**$ 5,022.3**	$ 5,297.0
Less: Allowance for expected credit losses	**0.8**	0.6
	5,021.5	5,296.4
Fair value through profit or loss	**–**	57.4
	$ 5,021.5	$ 5,353.8

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 $371.9 million at December 31, 2022, compared to $315.8 million at December 31, 2021.

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, 2022, IG Wealth Management serviced $9.0 billion of residential mortgages, including $2.2 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 2022, the Company securitized loans through its mortgage banking operations with cash proceeds of $351.4 million compared to $283.7 million in 2021. 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, 2022, 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, 2022 compared with 2021 are shown in Table 23.

On January 12, 2023, to partially fund the acquisition of an additional 13.9% interest in ChinaAMC, the Company sold 15,200,662 common shares of Lifeco to Power for cash consideration of $553 million, which reduced the Company's equity interest in Lifeco from 4.0% to 2.4%. The Company will continue to equity account for its 2.4% interest in Lifeco. IGM Financial's accounting gain on sale of the Lifeco Shares is approximately $124 million before tax. Lifeco will be implementing IFRS 17 effective January 1, 2023, which will impact the accounting gain ultimately recognized on the sale of Lifeco shares.

Table 23: Investment in Associates

	December 31, 2022					December 31, 2021			
($ millions)	**Lifeco**	**ChinaAMC**	**Northleaf**	**Other**	**Total**	Lifeco	ChinaAMC	Northleaf	Total
Three months ended									
Carrying value, October 1	**$ 1,038.9**	**$ 764.8**	**$ 273.8**	**$ –**	**$ 2,077.5**	$ 1,001.5	$ 742.6	$ 255.3	$ 1,999.4
Investment	**–**	**–**	**–**	**40.5**	**40.5**	–	–	0.2	0.2
Dividends	**(18.3)**	**–**	**–**	**–**	**(18.3)**	(18.3)	–	–	(18.3)
Proportionate share of:									
Earnings[1]	**40.9**	**14.2**	**10.7** [2]	**(0.4)**	**65.4**	30.4	17.0	3.3 [2]	50.7
Other comprehensive income (loss) and other adjustments	**13.7**	**8.2**	**–**	**–**	**21.9**	7.2	9.1	–	16.3
Carrying value, December 31	**$ 1,075.2**	**$ 787.2**	**$ 284.5**	**$ 40.1**	**$ 2,187.0**	$ 1,020.8	$ 768.7	$ 258.8	$ 2,048.3
Twelve months ended									
Carrying value, January 1	**$ 1,020.8**	**$ 768.7**	**$ 258.8**	**$ –**	**$ 2,048.3**	$ 962.4	$ 720.3	$ 248.5	$ 1,931.2
Investment	**–**	**–**	**–**	**40.5**	**40.5**	–	–	0.6	0.6
Dividends	**(73.2)**	**(31.3)**	**–**	**–**	**(104.5)**	(67.4)	(26.8)	–	(94.2)
Proportionate share of:									
Earnings[1]	**128.2**	**57.2**	**25.7** [2]	**(0.4)**	**210.7**	125.1	61.6	9.7 [2]	196.4
Other comprehensive income (loss) and other adjustments	**(0.6)**	**(7.4)**	**–**	**–**	**(8.0)**	0.7	13.6	–	14.3
Carrying value, December 31	**$ 1,075.2**	**$ 787.2**	**$ 284.5**	**$ 40.1**	**$ 2,187.0**	$ 1,020.8	$ 768.7	$ 258.8	$ 2,048.3

(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 $8.6 million and $20.6 million, respectively, for the three and twelve month periods in 2022 compared to $2.6 million and $7.7 million, respectively, in 2021.

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¥ 1,721.6 billion ($337.6 billion) at December 31, 2022, representing an increase of 3.6% (CAD$ 2.2%) from RMB¥ 1,661.6 billion ($330.5 billion) at December 31, 2021.

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, 2022 are shown in Table 23. The increase in Other comprehensive income of $8.1 million in the three months ended December 31, 2022, was due to a 1.0% appreciation of the Chinese yuan relative to the Canadian dollar.

On January 12, 2023, the Company acquired an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from Power which increased the Company's equity interest in ChinaAMC from 13.9% to 27.8%. The Company will continue to equity account for its 27.8% interest in ChinaAMC.

Northleaf Capital Group Ltd. (Northleaf)

The Company, through an acquisition vehicle held by the Company's subsidiary, Mackenzie, holds a 49.9% voting interest and a 70% economic interest in Northleaf. The acquisition vehicle is owned 80% by Mackenzie and 20% by Lifeco. Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

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%.

Northleaf's assets under management, including invested capital and uninvested commitments, were $24.1 billion as at December 31, 2022, representing an increase of $4.6 billion or 23.6% from $19.5 billion at December 31, 2021. The increase during the twelve month period was driven by $3.8 billion in new commitments and an increase of $1.2 billion related to foreign exchange on USD denominated assets, offset in part by a decrease of $0.4 billion related to return of capital and other.

Consolidated Liquidity and Capital Resources

Liquidity

Cash and cash equivalents totalled $1,072.9 million at December 31, 2022 compared with $1,292.4 million at December 31, 2021. Cash and cash equivalents related to the Company's deposit operations were $0.8 million at December 31, 2022, compared to $1.3 million at December 31, 2021, 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 $846.8 million at December 31, 2022 compared with $908.0 million at December 31, 2021 (Table 25).

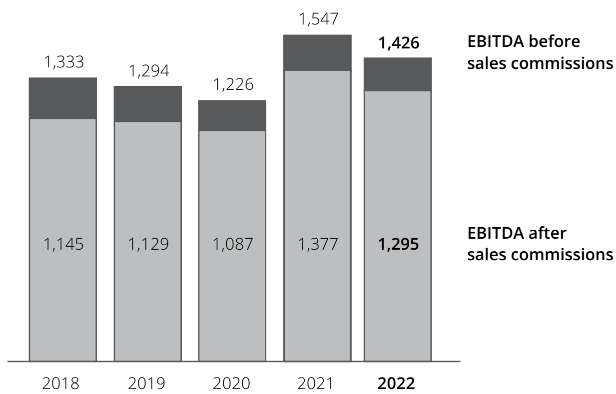
Working capital, which includes unallocated capital, is utilized to:

- 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 (see Non-IFRS Financial Measures and Other Financial Measures), totalled $1,425.6 million for the year ended December 31, 2022, compared to $1,547.0 million for 2021. 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 (EBITDA)(1)

For the financial year ($ millions)



EBITDA before and after sales commissions excluded the following:

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 acqusition 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.

(1) A Non-IFRS financial measure – see Non-IFRS Financial Measures and Other Financial Measures section of this document.

Table 24: Deposit Operations – Financial Position

As at December 31 *($ millions)*	**2022**	2021
Assets		
Cash and cash equivalents	**$ 0.8**	$ 1.3
Client funds on deposit	**4,347.4**	2,238.6
Accounts and other receivables	**0.6**	0.6
Loans	**9.4**	10.8
Total assets	**$ 4,358.2**	$ 2,251.3
Liabilities and shareholders' equity		
Deposit liabilities	**$ 4,334.0**	$ 2,220.3
Other liabilities	**15.2**	20.4
Shareholders' equity	**9.0**	10.6
Total liabilities and shareholders' equity	**$ 4,358.2**	$ 2,251.3

Table 25: Working Capital

As at December 31 *($ millions)*	2022	2021
Current assets		
Cash and cash equivalents	**$ 1,072.9**	$ 1,292.4
Client funds on deposit	**4,347.4**	2,238.6
Accounts receivable and other assets	**462.6**	405.0
Current portion of securitized mortgages and other	**992.2**	1,234.5
	6,875.1	5,170.5
Current liabilities		
Accounts and other payables	**726.4**	879.1
Deposits and certificates	**4,332.8**	2,219.0
Current portion of obligations to securitization entities and other	**969.1**	1,164.4
	6,028.3	4,262.5
Working capital	**$ 846.8**	$ 908.0

Earnings before interest, taxes, depreciation and amortization after sales commissions (EBITDA after sales commissions), a non-IFRS measure (see Non-IFRS Financial Measures and Other Financial Measures), totalled $1,294.8 million for the year ended December 31, 2022, compared to $1,376.5 million for 2021. EBITDA after sales commissions excludes the impact of commission amortization (refer to Table 1).

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, 2022.

Cash and cash equivalents decreased by $219.5 million in 2022 compared to an increase of $520.8 million in 2021.

Adjustments to determine net cash from operating activities during the year ended 2022 compared to 2021 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 deduction of restructuring provision cash payments.

Table 26: Cash Flows

Twelve months ended *($ millions)*	2022 Dec. 31	2021 Dec. 31	Change
Operating activities			
Earnings before income taxes	**$ 1,122.9**	$ 1,267.7	(11.4)%
Income taxes paid	**(330.9)**	(153.5)	(115.6)
Adjustments to determine net cash from operating activities	**(54.3)**	(170.6)	68.2
	737.7	943.6	(21.8)
Financing activities	**(1,091.9)**	(1,521.9)	28.3
Investing activities	**134.7**	1,099.1	(87.7)
Change in cash and cash equivalents	**(219.5)**	520.8	N/M
Cash and cash equivalents, beginning of year	**1,292.4**	771.6	67.5
Cash and cash equivalents, end of year	**$ 1,072.9**	$ 1,292.4	(17.0)%

Financing activities during the year ended December 31, 2022 compared to 2021 related to:

- An increase in obligations to securitization entities of $1,171.0 million and repayments of obligations to securitization entities of $1,626.9 million in 2022 compared 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.
- The purchase of 2,890,000 common shares in 2022 under IGM Financial's normal course issuer bid at a cost of $115.7 million. There were no purchases in 2021.
- The payment of regular common share dividends which totalled $537.2 million in 2022 compared to $537.0 million in 2021.

Investing activities during the year ended December 31, 2022 compared to 2021 primarily related to:

- The purchases of other investments totalling $150.5 million and sales of other investments with proceeds of $120.1 million in 2022 compared to $131.8 million and $348.2 million, respectively, in 2021.
- An increase in loans of $1,274.4 million with repayments of loans and other of $1,584.4 million in 2022 compared to $1,776.1 million and $2,744.7 million, respectively, in 2021, primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets and acquisitions and other was $107.1 million in 2022 compared to $75.3 million in 2021.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled $362.8 million at December 31, 2022, compared to $883.1 million at December 31, 2021, as detailed in Table 27.

The gain/loss related to Employee benefits is primarily driven by changes in discount rates. During the year ended December 31, 2022, discount rates have increased by approximately 1.95%, resulting in a gain through Other comprehensive income of $137.0 million ($100.0 million after tax).

The loss related to Other investments in 2022 relates primarily to changes in fair value of Wealthsimple which is consistent with the decline in stock markets and public market peer valuations, and Wealthsimple focusing on its core business lines and revising revenue expectations.

The loss for Investments in associates in 2022 relates to the Company's portion of the associates' Other comprehensive income which consists primarily of employee benefits, foreign exchange translation and available for sale securities.

In 2022, realized gains of $27.8 million ($24.0 million after-tax) related to other investments were transferred from Accumulated other comprehensive income to Other retained earnings. In 2021, IGM Financial Inc. disposed of a portion of its investment in Wealthsimple and a realized gain of $241 million ($209 million after-tax) was transferred from Accumulated other comprehensive income to Other retained earnings.

Table 27: Accumulated Other Comprehensive Income (Loss)

($ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
2022				
Balance, January 1	**$ (95.7)**	**$ 919.2**	**$ 59.6**	**$ 883.1**
Other comprehensive income (loss)	**100.0**	**(585.5)**	**(10.8)**	**(496.3)**
Transfer out of fair value through other comprehensive income	**–**	**(24.0)**	**–**	**(24.0)**
Balance, December 31	**$ 4.3**	**$ 309.7**	**$ 48.8**	**$ 362.8**
2021				
Balance, January 1	$ (197.0)	$ 293.5	$ 39.9	$ 136.4
Other comprehensive income (loss)	101.3	834.5	19.7	955.5
Transfer out of fair value through other comprehensive income	–	(208.8)	–	(208.8)
Balance, December 31	$ (95.7)	$ 919.2	$ 59.6	$ 883.1

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 $8.3 billion at December 31, 2022, compared to $8.6 billion at December 31, 2021. 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, 2022, unchanged from December 31, 2021. 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.

The Company purchased 2,890,000 common shares during the year ended December 31, 2022 at a cost of $115.7 million under its normal course issuer bid (refer to Note 18 to the Consolidated Financial Statements). The Company commenced a normal course issuer bid on March 1, 2022 to purchase for cancellation up to 6 million of its common shares to mitigate the dilutive effect of stock options issued under the Company's stock option plan and for other capital management purposes.

In connection with its normal course issuer bid, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how IGM Financial's common shares are to be purchased under its normal course issuer bid during certain pre-determined trading blackout periods. Outside of these pre-determined trading blackout periods, purchases under the Company's normal course issuer bid will be completed based upon management's discretion.

Other activities in 2022 included the declaration of common share dividends of $536.1 million or $2.25 per share. Changes in common share capital are reflected in the 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. DBRS Morningstar's current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

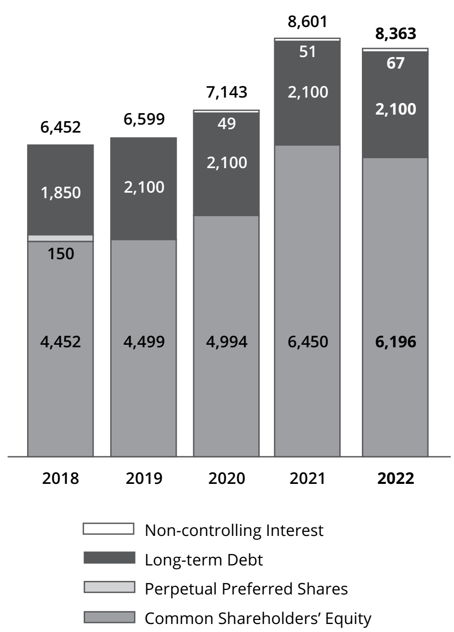
Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the 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.

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

Capital

As at December 31 ($ millions)



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 Morningstar is the fifth highest of the 26 ratings used for long-term debt. Under the DBRS Morningstar 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, but of lesser credit quality than AA. 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 28 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 Annual 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, 2022.

Table 28: Financial Instruments

	December 31, 2022		December 31, 2021	
($ millions)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	**$ 602.6**	**$ 602.6**	$ 1,291.4	$ 1,291.4
– Fair value through profit or loss	**171.9**	**171.9**	106.6	106.6
Loans				
– Fair value through profit or loss	**–**	**–**	57.4	57.4
Derivative financial instruments	**63.7**	**63.7**	41.2	41.2
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	**5,021.5**	**4,905.5**	5,296.4	5,354.2
Financial liabilities recorded at fair value				
Derivative financial instruments	**51.6**	**51.6**	17.8	17.8
Financial liabilities recorded at amortized cost				
Deposits and certificates	**4,334.0**	**4,334.0**	2,220.3	2,220.5
Obligations to securitization entities	**4,610.4**	**4,544.6**	5,057.9	5,146.4
Long-term debt	**2,100.0**	**2,013.9**	2,100.0	2,544.4

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. In April 2022, the Company appointed its first Chief Risk Officer who chairs the Executive Risk Management Committee. 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.

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 advisor 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.

The Company's contractual obligations are reflected in Table 29.

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, 2022, unchanged from December 31, 2021. The lines of credit at December 31, 2022 consisted of committed lines of $650 million and uncommitted lines of $175 million, unchanged from December 31, 2021. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2022 and December 31, 2021, 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, 2021, was completed. 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

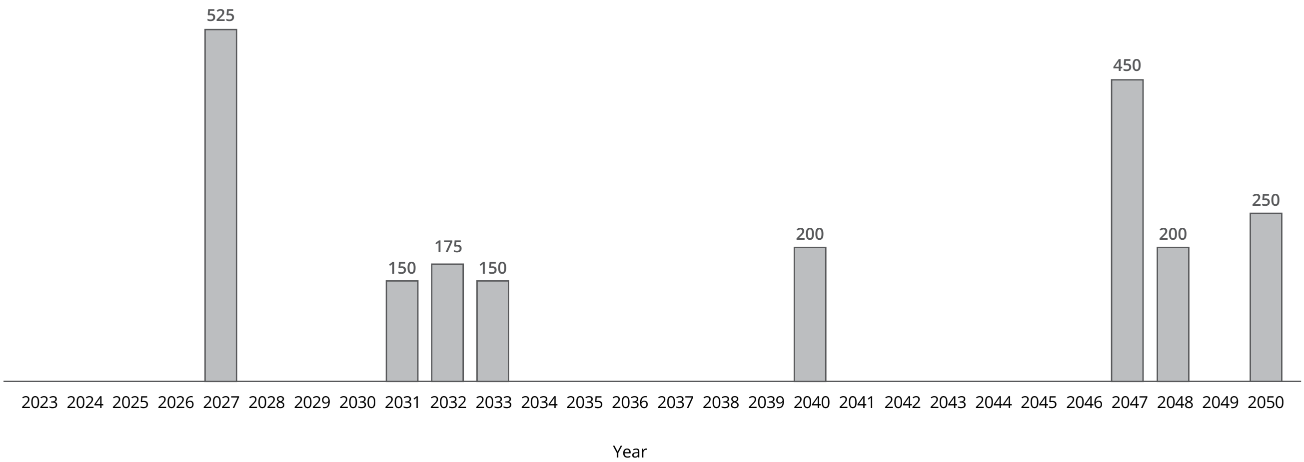
Table 29: Contractual Obligations

As at December 31, 2022 *($ millions)*	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	$ –	$ 21.3	$ 30.3	$ –	$ 51.6
Deposits and certificates[1]	4,332.5	0.3	0.5	0.7	4,334.0
Obligations to securitization entities	–	947.8	3,651.3	11.3	4,610.4
Leases[2]	–	31.5	95.5	118.8	245.8
Long-term debt	–	–	525.0	1,575.0	2,100.0
Pension funding[3]	–	2.0	–	–	2.0
Total contractual obligations	$ 4,332.5	$ 1,002.9	$ 4,302.6	$ 1,705.8	$ 11,343.8

(1) Deposits and certificates due on demand are primarily offset by client funds held on deposit.
(2) Includes remaining lease payments related to office space and equipment used in the normal course of business.
(3) Pension funding requirements beyond 2023 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)



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 surplus of $14.4 million compared to a solvency deficit of $61.3 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2021. The improvement in the funded status resulted largely from interest rate increases, as well as the return on plan assets. The registered pension plan had a going concern surplus of $95.0 million compared to $79.2 million in the previous valuation. The next actuarial valuation will be based on a measurement date of December 31, 2022. During the year, the Company has made cash contributions of $11.5 million (2021 – $14.3 million). IGM Financial expects annual contributions of approximately $2.0 million in 2023. 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.

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, 2021.

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, 2022, cash and cash equivalents of $1,072.9 million (2021 – $1,292.4 million) consisted of cash balances of $346.3 million (2021 – $326.2 million) on deposit with Canadian chartered banks and cash equivalents of $726.6 million (2021 – $966.2 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $81.6 million (2021 – $358.7 million), provincial government treasury bills and promissory notes of $306.8 million (2021 – $350.6 million), bankers' acceptances of $293.2 million (2021 – $198.3 million) and other corporate commercial paper of $45.0 million (2021 – $58.6 million).

Client funds on deposit of $4,347.4 million (2021 – $2,238.6 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, 2021.

Mortgage Portfolio

At December 31, 2022, residential mortgages, recorded on the Company's balance sheet, of $5.0 billion (2021 – $5.4 billion) consisted of $4.6 billion sold to securitization programs (2021 – $5.0 billion), $371.9 million held pending sale or securitization (2021 – $315.8 million) and $12.7 million related to the Company's intermediary operations (2021 – $13.7 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 a network of Mortgage Planning Specialists and IG Wealth Management advisors 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 $2.5 billion (2021 – $2.6 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 $2.1 billion (2021 – $2.4 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $55.2 million (2021 – $67.6 million) and $21.3 million (2021 – $34.1 million), respectively, at December 31, 2022. 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, 2022, residential mortgages recorded on balance sheet were 53.3% insured (2021 – 53.1%). At December 31, 2022, impaired mortgages on these portfolios were $2.2 million, compared to $2.8 million at December 31, 2021. Uninsured non-performing mortgages over 90 days on these portfolios were $1.7 million at December 31, 2022, compared to $1.5 million at December 31, 2021.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short Term Income 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 $0.8 million at December 31, 2022, an increase of $0.2 million from December 31, 2021, 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 increasing interest rates, 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, 2021.

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 $71.2 million (2021 – $39.5 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 $10.5 million at December 31, 2022 (2021 – $0.7 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, 2022. Management of credit risk related to derivatives has not changed materially since December 31, 2021.

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 Annual 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 $20.5 million (December 31, 2021 – $1.0 million) and an outstanding notional amount of $0.2 billion at December 31, 2022 (December 31, 2021 – $0.3 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 negative $19.6 million (December 31, 2021 – $3.5 million), on an outstanding notional amount of $1.3 billion at December 31, 2022 (December 31, 2021 – $1.3 billion). The net fair value of these swaps of $0.9 million at December 31, 2022 (December 31, 2021 – $4.5 million) is recorded on the balance sheet and has an outstanding notional amount of $1.5 billion (December 31, 2021 – $1.6 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 $4.7 million (December 31, 2021 – $0.6 million) on an outstanding notional amount of $191.6 million at December 31, 2022 (December 31, 2021 – $128.6 million).

As at December 31, 2022, the impact to annual net earnings of a 100 basis point increase in interest rates would have been a decrease of approximately $1.7 million (December 31, 2021 – decrease of $3.0 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2021.

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, and on our investments in associates, which are accounted for using the equity method. The fair value of the other investments was $0.8 billion at December 31, 2022 (December 31, 2021 – $1.4 billion), as shown in Table 21, and the carrying value of the investment in associates was $2.2 billion at December 31, 2022 (December 31, 2021 – $2.0 billion), as shown in Table 23.

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 are recognized in Other comprehensive income. As at December 31, 2022, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $37.2 million ($41.1 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, 2022, 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 $2.7 million ($3.0 million).

Table 30: IGM Financial Assets Under Management – Asset and Currency Mix

As at December 31, 2022	Investment Funds	Total
Cash	**1.5 %**	**1.3 %**
Short-term fixed income and mortgages	**3.3**	**3.5**
Other fixed income	**22.8**	**22.8**
Domestic equity	**20.5**	**25.4**
Foreign equity	**49.0**	**44.7**
Real Property	**2.9**	**2.3**
	100.0 %	**100.0 %**
CAD	**54.0 %**	**58.5 %**
USD	**32.4**	**29.5**
Other	**13.6**	**12.0**
	100.0 %	**100.0 %**

Risks Related to Assets Under Management and Advisement

At December 31, 2022, IGM Financial's total assets under management and advisement were $249.4 billion compared to $277.1 billion at December 31, 2021.

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 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.

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 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

Privacy risk is the potential for access to, collection, use, transfer, disclosure and retention of personal information in contravention of applicable laws, regulations and/or ethical standards. Our clients entrust us with their personal information, and we have a regulatory and ethical responsibility to protect it. We collect only the personal information that is necessary to provide our products and services to clients, and where we have consent to do so. We do not disclose or share 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 contractual and other measures that commit the service providers to maintain levels of protection comparable to ours.

IGM Financial has established an enterprise Privacy Risk Management Framework to manage privacy risk. Our Chief Privacy Officer (CPO) leads and oversees our privacy program, partnering with cross-functional teams to develop and implement enterprise-wide policies, standards and controls regarding the handling and safeguarding of personal information. Ultimately reporting to the CPO, enterprise and operating company privacy delegates work with front-line business units to address privacy matters.

Employees and advisors are required to complete mandatory privacy training at onboarding, and annually thereafter. The training includes our privacy obligations, privacy best practices, and how to prevent, handle and report privacy breaches, complaints and access to information requests.

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 Financial Corporation which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie Financial Corporation. 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 and of the Company's strategic investments 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 and demographics can affect investor confidence, income levels and savings. In addition, geopolitical risk, government instability and other factors can influence inflation, interest rates, global economic growth, and business conditions in markets in which the Company operates. These environments 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, Wealth Management advisors 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 31 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.

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

Table 31: Twelve Month Trailing Redemption Rate for Long-term Funds

	2022 Dec. 31	2021 Dec. 31
IGM Financial Inc.		
IG Wealth Management	**10.0 %**	9.2 %
Mackenzie	**16.0 %**	13.6 %
Counsel	**20.4 %**	22.3 %

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 Wealth Management advisors, 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 advisors, Mackenzie retail distribution, strategic and significant business partners, clients of Mackenzie funds, and sub-advisors and other product suppliers.

IG Wealth Management advisor network – IG Wealth Management derives all of its mutual fund sales through its advisor network. IG Wealth Management advisors 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 advisor. The market for advisors is extremely competitive. The loss of a significant number of key advisors 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 advisors 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 Wealth Management advisors, 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 advisors through social distancing.
- Providing tools and processes to enable our employees and advisors 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, advisors, 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 advisors 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' 2023 Global 100 and 2022 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 Risk 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 who bring focus to ESG and climate across the organization. Mackenzie has two investment boutiques with this focus; Greenchip and Betterworld. The Greenchip boutique focuses on thematic investing to combat climate change and the Betterworld boutique focuses on solutions centered on sustainable objectives that incorporate environmental, social and governance factors.

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 is a founding participant in Climate Engagement Canada and participates in CERES' Investor Network on Climate Risk. Both Mackenzie and IG joined Climate Action 100+ and became founding signatories to the Canadian Investor Statement on Climate Change.

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 continuing to expand and enhance our measurement and reporting of emissions related to our investment portfolios as tools and information improves.

During the year, IGM Financial achieved its 2022 target of being climate neutral in its corporate offices and travel. This was achieved by reducing emissions over time, using renewable energy sources and purchasing carbon offsets. Mackenzie Investments also set interim targets for investment portfolios as part of its commitment to the Net Zero Asset Managers Initiative. The long-term nature of these targets require significant judgement and the Company will provide updates on its progress through the Sustainability Report and CDP disclosure.

The Financial Services Environment

Canadians held $6.5 trillion in discretionary financial assets with financial institutions at December 31, 2021 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% ($4.1 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 $2.3 trillion held outside of a financial advisory relationship, approximately 53% 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 41% of Canadian discretionary financial assets or $2.6 trillion resided in investment funds at December 31, 2021, 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 75% 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 $164 billion in investment fund assets under management at December 31, 2022, 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 46% of total industry long-term mutual fund assets at December 31, 2022.

The Canadian mutual fund industry continues to be very concentrated, with the 10 largest firms and their subsidiaries representing 71% of industry long-term mutual fund assets and 71% of total mutual fund assets under management at December 31, 2022. 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. This includes efforts 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, 2022, 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, 2022, 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 asset or 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.

  Discount rates have increased significantly since December 31, 2021. The discount rate on the Company's RPP at December 31, 2022 was 5.25% compared to 3.30% at December 31, 2021. The pension plan assets decreased to $510.7 million at December 31, 2022 from $566.7 million at December 31, 2021 due to declines in the markets partly offset by contributions. The total defined benefit pension plan obligation decreased to $423.9 million at December 31, 2022 from $588.4 million at December 31, 2021, primarily due to the increase in the discount rate. The defined benefit pension plan had an accrued benefit asset of $86.8 million at December 31, 2022 compared to an accrued benefit liability of $21.7 million at December 31, 2021. Actuarial gains or losses recorded in Other comprehensive income, including the defined benefit pension plan, the SERPs and post-employment benefit plans, were gains of $137.0 million ($100.0 million after tax) for the twelve months ended December 31, 2022.

  A decrease of 0.25% in the discount rate utilized in 2022 would result in a change of $17.9 million in the accrued pension obligation, $16.0 million in other comprehensive income, and $1.9 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 2022.

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.

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 which requires insurance contracts to be measured using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts and is effective for periods beginning on or after January 1, 2023. Adoption of this standard is expected to affect the accounting for the carrying value of the Company's investment in Great-West Lifeco Inc. (Lifeco) and the amount that the Company records for its proportionate share of associate's earnings. Additional information of the impact on Lifeco is available in its public disclosures.

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, 2022, 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, 2022, 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 2022, 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 2022 and 2021, 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 $48.7 million in distribution fees (2021 – $52.7 million). The Company received $61.4 million (2021 – $63.3 million) and paid $19.5 million (2021 – $22.6 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds. The Company paid $0.6 million (2021 – $15.5 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 2022, no residential mortgage loans were sold by the Company to Canada Life, compared to $11.9 million in 2021.

On January 12, 2023, the Company acquired an additional interest in ChinaAMC from Power and sold a portion of its investment in Lifeco to Power.

For further information on transactions involving related parties, see Notes 9, 27 and 29 to the Company's Consolidated Financial Statements.

Outstanding Share Data

Outstanding common shares of IGM Financial as at December 31, 2022 totalled 237,668,062. Outstanding stock options as at December 31, 2022 totalled 11,725,342 of which 6,596,299 were exercisable. As at February 3, 2022, outstanding common shares totalled 237,780,120 and outstanding stock options totalled 11,575,766 of which 6,461,906 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.

Consolidated Financial Statements

Notes to Consolidated Financial Statements

Management's Responsibility for Financial Reporting

The Consolidated Financial Statements of IGM Financial Inc. have been prepared by Management, which is responsible for the integrity, objectivity and reliability of the information presented, including selecting appropriate accounting principles and making judgments and estimates. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards. Financial information presented elsewhere in this Annual Report is consistent with that in the Consolidated Financial Statements for comparable periods.

Systems of internal control and supporting procedures are maintained to provide reasonable assurance of the reliability of financial information and the safeguarding of all assets controlled by the Company. These controls and supporting procedures include quality standards in hiring and training employees, the establishment of organizational structures providing a well-defined division of responsibilities and accountability for performance, and the communication of policies and guidelines through the organization. Internal controls are reviewed and evaluated extensively by the internal auditor and are subject to scrutiny by the external auditors.

Ultimate responsibility for the Consolidated Financial Statements rests with the Board of Directors. The Board is assisted in discharging this responsibility by an Audit Committee, consisting entirely of independent directors. This Committee reviews the Consolidated Financial Statements and recommends them for approval by the Board. In addition, the Audit Committee reviews the recommendations of the internal auditor and the external auditors for improvements in internal control and the action of Management to implement such recommendations. In carrying out its duties and responsibilities, the Committee meets regularly with Management and with both the internal auditor and the external auditors to review the scope and timing of their respective audits, to review their findings and to satisfy itself that their responsibilities have been properly discharged.

Deloitte LLP, independent auditors appointed by the shareholders, have examined the Consolidated Financial Statements of the Company in accordance with Canadian generally accepted auditing standards, and have expressed their opinion upon the completion of their examination in their Report to the Shareholders. The external auditors have full and free access to the Audit Committee to discuss their audit and related findings.

James O'Sullivan
President and
Chief Executive Officer

Keith Potter
Executive Vice-President and
Chief Financial Officer

Independent Auditor’s Report

To the Shareholders of IGM Financial Inc.

Opinion

We have audited the consolidated financial statements of IGM Financial Inc. (the “Company”), which comprise the consolidated balance sheets as at December 31, 2022 and 2021, and the consolidated statements of earnings, comprehensive income, changes in shareholders’ equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards (“Canadian GAAS”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Other investments – Wealthsimple Financial Corp. (“Wealthsimple”) – Refer to Notes 2, 5 and 24 to the financial statements

Key Audit Matter Description

The Company’s Other investments balance includes an equity investment in Wealthsimple, which is recognized at fair value through other comprehensive income. Given that Wealthsimple is a private company, significant management judgment is required in the determination of the fair value of the investment. In determining fair value, a market approach using observable valuation metrics, including revenue multiples, and a discounted cash flow analysis were considered by management. Significant management judgment was required in determining the most appropriate valuation approaches and inputs used in each, including revenue multiples applied in the market approach.

Auditing the fair value of Wealthsimple required a high degree of auditor judgment which resulted in an increased extent of audit effort, including the use of fair value specialists.

How the Key Audit Matter Was Addressed in the Audit

With the assistance of fair value specialists, our audit procedures related to the fair value of Wealthsimple included the following, among others:

- We evaluated the appropriateness of fair value approaches and developed independent fair value estimates using an independent market approach by analyzing comparable public company revenue multiples and using revenue and financial forecasts provided to the Company by Wealthsimple.
- We evaluated relevant internal and external information, including industry information, and assessed the reasonability of unobservable inputs in instances where these inputs were more subjective.
- We compared the independent fair value estimate to management's fair value estimate.
- We independently performed a retrospective evaluation and analyzed Wealthsimple's financial performance using revenue and financial forecasts provided to the Company by Wealthsimple in order to determine the impact on the fair value determination.
- We evaluated other available information and considered whether this information corroborated or contradicted the Company's conclusions.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is David Dalziel.

Deloitte LLP

Chartered Professional Accountants
Winnipeg, Manitoba
February 9, 2023

Consolidated Statements of Earnings

(in thousands of Canadian dollars, except per share amounts)

For the years ended December 31	**2022**	2021
Revenues		
Wealth management *(Note 3)*	**$ 2,465,306**	$ 2,553,600
Asset management	**965,984**	1,011,456
Dealer compensation expense	**(308,871)**	(335,970)
Net asset management *(Note 3)*	**657,113**	675,486
Net investment income and other	**24,068**	22,542
Proportionate share of associates' earnings *(Note 9)*	**210,762**	196,367
	3,357,249	3,447,995
Expenses *(Note 4)*		
Advisory and business development	**1,205,472**	1,178,009
Operations and support	**839,941**	806,380
Sub-advisory	**75,125**	82,020
Interest *(Note 17)*	**113,768**	113,936
	2,234,306	2,180,345
Earnings before income taxes	**1,122,943**	1,267,650
Income taxes *(Note 16)*	**250,365**	286,763
Net earnings	**872,578**	980,887
Non-controlling interest *(Note 9)*	**(5,334)**	(1,938)
Net earnings available to common shareholders	**$ 867,244**	$ 978,949
Earnings per share *(in dollars) (Note 25)*		
– Basic	**$ 3.64**	$ 4.10
– Diluted	**$ 3.63**	$ 4.08

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

For the years ended December 31		**2022**		2021
Net earnings	**$**	**872,578**	$	980,887
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to Net earnings				
Fair value through other comprehensive income investments				
Other comprehensive income (loss) *(Note 5), net of tax of $92,009 and $(130,242)*		**(585,515)**		834,519
Employee benefits				
Net actuarial gains (losses), *net of tax of $(36,950) and $(37,466)*		**100,049**		101,283
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*		**12,689**		23,519
Items that may be reclassified subsequently to Net earnings				
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $2,541 and $(4,284)*		**(23,508)**		(3,787)
		(496,285)		955,534
Total comprehensive income	**$**	**376,293**	$	1,936,421

(See accompanying notes to consolidated financial statements)

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As at December 31	**2022**	2021
Assets		
Cash and cash equivalents	**$ 1,072,892**	$ 1,292,446
Other investments *(Note 5)*	**774,536**	1,398,023
Client funds on deposit	**4,347,354**	2,238,624
Accounts and other receivables	**368,806**	387,157
Income taxes recoverable	**15,544**	17,344
Loans *(Note 6)*	**5,021,483**	5,353,842
Derivative financial instruments *(Note 23)*	**63,665**	41,172
Other assets *(Note 8)*	**156,240**	54,298
Investment in associates *(Note 9)*	**2,186,961**	2,048,255
Capital assets *(Note 10)*	**326,288**	315,964
Capitalized sales commissions *(Note 11)*	**372,173**	325,424
Deferred income taxes *(Note 16)*	**1,419**	29,269
Intangible assets *(Note 12)*	**1,363,642**	1,356,704
Goodwill *(Note 12)*	**2,802,173**	2,802,066
	$ 18,873,176	$ 17,660,588
Liabilities		
Accounts payable and accrued liabilities	**$ 507,573**	$ 553,429
Income taxes payable	**7,122**	104,113
Derivative financial instruments *(Note 23)*	**51,581**	17,773
Deposits and certificates *(Note 13)*	**4,333,997**	2,220,274
Other liabilities *(Note 14)*	**355,577**	382,466
Obligations to securitization entities *(Note 7)*	**4,610,438**	5,057,917
Lease obligations	**192,793**	197,969
Deferred income taxes *(Note 16)*	**451,005**	525,476
Long-term debt *(Note 17)*	**2,100,000**	2,100,000
	12,610,086	11,159,417
Shareholders' Equity		
Share capital *(Note 18)*		
Common shares	**1,672,799**	1,658,680
Contributed surplus	**54,134**	51,069
Retained earnings	**4,106,714**	3,856,996
Accumulated other comprehensive income (loss) *(Note 21)*	**362,766**	883,083
Non-controlling interest *(Note 9)*	**66,677**	51,343
	6,263,090	6,501,171
	$ 18,873,176	$ 17,660,588

These financial statements were approved and authorized for issuance by the Board of Directors on February 9, 2023.

James O'Sullivan
Director

John McCallum
Director

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Changes in Shareholders' Equity

(in thousands of Canadian dollars)

	Share capital – Common shares *(Note 18)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(Note 21)*	Non-controlling interest	Total shareholders' equity
2022						
Balance, beginning of year	**$ 1,658,680**	**$ 51,069**	**$ 3,856,996**	**$ 883,083**	**$ 51,343**	**$ 6,501,171**
Net earnings	**–**	**–**	**872,578**	**–**	**–**	**872,578**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**(496,285)**	**–**	**(496,285)**
Total comprehensive income	**–**	**–**	**872,578**	**(496,285)**	**–**	**376,293**
Common shares						
Issued under stock option plan	**34,429**	**–**	**–**	**–**	**–**	**34,429**
Purchased for cancellation	**(20,310)**	**–**	**–**	**–**	**–**	**(20,310)**
Stock options						
Current period expense	**–**	**4,941**	**–**	**–**	**–**	**4,941**
Exercised	**–**	**(1,876)**	**–**	**–**	**–**	**(1,876)**
Common share dividends	**–**	**–**	**(536,069)**	**–**	**–**	**(536,069)**
Non-controlling interest	**–**	**–**	**(5,334)**	**–**	**15,334**	**10,000**
Transfer out of fair value through other comprehensive income *(Note 5)*	**–**	**–**	**24,032**	**(24,032)**	**–**	**–**
Common share cancellation excess and other	**–**	**–**	**(105,489)**	**–**	**–**	**(105,489)**
Balance, end of year	**$ 1,672,799**	**$ 54,134**	**$ 4,106,714**	**$ 362,766**	**$ 66,677**	**$ 6,263,090**
2021						
Balance, beginning of year	$ 1,598,381	$ 51,663	$ 3,207,469	$ 136,364	$ 48,913	$ 5,042,790
Net earnings	–	–	980,887	–	–	980,887
Other comprehensive income (loss), net of tax	–	–	–	955,534	–	955,534
Total comprehensive income	–	–	980,887	955,534	–	1,936,421
Common shares						
Issued under stock option plan	60,299	–	–	–	–	60,299
Stock options						
Current period expense	–	3,802	–	–	–	3,802
Exercised	–	(4,396)	–	–	–	(4,396)
Common share dividends	–	–	(537,795)	–	–	(537,795)
Non-controlling interest	–	–	(1,938)	–	2,430	492
Transfer out of fair value through other comprehensive income *(Note 5)*	–	–	208,815	(208,815)	–	–
Other	–	–	(442)	–	–	(442)
Balance, end of year	$ 1,658,680	$ 51,069	$ 3,856,996	$ 883,083	$ 51,343	$ 6,501,171

(See accompanying notes to consolidated financial statements)

Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the years ended December 31	**2022**	2021
Operating activities		
Earnings before income taxes	**$ 1,122,943**	$ 1,267,650
Income taxes paid	**(330,869)**	(153,501)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**77,587**	56,683
Capitalized sales commissions paid	**(123,513)**	(151,022)
Amortization of capital, intangible and other assets	**103,994**	99,818
Proportionate share of associates' earnings, net of dividends received	**(106,262)**	(102,134)
Pension and other post-employment benefits	**5,855**	14,403
Changes in operating assets and liabilities and other	**(3,680)**	(38,342)
Cash from operating activities before restructuring provision payments	**746,055**	993,555
Restructuring provision cash payments	**(8,385)**	(49,965)
	737,670	943,590
Financing activities		
Net decrease in deposits and certificates	**(160)**	(3,861)
Increase in obligations to securitization entities	**1,171,025**	1,428,861
Repayments of obligations to securitization entities and other	**(1,626,896)**	(2,442,698)
Repayment of lease obligations	**(25,592)**	(23,023)
Issue of common shares	**42,553**	55,904
Common shares purchased for cancellation	**(115,667)**	–
Common share dividends paid	**(537,197)**	(537,027)
	(1,091,934)	(1,521,844)
Investing activities		
Purchase of other investments	**(150,508)**	(131,778)
Proceeds from the sale of other investments	**120,070**	348,206
Increase in loans	**(1,274,427)**	(1,776,070)
Repayment of loans and other	**1,584,354**	2,744,676
Net additions to capital assets	**(37,672)**	(10,643)
Net cash used in additions to intangible assets and other	**(107,107)**	(75,276)
	134,710	1,099,115
(Decrease) increase in cash and cash equivalents	**(219,554)**	520,861
Cash and cash equivalents, beginning of year	**1,292,446**	771,585
Cash and cash equivalents, end of year	**$ 1,072,892**	$ 1,292,446
Cash	**$ 346,257**	$ 326,225
Cash equivalents	**726,635**	966,221
	$ 1,072,892	$ 1,292,446
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 253,558**	$ 247,377
Interest paid	**$ 201,741**	$ 221,129

(See accompanying notes to consolidated financial statements)

Notes to Consolidated Financial Statements

December 31, 2022 and 2021 ***(In thousands of Canadian dollars, except shares and per share amounts)***

Note 1. Corporate information

IGM Financial Inc. (the Company) is a publicly listed company (TSX: IGM), incorporated and domiciled in Canada. The registered address of the Company is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Company is controlled by Power Corporation of Canada.

IGM Financial Inc. is a wealth and asset management company which serves the financial needs of Canadians through its principal subsidiaries, each operating distinctly within the advice segment of the financial services market. The Company's wholly-owned principal subsidiaries are Investors Group Inc. and Mackenzie Financial Corporation (Mackenzie).

Note 2. Summary of significant accounting policies

The Consolidated Financial Statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). The policies set out below were consistently applied to all the periods presented unless otherwise noted.

Use of judgment, estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to exercise judgment in the process of applying accounting policies and requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements. The key areas where judgment has been applied include: the determination of which financial assets should be derecognized; the assessment of the appropriate classification of financial instruments, including those classified as fair value through profit or loss; and the assessment that significant influence exists for its investment in associates. Key components of the financial statements requiring management to make estimates include: the fair value of financial instruments, goodwill, intangible assets, income taxes, capitalized sales commissions, provisions and employee benefits. Actual results may differ from such estimates. Further detail of judgments and estimates are found in the remainder of Note 2 and in Notes 5, 7, 9, 11, 12, 14, 15, 16 and 24.

Basis of consolidation

The Consolidated Financial Statements include the accounts of the Company and all subsidiaries on a consolidated basis after elimination of intercompany transactions and balances. Subsidiaries are entities the Company controls when it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power to direct the relevant activities of the entity.

The Company's investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC) and Northleaf Capital Group Ltd. (Northleaf) are accounted for using the equity method. The investments were initially recorded at cost and the carrying amounts are increased or decreased to recognize the Company's share of the investments' comprehensive income (loss) and the dividends received since the date of acquisition.

Revenue recognition

Wealth management revenue is earned for providing financial planning, investment advisory and related financial services. Revenues from financial advisory fees and investment management and related administration fees are based on the net asset value of investment funds or other assets under advisement and are accrued as services are performed. Distribution revenue associated with insurance and banking products and services are also recognized on an accrual basis while distribution fees derived from investment fund and securities transactions are recognized on a trade date basis.

Asset management revenue related to investment management advisory and administrative services is based on the net asset value of investment funds and other assets under management and is accrued as services are performed.

Financial instruments

All financial assets are initially recognized at fair value in the Consolidated Balance Sheets and are subsequently classified as measured at fair value through profit or loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortized cost based on the Company's assessment of the business model within which the financial asset is managed and the financial asset's contractual cash flow characteristics.

A financial asset is measured at amortized cost if it is held within a business model of holding financial assets and collecting contractual cash flows and those cash flows are comprised solely of payments of principal and interest. A financial asset is measured at FVTOCI if the financial asset is held within a business model of both collecting contractual cash flows and selling the financial assets or through an irrevocable election for equity instruments that are not held for trading. All other financial assets are measured at FVTPL. A financial asset that would otherwise be measured at amortized cost or FVTOCI can be designated as FVTPL through an irrevocable election if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets can only be reclassified when there is a change to the business model within which they are managed. Such reclassifications are applied on a prospective basis.

Financial liabilities are classified either as measured at amortized cost using the effective interest method or as FVTPL, which are recorded at fair value.

Unrealized gains and losses on financial assets classified as FVTOCI as well as other comprehensive income amounts, including unrealized foreign currency translation gains and losses related to the Company's investment in its associates, are recorded in the Consolidated Statements of Comprehensive Income on a net of tax basis. Accumulated other comprehensive income forms part of Shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash and temporary investments consisting of highly liquid investments with short-term maturities. Interest income is recorded on an accrual basis in Net investment income and other in the Consolidated Statements of Earnings.

Other investments

Other investments, which are recorded on a trade date basis, are classified as either FVTOCI or FVTPL.

The Company has elected to classify certain equity investments that are not held for trading as FVTOCI. Unrealized gains and losses on these FVTOCI investments are recorded in Other comprehensive income and transferred directly to retained earnings when realized without being recorded through profit or loss. Dividends declared are recorded in Net investment income and other in the Consolidated Statements of Earnings.

FVTPL investments are held for trading and are comprised of fixed income and equity investments and investments in proprietary investment funds. Unrealized and realized gains and losses, dividends declared, and interest income on these investments are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Loans

Loans are classified as either FVTPL or amortized cost, based on the Company's assessment of the business model within which the loan is managed. Revenues from mortgage activities are included in Wealth management revenues in the Consolidated Statement of Earnings.

Changes in fair value of loans measured at FVTPL are recorded in Wealth management revenue in the Consolidated Statements of Earnings. Loans measured at amortized cost are recorded net of an allowance for expected credit losses. Interest income is accounted for on the accrual basis using the effective interest method for all loans and is recorded in Wealth management revenue in the Consolidated Statements of Earnings.

The Company applies a three-stage impairment approach to measure expected credit losses on loans: 1) On origination, an allowance for 12-month expected credit losses is established, 2) Lifetime expected credit losses are recognized where there is a significant deterioration of credit quality, and 3) A loan is considered credit impaired when there is no longer reasonable assurance of collection.

Derecognition

The Company enters into transactions where it transfers financial assets recognized on its balance sheet. The determination of whether the financial assets are derecognized is based on the extent to which the risks and rewards of ownership are transferred. The gains or losses and the servicing fee revenue for financial assets that are derecognized are reported in Wealth management revenue in the Consolidated Statements of Earnings. The transactions for financial assets that are not derecognized are accounted for as secured financing transactions.

Sales commissions

Commissions are paid on investment product sales where the Company either receives a fee directly from the client or where it receives a fee directly from the investment fund.

Commissions paid on investment product sales where the Company earns fees from a client are capitalized and amortized over their estimated useful lives, not exceeding a period of seven years. The Company regularly reviews the carrying value of capitalized selling 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 selling commission asset in relation to its carrying value.

All other commissions paid on investment product sales are expensed as incurred.

Capital assets

Capital assets are comprised of Property and equipment and Right-of-use assets.

Property and equipment

Buildings, furnishings and equipment are amortized on a straight-line basis over their estimated useful lives, which range from 3 to 17 years for equipment and furnishings and 10 to 50 years for the building and its components. Capital assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Right-of-use assets

A right-of-use asset representing the Company's property leases is depreciated using the straight-line method from the commencement date to the end of the lease term and is recorded in Advisory and business development and Operations and support expenses.

Leases

For contracts that contain a lease, the Company recognizes a right-of-use asset and a lease liability. Imputed interest on the lease liability is recorded in Interest expense.

Lease payments included in the measurement of the lease liability comprises fixed payments less any lease incentives receivable, variable payments that depend on an index or a rate, and payments or penalties for terminating the lease, if any. The lease payments are discounted using the Company's incremental borrowing rate, which is applied to portfolios of leases with reasonably similar characteristics.

The Company does not recognize a right-of-use asset or lease liability for leases that, at commencement date, have a lease term of 12 months or less, and leases for which the underlying asset is of low value. The Company recognizes the payments associated with these leases as an expense on a straight-line basis over the term of the lease.

Goodwill and intangible assets

The Company tests the carrying 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 or 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).

Investment fund management contracts have been assessed to have an indefinite useful life as the contractual right to manage the assets has no fixed term.

Trade names have been assessed to have an indefinite useful life as they contribute to the revenues of the Company's integrated asset management business as a whole and the Company intends to utilize them for the foreseeable future.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. Software assets are amortized over a period not exceeding 7 years and distribution and other management contracts are amortized over a period not exceeding 20 years. Finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Employee benefits

The Company maintains a number of employee benefit plans including defined benefit plans and defined contribution pension plans for eligible employees. These plans are related parties in accordance with IFRS. The Company's defined benefit plans include a funded defined benefit pension plan for eligible employees, unfunded supplementary executive retirement plans (SERP) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

The defined benefit pension plan provides pensions based on length of service and final average earnings.

The cost of the defined benefit plans is actuarially determined using the projected unit credit method prorated on service based upon management's assumptions about discount rates, compensation increases, retirement ages of employees, mortality and expected health care costs. Any changes in these assumptions will impact the carrying amount of the pension asset. The Company's accrued benefit asset or liability in respect of defined benefit plans is calculated separately for each plan by discounting the amount of the benefit that employees have earned in return for their service in current and prior periods and deducting the fair value of any plan assets. The Company determines the net interest component of the pension expense for the period by applying the discount rate used to measure the accrued benefit asset or liability at the beginning of the annual period to the net accrued benefit asset or liability. The discount rate used to value assets or liabilities is determined using a yield curve of AA corporate debt securities.

If the plan benefits are changed, or a plan is curtailed, any past service costs or curtailment gains or losses are recognized immediately in net earnings.

Current service costs, past service costs and curtailment gains or losses are included in Operations and support expenses.

Remeasurements arising from defined benefit plans represent actuarial gains and losses and the actual return on plan assets, less interest calculated at the discount rate. Remeasurements are recognized immediately through Other comprehensive income (OCI) and are not reclassified to net earnings.

The accrued benefit asset represents the surplus related to defined benefit pension plan and is included in Other assets. The accrued benefit liability represents the deficit of the SERPs and post-employment health care plan and is included in Other liabilities.

Payments to the defined contribution pension plans are expensed as incurred.

Share-based payments

The Company uses the fair value based method to account for stock options granted to employees. The fair value of stock options is determined on each grant date. Compensation expense is recognized over the period that the stock options vest, with a corresponding increase in Contributed surplus. When stock options are exercised, the proceeds together with the amount recorded in Contributed surplus are added to Share capital.

The Company recognizes a liability for cash settled awards including those granted under the Performance Share Unit, Restricted Share Unit and Deferred Share Unit plans. Compensation expense is recognized over the vesting period, net of related hedges. The liability is remeasured at fair value at each reporting period.

Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation where a reliable estimate can be made, and it is probable that an outflow of resources will be required to settle the obligation.

Income taxes

The Company uses the liability method in accounting for income taxes whereby deferred income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases and tax loss carryforwards. Deferred income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are anticipated to be in effect when the temporary differences are expected to reverse.

Earnings per share

Basic earnings per share is determined by dividing Net earnings available to common shareholders by the weighted average number of common shares outstanding for the year. Diluted earnings per share is determined using the same method as basic earnings per share except that the average number of common shares outstanding includes the potential dilutive effect of outstanding stock options granted by the Company as determined by the treasury stock method.

Derivative financial instruments

Derivative financial instruments are utilized by the Company in the management of equity price and interest rate risks. The Company does not utilize derivative financial instruments for speculative purposes.

The Company formally documents all hedging relationships, as well as its risk management objective and strategy for undertaking various hedging transactions. This process includes linking all derivatives to specific assets and liabilities on the Consolidated Balance Sheets or to anticipated future transactions. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Derivative financial instruments are recorded at fair value in the Consolidated Balance Sheets.

Derivative financial instruments specifically designated as a hedge and meeting the criteria for hedge effectiveness offset the changes in fair values or cash flows of hedged items. A hedge is designated either as a cash flow hedge or a fair value hedge. A cash flow hedge requires the change in fair value of the derivative, to the extent effective, to be recorded in Other comprehensive income, which is reclassified to the Consolidated Statements of Earnings when the hedged item affects earnings. The change in fair value of the ineffective portion of the derivative in a cash flow hedge is recorded in the Consolidated Statements of Earnings. A fair value hedge requires the change in fair value of the hedging derivative and the change in fair value of the hedged item relating to the hedged risk to both be recorded in the Consolidated Statements of Earnings.

The Company enters into interest rate swaps as part of its mortgage banking and intermediary operations. These swap agreements require the periodic exchange of net interest payments without the exchange of the notional principal amount on which the payments are based. Swaps entered into to hedge the costs of funds on certain securitization activities are designated as hedging instruments (Note 23). The effective portion of changes in fair value are initially recorded in Other comprehensive income and subsequently recorded in Wealth management revenue in the Consolidated Statements of Earnings over the term of the associated Obligations to securitization entities. Remaining mortgage related swaps are not designated as hedging instruments and changes in fair value are recorded directly in Wealth management revenue in the Consolidated Statements of Earnings.

The Company also enters into total return swaps and forward agreements to manage its exposure to fluctuations in the total return of its common shares related to deferred compensation arrangements. Total return swap and forward agreements require the exchange of net contractual payments periodically or at maturity without the exchange of the notional principal amounts on which the payments are based. Certain of these derivatives are not designated as hedging instruments and changes in fair value are recorded in Operations and support expenses in the Consolidated Statements of Earnings.

Derivatives continue to be utilized on a basis consistent with the risk management policies of the Company and are monitored by the Company for effectiveness as economic hedges even if specific hedge accounting requirements are not met.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is presented on the Consolidated Balance Sheets when the Company has a legally enforceable right to set off the recognized amounts and intends to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Future accounting changes

The Company continuously monitors 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.

IFRS 17 Insurance Contracts

The IASB issued IFRS 17 which requires insurance contracts to be measured using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts and is effective for periods beginning on or after January 1, 2023. Adoption of this standard is expected to affect the accounting for the carrying value of the Company's investment in Great-West Lifeco Inc. (Lifeco) and the amount that the Company records for its proportionate share of associate's earnings. Additional information of the impact on Lifeco is available in its public disclosures.

Note 3. Revenues from contracts with customers

	2022	2021
Advisory fees	**$ 1,372,815**	$ 1,397,859
Product and program fees	**923,856**	961,122
	2,296,671	2,358,981
Redemption fees	**4,005**	10,029
Other financial planning revenues	**164,630**	184,590
Wealth management	**2,465,306**	2,553,600
Asset management	**965,984**	1,011,456
Dealer compensation expense	**(308,871)**	(335,970)
Net asset management	**657,113**	675,486
Net revenues from contracts with customers	**$ 3,122,419**	$ 3,229,086

Wealth management revenue is earned by providing financial planning, investment advisory and related financial services. Advisory fees, related to financial planning, are associated with assets under management and advisement. Product and program fees, related to investment management and administration services, are associated with assets under management. Other financial planning revenues include insurance, banking products and services, and mortgage lending activities.

Asset management revenue, related to investment management advisory and administrative services, depends on the level and composition of assets under management.

Note 4. Expenses

	2022	2021
Commissions	$ 932,018	$ 918,793
Salaries and employee benefits	609,341	590,388
Occupancy	25,949	27,117
Amortization of capital, intangible and other assets	103,994	99,818
Other	374,111	348,273
	2,045,413	1,984,389
Sub-advisory	75,125	82,020
Interest	113,768	113,936
	$ 2,234,306	$ 2,180,345

Note 5. Other investments

	2022		2021	
	Cost	Fair value	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 242,704	$ 602,612	$ 226,220	$ 1,291,434
Fair value through profit or loss (FVTPL)				
Equity securities	12,689	12,933	1,173	1,552
Proprietary investment funds	156,663	158,991	101,327	105,037
	169,352	171,924	102,500	106,589
	$ 412,056	$ 774,536	$ 328,720	$ 1,398,023

Fair value through other comprehensive income

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 (Portage). Portage is an early-stage investment fund dedicated to backing innovating financial services companies. Portage is controlled by Power Corporation of Canada.

The total fair value of Corporate investments of $602.6 million is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

Investment in Wealthsimple

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing your money. The Company's investment in Wealthsimple is held through a limited partnership controlled by Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income. IGM Financial Inc. holds directly and indirectly a 24% interest in Wealthsimple (2021 – 23%) valued at $492 million at December 31, 2022 (2021 – $1,153 million). The investment in Wealthsimple decreased $661 million for the twelve months ending December 31, 2022. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies. This change in fair value is consistent with changes in stock market valuations and public market peer multiples, as well as company revenue and other financial forecasts.

In 2022, realized gains of $27.8 million ($24.0 million after-tax) related to Other investments were transferred from Accumulated other comprehensive income to Other retained earnings. In 2021, IGM Financial Inc. disposed of a portion of its investment in Wealthsimple and a realized gain of $241 million ($209 million after-tax) was transferred from Accumulated other comprehensive income to Other retained earnings.

Fair value through profit or loss

Proprietary investment funds

The Company manages and provides services and earns management and administration fees, in respect of investment funds that are not recognized in the Consolidated Balance Sheets. As at December 31, 2022, there were $163.6 billion in investment fund assets under management (2021 – $184.5 billion). The Company's investments in proprietary investment funds are classified on the Company's Consolidated Balance Sheets as fair value through profit or loss. These investments are generally made in the process of launching a new fund and are sold as third-party investors subscribe. The Company's maximum exposure to loss is limited to its direct investment in the proprietary investment funds.

Certain investment funds are consolidated where the Company has made the assessment that it controls the investment fund. As at December 31, 2022, the underlying investments related to these consolidated investment funds primarily consisted of cash and short-term investments of $14.6 million (2021 – $25.1 million), equity securities of $97.5 million (2021 – $50.9 million) and fixed income securities of $22.3 million (2021 – $13.0 million). The underlying securities of these funds are classified as FVTPL and recognized at fair value.

Note 6. Loans

	Contractual maturity				
	1 year or less	1 – 5 years	Over 5 years	2022 Total	2021 Total
Amortized cost					
Residential mortgages	$ 963,837	$ 4,056,068	$ 2,393	$ 5,022,298	$ 5,297,054
Less: Allowance for expected credit losses				815	648
				5,021,483	5,296,406
Fair value through profit or loss				–	57,436
				$ 5,021,483	$ 5,353,842
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of year				$ 648	$ 778
Write-offs, net of recoveries				(689)	(407)
Expected credit losses				856	277
Balance, end of year				$ 815	$ 648

Total credit impaired loans as at December 31, 2022 were $2,159 (2021 – $2,822).

Total interest income on loans was $138.8 million (2021 – $154.7 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $102.8 million (2021 – $111.4 million). Losses realized on the sale of residential mortgages totalled $3.5 million (2021 – gains of $3.9 million). Fair value adjustments related to mortgage banking operations totalled negative $3.1 million (2021 – positive $1.4 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

Note 7. Securitizations

The Company securitizes residential mortgages through the Canada Mortgage and Housing Corporation (CMHC) sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) Program and Canada Mortgage Bond (CMB) Program and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. These transactions do not meet the requirements for derecognition as the Company retains prepayment risk and certain elements of credit risk. Accordingly, the Company has retained these mortgages on its balance sheets and has recorded offsetting liabilities for the net proceeds received as Obligations to securitization entities which are recorded at amortized cost.

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a fair value of $0.9 million at December 31, 2022 (2021 – $4.5 million).

All mortgages securitized under the NHA MBS and CMB Program are insured by CMHC or another approved insurer under the program. As part of the ABCP transactions, the Company has provided cash reserves for credit enhancement which are recorded at cost. Credit risk is limited to these cash reserves and future net interest income as the ABCP Trusts have no recourse to the Company's other assets for failure to make payments when due.

	Securitized mortgages	Obligations to securitization entities	Net
2022			
Carrying value			
NHA MBS and CMB Program	**$ 2,494,400**	**$ 2,459,828**	**$ 34,572**
Bank sponsored ABCP	**2,143,241**	**2,150,610**	**(7,369)**
Total	**$ 4,637,641**	**$ 4,610,438**	**$ 27,203**
Fair value	**$ 4,532,493**	**$ 4,544,609**	**$ (12,116)**
2021			
Carrying value			
NHA MBS and CMB Program	$ 2,653,682	$ 2,651,293	$ 2,389
Bank sponsored ABCP	2,371,320	2,406,624	(35,304)
Total	$ 5,025,002	$ 5,057,917	$ (32,915)
Fair value	$ 5,083,991	$ 5,146,420	$ (62,429)

The carrying value of Obligations to securitization entities, which is recorded net of issue costs, includes principal payments received on securitized mortgages that are not due to be settled until after the reporting period. Issue costs are amortized over the life of the obligation on an effective interest rate basis.

Note 8. Other assets

	2022	2021
Accrued benefit asset *(Note 15)*	**$ 86,779**	$ –
Deferred and prepaid expenses	**56,412**	52,225
Other	**13,049**	2,073
	$ 156,240	$ 54,298

Total other assets of $33.1 million as at December 31, 2022 (2021 – $29.6 million) are expected to be realized within one year.

Note 9. Investment in associates

	Lifeco	ChinaAMC	Northleaf	Other	Total
2022					
Balance, beginning of year	**$ 1,020,700**	**$ 768,724**	**$ 258,831**	**$ –**	**$ 2,048,255**
Additions	**–**	**–**	**–**	**40,430**	**40,430**
Dividends	**(73,181)**	**(31,319)**	**–**	**–**	**(104,500)**
Proportionate share of:					
Earnings	**128,227**	**57,231**	**25,668** (1)	**(364)**	**210,762**
Other comprehensive income (loss) and other adjustments	**(521)**	**(7,465)**	**–**	**–**	**(7,986)**
Balance, end of year	**$ 1,075,225**	**$ 787,171**	**$ 284,499**	**$ 40,066**	**$ 2,186,961**
2021					
Balance, beginning of year	$ 962,388	$ 720,282	$ 248,498	$ –	$ 1,931,168
Additions	–	–	643	–	643
Dividends	(67,356)	(26,877)	–	–	(94,233)
Proportionate share of:					
Earnings	125,103	61,574	9,690 (1)	–	196,367
Other comprehensive income (loss) and other adjustments	565	13,745	–	–	14,310
Balance, end of year	$ 1,020,700	$ 768,724	$ 258,831	$ –	$ 2,048,255

(1) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $20,534 in 2022 (2021 – $7,752).

The Company uses the equity method to account for its investments in associates, which include Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC) and Northleaf Capital Group Ltd. (Northleaf), as it exercises significant influence.

On January 12, 2023, the Company acquired an additional 13.9% interest in ChinaAMC from Power Corporation of Canada (Power) and sold a portion of its investment in Lifeco to Power (Note 29).

Great-West Lifeco Inc. (Lifeco)

Lifeco is a publicly listed company that is incorporated and domiciled in Canada and is controlled by Power Corporation of Canada. Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States, Europe and Asia.

At December 31, 2022, the Company held 37,337,133 (2021 – 37,337,133) shares of Lifeco, which represented an equity interest of 4.0% (2021 – 4.0%). Significant influence arises from several factors, including but not limited to the following: common control of Lifeco by Power Corporation of Canada, directors common to the boards of the Company and Lifeco, certain shared strategic alliances and significant intercompany transactions that influence the financial and operating policies of both companies. The Company's proportionate share of Lifeco's earnings is recorded in the Consolidated Statements of Earnings.

The fair value of the Company's investment in Lifeco totalled $1,168.3 million at December 31, 2022 (2021 – $1,415.5 million). The Company has elected to apply the exemption in IFRS 4 *Insurance Contracts* to retain Lifeco's relevant accounting policies related to Lifeco's deferral of the adoption of IFRS 9 *Financial Instruments*.

Lifeco directly owned 9,200,000 shares of the Company at December 31, 2022 (2021 – 9,200,000).

Lifeco's financial information as at December 31, 2022 can be obtained in its publicly available information.

China Asset Management Co., Ltd. (ChinaAMC)

ChinaAMC is an asset management company established in Beijing, China and is controlled by CITIC Securities Company Limited.

As at December 31, 2022, the Company held a 13.9% ownership interest in ChinaAMC (2021 – 13.9%). Significant influence arises from board representation, participating in the policy making process, shared strategic initiatives including joint product launches and collaboration between management and investment teams.

The following table sets forth certain summary financial information from ChinaAMC:

	2022		2021	
(millions)	**Canadian Dollars**	**Chinese Yuan**	Canadian Dollars	Chinese Yuan
As at December 31				
Total assets	**3,461**	**17,650**	3,241	16,295
Total liabilities	**1,032**	**5,261**	996	5,007
For the year ended December 31				
Revenue	**1,446**	**7,475**	1,560	8,015
Net earnings available to common shareholders	**418**	**2,163**	449	2,312
Total comprehensive income	**434**	**2,248**	444	2,287

Northleaf Capital Group Ltd. (Northleaf)

The Company, through an acquisition vehicle held by the Company's subsidiary, Mackenzie, holds a 49.9% voting interest and a 70% economic interest in Northleaf. The acquisition vehicle is owned 80% by Mackenzie and 20% by Lifeco. Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

Mackenzie and Lifeco have an obligation and right to purchase the remaining economic 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, participation in the policy making process and shared strategic initiatives.

The Company controls the acquisition vehicle and therefore recognizes the full 70% economic interest in Northleaf and recognizes Non-controlling interest (NCI) related to Lifeco's net interest in Northleaf of 14%.

The following table sets forth certain summary financial information from Northleaf:

(millions)	**2022**	2021
As at December 31		
Total assets	**$ 160.3**	$ 119.6
Total liabilities	**113.2**	106.0
For the year ended December 31		
Revenue	**$ 137.0**	$ 99.8
Net earnings available to common shareholders	**40.7**	17.9
Total comprehensive income	**40.7**	17.9

Note 10. Capital assets

		Furniture and equipment		Building and components		Right-of-use assets		Total
2022								
Cost	**$**	**353,374**	**$**	**69,592**	**$**	**280,946**	**$**	**703,912**
Less: accumulated amortization		**(252,558)**		**(19,915)**		**(105,151)**		**(377,624)**
	$	**100,816**	**$**	**49,677**	**$**	**175,795**	**$**	**326,288**
Changes in capital assets:								
Balance, beginning of year	**$**	**81,423**	**$**	**51,105**	**$**	**183,436**	**$**	**315,964**
Additions		**37,325**		**243**		**20,416**		**57,984**
Disposals		**(1,163)**		**–**		**–**		**(1,163)**
Amortization		**(16,769)**		**(1,671)**		**(28,057)**		**(46,497)**
Balance, end of year	**$**	**100,816**	**$**	**49,677**	**$**	**175,795**	**$**	**326,288**
2021								
Cost	$	336,025	$	69,349	$	260,530	$	665,904
Less: accumulated amortization		(254,602)		(18,244)		(77,094)		(349,940)
	$	81,423	$	51,105	$	183,436	$	315,964
Changes in capital assets:								
Balance, beginning of year	$	99,036	$	51,411	$	179,243	$	329,690
Additions		9,296		1,339		32,658		43,293
Disposals		(9,166)		–		–		(9,166)
Amortization		(17,743)		(1,645)		(28,465)		(47,853)
Balance, end of year	$	81,423	$	51,105	$	183,436	$	315,964

Note 11. Capitalized sales commissions

		2022		2021
Cost	**$**	**585,363**	$	461,149
Less: accumulated amortization		**(213,190)**		(135,725)
	$	**372,173**	$	325,424
Changes in capitalized sales commissions				
Balance, beginning of year	**$**	**325,424**	$	231,085
Changes due to:				
Sales of investment funds		**124,336**		151,022
Amortization		**(77,587)**		(56,683)
		46,749		94,339
Balance, end of year	**$**	**372,173**	$	325,424

Note 12. Goodwill and intangible assets

	Finite life		Indefinite life			
	Software	Distribution and other management contracts	Investment fund management contracts	Trade names	Total intangible assets	Goodwill
2022						
Cost	**$ 365,318**	**$ 289,286**	**$ 740,559**	**$ 285,177**	**$ 1,680,340**	**$ 2,802,173**
Less: accumulated amortization	**(203,479)**	**(113,219)**	**–**	**–**	**(316,698)**	**–**
	$ 161,839	**$ 176,067**	**$ 740,559**	**$ 285,177**	**$ 1,363,642**	**$ 2,802,173**
Changes in goodwill and intangible assets:						
Balance, beginning of year	**$ 160,336**	**$ 170,632**	**$ 740,559**	**$ 285,177**	**$ 1,356,704**	**$ 2,802,066**
Additions	**40,264**	**20,082**	**–**	**–**	**60,346**	**107**
Disposals	**(2)**	**(223)**	**–**	**–**	**(225)**	**–**
Amortization	**(38,759)**	**(14,424)**	**–**	**–**	**(53,183)**	**–**
Balance, end of year	**$ 161,839**	**$ 176,067**	**$ 740,559**	**$ 285,177**	**$ 1,363,642**	**$ 2,802,173**
2021						
Cost	$ 325,123	$ 270,327	$ 740,559	$ 285,177	$ 1,621,186	$ 2,802,066
Less: accumulated amortization	(164,787)	(99,695)	–	–	(264,482)	–
	$ 160,336	$ 170,632	$ 740,559	$ 285,177	$ 1,356,704	$ 2,802,066
Changes in goodwill and intangible assets:						
Balance, beginning of year	$ 155,923	$ 139,931	$ 740,559	$ 285,177	$ 1,321,590	$ 2,803,075
Additions	38,865	44,072	–	–	82,937	(1,009)
Disposals	(19)	(867)	–	–	(886)	–
Amortization	(34,433)	(12,504)	–	–	(46,937)	–
Balance, end of year	$ 160,336	$ 170,632	$ 740,559	$ 285,177	$ 1,356,704	$ 2,802,066

The goodwill and indefinite life intangible assets consisting of investment fund management contracts and trade names are allocated to each cash generating unit (CGU) as summarized in the following table:

	2022		2021	
	Goodwill	**Indefinite life intangible assets**	Goodwill	Indefinite life intangible assets
Wealth Management	**$ 1,491,687**	**$ 23,055**	$ 1,491,687	$ 23,055
Asset Management	**1,310,486**	**1,002,681**	1,310,379	1,002,681
Total	**$ 2,802,173**	**$ 1,025,736**	$ 2,802,066	$ 1,025,736

The Company tests whether goodwill and indefinite life intangible assets are impaired by assessing the carrying amounts with the recoverable amounts. The recoverable amount of the Company's CGUs is based on the best available evidence of fair value less costs of disposal.

In assessing the recoverable amounts, valuation approaches are used that may 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 in discounted cash flows include future changes in assets under management resulting from net sales and investment returns, pricing and profit margin changes and discount rates, which represent level 3 fair value inputs. Valuation multiples may include price-to-earnings or other conventionally used measures for investment managers or other financial service providers (multiples of value to assets under management, revenues, or other measures of profitability). This assessment may give regard to a variety of relevant considerations, including expected growth, risk and capital market conditions, among other factors. The valuation multiples used in assessing fair value represent Level 2 fair value inputs.

The fair value less costs of disposal of the Company's CGUs was compared with the carrying amount and it was determined there was no impairment. Changes in assumptions and estimates used in determining the recoverable amounts of CGUs can result in significant adjustments to the valuation of the CGUs.

Note 13. Deposits and certificates

Deposits and certificates are classified as other financial liabilities measured at amortized cost.

Included in the assets of the Consolidated Balance Sheets are cash and cash equivalents, client funds on deposit and loans amounting to $4,334.0 million (2021 – $2,220.3 million) related to deposits and certificates.

		Term to maturity				
	Demand	1 year or less	1–5 years	Over 5 years	2022 Total	2021 Total
Deposits	**$ 4,332,493**	**$ –**	**$ –**	**$ –**	**$ 4,332,493**	$ 2,218,611
Certificates	**–**	**350**	**487**	**667**	**1,504**	1,663
	$ 4,332,493	**$ 350**	**$ 487**	**$ 667**	**$ 4,333,997**	$ 2,220,274

Note 14. Other liabilities

	2022	2021
Dividends payable	**$ 133,688**	$ 134,816
Interest payable	**36,659**	26,775
Accrued benefit liabilities *(Note 15)*	**81,367**	125,732
Provisions	**18,356**	26,674
Other	**85,507**	68,469
	$ 355,577	$ 382,466

The Company establishes restructuring provisions related to business acquisitions, divestitures and other items, as well as other provisions in the normal course of its operations. Changes in provisions during 2022 consisted of additional estimates of $3.2 million (2021 – $7.3 million), provision reversals of $1.5 million (2021 – $4.0 million) and payments of $10.0 million (2021 – $54.1 million).

Total other liabilities of $235.6 million as at December 31, 2022 (2021 – $244.9 million) are expected to be settled within one year.

Note 15. Employee benefits

Defined benefit plans

The Company maintains a number of employee pension and post-employment benefit plans. These plans include a funded registered defined benefit pension plan for all eligible employees, unfunded supplementary executive retirement plans (SERPs) for certain executive officers, and an unfunded post-employment health care, dental and life insurance plan for eligible retirees.

Effective July 1, 2012, the defined benefit pension plan was closed to new members. For all eligible employees hired after July 1, 2012, the Company has a registered defined contribution pension plan.

The defined benefit pension plan is a separate trust that is legally separated from the Company. The defined benefit pension plan is registered under the Pension Benefits Act of Manitoba (Act) and the Income Tax Act (ITA). As required by the Act, the defined benefit pension plan is governed by a pension committee which includes current and retired employees. The Pension Committee has certain responsibilities as described in the Act but may delegate certain activities to the Company. The ITA governs the employer's ability to make contributions and also has parameters that the plan must meet with respect to investments in foreign property.

The defined benefit pension plan provides lifetime pension benefits to all eligible employees based on length of service and final average earnings subject to limits established by the ITA. Death benefits are available on the death of an active member or a retired member.

Employees who are not senior officers are required to make annual contributions based on a percentage of salaries which are subject to a maximum amount.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2021, was completed. 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 surplus of $14.4 million compared to a solvency deficit of $61.3 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2021. The improvement in the funded status resulted largely from interest rate increases, as well as the return on plan assets. The registered pension plan had a going concern surplus of $95.0 million compared to $79.2 million in the previous valuation. The next actuarial valuation will be based on a measurement date of December 31, 2022. During the year, the Company has made contributions of $11.4 million (2021 – $13.6 million). The Company expects annual contributions of approximately $2.0 million in 2023. 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.

The SERPs are non-registered, non-contributory defined benefit plans which provide supplementary benefits to certain retired executives.

The other post-employment benefit plan is a non-contributory plan and provides eligible employees a reimbursement of medical costs or a fixed amount per year to cover medical costs during retirement.

The SERPs and other post-employment benefit plans are managed by the Company with oversight from the Board of Directors.

The defined benefit plans expose the Company to actuarial risks such as mortality risk which represents life expectancy and impacts the calculation of the obligations; interest rate risk which impacts the discount rate used to calculate the obligations and the actual return on plan assets; salary risk as estimated salary increases are used in the calculation of the obligations; and investment risk as the nature of the investments impact the actual return on the plan assets. The risks are managed by regular monitoring of the plans, applicable regulations and other factors that could impact the Company's expenses and cash flows.

Plan assets, benefit obligations and funded status:

	2022			2021		
	Defined benefit pension plan	**SERPs**	**Other post-employment benefits**	Defined benefit pension plan	SERPs	Other post-employment benefits
Fair value of plan assets						
Balance, beginning of year	**$ 566,727**	**$ –**	**$ –**	$ 516,945	$ –	$ –
Employee contributions	**1,810**	**–**	**–**	1,964	–	–
Employer contributions	**11,438**	**–**	**–**	13,598	–	–
Benefits paid	**(30,590)**	**–**	**–**	(27,748)	–	–
Interest income	**18,613**	**–**	**–**	13,774	–	–
Additions	**998**	**–**	**–**	–	–	–
Remeasurements:						
Return on plan assets	**(58,266)**	**–**	**–**	48,194	–	–
Balance, end of year	**510,730**	**–**	**–**	566,727	–	–
Accrued benefit obligation						
Balance, beginning of year	**588,351**	**71,557**	**32,551**	650,064	74,825	42,135
Benefits paid	**(30,590)**	**(5,808)**	**(3,722)**	(27,748)	(3,853)	(2,671)
Current service cost	**21,027**	**1,971**	**344**	25,707	2,107	679
Employee contributions	**1,810**	**–**	**–**	1,964	–	–
Interest expense	**19,094**	**2,069**	**931**	17,177	1,668	960
Additions	**998**	**–**	**–**	–	–	–
Remeasurements:						
Actuarial losses (gains)						
Experience adjustments	**(2,506)**	**(1,048)**	**708**	(3,348)	1,861	(6,402)
Financial assumptions	**(174,233)**	**(12,657)**	**(5,529)**	(75,465)	(5,051)	(2,150)
Balance, end of year	**423,951**	**56,084**	**25,283**	588,351	71,557	32,551
Accrued benefit asset (liability)	**$ 86,779**	**$ (56,084)**	**$ (25,283)**	$ (21,624)	$ (71,557)	$ (32,551)

Significant actuarial assumptions used to calculate the defined benefit obligation:

	2022			2021		
	Defined benefit pension plan	**SERPs**	**Other post-employment benefits**	Defined benefit pension plan	SERPs	Other post-employment benefits
Discount rate	**5.25%**	**5.25%-5.30%**	**5.25%**	3.30%	2.65%-3.10%	3.00%
Rate of compensation increase	**3.75%**	**3.75%**	**N/A**	3.75%	3.75%	N/A
Health care cost trend rate[(1)]	**N/A**	**N/A**	**5.40%**	N/A	N/A	5.50%
Mortality rates at age 65 for current pensioners	**23.1 years**	**23.1 years**	**23.1 years**	23.1 years	23.1 years	23.1 years

(1) Trending to 4.00% in 2040 and remaining at that rate thereafter.

The weighted average duration of the pension plan's defined benefit obligation at the end of the reporting period is 15.7 years (2021 – 20.7 years).

Benefit expense:

	2022			2021		
	Defined benefit pension plan	**SERPs**	**Other post-employment benefits**	Defined benefit pension plan	SERPs	Other post-employment benefits
Current service cost	**$ 21,027**	**$ 1,971**	**$ 344**	$ 25,707	$ 2,107	$ 679
Net interest cost	**481**	**2,069**	**931**	3,403	1,668	960
	$ 21,508	**$ 4,040**	**$ 1,275**	$ 29,110	$ 3,775	$ 1,639

Sensitivity analysis:

The calculation of the accrued benefit liability and the related benefit expense are sensitive to the significant actuarial assumptions. The following table presents the sensitivity analysis:

	2022		2021	
	Increase (decrease) in liability	**Increase (decrease) in expense**	Increase (decrease) in liability	Increase (decrease) in expense
Defined benefit pension plan				
Discount rate (+ / - 0.25%)				
Increase	**$ (16,828)**	**$ (1,866)**	$ (28,634)	$ (2,391)
Decrease	**17,877**	**1,886**	30,242	2,389
Rate of compensation (+ / - 0.25%)				
Increase	**4,755**	**585**	7,805	838
Decrease	**(4,718)**	**(581)**	(7,674)	(822)
Mortality				
Increase 1 year	**6,334**	**477**	11,214	721
SERPs				
Discount rate (+ / - 0.25%)				
Increase	**(1,138)**	**44**	(1,683)	82
Decrease	**1,181**	**(47)**	1,755	(87)
Rate of compensation (+ / - 0.25%)				
Increase	**46**	**14**	30	12
Decrease	**(41)**	**(12)**	(26)	(13)
Mortality				
Increase 1 year	**923**	**51**	1,415	48
Other post-employment benefits				
Discount rate (+ / - 0.25%)				
Increase	**(501)**	**27**	(763)	42
Decrease	**521**	**(28)**	797	(44)
Health care cost trend rates (+ / - 1.00%)				
Increase	**498**	**27**	659	20
Decrease	**(441)**	**(23)**	(574)	(17)
Mortality				
Increase 1 year	**571**	**33**	807	30

The sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur as changes in certain assumptions may be correlated.

Asset allocation of defined benefit pension plan by asset category:

	2022	2021
Equity securities	**58.4 %**	61.5 %
Fixed income securities	**28.7**	30.2
Alternative strategies	**11.1**	7.3
Cash and cash equivalents	**1.8**	1.0
	100.0 %	100.0 %

The defined benefit pension plan adheres to its Statement of Investment Policies and Procedures which includes investment objectives, asset allocation guidelines and investment limits by asset class. The defined benefit pension plan assets are invested in investment funds with the exception of cash on deposit with Schedule I Canadian chartered banks.

Defined contribution pension plans

The Company maintains a number of defined contribution pension plans for eligible employees. The total expense recorded in Advisory and business development and Operations and support expenses was $8.7 million (2021 – $6.9 million).

Group Retirement Savings Plan (RSP)

The Company maintains a group RSP for eligible employees. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled $9.5 million (2021 – $8.6 million).

Note 16. Income taxes

Income tax expense:

	2022	2021
Income taxes recognized in net earnings		
Current taxes		
Tax on current year's earnings	**$ 233,550**	$ 230,651
Adjustments in respect of prior years	**1,537**	(676)
	235,087	229,975
Deferred taxes	**15,278**	56,788
	$ 250,365	$ 286,763

Effective income tax rate:

	2022	2021
Income taxes at Canadian federal and provincial statutory rates	**26.62 %**	26.63 %
Effect of:		
Proportionate share of associates' earnings *(Note 9)*	**(4.50)**	(3.65)
Other items	**0.18**	(0.36)
Effective income tax rate	**22.30 %**	22.62 %

Deferred income taxes

Composition and changes in net deferred taxes are as follows:

	Accrued benefit liabilities	Loss carry-forwards	Capitalized sales commissions	Intangible assets	Other investments	Other	Total
2022							
Balance, beginning of year	**$ 33,886**	**$ 6,459**	**$ (86,616)**	**$ (289,835)**	**$ (142,751)**	**$ (17,350)**	**$ (496,207)**
Recognized in statements of:							
Earnings	**1,569**	**(46)**	**(12,260)**	**(654)**	**619**	**(4,506)**	**(15,278)**
Comprehensive income	**(36,950)**	**–**	**–**	**–**	**95,552**	**2,541**	**61,143**
Equity	**–**	**–**	**–**	**–**	**485**	**–**	**485**
Foreign exchange rate charges and other	**–**	**274**	**–**	**–**	**–**	**(3)**	**271**
Balance, end of year	**$ (1,495)**	**$ 6,687**	**$ (98,876)**	**$ (290,489)**	**$ (46,095)**	**$ (19,318)**	**$ (449,586)**
2021							
Balance, beginning of year	$ 67,467	$ 27,604	$ (61,579)	$ (288,229)	$ (45,961)	$ (2,757)	$ (303,455)
Recognized in statements of:							
Earnings	3,885	(21,145)	(25,037)	(1,605)	(1,371)	(11,515)	(56,788)
Comprehensive income	(37,466)	–	–	–	(97,653)	(4,284)	(139,403)
Equity	–	–	–	–	3,438	–	3,438
Foreign exchange rate charges and other	–	–	–	(1)	(1,204)	1,206	1
Balance, end of year	$ 33,886	$ 6,459	$ (86,616)	$ (289,835)	$ (142,751)	$ (17,350)	$ (496,207)

Deferred income tax assets and liabilities are presented on the Consolidated Balance Sheets as follows:

	2022	2021
Deferred income tax assets	**$ 1,419**	$ 29,269
Deferred income tax liabilities	**(451,005)**	(525,476)
	$ (449,586)	$ (496,207)

Note 17. Long-term debt

Maturity	Rate	**2022**	2021
January 26, 2027	3.44 %	**$ 400,000**	$ 400,000
December 13, 2027	6.65 %	**125,000**	125,000
May 9, 2031	7.45 %	**150,000**	150,000
December 31, 2032	7.00 %	**175,000**	175,000
March 7, 2033	7.11 %	**150,000**	150,000
December 10, 2040	6.00 %	**200,000**	200,000
January 25, 2047	4.56 %	**200,000**	200,000
December 9, 2047	4.115 %	**250,000**	250,000
July 13, 2048	4.174 %	**200,000**	200,000
March 21, 2050	4.206 %	**250,000**	250,000
		$ 2,100,000	$ 2,100,000

Long-term debt consists of unsecured debentures which are redeemable by the Company, in whole or in part, at any time, at the greater of par and a formula price based upon yields at the time of redemption.

Long-term debt is classified as other financial liabilities and is recorded at amortized cost.

Interest expense relating to long-term debt was $106.6 million (2021 – $106.6 million).

Note 18. Share capital

Authorized

Unlimited number of:

First preferred shares, issuable in series

Second preferred shares, issuable in series

Class 1 non-voting shares

Common shares, no par value

Issued and outstanding

	2022		2021	
	Shares	**Stated value**	Shares	Stated value
Common shares:				
Balance, beginning of year	**239,679,043**	**$ 1,658,680**	238,308,284	$ 1,598,381
Issued under Stock Option Plan *(Note 20)*	**879,019**	**34,429**	1,370,759	60,299
Purchased for cancellation	**(2,890,000)**	**(20,310)**	–	–
Balance, end of year	**237,668,062**	**$ 1,672,799**	239,679,043	$ 1,658,680

Normal course issuer bid

The Company commenced a normal course issuer bid on March 1, 2022 which is effective until the earlier of February 28, 2023 and the date on which the Company has purchased the maximum number of common shares permitted under the normal course issuer bid. Pursuant to this bid, the Company may purchase up to 6.0 million or approximately 2.5% of its common shares outstanding as at February 15, 2022.

In 2022, there were 2,890,000 shares (2021 – nil) purchased at a cost of $115.7 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

In connection with its normal course issuer bid, the Company has established an automatic securities purchase plan for its common shares. The automatic securities purchase plan provides standard instructions regarding how the Company's common shares are to be purchased under its normal course issuer bid during certain pre-determined trading blackout periods. Outside of these pre-determined trading blackout periods, purchases under the Company's normal course issuer bid will be completed based upon management's discretion.

Note 19. Capital management

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. 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 $2,100.0 million at December 31, 2022, unchanged from December 31, 2021. 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.

The Company purchased 2,890,000 common shares during the year ended December 31, 2022, at a cost of $115.7 million under its normal course issuer bid (Note 18). Other activities in 2022 included the declaration of common share dividends of $536.1 million or $2.25 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity.

Note 20. Share-based payments

Stock option plan

Under the terms of the Company's Stock Option Plan (Plan), options to purchase common shares are periodically granted to employees at prices not less than the weighted average trading price per common share on the Toronto Stock Exchange for the five trading days preceding the date of the grant. The options are subject to time vesting conditions set out at the grant date. Options vest over a period of up to 7.5 years from the grant date and are exercisable no later than 10 years after the grant date. At December 31, 2022, 18,151,379 (2021 – 19,030,398) common shares were reserved for issuance under the Plan.

During 2022, the Company granted 1,546,295 options to employees (2021 – 1,648,345). The weighted-average fair value of options granted during the year ended December 31, 2022 has been estimated at $4.91 per option (2021 – $2.73) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $44.02 (2021 – $35.19). Other assumptions used in these valuation models include:

	2022	2021
Exercise price	**$ 44.59**	$ 35.29
Risk-free interest rate	**2.04%**	1.29%
Expected option life	**7 years**	7 years
Expected volatility	**23.00%**	23.00%
Expected dividend yield	**5.12%**	6.41%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven years which is reflective of the expected option life. The average share price in 2022 was $39.50 (2021 – $43.18).

The Company recorded compensation expense related to its stock option program of $4.9 million (2021 – $3.8 million).

	2022		2021	
	Number of options	**Weighted-average exercise price**	Number of options	Weighted-average exercise price
Balance, beginning of year	**11,712,164**	**$ 39.36**	11,930,224	$ 40.37
Granted	**1,546,295**	**44.59**	1,648,345	35.29
Exercised	**(879,019)**	**37.03**	(1,370,759)	40.78
Forfeited	**(654,098)**	**43.77**	(495,646)	46.08
Balance, end of year	**11,725,342**	**$ 39.98**	11,712,164	$ 39.36
Exercisable, end of year	**6,596,299**	**$ 41.01**	6,179,244	$ 41.83

Options outstanding at December 31, 2022	**Expiry date**	**Exercise price $**	**Options outstanding**	**Options exercisable**
	2023	**44.73 – 47.26**	**792,305**	**792,305**
	2024	**53.81**	**655,609**	**655,609**
	2025	**43.28 – 43.97**	**811,009**	**811,009**
	2026	**34.88 – 38.17**	**996,944**	**789,852**
	2027	**39.71 – 41.74**	**1,008,498**	**887,028**
	2028	**37.58 – 40.10**	**1,206,782**	**953,538**
	2029	**34.29 – 36.91**	**1,213,371**	**654,968**
	2030	**31.85 – 38.65**	**2,017,199**	**796,028**
	2031	**35.01 – 46.02**	**1,516,710**	**255,962**
	2032	**36.57 – 45.56**	**1,506,915**	**–**
			11,725,342	**6,596,299**

Share unit plans

The Company has share unit plans for eligible employees to assist in retaining and further aligning the interests of senior management with those of the shareholders. These plans include Performance Share Unit (PSU), Deferred Share Unit (DSU) and Restricted Share Unit (RSU) plans. Under the terms of the plans, share units are awarded annually and are subject to time vesting conditions. In addition, the PSU and DSU plans are subject to performance vesting conditions. The value of each share unit is based on the share price of the Company's common shares. The PSUs and RSUs are cash settled and vest over a three year period. Certain employees can elect at the time of grant to receive a portion of their PSUs in the form of deferred share units which vest over a three year period. Deferred share units are redeemable when a participant is no longer an employee of the Company or any of its affiliates by a lump sum payment based on the value of the deferred share unit at that time. Additional share units are issued in respect of dividends payable on common shares based on a value of the share unit at the dividend payment date. The Company recorded compensation expense, excluding the impact of hedging, of $21.1 million in 2022 (2021 – $31.5 million) and a liability of $40.1 million at December 31, 2022 (2021 – $45.8 million).

Share purchase plans

Under the Company's share purchase plans, eligible employees can elect each year to have a percentage of their annual earnings withheld, subject to a maximum, to purchase the Company's common shares. The Company matches 50% of the contribution amounts. All contributions are used by the plan trustee to purchase common shares in the open market. Shares purchased with Company contributions vest after a maximum period of two years following the date of purchase. The Company's contributions are recorded in Advisory and business development and Operations and support expenses as paid and totalled $4.7 million (2021 – $4.4 million).

Directors' deferred share unit plan

The Company has a Deferred Share Unit (DSU) plan for the directors of the Company to promote a greater alignment of interests between directors and shareholders of the Company. Under the terms of the plan, directors are required to receive 50% of their annual board retainer in the form of DSUs and may elect to receive the balance of their annual board retainer in cash or DSUs. Directors may elect to receive certain fees in a combination of DSUs and cash. The number of DSUs granted is determined by dividing the amount of remuneration payable by the average closing price on the Toronto Stock Exchange of the common shares of the Company on the last five days of the fiscal quarter (value of DSU). A director who has elected to receive DSUs will receive additional DSUs in respect of dividends payable on common shares, based on the value of a DSU at the dividend payment date. DSUs are redeemable when a participant is no longer a director, officer or employee of the Company or any of its affiliates by cash payments, based on the value of the DSUs at that time. At December 31, 2022, the fair value of the DSUs outstanding was $29.8 million (2021 – $31.8 million). Any difference between the change in fair value of the DSUs and the change in fair value of the total return swap, which is an economic hedge for the DSU plan, is recognized in Operations and support expense in the period in which the change occurs.

Note 21. Accumulated other comprehensive income (loss)

	Employee benefits	Other investments	Investment in associates and other	Total
2022				
Balance, beginning of year	**$ (95,666)**	**$ 919,152**	**$ 59,597**	**$ 883,083**
Other comprehensive income (loss)	**100,049**	**(585,515)**	**(10,819)**	**(496,285)**
Transfer out of FVTOCI	**–**	**(24,032)**	**–**	**(24,032)**
Balance, end of year	**$ 4,383**	**$ 309,605**	**$ 48,778**	**$ 362,766**
2021				
Balance, beginning of year	$ (196,949)	$ 293,448	$ 39,865	$ 136,364
Other comprehensive income (loss)	101,283	834,519	19,732	955,534
Transfer out of FVTOCI	–	(208,815)	–	(208,815)
Balance, end of year	$ (95,666)	$ 919,152	$ 59,597	$ 883,083

Amounts are recorded net of tax.

In 2022, the Company recorded after-tax losses in Other Comprehensive Income of $585.5 million due to fair value changes in the Company's investments, primarily related to a $561.8 million fair value adjustment on Wealthsimple.

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.

Note 22. Risk management

The Company actively manages its liquidity, credit and market risks.

Liquidity and funding risk related to financial instruments

Liquidity and funding risk 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.

The Company's 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 advisor 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 Canada Mortgage Bond Program (CMB Program).

Certain subsidiaries of the Company are approved issuers of NHA MBS and are approved sellers into the CMB Program. 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 maintains committed capacity within certain Canadian bank-sponsored securitization trusts.

The Company's contractual maturities of certain financial liabilities were as follows:

As at December 31, 2022 *($ millions)*	**Demand**	**Less than 1 year**	**1-5 years**	**Over 5 years**	**Total**
Derivative financial instruments	$ –	$ 21.3	$ 30.3	$ –	$ 51.6
Deposits and Certificates[1]	4,332.5	0.3	0.5	0.7	4,334.0
Obligations to securitization entities	–	947.8	3,651.3	11.3	4,610.4
Leases[2]	–	31.5	95.5	118.8	245.8
Long-term debt	–	–	525.0	1,575.0	2,100.0
Pension funding[3]	–	2.0	–	–	2.0
Total contractual maturities	$ 4,332.5	$ 1,002.9	$ 4,302.6	$ 1,705.8	$ 11,343.8

(1) Deposits and certificates due on demand are primarily offset by client funds held on deposit.

(2) Includes remaining lease payments related to office space and equipment used in the normal course of business.

(3) Pension funding requirements beyond 2023 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.

In addition to the Company'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, 2022, unchanged from December 31, 2021. The lines of credit at December 31, 2022 consisted of committed lines of $650 million and uncommitted lines of $175 million, unchanged from December 31, 2021. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2022 and December 31, 2021, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2021.

Credit risk related to financial instruments

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.

At December 31, 2022, cash and cash equivalents of $1,072.9 million (2021 – $1,292.4 million) consisted of cash balances of $346.3 million (2021 – $326.2 million) on deposit with Canadian chartered banks and cash equivalents of $726.6 million (2021 – $966.2 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $81.6 million (2021 – $358.7 million), provincial government treasury bills and promissory notes of $306.8 million (2021 – $350.6 million), bankers' acceptances of $293.2 million (2021 – $198.3 million) and other corporate commercial paper of $45.0 million (2021 – $58.6 million).

Client funds on deposit of $4,347.4 million (2021 – $2,238.6 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.

As at December 31, 2022, residential mortgages, recorded on the Company's balance sheet, of $5.0 billion (2021 – $5.4 billion) consisted of $4.6 billion sold to securitization programs (2021 – $5.0 billion), $371.9 million held pending sale or securitization (2021 – $315.8 million) and $12.7 million related to the Company's intermediary operations (2021 – $13.7 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 advisors 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 $2.5 billion (2021 – $2.6 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 $2.1 billion (2021 – $2.4 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $55.2 million (2021 – $67.6 million) and $21.3 million (2021 – $34.1 million), respectively, at December 31, 2022. 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, 2022, residential mortgages recorded on balance sheet were 53.3% insured (2021 – 53.1%). As at December 31, 2022, impaired mortgages on these portfolios were $2.2 million, compared to $2.8 million at December 31, 2021. Uninsured non-performing mortgages over 90 days on these portfolios were $1.7 million at December 31, 2022, compared to $1.5 million at December 31, 2021.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short-Term Income 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 $0.8 million at December 31, 2022, compared to $0.6 million at December 31, 2021, 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 increasing interest rates, 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 cash and cash equivalents, fixed income securities and mortgage portfolios have not changed materially since December 31, 2021.

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.

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 $71.2 million (2021 – $39.5 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 $10.5 million at December 31, 2022 (2021 – $0.7 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, 2022. Management of credit risk related to derivatives has not changed materially since December 31, 2021.

Market risk related to financial instruments

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

The Company is exposed to interest rate risk on its loan portfolio and on certain of the derivative financial instruments used in the Company's 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 $20.5 million (2021 – $1.0 million) and an outstanding notional amount of $0.2 billion at December 31, 2022 (2021 – $0.3 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 negative $19.6 million (2021 – $3.5 million), on an outstanding notional amount of $1.3 billion at December 31, 2022 (2021 – $1.3 billion). The net fair value of these swaps of $0.9 million at December 31, 2022 (2021 – $4.5 million) is recorded on the balance sheet and has an outstanding notional amount of $1.5 billion (2021 – $1.6 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 $4.7 million (2021 – $0.6 million) on an outstanding notional amount of $191.6 million at December 31, 2022 (2021 – $128.6 million).

As at December 31, 2022, the impact to annual net earnings of a 100 basis point increase in interest rates would have been a decrease of approximately $1.7 million (2021 – decrease of $3.0 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2021.

Equity price risk

The Company is exposed to equity price risk on its equity investments (Note 5) which are classified as either fair value through other comprehensive income or fair value through profit or loss, and on our investments in associates (Note 9), which are accounted for using the equity method. The fair value of the equity investments was $0.8 billion at December 31, 2022 (2021 – $1.4 billion) and the carrying value of the Investment in associates was $2.2 billion at December 31, 2022 (2021 – $2.0 billion).

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

The Company is exposed to foreign exchange risk on its investment in ChinaAMC. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at December 31, 2022, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $37.2 million ($41.1 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, 2022, 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 $2.7 million ($3.0 million).

Risks related to assets under management and advisement

Risks related to the performance of the equity markets, changes in interest rates and changes in foreign currencies relative to the Canadian dollar can have a significant impact on the level and mix of assets under management and advisement. These changes in assets under management and advisement directly impact earnings.

Note 23. Derivative financial instruments

The Company enters into derivative contracts which are either exchange-traded or negotiated in the over-the-counter market on a diversified basis with Schedule I chartered banks or Canadian bank-sponsored securitization trusts that are counterparties to the Company's securitization transactions. In all cases, the derivative contracts are used for non-trading purposes. Interest rate swaps are contractual agreements between two parties to exchange the related interest payments based on a specified notional amount and reference rate for a specified period. Total return swaps are contractual agreements to exchange payments based on a specified notional amount and the underlying security for a specific period. Options are contractual agreements which convey the right, but not the obligation, to buy or sell specific financial instruments at a fixed price at a future date. Forward contracts are contractual agreements to buy or sell a financial instrument on a future date at a specified price.

Certain of the Company's derivative financial instruments are subject to master netting arrangements and are presented on a gross basis. The amount subject to credit risk is limited to the current fair value of the instruments which are in a gain position and recorded as assets on the Consolidated Balance Sheets. The total estimated fair value represents the total amount that the Company would receive or pay to terminate all agreements at each year end. However, this would not result in a gain or loss to the Company as the derivative instruments which correlate to certain assets and liabilities provide offsetting gains or losses.

The following table summarizes the Company's derivative financial instruments:

	Notional amount					Fair value	
	1 year or less	1 – 5 years	Over 5 years	Total	Credit risk	Asset	Liability
2022							
Swaps							
Hedge accounting	**$ –**	**$ 71,634**	**$ 52,290**	**$ 123,924**	**$ 899**	**$ 899**	**$ 26**
No hedge accounting	**555,248**	**973,750**	**34,636**	**1,563,634**	**55,789**	**55,789**	**49,604**
Forward contracts							
Hedge accounting	**18,150**	**45,319**	**–**	**63,469**	**6,977**	**6,977**	**1,951**
	$ 573,398	**$ 1,090,703**	**$ 86,926**	**$ 1,751,027**	**$ 63,665**	**$ 63,665**	**$ 51,581**
2021							
Swaps							
Hedge accounting	$ –	$ 42,227	$ –	$ 42,227	$ –	$ –	$ 90
No hedge accounting	769,567	972,623	771	1,742,961	20,401	20,401	17,683
Forward contracts							
Hedge accounting	16,167	38,341	–	54,508	20,771	20,771	–
	$ 785,734	$ 1,053,191	$ 771	$ 1,839,696	$ 41,172	$ 41,172	$ 17,773

The credit risk related to the Company's derivative financial instruments after giving effect to any netting agreements was $8.9 million (2021 – $5.8 million).

The credit risk related to the Company's derivative financial instruments after giving effect to netting agreements and including rights to future net interest income, was $10.5 million (2021 – $0.7 million). Rights to future net interest income are related to the Company's securitization activities and are not reflected on the Consolidated Balance Sheets.

Note 24. Fair value of financial instruments

Fair values are management's estimates and are calculated using market conditions at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, involve uncertainties and are matters of significant judgment.

All financial instruments measured at fair value and those for which fair value is disclosed are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Fair value is determined based on the price that would be received for an asset or paid to transfer a liability in the most advantageous market, utilizing a hierarchy of three different valuation techniques, based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Observable inputs other than Level 1 quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or inputs other than quoted prices that are observable or corroborated by observable market data; and

Level 3 – Unobservable inputs that are supported by little or no market activity. Valuation techniques are primarily model-based.

Markets are considered inactive when transactions are not occurring with sufficient regularity. Inactive markets may be characterized by a significant decline in the volume and level of observed trading activity or through large or erratic bid/offer spreads. In those instances where traded markets are not considered sufficiently active, fair value is measured using valuation models which may utilize predominantly observable market inputs (Level 2) or may utilize predominantly non-observable market inputs (Level 3). Management considers all reasonably available information including indicative broker quotations, any available pricing for similar instruments, recent arm's length market transactions, any relevant observable market inputs, and internal model-based estimates. Management exercises judgment in determining the most appropriate inputs and the weighting ascribed to each input as well as in the selection of valuation methodologies.

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 Level 2 are valued using market interest rates for loans with similar credit risk and maturity.

Loans classified as Level 3 are valued by discounting the expected future cash flows at prevailing market yields.

Valuation methods used for Other investments classified as Level 3 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.

Level 1 financial instruments include exchange-traded equity investments and open-end investment fund units and other financial liabilities in instances where there are quoted prices available from active markets.

Level 2 assets and liabilities include fixed income securities, loans, derivative financial instruments, deposits and certificates and long-term debt. The fair value of fixed income securities is determined using quoted market prices or independent dealer price quotes. The fair value of derivative financial instruments and deposits and certificates are determined using valuation models, discounted cash flow methodologies, or similar techniques using primarily observable market inputs. The fair value of long-term debt is determined using indicative broker quotes.

Level 3 assets and liabilities include investments with little or no trading activity valued using broker-dealer quotes, loans, other financial assets, obligations to securitization entities and derivative financial instruments. Derivative financial instruments consist of principal reinvestment account swaps which represent the component of a swap 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. Fair value is determined by discounting the projected cashflows of the swaps. The notional amount, which is an input used to determine the fair value of the swap, is determined using an average unobservable prepayment rate of 15% which is based on historical prepayment patterns. An increase (decrease) in the assumed mortgage prepayment rate increases (decreases) the notional amount of the swap. Level 3 Other investments of $603 million, are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of $492 million. Fair value is determined by using observable transactions in the investments' securities, where available, forecasted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to each of these variables, individually, would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately $25 million.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also 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.

	Carrying value	Fair value Level 1	Level 2	Level 3	Total
2022					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 602,612**	**$ –**	**$ –**	**$ 602,612**	**$ 602,612**
– FVTPL	**171,924**	**160,495**	**–**	**11,429**	**171,924**
Derivative financial instruments	**63,665**	**–**	**37,900**	**25,765**	**63,665**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**5,021,483**	**–**	**372,983**	**4,532,493**	**4,905,476**
Financial liabilities recorded at fair value					
Derivative financial instruments	**51,581**	**–**	**46,332**	**5,249**	**51,581**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**4,333,997**	**–**	**4,334,010**	**–**	**4,334,010**
Obligations to securitization entities	**4,610,438**	**–**	**–**	**4,544,609**	**4,544,609**
Long-term debt	**2,100,000**	**–**	**2,013,917**	**–**	**2,013,917**
2021					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 1,291,434	$ –	$ –	$ 1,291,434	$ 1,291,434
– FVTPL	106,589	104,658	1,931	–	106,589
Loans					
– FVTPL	57,436	–	57,436	–	57,436
Derivative financial instruments	41,172	–	34,074	7,098	41,172
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,296,406	–	270,156	5,083,991	5,354,147
Financial liabilities recorded at fair value					
Derivative financial instruments	17,773	–	11,635	6,138	17,773
Financial liabilities recorded at amortized cost					
Deposits and certificates	2,220,274	–	2,220,530	–	2,220,530
Obligations to securitization entities	5,057,917	–	–	5,146,420	5,146,420
Long-term debt	2,100,000	–	2,544,380	–	2,544,380

There were no significant transfers between Level 1 and Level 2 in 2022 and 2021.

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis. There were no transfers in or out of Level 3 in 2022 and 2021.

	Balance January 1	Gains (losses) included in Net earnings(1)	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance December 31
2022						
Other investments						
– FVTOCI	**$ 1,291,434**	**$ –**	**$ (677,525)**	**$ 36,140**	**$ 47,437**	**$ 602,612**
– FVTPL	**–**	**–**	**–**	**11,429**	**–**	**11,429**
Derivative financial instruments, net	**960**	**28,010**	**–**	**(5,605)**	**2,849**	**20,516**
2021						
Other investments						
– FVTOCI	$ 593,273	$ –	$ 964,761	$ 15,868	$ 282,468 (2)	$ 1,291,434
– FVTPL	279	(181)	–	–	98	–
Derivative financial instruments, net	(21,103)	12,852	–	1,974	(7,237)	960

(1) Included in Wealth management revenue or Net investment income and other in the Consolidated Statements of Earnings.

(2) Related to disposition of a portion of IGM Financial Inc.'s investment in Wealthsimple (Note 5).

Note 25. Earnings per common share

		2022		2021
Earnings				
Net earnings	**$**	**872,578**	$	980,887
Non-controlling interest		**(5,334)**		(1,938)
Net earnings available to common shareholders	**$**	**867,244**	$	978,949
Number of common shares *(in thousands)*				
Weighted average number of common shares outstanding		**238,470**		238,841
Add: Potential exercise of outstanding stock options[1]		**526**		1,178
Average number of common shares outstanding – diluted basis		**238,996**		240,019
Earnings per common share *(in dollars)*				
– Basic	**$**	**3.64**	$	4.10
– Diluted	**$**	**3.63**	$	4.08

(1) Excludes 837 thousand shares in 2022 related to outstanding stock options that were anti-dilutive (2021 – 272 thousand).

Note 26. Contingent liabilities and guarantees

Contingent liabilities

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 Financial Corporation which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie Financial Corporation. 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.

Guarantees

In the normal course of operations, the Company executes agreements that provide for indemnifications to third parties in transactions such as business dispositions, business acquisitions, loans and securitization transactions. The Company has also agreed to indemnify its directors and officers. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Company has not made any payments under such indemnification agreements. No provisions have been recognized related to these agreements.

Note 27. Related party transactions

Transactions and balances with related entities

The Company 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 2022 and 2021, the Company provided to and received from Canada Life certain administrative services. The Company distributes insurance products under a distribution agreement with Canada Life and received $48.7 million in distribution fees (2021 – $52.7 million). The Company received $61.4 million (2021 – $63.3 million) and paid $19.5 million (2021 – $22.6 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds. The Company paid $0.6 million (2021 – $15.5 million) to Canada Life related to the distribution of certain investment funds of the Company.
- During 2022, no residential mortgage loans were sold by the Company to Canada Life (2021 – $11.9 million).

On January 12, 2023, the Company acquired an additional interest in ChinaAMC from Power and sold a portion of its investment in Lifeco to Power (Note 29).

Key management compensation

The total compensation and other benefits to directors and employees classified as key management, being individuals having authority and responsibility for planning, directing and controlling the activities of the Company, are as follows:

		2022		2021
Compensation and employee benefits	$	**4,084**	$	3,981
Post-employment benefits		**4,042**		3,793
Share-based payments		**1,756**		1,066
	$	**9,882**	$	8,840

Share-based payments exclude the fair value remeasurement of the deferred share units associated with changes in the Company's share price (Note 20).

Note 28. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

These segments reflect the Company's internal financial reporting and performance measurement.

- **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 also 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 Portage Ventures LPs. Unallocated capital is also included within this segment.

2022

	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 2,483,960	$ –	$ –	$ (18,654)	$ 2,465,306
Asset management	–	1,077,678	–	(111,694)	965,984
Dealer compensation	–	(327,521)	–	18,650	(308,871)
Net asset management	–	750,157	–	(93,044)	657,113
Net investment income and other	4,094	5,690	14,575	(291)	24,068
Proportionate share of associates' earnings	–	–	210,762	–	210,762
	2,488,054	755,847	225,337	(111,989)	3,357,249
Expenses					
Advisory and business development	1,126,124	79,353	–	(5)	1,205,472
Operations and support	476,912	358,403	4,917	(291)	839,941
Sub-advisory	181,872	4,946	–	(111,693)	75,125
	1,784,908	442,702	4,917	(111,989)	2,120,538
	703,146	313,145	220,420	–	1,236,711
Interest expense(1)	90,247	23,521	–	–	113,768
Earnings before income taxes	612,899	289,624	220,420	–	1,122,943
Income taxes	164,162	76,435	9,596	172	250,365
	448,737	213,189	210,824	(172)	872,578
Non-controlling interest	(200)	–	(5,134)	–	(5,334)
Net earnings available to common shareholders	$ 448,537	$ 213,189	$ 205,690	$ (172)	$ 867,244
Identifiable assets	$ 11,255,665	$ 1,243,428	$ 3,571,910	$ –	$ 16,071,003
Goodwill	1,491,687	1,310,486	–	–	2,802,173
Total assets	$ 12,747,352	$ 2,553,914	$ 3,571,910	$ –	$ 18,873,176

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

2021

	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total Segment	Adjustments[1]	Total
Revenues							
Wealth management	$ 2,572,891	$ –	$ –	$ (19,291)	$ 2,553,600	$ –	$ 2,553,600
Asset management	–	1,126,007	–	(114,551)	1,011,456	–	1,011,456
Dealer compensation	–	(355,242)	–	19,272	(335,970)	–	(335,970)
Net asset management	–	770,765	–	(95,279)	675,486	–	675,486
Net investment income and other	3,619	5,850	2,722	(249)	11,942	10,600	22,542
Proportionate share of associates' earnings	–	–	196,367	–	196,367	–	196,367
	2,576,510	776,615	199,089	(114,819)	3,437,395	10,600	3,447,995
Expenses							
Advisory and business development	1,089,282	88,746	–	(19)	1,178,009	–	1,178,009
Operations and support	466,170	335,544	4,916	(250)	806,380	–	806,380
Sub-advisory	189,678	6,892	–	(114,550)	82,020	–	82,020
	1,745,130	431,182	4,916	(114,819)	2,066,409	–	2,066,409
	831,380	345,433	194,173	–	1,370,986	10,600	1,381,586
Interest expense[2]	90,284	23,652	–	–	113,936	–	113,936
Earnings before income taxes	741,096	321,781	194,173	–	1,257,050	10,600	1,267,650
Income taxes	197,959	81,026	4,916	–	283,901	2,862	286,763
	543,137	240,755	189,257	–	973,149	7,738	980,887
Non-controlling interest	–	–	(1,938)	–	(1,938)	–	(1,938)
	$ 543,137	$ 240,755	$ 187,319	$ –	971,211	7,738	978,949
Gain on sale of Personal Capital, net of tax					7,738	(7,738)	–
Net earnings available to common shareholders					$ 978,949	$ –	$ 978,949
Identifiable assets	$ 9,237,235	$ 1,514,124	$ 4,107,163	$ –	$ 14,858,522	$ –	$ 14,858,522
Goodwill	1,491,687	1,310,379	–	–	2,802,066	–	2,802,066
Total assets	$ 10,728,922	$ 2,824,503	$ 4,107,163	$ –	$ 17,660,588	$ –	$ 17,660,588

(1) Gain on sale of Personal Capital is not related to a specific segment and therefore excluded from segment results. This item has been added back to Net investment income and other and Income taxes to reconcile Total Segment results to the Company's Consolidated Statements of Earnings.

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

Note 29. Subsequent event

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's (Power) 13.9% interest in ChinaAMC for cash consideration of $1.15 billion, increasing the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial sold 15,200,662 common shares of Lifeco to Power for cash consideration of $553 million which reduced the Company's equity interest in Lifeco from 4% to 2.4%. The remaining $597 million of consideration was funded from the Company's existing financial resources including $22 million in dividends received after March 31, 2022 with respect to the Lifeco shares that were sold. The Company will continue to equity account for its 27.8% interest in ChinaAMC and 2.4% interest in Lifeco.

Quarterly Review

Consolidated Statements of Earnings

For the years ended December 31				**2022**				2021
($ millions, except per share amounts)	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Revenues								
Wealth management	**$ 606.2**	**$ 606.8**	**$ 611.1**	**$ 641.2**	$ 667.5	$ 655.0	$ 627.6	$ 603.5
Asset management	**233.2**	**235.4**	**241.6**	**255.8**	266.8	263.4	248.3	233.0
Dealer compensation expense	**(72.4)**	**(72.9)**	**(77.4)**	**(86.2)**	(86.7)	(85.9)	(82.7)	(80.7)
Net asset management	**160.8**	**162.5**	**164.2**	**169.6**	180.1	177.5	165.6	152.3
Net investment income and other	**15.6**	**11.1**	**(0.6)**	**(2.0)**	14.4	2.5	2.5	3.1
Proportionate share of associates' earnings	**65.4**	**46.9**	**50.0**	**48.4**	50.7	55.9	48.2	41.6
	848.0	**827.3**	**824.7**	**857.2**	912.7	890.9	843.9	800.5
Expenses								
Advisory and business development	**298.2**	**294.4**	**303.8**	**309.1**	308.9	294.0	291.1	284.0
Operations and support	**212.5**	**205.5**	**206.4**	**215.5**	205.5	197.6	196.8	206.5
Sub-advisory	**18.3**	**17.9**	**18.3**	**20.6**	21.1	20.7	20.4	19.8
Interest	**28.7**	**28.6**	**28.4**	**28.1**	28.6	28.7	28.5	28.1
	557.7	**546.4**	**556.9**	**573.3**	564.1	541.0	536.8	538.4
Earnings before income taxes	**290.3**	**280.9**	**267.8**	**283.9**	348.6	349.9	307.1	262.1
Income taxes	**63.3**	**63.9**	**59.4**	**63.8**	79.4	78.4	69.3	59.7
Net earnings	**227.0**	**217.0**	**208.4**	**220.1**	269.2	271.5	237.8	202.4
Non-controlling interest	**(2.3)**	**(0.9)**	**(1.3)**	**(0.8)**	(0.7)	(0.7)	(0.4)	(0.2)
Net earnings available to common shareholders	**$ 224.7**	**$ 216.1**	**$ 207.1**	**$ 219.3**	$ 268.5	$ 270.8	$ 237.4	$ 202.2
Reconciliation of Non-IFRS financial measures *($ millions)*								
Adjusted net earnings available to common shareholders[1]	**$ 224.7**	**$ 216.1**	**$ 207.1**	**$ 219.3**	$ 260.8	$ 270.8	$ 237.4	$ 202.2
Other items:								
Gain on sale of Personal Capital, net of tax	**–**	**–**	**–**	**–**	7.7	–	–	–
Net earnings available to common shareholders	**$ 224.7**	**$ 216.1**	**$ 207.1**	**$ 219.3**	$ 268.5	$ 270.8	$ 237.4	$ 202.2
Diluted Earnings per Share *($)*								
Adjusted earnings per share[1]	**0.94**	**0.91**	**0.87**	**0.91**	1.08	1.13	0.99	0.85
Earnings per share	**0.94**	**0.91**	**0.87**	**0.91**	1.11	1.13	0.99	0.85
Dividends per Share *($)*	**0.5625**	**0.5625**	**0.5625**	**0.5625**	0.5625	0.5625	0.5625	0.5625

(1) A non-IFRS financial measure – refer to page 19 of this report for an explanation of the Company's Non-IFRS Financial Measures and Other Financial Measures.

Quarterly Review

Statistical Information

For the years ended December 31				2022				2021
($ millions)	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Mutual fund gross sales								
Wealth management[1]								
IG Wealth Management	**2,125**	**1,970**	**2,590**	**3,902**	2,959	2,741	2,794	3,351
IPC	**138**	**127**	**153**	**203**	174	188	182	230
	2,263	**2,097**	**2,743**	**4,105**	3,133	2,929	2,976	3,581
Asset management								
Mackenzie Investments	**1,559**	**1,281**	**1,735**	**2,921**	2,592	2,476	2,923	4,031
IGM Consolidated	**3,822**	**3,378**	**4,478**	**7,026**	5,725	5,405	5,899	7,612
Dealer gross inflows								
IG Wealth Management	**3,031**	**2,773**	**3,068**	**4,000**	3,437	3,141	3,220	3,636
IPC	**1,157**	**882**	**1,043**	**1,342**	1,509	1,137	1,121	1,599
IGM Wealth management[1]	**4,188**	**3,655**	**4,111**	**5,342**	4,946	4,278	4,341	5,235
Net flows – by segment								
IG Wealth Management net flows	**429**	**406**	**389**	**1,466**	985	1,014	670	1,015
IPC net flows	**45**	**39**	**11**	**160**	123	258	116	(9)
Wealth management net flows[1]	**476**	**446**	**402**	**1,627**	1,109	1,275	787	1,007
Asset Management net sales[2]	**(967)**	**(819)**	**(952)**	**873**	181	1,092	2,286	1,575
Eliminations[3]	**51**	**31**	**23**	**(34)**	(56)	(119)	(156)	(280)
IGM Consolidated	**(440)**	**(342)**	**(527)**	**2,466**	1,234	2,248	2,917	2,302
Net flows – by product								
Mutual fund gross sales	**3,822**	**3,378**	**4,478**	**7,026**	5,725	5,405	5,899	7,612
Mutual fund redemptions	**5,654**	**4,416**	**5,407**	**5,242**	4,885	4,020	4,573	5,730
Mutual fund net sales	**(1,832)**	**(1,038)**	**(929)**	**1,784**	840	1,385	1,326	1,882
ETFs[4]	**134**	**(86)**	**(61)**	**718**	245	320	562	405
Investment funds	**(1,698)**	**(1,124)**	**(990)**	**2,502**	1,085	1,705	1,888	2,287
Institutional SMA	**(135)**	**(139)**	**(133)**	**(427)**	(576)	(27)	617	(320)
Consolidated AUM	**(1,833)**	**(1,263)**	**(1,123)**	**2,075**	509	1,678	2,505	1,967
Other AUA	**1,393**	**921**	**596**	**391**	725	570	412	335
IGM Consolidated	**(440)**	**(342)**	**(527)**	**2,466**	1,234	2,248	2,917	2,302
Redemption rate – long-term funds *(%)*								
IG Wealth Management	**10.0**	**9.5**	**9.1**	**8.9**	9.2	9.6	10.0	9.7
IPC	**20.4**	**19.1**	**19.0**	**19.5**	22.3	23.0	23.4	22.3
Mackenzie Investments	**16.0**	**14.9**	**14.3**	**13.1**	13.6	15.0	15.4	15.8
Assets under management and advisement – by segment								
IG Wealth AUA	**110,816**	**105,029**	**105,474**	**116,281**	119,557	113,958	112,185	106,995
IPC AUA	**29,547**	**28,286**	**28,692**	**31,734**	33,077	31,515	31,171	29,891
Wealth Management AUA[1]	**140,356**	**133,309**	**134,159**	**148,005**	152,623	145,462	143,345	136,876
Asset Management AUM (ex sub-advisory to Wealth Management)	**113,098**	**108,672**	**111,863**	**124,731**	129,115	124,098	122,913	115,524
Sub-advisory to Wealth Management	**73,514**	**71,834**	**72,855**	**80,814**	81,228	79,242	78,788	76,041
Asset Management AUM	**186,612**	**180,506**	**184,718**	**205,545**	210,343	203,340	201,701	191,565
Asset Management through Wealth Management	**(77,559)**	**(75,710)**	**(76,794)**	**(85,222)**	(85,825)	(83,588)	(83,040)	(79,967)
Consolidated assets under management & advisement	**249,409**	**238,105**	**242,083**	**268,328**	277,141	265,214	262,006	248,474
Assets under management and advisement – by product								
Mutual fund AUM	**158,331**	**152,576**	**154,814**	**172,679**	179,139	171,775	169,468	161,363
ETF AUM[4]	**5,219**	**5,010**	**5,368**	**5,848**	5,393	5,068	4,889	4,174
Investment Fund AUM	**163,550**	**157,586**	**160,182**	**178,527**	184,532	176,843	174,357	165,537
Institutional SMA	**6,422**	**6,106**	**6,344**	**7,090**	7,948	8,178	8,167	7,272
Sub-advisory to Canada Life	**47,023**	**45,015**	**46,575**	**51,502**	52,805	51,131	51,092	48,768
Total Institutional SMA	**53,445**	**51,121**	**52,919**	**58,592**	60,753	59,309	59,259	56,040
Consolidated AUM	**216,995**	**208,707**	**213,101**	**237,119**	245,285	236,152	233,616	221,577
Other AUA	**32,414**	**29,398**	**28,982**	**31,209**	31,856	29,062	28,390	26,897
Consolidated assets under management & advisement	**249,409**	**238,105**	**242,083**	**268,328**	277,141	265,214	262,006	248,474
Consolidated AUM, excluding Asset Management segment AUM	**30,383**	**28,201**	**28,383**	**31,574**	34,942	32,812	31,915	30,012
Corporate assets	**18,873**	**17,595**	**17,084**	**17,569**	17,661	16,995	16,897	16,866

(1) Assets under management recorded within both operating companies' results are eliminated on consolidation.
(2) Asset Management flows activity excludes sub-advisory to Canada Life and the Wealth Management segment.
(3) Mackenzie investment funds distributed through Wealth Management.
(4) Excludes IGM investment fund investments in ETFs.

Ten Year Review

Condensed Consolidated Statements of Earnings

for the years ended December 31

($ millions, except per share amounts)	**2022**	2021	2020	2019	2018	CAGR[1] 5 Year %	2017	2016	2015	2014	2013	CAGR[1] 10 Year %
Revenues[2]												
Wealth and Asset Management revenues	**3,122.4**	3,229.1	2,789.4	2,814.3	2,792.1	2.6	2,749.1	2,642.9	2,607.2	2,520.1	2,307.4	3.4
Net investment income and other	**24.1**	22.5	78.2	24.8	20.0	11.8	13.8	11.8	11.0	16.5	21.6	2.6
Proportionate share of associate's earnings	**210.7**	196.4	150.4	105.2	150.0	17.1	95.6	104.2	111.0	96.5	93.8	11.3
	3,357.2	3,448.0	3,018.0	2,944.3	2,962.1	3.3	2,858.5	2,758.9	2,729.2	2,633.1	2,422.8	3.8
Expenses[2]	**2,234.3**	2,180.3	2,052.7	1,975.7	1,976.0	1.5	2,073.9	1,812.0	1,738.4	1,668.2	1,441.4	5.1
Earnings before undernoted	**1,122.9**	1,267.7	965.3	968.6	986.1	7.4	784.6	946.9	990.8	964.9	981.4	1.6
Income taxes	**250.4**	286.8	200.7	219.7	210.0	7.6	173.9	167.6	210.3	202.8	210.7	2.8
Net earnings	**872.5**	980.9	764.6	748.9	776.1	7.4	610.7	779.3	780.5	762.1	770.7	1.3
Non-controlling interest	**(5.3)**	(2.0)	(0.2)	–	–		–	–	–	–	–	
Perpetual preferred share dividends	**–**	–	–	(2.2)	(8.8)		(8.8)	(8.8)	(8.8)	(8.8)	(8.8)	
Net earnings available to common shareholders	**867.2**	978.9	764.4	746.7	767.3	7.6	601.9	770.5	771.7	753.3	761.9	1.3
Adjusted net earnings available to common shareholders[3]	**867.2**	971.2	762.9	763.9	791.8	3.6	727.8	736.5	796.0	826.1	763.5	1.5
Diluted earnings per share *($)*												
Earnings per share	**3.63**	4.08	3.21	3.12	3.18	7.7	2.50	3.19	3.11	2.98	3.02	2.0
Adjusted earnings per share[3]	**3.63**	4.05	3.20	3.19	3.29	3.7	3.02	3.05	3.21	3.27	3.02	2.2
Dividends per share *($)*	**2.25**	2.25	2.25	2.25	2.25	–	2.25	2.25	2.25	2.18	2.15	0.5
Return on average common equity (ROE) *(%)*												
Net earnings	**14.0**	16.5	16.1	16.9	17.7		12.9	17.1	16.9	16.2	17.3	
Adjusted net earnings[3]	**14.0**	16.4	16.1	17.2	18.2		15.6	16.3	17.4	17.8	17.3	
Average shares outstanding *(thousands)*												
– Basic	**238,470**	238,841	238,307	239,105	240,815		240,585	241,300	248,173	252,108	252,013	
– Diluted	**238,996**	240,019	238,307	239,181	240,940		240,921	241,402	248,299	252,778	252,474	
Share price *(closing $)*	**37.80**	45.62	34.51	37.28	31.03	(3.1)	44.15	38.20	35.34	46.31	56.09	(1.0)

(1) Compound annual growth rate.

(2) Revenues and expense have been restated to retroactively reflect the disclosure enhancements introduced in 2020, as disclosed in Note 2 to the 2020 Consolidated Financial Statements.

(3) A non-IFRS financial measure – refer to page 19 of this report for an explanation of the Company's Non-IFRS Financial Measures and Other Financial Measures.

These non–IFRS Financial Measures exclude other items as follows:

2021 – Additional consideration receivable of $7.7 million after–tax related to the sale in 2020 of the Company's equity interest in Personal Capital Corporation.

2020 – After–tax gain of $31.4 million on sale of Personal Capital Corporation, after–tax gain on sale of Quadrus Group of Funds net of acquisition costs of $21.4 million, the Company's proportionate share in Great–West Lifeco Inc.'s (Lifeco) after–tax adjustments of $3.4 million, and restructuring and other charges of $54.7 million after–tax.

2019 – After–tax charge of $17.2 million representing the Company's proportionate share in Lifeco's one–time charges.

2018 – After–tax charge of $16.7 million related to restructuring and other and an after–tax charge of $7.8 million representing a premium paid on the early redemption of the $375 million debentures.

2017 – After–tax charges of $126.8 million and $16.8 million related to restructuring and other charges, an after–tax reduction of $36.8 million in expenses related to the Company's pension plan, after–tax charges of $14.0 million and $5.1 million related to the proportionate share in Lifeco's one–time charges and restructuring provision, respectively.

2016 – A favourable change in income tax provision estimates of $34.0 million related to certain tax filings.

2015 – An after–tax charge of $24.3 million related to restructuring and other charges.

2014 – An after–tax charge of $59.2 million related to distributions to clients, as well as other costs and an after–tax charge of $13.6 million related to restructuring and other charges.

2013 – An after–tax charge of $10.6 million related to restructuring and other charges and an after–tax benefit of $9.0 million representing the Company's proportionate share of net changes in Lifeco's litigation provision.

Ten Year Review

Statistical Information

for the years ended December 31

($ millions)	**2022**	2021	2020	2019	2018	CAGR[1] 5 Year %	2017	2016	2015	2014	2013	CAGR[1] 10 Year %
Wealth Management												
IG Wealth Management[2]												
Assets under management												
Mutual fund gross sales	**10,587**	11,845	8,987	8,723	9,075	1.8	9,693	7,760	7,890	7,461	6,668	6.2
Mutual fund redemption rate – long-term funds (%)	**10.0**	9.2	9.8	10.3	9.2		8.4	8.8	8.7	8.7	9.4	
Net sales (redemptions)	**43**	1,813	(451)	(1,089)	485	(53.3)	1,944	366	754	651	159	N/M
Ending assets	**99,275**	110,541	97,713	93,161	83,137	2.4	88,008	81,242	74,897	73,459	68,255	5.1
Assets under advisement[3]												
Net flows	**2,690**	3,684	795	(780)	739							
Ending assets	**110,816**	119,557	103,273	97,100	86,422							
Investment Planning Counsel[2]												
Assets under management												
Mutual fund gross sales	**621**	774	577	694	960	(6.9)	889	955	741	682	485	4.5
Mutual fund redemption rate – long-term funds (%)	**20.4**	22.3	20.1	19.3	19.2		16.7	15.7	13.6	12.6	13.2	
Net sales (redemptions)	**(322)**	(288)	(307)	(272)	(18)	N/M	79	293	177	207	52	(29.6)
Assets under management	**4,622**	5,629	5,320	5,391	5,125	(3.0)	5,377	4,908	4,452	3,850	3,406	4.6
Assets under advisement[3]												
Net flows	**255**	488	373	(589)	(148)							
Ending assets	**29,547**	33,077	29,318	27,728	25,706							
Asset Management (Mackenzie Investments)												
Mutual fund gross sales	**7,496**	12,022	13,565	9,886	9,951	(3.9)	9,124	6,939	6,965	7,070	6,700	3.2
Mutual fund redemption rate – long-term funds (%)	**16.0**	13.6	16.6	15.6	17.1		14.8	15.0	16.2	14.6	16.0	
Investment fund net sales (redemptions)	**(1,031)**	5,440	4,188	1,219	973	N/M	1,780	(555)	(1,258)	(209)	(487)	6.3
Assets under management												
Mutual fund	**54,434**	62,969	52,682	60,839	53,407	(0.4)	55,615	51,314	48,445	48,782	46,024	3.0
ETF	**12,395**	12,674	8,451	4,748	2,949		1,296	113				
ETFs excluding those held by IGM investment funds	**5,219**	5,393	3,788	2,372	1,613		928	113				
Investment fund[4]	**59,653**	68,362	56,470	63,211	55,020	1.1	56,543	51,427	48,445	48,782	46,024	4.0
Total assets under management excluding sub-advisory to Wealth Management[3]	**113,098**	129,115	110,938	68,257	60,804							
Total assets under management[3]	**186,612**	210,343	185,148	140,984	129,863							
Consolidated assets under management[5]												
Investment fund assets under management	**163,550**	184,532	159,503	161,763	143,282	1.8	149,818	137,575	127,791	126,039	117,649	4.6
Assets under management	**216,995**	245,285	213,971	166,809	149,066	6.8	156,513	142,688	134,398	141,919	131,777	6.0
Assets under management and advisement	**249,409**	277,141	239,950	190,035	170,216							
Corporate assets	**18,873**	17,661	16,062	15,391	15,609	2.7	16,499	15,625	14,831	14,417	12,880	4.7

(1) Compound annual growth rate.
(2) IG Wealth Management and Investment Planning Counsel total assets under management and net sales include separately managed accounts.
(3) As a result of revised segment reporting introduced in 2020, as discussed in the MD&A included in the 2020 Annual Report, these metrics were not available on this basis prior to 2018.
(4) Excludes IGM investment fund investments in ETFs.
(5) Adjusted for inter-segment assets.

Board of Directors and Executive Leadership

Board of Directors

Marc A. Bibeau [1,3,4]
President and Chief Executive Officer
Beauward Real Estate Inc.

Marcel R. Coutu [3]
Corporate Director

André Desmarais, O.C., O.Q. [2,3]
Deputy Chairman
Power Corporation of Canada

Paul Desmarais, Jr., O.C., O.Q. [2]
Chairman
Power Corporation of Canada

Gary Doer [2]
Senior Business Advisor
Dentons Canada LLP

Susan Doniz [1,4,5]
Chief Information Officer
The Boeing Company

Claude Généreux [3,5]
Executive Vice-President
Power Corporation of Canada

Sharon L. Hodgson [1,4,5]
Dean
Ivey Business School

Sharon MacLeod [1,3]
Corporate Director

Susan J. McArthur [2,3,5]
Co-Founder and Executive Chair
Lockdocs Inc.

John McCallum [1,2,4]
Corporate Director

R. Jeffrey Orr [2,3,5]
Chair of the Board
IGM Financial Inc.
President and Chief Executive Officer
Power Corporation of Canada

James O'Sullivan
President and Chief Executive Officer
IGM Financial Inc.

Gregory D. Tretiak, FCPA, FCA [5]
Executive Vice-President
and Chief Financial Officer
Power Corporation of Canada

Beth Wilson [1,5]
Corporate Director

R. Jeffrey Orr
Chair of the Board
IGM Financial Inc.

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(1) **Audit Committee**
Chair: John McCallum

(2) **Governance and Nominating Committee**
Chair: R. Jeffrey Orr

(3) **Human Resources Committee**
Chair: Claude Généreux

(4) **Related Party and Conduct Review Committee**
Chair: John McCallum

(5) **Risk Committee**
Chair: Gregory D. Tretiak

Executive Leadership

James O'Sullivan
President and Chief Executive Officer
IGM Financial

Luke Gould
President and Chief Executive Officer
Mackenzie Investments

Damon Murchison
President and Chief Executive Officer
IG Wealth Management

Blaine Shewchuk
President and Chief Executive Officer
Investment Planning Counsel

Keith Potter
Executive Vice-President,
Chief Financial Officer
IGM Financial

Cynthia Currie
Executive Vice-President,
Chief Human Resources Officer
IGM Financial

Michael Dibden
Chief Operating Officer
IGM Financial

Rhonda Goldberg
Executive Vice-President,
General Counsel
IGM Financial

Kelly Hepher
Executive Vice-President,
Chief Risk Officer
IGM Financial

Douglas Milne
Executive Vice-President,
Chief Marketing Officer
IGM Financial

Shareholder Information

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Fax: 204 947 1659

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Deloitte LLP

Transfer Agent and Registrar

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Vancouver, British Columbia V6C 3B9

Stock Exchange Listing

Toronto Stock Exchange

Shares of IGM Financial Inc. are listed on the Toronto Stock Exchange under the following listings:
Common Shares: IGM

Shareholder Information

For additional financial information about the Company, please contact:

Investor Relations
investor.relations@igmfinancial.com

For copies of the annual or quarterly reports, please contact the Corporate Secretary's office at 204 956 8259 or visit our website at igmfinancial.com

Annual Meeting

The Annual Meeting of IGM Financial Inc. will be held at The Shangri-La Toronto, 188 University Avenue, Toronto, Ontario, Canada on Thursday, May 4, 2023 at 11:00 a.m., Eastern Time.

Websites

Visit our websites at
igmfinancial.com
ig.ca
mackenzieinvestments.com
ipcc.ca

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IGM Financial

IG WEALTH MANAGEMENT

MACKENZIE Investments

Investment Planning Counsel