

# Bettering the lives of Canadians

**IGM** Wealth Management  
Financial Asset Management

**2023 Annual Report**

IGM Financial | TSX: IGM

This way to  
better 

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## IGM Financial brings together the best of wealth and asset management.

**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 our clients meet their financial goals. The company's wealth and asset management businesses are complemented by strategic partnerships that create value for shareholders by diversifying earnings and expanding capabilities.

### Reasons to invest

- Operating companies remain strong and positioned for growth, gaining momentum with their respective wealth and asset management strategies
- Diversification through our strategic partners provides additional growth and knowledge sharing opportunities
- Experienced leadership team focused on driving innovation and creating an agile culture that leads to exceptional client outcomes and employee engagement
- Ability to benefit from financial strength and scale and strong governance as a member of the Power Corporation group of companies
- Commitment to creating long-term value for our shareholders and doing what's right for a sustainable future

Readers are referred to the caution regarding Forward-Looking Statements and Non-IFRS Financial Measures and Additional IFRS 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, 2023.

# 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:

### 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.

# 2023 highlights

## Clients



**1 million+**

clients

**10%**

overall average client returns

**59%**

of IG mutual fund assets rated 4 or 5 stars by Morningstar



**30,000+**

third-party advisors and institutional investors

**1 million+**

retail and institutional clients

**51%**

of MI mutual fund assets rated 4 or 5 stars by Morningstar

## Culture



IGM recognized as one of Canada's 2024 Top 100 Employers

**3,600+**

full-time employees across the IGM family of companies



IGM recognized as one of Canada's 2023 Best Diversity Employers

**3,100+**

IG Wealth Management advisors across Canada helping Canadians meet their financial goals

## Community

**\$9 million**

contributed to community and charitable organizations across Canada

**IGM gives**

\$1.6 million raised through IGM Gives Campaign, with an increase in participation of 8% over 2022

**\$900,000+**

donated to over 300 local, grassroots organizations across Canada through IG region offices

**\$250,000**

donated, together with Canada Life and Power Corporation, to support forest fire relief efforts across Canada

## Sustainability



IGM recognized as one of Corporate Knights 2024 Global 100 Most Sustainable Corporations



IGM ranked one of Corporate Knights' 2023 Best 50 Corporate Citizens in Canada



Mackenzie and IG are members supporting our highest emitting investees transition to net zero



IGM has actively participated in the annual climate survey since 2013

# Shareholders

Net earnings

**\$1,148.9 million**

**\$4.82 per share**

available to common shareholders

Adjusted net earnings<sup>1</sup>

**\$820.7 million**

**\$3.44 per share**

available to common shareholders

Assets under management  
& advisement<sup>2</sup>

**\$240.2 billion**

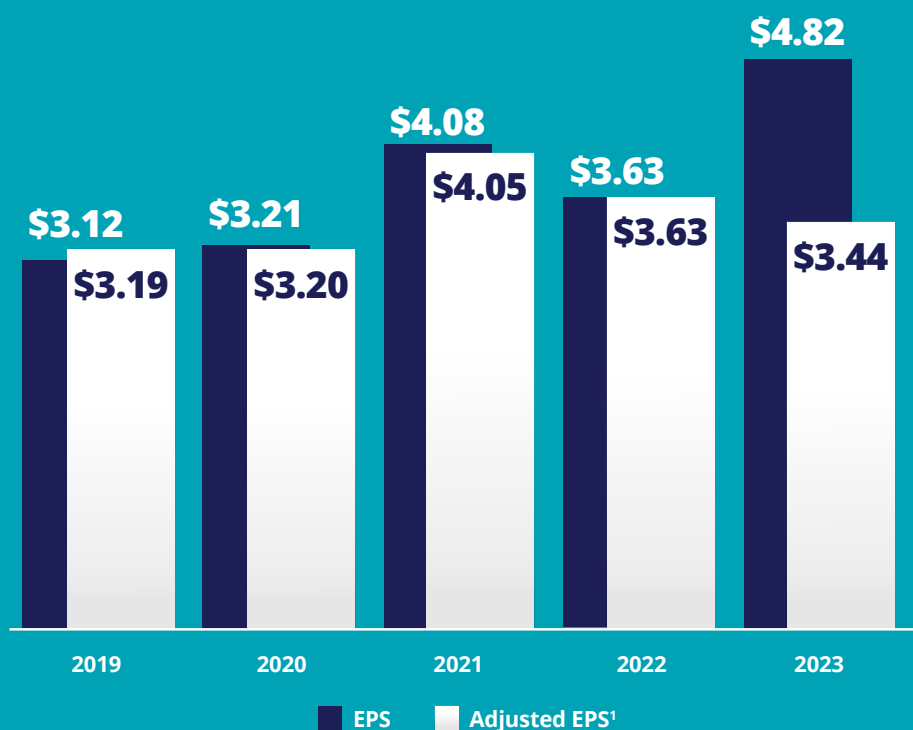
Dividends declared

**\$535.7 million**

**\$2.25 per share**

per common share

## IGM Financial earnings per share



## Total assets under management and advisement

	At December 31, 2023	% change year-over-year
<b>IG Wealth Management</b>	\$121.2B	9.4%
<b>Mackenzie Investments</b>	\$195.7B	4.9%
<b>IGM Financial consolidated<sup>2,3</sup></b>	\$240.2B	7.1%
<b>IGM Financial including strategic investments<sup>2,3,4</sup></b>	\$389.4B	35.1%

1 A non-IFRS financial measure. See Non-IFRS Financial Measures and Other Financial Measures on page 19 in this document.

2 Sale of Investment Planning Counsel closed on November 30, 2023. Figures presented exclude IPC from all periods.

3 Consolidated results eliminate double counting where business is reflected within multiple segments.

4 See definitions of other financial measures included in the Non-IFRS Financial Measures and Other Financial Measures section on page 19 of this report.

# Letter to shareholders

**In 2023, people adapted to new routines and reconnected in a richer way with family, friends and colleagues while keeping an eye on their finances amid persistent inflation, rising interest rates and increased global instability. Against this backdrop, IGM Financial entered a new and exciting chapter as a business while staying true to our ongoing commitment of bettering the lives of Canadians by better planning and managing their money.**

During the year we provided our clients with the guidance and support they required to navigate these challenges demonstrating how sound strategy and execution deliver the best results. By remaining committed to their financial plans, our clients were rewarded with strong overall average client returns of almost 10% over the year. Our deep pool of talent allowed us to maintain momentum in our core businesses, control our expenses and work more efficiently. We also made important, far-reaching investments that set our company up for meaningful earnings growth in the years ahead.

We continued to keep a close eye on expenses. This enabled us to reduce our annual expense guidance to no more than 2%. We ended 2023 with assets under management and advisement (AUM&A) of \$240 billion, up 7.1% from December 31, 2022 (excluding IPC). Annual net earnings were \$1,148.9 million or \$4.82 per share and annual adjusted net earnings (a non-IFRS financial measure) were \$820.7 million or \$3.44 per share.

Our focus on expenses did not curtail our investment in our businesses. We continued to work with leading global technology partners such as Salesforce, Microsoft, Google and Broadridge to optimize our performance and deepen our relationships with advisors and investors. These initiatives are updating our back office, modernizing our corporate contact centre and enhancing both the client and employee experience.

Having substantially completed the modernization of our major systems and technology investments to strengthen our performance and competitive industry position, we were able to simplify our operations and reduce structural costs. This included eliminating duplicate roles and systems, enabling partnerships across the business and enhancing efficiencies. These strategic initiatives allowed us to reinvest in our future and realign and support our core businesses while accelerating growth and reducing costs.

**Our deep bench of talent and leadership have executed exceptionally well amid market fluctuations and macroeconomic challenges.**

In January, we increased our equity interest in China Asset Management Co. (ChinaAMC) to 27.8%, deepening our participation in the Chinese asset management industry with one of the nation's leading asset managers. This growing relationship creates growth opportunities for us and strengthens, diversifies and differentiates our global business.

And in April, we announced a 20.5% investment in Rockefeller Capital Management, an exciting strategic milestone that expands IGM's wealth management footprint into the U.S. through an iconic brand in the high- and ultra-high-net-worth space. The partnership exemplifies our commitment to diversification and growth while deepening the connected strength of our family of businesses and strategic investments.

Concurrent with the Rockefeller transaction, we announced the sale of one of our wealth management businesses, Investment Planning Counsel (IPC), to our sister company, Canada Life Assurance Company, allowing us to strengthen our focus and investment in our core businesses. We would like to thank IPC CEO Blaine Shewchuk, Executive Chair Chris Reynolds and the entire team for their contributions to IGM over the last twenty years.

Today, our realigned business positions IGM for future growth across all demographic segments and varied geographies. Our lineup of businesses are leaders in their respective industries: a wealth management powerhouse in IG Wealth Management, Rockefeller and Wealthsimple, and a dynamic asset management portfolio of businesses in Mackenzie Investments, ChinaAMC and Northleaf Capital Partners.

## **Wealth management**

During more challenging economic times we demonstrate our greatest value to Canadians, providing them with the tools and guidance they need to build

resilience through periods of market instability while helping them navigate all aspects of their financial lives.

At IG Wealth Management, Damon Murchison and his team executed a number of key initiatives in 2023 to drive long-term growth and business success while enriching and elevating the advisor and client experience. This included investing in technology platforms and partnerships to further digitalize the business and strengthen the breadth of our advice through innovation and championing best practices across our diverse and growing advisor network to meet the needs of mass affluent and high-net-worth Canadians.

These strategies resulted in client AUA increasing to \$121.2 billion from \$110.8 billion in 2022. Net outflows were \$165 million. IG maintained momentum in attracting and serving clients from the high-net-worth and mass affluent market segments, with inflows of IG-managed investments to new affluent clients with investments of more than \$500,000 growing by 58.3% since 2020.

Our modernization of IG's investment management and financial planning platforms continued in 2023.



**James O'Sullivan**

President and  
Chief Executive Officer  
IGM Financial

nesto Mortgage Cloud solution, introduced in 2023 with implementation continuing through 2024, helps IG advisors provide clients with an easier, faster and best-in-class digital mortgage experience. Similarly, our financial planning platform, from industry leading software provider Conquest Planning, has become a critical piece of our modern financial planning business and continues to deliver a highly responsive, sophisticated and nimble level of planning at a time when advisors are adapting to changing client scenarios, priorities and expectations.

During the year, IG introduced IG Private Company Advisory, a dedicated team that supports owners of small and mid-sized Canadian businesses with advice tailored to suit their companies in key areas such as growth strategy, raising capital, mergers and acquisitions and divestitures.

We continued to enhance our multi-channel client engagement model throughout 2023, allowing us to deliver a best-in-class financial planning experience across the full spectrum of client needs while remaining dedicated to the ongoing growth of the mass affluent and high-net-worth client segments. This includes a Dedicated Channel, which provides full-service access

to expert financial advisors and IG Wealth Connect, a digital-first offering backed by human advice from planning experts. Together, IG Wealth Connect and the Dedicated Channel comprise our Corporate Channel with combined assets growing to \$6.1 billion at December 31, 2023.

The landmark partnership with Rockefeller during the year advances our strategy of expanding our presence in the high-net-worth and ultra-high-net-worth client segments and presents IG with a strong opportunity for knowledge-sharing and business partnerships between our connected businesses in the future.

IGM is also the largest shareholder in Wealthsimple, with an interest of approximately 25%. One of Canada's fastest-growing and innovative financial services companies, Wealthsimple was named Globe and Mail's most trusted financial institution among Canadians under 45. The company enjoys a dominant position with Millennials and is a complement to our core wealth management business.

Our efforts to provide advisors and clients with superior advice, personalized financial planning tools and industry-leading services and solutions earned us renewed accolades in 2023 and reflect the high-impact investments we have made to our business. IG finished first among all full-service firms in 10 key categories of Investment Executive's annual Dealer Report Card, including advisor education, training and support for high-net-worth clients. This was a remarkable achievement in line with our 2022 four-year high in this benchmark industry report and was a testament to our



**We are confident in our ability to deliver growth and increased value to our shareholders while working to better the lives of Canadians.**

**R. Jeffrey Orr**

Chair of the Board  
IGM Financial



commitment to supporting our advisors in 2023 amid challenging markets, high interest rates and heightened client needs.

## Asset management

In alignment with our efforts to strengthen our core businesses for sustainable future growth, IGM's asset management business continued to leverage the most promising markets in the world through its portfolio of strong partners and highly relevant investments.

Led by Luke Gould, Mackenzie Investments deepened its bedrock of client trust with a clear purpose. To help crystallize this, it launched Be Invested, a new brand platform that underscores the importance of remaining invested across all market cycles. It is a natural extension of Mackenzie's mission to create a more invested world together. Performing well in 2023 despite broader market challenges, total AUM was \$195.7 billion, compared to \$186.6 billion at the end of 2022. Investment fund net redemptions were \$2.1 billion and total net redemptions (including institutional) were \$1.9 billion in 2023.

During the year, Mackenzie continued to advance its ongoing digital transformation through various initiatives. In November, we announced an agreement with CIBC Mellon to provide enhanced asset management capabilities through OnCore, a modern, innovative, and global middle office solution administered by BNY Mellon.

As a company known for its desire to build a more sustainable world, Mackenzie also made a number of key product launches in 2023. This includes the Mackenzie Corporate Knights Global 100 Index Fund and Mackenzie Corporate Knights Global 100 Index ETF and the Mackenzie Greenchip USD Global Environmental All Cap Fund, the largest thematic environmental fund in Canada.

More generally, Mackenzie also launched the Mackenzie All-Equity ETF Portfolio and Mackenzie USD Global Dividend Fund, along with two new funds in partnership with Primerica Financial Services: Mackenzie FuturePath Shariah Global Equity Fund and Mackenzie FuturePath US Core Fund. The firm's ongoing commitment to product innovation and excellence saw its dedicated Exchange Traded Funds (ETF) team win recognition as

Best US Equity ETF and Best Canadian Equity ETF Issuer at the 2023 ETF Express Canada Awards.

During the year, our asset management business strengthened our partnership network through strategic investments that align with our goals of creating a more invested world and building global offerings. To help further this, we expanded our participation in the rapidly growing Chinese asset management industry by acquiring Power Corporation of Canada's interest in ChinaAMC, increasing our equity interest to 27.8%.

With alternative investments accounting for an increasing portion of the global asset management revenue pool, our growing participation in private assets and alternatives in partnership with Northleaf aligns with our mission to drive growth and deliver long-term shareholder value for IGM. Northleaf's AUM grew to \$26.6 billion in 2023, a 10.4% increase over 2022, representing a cumulative annual growth rate of 22.3% since our partnership was formed in late 2020.

This approach yielded clear benefits for Mackenzie's people, advisors and investors. For the first time, Mackenzie made Glassdoor's Best Places to Work List, an award based solely on the input of employees. Mackenzie also achieved continued strong results in the industry's annual client scorecard, the 2023 Environics Advisor Perception Study (APS), maintaining its strong APS leadership position among the top three in overall score. These results are all the more impressive given that Mackenzie had to navigate a third-party cyber-security incident during the year and are a testament to the team's ongoing focus on transparency and always putting the advisor and investor first.

## Driving positive change

During 2023, IGM continued to prioritize initiatives that service and strengthen our businesses, our people and the communities around us through a focus on diversity, equity and inclusion (DEI), environmental sustainability and engagement with local communities.

We continued our transition to a hybrid work environment that will help our people thrive. Finding ways to work together virtually in recent years helped accelerate innovation and flexibility throughout our business, and we will continue to balance the flexible

benefits and efficiency of working virtually while also having a presence in the office.

We work hard to be a place where employees across the country feel respected, elevated and valued and give them ample opportunities to develop their careers as we build a culture grounded in DEI. We will continue to build on the progress we have made, embedding an inclusive lens across our business.

Climate change is one of the defining challenges of our time. We understand we have a role to play in implementing sustainable business practices and investing in a climate-resilient economy. We are committed to the recommendations of the Task Force on Climate-related Financial Disclosures and have participated in the annual Carbon Disclosure Project (CDP) survey since 2013 to disclose our approach to climate change management and associated metrics and targets. Throughout 2023 our Green Business Resource Group made a positive impact in our communities organizing initiatives that resulted in planting 650 trees and a shoreline and parks cleanup across major Canadian cities.

As a Canadian company, we know we have a responsibility to be actively involved in the communities in which we live and work. IGM's annual Giving Campaign, in support of United Way and the Mackenzie Together Charitable Foundation, raised more than \$1.6 million and featured record employee participation. Further, through our IG Empower Your Tomorrow community platform, we continued to make an impact in helping build financial confidence among four underserved groups, including Indigenous communities, newcomers, seniors and youth. And during our annual Mackenzie Together Volunteer Week the Mackenzie community came together to donate their time to a variety of charities.

Together, these achievements brought us renewed recognition as one of Canada's Top 100 Employers (2024), one of Canada's Best Diversity Employers (2023) and one of Manitoba's Top Employers (2023) by Mediacorp Canada in its annual ranking of companies that provide an outstanding workplace for their employees. We also once again ranked among the world's 100 most sustainable corporations on Corporate Knights 2024 Global 100.

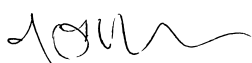
## 2024 and beyond

Our deep bench of talent and leadership have executed exceptionally well amid market fluctuations and macroeconomic challenges. We have reengineered our core businesses, IG Wealth Management and Mackenzie Investments, and combined with our four best-in-class partners, Rockefeller, Wealthsimple, ChinaAMC and Northleaf, we are well positioned for future growth.

We would like to thank our teams for their hard work in 2023 as they helped to ensure the financial well-being of Canadians. The transformative changes of the last four years have strengthened our ability to compete with global asset managers and allowed our wealth management business to extend its relationships with high-net worth and ultra-high-net-worth clients. Combined with our deep and experienced pool of talent and focus on execution, these changes have reshaped our company and set us on an exciting path to sustained growth.

As a values-driven company, IGM will continue to support the growth and career development of our employees and advisors, give back to communities where we live and work and use our influence and capacity as a large financial services company to drive positive social impact and fight climate change. After a time of momentous change and evolution, we are confident in our ability to deliver growth and increased value in the years ahead to our shareholders while working to better the lives of Canadians.

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

# 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.



## Wealth management



ROCKEFELLER  
CAPITAL MANAGEMENT

Wealthsimple

## Asset management



Northleaf

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 our clients.

IG Wealth Management 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 they do.



**Damon Murchison**  
President and  
Chief Executive Officer  
IG Wealth Management



**\$121.2 billion**

Total assets under advisement

**\$12.7 billion**

Gross client inflows



**\$6.2 million**

raised nationally by more than 21,000 walkers participating in the IG Wealth Management Walk for Alzheimer's

**Ranked #1** in several key categories of Investment Executive's 2023 Dealer Report card, representing the second-highest score among full-service and mutual fund dealers



**LSEG Lipper Fund Awards**

**5**

LSEG Lipper Fund Awards won for outstanding performance



**10**

FundGrade A+ Awards won for Performance

**Corporate Channel focused on growth**

Dedicated Channel grew to **\$3.2 billion**

IG Wealth Connect grew to **\$2.9 billion**

## ROCKEFELLER CAPITAL MANAGEMENT

Rockefeller Capital Management was established in 2018. A leading independent financial advisory services firm, Rockefeller offers strategic advice to ultra- and high-net-worth individuals and families, institutions, and corporations across the United States.

**20.5%** interest

## Wealthsimple

Wealthsimple is one of Canada's fastest-growing financial services companies. Wealthsimple provides IGM with innovative capabilities while also providing access to markets with significant potential for growth.

**24.7%** interest

# Asset management

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

Mackenzie Investments continued to help advisors and investors build strong portfolios and reinforced the importance of being invested through all market cycles.



**Luke Gould**  
President and  
Chief Executive Officer  
Mackenzie Investments

**\$195.7 billion\***  
Total assets under management

**\$7.3 billion**  
Mutual fund gross sales

## BE INVEST+ED

New brand platform encouraging people to be invested in the things that matter in their lives, while investing their money so their goals are realized



Ranked among the top 25 best places to work in Canada based solely on the input of employees



Clarenville, Newfoundland's White Hills Resort wins third annual Mackenzie Top Peak



**11** FundGrade A+ Awards for outstanding investment performance

**Top 3** overall score in the 2023 Environics Advisor Perception Study

**#2** in brand equity

**#2** advisor sales penetration

\* Includes \$76.8 billion in advisory fee mandates to wealth management.



Founded in 1998 as one of the first fund management companies in China, China Asset Management Co., Ltd. has maintained a market leading position in China's asset management industry. Our ownership interest in ChinaAMC offers our clients access to Chinese capital markets.

**27.8%** interest

## Northleaf

Northleaf is a global private markets investment firm focused on mid-market companies and assets. With an established long-term track record as a principal investor in private equity, private credit and infrastructure globally, Northleaf enhances the investment solutions we offer our clients.

**56%** interest

# Our people

**At IGM we work continually to be a standout employer that fosters a strong, inclusive and progressive culture for our people — a place where individuals can **grow** their careers and do their best for clients, communities and one another.**

We're proud of the work we have done to support our people and to build a high-performance culture that drives strong business results. And these efforts were recognized externally as well. We're very proud to once again be named one of Canada's Top 100 Employers in 2024, and in 2023 one of Canada's Best Diversity Employers and one of Manitoba's Top Employers by Mediacorp Canada in its annual ranking of companies that provide an outstanding workplace for their employees.

To drive our collective success, we continued to evolve our work model to allow employees to thrive while building relationships with one another and connecting with clients in a meaningful way. Our employees responded positively, with our annual engagement survey results ranking support for work/life balance at an impressive 89%.

## Survey results

Our people told us how proud they are to work for IGM, with the highest employee engagement scores in our annual survey going to our People Leaders and our DEI and Sustainability initiatives, which continue to rank above external benchmarks. Here are some highlights from our annual employee engagement survey:

**89%** say IGM creates an environment where people with diverse backgrounds can succeed

**88%** believe everyone on their team is able to succeed to their fullest potential at IGM, no matter who they are

**84%** feel IGM is committed to sustainability in our business, and in products and services to clients

**89%** believe their people leader supports their efforts to balance their work and personal life

**78%** overall employee engagement score – higher than Canadian and 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.

## Diversity, equity, inclusion

In 2023, we entered the third year of our drive to advance DEI across the financial services industry. The impact of our people leaders' plans to advance DEI within their teams are reflected in our exceptional survey results above and are a testament to the progress and commitment to DEI across the organization. Our executive council, DEI Centre of Excellence and seven Business Resource Groups (BRGs) also helped us execute our three-pillar strategy.

### 2023 highlights:

- Continued growth and participation in our seven employee-led BRGs with programming and activities to support members and foster learning and engagement. Through our 2SLGBTQIA+, Black, diverse ABILITIES, Green, Indigenous, Pan-Asian and Women BRGs, our people find community through programming and initiatives that align with our overall DEI strategy and business priorities.
- 1,300 employees completed 4 Seasons of Reconciliation training and took time to reflect and honor Canada's National Day for Truth and Reconciliation.
- Launched a new Mentorship Program specifically with our Black BRG, aimed at developing and advancing our Black talent.

**Inclusive workplace**  
Nurture a culture of allyship and inclusive leadership

**Diverse talent**  
Attract, develop, retain and accelerate

**Clients & brand**  
Leverage DEI in the marketplace



# Our commitment to sustainability

At IGM, we believe we have an important role to play in building a **better tomorrow for Canadians.**

Our sustainability strategy centres us on what matters most to our business and stakeholders. We work to accelerate positive change in areas where we can make the greatest impact as wealth and asset managers.

## Focus areas



### Building financial well-being

**\$500,000 over five years**

to organizations supporting women's financial well-being through Mackenzie Together Grant



### Advancing sustainable investing

**\$6.0B**

assets under management in sustainable solutions, up 25% from \$4.8 billion in 2022



### Accelerating DEI in finance

**84%**

of employees self-identified through our Count me in! initiative

## Our commitments



In support of

**WOMEN'S EMPOWERMENT PRINCIPLES**

Established by UN Women and the UN Global Compact Office



PROUD PARTNER | FIÈRE PARTENAIRE



FTSE4Good



JANTZI SOCIAL INDEX



IMAGINE A CANADA

## Committed to responsible business practices

- Governance
- Ethics and compliance
- Risk management
- Information security and privacy
- Talent and culture
- Community support
- Climate and environment

Visit [igmfinancial.com/en/corporate-sustainability](https://igmfinancial.com/en/corporate-sustainability) to learn more about our sustainability efforts.

## 2,700+ Indigenous community members

attended a financial literacy workshop or received one-on-one financial help services through IG's partnership with Prosper Canada

**172**

companies/governments engaged on a variety of ESG issues in Mackenzie-managed funds

**500+**

employees belong to one of seven BRGs, a 300% increase in membership over 2022



# Financial Section

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# 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, 2023 and 2022 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, 2023 is as of February 15, 2024.

## 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, 2023, Power Corporation of Canada (Power) and Great-West Lifeco Inc. (Lifeco), a subsidiary of Power, held directly or indirectly 62.1% 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 Inc.'s (IGM Financial, IGM or the Company) 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.sedarplus.ca](http://www.sedarplus.ca).

## 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's core businesses IG Wealth Management and Mackenzie Investments. 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 core businesses. AUM&A excludes Investment Planning Counsel's (IPC's) AUM, AUA, sales, redemptions and net flows which have been disclosed as Discontinued operations.
- **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 core business.
- **Assets Under Management (AUM)** are the key driver of the Asset Management segment. AUM are an additional 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.
- **Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI)** represents AUM&A including the Company's proportionate share of the AUM&A of strategic investments based on the Company's direct and indirect ownership of the strategic investments. The strategic investments included are those whose activities are primarily in asset and wealth management, and include ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include assets under management and advisement as well as assets held for investment purposes and only receiving administrative services.
- **Working Capital** which consists of current assets less current liabilities excluding assets and liabilities not reflective of ongoing operations.

# 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 wealth management segment consists of IG Wealth Management (IG), and strategic investments in Rockefeller Capital Management (Rockefeller) and Wealthsimple Financial Corp. (Wealthsimple). The asset management segment consists of Mackenzie Investments (Mackenzie) and strategic investments in China Asset Management Co., Ltd. (ChinaAMC) and Northleaf Capital Group Ltd. (Northleaf). The Company also holds an investment in Great-West Lifeco Inc. (Lifeco). The Company sold its subsidiary, Investment Planning Counsel (IPC), in the fourth quarter of 2023.

IGM Financial's Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI) were \$389.4 billion as at December 31, 2023 compared to \$288.3 billion at December 31, 2022, as detailed in Table 6.

IGM Financial's Assets Under Management and Advisement (AUM&A) were \$240.2 billion as at December 31, 2023, compared with \$224.2 billion at December 31, 2022. Average total AUM&A for the year ended December 31, 2023 were \$232.8 billion compared to \$229.4 billion in 2022. Average total AUM&A for the fourth quarter of 2023 were \$232.1 billion compared to \$222.6 billion in the fourth quarter of 2022.

Net earnings available to common shareholders for the year ended December 31, 2023 were \$1,148.9 million or \$4.82 per share compared to net earnings available to common shareholders of \$867.2 million or \$3.63 per share in 2022, representing an increase of 32.8% in earnings per share. Net earnings available to common shareholders for the three months ended December 31, 2023 were \$419.6 million or \$1.76 per share compared to net earnings available to common shareholders of \$224.7 million or \$0.94 per share for the comparative period in 2022, an increase of 87.2% in earnings per share.

Adjusted net earnings available to common shareholders, excluding other items outlined below, for the year ended December 31, 2023 were \$820.7 million or \$3.44 per share compared to net earnings available to common shareholders of \$867.2 million or \$3.63 per share for the comparative period in 2022. Adjusted net earnings available to common shareholders,

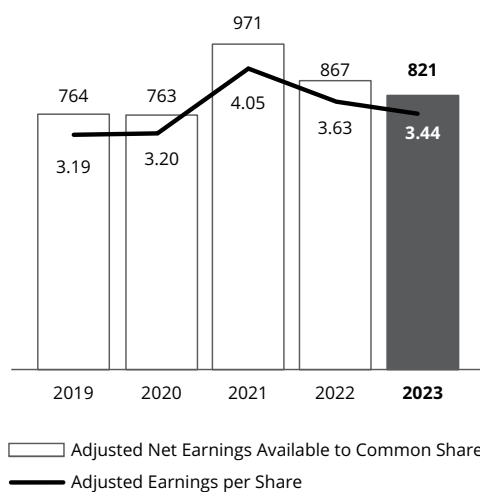
excluding other items outlined below, for the fourth quarter of 2023 were \$198.9 million or \$0.84 per share compared to net earnings available to common shareholders of \$224.7 million or \$0.94 per share for the comparative period in 2022.

Other items for the year ended December 31, 2023 consisted of:

- A gain on the sale of IPC of \$220.7 million recorded in the fourth quarter.
- Restructuring and other charges of \$76.2 million after-tax (\$103.3 million pre-tax), recorded in the second quarter, related to further streamlining and simplifying the Company's

### Adjusted Net Earnings Available to Common Shareholders<sup>(1)</sup> and Adjusted Earnings per Share<sup>(1)</sup>

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:

- 2019 – the Company's proportionate share in Lifeco's one-time charges.
- 2020 – the gain on sale of Personal Capital, gain on sale of Quadrus Group of Funds net of acquisition 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.
- 2023 – the gain on sale of IPC, gain on sale of Lifeco, Lifeco IFRS 17 adjustment and restructuring and other.

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

operating model to better align with business priorities. The initiatives include:

- Organizational structure changes including aligning the Company's organizational structure to advance the growing needs of the business and deliver against key strategic initiatives. It also includes optimizing the Company's resources and talent structure to advance the growing needs of the business, enable partnerships across the business and operate more efficiently and effectively.
- Digital transformation to retire duplicate systems and to automate and modernize our technology infrastructure to enhance efficiencies and the Company's ability to service client needs.
- Real estate consolidation of IG Wealth Management's footprint to reflect the adoption of hybrid work and new technologies.
- A gain on the sale of a portion of the Company's investment in Lifeco of \$168.6 million after-tax (\$172.9 million pre-tax), consisting of \$174.8 million recorded in the first quarter and a decrease of \$6.2 million that was recorded on a prospective basis in the second quarter.
- Lifeco IFRS 17 adjustment of \$15.1 million, recorded in the second quarter, representing a change of estimate which has been recorded on a prospective basis.

Shareholders' equity was \$6.7 billion at December 31, 2023, compared to \$6.1 billion at December 31, 2022. Adjusted ROE (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the year ended December 31, 2023 was 13.0% compared with 14.3% for the comparative period in 2022. 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, 2023 was 13.7% compared with 15.6% in 2022. The quarterly dividend per common share was 56.25 cents in 2023, unchanged from the end of 2022.

## 2023 Developments

### Rockefeller Capital Management

On April 3, 2023, IGM Financial purchased a 20.5% equity interest in Rockefeller, a leading U.S. independent financial services advisory firm, for cash consideration of \$835 million (USD \$622 million).

Highlights of the Rockefeller transaction include:

- the expansion of IGM's wealth management footprint, through Rockefeller, into the U.S., with a brand and business model focused on the high-net-worth and ultra-high-net-worth segments;

- a strategic ownership position with two board seats and rights enhancing IGM's opportunity to increase its equity interest in Rockefeller in the future; and
- the opportunity for knowledge sharing and collaboration between Rockefeller and IGM's wealth management business, IG Wealth Management.

Concurrently with the Rockefeller transaction, IGM entered into an agreement to sell 100% of IPC to The Canada Life Assurance Company (Canada Life) for \$575 million. Payment for the Rockefeller transaction of \$835 million (USD \$622 million) was completed on June 2, 2023.

The financial results of Rockefeller are recorded in the Company's Wealth Management segment.

### Investment Planning Counsel Inc. – Discontinued Operations

On November 30, 2023, the Company completed the sale of 100% of the common shares of IPC for proceeds of \$575 million plus adjustments and recorded a gain of \$220.7 million.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment.

Net earnings from discontinued operations for all periods under review are reported as a separate line item in consolidated and segment results.

### China Asset Management Co., Ltd.

On January 12, 2023, the Company closed the transaction to acquire Power's 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 Company recorded a gain on sale of the Lifeco shares of \$174.8 million, net of tax. 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.

The financial results of ChinaAMC are recorded in the Company's Asset Management segment.

## Market Overview

Financial market returns were positive for the fourth quarter and year ended December 31, 2023:

- The S&P TSX Composite total return index increased by 8.1% in the fourth quarter of 2023 and by 11.8% for the year.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 11.7% in the fourth quarter of 2023 and by 26.3% for the year.

- European equity markets, as measured by the MSCI Europe net total return index, increased by 6.4% in the fourth quarter of 2023 and by 15.8% for the year.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, increased by 8.0% in the fourth quarter of 2023 and by 11.4% for the year.
- The FTSE TMX Canada Universe Bond total return index increased by 8.3% in the fourth quarter of 2023 and by 6.7% for the year.
- Our clients experienced an average investment return of 6.7% in the fourth quarter of 2023 and 9.9% for the year (excluding IPC).

IGM Financial's AUM&A increased by 7.1% from \$224.2 billion at December 31, 2022 to \$240.2 billion at December 31, 2023. See Table 6 for the breakdown of IGM Financial's AUM&A.

**Table 1: Reconciliation of Non-IFRS Financial Measures**

	Three months ended			Twelve months ended	
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31
(\$ millions except EPS)					
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 198.9</b>	<b>\$ 209.8</b>	<b>\$ 224.7</b>	<b>\$ 820.7</b>	<b>\$ 867.2</b>
Gain on sale of IPC	220.7	-	-	220.7	-
Restructuring and other, net of tax	-	-	-	(76.2)	-
Gain on sale of Lifeco, net of tax	-	-	-	168.6	-
Lifeco IFRS 17 adjustment	-	-	-	15.1	-
<b>Net earnings available to common shareholders</b>	<b>\$ 419.6</b>	<b>\$ 209.8</b>	<b>\$ 224.7</b>	<b>\$ 1,148.9</b>	<b>\$ 867.2</b>
<b>Adjusted earnings per share<sup>(1)</sup></b>	<b>\$ 0.84</b>	<b>\$ 0.88</b>	<b>\$ 0.94</b>	<b>\$ 3.44</b>	<b>\$ 3.63</b>
Gain on sale of IPC	0.92	-	-	0.93	-
Restructuring and other, net of tax	-	-	-	(0.32)	-
Gain on sale of Lifeco, net of tax	-	-	-	0.71	-
Lifeco IFRS 17 adjustment	-	-	-	0.06	-
<b>Earnings per share<sup>(2)</sup></b>	<b>\$ 1.76</b>	<b>\$ 0.88</b>	<b>\$ 0.94</b>	<b>\$ 4.82</b>	<b>\$ 3.63</b>
<b>Average outstanding shares – Diluted (thousands)</b>	<b>238,156</b>	<b>238,550</b>	<b>237,958</b>	<b>238,418</b>	<b>238,996</b>
<b>EBITDA before sales commissions<sup>(1)</sup></b>	<b>\$ 345.8</b>	<b>\$ 362.3</b>	<b>\$ 366.1</b>	<b>\$ 1,404.2</b>	<b>\$ 1,425.6</b>
Sales-based commissions paid	(26.7)	(30.2)	(22.2)	(116.7)	(130.8)
<b>EBITDA after sales commissions<sup>(1)</sup></b>	<b>319.1</b>	<b>332.1</b>	<b>343.9</b>	<b>1,287.5</b>	<b>1,294.8</b>
Sales-based commissions paid subject to amortization	26.7	30.2	22.2	116.7	123.5
Amortization of capitalized sales commissions	(25.2)	(24.2)	(20.9)	(94.2)	(77.6)
Amortization of capital, intangible and other assets	(26.5)	(27.1)	(26.2)	(106.5)	(104.0)
<b>Adjusted earnings before interest and income taxes<sup>(1)</sup></b>	<b>294.1</b>	<b>311.0</b>	<b>319.0</b>	<b>1,203.5</b>	<b>1,236.7</b>
Interest expense <sup>(3)</sup>	38.6	41.3	28.7	141.0	113.8
<b>Adjusted earnings before income taxes – continuing and discontinued operations<sup>(1)</sup></b>	<b>255.5</b>	<b>269.7</b>	<b>290.3</b>	<b>1,062.5</b>	<b>1,122.9</b>
Income taxes	54.9	59.8	63.3	238.2	250.4
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>200.6</b>	<b>209.9</b>	<b>227.0</b>	<b>824.3</b>	<b>872.5</b>
Gain on sale of IPC	220.7	-	-	220.7	-
Restructuring and other, net of tax	-	-	-	(76.2)	-
Gain on sale of Lifeco, net of tax	-	-	-	168.6	-
Lifeco IFRS 17 adjustment	-	-	-	15.1	-
<b>Net earnings</b>	<b>\$ 421.3</b>	<b>\$ 209.9</b>	<b>\$ 227.0</b>	<b>\$ 1,152.5</b>	<b>\$ 872.5</b>

(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 and in Q2 to Q4 2023, also included interest on the credit facility.

## Reportable Segments

In the fourth quarter of 2023, the Company realigned its reportable segments to better characterize and simplify the Company's business lines into wealth management and asset management segments.

The revised segments reflect a realignment of Rockefeller and Wealthsimple to the wealth management segment and ChinaAMC and Northleaf to the asset management segment. These changes have no impact on the reported earnings of the Company. Prior period comparative information has been restated to reflect the realigned segments.

The Company's reportable segments are Wealth Management, Asset Management and Corporate & Other and reflect the Company's internal financial reporting and performance measurement (Tables 2, 3 and 4):

- **Wealth Management** – reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management which is a retail distribution organization that serves Canadian households through its securities dealer, mutual fund dealer 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. This segment also includes the Company's strategic investments in Rockefeller and Wealthsimple. Rockefeller is classified as an investment in associate and accounted for using the equity method, with the proportionate share of earnings included in revenue. Wealthsimple is classified as an investment which is accounted for as fair value through other comprehensive income and therefore has no impact on the segment earnings. This segment also included IPC, which was sold on November 30, 2023. IPC's results were classified as discontinued operations.
- **Asset Management** – reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments which provides investment management services 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. This segment also includes the Company's strategic investment in ChinaAMC and Northleaf which are classified as investments in associates and

accounted for using the equity method. The proportionate share of earnings on these investments are included in the segment's revenue.

- **Corporate and Other** – primarily represents the investments in Lifeco and Portage Ventures LPs, the Company's unallocated capital, as well as consolidation elimination entries.

### Assets Under Management and Advisement (AUM&A)

represents the consolidated AUM and AUA of IGM Financial's core businesses IG Wealth Management and Mackenzie Investments. 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 core businesses. AUM&A excludes IPC's AUM, AUA, sales, redemptions and net flows which have been disclosed as discontinued operations.

**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 an additional 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.

**Assets Under Management and Advisement Including Strategic Investments (AUM&A Including SI)** represents AUM&A including the Company's proportionate share of the AUM&A of strategic investments based on the Company's direct and indirect ownership of the strategic investments. The strategic investments included are those whose activities are primarily in asset and wealth management, and include ChinaAMC, Northleaf, Rockefeller and Wealthsimple. Rockefeller client assets include AUM&A as well as assets held for investment purposes and only receiving administrative services.

## 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,

**Table 2: Consolidated Operating Results by Segment – Q4 2023 vs. Q4 2022**

Three months ended (\$ millions)	Wealth Management		Asset Management		Corporate & Other		Total	
	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31
Revenues								
Wealth management	\$ 551.7	\$ 530.8	\$ -	\$ -	\$ (1.7)	\$ -	\$ 550.0	\$ 530.8
Asset management	-	-	259.5	260.5	(25.2)	(27.0)	234.3	233.5
Dealer compensation expense	-	-	(76.0)	(76.9)	(0.7)	(0.1)	(76.7)	(77.0)
Net asset management	-	-	183.5	183.6	(25.9)	(27.1)	157.6	156.5
Net investment income and other	3.7	2.1	4.0	5.6	2.9	7.2	10.6	14.9
Proportionate share of associates' earnings	(0.8)	(0.4)	32.3	24.9	19.1	40.9	50.6	65.4
	554.6	532.5	219.8	214.1	(5.6)	21.0	768.8	767.6
Expenses								
Advisory and business development	232.4	217.2	20.8	21.3	-	-	253.2	238.5
Operations and support	115.9	108.9	92.7	91.3	0.2	(0.2)	208.8	200.0
Sub-advisory	43.0	41.5	1.2	1.0	(27.5)	(27.0)	16.7	15.5
	391.3	367.6	114.7	113.6	(27.3)	(27.2)	478.7	454.0
<b>Adjusted earnings before interest and taxes<sup>(1)</sup></b>	<b>163.3</b>	<b>164.9</b>	<b>105.1</b>	<b>100.5</b>	<b>21.7</b>	<b>48.2</b>	<b>290.1</b>	<b>313.6</b>
Interest expense <sup>(2)</sup>	26.0	22.6	6.5	5.9	-	-	32.5	28.5
Adjusted earnings before income taxes <sup>(1)</sup>	137.3	142.3	98.6	94.6	21.7	48.2	257.6	285.1
Income taxes	36.6	38.2	20.1	20.2	(0.7)	3.4	56.0	61.8
<b>Adjusted net earnings – continuing operations<sup>(1)</sup></b>	<b>100.7</b>	<b>104.1</b>	<b>78.5</b>	<b>74.4</b>	<b>22.4</b>	<b>44.8</b>	<b>201.6</b>	<b>223.3</b>
Net earnings – discontinued operations	3.5	3.5	-	-	(4.5)	0.2	(1.0)	3.7
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>104.2</b>	<b>107.6</b>	<b>78.5</b>	<b>74.4</b>	<b>17.9</b>	<b>45.0</b>	<b>200.6</b>	<b>227.0</b>
Non-controlling interest	-	0.2	1.7	2.1	-	-	1.7	2.3
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 104.2</b>	<b>\$ 107.4</b>	<b>\$ 76.8</b>	<b>\$ 72.3</b>	<b>\$ 17.9</b>	<b>\$ 45.0</b>	<b>198.9</b>	<b>224.7</b>
<b>Other items<sup>(1)</sup>, net of tax</b>								
Gain on sale of IPC							220.7	-
<b>Net earnings available to common shareholders</b>							<b>\$ 419.6</b>	<b>\$ 224.7</b>

(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.

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.

- **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.
- **Proportionate share of associates' earnings** – the Company's proportionate share of earnings from equity investments including Lifeco, ChinaAMC, Northleaf and Rockefeller.
- **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 functions. These expenses primarily reflect compensation, technology and other service provider expenses.



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

<i>Twelve months ended</i> (\$ millions)	Wealth Management		Asset Management		Corporate & Other		Total	
	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31
Revenues								
Wealth management	\$ 2,206.2	\$ 2,159.9	\$ -	\$ -	\$ (6.5)	\$ -	\$ 2,199.7	\$ 2,159.9
Asset management	-	-	1,051.2	1,077.7	(102.2)	(110.5)	949.0	967.2
Dealer compensation expense	-	-	(311.4)	(327.6)	(2.7)	-	(314.1)	(327.6)
Net asset management	-	-	739.8	750.1	(104.9)	(110.5)	634.9	639.6
Net investment income and other	13.3	2.4	12.0	5.7	12.3	14.2	37.6	22.3
Proportionate share of associates' earnings	(3.3)	(0.4)	121.4	82.9	66.9	128.2	185.0	210.7
	<b>2,216.2</b>	<b>2,161.9</b>	<b>873.2</b>	<b>838.7</b>	<b>(32.2)</b>	<b>31.9</b>	<b>3,057.2</b>	<b>3,032.5</b>
Expenses								
Advisory and business development	922.7	882.7	83.5	79.4	-	-	1,006.2	962.1
Operations and support	438.5	424.0	362.7	360.5	1.2	2.1	802.4	786.6
Sub-advisory	172.4	169.1	4.6	4.9	(111.3)	(110.5)	65.7	63.5
	<b>1,533.6</b>	<b>1,475.8</b>	<b>450.8</b>	<b>444.8</b>	<b>(110.1)</b>	<b>(108.4)</b>	<b>1,874.3</b>	<b>1,812.2</b>
<b>Adjusted earnings before interest and taxes<sup>(1)</sup></b>	<b>682.6</b>	<b>686.1</b>	<b>422.4</b>	<b>393.9</b>	<b>77.9</b>	<b>140.3</b>	<b>1,182.9</b>	<b>1,220.3</b>
Interest expense <sup>(2)</sup>	98.2	89.7	25.0	23.5	-	-	123.2	113.2
Adjusted earnings before income taxes <sup>(1)</sup>	584.4	596.4	397.4	370.4	77.9	140.3	1,059.7	1,107.1
Income taxes	156.1	159.7	83.8	81.6	(2.0)	4.7	237.9	246.0
<b>Adjusted net earnings – continuing operations<sup>(1)</sup></b>	<b>428.3</b>	<b>436.7</b>	<b>313.6</b>	<b>288.8</b>	<b>79.9</b>	<b>135.6</b>	<b>821.8</b>	<b>861.1</b>
Net earnings – discontinued operations	15.0	11.3	-	-	(12.5)	0.1	2.5	11.4
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>443.3</b>	<b>448.0</b>	<b>313.6</b>	<b>288.8</b>	<b>67.4</b>	<b>135.7</b>	<b>824.3</b>	<b>872.5</b>
Non-controlling interest	0.2	0.2	3.4	5.1	-	-	3.6	5.3
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 443.1</b>	<b>\$ 447.8</b>	<b>\$ 310.2</b>	<b>\$ 283.7</b>	<b>\$ 67.4</b>	<b>\$ 135.7</b>	<b>820.7</b>	<b>867.2</b>
<b>Other items<sup>(1)</sup>, net of tax</b>								
Gain on sale of IPC							220.7	-
Restructuring and other							(76.2)	-
Gain on sale of Lifeco							168.6	-
Lifeco IFRS 17 adjustment							15.1	-
<b>Net earnings available to common shareholders</b>							<b>\$ 1,148.9</b>	<b>\$ 867.2</b>

(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.

• **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. The change in interest expense for the three and twelve month periods resulted from the impact of the issuance of \$300 million 5.426% debentures on May 26, 2023. 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. Interest expense

related to the credit facility, which was temporary financing put in place in the second quarter of 2023 and was repaid in the fourth quarter prior to the close of the IPC sale, is included in discontinued operations and totalled \$6.0 million and \$17.9 million, respectively, for the three and twelve months ended December 31, 2023.

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

**Table 4: Consolidated Operating Results by Segment – Q4 2023 vs. Q3 2023**

<b>Three months ended</b> (\$ millions)	<b>Wealth Management</b>		<b>Asset Management</b>		<b>Corporate &amp; Other</b>		<b>Total</b>	
	<b>2023</b> <b>Dec. 31</b>	<b>2023</b> <b>Sep. 30</b>	<b>2023</b> <b>Dec. 31</b>	<b>2023</b> <b>Sep. 30</b>	<b>2023</b> <b>Dec. 31</b>	<b>2023</b> <b>Sep. 30</b>	<b>2023</b> <b>Dec. 31</b>	<b>2023</b> <b>Sep. 30</b>
Revenues								
Wealth management	\$ 551.7	\$ 564.8	\$ -	\$ -	\$ (1.7)	\$ (1.7)	\$ 550.0	\$ 563.1
Asset management	-	-	259.5	265.7	(25.2)	(25.8)	234.3	239.9
Dealer compensation expense	-	-	(76.0)	(77.9)	(0.7)	(0.7)	(76.7)	(78.6)
Net asset management	-	-	183.5	187.8	(25.9)	(26.5)	157.6	161.3
Net investment income and other	3.7	2.2	4.0	2.5	2.9	3.2	10.6	7.9
Proportionate share of associates' earnings	(0.8)	0.7	32.3	25.1	19.1	12.7	50.6	38.5
	554.6	567.7	219.8	215.4	(5.6)	(12.3)	768.8	770.8
Expenses								
Advisory and business development	232.4	234.3	20.8	19.0	-	-	253.2	253.3
Operations and support	115.9	108.8	92.7	87.2	0.2	0.4	208.8	196.4
Sub-advisory	43.0	43.8	1.2	1.2	(27.5)	(28.2)	16.7	16.8
	391.3	386.9	114.7	107.4	(27.3)	(27.8)	478.7	466.5
<b>Adjusted earnings before interest and taxes<sup>(1)</sup></b>	<b>163.3</b>	<b>180.8</b>	<b>105.1</b>	<b>108.0</b>	<b>21.7</b>	<b>15.5</b>	<b>290.1</b>	<b>304.3</b>
Interest expense <sup>(2)</sup>	26.0	25.9	6.5	6.6	-	0.1	32.5	32.6
Adjusted earnings before income taxes <sup>(1)</sup>	137.3	154.9	98.6	101.4	21.7	15.4	257.6	271.7
Income taxes	36.6	41.2	20.1	22.4	(0.7)	(3.3)	56.0	60.3
<b>Adjusted net earnings – continuing operations<sup>(1)</sup></b>	<b>100.7</b>	<b>113.7</b>	<b>78.5</b>	<b>79.0</b>	<b>22.4</b>	<b>18.7</b>	<b>201.6</b>	<b>211.4</b>
Net earnings – discontinued operations	3.5	4.5	-	-	(4.5)	(6.0)	(1.0)	(1.5)
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>104.2</b>	<b>118.2</b>	<b>78.5</b>	<b>79.0</b>	<b>17.9</b>	<b>12.7</b>	<b>200.6</b>	<b>209.9</b>
Non-controlling interest	-	-	1.7	0.1	-	-	1.7	0.1
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 104.2</b>	<b>\$ 118.2</b>	<b>\$ 76.8</b>	<b>\$ 78.9</b>	<b>\$ 17.9</b>	<b>\$ 12.7</b>	<b>198.9</b>	<b>209.8</b>
<b>Other items<sup>(1)</sup>, net of tax</b>								
Gain on sale of IPC							220.7	-
<b>Net earnings available to common shareholders</b>							<b>\$ 419.6</b>	<b>\$ 209.8</b>

(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<sup>(1)</sup>**

	<b>Three months ended</b>			<b>Twelve months ended</b>	
	<b>2023</b> <b>Dec. 31</b>	<b>2023</b> <b>Sep. 30</b>	<b>2022</b> <b>Dec. 31</b>	<b>2023</b> <b>Dec. 31</b>	<b>2022</b> <b>Dec. 31</b>
<b>Income taxes at Canadian federal and provincial statutory rates</b>	<b>26.65 %</b>	26.59 %	26.64 %	<b>26.68 %</b>	26.63 %
Effect of:					
Proportionate share of associates' earnings	(4.37)	(2.84)	(5.61)	(3.40)	(4.56)
Other	(0.58)	(1.52)	0.63	(0.46)	0.15
<b>Effective income tax rate – before other items</b>	<b>21.70</b>	22.23	21.66	<b>22.82</b>	22.22
Gain on sale of Lifeco	-	-	-	(3.68)	-
Lifeco IFRS 17 adjustment	-	-	-	(0.35)	-
<b>Effective income tax rate – net earnings from continuing operations</b>	<b>21.70 %</b>	22.23 %	21.66 %	<b>18.79 %</b>	22.22 %

(1) The effective income tax rates for the comparative figures have been restated to exclude discontinued operations related to IPC from earnings.

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.

In December 2021, the Organization for Economic Co-operation and Development (OECD) published the Pillar Two model rules outlining a structure for a new 15% global minimum tax regime. A number of countries where the Company operates, including Ireland and the UK, have enacted legislation, and will be effective for the Company's financial year beginning January 1, 2024. Pillar Two draft legislation in Canada has not been substantively enacted but when enacted, is expected to be effective for the Company as of January 1, 2024.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the Company and its subsidiaries as part of a larger related group of companies. Based on the assessment, the Pillar Two effective tax rates of the material jurisdictions in which the Company and its subsidiaries operate are above 15%. However, there may be immaterial jurisdictions where the Pillar Two income taxes apply, but the Company and its subsidiaries do not expect a material exposure to Pillar Two income taxes in those jurisdictions.

Other items, as reflected in Tables 2, 3 and 4, 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 for the year ended December 31, 2023, included:

- A gain on the sale of IPC of \$220.7 million recorded in the fourth quarter.
- Restructuring and other charges of \$76.2 million after-tax (\$103.3 million pre-tax), recorded in the second quarter, related to further streamlining and simplifying the Company's operating model to better align with business priorities. The initiatives include:
  - Organizational structure changes including aligning the Company's organizational structure to advance the growing needs of the business and deliver against key strategic initiatives. It also includes optimizing the Company's resources and talent structure to advance the growing needs of the business, enable partnerships across the business and operate more efficiently and effectively.
  - Digital transformation to retire duplicate systems and to automate and modernize our technology infrastructure to enhance efficiencies and the Company's ability to service client needs.
  - Real estate consolidation of IG Wealth Management's footprint to reflect the adoption of hybrid work and new technologies.

- A gain on the sale of a portion of the Company's investment in Lifeco of \$168.6 million after-tax (\$172.9 million pre-tax), consisting of \$174.8 million recorded in the first quarter and a decrease of \$6.2 million that was recorded on a prospective basis in the second quarter.
- Lifeco IFRS 17 adjustment of \$15.1 million, recorded in the second quarter, representing a change of estimate which has been recorded on a prospective basis.

## Total AUM&A

IGM Financial's AUM&A Including SI were \$389.4 billion as at December 31, 2023 compared to \$288.3 billion at December 31, 2022, as detailed in Table 6.

AUM&A were \$240.2 billion at December 31, 2023 compared to \$224.2 billion at December 31, 2022, an increase of 7.1%, as detailed in Table 6. AUM were \$226.6 billion at December 31, 2023 compared to \$213.6 billion at December 31, 2022, an increase of 6.1%.

AUM&A net outflows for the twelve months ended December 31, 2023 were \$2.0 billion compared to net inflows of \$859 million in 2022, as detailed in Table 6. Investment fund net redemptions for the twelve month period were \$4.3 billion in 2023 compared to net redemptions of \$1.0 billion in 2022. Net outflows in the fourth quarter of 2023 were \$1.2 billion compared to net outflows of \$520 million in the fourth quarter of 2022, as detailed in Table 6. Fourth quarter investment fund net redemptions were \$1.9 billion compared to net redemptions of \$1.6 billion in 2022. Net flows and net sales are based on AUM&A 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, Northleaf, Rockefeller and its investment in Wealthsimple which is classified as fair value through other comprehensive income. The Company has included its proportionate share of the AUM&A of these investments in its AUM&A Including SI based on its direct and indirect interest in these companies.

At December 31, 2023, ChinaAMC's AUM was RMB¥ 1,823.6 billion (\$341.0 billion) compared to RMB¥ 1,721.6 billion (\$337.6 billion) at December 31, 2022, an increase of 5.9% (CAD\$ 1.0%). 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, 2023, Northleaf's AUM was \$26.6 billion compared to \$24.1 billion at December 31, 2022, an increase of 10.4%. IGM Financial holds a 56% economic interest in Northleaf.

At December 31, 2023, Rockefeller's client assets were USD \$122.1 billion (\$161.6 billion). IGM Financial holds a 20.5% interest in Rockefeller.

**Table 6: AUM&A**

	Wealth Management <sup>(1)</sup>		Asset Management <sup>(2)</sup>		Intercompany Eliminations <sup>(3)</sup>		Consolidated	
	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31
<i>(\$ millions)</i>								
<b>Three months ended</b>								
<b>Gross flows</b>								
Mutual fund gross sales <sup>(4)</sup>	\$ 2,628	\$ 2,125	\$ 1,736	\$ 1,559	\$ -	\$ -	\$ 4,364	\$ 3,684
Dealer gross inflows <sup>(3)</sup>	3,089	3,031	-	-	-	-	3,089	3,031
Discontinued operations inflows	1,196	1,157	-	-	-	-	1,196	1,157
<b>Net flows</b>								
Mutual fund net sales <sup>(4)</sup>	(1,052)	(718)	(987)	(966)	-	-	(2,039)	(1,684)
ETF net creations	-	-	161	134	-	-	161	134
Investment fund net sales	(1,052)	(718)	(826)	(832)	-	-	(1,878)	(1,550)
Institutional SMA net sales	-	-	(186)	(135)	-	-	(186)	(135)
IGM product net sales	(1,052)	(718)	(1,012)	(967)	-	-	(2,064)	(1,685)
Other dealer net flows	824	1,147	-	-	1	18	825	1,165
Total net flows <sup>(3)</sup>	(228)	429	(1,012)	(967)	1	18	(1,239)	(520)
Discontinued operations net flows	387	45	-	-	17	35	404	80
Total net flows including discontinued operations <sup>(3)</sup>	160	476	(1,012)	(967)	17	51	(835)	(440)
<b>Twelve months ended</b>								
<b>Gross flows</b>								
Mutual fund gross sales <sup>(4)</sup>	\$ 10,917	\$ 10,587	\$ 7,270	\$ 7,496	\$ -	\$ -	\$ 18,187	\$ 18,083
Dealer gross inflows <sup>(3)</sup>	12,650	12,872	-	-	-	-	12,650	12,872
Discontinued operations inflows	4,671	4,424	-	-	-	-	4,671	4,424
<b>Net flows</b>								
Mutual fund net sales <sup>(4)</sup>	(2,254)	43	(2,314)	(1,736)	-	-	(4,568)	(1,693)
ETF net creations <sup>(5)</sup>	-	-	245	705	-	-	245	705
Investment fund net sales	(2,254)	43	(2,069)	(1,031)	-	-	(4,323)	(988)
Institutional SMA net sales <sup>(6)</sup>	-	-	192	(834)	-	-	192	(834)
IGM product net sales	(2,254)	43	(1,877)	(1,865)	-	-	(4,131)	(1,822)
Other dealer net flows	2,089	2,647	-	-	1	34	2,090	2,681
Total net flows <sup>(3)</sup>	(165)	2,690	(1,877)	(1,865)	1	34	(2,041)	859
Discontinued operations net flows	728	255	-	-	98	43	826	298
Total net flows including discontinued operations <sup>(3)</sup>	567	2,951	(1,877)	(1,865)	95	71	(1,215)	1,157

(1) Effective January 2023, Mackenzie Investment fund products sold through IG Wealth Management are reported within IG Wealth Management's AUM and Mackenzie Sub-advisory and AUM to Wealth Management.

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

(3) Consolidated results eliminate double counting where business is reflected within multiple segments.

(4) IG Wealth Management AUM and net sales include separately managed accounts.

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

(6) Sub-advisory, institutional and other accounts

- During the second quarter of 2023, Mackenzie onboarded an institutional mandate of \$490 million.

- During the first quarter of 2022, an institutional investor redeemed \$291 million within products Mackenzie sub-advises.

At December 31, 2023, Wealthsimple's AUA was \$31.0 billion compared to \$18.3 billion at December 31, 2022, an increase of 69.4%. IGM Financial holds a 24.7% interest in Wealthsimple.

Changes in AUM 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 AUM&A.

AUM&A Including SI were \$309.8 billion in 2021, decreased to \$288.3 million in 2022 and increased to \$389.4 million in 2023. The increase in 2023 were driven primarily by the increase in proportionate share of ownership of ChinaAMC, the investment in Rockefeller and an increase in the core business AUM&A.

**Table 6: AUM&A (continued)**

(\$ millions)	Wealth Management		Asset Management		Intercompany Eliminations <sup>(1)</sup>		Consolidated	
	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31	2023 Dec. 31	2022 Dec. 31
<b>AUM&amp;A</b>								
<b>IG Wealth Management</b>								
AUM <sup>(2)</sup>	\$ 107,635	\$ 99,275						
Other AUA	13,588	11,541						
AUA	121,223	110,816						
<b>Mackenzie Investments</b>								
Mutual funds			\$ 56,408	\$ 54,434				
ETFs <sup>(3)</sup>			5,507	5,219				
Investment funds			61,915	59,653				
Institutional SMA			7,367	6,422				
Sub-advisory to Canada Life <sup>(4)</sup>			49,665	47,023				
Total Institutional SMA			57,032	53,445				
Third Party AUM			118,947	113,098				
Sub-advisory and AUM to Wealth Management <sup>(4)</sup>			76,758	73,514				
Total AUM			195,705	186,612				
<b>Consolidated excluding discontinued operations<sup>(5)</sup></b>								
AUM	\$ 107,635	\$ 99,275	\$ 195,705	\$ 186,612	\$ (76,758)	\$ (72,336)	\$ 226,582	\$ 213,551
AUM&A	121,223	110,816	195,705	186,612	(76,758)	(73,186)	240,170	224,242
<b>Strategic investments<sup>(6)</sup></b>								
ChinaAMC			94,792	46,932				
Northleaf			14,912	13,521				
Rockefeller	33,061	-						
Wealthsimple	7,657	4,447						
Intra-segment eliminations	(6)	-	(260)	(156)				
	40,712	4,447	109,444	60,297	(901)	(719)	149,255	64,025
<b>Consolidated AUM&amp;A Including SI<sup>(5)</sup></b>	<b>161,935</b>	<b>115,263</b>	<b>305,149</b>	<b>246,909</b>	<b>(77,659)</b>	<b>(73,905)</b>	<b>389,425</b>	<b>288,267</b>

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.

(2) Wealth Management AUM includes separately managed accounts.

(3) ETF assets inclusive of IGM Financial's managed products were \$12.9 billion at December 31, 2023 (2022 – \$12.4 billion).

(4) Effective November 30, 2023, Mackenzie's sub-advisory to discontinued operations, which had previously been reported in sub-advisory and AUM to Wealth Management, are now reported in sub-advisory to Canada Life.

(5) 2022 excludes discontinued operations of IPC: Wealth Management AUM of \$4.6 billion and AUA of \$29.5 billion; AUA elimination entries of (\$4.4) billion; and IGM consolidated AUM&A of \$25.2 billion.

(6) Proportionate share of strategic investments' AUM comprised of 27.8% (2022 – 13.9%) of ChinaAMC's AUM, 56% (2022 – 56%) of Northleaf's AUM, 20.5% (2022 – nil) of Rockefeller's client assets, and 24.7% (2022 – 24.3%) of Wealthsimple's AUA.

AUM&A were \$248.8 billion in 2021, decreased to \$224.2 billion in 2022 and increased to \$240.2 billion in 2023. Changes were driven largely by changes in financial markets during the periods. Average total AUM&A for the year ended December 31, 2023 were \$232.8 billion compared to \$229.4 billion in 2022. The impact on earnings and revenues of changes in average total AUM&A 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 AUM&A which will continue to be influenced by global market conditions.

Dividends per Common Share – Annual dividends per common share were \$2.25 in 2023, unchanged from 2022 and 2021.

## 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 AUM&A 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**

	2023	2022	2021
<b>Consolidated statements of earnings (\$ millions)</b>			
Revenues			
Wealth management	\$ 2,199.7	\$ 2,159.9	\$ 2,231.2
Net asset management	634.9	639.6	657.5
Net investment income and other	37.6	22.3	10.9
Proportionate share of associates' earnings	185.0	210.7	196.4
	<b>3,057.2</b>	<b>3,032.5</b>	<b>3,096.0</b>
Expenses			
	<b>1,997.5</b>	<b>1,925.4</b>	<b>1,866.7</b>
	<b>1,059.7</b>	<b>1,107.1</b>	<b>1,229.3</b>
Restructuring and other	(103.3)	-	-
Gain on sale of Lifeco	172.9	-	-
Lifeco IFRS 17 adjustment	15.1	-	-
Gain on sale of Personal Capital	-	-	10.6
Earnings before income taxes	<b>1,144.4</b>	<b>1,107.1</b>	<b>1,239.9</b>
Income taxes	215.1	246.0	279.2
Net earnings from continuing operations	<b>929.3</b>	<b>861.1</b>	<b>960.7</b>
Net earnings from discontinued operations	<b>223.2</b>	<b>11.4</b>	<b>20.2</b>
Net earnings	<b>1,152.5</b>	<b>872.5</b>	<b>980.9</b>
Non-controlling interest	(3.6)	(5.3)	(2.0)
Net earnings available to common shareholders	<b>\$ 1,148.9</b>	<b>\$ 867.2</b>	<b>\$ 978.9</b>
<b>Reconciliation of non-IFRS financial measures (\$ millions)</b>			
Adjusted net earnings available to common shareholders <sup>(1)</sup>	<b>\$ 820.7</b>	<b>\$ 867.2</b>	<b>\$ 971.2</b>
Other items:			
Gain on sale of IPC	220.7	-	-
Restructuring and other, net of tax	(76.2)	-	-
Gain on sale of Lifeco, net of tax	168.6	-	-
Lifeco IFRS 17 adjustment	15.1	-	-
Gain on sale of Personal Capital, net of tax	-	-	7.7
Net earnings available to common shareholders	<b>\$ 1,148.9</b>	<b>\$ 867.2</b>	<b>\$ 978.9</b>
<b>Earnings per share (\$)</b>			
Adjusted earnings per share <sup>(1)</sup>			
- Basic	\$ 3.45	\$ 3.64	\$ 4.07
- Diluted	3.44	3.63	4.05
Earnings per share			
- Basic	4.83	3.64	4.10
- Diluted	4.82	3.63	4.08
<b>Dividends per share (\$)</b>			
Common	\$ 2.25	\$ 2.25	\$ 2.25
<b>Average AUM&amp;A<sup>(2)</sup> (\$ billions)</b>			
Investment fund AUM	\$ 164.8	\$ 164.0	\$ 168.0
Total AUM	220.7	220.8	227.0
Total AUM&A	<b>232.8</b>	<b>229.4</b>	<b>233.2</b>
<b>Ending AUM&amp;A<sup>(2)</sup> (\$ billions)</b>			
Investment fund AUM	\$ 169.5	\$ 158.9	\$ 178.9
Total AUM	226.6	213.6	240.7
Total AUM&A	<b>240.2</b>	<b>224.2</b>	<b>248.8</b>
<b>Ending AUM&amp;A Including SI<sup>(2)</sup> (\$ billions)</b>			
	<b>\$ 389.4</b>	<b>\$ 288.3</b>	<b>\$ 309.8</b>
Total corporate assets (\$ millions)	<b>\$ 18,663</b>	<b>\$ 18,738</b>	<b>\$ 17,661</b>
Total long-term debt (\$ millions)	<b>\$ 2,400</b>	<b>\$ 2,100</b>	<b>\$ 2,100</b>
Outstanding common shares (thousands)	<b>238,132</b>	<b>237,668</b>	<b>239,679</b>
Average outstanding shares – Diluted (thousands)	<b>238,418</b>	<b>238,996</b>	<b>240,019</b>

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

(2) As detailed in AUM&A definitions, AUM, AUA and AUM&A exclude IPC discontinued operations.

**Table 8: Summary of Quarterly Results**

	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
<b>Consolidated statements of earnings (\$ millions)</b>								
Revenues								
Wealth management	\$ 550.0	\$ 563.1	\$ 552.5	\$ 534.1	\$ 530.8	\$ 532.6	\$ 535.3	\$ 561.2
Asset management	234.3	239.9	238.7	236.1	233.5	235.7	241.9	256.1
Dealer compensation expense	(76.7)	(78.6)	(79.5)	(79.3)	(77.0)	(77.4)	(82.1)	(91.1)
Net asset management	157.6	161.3	159.2	156.8	156.5	158.3	159.8	165.0
Net investment income and other	10.6	7.9	8.1	11.0	14.9	10.3	(0.4)	(2.5)
Proportionate share of associates' earnings	50.6	38.5	42.9	53.0	65.4	46.9	50.0	48.4
	<b>768.8</b>	<b>770.8</b>	<b>762.7</b>	<b>754.9</b>	<b>767.6</b>	<b>748.1</b>	<b>744.7</b>	<b>772.1</b>
Expenses								
Advisory and business development	253.2	253.3	254.0	245.7	238.5	235.1	243.5	245.0
Operations and support	208.8	196.4	195.4	201.8	200.0	189.9	193.6	203.1
Sub-advisory	16.7	16.8	16.4	15.8	15.5	15.2	15.4	17.4
Interest <sup>(1)</sup>	32.5	32.6	30.0	28.1	28.5	28.5	28.3	27.9
	<b>511.2</b>	<b>499.1</b>	<b>495.8</b>	<b>491.4</b>	<b>482.5</b>	<b>468.7</b>	<b>480.8</b>	<b>493.4</b>
Earnings before undernoted	257.6	271.7	266.9	263.5	285.1	279.4	263.9	278.7
Restructuring and other	-	-	(103.3)	-	-	-	-	-
Gain on sale of Lifeco	-	-	(6.2)	179.1	-	-	-	-
Lifeco IFRS 17 adjustment	-	-	15.1	-	-	-	-	-
Earnings before income taxes	257.6	271.7	172.5	442.6	285.1	279.4	263.9	278.7
Income taxes	56.0	60.3	35.5	63.3	61.8	63.4	58.5	62.3
Net earnings from continuing operations	201.6	211.4	137.0	379.3	223.3	216.0	205.4	216.4
Net earnings from discontinued operations	219.7	(1.5)	1.8	3.2	3.7	1.0	3.0	3.7
Net earnings	421.3	209.9	138.8	382.5	227.0	217.0	208.4	220.1
Non-controlling interest	1.7	0.1	0.6	1.2	2.3	0.9	1.3	0.8
Net earnings available to common shareholders	\$ 419.6	\$ 209.8	\$ 138.2	\$ 381.3	\$ 224.7	\$ 216.1	\$ 207.1	\$ 219.3
<b>Reconciliation of non-IFRS financial measures (\$ millions)</b>								
Adjusted net earnings available to common shareholders <sup>(2)</sup>	\$ 198.9	\$ 209.8	\$ 205.5	\$ 206.5	\$ 224.7	\$ 216.1	\$ 207.1	\$ 219.3
Other items:								
Gain on sale of IPC	220.7	-	-	-	-	-	-	-
Restructuring and other, net of tax (\$27.1 million)	-	-	(76.2)	-	-	-	-	-
Gain on sale of Lifeco, net of tax (Q1 - \$4.3 million)	-	-	(6.2)	174.8	-	-	-	-
Lifeco IFRS 17 adjustment	-	-	15.1	-	-	-	-	-
Net earnings available to common shareholders	\$ 419.6	\$ 209.8	\$ 138.2	\$ 381.3	\$ 224.7	\$ 216.1	\$ 207.1	\$ 219.3
<b>Earnings per share (\$)</b>								
Adjusted earnings per share <sup>(2)</sup>								
- Basic	\$ 0.84	\$ 0.88	\$ 0.86	\$ 0.87	\$ 0.95	\$ 0.91	\$ 0.87	\$ 0.91
- Diluted	0.84	0.88	0.86	0.87	0.94	0.91	0.87	0.91
Earnings per share								
- Basic	1.76	0.88	0.58	1.60	0.95	0.91	0.87	0.91
- Diluted	1.76	0.88	0.58	1.60	0.94	0.91	0.87	0.91
<b>Average outstanding shares - Diluted (thousands)</b>	<b>238,156</b>	<b>238,550</b>	<b>238,631</b>	<b>238,424</b>	<b>237,958</b>	<b>237,808</b>	<b>239,242</b>	<b>241,251</b>
<b>Average AUM&amp;A<sup>(3)</sup> (\$ billions)</b>								
Investment fund AUM	\$ 164.0	\$ 165.7	\$ 165.4	\$ 164.2	\$ 158.6	\$ 159.5	\$ 164.3	\$ 173.7
Total AUM	219.2	221.5	221.8	220.2	213.1	213.8	221.4	234.2
AUM&A	232.1	233.7	233.6	231.6	222.6	222.4	229.4	242.1
<b>Ending AUM&amp;A<sup>(3)</sup> (\$ billions)</b>								
Investment fund AUM	\$ 169.5	\$ 160.9	\$ 166.3	\$ 165.6	\$ 158.9	\$ 153.0	\$ 155.5	\$ 173.3
Total AUM	226.6	215.2	222.6	222.3	213.6	205.3	209.6	233.1
AUM&A	240.2	227.4	234.7	234.1	224.2	214.1	217.7	241.2
<b>Ending AUM&amp;A Including SI<sup>(3)</sup> (\$ billions)</b>	<b>\$ 389.4</b>	<b>\$ 372.9</b>	<b>\$ 375.2</b>	<b>\$ 349.1</b>	<b>\$ 288.3</b>	<b>\$ 277.3</b>	<b>\$ 279.9</b>	<b>\$ 300.3</b>

(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.

(3) As detailed in AUM&A definitions, AUM, AUA and AUM&A exclude IPC discontinued operations.

# Wealth Management

The Wealth Management segment includes IG Wealth Management and strategic investments in Rockefeller and Wealthsimple. Prior to the segment realignment in the fourth quarter of 2023, Rockefeller and Wealthsimple were included in the Strategic Investments and Other segment. Prior period comparative information has been restated to reflect the realigned segment.

The Wealth Management segment also included IPC, which was classified as discontinued operations and was sold in the fourth quarter of 2023.

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 AUA.
- **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.
- **Proportionate share of associates' earnings** is the Company's proportionate share of earnings from the segment's equity investments.

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.

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## 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 through its advisors by offering a broad range of financial products and services.

Rockefeller, founded in 2018, is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments. Rockefeller's goal is to be a premier advisory firm that redefines and elevates the financial services experience to empower individuals, families, institutions and corporations to realize their aspirations and achieve their most important goals.

Wealthsimple, founded in 2014, is one of Canada's fastest growing financial services companies and provides simple digital tools for growing and managing your money. Wealthsimple's mission is to help everyone achieve financial freedom.

## 2023 Developments

### Rockefeller Capital Management

On April 3, 2023, IGM Financial acquired a 20.5% equity interest in Rockefeller for cash consideration of \$835 million (USD \$622 million).

### Investment Planning Counsel

On November 30, 2023, IGM Financial completed the sale of 100% of the common shares of IPC.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment. As a result, the operating results of IPC included within the Wealth Management segment Table 11 – *Operating Results – Wealth Management* have been classified as discontinued operations and are shown as a separate line item for all periods under review.



## IG Wealth Management Developments

### *nesto*

IG Wealth Management and nesto Inc. (nesto) entered into a strategic agreement in the fourth quarter of 2022 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.

### *IG Private Company Advisory*

In the third quarter of 2023, IG Wealth Management introduced IG Private Company Advisory to provide comprehensive advice to Canadian small to medium-sized business owners to support their succession plans. IG Private Company Advisory's dedicated team works with IG Wealth Management clients and provides advice in areas related to their business, including growth strategy, mergers, acquisitions and divestitures, and raising capital.

### *IG Target Education Portfolios*

The Company introduced the IG Target Education Portfolios that will invest in an asset mix that automatically evolves based on when a child is expected to begin their post-secondary studies, shifting from a focus on maximizing growth in early years to keep up with rising costs of education to focus on income and capital preservations as the target education date approaches. The IG Target Education Portfolios are designed to work in Registered Education Savings Plan accounts, which provide the benefits of the Canadian Savings Grant, tax-free growth and tax efficient education funding not available through traditional savings account.

## 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 3,139 advisors. IG Wealth Management clients are more than one million individuals, families and business owners.

Canadians hold \$6.2 trillion in discretionary financial assets with financial institutions at December 31, 2022, based on the most recent report from Investor Economics, and we view these savings as IG Wealth Management's addressable market. 75% of these savings are held by households with

over \$1 million, which are referred to as high net worth, and another 22% 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

Our goal is to help Canadians achieve financial well-being through better planning as Canada's top financial planning firm.

We strive to meet our strategic mandate by:

- 1) Focusing on key mass affluent and high net worth segments by aligning our capabilities to industry wealth drivers.
- 2) Utilizing a segmented advice model to align our best-in-class advice with Canadians' financial planning needs and complexities.
- 3) Leveraging leading innovation to enhance client experience and improve operational efficiencies.

IG Wealth Management 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.

We focus 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 Management provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors are focused on households with more complex needs which are in the high net worth and mass affluent segments of the market by focusing on households with greater than \$250,000 of assets.
- IG Wealth Management's corporate channel is focused on households with less complex requirements and consists of employee advisors in two streams:
  - Employee dedicated advisors focused on mass affluent households with assets from \$100,000 to \$250,000 of assets.
  - Employee pooled advisors focused on mass market households with assets less than \$100,000.

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.

AUA consists of the following:

- Clients with household assets greater than \$1 million (defined as "high net worth") which totalled \$45.8 billion at December 31, 2023, an increase of 21.6% from one year ago, and represented 38% of total AUA.
- Clients with household assets between \$100 thousand and \$1 million (defined as "mass affluent") which totalled \$66.3 billion at December 31, 2023, an increase of 4.2% from one year ago, and represented 55% of total AUA.
- Clients with household assets less than \$100 thousand (defined as "mass market") which totalled \$9.1 billion at December 31, 2023, a decrease of 4.4% from one year ago, and represented 7% of total AUA.

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, 2023:

- 1,700 advisor practices (1,741 at December 31, 2022), 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.

- 251 new advisors (333 at December 31, 2022), which are those advisors with less than four years of experience.
- 1,188 associates and regional vice-presidents (1,161 at December 31, 2022). 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 3,139 (3,235 at December 31, 2022).

IG Wealth Management 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 \$0.7 million per advisor, unchanged from the comparative period of 2022.
- The advisor practice gross inflows were \$1.6 million per practice compared to \$1.5 million in the comparative period of 2022.

Key initiatives that impact advisor productivity are:

- Tightened recruiting standards that increased the likelihood of success while also enhancing our culture and brand.
- Corporate advice channel 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, insurance, and securities. Effective the first quarter of 2023 as part of the strategic mortgage partnership, we have engaged nesto to provide mortgage planning assistance to clients. 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, IG Private Wealth Management focuses on industry wealth drivers including tax planning and optimization, retirement readiness, wealth transfer and estate planning, small and medium enterprise monetization, high net worth financial literacy and philanthropy and legacy planning.

IG Living Plan™ allows clients to collaborate with an IG Wealth Management 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, focusing on managed solutions, 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 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 (IGAA) 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 increases 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 focusing on managed solutions that 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 (Canada), Sagard Credit Partners, Portage, Beutel

Goodman & Company, PanAgora Asset Management, PIMCO Canada Corp., Northleaf Capital Partners (Canada), BristolGate Capital Partners, Aristotle Capital Boston, Putnam Investments Canada, Franklin Templeton Investment Management, Wellington Management Canada, Rockefeller & Co., JPMorgan Asset Management (Canada), BlackRock Asset Management Canada, ClearBridge Investments, 1832 Asset Management (Dynamic), American Century Investment 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.

IG Wealth Management was once again recognized for industry leading performance during 2023 by winning ten Fundata FundGrade A+<sup>†</sup> awards for its investment solutions. This award is presented annually and honours funds that achieve consistently high FundGrade scores throughout the calendar year.

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

Our investment solutions include:

- 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 Growth Portfolios, IG Managed Payout Portfolios, Investors Portfolios, IG Climate Action Portfolios, IG U.S. Taxpayer Portfolios, IG Target Education Portfolios, and IG Managed Risk Portfolios.
- *iProfile™ Portfolios* – iProfile Portfolios are a suite of six 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 Discretionary Portfolios* – iProfile Private Discretionary 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 Discretionary Portfolios have been designed to deliver strong risk-adjusted returns by diversifying across asset classes, management styles and geographic regions. The portfolios include discretionary model portfolios and iProfile Private Pools to support the models: four iProfile Active Allocation Private Pools, iProfile Alternatives Private Pool with mandates including 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, Emerging Markets Private Pool, Fixed Income Private Pool, Canadian Equity Private Pool, U.S. Equity Private Pool and International Equity Private Pool.

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- 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 four 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. Private Investment Mandates are also included in 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 made commitments to Northleaf Growth Fund, Northleaf Venture Catalyst III Fund, a custom Northleaf IG Canadian Private Equity Fund, as well as a fund managed by Sagard. The iProfile U.S. Equity Private Pool has made commitments to the Northleaf Capital Opportunities Fund, Northleaf Private Equity Investors VIII Fund, Northleaf Secondary Partners III Fund, as well as to investments managed by BlackRock and Portage. In the fourth quarter of 2023, the iProfile International Equity Private Pool made commitments to the Northleaf IG European Private Equity Fund.

IG Wealth Management monitors its investment performance by comparing to certain benchmarks. Morningstar<sup>†</sup> fund ranking service is one of the rankings monitored when determining fund performance.

At December 31, 2023, 92.2% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar<sup>†</sup> fund ranking service and 58.7% had a rating of four or five stars. This compared to the Morningstar<sup>†</sup> universe of 86.8% for three stars or better and 50.2% for four and five star funds at December 31, 2023. Morningstar Ratings<sup>†</sup> are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

## 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, 2023, total segregated fund assets were \$1.2 billion, compared to \$1.3 billion at December 31, 2022.

### **Insurance**

IG Wealth Management distributes life insurance in Canada through its arrangements with leading insurance companies, and 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, 2023, total in-force policies were approximately 374 thousand with an insured value of \$105 billion, compared to approximately 377 thousand with an insured value of \$103 billion at December 31, 2022. 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 Specialists available through Investors Group Securities Inc.

### **Mortgage Banking Operations**

Mortgages are offered to clients by IG Wealth Management. Licensed mortgage brokers are located throughout each province in Canada, and work with our clients and their advisors to develop mortgage and lending strategies that meet the individual needs and goals of each client as part of their comprehensive financial plan.

Mortgage fundings offered through IG Wealth Management for the three and twelve months ended December 31, 2023 were \$188 million and \$783 million compared to \$121 million and \$694 million in 2022, an increase of 55.3% and 12.9%, respectively. At December 31, 2023, mortgages serviced totalled \$6.8 billion, compared to \$6.9 billion at December 31, 2022, a decrease of 1.4%.

### **Private Company Advisory**

Private Company Advisory is a comprehensive service to business owners in the small to midsize segment that provides

**Table 9: Change in AUA – Wealth Management**

<i>Three months ended</i> (\$ millions)				Change	
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Sep. 30	2022 Dec. 31
<b>Change in AUA – IG Wealth Management</b>					
IG gross client inflows	\$ 3,089	\$ 3,103	\$ 3,031	(0.5)%	1.9 %
IG gross client outflows	3,317	3,120	2,602	6.3	27.5
<b>Net flows</b>	<b>(228)</b>	<b>(17)</b>	<b>429</b>	<b>N/M</b>	<b>N/M</b>
Investment returns	7,247	(2,593)	5,358	N/M	35.3
Net change in assets	7,019	(2,610)	5,787	N/M	21.3
Beginning assets	114,204	116,814	105,029	(2.2)	8.7
<b>Ending AUA</b>	<b>\$ 121,223</b>	<b>\$ 114,204</b>	<b>\$ 110,816</b>	<b>6.1 %</b>	<b>9.4 %</b>
<b>Strategic investments ending AUA</b>					
Rockefeller	\$ 33,061	\$ 30,991	\$ –	6.7 %	N/M %
Wealthsimple	7,657	6,051	4,447	26.5	72.2
Intra-segment eliminations	(6)	(4)	–	(50.0)	N/M
	\$ 40,712	\$ 37,038	\$ 4,447	9.9 %	N/M %
<b>Consolidated ending AUA including strategic investments<sup>(1)</sup></b>	<b>\$ 161,935</b>	<b>\$ 151,242</b>	<b>\$ 115,263</b>	<b>7.1 %</b>	<b>40.5 %</b>
<b>Daily average AUA</b>					
IG Wealth Management	\$ 117,090	\$ 116,921	\$ 109,638	0.1 %	6.8 %
<i>Twelve months ended</i> (\$ millions)					
			2023 Dec. 31	2022 Dec. 31	Change
<b>Change in AUA – IG Wealth Management</b>					
IG gross client inflows			\$ 12,650	\$ 12,872	(1.7)%
IG gross client outflows			12,815	10,182	25.9
<b>Net flows</b>			<b>(165)</b>	<b>2,690</b>	<b>N/M</b>
Investment returns			10,572	(11,431)	N/M
Net change in assets			10,407	(8,741)	N/M
Beginning assets			110,816	119,557	(7.3)
<b>Ending AUA<sup>(1)</sup></b>			<b>\$ 121,223</b>	<b>\$ 110,816</b>	<b>9.4 %</b>
<b>Daily average AUA</b>					
IG Wealth Management			\$ 116,188	\$ 111,271	4.4 %

(1) Q3 2023 and Q4 2022 exclude discontinued operations of IPC of \$30.3 billion and \$29.5 billion, respectively.

advice on debt and equity financing, business valuation and succession.

## Wealth Management AUM and AUA

AUM and AUA are key performance indicators for the Wealth Management segment and are detailed in Tables 9 and 10.

Wealth Management AUA including strategic investments were \$161.9 billion at December 31, 2023, compared to \$115.3 billion at December 31, 2022. Strategic investments AUA is based on the Company's direct and indirect ownership interest in these companies.

IG Wealth Management's AUA were \$121.2 billion at December 31, 2023, an increase of 9.4% from December 31, 2022. The level of AUA are influenced by three factors: client

inflows, client outflows and investment returns. AUA represents savings and investment products, including AUM 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 entrepreneurial advisors' compensation is also based on AUA and net assets contributed by our clients.

At December 31, 2023, Rockefeller's client assets were USD \$122.1 billion (\$161.6 billion). IGM Financial acquired a 20.5% interest in Rockefeller during the second quarter of 2023.

At December 31, 2023, Wealthsimple's AUA was \$31.0 billion compared to \$18.3 billion at December 31, 2022, an increase of

**Table 10: Change in AUM – IG Wealth Management**

<i>Three months ended</i> (\$ millions)				Change	
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Sep. 30	2022 Dec. 31
Sales	\$ 2,628	\$ 2,687	\$ 2,125	(2.2)%	23.7 %
Redemptions	3,680	3,107	2,843	18.4	29.4
<b>Net sales (redemptions)</b>	<b>(1,052)</b>	<b>(420)</b>	<b>(718)</b>	<b>(150.5)</b>	<b>(46.5)</b>
Investment returns	6,742	(2,396)	4,533	N/M	48.7
Net change in assets	5,690	(2,816)	3,815	N/M	49.1
Beginning assets	101,945	104,761	95,460	(2.7)	6.8
<b>Ending assets</b>	<b>\$ 107,635</b>	<b>\$ 101,945</b>	<b>\$ 99,275</b>	<b>5.6 %</b>	<b>8.4 %</b>
<b>Daily average AUM</b>	<b>\$ 104,198</b>	<b>\$ 104,726</b>	<b>\$ 99,208</b>	<b>(0.5)%</b>	<b>5.0 %</b>

<i>Twelve months ended</i> (\$ millions)	2023		2022	Change
	Dec. 31	Dec. 31	Dec. 31	
Sales		\$ 10,917	\$ 10,587	3.1 %
Redemptions		13,171	10,544	24.9
<b>Net sales (redemptions)</b>		<b>(2,254)</b>	43	N/M
Investment returns		10,614	(11,309)	N/M
Net change in assets		8,360	(11,266)	N/M
Beginning assets		99,275	110,541	(10.2)
<b>Ending assets</b>		<b>\$ 107,635</b>	\$ 99,275	<b>8.4 %</b>
<b>Daily average AUM</b>		<b>\$ 104,121</b>	\$ 101,859	<b>2.2 %</b>

69.4%. IGM Financial holds a 24.7% interest in Wealthsimple at December 31, 2023, compared to 24.3% at December 31, 2022.

### IG Wealth Management AUM and AUA

For the quarter ended December 31, 2023, gross client inflows of IG Wealth Management AUA were \$3.1 billion, an increase of 1.9% from \$3.0 billion in the comparable period in 2022. For the quarter ended December 31, 2023, gross inflows from newly acquired clients with more than \$1.0 million of assets accounted for 25.4% of all newly acquired client inflows. Net client outflows were \$228 million compared to net client inflows of \$429 million in the comparable period in 2022. During the fourth quarter, investment returns resulted in an increase of \$7.2 billion in AUA compared to an increase of \$5.4 billion in the fourth quarter of 2022.

Gross client inflows of IG Wealth Management AUA were \$12.7 billion for the twelve months ended December 31, 2023, and represented a decrease of 1.7% from \$12.9 billion in the comparable period in 2022. For the twelve months ended December 31, 2023, gross inflows from newly acquired clients with more than \$1.0 million of assets accounted for 25.5% of all newly acquired client inflows. Net client outflows were \$165 million in the twelve month period, a decrease of \$2.9 billion from net client inflows of \$2.7 billion in the comparable period in 2022. During 2023, investment returns resulted in an increase of \$10.6 billion in AUA compared to a decrease of \$11.4 billion in 2022.

Changes in mutual fund AUM for the periods under review are reflected in Table 10.

At December 31, 2023, \$87.0 billion, or 82% of IG Wealth Management's mutual fund AUM, were in products with unbundled fee structures, up 13.4% from \$76.7 billion at December 31, 2022 which represented 77% of AUM.

#### Change in AUM&A – 2023 vs. 2022

IG Wealth Management's AUA were \$121.2 billion at December 31, 2023, an increase of 9.4% from \$110.8 billion at December 31, 2022. IG Wealth Management's mutual fund AUM were \$107.6 billion at December 31, 2023, representing an increase of 8.4% from \$99.3 billion at December 31, 2022. Average daily mutual fund assets were \$104.2 billion in the fourth quarter of 2023, up 5.0% from \$99.2 billion in the fourth quarter of 2022. Average daily mutual fund assets were \$104.1 billion for the twelve months ended December 31, 2023, an increase of 2.2% from \$101.9 billion in 2022.

For the quarter ended December 31, 2023, sales of IG Wealth Management mutual funds through its advisor network were \$2.6 billion, an increase of 23.7% from the comparable period in 2022. Mutual fund redemptions totalled \$3.7 billion, an increase of 29.4% from 2022. IG Wealth Management mutual fund net redemptions for the fourth quarter of 2023 were \$1.1 billion compared with net redemptions of \$718 million in 2022. During the fourth quarter, investment returns resulted in an increase

of \$6.7 billion in mutual fund assets compared to an increase of \$4.5 billion in the fourth quarter of 2022.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 13.4% in the fourth quarter of 2023, compared to 11.0% in the fourth quarter of 2022. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 12.2% at December 31, 2023, compared to 10.0% at December 31, 2022, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 15.8% at December 31, 2023.

For the twelve months ended December 31, 2023, sales of IG Wealth Management mutual funds through its advisor network were \$10.9 billion, an increase of 3.1% from 2022. Mutual fund redemptions totalled \$13.2 billion, an increase of 24.9% from 2022. Net redemptions of IG Wealth Management mutual funds were \$2.3 billion compared with net sales of \$43 million in 2022. During 2023, investment returns resulted in an increase of \$10.6 billion in mutual fund assets compared to a decrease of \$11.3 billion in 2022.

#### ***Change in AUM&A – Q4 2023 vs. Q3 2023***

IG Wealth Management's AUA were \$121.2 billion at December 31, 2023, an increase of 6.1% from \$114.2 billion at September 30, 2023. IG Wealth Management's mutual fund AUM were \$107.6 billion at December 31, 2023, an increase of 5.6% from \$101.9 billion at September 30, 2023. Average daily mutual fund assets were \$104.2 billion in the fourth quarter of 2023 compared to \$104.7 billion in the third quarter of 2023, a decrease of 0.5%.

For the quarter ended December 31, 2023, sales of IG Wealth Management mutual funds through its advisor network were \$2.6 billion, a decrease of 2.2% from the third quarter of 2023. Mutual fund redemptions totalled \$3.7 billion for the fourth quarter, increased 18.4% from the previous quarter, and the annualized quarterly redemption rate was 13.4% in the fourth quarter compared to 11.4% in the third quarter of 2023. IG Wealth Management mutual fund net redemptions were \$1.1 billion for the current quarter compared to net redemptions of \$420 million in the previous quarter.

## Review of Segment Operating Results

The Wealth Management segment's adjusted net earnings are presented in Table 11 and include the operations of IG Wealth Management, earnings related to strategic investments and IPC.

As a result of the sale of IPC announced on April 3, 2023, the operating results of IPC included within the Wealth Management segment have been classified as discontinued operations and are shown as a separate line item in Table 11 for all periods under review.

## IG Wealth Management

IG Wealth Management's adjusted net earnings are presented within Table 12. Adjusted net earnings for the fourth quarter of 2023 were \$101.7 million, a decrease of 2.8% from the fourth quarter in 2022 and a decrease of 10.2% from the prior quarter. Adjusted net earnings for the year ended December 31, 2023 were \$432.4 million, a decrease of 1.1% from 2022.

Adjusted earnings before interest and taxes for the fourth quarter of 2023 were \$164.3 million, a decrease of 0.7% from the fourth quarter in 2022 and a decrease of 9.0% from the

**Table 11: Operating Results – Wealth Management**

Three months ended (\$ millions)	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	Change	
				2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>					
Wealth Management					
Advisory fees	\$ 301.3	\$ 300.9	\$ 283.1	0.1 %	6.4 %
Product and program fees	224.0	225.5	214.7	(0.7)	4.3
	525.3	526.4	497.8	(0.2)	5.5
Redemption fees	-	0.1	0.6	(100.0)	(100.0)
Other financial planning revenues	26.4	38.3	32.4	(31.1)	(18.5)
Total Wealth Management	551.7	564.8	530.8	(2.3)	3.9
Net investment income and other	3.7	2.2	2.1	68.2	76.2
Proportionate share of associates' earnings	(0.8)	0.7	(0.4)	N/M	(100.0)
	554.6	567.7	532.5	(2.3)	4.2
<b>Expenses</b>					
Advisory and business development					
Asset-based compensation	145.6	148.0	140.3	(1.6)	3.8
Sales-based compensation	24.3	23.6	20.4	3.0	19.1
Other					
Other product commissions	18.7	17.2	16.8	8.7	11.3
Business development	43.8	45.5	39.7	(3.7)	10.3
	62.5	62.7	56.5	(0.3)	10.6
Total advisory and business development	232.4	234.3	217.2	(0.8)	7.0
Operations and support	115.9	108.8	108.9	6.5	6.4
Sub-advisory	43.0	43.8	41.5	(1.8)	3.6
	391.3	386.9	367.6	1.1	6.4
Adjusted earnings before interest and taxes <sup>(1)</sup>	163.3	180.8	164.9	(9.7)	(1.0)
Interest expense	26.0	25.9	22.6	0.4	15.0
Adjusted earnings before income taxes <sup>(1)</sup>	137.3	154.9	142.3	(11.4)	(3.5)
Income taxes	36.6	41.2	38.2	(11.2)	(4.2)
<b>Adjusted net earnings – continuing operations<sup>(1)</sup></b>	<b>100.7</b>	<b>113.7</b>	<b>104.1</b>	<b>(11.4)</b>	<b>(3.3)</b>
<b>Net earnings – discontinued operations<sup>(2)</sup></b>	<b>3.5</b>	<b>4.5</b>	<b>3.5</b>	<b>(22.2)</b>	<b>-</b>
Adjusted net earnings <sup>(1)</sup>	104.2	118.2	107.6	(11.8)	(3.2)
Non-controlling interest	-	-	0.2	-	(100.0)
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 104.2</b>	<b>\$ 118.2</b>	<b>\$ 107.4</b>	<b>(11.8)%</b>	<b>(3.0)%</b>

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

(2) IPC segment operating results.



**Table 11: Operating Results – Wealth Management (continued)**

<i>Twelve months ended</i> (\$ millions)	2023 Dec. 31	2022 Dec. 31	Change
<b>Revenues</b>			
Wealth Management			
Advisory fees	\$ 1,188.5	\$ 1,140.4	4.2 %
Product and program fees	890.5	875.1	1.8
	<b>2,079.0</b>	2,015.5	3.2
Redemption fees	1.0	3.9	(74.4)
Other financial planning revenues	126.2	140.5	(10.2)
Total Wealth Management	<b>2,206.2</b>	2,159.9	2.1
Net investment income and other	13.3	2.4	N/M
Proportionate share of associates' earnings	(3.3)	(0.4)	N/M
	<b>2,216.2</b>	2,161.9	2.5
<b>Expenses</b>			
Advisory and business development			
Asset-based compensation	584.4	558.9	4.6
Sales-based compensation	91.8	76.1	20.6
Other			
Other product commissions	66.7	65.5	1.8
Business development	179.8	182.2	(1.3)
	<b>246.5</b>	247.7	(0.5)
Total advisory and business development	<b>922.7</b>	882.7	4.5
Operations and support	438.5	424.0	3.4
Sub-advisory	172.4	169.1	2.0
	<b>1,533.6</b>	1,475.8	3.9
Adjusted earnings before interest and taxes <sup>(1)</sup>	682.6	686.1	(0.5)
Interest expense	98.2	89.7	9.5
Adjusted earnings before income taxes <sup>(1)</sup>	584.4	596.4	(2.0)
Income taxes	156.1	159.7	(2.3)
<b>Adjusted net earnings – continuing operations<sup>(1)</sup></b>	<b>428.3</b>	436.7	(1.9)
<b>Net earnings – discontinued operations<sup>(2)</sup></b>	<b>15.0</b>	11.3	32.7
Adjusted net earnings <sup>(1)</sup>	443.3	448.0	(1.0)
Non-controlling interest	0.2	0.2	-
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 443.1</b>	\$ 447.8	(1.0)%

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

(2) IPC segment operating results.

prior quarter. Adjusted earnings before interest and taxes for the year ended December 31, 2023 were \$686.9 million, unchanged from 2022.

## 2023 vs. 2022

### 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 AUA. Advisory fees were \$301.3 million in the fourth quarter of 2023, an increase of \$18.2 million or 6.4% from \$283.1 million in 2022. For the twelve months ended December 31, 2023, advisory fees

were \$1,188.5 million, an increase of \$48.1 million or 4.2% from \$1,140.4 million in 2022.

The increase in advisory fees in the three months ending December 31, 2023 was primarily due to the increase in average AUA of 6.8%, as shown in Table 9, partially offset by a decrease in the advisory fee rate. The increase in advisory fees in the twelve months ending December 31, 2023 was primarily due to the increase in average AUA of 4.4%. The average advisory fee rate for the fourth quarter was 102.1 basis points of average AUA compared to 102.4 basis points in 2022. The average advisory fee rate for the twelve months ended December 31, 2023, was 102.3 basis points of average AUA, compared to 102.5 basis points in 2022.

**Table 12: Operating Results – IG Wealth Management**

<i>Three months ended</i> (\$ millions)	2023		2022		Change	
	Dec. 31	Sep. 30	Dec. 31	Sep. 30	2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>						
Wealth Management						
Advisory fees	\$ 301.3	\$ 300.9	\$ 283.1	0.1 %	6.4 %	
Product and program fees	224.0	225.5	214.7	(0.7)	4.3	
	525.3	526.4	497.8	(0.2)	5.5	
Redemption fees	-	0.1	0.6	(100.0)	(100.0)	
Other financial planning revenues	26.4	38.3	32.4	(31.1)	(18.5)	
Total Wealth Management	551.7	564.8	530.8	(2.3)	3.9	
Net investment income and other	3.7	2.2	2.1	68.2	76.2	
	555.4	567.0	532.9	(2.0)	4.2	
<b>Expenses</b>						
Advisory and business development						
Asset-based compensation	145.6	148.0	140.3	(1.6)	3.8	
Sales-based compensation	24.3	23.6	20.4	3.0	19.1	
Other						
Other product commissions	18.7	17.2	16.8	8.7	11.3	
Business development	43.8	45.5	39.7	(3.7)	10.3	
	62.5	62.7	56.5	(0.3)	10.6	
Total advisory and business development	232.4	234.3	217.2	(0.8)	7.0	
Operations and support	115.7	108.4	108.8	6.7	6.3	
Sub-advisory	43.0	43.8	41.5	(1.8)	3.6	
	391.1	386.5	367.5	1.2	6.4	
Adjusted earnings before interest and taxes <sup>(1)</sup>	164.3	180.5	165.4	(9.0)	(0.7)	
Interest expense	26.0	25.9	22.6	0.4	15.0	
Adjusted earnings before income taxes <sup>(1)</sup>	138.3	154.6	142.8	(10.5)	(3.2)	
Income taxes	36.6	41.3	38.2	(11.4)	(4.2)	
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ 101.7</b>	<b>\$ 113.3</b>	<b>\$ 104.6</b>	<b>(10.2)%</b>	<b>(2.8)%</b>	

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

Product and program fees depend largely on the level and composition of mutual fund AUM. Product and program fees totalled \$224.0 million in the current quarter, up 4.3% from \$214.7 million a year ago primarily due to the increase in average AUM of 5.0%, as shown in Table 10. Product and program fees were \$890.5 million for the twelve month period ended December 31, 2023 compared to \$875.1 million in 2022, an increase of 1.8% primarily due to an increase in average AUM of 2.2%. The average product and program fee rate for the three and twelve month periods ending December 31, 2023 were 85.5 and 85.7 basis points of AUM, respectively, compared to 85.9 for both comparable periods in 2022.

Other financial planning revenues are primarily earned from:

- Mortgage banking operations
- Distribution of insurance products through I.G. Insurance Services Inc.
- Securities trading services provided through Investors Group Securities Inc.

Other financial planning revenues of \$26.4 million for the fourth quarter of 2023 decreased by \$6.0 million from \$32.4 million in 2022. For the twelve month period, other financial planning revenues of \$126.2 million decreased by \$14.3 million from \$140.5 million in 2022. The change for both the three and twelve month periods was primarily due to lower earnings from the mortgage banking operations and lower revenues from the distribution of banking products partially offset by higher revenues from the distribution of insurance products. The lower earnings in both periods from the mortgage banking operations are due to fair value adjustments and net margins caused by the current interest rate environment.

A summary of mortgage banking operations for the three and twelve month periods under review is presented in Table 13.

**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

**Table 12: Operating Results – IG Wealth Management (continued)**

<i>Twelve months ended</i> (\$ millions)	2023 Dec.31	2022 Dec. 31	Change
<b>Revenues</b>			
Wealth Management			
Advisory fees	\$ 1,188.5	\$ 1,140.4	4.2 %
Product and program fees	890.5	875.1	1.8
	<b>2,079.0</b>	2,015.5	3.2
Redemption fees	1.0	3.9	(74.4)
Other financial planning revenues	126.2	140.5	(10.2)
Total Wealth Management	<b>2,206.2</b>	2,159.9	2.1
Net investment income and other	13.3	2.4	N/M
	<b>2,219.5</b>	2,162.3	2.6
<b>Expenses</b>			
Advisory and business development			
Asset-based compensation	584.4	558.9	4.6
Sales-based compensation	91.8	76.1	20.6
Other			
Other product commissions	66.7	65.5	1.8
Business development	179.8	182.2	(1.3)
	<b>246.5</b>	247.7	(0.5)
Total advisory and business development	<b>922.7</b>	882.7	4.5
Operations and support	437.5	423.6	3.3
Sub-advisory	172.4	169.1	2.0
	<b>1,532.6</b>	1,475.4	3.9
Adjusted earnings before interest and taxes <sup>(1)</sup>	<b>686.9</b>	686.9	-
Interest expense	98.2	89.7	9.5
Adjusted earnings before income taxes <sup>(1)</sup>	<b>588.7</b>	597.2	(1.4)
Income taxes	156.3	159.8	(2.2)
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ 432.4</b>	\$ 437.4	(1.1)%

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

twelve months ended December 31, 2023, 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 Corporate 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 AUA. Asset-based compensation increased by \$5.3 million and

\$25.5 million for the three and twelve month periods ended December 31, 2023 to \$145.6 million and \$584.4 million, respectively, compared to 2022. The increase for both the three and twelve month periods was primarily due to increases in AUA, deferred selling commission units maturing and other compensation changes.

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 \$24.3 million for the fourth quarter of 2023, an increase of \$3.9 million from \$20.4 million in 2022. For the twelve month period, sales-based compensation expense was \$91.8 million, an increase of \$15.7 million from \$76.1 million in 2022.

Other advisory and business development expenses were \$62.5 million in the fourth quarter of 2023, compared to

**Table 13: Mortgage Banking Operations – IG Wealth Management**

<i>Three months ended</i> (\$ millions)				Change	
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Sep. 30	2022 Dec. 31
<b>Total mortgage banking income</b>					
Net interest income on securitized loans					
Interest income	\$ 41.7	\$ 40.2	\$ 34.1	3.7 %	22.3 %
Interest expense	39.6	35.8	29.5	10.6	34.2
Net interest income	2.1	4.4	4.6	(52.3)	(54.3)
Gains (losses) on sales <sup>(1)</sup>	(0.8)	(1.8)	–	55.6	N/M
Fair value adjustments	(9.2)	3.2	(5.7)	N/M	(61.4)
Other	4.6	4.1	4.0	12.2	15.0
	\$ (3.3)	\$ 9.9	\$ 2.9	N/M %	N/M %
<b>Average mortgages serviced</b>					
Securitized	\$ 4,694	\$ 4,613	\$ 4,567	1.8 %	2.8 %
Other	2,084	2,162	2,357	(3.6)	(11.6)
	\$ 6,778	\$ 6,775	\$ 6,924	– %	(2.1)%
<b>Mortgage sales to:<sup>(2)</sup></b>					
Securitized	\$ 379	\$ 542	\$ 359	(30.1)%	5.6 %
Other <sup>(1)</sup>	38	82	–	(53.7)	N/M
	\$ 417	\$ 624	\$ 359	(33.2)%	16.2 %
<b>Twelve months ended</b> (\$ millions)					
			2023 Dec. 31	2022 Dec. 31	Change
<b>Total mortgage banking income</b>					
Net interest income on securitized loans					
Interest income			\$ 155.2	\$ 127.2	22.0 %
Interest expense			142.8	102.8	38.9
Net interest income			12.4	24.4	(49.2)
Gains (losses) on sales <sup>(1)</sup>			(3.6)	(3.5)	(2.9)
Fair value adjustments			(8.0)	(3.1)	(158.1)
Other			14.6	8.2	78.0
			\$ 15.4	\$ 26.0	(40.8)%
<b>Average mortgages serviced</b>					
Securitized			\$ 4,630	\$ 4,708	(1.7)%
Other			2,144	2,404	(10.8)
			\$ 6,774	\$ 7,112	(4.8)%
<b>Mortgage sales to:<sup>(2)</sup></b>					
Securitized			\$ 1,327	\$ 1,281	3.6 %
Other <sup>(1)</sup>			228	355	(35.8)
			\$ 1,555	\$ 1,636	(5.0)%

(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.

\$56.5 million in 2022, an increase of \$6.0 million. The increase was due to higher compensation paid on the distribution of insurance products and timing of certain projects and other expenses. Other advisory and business development expenses were \$246.5 million in the twelve months ended December 31, 2023, a decrease of \$1.2 million from \$247.7 million in 2022.

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 \$115.7 million for the fourth quarter of 2023 compared to \$108.8 million in 2022, an increase of \$6.9 million. The increase in the fourth quarter was due to the timing of projects and other expenses. For the twelve month period, operations and support expenses were \$437.5 million in 2023 compared to \$423.6 million in 2022, an increase of \$13.9 million or 3.3%.

Sub-advisory expenses were \$43.0 million for the fourth quarter of 2023 compared to \$41.5 million in 2022, an increase of \$1.5 million or 3.6%. For the twelve month period, sub-advisory expenses were \$172.4 million in 2023 compared to \$169.1 million in 2022, an increase of \$3.3 million or 2.0%. The change in both periods was primarily due to changes in AUM.

#### **Interest Expense**

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$26.0 million in the fourth quarter of 2023, compared to \$22.6 million in 2022. For the twelve month period, interest expense totalled \$98.2 million compared to \$89.7 million in 2022. Long-term debt interest expense is calculated based on an allocation of IGM Financial's long-term debt to IG Wealth Management. The allocation of debt increased to \$1.95 billion during the second quarter of 2023, as a result of the issuance of long-term debt by IGM Financial. Previously, the allocation was \$1.7 billion.

#### **Q4 2023 vs. Q3 2023**

##### **Fee Income**

Advisory fee income increased by \$0.4 million or 0.1% to \$301.3 million in the fourth quarter of 2023 compared with the third quarter of 2023. The increase in advisory fees in the fourth quarter was primarily due to the increase in average AUA of 0.1% for the quarter, as shown in Table 9. The average advisory fee rate for the fourth quarter was 102.1 basis points of average AUM, unchanged from the third quarter.

Product and program fees were \$224.0 million in the fourth quarter of 2023, a decrease of \$1.5 million from \$225.5 million

in the third quarter of 2023. The decrease was primarily due to the decrease in average AUM of 0.5%, as shown in Table 10. The average product and program fee rate was 85.5 basis points in the current quarter, compared to 85.7 in the third quarter.

Other financial planning revenues of \$26.4 million in the fourth quarter of 2023 decreased by \$11.9 million from \$38.3 million in the third quarter due to lower earnings from the mortgage banking operations partially offset by higher revenues on the distribution of insurance products. The lower earnings from the mortgage banking operations are due to fair value adjustments and net margins caused by the current interest rate environment.

#### **Expenses**

Advisory and business development expenses in the current quarter were \$232.4 million, a decrease of \$1.9 million from \$234.3 million in the previous quarter.

Operations and support expenses were \$115.7 million for the fourth quarter of 2023 compared to \$108.4 million in the previous quarter primarily due to the timing of projects and seasonality of expenses.

## **Wealth Management Strategic Investments**

Wealth Management strategic investment's adjusted net earnings are presented within Table 14. Adjusted net earnings for the fourth quarter of 2023 were (\$1.0) million, compared to (\$0.5) million in 2022 and \$0.4 million in the prior quarter. Annual adjusted net earnings were (\$4.1) million, compared to (\$0.7) million in 2022.

## **Investment Planning Counsel – Discontinued Operations**

#### **2023 vs. 2022**

Adjusted net earnings for IPC in 2023 reflect earnings up to the date of sale of November 30. Adjusted net earnings for the fourth quarter were comparable to that of the fourth quarter of 2022 and for the year were \$3.7 million higher compared to the full year of 2022.

#### **Q4 2023 vs. Q3 2023**

Adjusted net earnings in the fourth quarter of 2023 related to IPC were \$1.0 million lower in the fourth quarter of 2023 compared to the prior quarter.

**Table 14: Operating Results – Wealth Management Strategic Investments**

<i>Three months ended</i> (\$ millions)	2023		2022		Change	
	Dec. 31	Sep. 30	Dec. 31	Sep. 30	2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>						
Proportionate share of associates' earnings						
Rockefeller	\$ -	\$ 1.2	\$ -		(100.0)%	- %
Other	(0.8)	(0.5)	(0.4)		(60.0)	(100.0)
	(0.8)	0.7	(0.4)		N/M	(100.0)
<b>Expenses</b>						
Operations and support	0.2	0.4	0.1		(50.0)	100.0
Adjusted earnings before income taxes <sup>(1)</sup>	(1.0)	0.3	(0.5)		N/M	(100.0)
Income taxes	-	(0.1)	-		100.0	-
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ (1.0)</b>	<b>\$ 0.4</b>	<b>\$ (0.5)</b>		<b>N/M %</b>	<b>(100.0)%</b>
<b>Twelve months ended</b> (\$ millions)						
			2023 Dec. 31	2022 Dec. 31	Change	
<b>Revenues</b>						
Proportionate share of associates' earnings						
Rockefeller			\$ (0.7)	\$ -		N/M %
Other			(2.6)	(0.4)		N/M
			(3.3)	(0.4)		N/M
<b>Expenses</b>						
Operations and support			1.0	0.4		150.0
Adjusted earnings before income taxes <sup>(1)</sup>			(4.3)	(0.8)		N/M
Income taxes			(0.2)	(0.1)		(100.0)
<b>Adjusted net earnings<sup>(1)</sup></b>			<b>\$ (4.1)</b>	<b>\$ (0.7)</b>		<b>N/M %</b>

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

# Asset Management

The Asset Management segment includes Mackenzie Investments and strategic investments in ChinaAMC and Northleaf. Prior to the segment realignment in the fourth quarter of 2023, ChinaAMC and Northleaf were included in the Strategic Investments and Other segment. Prior period comparative information has been restated to reflect the realigned segment.

Asset Management revenue reflects:

- **Net asset management fees – third party** includes fees received from our investment 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.

- **Proportionate share of associates' earnings** is the Company's proportionate share of earnings from the equity investments in ChinaAMC and Northleaf.

Assets managed by Mackenzie for IG Wealth Management are included in the Asset Management segment's AUM.

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.

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## 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 AUM. Management fee rates vary depending on the investment objective and the account type of the underlying AUM. 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.

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 drives for growth through product

innovation and offering multi-asset investment solutions and services for investors with various risk-return profiles.

Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto. Northleaf seeks to deliver high absolute risk-adjusted returns from access to value creation outside public markets.

## 2023 Developments

### China Asset Management Co., Ltd.

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%.

## Mackenzie Investments

### Strategy

Mackenzie undertook a review of its strategic framework in the first quarter and the overall strategy and focus remains largely intact. Additions to our framework include an explicit emphasis on being committed to the success of our clients and on having the best minds in the investment industry, both of which are defining features of our approach.

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 strategic mandates are: win Canadian retail; build meaningful strategic partnerships; and develop presence in underpenetrated channels with a targeted approach. We achieve our strategic mandates with the following focus areas:

- Continuously improving distribution with a segmented approach;
- Delivering competitive risk adjusted investment performance;
- Advancing brand leadership;
- Creating innovative and relevant products and solutions;
- Encouraging a sustainable future;
- Ensuring operational excellence and efficiency;
- Fostering a high performing, diverse and winning culture.

Our focus areas drive future business growth. We aim to achieve this by being committed to the success of our clients, attracting and fostering the best minds in the investment industry, maintaining a boutique investment approach, having an innovative and future oriented product focus, and being responsible in everything we do.

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, Montreal, 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 and Lifeco subsidiaries (including IPC). Mackenzie partners with Wealthsimple to distribute ETFs through their product shelf. Mackenzie also serves as one of two exclusive investment solutions providers to PFSL Investment Canada Ltd. (Primerica) and launched a suite of 27 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 AUM.

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.

## Brand

During the first quarter of 2023, Mackenzie launched its new brand platform "Be Invested" which encourages people to be invested in the things that matter in their lives, while investing their money so their goals are realized. This new platform is an extension of Mackenzie's mission "to create an invested world together".

## Investment Management

Mackenzie has \$195.7 billion in AUM at December 31, 2023, including \$76.8 billion of sub-advisory mandates to the Wealth Management segment. It has teams located in Toronto, Montreal, 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 16 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. With the launch of the suite of 27 FuturePath Funds for Primerica, the following third party sub-advisors were added: 1832 Asset Management, Addenda, Brandywine, Blackrock, and T. Rowe Price.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At December 31, 2023, 31.5% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 43.0% for the three year time frame and 54.0% 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<sup>+</sup> fund ranking service. At December 31, 2023, 83.2% of Mackenzie mutual fund assets measured by Morningstar<sup>+</sup> had a rating of three stars or better and 50.7% had a rating of four or five stars. This compared to the Morningstar<sup>+</sup> universe of 86.8% for three stars or better and 50.2% for four and five star funds at December 31, 2023.

Mackenzie was once again recognized for industry leading performance during 2023 by winning ten Fundata FundGrade A+<sup>+</sup> awards for its mutual funds and 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 2023, Mackenzie launched six mutual funds, including two FuturePath Funds through its partnership with Primerica Financial Services Canada (PFSL), and five ETFs, including a suite of three fixed income ETFs.

### **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 2023, Mackenzie launched four mutual funds, including two Mackenzie FuturePath mutual funds through its partnership with PFSL:

- Mackenzie Corporate Knights Global 100 Index Fund
- Mackenzie USD Global Dividend Fund
- Mackenzie FuturePath Shariah Global Equity Fund
- Mackenzie FuturePath USD US Core

During the fourth quarter of 2023, Mackenzie launched two mutual funds:

- Mackenzie Greenchip USD Global Environmental All Cap Fund provides investors with an opportunity to gain U.S. dollar exposure to the environmental economy.
- Mackenzie All-Equity ETF Portfolio provides investors with a competitively priced, all-in-one core equity solution. The Fund seeks long-term capital appreciation by investing in a diversified set of Mackenzie and third-party exchange traded funds with exposure to Canadian and foreign equities.

### **Alternative Funds**

Mackenzie currently has ten alternative funds including four products in collaboration with Northleaf Capital Partners (Northleaf) as part of its ongoing commitment to expand retail investor access to private market investment solutions. AUM of the four products with Northleaf exceeds \$150 million.

### **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 2023, Mackenzie launched five new ETFs. These ETFs further broadened our diverse offerings of ETFs:

- Mackenzie Corporate Knights Global 100 Index ETF
- Mackenzie Canadian Ultra Short Bond Index ETF
- Mackenzie Canadian Government Long Bond Index ETF
- Mackenzie US Government Long Bond Index ETF
- Mackenzie All-Equity Allocation ETF

Mackenzie's current line-up consists of 50 ETFs: 26 active and strategic beta ETFs and 24 traditional index ETFs. ETF AUM ended the quarter at \$12.9 billion, inclusive of \$7.4 billion in investments from IGM managed products. This ranks Mackenzie in sixth place in the Canadian ETF industry for AUM.

### **First Home Saving Account**

Mackenzie introduced a First Home Savings Account (FHSA) during the fourth quarter of 2023. Available through financial advisors, the Mackenzie FHSA enhances the ability of Canadians to save for the purchase of their first home through a tax-sheltered savings and investment account.

### **2024 Launch**

Mackenzie filed a preliminary prospectus for the launch of the following products during the first quarter of 2024:

- Mackenzie World Low Volatility Fund and Mackenzie World Low Volatility ETF seeks to provide long-term capital growth by investing primarily in equity securities of large and mid-capitalization companies in developed global markets, while seeking to provide lower volatility.
- Mackenzie Shariah Global Equity Fund seeks to provide long-term capital growth by investing primarily in Shariah-compliant equity securities of companies located anywhere in the world.

## **Assets Under Management**

AUM is a key performance indicator for the Asset Management segment.

The changes in total AUM are summarized in Table 15 and the changes in investment fund AUM are summarized in Table 16. Assets managed for the Wealth Management segment are included in total AUM.

Asset Management AUA including strategic investments were \$305.1 billion at December 31, 2023, compared to \$246.9 billion at December 31, 2022. Strategic investments AUA is based on the Company's direct and indirect ownership interest in these companies.

At December 31, 2023, Mackenzie's total AUM were \$195.7 billion, an increase of 4.9% from \$186.6 billion last year. Mackenzie's total third party AUM were \$118.9 billion, an increase of 5.2% from \$113.1 billion last year. The change in Mackenzie's AUM is determined by investment returns and net contributions from our clients.

At December 31, 2023, ChinaAMC's AUM was RMB¥ 1,823.6 billion (\$341.0 billion) compared to RMB¥ 1,721.6 billion (\$337.6 billion) at December 31, 2022, an increase of 5.9% (CAD\$ 1.0%). Mackenzie held a 13.9% interest in ChinaAMC on December 31, 2022, which was increased to 27.8% on January 12, 2023.

At December 31, 2023, Northleaf's AUM was \$26.6 billion compared to \$24.1 billion at December 31, 2022, an increase of 10.4%. Mackenzie holds a 56% economic interest in Northleaf.

## **Mackenzie Investments AUM**

### **Change in AUM – 2023 vs. 2022**

Mackenzie's total AUM at December 31, 2023 were \$195.7 billion, an increase of 4.9% from \$186.6 billion at December 31, 2022. Third party AUM were \$118.9 billion, an increase of 5.2% from \$113.1 billion at December 31, 2022.

Investment fund AUM were \$61.9 billion at December 31, 2023, compared to \$59.7 billion at December 31, 2022, an increase of 3.8%. Mackenzie's mutual fund AUM of \$56.4 billion increased by 3.6% from \$54.4 billion at December 31, 2022. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were \$5.5 billion at December 31, 2023, an increase of 5.5% from \$5.2 billion at December 31, 2022. ETF assets inclusive of IGM Financial's managed products were \$12.9 billion at December 31, 2023 compared to \$12.4 billion at December 31, 2022.

In the three months ended December 31, 2023, Mackenzie's mutual fund gross sales were \$1.7 billion, an increase of 11.4% compared to \$1.6 billion in 2022. Mutual fund redemptions in the current quarter were \$2.7 billion, an increase of 7.8% from last year. Mutual fund net redemptions for the three months ended December 31, 2023 were \$1.0 billion, consistent with the prior year. In the three months ended December 31, 2023, ETF net creations were \$161 million compared to \$134 million last year. Investment fund net redemptions in the current quarter were \$826 million compared to net redemptions of \$832 million last year. During the current quarter, investment returns resulted in investment fund assets increasing by \$3.7 billion compared to an increase of \$2.9 billion last year.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended December 31, 2023 were \$1.0 billion, consistent with the prior year. During the current quarter, investment returns resulted in assets increasing by \$4.2 billion compared to an increase of \$3.4 billion last year.

In the twelve months ended December 31, 2023, Mackenzie's mutual fund gross sales were \$7.3 billion, a decrease of 3.0% from \$7.5 billion in 2022. Mutual fund redemptions in the current period were \$9.6 billion, an increase of 3.8% from last year. Mutual fund net redemptions for the year ended December 31, 2023 were \$2.3 billion, compared to net redemptions of \$1.7 billion in 2022. In the year ended December 31, 2023, ETF net creations were \$245 million compared to \$705 million last year. Investment fund net redemptions in the current period were \$2.1 billion compared to net redemptions of \$1.0 billion last year. During the current period, investment returns resulted in investment fund assets increasing by \$4.3 billion compared to a decrease of \$7.7 billion last year.

**Table 15: Change in Total AUM – Asset Management**

<i>Three months ended</i> (\$ millions)				Change	
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Sep. 30	2022 Dec. 31
<b>Mackenzie AUM excluding sub-advisory to Canada Life and the Wealth Management segment</b>					
Net sales (redemptions)					
Mutual funds	\$ (987)	\$ (712)	\$ (966)	(38.6)%	(2.2)%
ETF net creations	161	13	134	N/M	20.1
Investment funds <sup>(1)(2)</sup>	(826)	(699)	(832)	(18.2)	0.7
Sub-advisory, institutional and other accounts <sup>(3)</sup>	(186)	7	(135)	N/M	(37.8)
<b>Total net sales (redemptions)</b>	<b>(1,012)</b>	<b>(692)</b>	<b>(967)</b>	<b>(46.2)</b>	<b>(4.7)</b>
Investment returns	4,192	(1,948)	3,385	N/M	23.8
Net change in assets	3,180	(2,640)	2,418	N/M	31.5
Beginning assets	66,102	68,742	63,657	(3.8)	3.8
<b>Ending assets</b>	<b>\$ 69,282</b>	<b>\$ 66,102</b>	<b>\$ 66,075</b>	<b>4.8 %</b>	<b>4.9 %</b>
<b>Mackenzie consolidated AUM</b>					
Mutual funds	\$ 56,408	\$ 53,950	\$ 54,434	4.6 %	3.6 %
ETFs	5,507	5,050	5,219	9.0	5.5
Investment funds <sup>(1)(2)</sup>	61,915	59,000	59,653	4.9	3.8
Sub-advisory, institutional and other accounts <sup>(3)</sup>	7,367	7,102	6,422	3.7	14.7
	69,282	66,102	66,075	4.8	4.9
Sub-advisory to Canada Life <sup>(4)</sup>	49,665	45,906	47,023	8.2	5.6
Third party AUM	118,947	112,008	113,098	6.2	5.2
Sub-advisory and AUM to Wealth Management <sup>(2)(4)</sup>	76,758	74,325	73,514	3.3	4.4
<b>Consolidated AUM</b>	<b>\$ 195,705</b>	<b>\$ 186,333</b>	<b>\$ 186,612</b>	<b>5.0 %</b>	<b>4.9 %</b>
<b>Strategic investments ending AUM</b>					
ChinaAMC	\$ 94,792	\$ 94,470	\$ 46,932	0.3 %	102.0 %
Northleaf	14,912	15,092	13,521	(1.2)	10.3
Intra-segment eliminations	(260)	(302)	(156)	13.9	(66.7)
	\$ 109,444	\$ 109,260	\$ 60,297	0.2 %	81.5 %
<b>Consolidated ending AUM including strategic investments</b>	<b>\$ 305,149</b>	<b>\$ 295,593</b>	<b>\$ 246,909</b>	<b>3.2 %</b>	<b>23.6 %</b>
<b>Mackenzie average total AUM<sup>(5)</sup></b>					
Third party AUM	\$ 114,128	\$ 115,517	\$ 112,651	(1.2)%	1.3 %
Consolidated	189,302	191,889	186,260	(1.3)	1.6
<b>Twelve months ended</b> (\$ millions)					
			2023 Dec. 31	2022 Dec. 31	Change
<b>Mackenzie AUM excluding sub-advisory to Canada Life and the Wealth Management segment</b>					
Net sales (redemptions)					
Mutual funds			\$ (2,314)	\$ (1,736)	(33.3)%
ETF net creations <sup>(6)</sup>			245	705	(65.2)
Investment funds <sup>(1)(2)</sup>			(2,069)	(1,031)	(100.7)
Sub-advisory, institutional and other accounts <sup>(3)</sup>			192	(834)	N/M
<b>Total net sales (redemptions)</b>			<b>(1,877)</b>	<b>(1,865)</b>	<b>(0.6)</b>
Investment returns			5,084	(8,370)	N/M
Net change in assets			3,207	(10,235)	N/M
Beginning assets			66,075	76,310	(13.4)
<b>Ending assets</b>			<b>\$ 69,282</b>	<b>\$ 66,075</b>	<b>4.9 %</b>
<b>Mackenzie average total AUM<sup>(5)</sup></b>					
Third Party			\$ 115,436	\$ 117,801	(2.0)%
Consolidated			191,637	194,040	(1.2)

(1) Investment fund AUM and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Effective January 2023, Mackenzie investment fund products sold through IG Wealth Management are reclassified from Investment funds to Sub-advisory and AUM to Wealth Management.

(3) Sub-advisory, institutional and other accounts

- During the second quarter of 2023, Mackenzie onboarded an institutional mandate of \$490 million.

- During the first quarter of 2022, an institutional investor redeemed \$291 million within products Mackenzie sub-advises.

(4) Effective November 30, 2023, Mackenzie's sub-advisory to discontinued operations, which had previously been reported in sub-advisory and AUM to Wealth Management, are now reported in sub-advisory to Canada Life.

(5) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

(6) ETFs - During the first quarter of 2022, Wealthsimple made allocation changes which resulted in \$675 million in purchases in Mackenzie ETFs.

**Table 16: Change in Investment Fund AUM – Mackenzie Investments<sup>(1)</sup>**

<i>Three months ended</i> (\$ millions)	2023		2022		Change	
	Dec. 31	Sep. 30	Dec. 31	Sep. 30	2023 Sep. 30	2022 Dec. 31
Sales	\$ 1,736	\$ 1,503	\$ 1,559		15.5 %	11.4 %
Redemptions	2,723	2,215	2,525		22.9	7.8
Mutual fund net sales (redemptions)	(987)	(712)	(966)		(38.6)	(2.2)
ETF net creations	161	13	134		N/M	20.1
<b>Investment fund net sales (redemptions)<sup>(2)(3)</sup></b>	<b>(826)</b>	<b>(699)</b>	<b>(832)</b>		<b>(18.2)</b>	<b>0.7</b>
Investment returns	3,741	(1,840)	2,934		N/M	27.5
Net change in assets	2,915	(2,539)	2,102		N/M	38.7
Beginning assets	59,000	61,539	57,551		(4.1)	2.5
<b>Ending assets</b>	<b>\$ 61,915</b>	<b>\$ 59,000</b>	<b>\$ 59,653</b>		<b>4.9 %</b>	<b>3.8 %</b>
<b>Consists of:</b>						
Mutual funds	\$ 56,408	\$ 53,950	\$ 54,434		4.6 %	3.6 %
ETFs	5,507	5,050	5,219		9.0	5.5
Investment funds <sup>(3)</sup>	\$ 61,915	\$ 59,000	\$ 59,653		4.9 %	3.8 %
<b>Daily average investment fund assets</b>	<b>\$ 59,848</b>	<b>\$ 60,949</b>	<b>\$ 59,421</b>		<b>(1.8)%</b>	<b>0.7 %</b>
<b>Twelve months ended</b>						
<i>(\$ millions)</i>			2023 Dec. 31	2022 Dec. 31	Change	
Sales			\$ 7,270	\$ 7,496	(3.0)%	
Redemptions			9,584	9,232	3.8	
Mutual fund net sales (redemptions)			(2,314)	(1,736)	(33.3)	
ETF net creations <sup>(4)</sup>			245	705	(65.2)	
<b>Investment fund net sales (redemptions)<sup>(2)(3)</sup></b>			<b>(2,069)</b>	<b>(1,031)</b>	<b>(100.7)</b>	
Investment returns			4,331	(7,678)	N/M	
Net change in assets			2,262	(8,709)	N/M	
Beginning assets			59,653	68,362	(12.7)	
<b>Ending assets</b>			<b>\$ 61,915</b>	<b>\$ 59,653</b>	<b>3.8 %</b>	
<b>Daily average investment fund assets</b>			<b>\$ 60,714</b>	<b>\$ 62,114</b>	<b>(2.3)%</b>	

(1) Investment fund AUM and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.

(2) Total investment fund net sales and AUM exclude Mackenzie mutual fund investments in ETFs.

(3) Effective January 2023, Mackenzie investment fund products sold through IG Wealth Management are reclassified from Investment funds to Sub-advisory and AUM to Wealth Management.

(4) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in \$675 million in purchases in Mackenzie ETFs.

During the first quarter of 2022, Wealthsimple made allocation changes which resulted in \$675 million purchases into Mackenzie ETFs. Excluding this transaction, ETF net creations were \$30 million and investment fund net redemptions were \$1.7 billion in the twelve months ended December 31, 2022.

Redemptions of long-term mutual funds in the three and twelve months ended December 31, 2023, were \$2.7 billion and \$9.5 billion, respectively, compared to \$2.5 billion and \$9.1 billion last year. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 19.7% in the fourth quarter of 2023, compared to 18.2% in the fourth quarter of 2022. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 17.1% at December 31, 2023, compared to 16.0% last year. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other

members of IFIC was approximately 15.5% at December 31, 2023. 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, 2023 were \$1.9 billion consistent with 2022. During the twelve month period, investment returns resulted in assets increasing by \$5.1 billion compared to a decrease of \$8.4 billion last year.

During the twelve months of 2023, Mackenzie onboarded an institutional mandate of \$490 million. 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 transactions, total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the twelve months ended December 31, 2023 were \$2.4 billion compared to \$2.3 billion in 2022.

As at December 31, 2023, Mackenzie's sub-advisory to Canada Life were \$49.7 billion compared to \$47.0 billion at December 31, 2022.

As at December 31, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were \$76.8 billion or 71.3% of Wealth Management AUM excluding strategic investments compared to \$73.5 billion or 70.8% of Wealth Management AUM excluding strategic investments at December 31, 2022.

#### ***Change in AUM – Q4 2023 vs. Q3 2023***

Mackenzie's total AUM at December 31, 2023 were \$195.7 billion, an increase of 5.0% from \$186.3 billion at September 30, 2023. Third party AUM were \$118.9 billion, an increase of 6.2% from \$112.0 billion at September 30, 2023.

Investment fund AUM were \$61.9 billion at December 31, 2023, an increase of 4.9% from \$59.0 billion at September 30, 2023. Mackenzie's mutual fund AUM were \$56.4 billion at December 31, 2023, an increase of 4.6% from \$54.0 billion at September 30, 2023. Mackenzie's ETF assets were \$5.5 billion at December 31, 2023 compared to \$5.1 billion at September 30, 2023. ETF assets inclusive of IGM Financial's managed products were \$12.9 billion at December 31, 2023 compared to \$12.5 billion at September 30, 2023.

For the quarter ended December 31, 2023, Mackenzie mutual fund gross sales were \$1.7 billion, an increase of 15.5% from the third quarter of 2023. Mutual fund redemptions were \$2.7 billion, an increase of 22.9% from the third quarter of 2023. Net redemptions of Mackenzie mutual funds for the current quarter were \$1.0 billion compared with net redemptions of \$712 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were \$2.7 billion, compared to \$2.2 billion in the third quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 19.7% compared to 15.7% in the third quarter.

For the quarter ended December 31, 2023, Mackenzie ETF net creations were \$161 million compared to \$13 million in the third quarter.

Investment fund net redemptions in the current quarter were \$826 million compared to net redemptions of \$699 million in the third quarter.

As at December 31, 2023, Mackenzie's sub-advisory to Canada Life were \$49.7 billion compared to \$45.9 billion at September 30, 2023.

As at December 31, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were \$76.8 billion or 71.3% of Wealth Management AUM excluding strategic investments compared to \$74.3 billion or 69.6% of total Wealth Management AUM excluding strategic investments at September 30, 2023.

## Review of Segment Operating Results

The Asset Management segment's adjusted net earnings are presented in Table 17 and include the operations of Mackenzie Investments and earnings related to strategic investments.

### Mackenzie Investments

Mackenzie Investments' adjusted net earnings are presented in Table 18. Adjusted net earnings for the fourth quarter of 2023 were \$49.4 million, a decrease of 3.7% from the fourth quarter in 2022 and a decrease of 12.6% from the prior quarter. Adjusted net earnings for the year ended December 31, 2023 were \$204.4 million, a decrease of 4.1% from 2022.

Adjusted earnings before interest and taxes for the fourth quarter of 2023 were \$73.8 million, a decrease of 2.9% from the fourth quarter in 2022 and a decrease of 11.3% from the prior quarter. Adjusted earnings before interest and taxes for the

year ended December 31, 2023 were \$303.4 million, a decrease of 3.1% from 2022.

### 2023 vs. 2022

#### 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

**Table 17: Operating Results – Asset Management**

<i>Three months ended</i> (\$ millions)	2023		2022		Change	
	Dec. 31	Sep. 30	Dec. 31	Sep. 30	2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>						
Asset management						
Asset management fees – third party	\$ 230.9	\$ 236.2	\$ 232.5	(2.2)%	(0.7)%	
Redemption fees	0.6	0.7	0.7	(14.3)	(14.3)	
	<b>231.5</b>	<b>236.9</b>	<b>233.2</b>	<b>(2.3)</b>	<b>(0.7)</b>	
Dealer compensation expenses						
Asset-based compensation	(76.0)	(77.9)	(76.9)	(2.4)	(1.2)	
Sales-based compensation	-	-	-	-	-	
	<b>(76.0)</b>	<b>(77.9)</b>	<b>(76.9)</b>	<b>(2.4)</b>	<b>(1.2)</b>	
Net asset management fees – third party	<b>155.5</b>	159.0	156.3	(2.2)	(0.5)	
Asset management fees – Wealth Management	<b>28.0</b>	28.8	27.3	(2.8)	2.6	
Net asset management	<b>183.5</b>	187.8	183.6	(2.3)	(0.1)	
Net investment income and other	<b>4.0</b>	2.5	5.6	60.0	(28.6)	
Proportionate share of associates' earnings	<b>32.3</b>	25.1	24.9	28.7	29.7	
	<b>219.8</b>	<b>215.4</b>	<b>214.1</b>	<b>2.0</b>	<b>2.7</b>	
<b>Expenses</b>						
Advisory and business development	<b>20.8</b>	19.0	21.3	9.5	(2.3)	
Operations and support	<b>92.7</b>	87.2	91.3	6.3	1.5	
Sub-advisory	<b>1.2</b>	1.2	1.0	-	20.0	
	<b>114.7</b>	<b>107.4</b>	<b>113.6</b>	<b>6.8</b>	<b>1.0</b>	
Adjusted earnings before interest and taxes <sup>(1)</sup>	<b>105.1</b>	108.0	100.5	(2.7)	4.6	
Interest expense	<b>6.5</b>	6.6	5.9	(1.5)	10.2	
Adjusted earnings before income taxes <sup>(1)</sup>	<b>98.6</b>	101.4	94.6	(2.8)	4.2	
Income taxes	<b>20.1</b>	22.4	20.2	(10.3)	(0.5)	
Adjusted net earnings	<b>78.5</b>	79.0	74.4	(0.6)	5.5	
Non-controlling interest	<b>1.7</b>	0.1	2.1	N/M	(19.0)	
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 76.8</b>	<b>\$ 78.9</b>	<b>\$ 72.3</b>	<b>(2.7)%</b>	<b>6.2 %</b>	

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

**Table 17: Operating Results – Asset Management (continued)**

<i>Twelve months ended</i> (\$ millions)	2023 Dec. 31	2022 Dec. 31	Change
<b>Revenues</b>			
Asset management			
Asset management fees – third party	\$ 934.6	\$ 962.9	(2.9)%
Redemption fees	3.0	3.1	(3.2)
	<b>937.6</b>	966.0	(2.9)
<b>Dealer compensation expenses</b>			
Asset-based compensation	(311.4)	(320.3)	(2.8)
Sales-based compensation	–	(7.3)	(100.0)
	<b>(311.4)</b>	(327.6)	(4.9)
Net asset management fees – third party	626.2	638.4	(1.9)
Asset management fees – Wealth Management	113.6	111.7	1.7
Net asset management	739.8	750.1	(1.4)
Net investment income and other	12.0	5.7	110.5
Proportionate share of associates' earnings	121.4	82.9	46.4
	<b>873.2</b>	838.7	4.1
<b>Expenses</b>			
Advisory and business development	83.5	79.4	5.2
Operations and support	362.7	360.5	0.6
Sub-advisory	4.6	4.9	(6.1)
	<b>450.8</b>	444.8	1.3
Adjusted earnings before interest and taxes <sup>(1)</sup>	422.4	393.9	7.2
Interest expense	25.0	23.5	6.4
Adjusted earnings before income taxes <sup>(1)</sup>	397.4	370.4	7.3
Income taxes	83.8	81.6	2.7
Adjusted net earnings	313.6	288.8	8.6
Non-controlling interest	3.4	5.1	(33.3)
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 310.2</b>	<b>\$ 283.7</b>	<b>9.3 %</b>

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

our investment funds. The amount of management fees depends on the level and composition of AUM. Management fee rates vary depending on the investment objective and the account type of the underlying AUM. For example, equity-based mandates have higher management fee 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 AUM. 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.

**Table 18: Operating Results – Mackenzie Investments**

<i>Three months ended</i> (\$ millions)	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	Change	
				2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>					
Asset management					
Asset management fees – third party	\$ 230.9	\$ 236.2	\$ 232.5	(2.2)%	(0.7)%
Redemption fees	0.6	0.7	0.7	(14.3)	(14.3)
	<b>231.5</b>	236.9	233.2	(2.3)	(0.7)
Dealer compensation expenses					
Asset-based compensation	(76.0)	(77.9)	(76.9)	(2.4)	(1.2)
Sales-based compensation	-	-	-	-	-
	<b>(76.0)</b>	(77.9)	(76.9)	(2.4)	(1.2)
Net asset management fees – third party	<b>155.5</b>	159.0	156.3	(2.2)	(0.5)
Asset management fees – Wealth Management	<b>28.0</b>	28.8	27.3	(2.8)	2.6
Net asset management	<b>183.5</b>	187.8	183.6	(2.3)	(0.1)
Net investment income and other	<b>4.0</b>	2.5	5.6	60.0	(28.6)
	<b>187.5</b>	190.3	189.2	(1.5)	(0.9)
<b>Expenses</b>					
Advisory and business development	<b>20.8</b>	19.0	21.3	9.5	(2.3)
Operations and support	<b>91.7</b>	86.9	90.9	5.5	0.9
Sub-advisory	<b>1.2</b>	1.2	1.0	-	20.0
	<b>113.7</b>	107.1	113.2	6.2	0.4
Adjusted earnings before interest and taxes <sup>(1)</sup>	<b>73.8</b>	83.2	76.0	(11.3)	(2.9)
Interest expense	<b>6.5</b>	6.6	5.9	(1.5)	10.2
Adjusted earnings before income taxes <sup>(1)</sup>	<b>67.3</b>	76.6	70.1	(12.1)	(4.0)
Income taxes	<b>17.9</b>	20.1	18.8	(10.9)	(4.8)
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ 49.4</b>	\$ 56.5	\$ 51.3	(12.6)%	(3.7)%

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

Net asset management fees – third party were \$155.5 million for the three months ended December 31, 2023, a decrease of \$0.8 million or 0.5% from \$156.3 million last year. The decrease in net asset management fees – third party was due to a decrease in the net asset management fee rate partially offset by a 1.3% increase in average AUM, as shown in Table 15. Mackenzie's net asset management fee rate was 54.2 basis points for the three months ended December 31, 2023, compared to 55.1 basis points in the comparative period in 2022. The decrease in rate was mostly driven by a change in the composition of AUM.

Net asset management fees – third party were \$626.2 million for the twelve months ended December 31, 2023, a decrease of \$12.2 million or 1.9% from \$638.4 million last year. The decrease in net asset management fees – third party was primarily due to a 2.0% decrease in average AUM, as shown in Table 15, offset by an increase in the net management fee rate. Mackenzie's net asset management fee rate was 54.4 basis points for the twelve months ended December 31, 2023, compared to 54.2 basis points in the comparative period in 2022. The increase in rate was mostly driven by lower selling commissions, partially offset by a change in the composition of AUM.

Asset management fees – Wealth Management were \$28.0 million for the three months ended December 31, 2023, an increase of \$0.7 million or 2.6% from \$27.3 million last year. The increase in management fees was due to a 2.1% increase in average AUM and an increase in the management fee rate. Mackenzie's management fee rate was 14.8 basis points for the three months ended December 31, 2023 compared to 14.7 basis points in the comparative period in 2022.

Asset management fees – Wealth Management were \$113.6 million for the twelve months ended December 31, 2023, an increase of \$1.9 million or 1.7% from \$111.7 million last year. The increase in management fees was due to an increase in the management fee rate. Mackenzie's management fee rate was 14.9 basis points for the twelve months ended December 31, 2023, compared to 14.7 basis points in the comparative period in 2022. Average AUM were comparable in both periods.

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.



**Table 18: Operating Results – Mackenzie Investments (continued)**

<i>Twelve months ended</i> (\$ millions)	2023 Dec. 31	2022 Dec. 31	Change
<b>Revenues</b>			
Asset management			
Asset management fees – third party	\$ 934.6	\$ 962.9	(2.9)%
Redemption fees	3.0	3.1	(3.2)
	<b>937.6</b>	966.0	(2.9)
<b>Expenses</b>			
Dealer compensation expenses			
Asset-based compensation	(311.4)	(320.3)	(2.8)
Sales-based compensation	–	(7.3)	(100.0)
	<b>(311.4)</b>	(327.6)	(4.9)
Net asset management fees – third party	626.2	638.4	(1.9)
Asset management fees – Wealth Management	113.6	111.7	1.7
Net asset management	739.8	750.1	(1.4)
Net investment income and other	12.0	5.7	110.5
	<b>751.8</b>	755.8	(0.5)
Adjusted earnings before interest and taxes <sup>(1)</sup>	303.4	313.1	(3.1)
Interest expense	25.0	23.5	6.4
Adjusted earnings before income taxes <sup>(1)</sup>	278.4	289.6	(3.9)
Income taxes	74.0	76.4	(3.1)
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ 204.4</b>	<b>\$ 213.2</b>	<b>(4.1)%</b>

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

Net investment income and other was \$4.0 million for the three months ended December 31, 2023 compared to \$5.6 million last year, and was \$12.0 million for the twelve months ended December 31, 2023 compared to \$5.7 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 \$20.8 million for the three months ended December 31, 2023, a decrease of \$0.5 million or 2.3% from \$21.3 million in 2022. Expenses for the twelve months ended December 31, 2023 were \$83.5 million, an increase of \$4.1 million or 5.2% from \$79.4 million last year.

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 \$91.7 million for the three months ended December 31, 2023, an increase of \$0.8 million or 0.9% from \$90.9 million in 2022. Expenses for the twelve months ended December 31, 2023 were \$360.3 million, an increase of \$1.9 million or 0.5% from \$358.4 million last year.

Sub-advisory expenses were \$1.2 million for the three months ended December 31, 2023, compared to \$1.0 million in 2022. Expenses for the twelve months ended December 31, 2023 were \$4.6 million, compared to \$4.9 million last year.

### Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled \$6.5 million in the fourth quarter of 2023, compared to \$5.9 million in the comparative period in 2022. Interest expense for the twelve month period was \$25.0 million compared to \$23.5 million in 2022. Long-term debt interest expense is calculated based on an allocation of IGM Financial's long-term debt to Mackenzie. The allocation of debt increased to \$450 million during the second quarter of 2023, as a result of

the issuance of long-term debt by IGM Financial. Previously, the allocation was \$400 million.

## **Q4 2023 vs. Q3 2023**

### **Revenues**

Net asset management fees – third party were \$155.5 million for the current quarter, a decrease of \$3.5 million or 2.2% from \$159.0 million in the third quarter of 2023. Factors contributing to the net decrease were:

- Net asset management fee rate was 54.2 basis points for the current quarter compared to 54.8 basis points in the third quarter.
- Average AUM were \$114.1 billion in the current quarter, a decrease of 1.2% from the prior quarter.

Asset management fees – Wealth Management were \$28.0 million in the current quarter, a decrease of \$0.8 million or 2.8% from \$28.8 million in the third quarter of 2023. Factors contributing to the net decrease were:

- Asset management fee rate was 14.8 basis points for the current quarter compared to 15.0 basis points in the second quarter.
- Average AUM were \$75.2 billion in the current quarter, a decrease of 1.6% from the prior quarter.

Net investment income and other was \$4.0 million for the current quarter, compared to \$2.5 million in the third quarter.

### **Expenses**

Advisory and business development expenses were \$20.8 million for the current quarter compared to \$19.0 million in the third quarter.

Operations and support expenses were \$91.7 million for the current quarter, an increase of \$4.8 million or 5.5% from \$86.9 million compared to the third quarter.

Sub-advisory expenses were \$1.2 million for the current quarter, consistent with the third quarter.

## **Asset Management Strategic Investments**

Asset Management strategic investment's adjusted net earnings are presented within Table 19. Adjusted net earnings for the fourth quarter of 2023 were \$27.4 million, compared to \$21.0 million in 2022 and \$22.4 million in the prior quarter. Annual adjusted net earnings were \$105.8 million, compared to \$70.5 million in 2022.

The proportionate share of associates' earnings consists of equity earnings from ChinaAMC and Northleaf.

The Company's share of ChinaAMC earnings were \$23.7 million in the fourth quarter of 2023 compared to \$14.2 million in the comparable period in 2022 and were \$104.1 million in the twelve month period of 2023, compared to \$57.2 million in 2022. The increase in 2023 reflects the Company purchase of an additional 13.9% equity interest in ChinaAMC on January 12, 2023.

The Company's share of Northleaf's earnings were \$8.6 million in the fourth quarter of 2023 compared to \$10.7 million in the comparable period in 2022 and were \$17.3 million in the twelve month period of 2023, compared to \$25.7 million in 2022. This is offset by non-controlling interest as reflected in the table.

**Table 19: Operating Results – Asset Management Strategic Investments**

<i>Three months ended</i> (\$ millions)	2023		2022		Change	
	Dec. 31	Sep. 30	Dec. 31	Sep. 30	2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>						
Proportionate share of associates' earnings						
ChinaAMC	\$ 23.7	\$ 24.6	\$ 14.2		(3.7)%	66.9 %
Northleaf	8.6	0.5	10.7		N/M	(19.6)
	<b>32.3</b>	25.1	24.9		28.7	29.7
<b>Expenses</b>						
Operations and support	1.0	0.3	0.4		233.3	150.0
Adjusted earnings before income taxes <sup>(1)</sup>	<b>31.3</b>	24.8	24.5		26.2	27.8
Income taxes	<b>2.2</b>	2.3	1.4		(4.3)	57.1
Adjusted net earnings <sup>(1)</sup>	<b>29.1</b>	22.5	23.1		29.3	26.0
Non-controlling interest	<b>1.7</b>	0.1	2.1		N/M	(19.0)
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>	<b>\$ 27.4</b>	\$ 22.4	\$ 21.0		22.3 %	30.5 %
<i>Twelve months ended</i> (\$ millions)						
			2023 Dec. 31	2022 Dec. 31	Change	
<b>Revenues</b>						
Proportionate share of associates' earnings						
ChinaAMC			\$ 104.1	\$ 57.2		82.0 %
Northleaf			17.3	25.7		(32.7)
			<b>121.4</b>	82.9		46.4
<b>Expenses</b>						
Operations and support			2.4	2.1		14.3
Adjusted earnings before income taxes <sup>(1)</sup>			<b>119.0</b>	80.8		47.3
Income taxes			<b>9.8</b>	5.2		88.5
Adjusted net earnings <sup>(1)</sup>			<b>109.2</b>	75.6		44.4
Non-controlling interest			<b>3.4</b>	5.1		(33.3)
<b>Adjusted net earnings available to common shareholders<sup>(1)</sup></b>			<b>\$ 105.8</b>	\$ 70.5		50.1 %

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

# Corporate and Other

## Review of Segment Operating Results

The Corporate and Other segment includes the Company's investments in Lifeco and Portage, and unallocated capital.

Earnings from the Corporate and Other segment include the Company's proportionate share of earnings of its associate, Lifeco, net investment income on unallocated capital and consolidation elimination entries.

At December 31, 2023, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power.

Portage consists of early-stage investment funds dedicated to backing innovating financial services companies and are controlled by Power.

In addition to Lifeco and other investments held by the Company, the Corporate and Other segment includes unallocated capital which totalled \$282.3 million at December 31, 2023 compared to \$770.9 million at December 31, 2022, as detailed in Table 20.

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.

Corporate and Other segment adjusted net earnings are presented in Table 21.

### 2023 vs. 2022

The proportionate share of associates' earnings decreased by \$21.8 million in the fourth quarter of 2023 compared to the fourth quarter of 2022, and decreased by \$61.3 million in the twelve month period. These earnings reflect the proportionate share of equity earnings from Lifeco as discussed in the Consolidated Financial Position section of this MD&A. The decrease in Lifeco earnings reflect the previously discussed changes in IGM Financial's percentage ownership effective on January 12, 2023. In 2022 and in the fourth quarter of 2023, the Company recorded its proportionate share of Lifeco earnings based on actual earnings. In the first three quarters of 2023, the Company recorded its proportionate share of Lifeco earnings using consensus analysts' earnings estimates, as Lifeco had reported quarterly earnings after the Company.

Net investment income and other was \$2.9 million in the fourth quarter of 2023, a decrease of \$4.3 million from \$7.2 million in 2022. For the twelve month period, net investment income and other was \$12.3 million, a decrease of \$1.9 million from \$14.2 million in 2022.

### Q4 2023 vs. Q3 2023

The proportionate share of associates' earnings was \$19.1 million in the fourth quarter of 2023, an increase of \$6.4 million from the third quarter of 2023. During the fourth quarter, the Company recorded an increase of \$0.8 million to adjust Lifeco's third quarter earnings to the actual earnings disclosed by Lifeco. During the third quarter, the Company recorded an adjustment of (\$8.0) million related to Lifeco's second quarter earnings.

**Table 20: Total Assets – Corporate and Other**

<i>(\$ millions)</i>	December 31, 2023	December 31, 2022
<b>Investments in associate</b>		
Lifeco	\$ 589.3	\$ 939.5
<b>FVTOCI investments</b>		
Portage and other investments	114.7	111.6
<b>Unallocated capital and other</b>	<b>282.3</b>	<b>770.9</b>
<b>Total assets</b>	<b>\$ 986.3</b>	<b>\$ 1,822.0</b>
<i>Lifeco fair value</i>	<b>\$ 970.9</b>	<b>\$ 1,168.3</b>

**Table 21: Operating Results – Corporate and Other**

<i>Three months ended</i> (\$ millions)	Change				
	2023 Dec. 31	2023 Sep. 30	2022 Dec. 31	2023 Sep. 30	2022 Dec. 31
<b>Revenues</b>					
Wealth Management	\$ (1.7)	\$ (1.7)	\$ –	– %	N/M %
Asset management	(25.2)	(25.8)	(27.0)	2.3	6.7
Dealer compensation expense	(0.7)	(0.7)	(0.1)	–	N/M
Net asset management	(25.9)	(26.5)	(27.1)	2.3	4.4
Net investment income and other	2.9	3.2	7.2	(9.4)	(59.7)
Proportionate share of associates' earnings					
Lifeco	19.1	12.7	40.9	50.4	(53.3)
	(5.6)	(12.3)	21.0	54.5	N/M
<b>Expenses</b>					
Operations and support	0.2	0.4	(0.2)	(50.0)	N/M
Sub-advisory	(27.5)	(28.2)	(27.0)	2.5	(1.9)
	(27.3)	(27.8)	(27.2)	1.8	(0.4)
Adjusted earnings before interest and taxes	21.7	15.5	48.2	40.0	(55.0)
Interest expense	–	0.1	–	(100.0)	–
Adjusted earnings before income taxes <sup>(1)</sup>	21.7	15.4	48.2	40.9	(55.0)
Income taxes	(0.7)	(3.3)	3.4	78.8	N/M
Adjusted net earnings – continuing operations	22.4	18.7	44.8	19.8	(50.0)
Net earnings – discontinued operations	(4.5)	(6.0)	0.2	25.0	N/M
<b>Adjusted net earnings<sup>(1)</sup></b>	<b>\$ 17.9</b>	<b>\$ 12.7</b>	<b>\$ 45.0</b>	<b>40.9 %</b>	<b>(60.2)%</b>
<b>Twelve months ended</b> (\$ millions)					
			2023 Dec. 31	2022 Dec. 31	Change
<b>Revenues</b>					
Wealth Management			\$ (6.5)	\$ –	N/M %
Asset management			(102.2)	(110.5)	7.5
Dealer compensation expense			(2.7)	–	N/M
Net asset management			(104.9)	(110.5)	5.1
Net investment income and other			12.3	14.2	(13.4)
Proportionate share of associates' earnings					
Lifeco			66.9	128.2	(47.8)
			(32.2)	31.9	N/M
<b>Expenses</b>					
Operations and support			1.2	2.1	(42.9)
Sub-advisory			(111.3)	(110.5)	(0.7)
			(110.1)	(108.4)	(1.6)
Adjusted earnings before income taxes <sup>(1)</sup>			77.9	140.3	(44.5)
Income taxes			(2.0)	4.7	N/M
Adjusted net earnings – continuing operations			79.9	135.6	(41.1)
Net earnings – discontinued operations			(12.5)	0.1	N/M
<b>Adjusted net earnings<sup>(1)</sup></b>			<b>\$ 67.4</b>	<b>\$ 135.7</b>	<b>(50.3)%</b>

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

# IGM Financial Inc.

## Consolidated Financial Position

IGM Financial's total assets were \$18.7 billion at December 31, 2023, unchanged from December 31, 2022.

### Other Investments

The composition of the Company's securities holdings is detailed in Table 22.

#### 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, and Portag3 Ventures LP, Portag3 Ventures II LP and Portage Ventures III LP (Portage) and are recorded at FVTOCI.

The Company is the largest shareholder in Wealthsimple with a combined direct and indirect interest of 24.7% and a fair value of \$607 million at December 31, 2023, compared to 24.3% and a fair value of \$492 million in December 31, 2022. This change is largely due to a fair value increase of 20% and an incremental investment during the period. The increase in fair value is consistent with the increase in public market peer valuations, as well as Wealthsimple's business performance and revised revenue expectations. 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.

The total fair value of Corporate investments of \$721 million at December 31, 2023 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 23.

Loans consisted of residential mortgages and represented 27.4% of total assets at December 31, 2023, compared to 26.8% at December 31, 2022.

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 \$4.7 billion at December 31, 2023, compared to \$4.6 billion at December 31, 2022.

The Company holds loans pending sale or securitization. Loans measured at fair value through profit or loss are residential

**Table 22: Other Investments**

(\$ millions)	December 31, 2023		December 31, 2022	
	Cost	Fair Value	Cost	Fair Value
<b>Fair value through other comprehensive income</b>				
Corporate investments	\$ 264.9	\$ 721.4	\$ 242.7	\$ 602.6
<b>Fair value through profit or loss</b>				
Equity securities	12.8	13.1	12.7	12.9
Proprietary investment funds	126.5	129.1	156.7	159.0
	139.3	142.2	169.4	171.9
	\$ 404.2	\$ 863.6	\$ 412.1	\$ 774.5

**Table 23: Loans**

<i>(\$ millions)</i>	December 31, 2023	December 31, 2022
Amortized cost	\$ 5,109.4	\$ 5,022.3
Allowance for expected credit losses	(0.7)	(0.8)
	<b>\$ 5,108.7</b>	<b>\$ 5,021.5</b>

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 \$375.5 million at December 31, 2023, compared to \$371.9 million at December 31, 2022.

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, 2023, IG Wealth Management serviced \$8.7 billion of residential mortgages, including \$1.9 billion originated by subsidiaries of Lifeco.

## Securitization Arrangements

Through the Company's mortgage banking operations, residential mortgages 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 2023, the Company securitized loans through its mortgage banking operations with cash proceeds of \$327.7 million compared to \$351.4 million in 2022. 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 8 to the Consolidated Financial Statements.

## Investment in Associates

### Great-West Lifeco Inc.

At December 31, 2023, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power.

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, 2023 compared with 2022 are shown in Table 24.

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%. IGM Financial's accounting gain on the sale of the Lifeco shares is \$172.9 million before-tax (\$168.6 million after tax), consisting of \$179.1 million recorded in the first quarter and a decrease of \$6.2 million that was recorded in the second quarter.

In the second quarter of 2023, the Company recorded a Lifeco IFRS 17 adjustment of \$15.1 million representing a change of estimate which has been recorded on a prospective basis.

### China Asset Management Co., Ltd.

The equity method is used to account for the Company's 27.8% equity interest in ChinaAMC, as it exercises significant influence. Changes in the carrying value for the three and twelve months ended December 31, 2023 are shown in Table 24. The change in Other comprehensive income of positive \$8.1 million in the three months ended December 31, 2023, was due to a 0.5% appreciation of the Chinese yuan relative to the Canadian dollar.

**Table 24: Investment in Associates**

(\$ millions)	December 31, 2023						December 31, 2022				
	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total	Lifeco	ChinaAMC	Northleaf	Other	Total
<b>Three months ended</b>											
<b>Carrying value,</b>											
<b>October 1<sup>(1)</sup></b>	\$ 578.8	\$1,852.9	\$ 864.2	\$ 293.2	\$ 38.8	\$3,627.9	\$ 903.2	\$ 764.8	\$ 273.8	\$ -	\$1,941.8
Investment	-	0.6	1.5	-	-	2.1	-	-	-	40.5	40.5
Dividends	(11.5)	-	-	-	-	(11.5)	(18.3)	-	-	-	(18.3)
Proportionate share of:											
Earnings <sup>(2)(3)</sup>	19.1	23.7	-	8.6	(0.8)	50.6	40.9	14.2	10.7	(0.4)	65.4
Other comprehensive income (loss) and other adjustments	2.9	8.1	(20.9)	-	-	(9.9)	13.7	8.2	-	-	21.9
<b>Carrying value, December 31</b>	<b>\$ 589.3</b>	<b>\$1,885.3</b>	<b>\$ 844.8</b>	<b>\$ 301.8</b>	<b>\$ 38.0</b>	<b>\$3,659.2</b>	<b>\$ 939.5</b>	<b>\$ 787.2</b>	<b>\$ 284.5</b>	<b>\$ 40.1</b>	<b>\$ 2,051.3</b>
<b>Twelve months ended</b>											
<b>Carrying value,</b>											
<b>January 1<sup>(1)</sup></b>	\$ 939.5	\$ 787.2	\$ -	\$ 284.5	\$ 40.1	\$2,051.3	\$ 885.1	\$ 768.7	\$ 258.8	\$ -	\$1,912.6
Investment	-	1,162.4	857.7	-	0.5	2,020.6	-	-	-	40.5	40.5
Disposition	(397.7)	-	-	-	-	(397.7)	-	-	-	-	-
Dividends	(46.0)	(69.2)	-	-	-	(115.2)	(73.2)	(31.3)	-	-	(104.5)
Proportionate share of:											
Earnings <sup>(2)(3)</sup>	66.9	104.1	(0.7)	17.3	(2.6)	185.0	128.2	57.2	25.7	(0.4)	210.7
IFRS 17 adjustment	15.1	-	-	-	-	15.1	-	-	-	-	-
Other comprehensive income (loss) and other adjustments	11.5	(99.2)	(12.2)	-	-	(99.9)	(0.6)	(7.4)	-	-	(8.0)
<b>Carrying value, December 31</b>	<b>\$ 589.3</b>	<b>\$1,885.3</b>	<b>\$ 844.8</b>	<b>\$ 301.8</b>	<b>\$ 38.0</b>	<b>\$3,659.2</b>	<b>\$ 939.5</b>	<b>\$ 787.2</b>	<b>\$ 284.5</b>	<b>\$ 40.1</b>	<b>\$ 2,051.3</b>

(1) Opening balances have been restated for the estimated impact of Lifeco's adoption of IFRS 17 and IFRS 9.

(2) The proportionate share of earnings from the Company's investment in associates is recorded in the Wealth Management, Asset Management and Corporate and Other segment.

(3) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was \$6.9 million and \$13.9 million, respectively, for the three and twelve month periods of 2023 compared to \$8.6 million and \$20.6 million, respectively, in 2022.

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥ 1,823.6 billion (\$341.0 billion) at December 31, 2023, representing an increase of 5.9% (CAD\$ 1.0%) from RMB¥ 1,721.6 billion (\$337.6 billion) at December 31, 2022. Mutual fund net flows, which exclude subsidiary and institutional assets under management, were RMB¥ 41.5 billion and RMB¥ 220.2 billion for the three and twelve month periods ended December 31, 2023, respectively (net flows obtained from Wind Information Co., Ltd.).

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%.

### Rockefeller Capital Management

The financial results of Rockefeller are accounted for using the equity method of accounting as the Company exercises significant

influence arising from board representation, participation in the policy making process and shared strategic initiatives.

Rockefeller's client assets were USD \$122.1 billion (\$161.6 billion) at December 31, 2023.

On April 3, 2023, the Company acquired a 20.5% equity interest in Rockefeller for cash consideration of \$835 million (USD \$622 million).

### Northleaf Capital Group Ltd.

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.

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 \$26.6 billion as at December 31, 2023, representing an increase of \$2.5 billion or 10.4% from \$24.1 billion at December 31, 2022. The increase during the twelve month period was driven by \$3.6 billion in new commitments, offset in part by a decrease of \$0.6 billion related to return of capital and a decrease of \$0.5 billion related to foreign exchange on USD denominated assets.

# Consolidated Liquidity and Capital Resources

## Liquidity

Cash and cash equivalents totalled \$544.6 million at December 31, 2023 compared with \$1,072.9 million at December 31, 2022. Cash and cash equivalents related to the Company's deposit operations were \$0.6 million at December 31, 2023, compared to \$0.8 million at December 31, 2022, as shown in Table 25.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in deposit liabilities. The decrease in Client funds on deposit and Deposit liabilities in 2023 was partially due to the sale of IPC in 2023. IPC Client funds on deposit and Deposit liabilities were \$318 million at December 31, 2022.

Working capital, which consists of current assets less current liabilities, totalled \$358.2 million at December 31, 2023 compared with \$846.8 million at December 31, 2022 (Table 26).

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

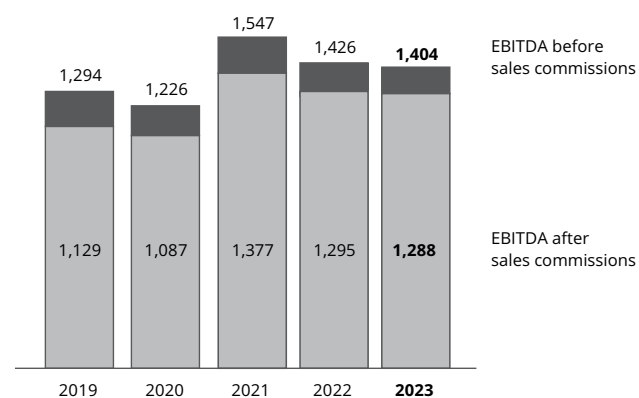
- Finance ongoing operations, including the funding of sales commissions.
- Temporarily finance mortgages in its mortgage banking operations.
- Pay interest related to long-term debt.
- Maintain liquidity requirements for regulated entities.
- Pay quarterly dividends on its outstanding common shares.
- 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

\$1,404.2 million for the year ended December 31, 2023, compared to \$1,425.6 million for 2022. 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)<sup>(1)</sup>

For the financial year (\$ millions)



EBITDA before and after sales commissions excluded the following:

- 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 acquisition 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.
- 2023 – the gain on sale of IPC, gain on sale of Lifeco, Lifeco IFRS 17 adjustment and restructuring and other.

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

**Table 25: Deposit Operations – Financial Position**

As at December 31 (\$ millions)	2023	2022
<b>Assets</b>		
Cash and cash equivalents	\$ 0.6	\$ 0.8
Client funds on deposit	3,365.7	4,347.4
Accounts and other receivables	0.7	0.6
Loans	9.3	9.4
<b>Total assets</b>	<b>\$ 3,376.3</b>	<b>\$ 4,358.2</b>
<b>Liabilities and shareholders' equity</b>		
Deposit liabilities	\$ 3,344.2	\$ 4,334.0
Other liabilities	23.3	15.2
Shareholders' equity	8.8	9.0
<b>Total liabilities and shareholders' equity</b>	<b>\$ 3,376.3</b>	<b>\$ 4,358.2</b>

**Table 26: Working Capital**

<i>As at December 31 (\$ millions)</i>	2023	2022
<b>Current assets</b>		
Cash and cash equivalents	\$ 544.6	\$ 1,072.9
Client funds on deposit	3,365.7	4,347.4
Accounts receivable and other assets	431.6	462.6
Current portion of securitized mortgages and other	1,020.8	992.2
	<b>5,362.7</b>	6,875.1
<b>Current liabilities</b>		
Accounts and other payables	712.9	726.4
Deposits and certificates	3,343.1	4,332.8
Current portion of obligations to securitization entities and other	948.5	969.1
	<b>5,004.5</b>	6,028.3
<b>Working capital</b>	<b>\$ 358.2</b>	\$ 846.8

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 \$1,287.5 million for the year ended December 31, 2023, compared to \$1,294.8 million for 2022. 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 27 – 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, 2023. Cash and cash equivalents decreased by \$528.3 million in 2023 compared to a decrease of \$219.5 million in 2022.

Adjustments to determine net cash from operating activities during the year ended 2023 compared to 2022 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 adjustments for other items in 2023 which included the gain on the partial sale of the Company's investment in Lifeco and the gain on the sale of IPC.
- The add-back of a one-time adjustment in 2023 in respect of a restructuring provision and other.
- The deduction of restructuring provision cash payments.

**Table 27: Cash Flows**

<i>Twelve months ended (\$ millions)</i>	2023 Dec. 31	2022 Dec. 31	Change
Operating activities			
Earnings before income taxes	\$ 1,367.0	\$ 1,122.9	21.7 %
Income taxes paid	(222.7)	(330.9)	32.7
Adjustments to determine net cash from operating activities	(307.0)	(54.3)	N/M
	<b>837.3</b>	737.7	13.5
Financing activities	(203.8)	(1,091.9)	81.3
Investing activities	(1,161.8)	134.7	N/M
<b>Change in cash and cash equivalents</b>	<b>(528.3)</b>	(219.5)	(140.7)
Cash and cash equivalents, beginning of year	1,072.9	1,292.4	(17.0)
<b>Cash and cash equivalents, end of year</b>	<b>\$ 544.6</b>	\$ 1,072.9	(49.2)%

Financing activities during the year ended December 31, 2023 compared to 2022 related to:

- An increase in obligations to securitization entities of \$1,256.0 million and repayments of obligations to securitization entities of \$1,217.0 million in 2023 compared 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.
- Net proceeds on the credit facility of \$550.0 million in 2023 which was repaid prior to the close of the IPC sale.
- The issuance of debentures of \$300.0 million in 2023.
- The payment of regular common share dividends which totalled \$535.4 million in 2023 compared to \$537.2 million in 2022.

2022 also included the purchase of 2,890,000 common shares under IGM Financial's normal course issuer bid at a cost of \$115.7 million.

Investing activities during the year ended December 31, 2023 compared to 2022 primarily related to:

- The purchases of other investments totalling \$86.7 million and sales of other investments with proceeds of \$80.8 million in 2023 compared to \$150.5 million and \$120.1 million, respectively, in 2022.
- An increase in loans of \$1,203.2 million with repayments of loans and other of \$1,113.5 million in 2023 compared to \$1,274.4 million and \$1,584.4 million, respectively, in 2022, 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 \$125.0 million in 2023 compared to \$107.1 million in 2022.
- The investment in ChinaAMC of \$1,162.4 million in 2023.

- The investment in Rockefeller of \$857.7 million in 2023, which was comprised of cash consideration of \$835 million and transaction costs.
- Sale of Lifeco shares with proceeds of \$552.7 million in 2023.
- Sale of IPC in 2023 with proceeds of \$555.0 million, net of cash and cash equivalents of discontinued operations.

## Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled \$316.3 million at December 31, 2023, compared to \$362.8 million at December 31, 2022, as detailed in Table 28.

The Other comprehensive loss for employee benefits in 2023 was primarily due to a decrease in discount rates.

The gain related to Other investments in 2023 is primarily due a change in fair value of Wealthsimple of approximately 20%. The change is consistent with the increase in public market peer valuations, as well as Wealthsimple's business performance and revised revenue expectations.

The Other comprehensive loss for Investment in associates in 2023 was primarily related to the second quarter foreign exchange translation related to the Company's investment in ChinaAMC.

The disposal of investment in associate of \$16.0 million in 2023 represents the amount of accumulated other comprehensive income transferred out as a result of the sale of Lifeco shares.

## 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

**Table 28: Accumulated Other Comprehensive Income (Loss)**

(\$ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
<b>2023</b>				
<b>Balance, January 1</b>	\$ 4.4	\$ 309.6	\$ 48.8	\$ 362.8
Other comprehensive income (loss)	(18.4)	85.1	(96.5)	(29.8)
Disposal of investment in associate	-	-	(16.0)	(16.0)
Transfer out of fair value through other comprehensive income	-	(0.7)	-	(0.7)
<b>Balance, December 31</b>	<b>\$ (14.0)</b>	<b>\$ 394.0</b>	<b>\$ (63.7)</b>	<b>\$ 316.3</b>
<b>2022</b>				
Balance, January 1	\$ (95.6)	\$ 919.1	\$ 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)
<b>Balance, December 31</b>	<b>\$ 4.4</b>	<b>\$ 309.6</b>	<b>\$ 48.8</b>	<b>\$ 362.8</b>

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 \$9.1 billion at December 31, 2023, compared to \$8.2 billion at December 31, 2022. 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 \$2.4 billion at December 31, 2023, compared to \$2.1 billion at December 31, 2022. 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 increase in long-term debt resulted from the issuance on May 26, 2023, of \$300.0 million 5.426% debentures maturing May 26, 2053. The offering was made pursuant to a prospectus supplement to IGM Financial's short form base shelf prospectus dated December 7, 2022. The net proceeds were used by IGM Financial to fund a portion of the purchase price in connection with the acquisition of the 20.5% equity interest in Rockefeller and for general corporate purposes.

The Company commenced a Normal Course Issuer Bid (NCIB) on December 21, 2023 to purchase for cancellation up to 3 million of its common shares. The program will be used to mitigate the dilutive effect of stock options issued under the Company's stock option plan and for other capital management purposes. The Company's previous NCIB expired on February 28, 2023, and the Company has not repurchased any shares in the last 12 months.

In connection with its NCIB, 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 the normal course issuer bid during certain pre-determined trading blackout periods, subject to pre-established parameters. 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 2023 included the declaration of common share dividends of \$535.7 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. Morningstar DBRS current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

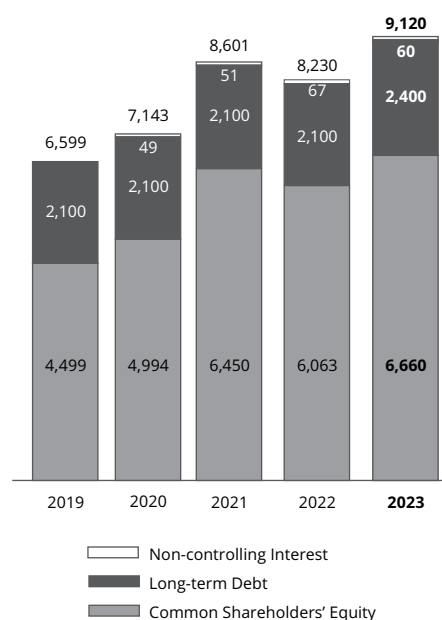
Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the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

## Capital

As at December 31 (\$ millions)



on the obligation is strong, but the obligation is somewhat more 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 Morningstar DBRS is the fifth highest of the 22 ratings used for long-term debt. Under the Morningstar DBRS 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. Entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

## Financial Instruments

Table 29 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, credit facility, 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 25 of the Consolidated 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, 2023.

**Table 29: Financial Instruments**

(\$ millions)	December 31, 2023		December 31, 2022	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Financial assets recorded at fair value</b>				
Other investments				
– Fair value through other comprehensive income	\$ 721.4	\$ 721.4	\$ 602.6	\$ 602.6
– Fair value through profit or loss	142.2	142.2	171.9	171.9
Derivative financial instruments	42.7	42.7	63.7	63.7
<b>Financial assets recorded at amortized cost</b>				
Loans				
– Amortized cost	5,108.7	5,070.8	5,021.5	4,905.5
<b>Financial liabilities recorded at fair value</b>				
Derivative financial instruments	49.6	49.6	51.6	51.6
<b>Financial liabilities recorded at amortized cost</b>				
Deposits and certificates	3,344.2	3,344.2	4,334.0	4,334.0
Obligations to securitization entities	4,687.8	4,695.7	4,610.4	4,544.6
Long-term debt	2,400.0	2,453.4	2,100.0	2,013.9

# 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 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 Risk, Compliance and Internal Audit functions.

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 appetite, 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 human resources and talent practices and policies including compensation.

- 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 and Mackenzie Investments, the Chief Financial Officer, the General Counsel, the Chief Operating Officer, the Chief Human Resources Officer, and the Chief Risk Officer, who reports to the Chief Executive Officer of IGM Financial. 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 Executive Risk Management Committee.

### Second Line of Defence

The Risk function, overseen by the Chief Risk Officer, provides oversight, analysis and reporting to the Executive 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 risk management program and framework, ii) managing the 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 functions which are responsible for ensuring compliance with policies, laws and regulations.

### **Third Line of Defence**

The Internal Audit function 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**

The Executive 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.

The Risk Appetite Framework facilitates the alignment of business strategy with risk appetite, supports capital deployment assessments, and supports the identification, mitigation, and management of risks.

### **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 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 Risk function. The Risk function promotes and coordinates communication and consultation to support effective risk management and escalation. The Risk function regularly reports on the results of risk assessments and on the assessment process to the Executive Risk Management Committee and to the Risk Committee.

### **Risk Management Culture**

Risk management is everyone's responsibility within the organization. The Risk function engages all business units in risk workshops and surveys to foster awareness and to incorporate our risk framework into business activities.

We have an established business planning process which reinforces our risk management culture. Our compensation programs are typically objectives-based, 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.

Risks are identified based on our established methodology, considering factors both internal and external to the organization. These risks are broadly grouped into three categories: financial, operational, and strategic and business.

#### **1) Financial Risk**

This is the risk of financial loss related to AUM&A and advisement, liquidity and funding risk, credit risk, or market risk.

#### **Risks Related to AUM&A**

At December 31, 2023, IGM Financial's AUM&A were \$240.2 billion compared to \$224.2 billion at December 31, 2022.



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 AUM&A. AUM&A levels are impacted by both net sales and changes in the market.

Global markets by their nature are subject to uncertainty and a variety of risks. Movement in equity market prices, foreign exchange rates, real asset values, interest rates/credit spreads, or other asset values could cause the Company's AUM&A, revenue and earnings to decline. A general economic downturn, market volatility, client rebalancing, poor investment performance, or a lack of investor confidence could also lead to lower sales, higher redemption levels and lower AUM&A.

The Company believes that exposure to investment returns on its client portfolios is beneficial over the long term to financial results and consistent with stakeholder expectations, and therefore does not typically engage in risk transfer activities such as hedging in relation to these exposures.

The Company's exposure to market risk aligns with the experience of its clients. AUM are broadly diversified by asset class, geographic region, industry sector, investment team and style. The Company regularly reviews the sensitivity of its AUM, revenues, earnings and cash flow to changes in financial markets.

Domestic and foreign equity securities are exposed to equity price risk which may negatively impact AUM&A, revenues and earnings. Equity price risk can be classified into two categories: general equity risk and issuer-specific risk. The Company's internal and external fund managers reduce exposure to issuer-specific risks through diversification.

Fixed-income securities are exposed to interest rate risk. An increase in interest rates causes market prices of fixed-income securities to fall while a decrease in interest rates causes market prices to rise, thus impacting AUM&A, revenue and earnings.

Foreign currency denominated securities are exposed to foreign exchange risk. A depreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to fall while an appreciation in foreign currency versus the Canadian dollar will cause the Canadian value of securities to rise, thus impacting AUM&A, revenue and earnings.

## 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 profile is structured to ensure we have sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. 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 and funding risks 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

**Table 30: IGM Financial AUM – Asset and Currency Mix**

<i>As at December 31, 2023</i>	Investment	Total
	Funds	
Cash	0.8 %	2.1 %
Short-term fixed income and mortgages	4.1	4.0
Other fixed income	22.6	22.5
Domestic equity	20.5	25.4
Foreign equity	49.7	44.2
Real Property	2.3	1.8
	100.0 %	100.0 %
CAD	50.3 %	56.9 %
USD	33.5	29.7
Other	16.2	13.4
	100.0 %	100.0 %

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) 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 accesses the unsecured long-term debt markets for corporate purposes, and ensures a well-diversified maturity structure to manage associated funding risks.

The Company's contractual obligations are reflected in Table 31.

The maturity schedule for long-term debt of \$2.4 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 \$800 million at December 31, 2023, compared to \$825 million at December 31, 2022. The lines of credit at December 31, 2023 consisted of committed lines of \$650 million and uncommitted lines of \$150 million, compared to \$650 million and \$175 million at December 31, 2022. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion.

As at December 31, 2023 and December 31, 2022, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

Schedule I Canadian chartered banks have provided the Company with a non-revolving term loan facility related to the proceeds on the sale of IPC. The term loan facility was repaid prior to the sale of IPC.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2022, was completed during April 2023. 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 \$70.5 million compared to a surplus of \$14.4 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. The registered pension plan had a going concern surplus of \$127.4 million compared to \$95.0 million in the previous valuation. The next actuarial valuation will be based on a measurement date of December 31, 2025. During the year, the Company has made cash contributions of \$3.7 million (2022 – \$11.5 million). As a result of the valuation filed in April 2023, IGM Financial received a contribution holiday and is not allowed to make contributions to the pension plan until the next actuarial valuation which is expected to be as at December 31, 2025. 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 are sufficient to

**Table 31: Contractual Obligations**

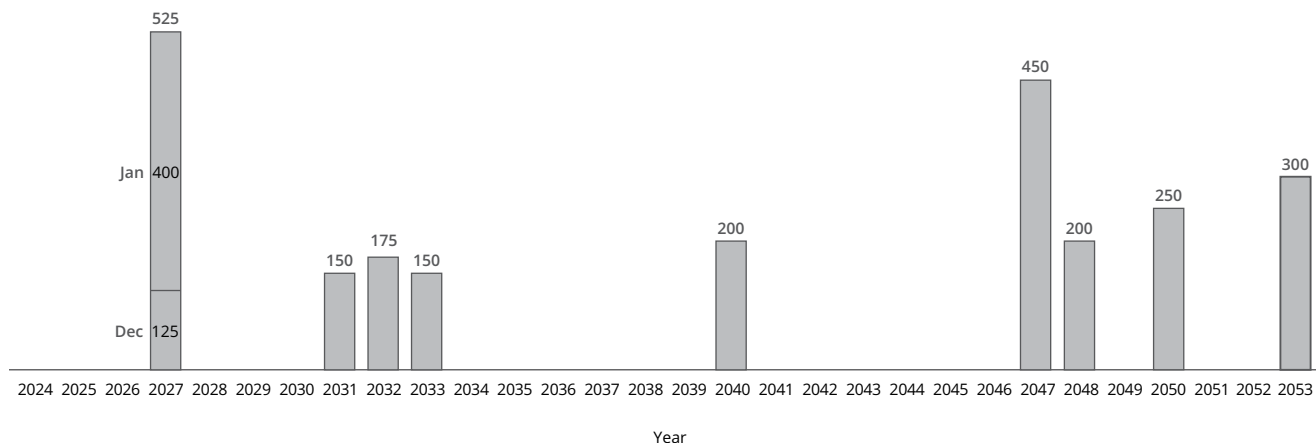
<i>As at December 31, 2023</i> <i>(\$ millions)</i>	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	\$ –	\$ 11.4	\$ 38.2	\$ –	\$ 49.6
Deposits and certificates <sup>(1)</sup>	3,342.8	0.3	0.5	0.6	3,344.2
Obligations to securitization entities	–	937.1	3,737.5	13.2	4,687.8
Leases <sup>(2)</sup>	–	29.2	84.2	96.9	210.3
Long-term debt	–	–	525.0	1,875.0	2,400.0
<b>Total contractual obligations</b>	<b>\$ 3,342.8</b>	<b>\$ 978.0</b>	<b>\$ 4,385.4</b>	<b>\$ 1,985.7</b>	<b>\$ 10,691.9</b>

(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.

## Long-Term Debt Maturity Schedule

(\$ millions)



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 market risk 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, 2022.

### 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 is exposed to credit risk through its cash and cash equivalents, client funds on deposit, mortgage portfolio, and use of over-the-counter derivatives. 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, 2023, cash and cash equivalents of \$544.6 million (2022 – \$1,072.9 million) consisted of cash balances of \$216.5 million (2022 – \$346.3 million) on deposit with Canadian chartered banks and cash equivalents of \$328.1 million (2022 – \$726.6 million). Cash equivalents are comprised of Government of Canada treasury bills totalling \$0.5 million (2022 – \$81.6 million), provincial government treasury bills and promissory notes of \$36.4 million (2022 – \$306.8 million), bankers' acceptances of \$291.2 million (2022

– \$293.2 million) and other corporate commercial paper of nil (2022 – \$45.0 million).

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, 2022.

IG Wealth Management's client funds on deposit of \$3,365.7 million (2022 – \$4,029.7 million) are held with Schedule I chartered banks and approximately 93% of the deposits were insured by the Canada Deposit Insurance Corporation at December 31, 2023.

### Mortgage Portfolio

At December 31, 2023, residential mortgages, recorded on the Company's balance sheet, of \$5.1 billion (2022 – \$5.0 billion) consisted of \$4.7 billion sold to securitization programs (2022 – \$4.6 billion), \$375.5 million held pending sale or securitization (2022 – \$371.9 million) and \$11.5 million related to the Company's intermediary operations (2022 – \$12.7 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 Advisors 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 \$2.4 billion (2022 – \$2.5 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 \$2.3 billion (2022 – \$2.1 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$58 million (2022 – \$55.2 million) and \$37 million (2022 – \$21.3 million), respectively, at December 31, 2023. 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, 2023, residential mortgages recorded on balance sheet were 50.7% insured (2022 – 53.3%). At December 31, 2023, impaired mortgages on these portfolios were \$3.1 million, compared to \$2.2 million at December 31, 2022. Uninsured non-performing mortgages over 90 days on these portfolios were \$2.8 million at December 31, 2023, compared to \$1.7 million at December 31, 2022.

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 \$0.7 million at December 31, 2023, decreased from \$0.8 million at December 31, 2022, 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, 2022.

### **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 if its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Derivative 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 \$51.2 million (2022 – \$71.2 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 \$3.7 million at December 31, 2023 (2022 – \$10.5 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, 2023. Management of credit risk related to derivatives has not changed materially since December 31, 2022.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Notes 2, 7, 8 and 24 to the Consolidated 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 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 \$7.7 million (December 31, 2022 – \$20.5 million) and an outstanding notional amount of \$0.2 billion at December 31, 2023 (December 31, 2022 – \$0.2 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 \$12.5 million (December 31, 2022 – negative \$19.6 million), on an outstanding notional amount of \$1.4 billion at December 31, 2023 (December 31, 2022 – \$1.3 billion). The net fair value of these swaps of negative \$4.8 million at December 31, 2023 (December 31, 2022 – positive \$0.9 million) is recorded on the balance sheet and has an outstanding notional amount of \$1.6 billion (December 31, 2022 – \$1.5 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 negative \$1.1 million (December 31, 2022 – positive \$4.7 million) on an outstanding notional amount of \$181.5 million at December 31, 2023 (December 31, 2022 – \$191.6 million).

As at December 31, 2023, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately \$0.5 million (December 31, 2022 – decrease of \$1.7 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2022.

### **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 \$0.9 billion at December 31, 2023 (December 31, 2022 – \$0.8 billion), as shown in Table 22, and the carrying value of the investment in associates was \$3.7 billion at December 31, 2023 (December 31, 2022 – \$2.1 billion).

The Company sponsors a number of deferred compensation arrangements 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 and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at December 31, 2023, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately \$128.1 million (\$141.6 million).

The Company's proportionate share of ChinaAMC's and Rockefeller'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, 2023, 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 by approximately \$4.9 million (\$5.4 million).

## **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.

We are exposed to a broad range of operational risks, including information security and system failures, errors relating to transaction processing, financial models and valuations, failure of key third parties, 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 Risk, Compliance, and Internal Audit functions.

The Company's insurance governance process includes oversight by the Insurance Steering Committee and senior executives. As part of this process, the nature and extent of the Company's insurance is regularly reviewed to ensure coverage remains appropriate and complies with relevant laws, regulations, and contractual agreements.

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.

## Technology and Cyber Risk

This is the risk related to unplanned downtime on critical business processes, loss of customer/business data and/or the misalignment between the technology capabilities of the organization and its business strategy.

Technology underpins our business operations and the client, employee and advisor experience. As a result, we are exposed to cyber security risks such as identity theft, compromise of technology systems and malicious software attacks. Globally, the volume of these activities has increased and could compromise confidential information of the Company and its clients or other stakeholders and result in other negative consequences including lost revenue, litigation, regulatory scrutiny or reputational damage. Our enterprise-wide cyber security programs, benchmarking of capabilities to sound industry practices, and threat and vulnerability assessment and response capabilities provide resiliency in addressing this risk.

## Third Party Risk

This is the risk that exists due to the use of external parties to assist or wholly perform activities necessary to the operations and strategy of the business.

We regularly engage third parties to provide expertise and efficiencies that support our operational activities. Our exposure to third party risk could include reputational, regulatory and other operational risks. Policies, standard operating procedures and dedicated resources, including a supplier code of conduct and material outsourcing policy, have been developed and implemented to specifically address third party risk. We perform due diligence and monitoring activities before entering into contractual relationships with third parties and on an ongoing basis. As our reliance on third parties continues to grow, we continue to enhance resources and processes to support third party risk management.

## Model Risk

This is the risk of financial loss or reputational harm resulting from conclusions and decisions based on incorrect or misused models.

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 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.

The Company 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 new single self-regulatory organization, the Canadian Investment Regulatory Organization (CIRO). 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 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.

The Company 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.

## 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.

If we need to share clients' personal information with third parties, 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 (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. This action was certified in January 2024. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for two years to all clients. Four proposed class actions have been filed against Mackenzie concerning this incident.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, 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.

## People Risk

This risk refers to the potential inability to: attract or retain employees or Wealth Management advisors; have a diverse, equitable and inclusive workforce; provide development opportunities to achieve current and future business objectives; support employee wellbeing and engagement; and sustain ongoing personnel or business succession and/or transition plans.

We manage this risk through competitive compensation and benefit offerings, training and development programs, and periodic employee and advisor surveys.

We have a Diversity, Equity and Inclusion Strategy with the purpose of driving an inclusive, equitable and consistent experience for employees, Wealth Management advisors, 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.

## Business Continuity Management

This is the risk that the organization cannot effectively recover and maintain critical business processes in the event of a disruption (internal, third-party, physical or natural circumstances) or respond to a crisis or emergency event.

A business continuity management program ensures the Company's critical processes function in the event of a business disruption.

The Company's crisis response plan outlines policies and procedures to address situations that could significantly impact the organization's reputation, brands or business operations. A crisis assessment team comprised of senior leadership is responsible for setting strategy, overseeing response and ensuring appropriate subject matter experts are engaged in scenario-dependent crisis response teams.

On a regular basis, the Company tests business continuity and disaster recovery plans as well as conducting crisis simulation exercises.

### 3) Strategic and Business Risk

This is the risk of potential adverse impacts resulting from factors in the external environment or related to the strategy or specific business activities of the Company.

#### 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 AUM, as described more fully under the Risks Related to AUM&A 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 32 and are discussed in the Wealth Management and the Asset Management Segment Operating Results sections of this MD&A.

#### Strategy Setting

This is the risk of failing to set or meet appropriate strategic objectives resulting in an impact on business performance.

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 two operating companies – Investors Group Inc., and Mackenzie Financial Corporation – 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.

#### Competitive Risk

##### 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 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,

**Table 32: Twelve Month Trailing Redemption Rate for Long-term Funds**

	2023 Dec. 31	2022 Dec. 31
<b>IGM Financial Inc.</b>		
IG Wealth Management	12.2 %	10.0 %
Mackenzie	17.1 %	16.0 %



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 AUM 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 AUM 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 derives all of its investment fund sales, insurance sales, and mortgage and banking 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, as well as our culture and ability to attract key advisors. 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.

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.

### **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. In July, 2023, the China Securities Regulatory Commission (CSRC) initiated a work plan for the fee reform of the mutual fund industry, which the CSRC has indicated is designed to continue to promote the high-quality development of the Chinese investment fund industry. Concurrently, ChinaAMC announced fee reductions on certain mutual funds. These reductions reduce the revenues of ChinaAMC and impact the earnings that IGM Financial recognizes related to its investment in ChinaAMC. These changes are not expected to be material to IGM Financial. We believe these changes will help encourage broader participation of retail and institutional investors in the development of a fast growing industry. 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

This risk refers to the potential that desired objectives are not attained from the Company's 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 AUM, clients, and key employees of an acquired company.

### Natural or Human Caused Disasters

This is 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 AUM&A. 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.

### Environmental and Social Risk (Including Climate Change)

This is the potential for financial loss or other unfavourable impacts resulting from the Company's inability to manage or respond to changing 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.

On June 26, 2023, the International Sustainability Standards Board (ISSB) issued its first two sustainability standards: IFRS S1 – *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2 – *Climate-related Disclosures* (IFRS S2). IFRS S1 sets out the general requirements for disclosing material information about sustainability-related risks and opportunities to meet investor information needs, and IFRS S2 sets out specific disclosure requirements for

climate-related risks and opportunities and is designed to be used with IFRS S1. The effective date in Canada is currently unknown; however, the standards could apply to the Company as early as December 31, 2024 subject to adoption by the Canadian Securities Administrators. The Company will continue to monitor any updates and future developments.

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.

The Company's Executive Risk Management Committee is responsible for oversight of the risk management process, including E&S and climate change risks. The Executive Sustainability Committee is responsible for ensuring central management governance for sustainability across IGM, including policy and strategy, goals and targets, measuring progress, and reviewing public reports and disclosures.

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 environmental, social and governance (ESG) issues into their investment decision making and active ownership processes. In addition, our operating companies have implemented Sustainable Investment Policies outlining the practices at each company.

IGM Financial reports annually on sustainability management and performance in its Sustainability Report available on our website.

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.

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. Various global regulators and standard setting bodies, including the International Sustainability Standards Board, are publishing guidelines and standards aligned with the TCFD recommendations.

### **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.

### **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, including climate.

Through its Risk Committee, the Board is responsible for ensuring that material ESG and climate-related risks are appropriately identified, managed and monitored. Its responsibilities include ensuring that appropriate procedures are in place to identify and manage risks and establish risk tolerances; ensuring that appropriate policies, procedures and controls are implemented to manage risks; and reviewing the risk management process on a regular basis to confirm that it is functioning effectively.

Senior management at each of our operating companies have primary ownership and accountability for the ongoing climate risk and opportunity management associated with their respective activities. Our Executive Risk Management and Executive Sustainability Committees perform oversight functions, and our Chief Risk Officer oversees implementation of the Corporate Sustainability and Risk Management programs, reporting into the President and Chief Executive Officer.

Other management committees and working groups also oversee climate-related governance across the Company.

### **Strategy**

Through IGM Financial's wealth and asset management businesses, the company plays a role in the global transition to a low-carbon economy, 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.

IGM Wealth Management and Mackenzie, and their investment sub-advisors, are signatories to the PRI. Under the PRI, investors

formally commit to incorporate ESG issues, including climate change, into their investment decision making and active ownership processes. In addition, IG Wealth Management and Mackenzie have implemented sustainable investing policies outlining the practices at their respective companies.

#### 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's Sustainability Centre of Excellence who bring focus to ESG and climate within asset management. Mackenzie has expanded its suite of funds investing to directly support the transition to a low-carbon economy through its acquisition of Greenchip, an investment boutique which is exclusively focused on thematic investing to combat climate change; the launch of the Betterworld team in 2021, that invests in companies making a positive impact on the people and the planet, and funds prioritizing sustainability and ESG-labelled debt, including green bonds.

IG Wealth Management has integrated environmental and climate issues into its sub-advisory selection and oversight processes, and product development strategy. In 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 tools for our investment funds to enhance our quantitative assessment of climate risks by analyzing emissions and other climate-related information at the investee company, asset class 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**

The identification and assessment of risks, including climate change, is coordinated through the Risk function who provide oversight, analysis and reporting on the level of risks relative to the established risk appetite of the Company. The Risk function identifies possible risks that could impact our business through

methods such as: (i) risk workshops with business units across the organization, (ii) risk surveys completed by senior leaders and business unit management, (iii) discussions with key stakeholders and business partners, and (iv) by conducting research on emerging risks and internal and external events impacting our business. 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 three categories: financial, operational, and strategic/business risks. Climate risk is captured under strategic risks, but we are also increasingly focused on defining the relationship of climate risk to other risks.

Once identified, possible risks are assessed by taking into consideration both the likelihood and severity of the impact of the risk event using a standard set of assessment criteria including consideration of financial, reputational, operational, and regulatory/compliance impact. Based on the assessment, the Risk function will consider our risk appetite and work with the business to put in place measures to mitigate, transfer, or accept the risk or capitalize on opportunities.

Risk assessments are monitored and reviewed on an ongoing basis by business units and by oversight areas including the Risk function. The Risk function promotes and coordinates communication and consultation to support effective risk management and escalation. It regularly reports on the results of risk assessments and on the assessment process to the Executive Risk Management Committee and to the Board Risk Committee.

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. We have focused on developing resources and tools to assess climate-related risks and opportunities for our Mackenzie managed equity portfolios. Through these tools we can assess historical greenhouse gas emissions data and portfolio temperature alignment to identify the highest emitters and inform engagement activities with companies facing transition risks. At IG Wealth Management, 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 through direct conversations between portfolio managers and companies/issuers; through Mackenzie firm-wide engagements; and through collaborations with peers on initiatives where the collective investor voice has more influence. 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 Wealth Management 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. Mackenzie Investments also joined the Net Zero Asset Managers initiative.

At Mackenzie, each boutique investment team is responsible for integrating ESG into its investment process, including determining appropriate GHG emissions and other metrics to assess climate-related risks and opportunities in investment strategies. The teams have access to ESG data tools and metrics to support their assessment.

We currently report Scope 1, 2 and 3 GHG emissions, where possible, including a portion of our Scope 3 investment emissions and weighted average carbon intensity. We are continuing to expand and enhance our measurement and reporting of emissions related to our investment portfolios as tools and information improves.

## The Financial Services Environment

Canadians held \$6.2 trillion in discretionary financial assets with financial institutions at December 31, 2022 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% (\$4.0 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 \$2.2 trillion held outside of a financial advisory relationship, approximately 60% 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 38% of Canadian discretionary financial assets or \$2.4 trillion resided in investment funds at December 31, 2022, 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 73% 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 \$170 billion in investment fund AUM at December 31, 2023, 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, 2023.

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 70% of total mutual fund AUM at December 31, 2023. 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

IG Wealth Management competes 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. Mackenzie Investments competes directly with other investment managers for AUM, 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 one of Canada's largest financial planning organizations, IG Wealth Management, 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 13 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 AUM 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, 2023 financial information 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 17 to the Consolidated Financial Statements.
- *Capitalized sales commissions* – Commissions paid directly by the client based upon the level of new assets contributed to client accounts at IG Wealth Management 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, 2023, 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 (RPP) 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 decreased since December 31, 2022. The discount rate on the Company’s RPP at December 31, 2023 was 4.65% compared to 5.25% at December 31, 2022. The pension plan assets increased to \$536.0 million at December 31, 2023 from \$510.7 million at December 31, 2022 due to market appreciation. The total defined benefit pension plan obligation increased to \$474.4 million at December 31, 2023 from \$423.9 million at December 31, 2022, primarily due to the decrease in the discount rate. The defined benefit pension plan had an accrued benefit

asset of \$61.6 million at December 31, 2023 compared to an accrued benefit asset of \$86.8 million at December 31, 2022. Actuarial gains or losses recorded in Other comprehensive income, including the defined benefit pension plan, the SERPs and post-employment benefit plans, were losses of \$25.1 million (\$18.4 million after tax) for the twelve months ended December 31, 2023.

A decrease of 0.25% in the discount rate utilized in 2023 would result in a change of \$20.4 million in the accrued pension obligation, \$18.5 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 16 of the Consolidated Financial Statements.

## Changes in Accounting Policies

### IFRS 17 – Insurance Contracts (IFRS 17)

The IASB issued IFRS 17 which sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues, reinsurance contracts it holds, and investment contracts with discretionary participation features issued. IFRS 17 is effective for periods beginning on or after January 1, 2023. Entities adopting IFRS 17 had the option to defer adoption of IFRS 9 – *Financial Instruments* (IFRS 9). Adoption of these standards affected the accounting for the carrying value of the Company’s investment in Lifeco and the amount that the Company records for its proportionate share of associate’s earnings. In the fourth quarter of 2022, Lifeco disclosed that the adoption of IFRS 17 and IFRS 9 was expected to decrease its total equity by \$3.4 billion as at January 1, 2022. Accordingly, the Company reduced the carrying value of its investment in Lifeco and retained earnings, at January 1, 2022, by \$136 million to reflect its proportionate share of Lifeco’s estimated decrease to total equity. In the second quarter of 2023, the Company revised its estimate, on a prospective basis, using the final Lifeco disclosed impact of IFRS 17 and IFRS 9 by decreasing the gain on sale of Lifeco shares by \$6.2 million and increasing the proportionate share of associate’s earnings by \$15.1 million.

Additional information of the impact on Lifeco is available in its public disclosures.

### IAS 12 – Income Taxes

The Company adopted the amendments to IFRS for IAS 12 – *Income Taxes* effective May 2023 and has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

## 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.

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## 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, 2023, the President and Chief Executive Officer and the Chief Financial Officer have concluded that the Company's disclosure controls and procedures are effective.

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## 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, 2023, 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 2023, 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 Canada Life, which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2023 and 2022, 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 \$51.7 million in distribution fees (2022 – \$48.7 million). The Company received \$59.8 million (2022 – \$61.4 million) and paid \$19.5 million (2022 – \$19.5 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds. No fees were paid to Canada Life related to the distribution of certain mutual funds of the Company in 2023 (2022 – \$0.6 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.

On November 30, 2023, the Company completed the sale of 100% of IPC to Canada Life.

The acquisition and sale transactions were recorded at fair value.

For further information on transactions involving related parties, see Notes 3, 10 and 28 to the Company's Consolidated Financial Statements.

### Outstanding Share Data

Outstanding common shares of IGM Financial as at December 31, 2023 totalled 238,131,738. Outstanding stock options as at December 31, 2023 totalled 10,902,118 of which 6,924,596 were exercisable. As at February 9, 2024, outstanding common shares totalled 238,136,813 and outstanding stock options totalled 10,823,003 of which 6,845,481 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.sedarplus.ca](http://www.sedarplus.ca).

# Consolidated Financial Statements

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# 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, 2023 and 2022, 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 material accounting policy information (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, 2023 and 2022, 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, 2023. 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, 6 and 25 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 15, 2024



# Consolidated Statements of Earnings

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

<b>For the years ended December 31</b>	2023	2022
<b>Revenues</b>		
Wealth management (Note 4)	\$ 2,199,681	\$ 2,159,870
Asset management	949,041	967,212
Dealer compensation expense	(314,107)	(327,521)
Net asset management (Note 4)	634,934	639,691
Net investment income and other	37,646	22,238
Gain on sale of Lifeco shares (Notes 2, 10)	172,977	–
Proportionate share of associates' earnings (Note 10)	200,137	210,762
	<b>3,245,375</b>	<b>3,032,561</b>
<b>Expenses (Note 5)</b>		
Advisory and business development	1,006,252	962,064
Operations and support	905,704	786,643
Sub-advisory	65,731	63,574
Interest (Note 18)	123,231	113,174
	<b>2,100,918</b>	<b>1,925,455</b>
Earnings before income taxes	1,144,457	1,107,106
Income taxes (Note 17)	215,077	245,948
Net earnings from continuing operations	929,380	861,158
Net earnings from discontinued operations (Note 3)	223,131	11,420
<b>Net earnings</b>	<b>1,152,511</b>	<b>872,578</b>
Non-controlling interest (Notes 3, 10)	(3,619)	(5,334)
<b>Net earnings available to common shareholders</b>	<b>\$ 1,148,892</b>	<b>\$ 867,244</b>
Earnings per share (in dollars) (Note 26)		
Net earnings available to common shareholders from continuing operations		
– Basic	\$ 3.89	\$ 3.59
– Diluted	\$ 3.88	\$ 3.58
Net earnings available to common shareholders		
– Basic	\$ 4.83	\$ 3.64
– Diluted	\$ 4.82	\$ 3.63

(See accompanying notes to consolidated financial statements)

# Consolidated Statements of Comprehensive Income

(in thousands of Canadian dollars)

<b>For the years ended December 31</b>	2023	2022
<b>Net earnings</b>	<b>\$ 1,152,511</b>	<b>\$ 872,578</b>
<b>Other comprehensive income (loss), net of tax</b>		
<b>Items that will not be reclassified to Net earnings</b>		
<b>Fair value through other comprehensive income investments</b>		
Other comprehensive income (loss) (Note 6), net of tax of \$(12,315) and \$92,009	85,054	(585,515)
<b>Employee benefits</b>		
Net actuarial gains (losses), net of tax of \$6,767 and \$(36,950)	(18,378)	100,049
<b>Investment in associates – employee benefits and other</b>		
Other comprehensive income (loss), net of tax of nil	1,472	12,689
<b>Items that may be reclassified subsequently to Net earnings</b>		
<b>Investment in associates and other</b>		
Other comprehensive income (loss), net of tax of \$6,751 and \$2,541	(97,913)	(23,508)
	<b>(29,765)</b>	<b>(496,285)</b>
<b>Total comprehensive income</b>	<b>\$ 1,122,746</b>	<b>\$ 376,293</b>

(See accompanying notes to consolidated financial statements)

# Consolidated Balance Sheets

(in thousands of Canadian dollars)

<b>As at December 31</b>	2023	2022 Restated (Note 2)
<b>Assets</b>		
Cash and cash equivalents	\$ 544,633	\$ 1,072,892
Other investments (Note 6)	863,598	774,536
Client funds on deposit	3,365,722	4,347,354
Accounts and other receivables	335,552	368,806
Income taxes recoverable	38,292	15,544
Loans (Note 7)	5,108,696	5,021,483
Derivative financial instruments (Note 24)	42,729	63,665
Other assets (Note 9)	112,474	156,240
Investment in associates (Note 10)	3,659,174	2,051,303
Capital assets (Note 11)	306,961	326,288
Capitalized sales commissions (Note 12)	394,736	372,173
Deferred income taxes (Note 17)	3,232	1,419
Intangible assets (Note 13)	1,250,712	1,363,642
Goodwill (Note 13)	2,636,771	2,802,173
	<b>\$ 18,663,282</b>	<b>\$ 18,737,518</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 444,690	\$ 504,373
Income taxes payable	9,535	7,922
Derivative financial instruments (Note 24)	49,580	51,581
Deposits and certificates (Note 14)	3,344,190	4,333,997
Other liabilities (Note 15)	394,926	355,577
Obligations to securitization entities (Note 8)	4,687,827	4,610,438
Lease obligations	169,940	192,793
Deferred income taxes (Note 17)	442,186	451,005
Long-term debt (Note 18)	2,400,000	2,100,000
	<b>11,942,874</b>	<b>12,607,686</b>
<b>Shareholders' Equity</b>		
Share capital (Note 19)		
Common shares	1,690,626	1,672,799
Contributed surplus	57,926	54,134
Retained earnings	4,595,620	3,973,456
Accumulated other comprehensive income (loss) (Note 22)	316,290	362,766
Non-controlling interest (Note 10)	59,946	66,677
	<b>6,720,408</b>	<b>6,129,832</b>
	<b>\$ 18,663,282</b>	<b>\$ 18,737,518</b>

These financial statements were approved and authorized for issuance by the Board of Directors on February 15, 2024.



**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 19)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 22)	Non- controlling interest	Total shareholders' equity
<b>2023</b>						
<b>Balance, beginning of year</b>						
As previously reported	\$ 1,672,799	\$ 54,134	\$ 4,106,714	\$ 362,766	\$ 66,677	\$ 6,263,090
Change in accounting policy (Note 2)	-	-	(133,258)	-	-	(133,258)
As restated	1,672,799	54,134	3,973,456	362,766	66,677	6,129,832
Net earnings	-	-	1,152,511	-	-	1,152,511
Other comprehensive income (loss), net of tax	-	-	-	(29,765)	-	(29,765)
Total comprehensive income	-	-	1,152,511	(29,765)	-	1,122,746
Common shares						
Issued under stock option plan	17,827	-	-	-	-	17,827
Stock options						
Current period expense	-	4,744	-	-	-	4,744
Exercised	-	(952)	-	-	-	(952)
Common share dividends	-	-	(535,703)	-	-	(535,703)
Non-controlling interest	-	-	(3,619)	-	(6,731)	(10,350)
Disposal of investment in associate (Note 10)	-	-	(2,017)	(16,008)	-	(18,025)
Transfer out of fair value through other comprehensive income (Note 6)	-	-	703	(703)	-	-
Other	-	-	10,289	-	-	10,289
<b>Balance, end of year</b>	<b>\$ 1,690,626</b>	<b>\$ 57,926</b>	<b>\$ 4,595,620</b>	<b>\$ 316,290</b>	<b>\$ 59,946</b>	<b>\$ 6,720,408</b>
<b>2022</b>						
<b>Balance, beginning of year</b>						
As previously reported	\$ 1,658,680	\$ 51,069	\$ 3,856,996	\$ 883,083	\$ 51,343	\$ 6,501,171
Change in accounting policy (Note 2)	-	-	(133,258)	-	-	(133,258)
As restated	1,658,680	51,069	3,723,738	883,083	51,343	6,367,913
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 6)	-	-	24,032	(24,032)	-	-
Common share cancellation excess and other	-	-	(105,489)	-	-	(105,489)
<b>Balance, end of year</b>	<b>\$ 1,672,799</b>	<b>\$ 54,134</b>	<b>\$ 3,973,456</b>	<b>\$ 362,766</b>	<b>\$ 66,677</b>	<b>\$ 6,129,832</b>

(See accompanying notes to consolidated financial statements)

# Consolidated Statements of Cash Flows

(in thousands of Canadian dollars)

For the years ended December 31	2023	2022
<b>Operating activities</b>		
Earnings before income taxes from continuing and discontinued operations	\$ 1,366,999	\$ 1,122,943
Income taxes paid	(222,681)	(330,869)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	94,160	77,587
Capitalized sales commissions paid	(116,646)	(123,513)
Amortization of capital, intangible and other assets	106,487	103,994
Proportionate share of associates' earnings, net of dividends received	(84,912)	(106,262)
Pension and other post-employment benefits	3,864	5,855
Restructuring provisions and other	103,266	-
Gain on sale of Lifeco shares (Note 10)	(172,977)	-
Gain on sale of Investment Planning Counsel (Note 3)	(220,703)	-
Changes in operating assets and liabilities and other	37,143	(3,680)
Cash from operating activities before restructuring provision payments	894,000	746,055
Restructuring provision cash payments	(56,720)	(8,385)
	<b>837,280</b>	<b>737,670</b>
<b>Financing activities</b>		
Net decrease in deposits and certificates	(96)	(160)
Increase in obligations to securitization entities	1,256,041	1,171,025
Repayments of obligations to securitization entities and other	(1,217,004)	(1,626,896)
Repayment of lease obligations	(24,142)	(25,592)
Net proceeds on credit facility	550,000	-
Repayment of credit facility	(550,000)	-
Issue of debentures	300,000	-
Issue of common shares	16,875	42,553
Common shares purchased for cancellation	-	(115,667)
Common share dividends paid	(535,443)	(537,197)
	<b>(203,769)</b>	<b>(1,091,934)</b>
<b>Investing activities</b>		
Purchase of other investments	(86,741)	(150,508)
Proceeds from the sale of other investments	80,835	120,070
Increase in loans	(1,203,239)	(1,274,427)
Repayment of loans and other	1,113,531	1,584,354
Net additions to capital assets	(28,763)	(37,672)
Net cash used in additions to intangible assets and other	(125,012)	(107,107)
Investment in ChinaAMC (Note 10)	(1,162,369)	-
Investment in Rockefeller (Note 10)	(857,690)	-
Proceeds from sale of Lifeco shares (Note 10)	552,655	-
Proceeds from sale of Investment Planning Counsel, net of cash and cash equivalents of discontinued operations (Note 3)	555,023	-
	<b>(1,161,770)</b>	<b>134,710</b>
Decrease in cash and cash equivalents	(528,259)	(219,554)
Cash and cash equivalents from continuing and discontinued operations, beginning of year	1,072,892	1,292,446
<b>Cash and cash equivalents, end of year</b>	<b>\$ 544,633</b>	<b>\$ 1,072,892</b>
Cash	\$ 216,501	\$ 346,257
Cash equivalents	328,132	726,635
	<b>\$ 544,633</b>	<b>\$ 1,072,892</b>
<b>Supplemental disclosure of cash flow information related to operating activities</b>		
Interest and dividends received	\$ 305,617	\$ 253,558
Interest paid	\$ 275,743	\$ 201,741

(See accompanying notes to consolidated financial statements)

# Notes to Consolidated Financial Statements

December 31, 2023 and 2022 (In thousands of Canadian dollars, except shares and per share amounts)

## Note 1. Corporate information

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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 (Power).

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 material accounting policies

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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 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 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 6, 8, 10, 12, 13, 15, 16, 17 and 25.

### 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), Rockefeller Capital Management (Rockefeller), 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.

### Changes in accounting policies

#### IFRS 17 – Insurance Contracts (IFRS 17)

The IASB issued IFRS 17 which sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues, reinsurance contracts it holds, and investment contracts with discretionary participation features issued. IFRS 17 is effective for periods beginning on or after January 1, 2023. Entities adopting IFRS 17 had the option to defer adoption of IFRS 9 – *Financial Instruments* (IFRS 9). Adoption of these standards affected the accounting for the carrying value of the Company's investment in Lifeco and the amount that the Company records for its proportionate share of associate's earnings. In 2022, Lifeco disclosed that the adoption of IFRS 17 and IFRS 9 was expected to decrease its total equity by \$3.4 billion as at January 1,

2022. Accordingly, the Company reduced the carrying value of its investment in Lifeco and retained earnings, at January 1, 2022, by \$136 million to reflect its proportionate share of Lifeco's estimated decrease to total equity. In 2023, the Company revised its estimate, on a prospective basis, using the final Lifeco disclosed impact of IFRS 17 and IFRS 9, by decreasing the gain on sale of Lifeco shares by \$6.2 million and increasing the proportionate share of associate's earnings by \$15.1 million.

Additional information of the impact on Lifeco is available in its public disclosures.

Retained earnings at January 1, 2022 and 2023 also include an increase of \$2.4 million, net of tax, due to other items.

#### **IAS 12 – Income Taxes**

The Company adopted the amendments to IFRS for IAS 12 – *Income Taxes* effective May 2023 and has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model rules published by the Organization for Economic Co-operation and Development (OECD).

#### **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 Statements 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 24). 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.

## **Note 3. Discontinued operations**

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On November 30, 2023, the Company completed the sale of 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for proceeds of \$575 million plus adjustments. Canada Life is a subsidiary of the Company's affiliate, Lifeco, which is a subsidiary of Power.

In accordance with IFRS 5 – *Non-Current Assets Held for Sale and Discontinued Operations*, the operating results and cash flows of IPC have been classified as discontinued operations within the Wealth Management segment.

During 2023, Schedule I Canadian chartered banks provided the Company with a non-revolving credit facility related to the sale of IPC. The Company drew on the facility during 2023 and repaid the balance prior to the close of the IPC sale. Interest rates on the credit facility fluctuated with Canadian bankers' acceptances and the interest expense was recorded as part of discontinued operations in the Statements of Earnings.

As at November 30, 2023, IPC's total assets were \$692.6 million, including \$30.6 million of cash and cash equivalents, and total liabilities were \$345.7 million.

Results from discontinued operations are included up to November 30, 2023.

### Net earnings from discontinued operations

	2023	2022
Revenues		
Wealth management	\$ 284,678	\$ 305,436
Net asset management	15,186	17,422
Net investment income and other	3,265	1,830
	<b>303,129</b>	324,688
Expenses <sup>(1)</sup>	<b>300,288</b>	308,851
Earnings before income taxes	2,841	15,837
Income taxes	413	4,417
Net earnings	2,428	11,420
Gain on sale	220,703	-
Net earnings from discontinued operations	223,131	11,420
Non-controlling interest	(150)	(200)
Net earnings available to common shareholders from discontinued operations	<b>\$ 222,981</b>	<b>\$ 11,220</b>

(1) Includes interest expense allocation of \$17.9 million in 2023.

### Cash flows from discontinued operations

Included within the Company's cash flows are the following amounts attributable to discontinued operations:

	2023	2022
Net cash (used in) provided by:		
Operating activities	\$ 53,083	\$ 22,151
Financing activities	(32,599)	14,687
Investing activities	(29,113)	(30,806)
Net (decrease) increase in cash and cash equivalents	<b>\$ (8,629)</b>	<b>\$ 6,032</b>

### Note 4. Revenues from contracts with customers

	2023	2022
Advisory fees	\$ 1,188,503	\$ 1,140,306
Product and program fees	883,958	875,082
	<b>2,072,461</b>	2,015,388
Redemption fees	1,031	3,939
Other financial planning revenues	126,189	140,543
Wealth management	<b>2,199,681</b>	2,159,870
Asset management	949,041	967,212
Dealer compensation expense	(314,107)	(327,521)
Net asset management	<b>634,934</b>	639,691
Net revenues from contracts with customers	<b>\$ 2,834,615</b>	<b>\$ 2,799,561</b>

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 5. Expenses

	2023	2022
Commissions	\$ 737,602	\$ 721,636
Salaries and employee benefits	584,373	567,833
Restructuring and other	103,266	-
Occupancy	22,899	23,856
Amortization of capital, intangible and other assets	90,544	87,397
Other	373,272	347,985
	<b>1,911,956</b>	1,748,707
Sub-advisory	65,731	63,574
Interest	123,231	113,174
	<b>\$ 2,100,918</b>	\$ 1,925,455

In 2023, the Company incurred restructuring and other charges of \$103.3 million (\$76.2 million after-tax) resulting from streamlining and simplifying the business to more effectively align with business priorities. The charge includes the Company's changes to the organizational structure to advance the growing needs of the business, digital transformation by retiring duplicate systems and modernizing information technology and an effort to consolidate its real estate footprint to better reflect client and advisor needs.

## Note 6. Other investments

	2023		2022	
	Cost	Fair value	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	\$ 264,915	\$ 721,379	\$ 242,704	\$ 602,612
Fair value through profit or loss (FVTPL)				
Equity securities	12,778	13,140	12,689	12,933
Proprietary investment funds	126,550	129,079	156,663	158,991
	<b>139,328</b>	<b>142,219</b>	169,352	171,924
	<b>\$ 404,243</b>	<b>\$ 863,598</b>	\$ 412,056	\$ 774,536

### 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.

The total fair value of Corporate investments of \$721.4 million (2022 - \$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. The investment is classified at fair value through other comprehensive income. IGM Financial Inc. holds directly and indirectly a 24.7% interest in Wealthsimple (2022 - 24.3%) valued at \$607 million at December 31, 2023 (2022 - \$492 million). This change is largely due to a fair value increase of 20% and an incremental investment during the year. The increase in fair value is consistent with the increase in public market peer valuations, as well as Wealthsimple's business performance and revised revenue expectations. 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.

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.

## 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, 2023, there were \$169.6 billion in investment fund assets under management (2022 – \$158.9 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, 2023, the underlying investments related to these consolidated investment funds primarily consisted of cash and short-term investments of \$9.0 million (2022 – \$14.6 million), equity securities of \$43.6 million (2022 – \$97.5 million) and fixed income securities of \$19.3 million (2022 – \$22.3 million). The underlying securities of these funds are classified as FVTPL and recognized at fair value.

## Note 7. Loans

	Contractual maturity			2023 Total	2022 Total
	1 year or less	1 – 5 years	Over 5 years		
<b>Amortized cost</b>					
Residential mortgages	\$ 998,607	\$ 4,109,077	\$ 1,749	\$ 5,109,433	\$ 5,022,298
Less: Allowance for expected credit losses				737	815
				<b>\$ 5,108,696</b>	<b>\$ 5,021,483</b>
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of year				\$ 815	\$ 648
Write-offs, net of recoveries				204	(689)
Change in expected credit losses				(282)	856
Balance, end of year				<b>\$ 737</b>	<b>\$ 815</b>

Total credit impaired loans as at December 31, 2023 were \$3,131 (2022 – \$2,159).

Total interest income on loans was \$170.3 million (2022 – \$138.8 million). Total interest expense on obligations to securitization entities, related to securitized loans, was \$142.8 million (2022 – \$102.8 million). Losses realized on the sale of residential mortgages totalled \$3.6 million (2022 – losses of \$3.5 million). Fair value adjustments related to mortgage banking operations totalled negative \$8.0 million (2022 – negative \$3.1 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 8. 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 negative fair value of \$4.8 million at December 31, 2023 (2022 – positive \$0.9 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
<b>2023</b>			
Carrying value			
NHA MBS and CMB Program	\$ 2,408,639	\$ 2,389,389	\$ 19,250
Bank sponsored ABCP	2,313,806	2,298,438	15,368
<b>Total</b>	<b>\$ 4,722,445</b>	<b>\$ 4,687,827</b>	<b>\$ 34,618</b>
Fair value	\$ 4,690,885	\$ 4,695,738	\$ (4,853)
<b>2022</b>			
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)
<b>Total</b>	<b>\$ 4,637,641</b>	<b>\$ 4,610,438</b>	<b>\$ 27,203</b>
Fair value	\$ 4,532,493	\$ 4,544,609	\$ (12,116)

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 9. Other assets

	2023	2022
Accrued benefit asset (Note 16)	\$ 61,592	\$ 86,779
Deferred and prepaid expenses	48,834	56,412
Other	2,048	13,049
	<b>\$ 112,474</b>	<b>\$ 156,240</b>

Total other assets of \$34.9 million as at December 31, 2023 (2022 – \$33.1 million) are expected to be realized within one year.

## Note 10. Investment in associates

	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
<b>2023</b>						
Balance, beginning of year						
As previously reported	\$ 1,075,225	\$ 787,171	\$ -	\$ 284,499	\$ 40,066	\$ 2,186,961
Change in accounting policy (Note 2)	(135,658)	-	-	-	-	(135,658)
As restated	939,567	787,171	-	284,499	40,066	2,051,303
Additions	-	1,162,369	857,690	-	542	2,020,601
Disposition	(397,705)	-	-	-	-	(397,705)
Dividends	(46,045)	(69,180)	-	-	-	(115,225)
Proportionate share of:						
Earnings	66,908	104,094	(724)	17,346 <sup>(1)</sup>	(2,585)	185,039
IFRS 17 adjustment	15,098	-	-	-	-	15,098
Other comprehensive income (loss) and other adjustments	11,465	(99,231)	(12,171)	-	-	(99,937)
Balance, end of year	\$ 589,288	\$ 1,885,223	\$ 844,795	\$ 301,845	\$ 38,023	\$ 3,659,174
<b>2022</b>						
Balance, beginning of year						
As previously reported	\$ 1,020,700	\$ 768,724	\$ -	\$ 258,831	\$ -	\$ 2,048,255
Change in accounting policy (Note 2)	(135,658)	-	-	-	-	(135,658)
As restated	885,042	768,724	-	258,831	-	1,912,597
Additions	-	-	-	-	40,430	40,430
Dividends	(73,181)	(31,319)	-	-	-	(104,500)
Proportionate share of:						
Earnings	128,227	57,231	-	25,668 <sup>(1)</sup>	(364)	210,762
Other comprehensive income (loss) and other adjustments	(521)	(7,465)	-	-	-	(7,986)
Balance, end of year	\$ 939,567	\$ 787,171	\$ -	\$ 284,499	\$ 40,066	\$ 2,051,303

(1) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was \$13,877 in 2023 (2022 - \$20,534).

The Company uses the equity method to account for its investments in associates, which include Lifeco, ChinaAMC, Rockefeller, and Northleaf, as it exercises significant influence.

On January 12, 2023, the Company closed the transaction to acquire Power's 13.9% interest in ChinaAMC for cash consideration of \$1.16 billion including transaction costs, 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 4.0% 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 continues to equity account for its 27.8% interest in ChinaAMC and 2.4% interest in Lifeco.

In 2023, the Company recognized a gain on the sale of the Lifeco shares of \$172.9 million before-tax (\$168.6 million after-tax).

The Company recorded a Lifeco IFRS 17 adjustment of \$15.1 million in 2023, representing a change of estimate which has been recorded on a prospective basis.

On April 3, 2023, the Company acquired a 20.5% interest in Rockefeller for a total cost of \$858 million, which was comprised of cash consideration of \$835 million (USD \$622 million) and transaction costs.

### Great-West Lifeco Inc. (Lifeco)

Lifeco is a publicly listed company that is incorporated and domiciled in Canada and is controlled by Power. 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, 2023, the Company held 22,136,471 (2022 - 37,337,133) shares of Lifeco, which represented an equity interest of 2.4% (2022 - 4.0%). Significant influence arises from several factors, including but not limited to the following: common control of Lifeco by Power, 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 \$970.9 million at December 31, 2023 (2022 – \$1,168.3 million).

Lifeco directly owned 9,200,000 shares of the Company at December 31, 2023 (2022 – 9,200,000).

Lifeco's financial information as at December 31, 2023 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, 2023, the Company held a 27.8% ownership interest in ChinaAMC (2022 – 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:

(millions)	2023		2022	
	Canadian Dollars	Chinese Yuan	Canadian Dollars	Chinese Yuan
<b>As at December 31</b>				
Total assets	3,514	18,794	3,461	17,650
Total liabilities	1,055	5,642	1,032	5,261
<b>For the year ended December 31</b>				
Revenue	1,398	7,327	1,446	7,475
Net earnings available to common shareholders	384	2,013	418	2,163
Total comprehensive income	387	2,028	434	2,248

### Rockefeller Capital Management (Rockefeller)

Rockefeller is a U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

As at December 31, 2023, the Company held a 20.5% ownership interest in Rockefeller. Significant influence arises from board representation, participating in the policy making process and significant intercompany transactions.

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

(millions)	2023	
	US Dollars	Canadian Dollars
<b>As at December 31</b>		
Total assets	1,353.3	1,791.4
Total liabilities	843.3	1,116.2
<b>For the nine months ended December 31<sup>(1)</sup></b>		
Revenue	578.0	779.6
Net earnings available to common shareholders	5.6	7.7
Total comprehensive income	5.6	7.6

(1) Excludes the first quarter of 2023 earnings as acquisition was on April 3, 2023.

## Northleaf Capital Group Ltd. (Northleaf)

Northleaf is a global private equity, private credit and infrastructure fund manager headquartered in Toronto.

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% Lifeco.

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:

<i>(millions)</i>	2023	2022
<b>As at December 31</b>		
Total assets	\$ 152.9	\$ 160.3
Total liabilities	84.3	113.2
<b>For the year ended December 31</b>		
Revenue	\$ 151.6	\$ 137.0
Net earnings available to common shareholders	28.8	40.7
Total comprehensive income	28.8	40.7

## Note 11. Capital assets

	Furniture and equipment	Building and components	Right-of-use assets	Total
<b>2023</b>				
Cost	\$ 350,551	\$ 72,939	\$ 277,648	\$ 701,138
Less: accumulated amortization	(248,156)	(21,606)	(124,415)	(394,177)
	\$ 102,395	\$ 51,333	\$ 153,233	\$ 306,961
Changes in capital assets:				
Balance, beginning of year	\$ 100,816	\$ 49,677	\$ 175,795	\$ 326,288
Additions	24,161	3,347	14,678	42,186
Disposals	(977)	-	-	(977)
Amortization	(15,407)	(1,691)	(27,446)	(44,544)
Sale of IPC	(6,198)	-	(9,794)	(15,992)
Balance, end of year	\$ 102,395	\$ 51,333	\$ 153,233	\$ 306,961
<b>2022</b>				
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

## Note 12. Capitalized sales commissions

	2023	2022
Cost	\$ 701,308	\$ 585,363
Less: accumulated amortization	(306,572)	(213,190)
	<b>\$ 394,736</b>	<b>\$ 372,173</b>
<b>Changes in capitalized sales commissions</b>		
Balance, beginning of year	\$ 372,173	\$ 325,424
Changes due to:		
Sales of investment funds	117,385	124,336
Amortization	(94,160)	(77,587)
Sale of IPC	(662)	-
	<b>22,563</b>	<b>46,749</b>
Balance, end of year	<b>\$ 394,736</b>	<b>\$ 372,173</b>

## Note 13. Goodwill and intangible assets

	Finite life		Indefinite life		Total intangible assets	Goodwill
	Software	Distribution and other management contracts	Investment fund management contracts	Trade names		
<b>2023</b>						
Cost	\$ 372,039	\$ 189,410	\$ 717,504	\$ 285,177	\$ 1,564,130	\$ 2,636,771
Less: accumulated amortization	(228,442)	(84,976)	-	-	(313,418)	-
	<b>\$ 143,597</b>	<b>\$ 104,434</b>	<b>\$ 717,504</b>	<b>\$ 285,177</b>	<b>\$ 1,250,712</b>	<b>\$ 2,636,771</b>
Changes in goodwill and intangible assets:						
Balance, beginning of year	\$ 161,839	\$ 176,067	\$ 740,559	\$ 285,177	\$ 1,363,642	\$ 2,802,173
Additions	38,076	91,374	-	-	129,450	-
Disposals	(6)	(617)	-	-	(623)	-
Amortization	(42,478)	(15,836)	-	-	(58,314)	-
Sale of IPC	(13,834)	(146,554)	(23,055)	-	(183,443)	(165,402)
Balance, end of year	<b>\$ 143,597</b>	<b>\$ 104,434</b>	<b>\$ 717,504</b>	<b>\$ 285,177</b>	<b>\$ 1,250,712</b>	<b>\$ 2,636,771</b>
<b>2022</b>						
Cost	\$ 365,318	\$ 289,286	\$ 740,559	\$ 285,177	\$ 1,680,340	\$ 2,802,173
Less: accumulated amortization	(203,479)	(113,219)	-	-	(316,698)	-
	<b>\$ 161,839</b>	<b>\$ 176,067</b>	<b>\$ 740,559</b>	<b>\$ 285,177</b>	<b>\$ 1,363,642</b>	<b>\$ 2,802,173</b>
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	<b>\$ 161,839</b>	<b>\$ 176,067</b>	<b>\$ 740,559</b>	<b>\$ 285,177</b>	<b>\$ 1,363,642</b>	<b>\$ 2,802,173</b>

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:

	2023		2022	
	Goodwill	Indefinite life intangible assets	Goodwill	Indefinite life intangible assets
Wealth Management	\$ 1,346,245	\$ -	\$ 1,491,687	\$ 23,055
Asset Management	1,290,526	1,002,681	1,310,486	1,002,681
Total	<b>\$ 2,636,771</b>	<b>\$ 1,002,681</b>	<b>\$ 2,802,173</b>	<b>\$ 1,025,736</b>

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 application of capitalization multiples to financial and operating metrics based upon precedent acquisition transactions and trading comparables and discounted cash flow analysis. 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. 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.

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 14. 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 \$3,344.2 million (2022 – \$4,334.0 million) related to deposits and certificates.

	Demand	Term to maturity			2023 Total	2022 Total
		1 year or less	1-5 years	Over 5 years		
Deposits	\$ 3,342,782	\$ –	\$ –	\$ –	\$ 3,342,782	\$ 4,332,493
Certificates	–	328	455	625	1,408	1,504
	\$ 3,342,782	\$ 328	\$ 455	\$ 625	\$ 3,344,190	\$ 4,333,997

## Note 15. Other liabilities

	2023	2022
Dividends payable	\$ 133,949	\$ 133,688
Interest payable	40,250	36,659
Accrued benefit liabilities (Note 16)	85,188	81,367
Provisions	65,933	18,356
Other	69,606	85,507
	\$ 394,926	\$ 355,577

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 2023 consisted of additional estimates of \$107.1 million (2022 – \$3.2 million), provision reversals of \$1.2 million (2022 – \$1.5 million) and payments of \$58.3 million (2022 – \$10.0 million).

Total other liabilities of \$271.7 million as at December 31, 2023 (2022 – \$235.6 million) are expected to be settled within one year.

## Note 16. Employee benefits

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### 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, 2022, 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 \$70.5 million compared to a solvency surplus of \$14.4 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. The registered pension plan had a going concern surplus of \$127.4 million compared to \$95.0 million in the previous valuation. The next actuarial valuation will be based on a measurement date of December 31, 2025. During the year, the Company has made contributions of \$2.8 million (2022 – \$11.4 million). As a result of the valuation filed in April 2023, IGM Financial received a contribution holiday and is not allowed to make contributions to the pension plan until the next actuarial valuation which is expected to be as at December 31, 2025. 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:

	2023			2022		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
<b>Fair value of plan assets</b>						
Balance, beginning of year	\$ 510,730	\$ -	\$ -	\$ 566,727	\$ -	\$ -
Employee contributions	1,677	-	-	1,810	-	-
Employer contributions	2,801	-	-	11,438	-	-
Benefits paid	(29,771)	-	-	(30,590)	-	-
Interest income	26,388	-	-	18,613	-	-
Additions	-	-	-	998	-	-
Remeasurements:						
Return on plan assets	24,206	-	-	(58,266)	-	-
Balance, end of year	536,031	-	-	510,730	-	-
<b>Accrued benefit obligation</b>						
Balance, beginning of year	423,951	56,084	25,283	588,351	71,557	32,551
Benefits paid	(29,771)	(4,029)	(2,404)	(30,590)	(5,808)	(3,722)
Current service cost	12,143	1,228	206	21,027	1,971	344
Plan amendment	-	35	-	-	-	-
Employee contributions	1,677	-	-	1,810	-	-
Interest expense	21,780	2,825	1,268	19,094	2,069	931
Additions	-	-	-	998	-	-
Remeasurements:						
Actuarial losses (gains)						
Demographic assumption	(4,592)	-	-	-	-	-
Experience adjustments	5,184	144	158	(2,506)	(1,048)	708
Financial assumptions	44,067	3,175	1,215	(174,233)	(12,657)	(5,529)
Balance, end of year	474,439	59,462	25,726	423,951	56,084	25,283
<b>Accrued benefit asset (liability)</b>	\$ 61,592	\$ (59,462)	\$ (25,726)	\$ 86,779	\$ (56,084)	\$ (25,283)

Significant actuarial assumptions used to calculate the defined benefit obligation:

	2023			2022		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
Discount rate	4.65%	4.60%-4.65%	4.65%	5.25%	5.25%-5.30%	5.25%
Rate of compensation increase	3.75%	3.75%	N/A	3.75%	3.75%	N/A
Health care cost trend rate <sup>(1)</sup>	N/A	N/A	5.30%	N/A	N/A	5.40%
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 17.3 years (2022 - 15.7 years).

Benefit expense:

	2023			2022		
	Defined benefit pension plan	SERPs	Other post-employment benefits	Defined benefit pension plan	SERPs	Other post-employment benefits
Current service cost	\$ 12,143	\$ 1,228	\$ 206	\$ 21,027	\$ 1,971	\$ 344
Plan amendment	-	35	-	-	-	-
Net interest cost	(4,608)	2,825	1,268	481	2,069	931
	\$ 7,535	\$ 4,088	\$ 1,474	\$ 21,508	\$ 4,040	\$ 1,275

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:

	2023		2022	
	Increase (decrease) in liability	Increase (decrease) in expense	Increase (decrease) in liability	Increase (decrease) in expense
<b>Defined benefit pension plan</b>				
Discount rate (+ / - 0.25%)				
Increase	\$ (19,196)	\$ (1,873)	\$ (16,828)	\$ (1,866)
Decrease	20,416	1,889	17,877	1,886
Rate of compensation (+ / - 0.25%)				
Increase	5,174	582	4,755	585
Decrease	(5,128)	(575)	(4,718)	(581)
Mortality				
Increase 1 year	7,804	539	6,334	477
<b>SERPs</b>				
Discount rate (+ / - 0.25%)				
Increase	(1,149)	64	(1,138)	44
Decrease	1,192	(68)	1,181	(47)
Rate of compensation (+ / - 0.25%)				
Increase	12	4	46	14
Decrease	(11)	(4)	(41)	(12)
Mortality				
Increase 1 year	1,033	51	923	51
<b>Other post-employment benefits</b>				
Discount rate (+ / - 0.25%)				
Increase	(520)	31	(501)	27
Decrease	540	(32)	521	(28)
Health care cost trend rates (+ / - 1.00%)				
Increase	558	26	498	27
Decrease	(491)	(23)	(441)	(23)
Mortality				
Increase 1 year	655	33	571	33

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:

	2023	2022
Equity securities	49.9 %	58.4 %
Fixed income securities	30.8	28.7
Alternative strategies	17.2	11.1
Cash and cash equivalents	2.1	1.8
	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 \$10.2 million (2022 – \$8.7 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 \$10.1 million (2022 – \$9.5 million).

## Note 17. Income taxes

Income tax expense:

	2023	2022
<b>Income taxes recognized in net earnings from continuing operations</b>		
Current taxes		
Tax on current year's earnings	\$ 210,696	\$ 230,110
Adjustments in respect of prior years	(167)	1,537
	<b>210,529</b>	<b>231,647</b>
Deferred taxes	4,548	14,301
	<b>\$ 215,077</b>	<b>\$ 245,948</b>

Effective income tax rate:

	2023	2022
Income taxes at Canadian federal and provincial statutory rates	<b>26.68 %</b>	26.63 %
Effect of:		
Proportionate share of associates' earnings (Note 10)	(3.40)	(4.56)
Gain on sale of shares of associate	(3.68)	-
Proportionate share of associates' adjustments (Note 10)	(0.35)	-
Other items	(0.46)	0.15
Effective income tax rate	<b>18.79 %</b>	22.22 %

In December 2021, the Organization for Economic Co-operation and Development (OECD) published the Pillar Two model rules outlining a structure for a new 15% global minimum tax regime. A number of countries where the Company operates, including Ireland and the UK, have enacted legislation, and will be effective for the Company's financial year beginning January 1, 2024. Pillar Two draft legislation in Canada has not been substantively enacted but when enacted, is expected to be effective for the Company as of January 1, 2024.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements for the Company and its subsidiaries as part of a larger related group of companies. Based on the assessment, the Pillar Two effective tax rates of the material jurisdictions in which the Company and its subsidiaries operate are above 15%. However, there may be immaterial jurisdictions where the Pillar Two income taxes apply, but the Company and its subsidiaries do not expect a material exposure to Pillar Two income taxes in those jurisdictions.



## 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
<b>2023</b>							
Balance, beginning of year	\$ (1,495)	\$ 6,687	\$ (98,876)	\$ (290,489)	\$ (46,095)	\$ (19,318)	\$ (449,586)
Recognized in statements of:							
Earnings, continuing operations	1,056	1,179	(6,077)	(9,538)	(86)	8,918	(4,548)
Earnings, discontinued operations	-	(399)	47	260	-	(1,155)	(1,247)
Other comprehensive income	6,767	-	-	-	(13,024)	6,751	494
Equity	-	-	-	-	(109)	-	(109)
Sale of IPC – discontinued operations	-	(3,031)	(47)	17,292	-	1,839	16,053
Foreign exchange rate charges and other	-	(14)	-	-	-	3	(11)
Balance, end of year	\$ 6,328	\$ 4,422	\$ (104,953)	\$ (282,475)	\$ (59,314)	\$ (2,962)	\$ (438,954)
<b>2022</b>							
Balance, beginning of year	\$ 33,886	\$ 6,459	\$ (86,616)	\$ (289,835)	\$ (142,751)	\$ (17,350)	\$ (496,207)
Recognized in statements of:							
Earnings, continuing operations	1,569	(1,939)	(12,264)	822	619	(3,108)	(14,301)
Earnings, discontinued operations	-	1,893	4	(1,476)	-	(1,398)	(977)
Other 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)

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

	2023	2022
Deferred income tax assets	\$ 3,232	\$ 1,419
Deferred income tax liabilities	(442,186)	(451,005)
	\$ (438,954)	\$ (449,586)

As at December 31, 2023, the Company and its subsidiaries have deductible temporary differences related to its investments in associates of \$57.8 million for which the benefits have not been recognized.

## Note 18. Long-term debt

Maturity	Rate	2023	2022
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
May 26, 2053	5.426 %	300,000	-
		<b>\$ 2,400,000</b>	<b>\$ 2,100,000</b>

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 \$116.3 million (2022 – \$106.6 million).

On May 26, 2023, the Company issued \$300 million of 30 year, 5.426% debentures. This offering was made pursuant to a prospectus supplement to the Company's short form base shelf prospectus dated December 7, 2022.

## Note 19. 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

	2023		2022	
	Shares	Stated value	Shares	Stated value
Common shares:				
Balance, beginning of year	237,668,062	\$ 1,672,799	239,679,043	\$ 1,658,680
Issued under Stock Option Plan (Note 21)	463,676	17,827	879,019	34,429
Purchased for cancellation	-	-	(2,890,000)	(20,310)
Balance, end of year	<b>238,131,738</b>	<b>\$ 1,690,626</b>	237,668,062	\$ 1,672,799

### Normal course issuer bid

On December 21, 2023, the Company commenced a Normal Course Issuer Bid (NCIB) which will continue until December 20, 2024, when the bid expires, or such earlier date as the Company completes its purchases pursuant to the notice of intention filed with the TSX. Pursuant to this bid, the Company may purchase up to 3 million or 1.3% of its common shares outstanding as at December 7, 2023.

On March 1, 2022, the Company commenced a NCIB which was effective until February 28, 2023. Pursuant to this bid, the Company was authorized to purchase up to 6.0 million or approximately 2.5% of its common shares outstanding as at February 15, 2022.

There were no common shares purchased in the year ended December 31, 2023. In the year ended December 31, 2022, there were 2,890,000 shares 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 NCIB, 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 the normal course issuer bid during certain pre-determined trading blackout periods, subject to pre-established parameters. 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 20. Capital management**

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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 \$2,400.0 million at December 31, 2023, compared to \$2,100.0 million at December 31, 2022. 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 increase in long-term debt resulted from the issuance on May 26, 2023, of \$300.0 million 5.426% debentures maturing May 26, 2053. The net proceeds were used by IGM Financial to fund a portion of the purchase price in connection with the acquisition of the 20.5% equity interest in Rockefeller and for general corporate purposes.

The Company commenced a NCIB on December 21, 2023 to purchase for cancellation up to 3 million of its common shares. The program will be used to mitigate the dilutive effect of stock options issued under the Company's stock option plan and for other capital management purposes. There were no common shares purchased by the Company in 2023.

Other activities in 2023 included the declaration of common share dividends of \$535.7 million or \$2.25 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity.

## **Note 21. Share-based payments**

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### **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, 2023, 17,687,703 (2022 – 18,151,379) common shares were reserved for issuance under the Plan.

During 2023, the Company granted 662,606 options to employees (2022 – 1,546,295). The weighted-average fair value of options granted during the year ended December 31, 2023, has been estimated at \$5.56 per option (2022 – \$4.91) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was \$42.36 (2022 – \$44.02). Other assumptions used in these valuation models include:

	2023	2022
Exercise price	\$ 42.53	\$ 44.59
Risk-free interest rate	3.44%	2.04%
Expected option life	7 years	7 years
Expected volatility	23.00%	23.00%
Expected dividend yield	5.31%	5.12%

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 2023 was \$38.43 (2022 – \$39.50).

The Company recorded compensation expense related to its stock option program of \$4.7 million (2022 – \$4.9 million).

	2023		2022	
	Number of options	Weighted-average exercise price	Number of options	Weighted-average exercise price
Balance, beginning of year	11,725,342	\$ 39.98	11,712,164	\$ 39.36
Granted	662,606	42.53	1,546,295	44.59
Exercised	(463,676)	36.39	(879,019)	37.03
Forfeited	(1,022,154)	45.86	(654,098)	43.77
Balance, end of year	10,902,118	\$ 39.74	11,725,342	\$ 39.98
Exercisable, end of year	6,924,596	\$ 39.80	6,596,299	\$ 41.01

Options outstanding at December 31, 2023	Expiry date	Exercise price \$	Options outstanding	Options exercisable
	2024	53.81	579,124	579,124
	2025	43.28 – 43.97	776,309	776,309
	2026	34.88 – 38.17	795,689	746,859
	2027	39.71 – 41.74	940,780	868,684
	2028	37.58 – 40.10	1,154,727	1,154,727
	2029	34.29 – 36.91	1,122,461	847,190
	2030	31.85 – 38.65	1,976,703	1,172,881
	2031	35.01 – 46.02	1,407,189	478,812
	2032	36.57 – 45.56	1,486,530	300,010
	2033	39.02 – 42.54	662,606	-
			10,902,118	6,924,596

## 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 \$23.7 million in 2023 (2022 – \$21.1 million) and a liability of \$37.4 million at December 31, 2023 (2022 – \$40.1 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 \$4.9 million (2022 – \$4.7 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, 2023, the fair value of the DSUs outstanding was \$31.1 million (2022 – \$29.8 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 22. Accumulated other comprehensive income (loss)

	Employee benefits	Other investments	Investment in associates and other	Total
<b>2023</b>				
Balance, beginning of year	\$ 4,383	\$ 309,605	\$ 48,778	\$ 362,766
Other comprehensive income (loss)	(18,378)	85,054	(96,441)	(29,765)
Disposal of investment in associate (Note 10)	-	-	(16,008)	(16,008)
Transfer out of FVTOCI	-	(703)	-	(703)
Balance, end of year	\$ (13,995)	\$ 393,956	\$ (63,671)	\$ 316,290
<b>2022</b>				
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

Amounts are recorded net of tax.

The Company recorded after-tax gains in Other comprehensive income of \$85.1 million (2022 – losses of \$585.5 million) due to fair value changes in the Company's investments, primarily related to fair value adjustments on Wealthsimple.

## Note 23. 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.

Our liquidity profile is structured to ensure we have sufficient liquidity to satisfy current and prospective requirements in both normal and stressed conditions. 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 and funding risks 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) 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, 2023 (\$ millions)	Demand	Less than 1 year	1–5 years	Over 5 years	Total
Derivative financial instruments	\$ –	\$ 11.4	\$ 38.2	\$ –	\$ 49.6
Deposits and Certificates <sup>(1)</sup>	3,342.8	0.3	0.5	0.6	3,344.2
Obligations to securitization entities	–	937.1	3,737.5	13.2	4,687.8
Leases <sup>(2)</sup>	–	29.2	84.2	96.9	210.3
Long-term debt	–	–	525.0	1,875.0	2,400.0
<b>Total contractual maturities</b>	<b>\$ 3,342.8</b>	<b>\$ 978.0</b>	<b>\$ 4,385.4</b>	<b>\$ 1,985.7</b>	<b>\$ 10,691.9</b>

(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.

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 \$800 million at December 31, 2023, compared to \$825 million at December 31, 2022. The lines of credit at December 31, 2023 consisted of committed lines of \$650 million and uncommitted lines of \$150 million, compared to \$650 million and \$175 million at December 31, 2022. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at December 31, 2023 and December 31, 2022, 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, 2022.

## 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 is exposed to credit risk through its cash and cash equivalents, client funds on deposit, mortgage portfolio, and use of over-the-counter derivatives. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

At December 31, 2023, cash and cash equivalents of \$544.6 million (2022 – \$1,072.9 million) consisted of cash balances of \$216.5 million (2022 – \$346.3 million) on deposit with Canadian chartered banks and cash equivalents of \$328.1 million (2022 – \$726.6 million). Cash equivalents are comprised of Government of Canada treasury bills totalling \$0.5 million (2022 – \$81.6 million), provincial government treasury bills and promissory notes of \$36.4 million (2022 – \$306.8 million), bankers' acceptances of \$291.2 million (2022 – \$293.2 million) and other corporate commercial paper of nil (2022 – \$45.0 million).

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.

Client funds on deposit of \$3,365.7 million (2022 – \$4,347.4 million) are held with Schedule I chartered banks.

As at December 31, 2023, residential mortgages, recorded on the Company's balance sheet, of \$5.1 billion (2022 – \$5.0 billion) consisted of \$4.7 billion sold to securitization programs (2022 – \$4.6 billion), \$375.5 million held pending sale or securitization (2022 – \$371.9 million) and \$11.5 million related to the Company's intermediary operations (2022 – \$12.7 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 Advisors 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 \$2.4 billion (2022 – \$2.5 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 \$2.3 billion (2022 – \$2.1 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were \$58.0 million (2022 – \$55.2 million) and \$37.0 million (2022 – \$21.3 million), respectively, at December 31, 2023. 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, 2023, residential mortgages recorded on balance sheet were 50.7% insured (2022 – 53.3%). As at December 31, 2023, impaired mortgages on these portfolios were \$3.1 million, compared to \$2.2 million at December 31, 2022. Uninsured non-performing mortgages over 90 days on these portfolios were \$2.8 million at December 31, 2023, compared to \$1.7 million at December 31, 2022.

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 \$0.7 million at December 31, 2023, compared to \$0.8 million at December 31, 2022, 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, 2022.

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 if its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Derivative 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 \$51.2 million (2022 – \$71.2 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 \$3.7 million at December 31, 2023 (2022 – \$10.5 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, 2023. Management of credit risk related to derivatives has not changed materially since December 31, 2022.

### **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 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 \$7.7 million (2022 – \$20.5 million) and an outstanding notional amount of \$0.2 billion at December 31, 2023 (2022 – \$0.2 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 \$12.5 million (2022 – negative \$19.6 million), on an outstanding notional amount of \$1.4 billion at December 31, 2023 (2022 – \$1.3 billion). The net fair value of these swaps of negative \$4.8 million at December 31, 2023 (2022 – positive \$0.9 million) is recorded on the balance sheet and has an outstanding notional amount of \$1.6 billion (2022 – \$1.5 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 negative \$1.1 million (2022 – positive \$4.7 million) on an outstanding notional amount of \$181.5 million at December 31, 2023 (2022 – \$191.6 million).

As at December 31, 2023, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately \$0.5 million (2022 – decrease of \$1.7 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2022.

#### **Equity price risk**

The Company is exposed to equity price risk on its equity investments (Note 6) 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 10), which are accounted for using the equity method. The fair value of the equity investments was \$0.9 billion at December 31, 2023 (2022 – \$0.8 billion) and the carrying value of the Investment in associates was \$3.7 billion at December 31, 2023 (2022 – \$2.1 billion).



The Company sponsors a number of deferred compensation arrangements 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 and Rockefeller. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at December 31, 2023, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately \$128.1 million (\$141.6 million).

The Company's proportionate share of ChinaAMC's and Rockefeller'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, 2023, 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 \$4.9 million (\$5.4 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 24. Derivative financial instruments**

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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			Total	Credit risk	Fair value		
	1 year or less	1 – 5 years	Over 5 years			Asset	Liability	
<b>2023</b>								
Swaps								
Hedge accounting	\$ -	\$ 77,967	\$ 50,422	\$ 128,389	\$ -	\$ -	\$ -	\$ 362
No hedge accounting	235,100	1,380,288	85,769	1,701,157	39,995	39,995		41,572
Forward contracts								
Hedge accounting	17,281	56,738	-	74,019	2,734	2,734		7,646
	\$ 252,381	\$ 1,514,993	\$ 136,191	\$ 1,903,565	\$ 42,729	\$ 42,729	\$ -	\$ 49,580
<b>2022</b>								
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

The credit risk related to the Company's derivative financial instruments after giving effect to any netting agreements was \$3.7 million (2022 – \$8.9 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 \$3.7 million (2022 – \$10.5 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 25. 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 \$721 million, are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of \$607 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 forecasted cash flows or revenue multiples would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately \$30 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, credit facility and certain other financial liabilities.

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>2023</b>					
<b>Financial assets recorded at fair value</b>					
Other investments					
– FVTOCI	\$ 721,379	\$ –	\$ –	\$ 721,379	\$ 721,379
– FVTPL	142,219	130,790	–	11,429	142,219
Derivative financial instruments	42,729	–	26,801	15,928	42,729
<b>Financial assets recorded at amortized cost</b>					
Loans					
– Amortized cost	5,108,696	–	379,954	4,690,885	5,070,839
<b>Financial liabilities recorded at fair value</b>					
Derivative financial instruments	49,580	–	41,373	8,207	49,580
<b>Financial liabilities recorded at amortized cost</b>					
Deposits and certificates	3,344,190	–	3,344,223	–	3,344,223
Obligations to securitization entities	4,687,827	–	–	4,695,738	4,695,738
Long-term debt	2,400,000	–	2,453,390	–	2,453,390
<b>2022</b>					
<b>Financial assets recorded at fair value</b>					
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
<b>Financial assets recorded at amortized cost</b>					
Loans					
– Amortized cost	5,021,483	–	372,983	4,532,493	4,905,476
<b>Financial liabilities recorded at fair value</b>					
Derivative financial instruments	51,581	–	46,332	5,249	51,581
<b>Financial liabilities recorded at amortized cost</b>					
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

There were no significant transfers between Level 1 and Level 2 in 2023 and 2022.

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 2023 and 2022.

	Balance January 1	Gains (losses) included in Net earnings <sup>(1)</sup>	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance December 31
<b>2023</b>						
Other investments						
– FVTOCI	\$ 602,612	\$ –	\$ 96,557	\$ 32,463	\$ 10,253	\$ 721,379
– FVTPL	11,429	–	–	–	–	11,429
Derivative financial instruments, net	20,516	(360)	–	(3,130)	9,305	7,721
<b>2022</b>						
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

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

## Note 26. Earnings per common share

	2023	2022
<b>Earnings</b>		
Net earnings from continuing operations	\$ 929,380	\$ 861,158
Non-controlling interest	(3,469)	(5,134)
Net earnings available to common shareholders – continuing operations	925,911	856,024
Net earnings from discontinued operations	223,131	11,420
Non-controlling interest	(150)	(200)
Net earnings available to common shareholders – discontinued operations	222,981	11,220
Net earnings available to common shareholders	\$ 1,148,892	\$ 867,244
<b>Number of common shares (in thousands)</b>		
Weighted average number of common shares outstanding	238,033	238,470
Add: Potential exercise of outstanding stock options <sup>(1)</sup>	385	526
Average number of common shares outstanding – diluted basis	238,418	238,996
<b>Earnings per common share (in dollars)</b>		
Basic		
From continuing operations	\$ 3.89	\$ 3.59
From discontinued operations	0.94	0.05
Net earnings available to common shareholders	\$ 4.83	\$ 3.64
Diluted		
From continuing operations	\$ 3.88	\$ 3.58
From discontinued operations	0.94	0.05
Net earnings available to common shareholders	\$ 4.82	\$ 3.63

(1) Excludes 912 thousand shares in 2023 related to outstanding stock options that were anti-dilutive (2022 – 837 thousand).

## Note 27. 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 (Mackenzie) which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. This action was certified in January 2024. In August 2022, a second proposed class action concerning the same subject matter was filed against Mackenzie.

In late March 2023, the Company was notified by one of our third-party vendors, InvestorCOM Inc., that they were compromised due to a cybersecurity incident related to a technology supplier to InvestorCOM, GoAnywhere. The Company has notified impacted clients and offered credit monitoring at no cost for two years to all clients. Four proposed class actions have been filed against Mackenzie concerning this incident.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge, 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 28. Related party transactions

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### Transactions and balances with related entities

The Company enters into transactions with Canada Life, which is a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power. These transactions are in the normal course of operations and have been recorded at fair value:

- During 2023 and 2022, 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 \$51.7 million in distribution fees (2022 – \$48.7 million). The Company received \$59.8 million (2022 – \$61.4 million) and paid \$19.6 million (2022 – \$19.5 million) to Canada Life and related subsidiary companies for the provision of sub-advisory services for certain investment funds.

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 10).

On November 30, 2023, the Company completed the sale of 100% of IPC to Canada Life (Note 3).

The acquisition and sale transactions were recorded at fair value.

### 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:

	2023	2022
Compensation and employee benefits	\$ 4,224	\$ 4,084
Post-employment benefits	4,267	4,042
Share-based payments	2,217	1,756
	<b>\$ 10,708</b>	<b>\$ 9,882</b>

Share-based payments exclude the fair value remeasurement of the deferred share units associated with changes in the Company's share price (Note 21).

## Note 29. Segmented information

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In 2023, the Company realigned its reportable segments to better characterize and simplify the Company's business lines into wealth management and asset management segments. The revised segments reflect a realignment of Rockefeller and Wealthsimple to the wealth management segment and ChinaAMC and Northleaf to the asset management segment. These changes have no impact on the reported earnings of the Company. Prior period comparative information has been restated to reflect the realigned segments.

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Corporate and Other

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

- **Wealth Management** – reflects the activities of its core business and strategic investments that are principally focused on providing financial planning and related services to retail client households. This segment includes the activities of IG Wealth Management which is a retail distribution organization that serves Canadian households through its securities dealer, mutual fund dealer 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. This segment also includes the Company's strategic investments in Rockefeller and Wealthsimple. Rockefeller is classified as an investment in associate and accounted for using the equity method, with the proportionate share

of earnings included in revenue. Wealthsimple is classified as an investment which is accounted for as fair value through other comprehensive income and therefore has no impact on the segment earnings. This segment also included IPC, which was sold on November 30, 2023. IPC's results were classified as discontinued operations.

- **Asset Management** – reflects the activities of its core business and strategic investments primarily focused on providing investment management services. This segment includes the operations of Mackenzie Investments which provides investment management services 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. This segment also includes the Company's strategic investment in ChinaAMC and Northleaf which are classified as investments in associates and accounted for using the equity method. The proportionate share of earnings on these investments are included in the segment's revenue.
- **Corporate and Other** – primarily represents investments in Lifeco and Portage, the Company's unallocated capital, as well as consolidation elimination entries.

2023

	Wealth Management	Asset Management	Corporate and Other	Total Segment	Adjustments <sup>(1)</sup>	Total
<b>Revenues</b>						
Wealth management	\$ 2,206,201	\$ -	\$ (6,520)	\$ 2,199,681	\$ -	\$ 2,199,681
Asset management	-	1,051,122	(102,081)	949,041	-	949,041
Dealer compensation	-	(311,439)	(2,668)	(314,107)	-	(314,107)
Net asset management	-	739,683	(104,749)	634,934	-	634,934
Net investment income and other	13,299	12,094	12,253	37,646	-	37,646
Gain on sale of Lifeco shares (Note 10)	-	-	-	-	172,977	172,977
Proportionate share of associates' earnings	(3,309)	121,440	66,908	185,039	15,098	200,137
	2,216,191	873,217	(32,108)	3,057,300	188,075	3,245,375
<b>Expenses</b>						
Advisory and business development	922,713	83,546	(7)	1,006,252	-	1,006,252
Operations and support	438,486	362,681	1,271	802,438	103,266	905,704
Sub-advisory	172,391	4,609	(111,269)	65,731	-	65,731
	1,533,590	450,836	(110,005)	1,874,421	103,266	1,977,687
	682,601	422,381	77,897	1,182,879	84,809	1,267,688
Interest expense <sup>(2)</sup>	98,210	25,021	-	123,231	-	123,231
Earnings before income taxes	584,391	397,360	77,897	1,059,648	84,809	1,144,457
Income taxes	155,984	83,761	(1,929)	237,816	(22,739)	215,077
Net earnings from continuing operations	428,407	313,599	79,826	821,832	107,548	929,380
Net earnings from discontinued operations	14,849	-	(12,421)	2,428	220,703	223,131
	443,256	313,599	67,405	824,260	328,251	1,152,511
Non-controlling interest	(150)	(3,469)	-	(3,619)	-	(3,619)
	443,106	310,130	67,405	820,641	328,251	1,148,892
Restructuring and other, net of tax <sup>(1)</sup>				(76,208)	76,208	-
Gain on sale of IPC <sup>(1)</sup>				220,703	(220,703)	-
Gain on sale of Lifeco shares, net of tax <sup>(1)</sup>				168,658	(168,658)	-
Lifeco IFRS 17 adjustment <sup>(1)</sup>				15,098	(15,098)	-
Net earnings available to common shareholders				\$ 1,148,892	\$ -	\$ 1,148,892
<b>Identifiable assets</b>						
Goodwill	\$ 11,456,731	\$ 3,583,510	\$ 986,270	\$ 16,026,511	\$ -	\$ 16,026,511
	1,346,245	1,290,526	-	2,636,771	-	2,636,771
Total assets	\$ 12,802,976	\$ 4,874,036	\$ 986,270	\$ 18,663,282	\$ -	\$ 18,663,282

(1) Restructuring and other, Gain on sale of IPC, Gain on sale of Lifeco shares and Lifeco IFRS 17 adjustment are not related to a specific segment and therefore excluded from segment results. These items have been added back, including the impact to 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.

2022

	Wealth Management	Asset Management	Corporate and Other	Total
<b>Revenues</b>				
Wealth management	\$ 2,159,870	\$ –	\$ –	\$ 2,159,870
Asset management	–	1,077,678	(110,466)	967,212
Dealer compensation	–	(327,521)	–	(327,521)
Net asset management	–	750,157	(110,466)	639,691
Net investment income and other	2,434	5,690	14,114	22,238
Proportionate share of associates' earnings	(364)	82,899	128,227	210,762
	2,161,940	838,746	31,875	3,032,561
<b>Expenses</b>				
Advisory and business development	882,712	79,353	(1)	962,064
Operations and support	424,009	360,543	2,091	786,643
Sub-advisory	169,093	4,946	(110,465)	63,574
	1,475,814	444,842	(108,375)	1,812,281
	686,126	393,904	140,250	1,220,280
Interest expense <sup>(1)</sup>	89,653	23,521	–	113,174
Earnings before income taxes	596,473	370,383	140,250	1,107,106
Income taxes	159,684	81,591	4,673	245,948
Net earnings from continuing operations	436,789	288,792	135,577	861,158
Net earnings from discontinued operations	11,296	–	124	11,420
	448,085	288,792	135,701	872,578
Non-controlling interest	(200)	(5,134)	–	(5,334)
Net earnings available to common shareholders	\$ 447,885	\$ 283,658	\$ 135,701	\$ 867,244
<b>Identifiable assets</b>				
Identifiable assets	\$ 11,798,168	\$ 2,315,098	\$ 1,822,079	\$ 15,935,345
Goodwill	1,491,687	1,310,486	–	2,802,173
Total assets	\$ 13,289,855	\$ 3,625,584	\$ 1,822,079	\$ 18,737,518

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



# Quarterly Review

## Consolidated Statements of Earnings

For the years ended December 31	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
(\$ millions, except per share amounts)								
<b>Revenues</b>								
Wealth management	550.0	563.1	552.5	534.1	530.8	532.6	535.3	561.2
Asset management	234.3	239.9	238.7	236.1	233.5	235.7	241.9	256.1
Dealer compensation expense	(76.7)	(78.6)	(79.5)	(79.3)	(77.0)	(77.4)	(82.1)	(91.1)
Net asset management	157.6	161.3	159.2	156.8	156.5	158.3	159.8	165.0
Net investment income and other	10.6	7.9	1.9	190.1	14.9	10.3	(0.4)	(2.5)
Proportionate share of associates' earnings	50.6	38.5	58.0	53.0	65.4	46.9	50.0	48.4
	<b>768.8</b>	<b>770.8</b>	<b>771.6</b>	<b>934.0</b>	<b>767.6</b>	<b>748.1</b>	<b>744.7</b>	<b>772.1</b>
<b>Expenses</b>								
Advisory and business development	253.2	253.3	254.0	245.7	238.5	235.1	243.5	245.0
Operations and support	208.8	196.4	298.7	201.8	200.0	189.9	193.6	203.1
Sub-advisory	16.7	16.8	16.4	15.8	15.5	15.2	15.4	17.4
Interest	32.5	32.6	30.0	28.1	28.5	28.5	28.3	27.9
	<b>511.2</b>	<b>499.1</b>	<b>599.1</b>	<b>491.4</b>	<b>482.5</b>	<b>468.7</b>	<b>480.8</b>	<b>493.4</b>
Earnings before income taxes	257.6	271.7	172.5	442.6	285.1	279.4	263.9	278.7
Income taxes	56.0	60.3	35.5	63.3	61.8	63.4	58.5	62.3
Net earnings from continuing operations	201.6	211.4	137.0	379.3	223.3	216.0	205.4	216.4
Net earnings from discontinued operations	219.7	(1.5)	1.8	3.2	3.7	1.0	3.0	3.7
Net earnings	421.3	209.9	138.8	382.5	227.0	217.0	208.4	220.1
Non-controlling interest	(1.7)	(0.1)	(0.6)	(1.2)	(2.3)	(0.9)	(1.3)	(0.8)
<b>Net earnings available to common shareholders</b>	<b>419.6</b>	<b>209.8</b>	<b>138.2</b>	<b>381.3</b>	<b>224.7</b>	<b>216.1</b>	<b>207.1</b>	<b>219.3</b>
<b>Reconciliation of non-IFRS financial measures (\$ millions)</b>								
Adjusted net earnings available to common shareholders <sup>(1)</sup>	198.9	209.8	205.5	206.5	224.7	216.1	207.1	219.3
Other items:								
Gain on sale of IPC	220.7	-	-	-	-	-	-	-
Restructuring and other, net of tax	-	-	(76.2)	-	-	-	-	-
Gain on sale of Lifeco, net of tax	-	-	(6.2)	174.8	-	-	-	-
Lifeco IFRS 17 adjustment	-	-	15.1	-	-	-	-	-
Net earnings available to common shareholders	<b>419.6</b>	<b>209.8</b>	<b>138.2</b>	<b>381.3</b>	<b>224.7</b>	<b>216.1</b>	<b>207.1</b>	<b>219.3</b>
<b>Diluted earnings per share (\$)</b>								
Adjusted earnings per share <sup>(1)</sup>	0.84	0.88	0.86	0.87	0.94	0.91	0.87	0.91
Earnings per share	1.76	0.88	0.58	1.60	0.94	0.91	0.87	0.91
<b>Dividends per share (\$)</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>	<b>0.5625</b>

(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

(\$ millions)	2023				2022			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
<b>Mutual fund gross sales</b>								
IG Wealth Management	2,628	2,687	2,581	3,021	2,125	1,970	2,590	3,902
Mackenzie Investments	1,736	1,503	1,742	2,289	1,559	1,281	1,735	2,921
<b>Dealer gross inflows</b>								
IG Wealth Management	3,089	3,103	2,795	3,663	3,031	2,773	3,068	4,000
<b>Net flows - by segment</b>								
IG Wealth Management net flows	(228)	(17)	(424)	504	429	406	389	1,466
Mackenzie Investments net sales <sup>(1)</sup>	(1,012)	(692)	(343)	170	(967)	(819)	(952)	873
IGM Consolidated <sup>(2)</sup>	(1,239)	(709)	(767)	674	(520)	(400)	(556)	2,335
<b>Net flows - by product</b>								
Mutual fund gross sales	4,364	4,190	4,323	5,310	3,684	3,251	4,325	6,823
Mutual fund redemptions	6,403	5,322	5,533	5,497	5,368	4,249	5,182	4,977
Mutual fund net sales	(2,039)	(1,132)	(1,210)	(187)	(1,684)	(998)	(857)	1,846
ETFs <sup>(3)</sup>	161	13	85	(14)	134	(86)	(61)	718
Investment funds	(1,878)	(1,119)	(1,125)	(201)	(1,550)	(1,084)	(918)	2,564
Institutional SMA	(186)	7	273	98	(135)	(139)	(133)	(427)
Consolidated AUM	(2,064)	(1,112)	(852)	(103)	(1,685)	(1,223)	(1,051)	2,137
Other AUA	825	403	85	777	1,165	823	495	198
IGM Consolidated	(1,239)	(709)	(767)	674	(520)	(400)	(556)	2,335
Discontinued operations net flows (net of intercompany eliminations)	404	160	(54)	316	80	58	29	131
IGM Consolidated including discontinued operations	(835)	(549)	(821)	990	(440)	(342)	(527)	2,466
<b>Redemption rate - long-term funds (%)</b>								
IG Wealth Management	12.2	11.6	11.1	10.7	10.0	9.5	9.1	8.9
Mackenzie Investments	17.1	16.8	16.2	16.1	16.0	14.9	14.3	13.1
<b>AUM&amp;A - by segment</b>								
IG Wealth AUA	121,223	114,204	116,814	115,873	110,816	105,029	105,474	116,281
Mackenzie Investments								
Third Party AUM	118,947	112,008	116,613	116,984	113,098	108,672	111,863	124,731
Sub-advisory to Wealth Management	76,758	74,325	76,722	76,785	73,514	71,834	72,855	80,814
Asset Management AUM	195,705	186,333	193,335	193,769	186,612	180,506	184,718	205,545
Asset Management through Wealth Management	(76,758)	(73,089)	(75,484)	(75,555)	(73,186)	(71,432)	(72,499)	(80,602)
Consolidated AUM&A	240,170	227,448	234,665	234,087	224,242	214,103	217,693	241,224
Consolidated AUM&A including Discontinued Operations	240,170	253,355	261,106	260,448	249,409	238,105	242,083	268,328
<b>AUM&amp;A - by product</b>								
Mutual fund AUM	164,043	155,895	161,132	160,559	153,709	148,001	150,179	167,478
ETF AUM <sup>(3)</sup>	5,507	5,050	5,168	5,086	5,219	5,010	5,368	5,848
Investment Fund AUM	169,550	160,945	166,300	165,645	158,928	153,011	155,547	173,326
Institutional SMA	7,367	7,102	7,203	6,826	6,422	6,106	6,344	7,090
Sub-advisory to Canada Life <sup>(4)</sup>	49,665	47,142	49,109	49,812	48,201	46,229	47,751	52,638
Total Institutional SMA	57,032	54,244	56,312	56,638	54,623	52,335	54,095	59,728
Consolidated AUM	226,582	215,189	222,612	222,283	213,551	205,346	209,642	233,054
Other AUA	13,588	12,255	12,050	11,801	10,688	8,755	8,049	8,166
Consolidated AUM&A	240,170	227,448	234,665	234,087	224,242	214,103	217,693	241,224
Consolidated AUM&A including SI	389,425	372,900	375,242	349,129	288,267	277,293	279,867	300,287
Discontinued operations AUA (net of intercompany eliminations)	-	27,147	27,682	27,594	26,348	25,218	25,568	28,244
Consolidated AUM&A including Discontinued Operations	240,170	253,355	261,106	260,448	249,409	238,105	242,083	268,328
Consolidated AUM, excluding Asset Management segment AUM	30,877	27,620	28,039	27,284	25,761	23,626	23,748	26,373
<b>Corporate assets</b>	18,663	19,351	19,431	18,997	18,738	17,459	16,948	17,434

(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) Excludes IGM investment fund investments in ETFs.

(4) Restated to include sub-advisory to discontinued operations, which had previously been reported in sub-advisory and AUM to Wealth Management.

# Ten Year Review

## Condensed Consolidated Statements of Earnings

for the years ended December 31

(\$ millions, except per share amounts)	2023	2022	2021	2020	2019	CAGR <sup>(1)</sup> 5 Year %	2018	2017	2016	2015	2014	CAGR <sup>(1)</sup> 10 Year %
<b>Revenues<sup>(2)</sup></b>												
Wealth and Asset Management revenues	<b>2,834.6</b>	2,799.5	2,888.7	2,789.4	2,814.3	0.3	2,792.1	2,749.1	2,642.9	2,607.2	2,520.1	2.1
Net investment income and other	<b>210.6</b>	22.3	21.5	78.2	24.8	60.1	20.0	13.8	11.8	11.0	16.5	25.6
Proportionate share of associates' earnings	<b>200.1</b>	210.7	196.4	150.4	105.2	5.9	150.0	95.6	104.2	111.0	96.5	7.9
	<b>3,245.3</b>	3,032.5	3,106.6	3,018.0	2,944.3	1.8	2,962.1	2,858.5	2,758.9	2,729.2	2,633.1	3.0
<b>Expenses<sup>(2)</sup></b>	<b>2,100.9</b>	1,925.4	1,866.7	2,052.7	1,975.7	1.2	1,976.0	2,073.9	1,812.0	1,738.4	1,668.2	3.8
Earnings before income taxes	<b>1,144.4</b>	1,107.1	1,239.9	965.3	968.6	3.0	986.1	784.6	946.9	990.8	964.9	1.5
Income taxes	<b>215.1</b>	246.0	279.2	200.7	219.7	0.5	210.0	173.9	167.6	210.3	202.8	0.2
Net earnings from continuing operations	<b>929.3</b>	861.1	960.7	764.6	748.9	3.7	776.1	610.7	779.3	780.5	762.1	1.9
Net earnings from discontinued operations <sup>(3)</sup>	<b>223.2</b>	11.4	20.2	-	-	-	-	-	-	-	-	-
Net earnings	<b>1,152.5</b>	872.5	980.9	764.6	748.9	8.2	776.1	610.7	779.3	780.5	762.1	4.1
Non-controlling interest	<b>(3.6)</b>	(5.3)	(2.0)	(0.2)	-	-	-	-	-	-	-	-
Perpetual preferred share dividends	<b>-</b>	-	-	-	(2.2)	-	(8.8)	(8.8)	(8.8)	(8.8)	(8.8)	-
<b>Net earnings available to common shareholders</b>	<b>1,148.9</b>	867.2	978.9	764.4	746.7	8.4	767.3	601.9	770.5	771.7	753.3	4.2
<b>Adjusted net earnings available to common shareholders<sup>(4)</sup></b>	<b>820.7</b>	867.2	971.2	762.9	763.9	0.7	791.8	727.8	736.5	796.0	826.1	0.7
<b>Diluted earnings per share (\$)</b>												
Earnings per share	<b>4.82</b>	3.63	4.08	3.21	3.12	8.7	3.18	2.50	3.19	3.11	2.98	4.8
Adjusted earnings per share <sup>(4)</sup>	<b>3.44</b>	3.63	4.05	3.20	3.19	0.9	3.29	3.02	3.05	3.21	3.27	1.3
<b>Dividends per share (\$)</b>	<b>2.25</b>	2.25	2.25	2.25	2.25	-	2.25	2.25	2.25	2.25	2.18	0.5
<b>Return on average common equity (ROE) (%)</b>												
Net earnings	<b>18.2</b>	14.3	16.5	16.1	16.9	-	17.7	12.9	17.1	16.9	16.2	-
Adjusted net earnings <sup>(4)</sup>	<b>13.0</b>	14.3	16.4	16.1	17.2	-	18.2	15.6	16.3	17.4	17.8	-
<b>Average shares outstanding (thousands)</b>												
- Basic	<b>238,033</b>	238,470	238,841	238,307	239,105	-	240,815	240,585	241,300	248,173	252,108	-
- Diluted	<b>238,418</b>	238,996	240,019	238,307	239,181	-	240,940	240,921	241,402	248,299	252,778	-
<b>Share price (closing \$)</b>	<b>35.01</b>	37.80	45.62	34.51	37.28	2.4	31.03	44.15	38.20	35.34	46.31	(4.6)

(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) On November 30, 2023, the Company completed the sale of 100% of the common shares of IPC. Net earnings from IPC have been classified as discontinued operations for the years 2021 to 2023.

(4) 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:

2023 - Gain on sale of IPC of \$220.7 million, after-tax charge of \$76.2 million related to restructuring and other charges, after-tax gain on sale of a portion of the Company's investment in Lifeco of \$168.6 million, and Lifeco IFRS 17 adjustment of \$15.1 million.

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 Lifeco's 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.

# Ten Year Review

## Statistical Information

for the years ended December 31

(\$ millions)	2023	2022	2021	2020	2019	CAGR <sup>(1)</sup> 5 Year %	2018	2017	2016	2015	2014	CAGR <sup>(1)</sup> 10 Year %
<b>Wealth Management</b>												
<b>IG Wealth Management<sup>(2)</sup></b>												
AUM												
Mutual fund gross sales	10,917	10,587	11,845	8,987	8,723	3.8	9,075	9,693	7,760	7,890	7,461	5.1
Mutual fund redemption rate – long-term funds (%)	12.2	10.0	9.2	9.8	10.3		9.2	8.4	8.8	8.7	8.7	
Net sales (redemptions)	(2,254)	43	1,813	(451)	(1,089)	N/M	485	1,944	366	754	651	N/M
Ending assets	107,635	99,275	110,541	97,713	93,161	5.3	83,137	88,008	81,242	74,897	73,459	4.7
AUA <sup>(3)</sup>												
Net flows	(165)	2,690	3,684	795	(780)	N/M	739					
Ending assets	121,223	110,816	119,557	103,273	97,100	7.0	86,422					
Consolidated ending AUA including SI <sup>(4)</sup>	161,935	115,263	123,844									
<b>Discontinued Operations<sup>(2)</sup></b>												
AUM												
		4,622	5,629	5,320	5,391		5,125	5,377	4,908	4,452	3,850	
AUA <sup>(3)</sup>												
		29,547	33,077	29,318	27,728		25,706					
<b>Asset Management (Mackenzie Investments)</b>												
Mutual fund gross sales	7,270	7,496	12,022	13,565	9,886	(6.1)	9,951	9,124	6,939	6,965	7,070	0.8
Mutual fund redemption rate – long-term funds (%)	17.1	16.0	13.6	16.6	15.6		17.1	14.8	15.0	16.2	14.6	
Investment fund net sales (redemptions)	(2,069)	(1,031)	5,440	4,188	1,219	N/M	973	1,780	(555)	(1,258)	(209)	(15.6)
AUM												
Mutual fund	56,408	54,434	62,969	52,682	60,839	1.1	53,407	55,615	51,314	48,445	48,782	2.1
ETF	12,914	12,395	12,674	8,451	4,748	34.4	2,949	1,296	113			
ETFs excluding those held by IGM investment funds	5,507	5,219	5,393	3,788	2,372	27.8	1,613	928	113			
Investment funds <sup>(5)</sup>	61,915	59,653	68,362	56,470	63,211	2.4	55,020	56,543	51,427	48,445	48,782	3.0
Third Party AUM <sup>(3)</sup>	118,947	113,098	129,115	110,938	68,257	14.4	60,804					
Total AUM <sup>(3)</sup>	195,705	186,612	210,343	185,148	140,984	8.5	129,863					
Consolidated ending AUM including SI <sup>(4)</sup>	305,149	246,909	267,171									
<b>Consolidated AUM&amp;A<sup>(6)(7)</sup></b>												
AUM	226,582	213,551	240,736	209,834	162,633	9.3	145,386	152,408	138,899	130,939	138,919	5.5
AUM&A	240,170	224,242	248,795	214,954	166,418	10.5	145,955					
AUM&A including SI <sup>(4)</sup>	389,425	288,267	309,821									
<b>Corporate assets</b>												
	18,663	18,738	17,661	16,062	15,391	3.6	15,609	16,499	15,625	14,831	14,417	3.8

(1) Compound annual growth rate.

(2) IG Wealth Management and Discontinued Operations (IPC) 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) New metric introduced in 2023 was not available on this basis prior to 2021.

(5) Excludes IGM investment fund investments in ETFs.

(6) Adjusted for inter-segment assets.

(7) As detailed on page 19 of this report, AUM, AUA and AUM&A exclude IPC discontinued operations and have been restated for all periods under review.

# Board of Directors and Executive Leadership

## Board of Directors

**Marc A. Bibeau** <sup>(1,3,4)</sup>

President and Chief Executive Officer  
Beauward Real Estate Inc.

**Marcel R. Coutu** <sup>(3)</sup>

Corporate Director

**André Desmarais, O.C., O.Q.** <sup>(2,3)</sup>

Deputy Chairman  
Power Corporation of Canada

**Paul Desmarais, Jr., O.C., O.Q.** <sup>(2)</sup>

Chairman  
Power Corporation of Canada

**Gary Doer** <sup>(2)</sup>

Senior Business Advisor  
Dentons Canada LLP

**Susan Doniz** <sup>(1,4,5)</sup>

Chief Information Officer  
The Boeing Company

**Claude Généreux** <sup>(3,5)</sup>

Executive Vice-President  
Power Corporation of Canada

**Sharon L. Hodgson** <sup>(1,4,5)</sup>

Dean  
Ivey Business School

**Sharon MacLeod** <sup>(1,3)</sup>

Corporate Director

**Susan J. McArthur** <sup>(2,3,5)</sup>

Co-Founder and Executive Chair  
Lockdocs Inc.

**John McCallum** <sup>(1,2,4)</sup>

Corporate Director

**R. Jeffrey Orr** <sup>(2,3,5)</sup>

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** <sup>(5)</sup>

Executive Vice-President  
and Chief Financial Officer  
Power Corporation of Canada

**Beth Wilson** <sup>(1,5)</sup>

Corporate Director



**R. Jeffrey Orr**

Chair of the Board  
IGM Financial Inc.

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**<sup>(1)</sup> Audit Committee**

Chair: John McCallum

**<sup>(2)</sup> Governance and Nominating Committee**

Chair: R. Jeffrey Orr

**<sup>(3)</sup> Human Resources Committee**

Chair: Claude Généreux

**<sup>(4)</sup> Related Party and Conduct Review Committee**

Chair: John McCallum

**<sup>(5)</sup> 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

**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

## Head Office

447 Portage Avenue  
Winnipeg, Manitoba R3B 3H5  
Telephone: 204 943 0361  
Fax: 204 947 1659

## Auditor

Deloitte LLP

## Transfer Agent and Registrar

Computershare Investor Services Inc.

Telephone: 1 800 564 6253  
[service@computershare.com](mailto:service@computershare.com)

800, 324 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 2Z2

1500 Robert-Bourassa Boulevard, 7<sup>th</sup> Floor  
Montreal, Quebec H3A 3S8

100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1

510 Burrard Street, 2<sup>nd</sup> Floor  
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](mailto: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](http://igmfinancial.com)

## Annual Meeting

The Annual Meeting of IGM Financial Inc. will be held at The Metropolitan Entertainment Centre, 281 Donald Street, Winnipeg, Manitoba, Canada on Friday, May 3, 2024 at 11:00 a.m. Central Time.

## Normal Course Issuer Bid

The Company has renewed its Normal Course Issuer Bid through the facilities of the Toronto Stock Exchange from December 21, 2023 to December 20, 2024. During the course of the Bid, the Company intends to purchase for cancellation up to but not more than 3,000,000 of its common shares, representing approximately 1.3% of its outstanding common shares. Shareholders may obtain a copy of the Bid, without charge, by contacting the Corporate Secretary's Department at the Company's Head Office.

## Websites

Visit our websites at  
[igmfinancial.com](http://igmfinancial.com)  
[ig.ca](http://ig.ca)  
[mackenzieinvestments.com](http://mackenzieinvestments.com)

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A MEMBER OF THE POWER CORPORATION GROUP OF COMPANIES



Wealth Management

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Asset Management