2023 Third Quarter Report

IGM Financial Inc.

For the nine months ended September 30, 2023

IGM Financial

IG Wealth Management

Mackenzie Investments

Investment Planning Counsel

Contents

Readers are referred to the caution regarding Forward-Looking Statements and Non-IFRS Financial Measures and Other Financial Measures on pages 5 and 6 of this Quarterly Report.

Financial Highlights

(unaudited)	For the three months ended September 30 2023	2022	Change	As at and for the nine months ended September 30 2023	2022	Change
Net earnings available to common shareholders *($ millions)*						
Net Earnings	**$ 209.8**	$ 216.1	(2.9)%	**$ 729.3**	$ 642.5	13.5 %
Adjusted Net Earnings(1)	**209.8**	216.1	(2.9)	**621.8**	642.5	(3.2)
Diluted earnings per share						
Net Earnings	**0.88**	0.91	(3.3)	**3.06**	2.68	14.2
Adjusted Net Earnings(1)	**0.88**	0.91	(3.3)	**2.61**	2.68	(2.6)
Return on equity						
Net Earnings				**15.6 %**	14.1 %	
Adjusted Net Earnings(1)				**13.3 %**	14.1 %	
Dividends per share	**0.5625**	0.5625	–	**1.6875**	1.6875	–
Consolidated assets under management and advisement (AUM&A)(2) *($ millions)*				**$ 253,355**	$ 238,105	6.4 %
Consolidated assets under management(2)				**213,953**	204,132	4.8
Wealth Management(2)						
Assets under advisement				**144,494**	133,309	8.4
IG Wealth Management						
Assets under management(3)				101,945	95,460	
Other assets under advisement				12,259	9,569	
Assets under advisement				**114,204**	105,029	8.7
Discontinued operations				**30,297**	28,286	7.1
Asset Management (Mackenzie Investments)						
Investment funds				59,000	57,551	
Institutional SMA				7,102	6,106	
Sub-advisory to Canada Life				45,906	45,015	
Total excluding sub-advisory to Wealth Management				112,008	108,672	
Sub-advisory and AUM to Wealth Management				74,325	71,834	
Total assets under management				**186,333**	180,506	3.2
Consolidated AUM&A including strategic investments				**399,959**	302,129	32.4
Consolidated AUM&A				253,355	238,105	
Strategic investments(4)				146,604	64,024	
Consolidated AUM&A including strategic investments and excluding discontinued operations				**372,812**	276,911	34.6

Net Flows *($ millions)*	Wealth Management(3)	Asset Management(5)	Intersegment Eliminations	Total(2)
For the three months ended September 30, 2023				
Investment fund net sales	$ (420)	$ (699)	$ –	$ (1,119)
Institutional SMA net sales	–	7	–	7
IGM product net sales	**(420)**	**(692)**	**–**	**(1,112)**
Other dealer net flows	403	–	–	403
Discontinued operations net flows	116	–	44	160
Total net flows(2)	**100**	**(692)**	**43**	**(549)**
For the nine months ended September 30, 2023				
Investment fund net sales	$ (1,202)	$ (1,243)	$ –	$ (2,445)
Institutional SMA net sales	–	378	–	378
IGM product net sales	**(1,202)**	**(865)**	**–**	**(2,067)**
Other dealer net flows	1,265	–	–	1,265
Discontinued operations net flows	341	–	81	422
Total net flows(2)	**407**	**(865)**	**78**	**(380)**

(1) Non-IFRS Financial Measures – 2023 adjusted net earnings excluded:
– Restructuring and other charges of $76.2 million after-tax ($103.3 million pre-tax) recorded in the second quarter 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.
– 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.
(2) Consolidated results eliminate double counting where business is reflected within multiple segments.
(3) Includes separately managed accounts.
(4) Proportionate share of Strategic Investment AUM comprised of: 27.8% (2022 – 13.9%) of ChinaAMC AUM; 56% (2022 – 56%) of Northleaf's AUM; 20.5% (2022 – nil) of Rockefeller's client assets; and 24.3% (2022 – 24.4%) of Wealthsimple's AUA.
(5) Asset Management flows activity excludes sub-advisory to Canada Life and the Wealth Management segment.

Report to Shareholders

Highlights

- **Net earnings of $209.8 million or 88 cents per share** compared to $216.1 million or 91 cents per share in 2022.
- **Assets under management and advisement of $253.4 billion, down 3.0% from the prior quarter** and up 6.4% from the third quarter of 2022.
- IGM Financial's assets under management and advisement **including Strategic Investments were $400.0 billion** as at September 30, 2023, compared with $402.8 billion at June 30, 2023 and $302.1 billion at September 30, 2022. This is a new measure introduced in the second quarter and reflects the importance of these high growth investments and their contribution to IGM's value.
- Net outflows were $549 million compared to net outflows of $342 million in 2022.

Financial Results

Net earnings available to common shareholders for the third quarter of 2023 were $209.8 million or 88 cents per share compared to $216.1 million or 91 cents per share in 2022.

Net earnings available to common shareholders for the nine months ended September 30, 2023 were $729.3 million or $3.06 per share compared to $642.5 million or $2.68 per share in 2022. Adjusted net earnings available to common shareholders, excluding other items,[1] for the nine month period of 2023 were $621.8 million or $2.61 per share compared to $642.5 million or $2.68 per share in 2022.

Wealth Management

Reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households, and includes the activities of IG Wealth Management and Investment Planning Counsel (IPC), which has been reclassified as discontinued operations.

Net earnings in the third quarter of 2023 were $117.8 million, an increase of 6.7% compared to the third quarter of 2022, and represented 56.1% of IGM's adjusted net earnings available to common shareholders.

Assets under advisement at September 30, 2023 were $144.5 billion, a decrease of 2.2% from $147.8 billion at June 30, 2023 and an increase of 8.4% from $133.3 billion at September 30, 2022.

IG Wealth Management

Assets under advisement at September 30, 2023 were $114.2 billion, a decrease of 2.2% from $116.8 billion at June 30, 2023 and an increase of 8.7% from $105.0 billion at September 30, 2022.

Quarterly net client outflows were $17 million, compared to net client inflows of $406 million in the third quarter of 2022.

Quarterly gross client inflows were $3.1 billion, up 11.9% from $2.8 billion in 2022.

Asset Management

Reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments.

Net earnings in the third quarter of 2023 were $56.5 million, a decrease of 3.4% compared to the third quarter of 2022, and represented 26.9% of IGM's adjusted net earnings available to common shareholders.

(1) Please refer to the reconciliation of non-IFRS financial measures to measures prescribed by IFRS in Management's Discussion and Analysis (MD&A) on page 6 of this quarterly report.

Total assets under management were $186.3 billion, a decrease of 3.6% from $193.3 billion at June 30, 2023 and an increase of 3.2% from $180.5 billion at September 30, 2022. Third party assets under management were $112.0 billion at September 30, 2023, a decrease of 3.9% from June 30, 2023 and an increase of 3.1% from September 30, 2022.

Investment fund net redemptions were $699 million compared to net redemptions of $680 million in the third quarter of 2022.

Mutual fund gross sales were $1.5 billion, up 17.3% from the third quarter of 2022.

ETF business – ETF assets under management totalled $12.5 billion at September 30, 2023, down from $12.9 billion at June 30, 2023 and up from $11.5 billion at September 30, 2022. Excluding investment in ETFs by IGM's managed products, ETF assets under management were $5.1 billion at September 30, 2023, compared to $5.2 billion at June 30, 2023 and $5.0 billion at September 30, 2022.

Strategic Investments and Other

Represents the key strategic investments made by the Company, including China Asset Management Co., Ltd. (ChinaAMC), Great-West Lifeco Inc. (Lifeco), Rockefeller Capital Management (Rockefeller), Northleaf Capital Group Ltd. (Northleaf), Wealthsimple Financial Corp. (Wealthsimple), and Portage Ventures LPs, as well as unallocated capital.

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's 13.9% interest in ChinaAMC, increasing the Company's overall investment in ChinaAMC to 27.8%, and to sell a portion of the Company's investment in Lifeco, reducing it from 4.0% to 2.4%.

Great-West Lifeco Inc. – The Company's proportionate share of Lifeco's third quarter estimated earnings was $12.7 million[(2)] compared to $27.6 million in the third quarter of 2022. This included a reduction of $8.0 million to adjust second quarter earnings to the actual earnings disclosed by Lifeco.

China Asset Management Co., Ltd. – The Company's proportionate share of ChinaAMC's third quarter earnings was $24.6 million compared to $14.7 million in the third quarter of 2022.

Dividends

The Board of Directors has declared a dividend of 56.25 cents per share on the Company's common shares which is payable on January 31, 2024 to shareholders of record on December 29, 2023.

On behalf of the Board of Directors,

James O'Sullivan

President and Chief Executive Officer
IGM Financial Inc.

November 1, 2023

(2) *The Company recorded its proportionate share of third quarter Lifeco earnings using consensus analysts' earnings estimates as Lifeco is reporting quarterly earnings after the Company.*

Management's Discussion and Analysis

Management's Discussion and Analysis

The Management's Discussion and Analysis (MD&A) presents management's view of the results of operations and financial condition of IGM Financial Inc. (IGM Financial or the Company) as at and for the three and nine months ended September 30, 2023 and should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (Interim Financial Statements) as well as the 2022 IGM Financial Inc. Annual Report and the 2023 IGM Financial Inc. First and Second Quarter Reports to Shareholders filed on www.sedarplus.ca. Commentary in the MD&A as at and for the three and nine months ended September 30, 2023 is as of November 1, 2023.

Basis of Presentation and Summary of Accounting Policies

The Interim 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 Accounting Standard 34, *Interim Financial Reporting* (IFRS) and are presented in Canadian dollars (Note 2 of the Interim Financial Statements).

Forward-looking Statements

Certain statements in this report, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect IGM Financial's current expectations. Forward-looking statements are provided to assist the reader in understanding the Company's financial position and results of operations as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future. Readers are cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company, as well as the outlook for North American and international economies, for the current fiscal year and subsequent periods. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

This information is based upon certain material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking statements, including the perception of historical trends, current conditions and expected future developments, as well as other factors that are believed to be appropriate in the circumstances. While the Company considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved.

A variety of material factors, many of which are beyond the Company's and its subsidiaries' control, affect the operations, performance and results of the Company, and its subsidiaries, and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, management of market liquidity and funding risks, changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates), the effect of applying future accounting changes, operational and reputational risks, business competition, technological change, changes in government regulations and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, outbreaks of disease or pandemics (such as COVID-19), the Company's ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Company's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned that the foregoing list is not exhaustive of the factors that may affect any of the Company's forward-looking statements. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not place undue reliance on forward-looking statements.

Other than as specifically required by applicable Canadian law, the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Company's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including this Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada, available at www.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. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies. Investment Planning Counsel's (IPC's) AUM, AUA, sales, redemptions and net flows have been disclosed as Discontinued operations under AUM&A.
- **Assets Under Advisement (AUA)** are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.
- **Assets Under Management (AUM)** are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities. IPC's AUM, sales and redemptions have been disclosed as Discontinued operations under AUM.
- **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 gross of eliminations 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 China Asset Management Co., Ltd., Northleaf Capital Group Ltd., Rockefeller Capital Management and Wealthsimple Financial Corp. 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 principle operating subsidiaries are wealth manager IG Wealth Management (IG) and asset manager Mackenzie Investments (Mackenzie). The Company also operates through wealth manager Investment Planning Counsel (IPC) and has strategic investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), Northleaf Capital Group Ltd. (Northleaf), and Wealthsimple Financial Corp. (Wealthsimple) as described more fully later in this MD&A.

IGM Financial's assets under management and advisement were $253.4 billion as at September 30, 2023, compared with $238.1 billion at September 30, 2022 and $249.4 billion at December 31, 2022, as detailed in Tables 6 and 7. Average total assets under management and advisement for the third quarter of 2023 were $260.3 billion compared to $247.2 billion in the third quarter of 2022. Average total assets under management and advisement for the nine months ended September 30, 2023 were $259.2 billion compared to $257.4 billion for the nine months ended September 30, 2022.

Total assets under management were $214.0 billion at September 30, 2023, compared with $204.1 billion at September 30, 2022 and $212.4 billion at December 31, 2022. Average total assets under management for the third quarter of 2023 were $220.2 billion compared to $212.6 billion in the third quarter of 2022. Average total assets under management for the nine months ended September 30, 2023 were $219.9 billion compared to $222.0 billion for the comparative period in 2022.

IGM Financial's assets under management and advisement including Strategic Investments were $400.0 billion as at September 30, 2023, compared with $302.1 billion at September 30, 2022 and $314.3 billion at December 31, 2022, as detailed in Table 6.

Net earnings available to common shareholders for the three months ended September 30, 2023 were $209.8 million or $0.88 per share compared with net earnings available to common shareholders of $216.1 million or $0.91 per share for the comparative period in 2022, representing a decrease of 3.3% in earnings per share. Net earnings available to common shareholders for the nine months ended September 30, 2023 were $729.3 million or $3.06 per share compared to net earnings available to common shareholders of $642.5 million or $2.68 per share for the comparative period in 2022, representing an increase of 14.2% in earnings per share.

Adjusted net earnings available to common shareholders, excluding other items outlined below, for the nine months ended September 30, 2023 were $621.8 million or $2.61 per share compared to adjusted net earnings available to common shareholders of $642.5 million or $2.68 per share in 2022.

Other items for the nine months ended September 30, 2023 consisted of:

- 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.

Shareholders' equity was $6.4 billion as at September 30, 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 nine months ended September 30, 2023 was 13.3% compared with 14.1% 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 nine months ended September 30, 2023 was 14.0% compared with 15.5% for the comparative period in 2022. The quarterly dividend per common share declared in the third quarter of 2023 was 56.25 cents, unchanged from the second quarter of 2023.

2023 Developments

Rockefeller Capital Management (Rockefeller)

On April 3, 2023, IGM Financial purchased a 20.5% equity interest in Rockefeller Capital Management (Rockefeller), a leading U.S. independent financial services advisory firm, for consideration of approximately 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 Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for $575 million. Payment for the Rockefeller transaction of USD $622 million was completed on June 2, 2023.

The financial results of Rockefeller are recorded in the Company's Strategic Investments and Other segment.

Investment Planning Counsel Inc. (IPC) – Discontinued Operations

On April 3, 2023, IGM Financial announced the sale of 100% of the common shares of Investment Planning Counsel Inc. (IPC) for cash consideration of $575 million. The transaction is expected to close by the end of 2023, subject to regulatory approvals.

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. The related assets and liabilities have been classified as assets and liabilities held for sale.

Net earnings from discontinued operations for all periods under review are reported as a separate line item in Tables 2, 3 and 4 – *Consolidated Operating Results by Segment*, and Table 7 – *Summary of Quarterly Results*.

Market Overview

Financial market returns were generally negative for the third quarter of 2023:

- The S&P TSX Composite total return index increased by 4.6% and 1.1% in the first and second quarters of 2023, respectively, and decreased by 2.2% in the third quarter.
- U.S. equity markets, as measured by the S&P 500 total return index, increased by 7.5% and 8.7% in the first and second quarters, respectively, and decreased by 3.3% in the third quarter.
- European equity markets, as measured by the MSCI Europe net total return index, increased by 8.6% and 2.3% in the first and second quarters, respectively, and decreased by 2.1% in the third quarter.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, increased by 4.8% and 1.3% in the first and second quarters, and decreased by 2.8% in the third quarter.
- Chinese equity markets, as measured by the CSI 300 net total return index, increased by 4.7% in the first quarter, decreased by 4.0% in the second quarter, and decreased by 2.9% in the third quarter.
- The FTSE TMX Canada Universe Bond total return index increased by 3.2% in the first quarter, decreased by 0.7% in the second quarter, and decreased by 3.9% in the third quarter.
- Our clients experienced average investment returns of 4.4% in the first quarter, 1.2% in the second quarter, and -2.4% in the third quarter.

IGM Financial's assets under management and advisement increased by 1.6% from $249.4 billion at December 31, 2022 to $253.4 billion at September 30, 2023. See Table 26 for the composition of IGM Financial's assets under management by asset class.

Reportable Segments

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

- ***Wealth Management*** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management

Table 1: Reconciliation of Non-IFRS Financial Measures

($ millions except EPS)	Three months ended 2023 Sep. 30	2023 Jun. 30	2022 Sep. 30	Nine months ended 2023 Sep. 30	2022 Sep. 30
Adjusted net earnings available to common shareholders(1)	**$ 209.8**	$ 205.5	$ 216.1	**$ 621.8**	$ 642.5
Restructuring and other, net of tax	**–**	(76.2)	–	**(76.2)**	–
Gain on sale of Lifeco, net of tax	**–**	(6.2)	–	**168.6**	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	**15.1**	–
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 216.1	**$ 729.3**	$ 642.5
Adjusted earnings per share(1)	**$ 0.88**	$ 0.86	$ 0.91	**$ 2.61**	$ 2.68
Restructuring and other, net of tax	**–**	(0.32)	–	**(0.32)**	–
Gain on sale of Lifeco, net of tax	**–**	(0.02)	–	**0.71**	–
Lifeco IFRS 17 adjustment	**–**	0.06	–	**0.06**	–
Earnings per share(2)	**$ 0.88**	$ 0.58	$ 0.91	**$ 3.06**	$ 2.68
Average outstanding shares – Diluted *(thousands)*	**238,550**	238,631	237,808	**238,596**	239,364
EBITDA before sales commissions(1)	**$ 362.3**	$ 351.8	$ 356.0	**$ 1,058.4**	$ 1,059.5
Sales–based commissions paid	**(30.2)**	(26.5)	(25.6)	**(90.0)**	(108.6)
EBITDA after sales commissions(1)	**332.1**	325.3	330.4	**968.4**	950.9
Sales–based commissions paid subject to amortization	**30.2**	26.5	25.6	**90.0**	101.3
Amortization of capitalized sales commissions	**(24.2)**	(22.9)	(20.1)	**(69.0)**	(56.7)
Amortization of capital, intangible and other assets	**(27.1)**	(26.7)	(26.4)	**(80.0)**	(77.8)
Adjusted earnings before interest and income taxes(1)	**311.0**	302.2	309.5	**909.4**	917.7
Interest expense(3)	**41.3**	32.9	28.6	**102.4**	85.1
Adjusted earnings before income taxes – continuing and discontinued operations(1)	**269.7**	269.3	280.9	**807.0**	832.6
Income taxes	**59.8**	63.2	63.9	**183.3**	187.1
Adjusted net earnings(1)	**209.9**	206.1	217.0	**623.7**	645.5
Restructuring and other, net of tax	**–**	(76.2)	–	**(76.2)**	–
Gain on sale of Lifeco, net of tax	**–**	(6.2)	–	**168.6**	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	**15.1**	–
Net earnings	**$ 209.9**	$ 138.8	$ 217.0	**$ 731.2**	$ 645.5

(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 Q3 and Q2 2023, also included interest on the credit facility.

and Investment Planning Counsel, which has been classified as discontinued operations. These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.

- ***Asset Management*** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- ***Strategic Investments and Other*** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Rockefeller Capital Management, Wealthsimple Financial Corp., and Portage Ventures LPs, as well as unallocated capital. Investments are classified in this segment (as opposed to the Wealth Management or Asset Management segment) when warranted due to different market segments, growth profiles or other unique characteristics.

Assets Under Management and Advisement (AUM&A) represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing

Table 2: Consolidated Operating Results by Segment – Q3 2023 vs. Q3 2022

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Revenues										
Wealth management	**$ 564.8**	$ 532.6	**$ –**	$ –	**$ –**	$ –	**$ (1.7)**	$ –	**$ 563.1**	$ 532.6
Asset management	**–**	–	**265.7**	262.7	**–**	–	**(25.8)**	(27.0)	**239.9**	235.7
Dealer compensation expense	**–**	–	**(77.9)**	(77.5)	**–**	–	**(0.7)**	0.1	**(78.6)**	(77.4)
Net asset management	**–**	–	**187.8**	185.2	**–**	–	**(26.5)**	(26.9)	**161.3**	158.3
Net investment income and other	**2.2**	2.2	**2.5**	3.8	**3.6**	4.7	**(0.4)**	(0.4)	**7.9**	10.3
Proportionate share of associates' earnings	**–**	–	**–**	–	**38.5**	46.9	**–**	–	**38.5**	46.9
	567.0	534.8	**190.3**	189.0	**42.1**	51.6	**(28.6)**	(27.3)	**770.8**	748.1
Expenses										
Advisory and business development	**234.3**	218.7	**19.0**	16.4	**–**	–	**–**	–	**253.3**	235.1
Operations and support	**108.4**	102.9	**86.9**	86.0	**1.1**	1.1	**–**	(0.1)	**196.4**	189.9
Sub-advisory	**43.8**	41.0	**1.2**	1.2	**–**	–	**(28.2)**	(27.0)	**16.8**	15.2
	386.5	362.6	**107.1**	103.6	**1.1**	1.1	**(28.2)**	(27.1)	**466.5**	440.2
Adjusted earnings before interest and taxes[(1)]	**180.5**	172.2	**83.2**	85.4	**41.0**	50.5	**(0.4)**	(0.2)	**304.3**	307.9
Interest expense[(2)]	**25.9**	22.6	**6.6**	5.9	**–**	–	**0.1**	–	**32.6**	28.5
Adjusted earnings before income taxes[(1)]	**154.6**	149.6	**76.6**	79.5	**41.0**	50.5	**(0.5)**	(0.2)	**271.7**	279.4
Income taxes	**41.3**	40.1	**20.1**	21.0	**(1.0)**	2.4	**(0.1)**	(0.1)	**60.3**	63.4
Adjusted net earnings – continuing operations[(1)]	**113.3**	109.5	**56.5**	58.5	**42.0**	48.1	**(0.4)**	(0.1)	**211.4**	216.0
Net earnings – discontinued operations	**4.5**	0.9	**–**	–	**–**	–	**(6.0)**	0.1	**(1.5)**	1.0
Adjusted net earnings[(1)]	**117.8**	110.4	**56.5**	58.5	**42.0**	48.1	**(6.4)**	–	**209.9**	217.0
Non-controlling interest	**–**	–	**–**	–	**0.1**	0.9	**–**	–	**0.1**	0.9
Adjusted net earnings available to common shareholders[(1)]	**$ 117.8**	$ 110.4	**$ 56.5**	$ 58.5	**$ 41.9**	$ 47.2	**$ (6.4)**	$ –	**209.8**	216.1
Other items[(1)], net of tax									**–**	–
Net earnings available to common shareholders									**$ 209.8**	$ 216.1

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

its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies. IPC's AUM, AUA, sales, redemptions and net flows have been disclosed as Discontinued operations under AUM&A.

Assets Under Advisement (AUA) are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.

Assets Under Management (AUM) are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities. IPC's AUM, sales and redemptions have been disclosed as Discontinued operations under AUM.

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

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Nine months ended	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
($ millions)	**Sep. 30**	Sep. 30	**Sep. 30**	Sep. 30	**Sep. 30**	Sep. 30	**Sep. 30**	Sep. 30	**Sep. 30**	Sep. 30
Revenues										
Wealth management	**$ 1,654.5**	$ 1,629.1	**$ –**	$ –	**$ –**	$ –	**$ (4.8)**	$ –	**$ 1,649.7**	$ 1,629.1
Asset management	**–**	–	**791.7**	817.2	**–**	–	**(77.0)**	(83.5)	**714.7**	733.7
Dealer compensation expense	**–**	–	**(235.4)**	(250.7)	**–**	–	**(2.0)**	0.1	**(237.4)**	(250.6)
Net asset management	**–**	–	**556.3**	566.5	**–**	–	**(79.0)**	(83.4)	**477.3**	483.1
Net investment income and other	**9.6**	0.3	**8.0**	0.1	**10.5**	7.2	**(1.1)**	(0.2)	**27.0**	7.4
Proportionate share of associates' earnings	**–**	–	**–**	–	**134.4**	145.3	**–**	–	**134.4**	145.3
	1,664.1	1,629.4	**564.3**	566.6	**144.9**	152.5	**(84.9)**	(83.6)	**2,288.4**	2,264.9
Expenses										
Advisory and business development	**690.3**	665.5	**62.7**	58.1	**–**	–	**–**	–	**753.0**	723.6
Operations and support	**321.8**	314.8	**268.6**	267.5	**3.4**	4.5	**(0.2)**	(0.2)	**593.6**	586.6
Sub-advisory	**129.4**	127.6	**3.4**	3.9	**–**	–	**(83.8)**	(83.5)	**49.0**	48.0
	1,141.5	1,107.9	**334.7**	329.5	**3.4**	4.5	**(84.0)**	(83.7)	**1,395.6**	1,358.2
Adjusted earnings before interest and taxes[1]	**522.6**	521.5	**229.6**	237.1	**141.5**	148.0	**(0.9)**	0.1	**892.8**	906.7
Interest expense[2]	**72.2**	67.1	**18.5**	17.6	**–**	–	**–**	–	**90.7**	84.7
Adjusted earnings before income taxes[1]	**450.4**	454.4	**211.1**	219.5	**141.5**	148.0	**(0.9)**	0.1	**802.1**	822.0
Income taxes	**119.7**	121.6	**56.1**	57.6	**6.2**	4.8	**(0.1)**	0.2	**181.9**	184.2
Adjusted net earnings – continuing operations[1]	**330.7**	332.8	**155.0**	161.9	**135.3**	143.2	**(0.8)**	(0.1)	**620.2**	637.8
Net earnings – discontinued operations	**11.5**	7.8	**–**	–	**–**	–	**(8.0)**	(0.1)	**3.5**	7.7
Adjusted net earnings[1]	**342.2**	340.6	**155.0**	161.9	**135.3**	143.2	**(8.8)**	(0.2)	**623.7**	645.5
Non-controlling interest	**0.2**	–	**–**	–	**1.7**	3.0	**–**	–	**1.9**	3.0
Adjusted net earnings available to common shareholders[1]	**$ 342.0**	$ 340.6	**$ 155.0**	$ 161.9	**$ 133.6**	$ 140.2	**$ (8.8)**	$ (0.2)	**621.8**	642.5
Other items[1], net of tax										
Restructuring and other									**(76.2)**	–
Gain on sale of Lifeco									**168.6**	–
Lifeco IFRS 17 adjustment									**15.1**	–
Net earnings available to common shareholders									**$ 729.3**	$ 642.5

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

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 gross of eliminations 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.

Financial Presentation

The financial presentation includes revenues and expenses to align with the key drivers of business activity and to reflect our

Table 4: Consolidated Operating Results by Segment – Q3 2023 vs. Q2 2023

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30	**2023 Sep. 30**	2023 Jun. 30
Revenues										
Wealth management	**$ 564.8**	$ 554.0	**$ –**	$ –	**$ –**	$ –	**$ (1.7)**	$ (1.5)	**$ 563.1**	$ 552.5
Asset management	**–**	–	**265.7**	264.2	**–**	–	**(25.8)**	(25.5)	**239.9**	238.7
Dealer compensation expense	**–**	–	**(77.9)**	(78.8)	**–**	–	**(0.7)**	(0.7)	**(78.6)**	(79.5)
Net asset management	**–**	–	**187.8**	185.4	**–**	–	**(26.5)**	(26.2)	**161.3**	159.2
Net investment income and other	**2.2**	4.0	**2.5**	1.0	**3.6**	3.5	**(0.4)**	(0.4)	**7.9**	8.1
Proportionate share of associates' earnings	**–**	–	**–**	–	**38.5**	42.9	**–**	–	**38.5**	42.9
	567.0	558.0	**190.3**	186.4	**42.1**	46.4	**(28.6)**	(28.1)	**770.8**	762.7
Expenses										
Advisory and business development	**234.3**	233.0	**19.0**	21.0	**–**	–	**–**	–	**253.3**	254.0
Operations and support	**108.4**	105.2	**86.9**	89.2	**1.1**	1.2	**–**	(0.2)	**196.4**	195.4
Sub-advisory	**43.8**	43.0	**1.2**	1.1	**–**	–	**(28.2)**	(27.7)	**16.8**	16.4
	386.5	381.2	**107.1**	111.3	**1.1**	1.2	**(28.2)**	(27.9)	**466.5**	465.8
Adjusted earnings before interest and taxes[1]	**180.5**	176.8	**83.2**	75.1	**41.0**	45.2	**(0.4)**	(0.2)	**304.3**	296.9
Interest expense[2]	**25.9**	24.0	**6.6**	6.1	**–**	–	**0.1**	(0.1)	**32.6**	30.0
Adjusted earnings before income taxes[1]	**154.6**	152.8	**76.6**	69.0	**41.0**	45.2	**(0.5)**	(0.1)	**271.7**	266.9
Income taxes	**41.3**	40.0	**20.1**	18.9	**(1.0)**	3.6	**(0.1)**	0.1	**60.3**	62.6
Adjusted net earnings – continuing operations[1]	**113.3**	112.8	**56.5**	50.1	**42.0**	41.6	**(0.4)**	(0.2)	**211.4**	204.3
Net earnings – discontinued operations	**4.5**	4.0	**–**	–	**–**	–	**(6.0)**	(2.2)	**(1.5)**	1.8
Adjusted net earnings[1]	**117.8**	116.8	**56.5**	50.1	**42.0**	41.6	**(6.4)**	(2.4)	**209.9**	206.1
Non-controlling interest	**–**	–	**–**	–	**0.1**	0.6	**–**	–	**0.1**	0.6
Adjusted net earnings available to common shareholders[1]	**$ 117.8**	$ 116.8	**$ 56.5**	$ 50.1	**$ 41.9**	$ 41.0	**$ (6.4)**	$ (2.4)	**209.8**	205.5
Other items[1], net of tax										
Restructuring and other									**–**	(76.2)
Gain on sale of Lifeco									**–**	(6.2)
Lifeco IFRS 17 adjustment									**–**	15.1
Net earnings available to common shareholders									**$ 209.8**	$ 138.2

(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.

emphasis on business growth and operational efficiency. The categories are as follows:

- ***Wealth management revenue*** – revenues earned by the Wealth Management segment for providing financial planning, investment advisory and related financial services. Revenues include financial advisory fees, investment management and related administration fees, distribution revenue associated with insurance and banking products and services, and revenue relating to mortgage lending activities.
- ***Asset management revenue*** – revenues earned by the Asset Management segment related to investment management advisory and administrative services.
- ***Dealer compensation*** – asset-based and sales-based compensation paid to dealers by the Asset Management segment.

- ***Advisory and business development expenses*** – expenses incurred on activities directly associated with providing financial planning services to clients of the Wealth Management segment and wholesale distribution activities performed by the Asset Management segment. Expenses include compensation, recognition and other support provided to our advisors, field management, product & planning specialists; expenses associated with facilities, technology and training relating to our advisors and specialists; other business development activities including direct marketing and advertising. A significant component of these expenses varies directly with levels of assets under management or advisement, business development measures including sales and client acquisition, and the number of advisor and client relationships.
- ***Operations and support expenses*** – expenses associated with business operations, including technology and business processes; in-house investment management and product shelf management; corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses.
- ***Sub-advisory expenses*** – reflects fees relating to investment management services provided by third party or related party investment management organizations. These fees typically are variable with the level of assets under management. These fees include investment advisory services performed for the Wealth Management segment by the Asset Management segment.

Interest expense represents interest expense on long-term debt and leases. The change in interest expense for the three and nine 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 is included in discontinued operations and totalled $8.7 million and $11.9 million, respectively, for the three and nine months ended September 30, 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 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.

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 nine months ended September 30, 2023, included:

- 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

Table 5: Effective Income Tax Rate[(1)]

	Three months ended			Nine months ended	
	2023 Sep. 30	2023 Jun. 30	2022 Sep. 30	**2023 Sep. 30**	2022 Sep. 30
Income taxes at Canadian federal and provincial statutory rates	**26.59 %**	26.55 %	26.62 %	**26.70 %**	26.63 %
Effect of:					
Proportionate share of associates' earnings	**(2.84)**	(5.00)	(3.95)	**(3.12)**	(4.20)
Other	**(1.52)**	0.38	0.02	**(0.43)**	(0.02)
Effective income tax rate – before other items	**22.23**	21.93	22.69	**23.15**	22.41
Gain on sale of Lifeco	**–**	0.96	–	**(4.75)**	–
Lifeco IFRS 17 adjustment	**–**	(2.34)	–	**(0.45)**	–
Effective income tax rate – net earnings from continuing operations	**22.23 %**	20.55 %	22.69 %	**17.95 %**	22.41 %

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

    enhance efficiencies and the Company's ability to service client needs.
  - Real estate consolidation of IG Wealth'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 Assets Under Management and Advisement

Assets under management and advisement were $253.4 billion at September 30, 2023 compared to $238.1 billion at September 30, 2022, an increase of 6.4%, as detailed in Table 6. Total assets under management were $214.0 billion at September 30, 2023 compared to $204.1 billion at September 30, 2022, an increase of 4.8%.

IGM Financial's assets under management and advisement including Strategic Investments were $400.0 billion as at September 30, 2023, compared with $302.1 billion at September 30, 2022 and $314.3 billion at December 31, 2022, as detailed in Table 6.

Net outflows in the third quarter of 2023 were $549 million compared to net outflows of $342 million in the third quarter of 2022, as detailed in Table 6. Third quarter investment fund net redemptions were $1.1 billion, consistent with 2022. Net outflows for the nine months ended September 30, 2023 were $380 million compared to net inflows of $1.6 billion in 2022, as detailed in Table 6. Investment fund net redemptions for the nine month period were $2.4 billion in 2023 compared to net sales of $562 million in 2022. Net flows and net sales are based on assets under management and advisement excluding sub-advisory assets to Canada Life and to the Wealth Management segment.

The Company also benefits from the underlying assets under management of the Company's investments in associates, including ChinaAMC, 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 Consolidated AUM&A including Strategic Investments based on its direct and indirect interest in these companies.

At September 30, 2023, ChinaAMC's AUM was RMB¥ $1,826.3 billion ($339.8 billion) compared to RMB¥ $1,732.9 billion ($336.6 billion) at September 30, 2022, an increase of 5.4% (CAD$ 0.9%). IGM Financial held a 13.9% interest in ChinaAMC on December 31, 2022, which was increased to 27.8% on January 12, 2023.

At September 30, 2023, Northleaf's AUM was $26.9 billion compared to $23.1 billion at September 30, 2022, an increase of 16.5%. IGM Financial holds a 56% economic interest in Northleaf.

At September 30, 2023, Rockefeller's client assets were USD $111.6 billion ($151.5 billion). IGM Financial holds a 20.5% interest in Rockefeller.

At September 30, 2023, Wealthsimple's AUA was $24.9 billion compared to $17.5 billion at September 30, 2022, an increase of 42.3%. IGM Financial holds a 24.3% interest in Wealthsimple.

Changes in assets under management for the Wealth Management and Asset Management segments are discussed further in each of their respective Review of the Business sections in the MD&A.

Summary of Quarterly Results

The Summary of Quarterly Results in Table 7 includes the eight most recent quarters and the reconciliation of non-IFRS financial measures to net earnings in accordance with IFRS.

Changes in average daily investment fund assets under management over the eight most recent quarters, as shown in Table 7, largely reflect the impact of changes in domestic and foreign markets and net sales of the Company.

Table 6: Assets Under Management and Advisement

($ millions)	Wealth Management(1) 2023 Sep. 30	Wealth Management(1) 2022 Sep. 30	Asset Management(2) Mackenzie Investments 2023 Sep. 30	Asset Management(2) Mackenzie Investments 2022 Sep. 30	Intercompany Eliminations(3) 2023 Sep. 30	Intercompany Eliminations(3) 2022 Sep. 30	Consolidated 2023 Sep. 30	Consolidated 2022 Sep. 30
Three months ended								
Gross flows								
Mutual fund gross sales(4)	**$ 2,687**	$ 1,970	**$ 1,503**	$ 1,281	**$ –**	$ –	**$ 4,190**	$ 3,251
Dealer gross inflows(3)	**3,103**	2,773	**–**	–	**–**	–	**3,103**	2,773
Discontinued operations inflows	**1,093**	882	**–**	–	**–**	–	**1,093**	882
Net flows								
Mutual fund net sales(4)	**(420)**	(404)	**(712)**	(594)	**–**	–	**(1,132)**	(998)
ETF net creations	**–**	–	**13**	(86)	**–**	–	**13**	(86)
Investment fund net sales	**(420)**	(404)	**(699)**	(680)	**–**	–	**(1,119)**	(1,084)
Institutional SMA net sales	**–**	–	**7**	(139)	**–**	–	**7**	(139)
IGM product net sales	**(420)**	(404)	**(692)**	(819)	**–**	–	**(1,112)**	(1,223)
Other dealer net flows	**403**	810	**–**	–	**–**	13	**403**	823
Discontinued operations net flows	**116**	39	**–**	–	**44**	19	**160**	58
Total net flows(3)	**100**	446	**(692)**	(819)	**43**	31	**(549)**	(342)
Nine months ended								
Gross flows								
Mutual fund gross sales(4)	**$ 8,289**	$ 8,462	**$ 5,534**	$ 5,937	**$ –**	$ –	**$ 13,823**	$ 14,399
Dealer gross inflows(3)	**9,561**	9,841	**–**	–	**–**	–	**9,561**	9,841
Discontinued operations inflows	**3,475**	3,267	**–**	–	**–**	–	**3,475**	3,267
Net flows								
Mutual fund net sales(4)	**(1,202)**	761	**(1,327)**	(770)	**–**	–	**(2,529)**	(9)
ETF net creations(5)	**–**	–	**84**	571	**–**	–	**84**	571
Investment fund net sales	**(1,202)**	761	**(1,243)**	(199)	**–**	–	**(2,445)**	562
Institutional SMA net sales(6)	**–**	–	**378**	(699)	**–**	–	**378**	(699)
IGM product net sales	**(1,202)**	761	**(865)**	(898)	**–**	–	**(2,067)**	(137)
Other dealer net flows	**1,265**	1,500	**–**	–	**–**	16	**1,265**	1,516
Discontinued operations net flows	**341**	210	**–**	–	**81**	8	**422**	218
Total net flows(3)	**407**	2,475	**(865)**	(898)	**78**	20	**(380)**	1,597

(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 nine 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.

Table 6: Assets Under Management and Advisement (continued)

($ millions)	Wealth Management 2023 Sep. 30	Wealth Management 2022 Sep. 30	Asset Management – Mackenzie Investments 2023 Sep. 30	Asset Management – Mackenzie Investments 2022 Sep. 30	Intercompany Eliminations[1] 2023 Sep. 30	Intercompany Eliminations[1] 2022 Sep. 30	Consolidated 2023 Sep. 30	Consolidated 2022 Sep. 30
Assets under Management and Advisement								
Wealth Management								
IG Wealth Management AUM[2]	**$ 101,945**	$ 95,460					**$ 101,945**	$ 95,460
IG Wealth Management Other AUA	**12,259**	9,569					**12,259**	9,569
Discontinued operations	**30,297**	28,286					**30,297**	28,286
AUA[3]	**144,494**	133,309					**144,494**	133,309
Asset Management								
Mutual funds			**$ 53,950**	$ 52,541			**53,950**	52,541
ETFs[4]			**5,050**	5,010			**5,050**	5,010
Investment funds			**59,000**	57,551			**59,000**	57,551
Institutional SMA			**7,102**	6,106			**7,102**	6,106
Sub-advisory to Canada Life			**45,906**	45,015			**45,906**	45,015
Total Institutional SMA			**53,008**	51,121			**53,008**	51,121
Third Party AUM			**112,008**	108,672			**112,008**	108,672
Sub-advisory and AUM to Wealth Management			**74,325**	71,834			**74,325**	71,834
Total AUM			**186,333**	180,506			**186,333**	180,506
Consolidated								
AUM	**101,945**	95,460	**186,333**	180,506	**(74,325)**	(71,834)	**213,953**	204,132
Other AUA	**12,259**	9,569	**–**	–	**(4)**	(814)	**12,255**	8,755
Discontinued operations	**30,297**	28,286	**–**	–	**(3,150)**	(3,068)	**27,147**	25,218
Consolidated AUM&A[3]	**144,494**	133,309	**186,333**	180,506	**(77,472)**	(75,710)	**253,355**	238,105
Strategic investments[5]								
ChinaAMC							**94,470**	46,792
Northleaf							**15,092**	12,962
Rockefeller							**30,991**	–
Wealthsimple							**6,051**	4,270
							146,604	64,024
Consolidated AUM&A including strategic investments							**399,959**	302,129
Consolidated AUM&A including strategic investments and excluding discontinued operations							**372,812**	276,911

(1) Consolidated results eliminate double counting where business is reflected within multiple segments.
(2) IG Wealth Management AUM includes separately managed accounts.
(3) Net of intercompany eliminations between IG Wealth Management and Investment Planning Counsel ($7 million at September 30, 2023 and $6 million at September 30, 2022).
(4) ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 (2022 – $11.5 billion).
(5) Proportionate share of Strategic Investments AUM comprised of 27.8% (2022 – 13.9%) of ChinaAMC AUM, 56% (2022 – 56%) of Northleaf's AUM, 20.5% (2022 – nil) of Rockefeller's client assets, and 24.3% (2022 – 24.4%) of Wealthsimple's AUA.

Table 7: Summary of Quarterly Results

	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
Consolidated statements of earnings *($ millions)*								
Revenues								
Wealth management	**$ 563.1**	$ 552.5	$ 534.1	$ 530.8	$ 532.6	$ 535.3	$ 561.2	$ 582.7
Asset management	**239.9**	238.7	236.1	233.5	235.7	241.9	256.1	267.1
Dealer compensation expense	**(78.6)**	(79.5)	(79.3)	(77.0)	(77.4)	(82.1)	(91.1)	(91.7)
Net asset management	**161.3**	159.2	156.8	156.5	158.3	159.8	165.0	175.4
Net investment income and other	**7.9**	8.1	11.0	14.9	10.3	(0.4)	(2.5)	3.7
Proportionate share of associates' earnings	**38.5**	42.9	53.0	65.4	46.9	50.0	48.4	50.7
	770.8	762.7	754.9	767.6	748.1	744.7	772.1	812.5
Expenses								
Advisory and business development	**253.3**	254.0	245.7	238.5	235.1	243.5	245.0	243.8
Operations and support	**196.4**	195.4	201.8	200.0	189.9	193.6	203.1	193.2
Sub-advisory	**16.8**	16.4	15.8	15.5	15.2	15.4	17.4	17.5
Interest(1)	**32.6**	30.0	28.1	28.5	28.5	28.3	27.9	28.4
	499.1	495.8	491.4	482.5	468.7	480.8	493.4	482.9
Earnings before undernoted	**271.7**	266.9	263.5	285.1	279.4	263.9	278.7	329.6
Restructuring and other	**–**	(103.3)	–	–	–	–	–	–
Gain on sale of Lifeco	**–**	(6.2)	179.1	–	–	–	–	–
Lifeco IFRS 17 adjustment	**–**	15.1	–	–	–	–	–	–
Gain on sale of Personal Capital	**–**	–	–	–	–	–	–	10.6
Earnings before income taxes	**271.7**	172.5	442.6	285.1	279.4	263.9	278.7	340.2
Income taxes	**60.3**	35.5	63.3	61.8	63.4	58.5	62.3	77.1
Net earnings from continuing operations	**211.4**	137.0	379.3	223.3	216.0	205.4	216.4	263.1
Net earnings from discontinued operations	**(1.5)**	1.8	3.2	3.7	1.0	3.0	3.7	6.1
Net earnings	**209.9**	138.8	382.5	227.0	217.0	208.4	220.1	269.2
Non-controlling interest	**0.1**	0.6	1.2	2.3	0.9	1.3	0.8	0.7
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 381.3	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 268.5
Reconciliation of non-IFRS financial measures *($ millions)*								
Adjusted net earnings available to common shareholders(2)	**$ 209.8**	$ 205.5	$ 206.5	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 260.8
Other items:								
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	–	–	–	–	–	–
Gain on sale of Personal Capital, net of tax ($2.9 million)	**–**	–	–	–	–	–	–	7.7
Net earnings available to common shareholders	**$ 209.8**	$ 138.2	$ 381.3	$ 224.7	$ 216.1	$ 207.1	$ 219.3	$ 268.5
Earnings per Share *($)*								
Adjusted earnings per share(2)								
– Basic	**$ 0.88**	$ 0.86	$ 0.87	$ 0.95	$ 0.91	$ 0.87	$ 0.91	$ 1.09
– Diluted	**0.88**	0.86	0.87	0.94	0.91	0.87	0.91	1.08
Earnings per share								
– Basic	**0.88**	0.58	1.60	0.95	0.91	0.87	0.91	1.12
– Diluted	**0.88**	0.58	1.60	0.94	0.91	0.87	0.91	1.11
Average outstanding shares – Diluted *(thousands)*	**238,550**	238,631	238,424	237,958	237,808	239,242	241,251	241,443
Average assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 165.7**	$ 165.4	$ 164.2	$ 158.6	$ 159.5	$ 164.3	$ 173.7	$ 176.4
Total assets under management	**220.2**	220.5	219.0	211.9	212.6	220.3	233.1	236.3
Assets under management and advisement	**260.3**	259.9	257.6	247.8	247.2	255.3	269.5	272.0
Ending assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 160.9**	$ 166.3	$ 165.6	$ 158.9	$ 153.0	$ 155.5	$ 173.3	$ 178.9
Total assets under management	**214.0**	221.4	221.1	212.4	204.1	208.5	231.9	239.7
Assets under management and advisement	**253.4**	261.1	260.4	249.4	238.1	242.1	268.3	277.1
Ending assets under management and advisement including Strategic Investments *($ billions)*	**$ 400.0**	$ 402.8	$ 376.5	$ 314.3	$ 302.1	$ 305.0	$ 328.1	$ 338.3

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

Wealth Management

The Wealth Management segment consists of both IG Wealth Management (IG) and Investment Planning Counsel, Inc. (IPC), which has been classified as discontinued operations.

Wealth Management revenue consists of:

- ***Advisory fees*** are related to providing financial advice to clients including fees related to the distribution of products and depend largely on the level and composition of assets under advisement.
- ***Product and program fees*** are related to the management of investment products and include management, administration and other related fees and depend largely on the level and composition of assets under management.
- ***Other financial planning revenues*** are fees related to providing clients other financial products including mortgages, insurance and banking products.

Sub-advisory fees are paid between segments and to third parties for investment management services provided to our investment products. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

IG Wealth Management, founded in 1926, is a leading wealth management company in Canada that focuses on providing comprehensive personal financial planning to Canadians.

Investment Planning Counsel, founded in 1996, is an independent distributor of financial products, services and advice in Canada, with 643 advisors.

The Wealth Management segment provides a comprehensive planning approach through its advisors by offering a broad range of financial products and services.

2023 Developments

Investment Planning Counsel

On April 3, 2023, IGM Financial announced the sale of 100% of the common shares of Investment Planning Counsel Inc. (IPC). The transaction is expected to close by the end of 2023, subject to regulatory approvals.

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 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 3,231 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

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

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

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

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

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

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

Financial Advice

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

Advisors

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

IG Wealth provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors are focused on the high net worth and mass affluent segments of the market by focusing on households with greater than $250,000 of assets.
- IG Wealth Management has a corporate advice channel that is focused on supporting more than 250,000 clients with less complex requirements, while allowing our entrepreneurial advisor practices to focus on those clients with more complex needs.

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

Assets under advisement consists of the following:

- Clients with household assets greater than $1 million (defined as "high net worth") which totalled $40.7 billion at September 30, 2023, an increase of 20.8% from one year ago, and represented 36% of total assets under advisement.
- Clients with household assets between $100 thousand and $1 million (defined as "mass affluent") which totalled $64.3 billion at September 30, 2023, an increase of 4.5% from one year ago, and represented 56% of total assets under advisement.
- Clients with household assets less than $100 thousand (defined as "mass market") which totalled $9.2 billion at September 30, 2023, a decrease of 5.3% from one year ago, and represented 8% of total assets under advisement.

IG Wealth Management advisor practices are industry leaders in holding a credentialed financial planning designation. These designations are nationally recognized financial planning qualifications that require an individual to demonstrate financial planning competence through education, standardized examinations, continuing education requirements, and accountability to ethical standards.

The following provides a breakdown of the IG Wealth Management advisor network into its significant components at September 30, 2023:

- 1,753 advisor practices (1,756 at September 30, 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.

- 279 new advisors (369 at September 30, 2022), which are those advisors with less than four years of experience.
- 1,199 associates and regional vice-presidents (1,161 at September 30, 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 3,231 (3,286 at September 30, 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 $0.6 million per advisor compared to $0.5 million in the comparative period of 2022.
- The advisor practice gross inflows were $1.6 million per practice compared to $1.4 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, we offer IG Private Wealth Management which includes investment management, retirement, tax, business and estate planning services.

IG Living Plan™ allows clients to collaborate with an IG advisor through an enhanced digital experience to develop and track a financial plan which is unique to each client's goals.

IG Wealth Management has a full range of products that allow us to provide a tailored IG Living Plan that evolves over time. These products include:

- Powerful financial solutions that include investment vehicles that match risk and investment performance to each client's needs and requirements.
- Insurance products that include a variety of policy types from the leading insurers in Canada.
- Mortgage 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 through well-constructed investment portfolios, and to create value for clients through active management. To do this, we select and engage high-quality sub-advisors so our clients have access to a diverse range of investment products and solutions. Each asset manager is selected through a proven and rigorous process. We oversee all sub-advisors to ensure that their activities are consistent with their investment philosophies and with the investment objectives and strategies of the products they advise.

Our investment solutions leverage top global asset manager relationships including Mackenzie Investments and other world class investment firms such as Fidelity Investments Canada, T. Rowe Price (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.

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

Our investment solutions include:

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.
- Managed solutions that rebalance investments to ensure that a chosen mix of investments and risk and return is maintained. These solutions include IG Core Portfolios, IG Managed 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 four managed solutions that provide comprehensive diversification and are designed to suit personal preferences for risk tolerance and investment goals. These portfolios provide exposure similar to the investments of the iProfile Private Pools.
- iProfile™ Private Portfolios – iProfile Private Portfolios are model portfolios comprised of iProfile Private Pools, available for households with investments held at IG Wealth Management in excess of $250,000. iProfile Private Portfolios have been designed to deliver strong risk-adjusted returns by diversifying across asset classes, management styles and geographic regions. The portfolios include discretionary model portfolios and six iProfile Private Pools to support the new models: three iProfile Active Allocation Private Pools, iProfile Alternatives Private Pool with mandates including long-short, global macro and global equity hedge strategies, iProfile ETF Private Pool providing exposure through exchange traded funds (ETF) and iProfile Low Volatility Private Pool with Canadian, U.S., International and Emerging Market geographic coverage.
- Segregated funds that provide for long-term investment growth potential combined with risk management, benefit guarantee features and estate planning efficiencies.
- Separately managed accounts (discretionary dealer-managed accounts).

We have incorporated investments in private assets with the introduction of a Private Credit Mandate in the iProfile Fixed Income Private Pool. The pool has committed to 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 III Fund, Northleaf Secondary Partners III Fund, as well as to investments managed by BlackRock and Portage.

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

At September 30, 2023, 92.2% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar† fund ranking service and 61.3% had a rating of four or five stars. This compared to the Morningstar† universe of 85.8% for three stars or better and 51.1% for four and five star funds at September 30, 2023. Morningstar Ratings† are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Wealth Management Assets Under Management and Advisement

Assets under management and advisement are key performance indicators for the Wealth Management segment.

Wealth Management's assets under advisement were $144.5 billion at September 30, 2023, an increase of 8.4% from

September 30, 2022. The level of assets under advisement are influenced by three factors: client inflows, client outflows and investment returns.

Changes in Wealth Management assets under advisement for the periods under review are reflected in Table 8.

IG Wealth Management Assets Under Management and Advisement

Assets under advisement (AUA) are a key performance indicator for IG Wealth Management. AUA represents savings and investment products, including assets under management where we provide investment management services, that are held within our clients' accounts. Advisory fees are charged based on an annual percentage of substantially all AUA, through the IG Advisory Account fee, and represent the majority of the fees earned from our clients. Our advisors' compensation is also based on AUA and net assets contributed by our clients.

Assets under advisement were $114.2 billion at September 30, 2023, an increase of 8.7% from September 30, 2022, and mutual fund assets under management were $101.9 billion, an increase of 6.8%.

Changes in IG Wealth Management assets under advisement and management for the periods under review are reflected in Tables 9 and 10.

For the quarter ended September 30, 2023, gross client inflows of IG Wealth Management assets under advisement were $3.1 billion, an increase of 11.9% from $2.8 billion in the comparable period in 2022. Net client outflows were $17 million compared to net client inflows of $406 million in the comparable period in 2022. During the third quarter,

Table 8: Change in Assets Under Advisement – Wealth Management

				Change	
Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	2023 Jun. 30	2022 Sep. 30
IG gross client inflows	**$ 3,103**	$ 2,795	$ 2,773	11.0 %	11.9 %
IG gross client outflows	**3,120**	3,219	2,367	(3.1)	31.8
IG net flows	**(17)**	(424)	406	96.0	N/M
Discontinued operations	**116**	(88)	39	N/M	197.4
Net flows[1]	**100**	(511)	446	N/M	(77.6)
Investment returns	**(3,408)**	1,521	(1,296)	N/M	(163.0)
Net change in assets	**(3,308)**	1,010	(850)	N/M	N/M
Beginning assets	**147,802**	146,792	134,159	0.7	10.2
Ending assets under advisement	**$ 144,494**	$ 147,802	$ 133,309	(2.2)%	8.4 %
IG Wealth Management	**114,204**	116,814	105,029	(2.2)	8.7
Discontinued operations	**30,297**	30,995	28,286	(2.3)	7.1
Average assets under advisement	**$ 148,022**	$ 146,940	$ 137,793	0.7 %	7.4 %
IG Wealth Management	**116,921**	116,057	108,549	0.7	7.7
Discontinued operations	**31,108**	30,891	29,251	0.7	6.3

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
IG gross client inflows	**$ 9,561**	$ 9,841	(2.8)%
IG gross client outflows	**9,498**	7,580	25.3
IG net flows	**63**	2,261	(97.2)
Discontinued operations	**341**	210	62.4
Net flows[1]	**407**	2,475	(83.6)
Investment returns	**3,731**	(21,789)	N/M
Net change in assets	**4,138**	(19,314)	N/M
Beginning assets	**140,356**	152,623	(8.0)
Ending assets under advisement	**$ 144,494**	$ 133,309	8.4 %
IG Wealth Management	**114,204**	105,029	8.7
Discontinued operations	**30,297**	28,286	7.1
Average assets under advisement	**$ 146,726**	$ 142,332	3.1 %
IG Wealth Management	**115,884**	111,821	3.6
Discontinued operations	**30,849**	30,518	1.1

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

investment returns resulted in a decrease of $2.6 billion in assets under advisement compared to a decrease of $0.9 billion in the third quarter of 2022.

For the nine months ended September 30, 2023, gross client inflows of IG Wealth Management assets under advisement were $9.6 billion and represented a decrease of 2.8% from $9.8 billion in the comparable period in 2022. Net client inflows were $63 million in the nine month period, a decrease of $2.2 billion from net client inflows of $2.3 billion in the comparable period in 2022. During 2023, investment returns resulted in an increase of $3.3 billion in assets under advisement compared to a decrease of $16.8 billion in 2022.

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

At September 30, 2023, $81.7 billion, or 81% of IG Wealth Management's mutual fund assets under management, were in products with unbundled fee structures, up 12.6% from $72.5 billion at September 30, 2022 which represented 76% of assets under management.

Change in Assets Under Management and Advisement – 2023 vs. 2022

IG Wealth Management's assets under advisement were $114.2 billion at September 30, 2023, an increase of 8.7% from $105.0 billion at September 30, 2022. IG Wealth Management's mutual fund assets under management were $101.9 billion at September 30, 2023, representing an increase of 6.8% from $95.5 billion at September 30, 2022. Average daily mutual fund assets were $104.7 billion in the third quarter of 2023, up 5.6% from $99.1 billion in the third quarter of 2022. Average daily mutual fund assets were $104.1 billion for the nine months ended September 30, 2023, an increase of 1.3% from $102.8 billion in 2022.

For the quarter ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $2.7 billion, an increase of 36.4% from the comparable period in 2022. Mutual fund redemptions totalled $3.1 billion, an increase of 30.9% from 2022. IG Wealth Management mutual fund net redemptions for the third quarter of 2023 were $420 million compared with net redemptions of $404 million in 2022. During the third quarter, investment returns resulted in a decrease of $2.4 billion in mutual fund assets compared to a decrease of $739 million in the third quarter of 2022.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 11.4% in the third quarter of 2023, compared to 9.3% in the third quarter of 2022. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 11.6% at September 30, 2023, compared to 9.5% at September 30, 2022, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 16.0% at September 30, 2023. IG Wealth Management's redemption rate has been very stable compared

Table 9: Change in Assets Under Advisement – IG Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Gross client inflows	**$ 3,103**	$ 2,795	$ 2,773	11.0 %	11.9 %
Gross client outflows	**3,120**	3,219	2,367	(3.1)	31.8
Net flows	**(17)**	(424)	406	96.0	N/M
Investment returns	**(2,593)**	1,365	(851)	N/M	N/M
Net change in assets	**(2,610)**	941	(445)	N/M	N/M
Beginning assets	**116,814**	115,873	105,474	0.8	10.8
Ending assets	**$ 114,204**	$ 116,814	$ 105,029	(2.2)%	8.7 %
Daily average assets under advisement	**$ 116,921**	$ 116,057	$ 108,549	0.7 %	7.7 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Gross client inflows	**$ 9,561**	$ 9,841	(2.8)%
Gross client outflows	**9,498**	7,580	25.3
Net flows	**63**	2,261	(97.2)
Investment returns	**3,325**	(16,789)	N/M
Net change in assets	**3,388**	(14,528)	N/M
Beginning assets	**110,816**	119,557	(7.3)
Ending assets	**$ 114,204**	$ 105,029	8.7 %
Daily average assets under advisement	**$ 115,884**	$ 111,821	3.6 %

Table 10: Change in Assets Under Management – IG Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Sales	**$ 2,687**	$ 2,581	$ 1,970	4.1 %	36.4 %
Redemptions	**3,107**	3,090	2,374	0.6	30.9
Net sales (redemptions)	**(420)**	(509)	(404)	17.5	(4.0)
Investment returns	**(2,396)**	1,201	(739)	N/M	N/M
Net change in assets	**(2,816)**	692	(1,143)	N/M	(146.4)
Beginning assets	**104,761**	104,069	96,603	0.7	8.4
Ending assets	**$ 101,945**	$ 104,761	$ 95,460	(2.7)%	6.8 %
Daily average assets under management	**$ 104,726**	$ 104,221	$ 99,128	0.5 %	5.6 %
Managed asset net sales					
Investment fund net sales	**$ (437)**	$ (514)	$ (404)	15.0 %	(8.2)%
Mackenzie net sales through Wealth Management	**17**	5	(13)	N/M	N/M
	$ (420)	$ (509)	$ (417)	17.5 %	(0.7)%

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Sales	**$ 8,289**	$ 8,462	(2.0)%
Redemptions	**9,491**	7,701	23.2
Net sales (redemptions)	**(1,202)**	761	N/M
Investment returns	**3,872**	(15,842)	N/M
Net change in assets	**2,670**	(15,081)	N/M
Beginning assets	**99,275**	110,541	(10.2)
Ending assets	**$ 101,945**	$ 95,460	6.8 %
Daily average assets under management	**$ 104,095**	$ 102,752	1.3 %
Managed asset net sales			
Investment fund net sales	**$ (1,247)**	$ 761	N/M %
Mackenzie net sales through Wealth Management	**45**	(14)	N/M
	$ (1,202)	$ 747	N/M %

to the overall mutual fund industry, reflecting our focus on financial planning.

For the nine months ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $8.3 billion, a decrease of 2.0% from 2022. Mutual fund redemptions totalled $9.5 billion, an increase of 23.2% from 2022. Net redemptions of IG Wealth Management mutual funds were $1.2 billion compared with net sales of $761 million in 2022. During 2023, investment returns resulted in an increase of $3.9 billion in mutual fund assets compared to a decrease of $15.8 billion in 2022.

Change in Assets Under Management and Advisement – Q3 2023 vs. Q2 2023

IG Wealth Management's assets under advisement were $114.2 billion at September 30, 2023, a decrease of 2.2% from $116.8 billion at June 30, 2023. IG Wealth Management's mutual fund assets under management were $101.9 billion at September 30, 2023, a decrease of 2.7% from $104.8 billion at June 30, 2023. Average daily mutual fund assets were $104.7 billion in the third quarter of 2023 compared to $104.2 billion in the second quarter of 2023, an increase of 0.5%.

For the quarter ended September 30, 2023, sales of IG Wealth Management mutual funds through its advisor network were $2.7 billion, an increase of 4.1% from the second quarter of 2023. Mutual fund redemptions totalled $3.1 billion for the third quarter, comparable to the previous quarter, and the annualized quarterly redemption rate was 11.4% in the third quarter compared to 11.5% in the second quarter of 2023. IG Wealth Management mutual fund net redemptions were $420 million for the current quarter compared to net redemptions of $509 million in the previous quarter.

IG Wealth Management Other Products and Services

Segregated Funds

IG Wealth Management offers segregated funds which include the IG Series of Guaranteed Investment Funds (GIFs). Select GIF policies allow for a Lifetime Income Benefit (LIB) option to provide guaranteed retirement income for life. The investment components of these segregated funds are managed by IG Wealth Management. At September 30, 2023, total segregated fund assets were $1.2 billion, unchanged from September 30, 2022.

Insurance

IG Wealth Management continues to be a leader in the distribution of life insurance in Canada. Through its arrangements with leading insurance companies, IG Wealth Management offers a broad range of term, universal life, whole life, disability, critical illness, long-term care, personal health care coverage and group insurance.

At September 30, 2023, total in-force policies were approximately 374 thousand with an insured value of $104 billion, compared to approximately 377 thousand with an insured value of $103 billion at September 30, 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 nine months ended September 30, 2023 were $283 million and $595 million compared to $191 million and $573 million in 2022, an increase of 48.1% and 3.9%, respectively. At September 30, 2023, mortgages serviced totalled $6.8 billion, compared to $7.0 billion at September 30, 2022, a decrease of 2.9%.

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 and Investment Planning Counsel.

As a result of the sale of Investment Planning Counsel 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 11. Adjusted net earnings for the third quarter of 2023 were $113.3 million, an increase of 3.5% from the third quarter in 2022 and an increase of 0.4% from the prior quarter. Adjusted net earnings for the nine months ended September 30, 2023 were $330.7 million, a decrease of 0.6% from 2022.

Table 11: Operating Results – Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
IG Wealth Management					
Revenues					
Wealth Management					
Advisory fees	**$ 300.9**	$ 295.6	$ 280.4	1.8 %	7.3 %
Product and program fees	**225.5**	222.3	214.1	1.4	5.3
	526.4	517.9	494.5	1.6	6.5
Redemption fees	**0.1**	0.3	0.8	(66.7)	(87.5)
Other financial planning revenues	**38.3**	35.8	37.3	7.0	2.7
Total Wealth Management	**564.8**	554.0	532.6	1.9	6.0
Net investment income and other	**2.2**	4.0	2.2	(45.0)	–
	567.0	558.0	534.8	1.6	6.0
Expenses					
Advisory and business development					
Asset-based compensation	**148.0**	146.4	136.6	1.1	8.3
Sales-based compensation	**23.6**	22.4	19.7	5.4	19.8
Other					
Other product commissions	**17.2**	16.0	16.9	7.5	1.8
Business development	**45.5**	48.2	45.5	(5.6)	–
	62.7	64.2	62.4	(2.3)	0.5
Total advisory and business development	**234.3**	233.0	218.7	0.6	7.1
Operations and support	**108.4**	105.2	102.9	3.0	5.3
Sub-advisory	**43.8**	43.0	41.0	1.9	6.8
	386.5	381.2	362.6	1.4	6.6
Adjusted earnings before interest and taxes(1)	**180.5**	176.8	172.2	2.1	4.8
Interest expense	**25.9**	24.0	22.6	7.9	14.6
Adjusted earnings before income taxes(1)	**154.6**	152.8	149.6	1.2	3.3
Income taxes	**41.3**	40.0	40.1	3.2	3.0
Adjusted net earnings – continuing operations(1)	**113.3**	112.8	109.5	0.4	3.5
Net earnings – discontinued operations(2)	**4.5**	4.0	0.9	12.5	N/M
Adjusted net earnings(1)	**117.8**	116.8	110.4	0.9	6.7
Non-controlling interest	**–**	–	–	–	–
Adjusted net earnings available to common shareholders(1)	**$ 117.8**	$ 116.8	$ 110.4	0.9 %	6.7 %

(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)

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
IG Wealth Management			
Revenues			
Wealth Management			
Advisory fees	**$ 887.2**	$ 857.3	3.5 %
Product and program fees	**666.5**	660.4	0.9
	1,553.7	1,517.7	2.4
Redemption fees	**1.0**	3.3	(69.7)
Other financial planning revenues	**99.8**	108.1	(7.7)
Total Wealth Management	**1,654.5**	1,629.1	1.6
Net investment income and other	**9.6**	0.3	N/M
	1,664.1	1,629.4	2.1
Expenses			
Advisory and business development			
Asset-based compensation	**438.8**	418.6	4.8
Sales-based compensation	**67.5**	55.7	21.2
Other			
Other product commissions	**48.0**	48.7	(1.4)
Business development	**136.0**	142.5	(4.6)
	184.0	191.2	(3.8)
Total advisory and business development	**690.3**	665.5	3.7
Operations and support	**321.8**	314.8	2.2
Sub-advisory	**129.4**	127.6	1.4
	1,141.5	1,107.9	3.0
Adjusted earnings before interest and taxes(1)	**522.6**	521.5	0.2
Interest expense	**72.2**	67.1	7.6
Adjusted earnings before income taxes(1)	**450.4**	454.4	(0.9)
Income taxes	**119.7**	121.6	(1.6)
Adjusted net earnings – continuing operations(1)	**330.7**	332.8	(0.6)
Net earnings – discontinued operations(2)	**11.5**	7.8	47.4
Adjusted net earnings(1)	**342.2**	340.6	0.5
Non-controlling interest	**0.2**	–	N/M
Adjusted net earnings available to common shareholders(1)	**$ 342.0**	$ 340.6	0.4 %

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

Adjusted earnings before interest and taxes for the third quarter of 2023 were $180.5 million, an increase of 4.8% from the third quarter in 2022 and an increase of 2.1% from the prior quarter. Adjusted earnings before interest and taxes for the nine months ended September 30, 2023 were $522.6 million, an increase of 0.2% 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 assets under advisement. Advisory fees were $300.9 million in the third quarter of 2023, an increase of $20.5 million or 7.3% from $280.4 million in 2022. For the nine months ended September 30, 2023, advisory fees were $887.2 million, an increase of $29.9 million or 3.5% from $857.3 million in 2022.

The increase in advisory fees in the three months ending September 30, 2023 was primarily due to the increase in average assets under advisement of 7.7%, as shown in Table 9, partially offset by a decrease in the advisory fee rate. The increase in advisory fees in the nine months ending September 30, 2023 was primarily due to the increase in average assets under advisement of 3.6%, as shown in Table 9. The average advisory fee rate for the third quarter was 102.1 basis points of average assets under advisement compared to 102.5 basis points in 2022. The average advisory fee rate for the nine months ended September 30, 2023, was 102.4 basis points of average assets under advisement, compared to 102.5 basis points in 2022.

Product and program fees depend largely on the level and composition of mutual fund assets under management. Product and program fees totalled $225.5 million in the current quarter, up 5.3% from $214.1 million a year ago primarily due to the increase in average assets under management of 5.6%, as shown in Table 10. Product and program fees were $666.5 million for the nine month period ended September 30, 2023 compared to $660.4 million in 2022, an increase of 0.9% primarily due to an increase in average assets under management of 1.3%, as shown in Table 10. The average product and program fee rate for the three and nine month periods ending September 30, 2023 were 85.7 and 85.8 basis points of assets under management, respectively, compared to 85.7 and 85.9 basis points for the 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 $38.3 million for the third quarter of 2023 increased by $1.0 million from $37.3 million in 2022. For the nine month period, other financial planning revenues of $99.8 million decreased by $8.3 million from $108.1 million in 2022. The change for the quarter was primarily due to higher earnings from mortgage banking operations and higher revenues from the distribution of insurance products, partially offset by lower revenues related to the distribution of banking products. The change for the nine months was primarily due to lower earnings from mortgage banking operations and lower revenues from the distribution of banking products.

A summary of mortgage banking operations for the three and nine month periods under review is presented in Table 12.

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 nine months ended September 30, 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 Strategic Investments and Other segment for the use of unallocated capital.

Expenses

IG Wealth Management incurs advisory and business development expenses that include compensation paid to our advisors. The majority of these costs vary directly with asset or sales levels. Also included are other distribution and business development activities which do not vary directly with asset or sales levels, such as direct marketing and advertising, financial planning specialist support and other costs incurred to support our advisor networks. These expenses tend to be discretionary or vary based upon the number of advisors or clients.

Asset-based compensation fluctuates with the value of assets under advisement. Asset-based compensation increased by $11.4 million and $20.2 million for the three and nine month periods ended September 30, 2023 to $148.0 million and $438.8 million, respectively, compared to 2022. The increase for both the three and nine month periods was primarily due to increases in assets under advisement, 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 $23.6 million for the third quarter of 2023, an increase of $3.9 million from $19.7 million in 2022. For the nine month period, sales-based compensation expense was $67.5 million, an increase of $11.8 million from $55.7 million in 2022.

Other advisory and business development expenses were $62.7 million in the third quarter of 2023, compared to $62.4 million in 2022, an increase of $0.3 million. Other advisory and business development expenses were $184.0 million in the nine months ended September 30, 2023, compared to $191.2 million in 2022. The decrease in the nine month period was primarily due to decreases in other advisor program expenses and distribution of insurance products.

Operations and support includes costs that support our wealth management and other general and administrative functions such as product management, technology and operations, as well as other functional business units and corporate expenses. Operations and support expenses were $108.4 million for the third quarter of 2023 compared to $102.9 million in 2022, an increase of $5.5 million. For the nine month period, operations and support expenses were $321.8 million in 2023 compared to $314.8 million in 2022, an increase of $7.0 million or 2.2%.

Sub-advisory expenses were $43.8 million for the third quarter of 2023 compared to $41.0 million in 2022, an increase of $2.8 million or 6.8%. For the nine month period, sub-advisory expenses were $129.4 million in 2023 compared to $127.6 million in 2022, an increase of $1.8 million or 1.4%. The change in both periods was primarily due to changes in assets under management.

Table 12: Mortgage Banking Operations – IG Wealth Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	**$ 40.2**	$ 36.9	$ 32.2	8.9 %	24.8 %
Interest expense	**35.8**	33.8	25.7	5.9	39.3
Net interest income	**4.4**	3.1	6.5	41.9	(32.3)
Gains (losses) on sales[1]	**(1.8)**	–	–	N/M	N/M
Fair value adjustments	**3.2**	1.3	(1.0)	146.2	N/M
Other	**4.1**	3.6	2.8	13.9	46.4
	$ 9.9	$ 8.0	$ 8.3	23.8 %	19.3 %
Average mortgages serviced					
Securitizations	**$ 4,613**	$ 4,577	$ 4,638	0.8 %	(0.5)%
Other	**2,162**	2,165	2,419	(0.1)	(10.6)
	$ 6,775	$ 6,742	$ 7,057	0.5 %	(4.0)%
Mortgage sales to:[2]					
Securitizations	**$ 542**	$ 231	$ 535	134.6 %	1.3 %
Other[1]	**82**	–	–	N/M	N/M
	$ 624	$ 231	$ 535	170.1 %	16.6 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Total mortgage banking income			
Net interest income on securitized loans			
Interest income	**$ 113.5**	$ 93.1	21.9 %
Interest expense	**103.2**	73.3	40.8
Net interest income	**10.3**	19.8	(48.0)
Gains (losses) on sales[1]	**(2.8)**	(3.5)	20.0
Fair value adjustments	**1.2**	2.6	(53.8)
Other	**10.0**	4.2	138.1
	$ 18.7	$ 23.1	(19.0)%
Average mortgages serviced			
Securitizations	**$ 4,609**	$ 4,755	(3.1)%
Other	**2,164**	2,419	(10.5)
	$ 6,773	$ 7,174	(5.6)%
Mortgage sales to:[2]			
Securitizations	**$ 948**	$ 921	2.9 %
Other[1]	**190**	355	(46.5)
	$ 1,138	$ 1,276	(10.8)%

(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.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $25.9 million in the third quarter of 2023, compared to $22.6 million in 2022. For the nine month period, interest expense totalled $72.2 million compared to $67.1 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.

Q3 2023 vs. Q2 2023

Fee Income

Advisory fee income increased by $5.3 million or 1.8% to $300.9 million in the third quarter of 2023 compared with the second quarter of 2023. The increase in advisory fees in the third quarter was primarily due to the increase in average assets under advisement of 0.7% for the quarter, as shown in Table 9. The average advisory fee rate for the third quarter was 102.1 basis points of average assets under management, compared to 102.2 basis points in the second quarter.

Product and program fees were $225.5 million in the third quarter of 2023, an increase of $3.2 million from $222.3 million in the second quarter of 2023. The increase was primarily due to the increase in average assets under management of 0.5%, as shown in Table 10. The average product and program fee rate was 85.7 basis points in the current quarter, compared to 85.8 in the second quarter.

Other financial planning revenues of $38.3 million in the third quarter of 2023 increased by $2.5 million from $35.8 million in the second quarter due to an increase in earnings from the mortgage banking operations and higher revenues from the distribution of insurance products partially offset by lower revenues from the distribution of banking products.

Expenses

Advisory and business development expenses in the current quarter were $234.3 million, an increase of $1.3 million from $233.0 million in the previous quarter primarily due to increases in asset-based compensation as a result of higher assets and seasonality of expenses.

Operations and support expenses were $108.4 million for the third quarter of 2023 compared to $105.2 million in the previous quarter.

Investment Planning Counsel – Discontinued Operations

2023 vs. 2022

Adjusted net earnings related to Investment Planning Counsel were $3.6 million and $3.7 million higher in the three and nine month periods ended September 30, 2023 than the comparable periods in 2022.

Q3 2023 vs. Q2 2023

Adjusted net earnings related to Investment Planning Counsel were $0.5 million higher in the third quarter of 2023 compared to the prior quarter.

Asset Management

The Asset Management segment includes Mackenzie Investments (Mackenzie).

Asset Management revenue reflects:

- ***Net asset management fees – third party*** includes fees received from our mutual funds and fees from third parties for investment management services. Compensation paid to dealers offsets the fees earned.
- ***Asset management fees – Wealth Management*** includes fees received from the Wealth Management segment. Wealth Management is considered a client of the Asset Management segment and transfer pricing is based on values for similar sized asset management mandates.

Assets managed for IG Wealth Management are included in the Asset Management segment's assets under management.

Debt and interest expense is allocated to each IGM Financial segment based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced. Income taxes are also reported in each segment.

Review of the Business

Mackenzie Investments is a diversified asset management solutions provider founded in 1967. We provide investment management and related services with a wide range of investment mandates through a boutique structure and using multiple distribution channels. We are committed to delivering strong investment performance for our clients by drawing on more than 50 years of investment management experience.

Mackenzie earns asset management fees primarily from:

- Management fees earned from its investment funds, sub-advised accounts and institutional clients.
- Fees earned from its mutual funds for administrative services.
- Redemption fees on deferred sales charge and low load units.

The largest component of Mackenzie's revenues is management fees. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. Equity based mandates have higher management fee rates than fixed income mandates and retail mutual fund accounts have higher management fee rates than exchange traded funds, sub-advised accounts and institutional accounts.

Asset Management Strategy

Mackenzie 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, Investment Planning Counsel and Great-West Lifeco Inc. (Lifeco) subsidiaries. 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 assets under management.

Mackenzie continues to be positioned to build and enhance our distribution relationships given our team of experienced investment professionals, strength of our distribution network, broad product shelf, competitively priced products and our focus on client experience and investment excellence.

Brand

During the first quarter of 2023, Mackenzie launched its new brand platform "Be Invested" to reinforce to advisors and investors the importance of remaining invested across all market cycles. This new platform is an extension of Mackenzie's mission "to create an invested world together".

Assets Under Management

The changes in total assets under management are summarized in Table 13 and the changes in investment fund assets under management are summarized in Table 14. Assets managed for the Wealth Management segment are included in total assets under management.

At September 30, 2023, Mackenzie's total assets under management were $186.3 billion, an increase of 3.2% from $180.5 billion last year. Mackenzie's total third party assets under management were $112.0 billion, an increase of 3.1% from $108.7 billion last year. The change in Mackenzie's assets under management is determined by investment returns and net contributions from our clients.

Change in Assets Under Management – 2023 vs. 2022

Mackenzie's total assets under management at September 30, 2023 were $186.3 billion, an increase of 3.2% from $180.5 billion at September 30, 2022. Third party assets under management were $112.0 billion, an increase of 3.1% from $108.7 billion at September 30, 2022.

Investment fund assets under management were $59.0 billion at September 30, 2023, compared to $57.6 billion at September 30, 2022, an increase of 2.5%. Mackenzie's mutual fund assets under management of $54.0 billion increased by 2.7% from $52.5 billion at September 30, 2022. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were $5.1 billion at September 30, 2023, an increase of 0.8% from $5.0 billion at September 30, 2022. ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 compared to $11.5 billion at September 30, 2022.

In the three months ended September 30, 2023, Mackenzie's mutual fund gross sales were $1.5 billion, an increase of 17.3% compared to $1.3 billion in 2022. Mutual fund redemptions in

Table 13: Change in Total Assets Under Management – Asset Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment					
Net sales (redemptions)					
Mutual funds	**$ (712)**	$ (701)	$ (594)	(1.6)%	(19.9)%
ETF net creations	**13**	85	(86)	(84.7)	N/M
Investment funds[1][2]	**(699)**	(616)	(680)	(13.5)	(2.8)
Sub-advisory, institutional and other accounts[3]	**7**	273	(139)	(97.4)	N/M
Total net sales (redemptions)	**(692)**	(343)	(819)	(101.7)	15.5
Investment returns	**(1,948)**	683	(812)	N/M	(139.9)
Net change in assets	**(2,640)**	340	(1,631)	N/M	(61.9)
Beginning assets	**68,742**	68,402	65,288	0.5	5.3
Ending assets	**$ 66,102**	$ 68,742	$ 63,657	(3.8)%	3.8 %
Consolidated assets under management					
Mutual funds	**$ 53,950**	$ 56,371	$ 52,541	(4.3)%	2.7 %
ETFs	**5,050**	5,168	5,010	(2.3)	0.8
Investment funds[1][2]	**59,000**	61,539	57,551	(4.1)	2.5
Sub-advisory, institutional and other accounts[3]	**7,102**	7,203	6,106	(1.4)	16.3
	66,102	68,742	63,657	(3.8)	3.8
Sub-advisory to Canada Life	**45,906**	47,871	45,015	(4.1)	2.0
Third party AUM	**112,008**	116,613	108,672	(3.9)	3.1
Sub-advisory and AUM to Wealth Management[2]	**74,325**	76,722	71,834	(3.1)	3.5
Consolidated assets under management	**$ 186,333**	$ 193,335	$ 180,506	(3.6)%	3.2 %
Average total assets under management[4]					
Third party AUM	**$ 115,517**	$ 116,318	$ 113,448	(0.7)%	1.8 %
Consolidated	**191,889**	193,052	187,323	(0.6)	2.4

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment			
Net sales (redemptions)			
Mutual funds	**$ (1,327)**	$ (770)	(72.3)%
ETF net creations[5]	**84**	571	(85.3)
Investment funds[1][2]	**(1,243)**	(199)	N/M
Sub-advisory, institutional and other accounts[3]	**378**	(699)	N/M
Total net sales (redemptions)	**(865)**	(898)	3.7
Investment returns	**892**	(11,755)	N/M
Net change in assets	**27**	(12,653)	N/M
Beginning assets	**66,075**	76,310	(13.4)
Ending assets	**$ 66,102**	$ 63,657	3.8 %
Average total assets under management[4]			
Excluding sub-advisory to Wealth Management	**$ 115,771**	$ 119,248	(2.9)%
Consolidated	**192,181**	196,154	(2.0)

(1) Investment fund assets under management 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) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.
(5) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.

Table 14: Change in Investment Fund Assets Under Management – Asset Management[1]

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Sales	**$ 1,503**	$ 1,742	$ 1,281	(13.7)%	17.3 %
Redemptions	**2,215**	2,443	1,875	(9.3)	18.1
Mutual fund net sales (redemptions)	**(712)**	(701)	(594)	(1.6)	(19.9)
ETF net creations	**13**	85	(86)	(84.7)	N/M
Investment fund net sales (redemptions)[2][3]	**(699)**	(616)	(680)	(13.5)	(2.8)
Investment returns	**(1,840)**	579	(713)	N/M	(158.1)
Net change in assets	**(2,539)**	(37)	(1,393)	N/M	(82.3)
Beginning assets	**61,539**	61,576	58,944	(0.1)	4.4
Ending assets	**$ 59,000**	$ 61,539	$ 57,551	(4.1)%	2.5 %
Consists of:					
Mutual funds	**$ 53,950**	$ 56,371	$ 52,541	(4.3)%	2.7 %
ETFs	**5,050**	5,168	5,010	(2.3)	0.8
Investment funds[3]	**$ 59,000**	$ 61,539	$ 57,551	(4.1)%	2.5 %
Daily average investment fund assets	**$ 60,949**	$ 61,201	$ 60,405	(0.4)%	0.9 %

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Sales	**$ 5,534**	$ 5,937	(6.8)%
Redemptions	**6,861**	6,707	2.3
Mutual fund net sales (redemptions)	**(1,327)**	(770)	(72.3)
ETF net creations[4]	**84**	571	(85.3)
Investment fund net sales (redemptions)[2][3]	**(1,243)**	(199)	N/M
Investment returns	**590**	(10,612)	N/M
Net change in assets	**(653)**	(10,811)	94.0
Beginning assets	**59,653**	68,362	(12.7)
Ending assets	**$ 59,000**	$ 57,551	2.5 %
Daily average investment fund assets	**$ 61,013**	$ 63,035	(3.2)%

(1) Investment fund assets under management and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.
(3) 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.

the current quarter were $2.2 billion, an increase of 18.1% from last year. Mutual fund net redemptions for the three months ended September 30, 2023 were $712 million, compared to net redemptions of $594 million last year. In the three months ended September 30, 2023, ETF net creations were $13 million compared to ($86) million last year. Investment fund net redemptions in the current quarter were $699 million compared to net redemptions of $680 million last year. During the current quarter, investment returns resulted in investment fund assets decreasing by $1.8 billion compared to a decrease of $713 million last year.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended September 30, 2023 were $692 million compared to net redemptions of $819 million last year. During the current quarter, investment returns resulted in assets decreasing by $1.9 billion compared to a decrease of $812 million last year.

In the nine months ended September 30, 2023, Mackenzie's mutual fund gross sales were $5.5 billion, a decrease of 6.8% from $5.9 billion in 2022. Mutual fund redemptions in the current period were $6.9 billion, an increase of 2.3% from last year. Mutual fund net redemptions for the nine months ended September 30, 2023 were $1.3 billion, compared to net redemptions of $770 million in 2022. In the nine months ended September 30, 2023, ETF net creations were $84 million compared to $571 million last year. Investment fund net redemptions in the current period were $1.2 billion compared to net redemptions of $199 million last year. During the current period, investment returns resulted in investment fund assets increasing by $590 million compared to a decrease of $10.6 billion last year.

Redemptions of long-term mutual funds in the three and nine months ended September 30, 2023, were $2.2 billion and $6.8 billion, respectively, compared to $1.8 billion and $6.6 billion last year. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 15.7% in the third quarter of 2023, compared to 13.4% in the third quarter of 2022. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 16.8% at September 30, 2023, compared to 14.9% last year. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 15.8% at September 30, 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 nine months ended September 30, 2023 were $865 million compared to net redemptions of $898 million last year. During the nine month period, investment returns resulted in assets increasing by $0.9 billion compared to a decrease of $11.8 billion last year.

During the nine months of 2023, Mackenzie onboarded an institutional mandate of $490 million. During the nine months ended September 30, 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 nine months ended September 30, 2023 were $1.4 billion compared to $1.3 billion in 2022.

As at September 30, 2023, Mackenzie's sub-advisory to Canada Life were $45.9 billion compared to $45.0 billion at September 30, 2022.

As at September 30, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were $74.3 billion or 69.6% of total Wealth Management assets under management compared to $71.8 billion or 71.8% of total Wealth Management assets under management at September 30, 2022.

Change in Assets Under Management – Q3 2023 vs. Q2 2023

Mackenzie's total assets under management at September 30, 2023 were $186.3 billion, a decrease of 3.6% from $193.3 billion at June 30, 2023. Third party assets under management were $112.0 billion, a decrease of 3.9% from $116.6 billion at June 30, 2023.

Investment fund assets under management were $59.0 billion at September 30, 2023, a decrease of 4.1% from $61.5 billion at June 30, 2023. Mackenzie's mutual fund assets under management were $54.0 billion at September 30, 2023, a decrease of 4.3% from $56.4 billion at June 30, 2023. Mackenzie's ETF assets were $5.1 billion at September 30, 2023 compared to $5.2 billion at June 30, 2023. ETF assets inclusive of IGM Financial's managed products were $12.5 billion at September 30, 2023 compared to $12.9 billion at June 30, 2023.

For the quarter ended September 30, 2023, Mackenzie mutual fund gross sales were $1.5 billion, a decrease of 13.7% from the second quarter of 2023. Mutual fund redemptions were $2.2 billion, a decrease of 9.3% from the second quarter of 2023. Net redemptions of Mackenzie mutual funds for the current quarter were $712 million compared with net redemptions of $701 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were $2.2 billion, compared to $2.4 billion in the second quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 15.7% compared to 17.3% in the second quarter.

For the quarter ended September 30, 2023, Mackenzie ETF net creations were $13 million compared to $85 million in the second quarter.

Investment fund net redemptions in the current quarter were $699 million compared to net redemptions of $616 million in the second quarter.

As at September 30, 2023, Mackenzie's sub-advisory to Canada Life were $45.9 billion compared to $47.9 billion at June 30, 2023.

As at September 30, 2023, Mackenzie's sub-advisory and AUM to the Wealth Management segment were $74.3 billion or 69.6% of total Wealth Management assets under management compared to $76.7 billion or 70.0% of total Wealth Management assets under management at June 30, 2023.

Investment Management

Mackenzie has $186.3 billion in assets under management at September 30, 2023, including $74.3 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 September 30, 2023, 50.4% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 41.2% for the three year time frame and 60.6% for the five year time frame. Mackenzie also monitors its fund performance relative to the ratings it receives on its mutual funds from the Morningstar† fund ranking service. At September 30, 2023, 82.5% of Mackenzie mutual fund assets measured by Morningstar† had a rating of three stars or better and 43.2% had a rating of four or five stars. This compared to the Morningstar† universe of 85.8% for three stars or better and 51.1% for four and five star funds at September 30, 2023.

Products

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients.

Mutual Funds

Mackenzie manages its product shelf through new fund launches and fund mergers to streamline fund offerings for advisors and investors.

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.

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.

Mackenzie's current line-up consists of 46 ETFs: 25 active and strategic beta ETFs and 21 traditional index ETFs. ETF assets under management ended the quarter at $12.5 billion, inclusive of $7.4 billion in investments from IGM managed products. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

2023 Launches

During the third quarter, two new funds were launched as part of Mackenzie's FuturePath suite of mutual funds in partnership with Primerica Financial Services Ltd. ("Primerica"), to address the specific needs of Primerica advisors and their clients.

- Mackenzie FuturePath Shariah Global Equity Fund is an actively managed mutual fund that allows investors access to global, Shariah-compliant investing certified by Ratings Intelligence, an external, world-class Shariah advisory firm.
- Mackenzie FuturePath USD US Core Fund allows investors to access long-term capital growth by investing primarily in US dollar denominated equity securities of large capitalization companies in the United States.

Early in the fourth quarter, Mackenzie launched two mutual funds offering investors access to a true U.S. dollar sustainable investing experience and a cost-efficient equity portfolio solution.

- 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.

Review of Segment Operating Results

The Asset Management segment includes revenue earned on sub-advisory and AUM to the Wealth Management segment.

The Asset Management segment adjusted net earnings are presented in Table 15. Adjusted net earnings for the third quarter of 2023 were $56.5 million, a decrease of 3.4% from the third quarter in 2022 and an increase of 12.8% from the prior quarter.

Adjusted earnings before interest and taxes for the third quarter of 2023 were $83.2 million, a decrease of 2.6% from the third quarter in 2022 and an increase of 10.8% from the prior quarter.

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 our investment funds. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. For example, equity-based mandates have higher management fee rates than exchange traded funds, fixed income mandates and retail mutual fund accounts have higher management fee rates than sub-advised and institutional accounts. The majority of Mackenzie's mutual fund assets are retail and sold through third party financial advisors.
  - Redemption fees – consists of fees earned from the redemptions of mutual fund assets sold on a deferred sales charge purchase option and on a low load purchase option. Redemption fees charged for deferred sales charge assets range from 5.5% in the first year and decrease to zero after seven years. Redemption fees for low load assets range from 2.0% to 3.0% in the first year and decrease to zero after two or three years, depending on the purchase option.
  - Dealer compensation expenses – consists of asset-based and sales-based compensation. Asset-based compensation represents trailing commissions paid to dealers on certain classes of retail mutual funds and are calculated as a percentage of mutual fund assets under management. These fees vary depending on the fund type and the purchase option upon which the fund was sold: front-end, deferred sales charge or low load. Sales-based compensation are paid to dealers on the sale of mutual funds under the deferred sales charge purchase option and on a low load purchase option. Mackenzie stopped selling deferred sales charge purchase options and low load purchase options as of June 1, 2022, in accordance with regulatory changes.
- Asset management fees – Wealth Management consists of sub-advisory fees earned from the Wealth Management segment.

Net asset management fees – third party were $159.0 million for the three months ended September 30, 2023, an increase of $1.1 million or 0.7% from $157.9 million last year. The increase in net asset management fees – third party was due to a 1.8% increase in average assets under management, as shown in Table 13, partially offset by a decrease in the net asset management fee rate. Mackenzie's net asset management fee rate was 54.8 basis points for the three months ended September 30, 2023, compared to 55.2 basis points in the comparative period in 2022. The decrease in rate was mostly driven by a change in composition of assets under management.

Net asset management fees – third party were $470.7 million for the nine months ended September 30, 2023, a decrease of $11.4 million or 2.4% from $482.1 million last year. The decrease in net asset management fees – third party was primarily due to a 2.9% decrease in average assets under management, as shown in Table 13, offset by an increase in the net management fee rate. Mackenzie's net asset management fee rate was 54.5 basis points for the nine months ended September 30, 2023, compared to 54.1 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 assets under management.

Asset management fees – Wealth Management were $28.8 million for the three months ended September 30, 2023, an increase of $1.5 million or 5.5% from $27.3 million last year. The increase in management fees was due to a 3.4% increase in average assets under management and an increase in the management fee rate. Mackenzie's management fee rate was 15.0 basis points for the three months ended September 30, 2023 compared to 14.6 basis points in the comparative period in 2022.

Asset management fees – Wealth Management were $85.6 million for the nine months ended September 30, 2023,

Table 15: Operating Results – Asset Management

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Revenues					
Asset management					
Asset management fees – third party	**$ 236.2**	$ 235.1	$ 234.7	0.5 %	0.6 %
Redemption fees	**0.7**	0.8	0.7	(12.5)	–
	236.9	235.9	235.4	0.4	0.6
Dealer compensation expenses					
Asset-based compensation	**(77.9)**	(78.8)	(77.5)	(1.1)	0.5
Sales-based compensation	**–**	–	–	–	–
	(77.9)	(78.8)	(77.5)	(1.1)	0.5
Net asset management fees – third party	**159.0**	157.1	157.9	1.2	0.7
Asset management fees – Wealth Management	**28.8**	28.3	27.3	1.8	5.5
Net asset management	**187.8**	185.4	185.2	1.3	1.4
Net investment income and other	**2.5**	1.0	3.8	150.0	(34.2)
	190.3	186.4	189.0	2.1	0.7
Expenses					
Advisory and business development	**19.0**	21.0	16.4	(9.5)	15.9
Operations and support	**86.9**	89.2	86.0	(2.6)	1.0
Sub-advisory	**1.2**	1.1	1.2	9.1	–
	107.1	111.3	103.6	(3.8)	3.4
Adjusted earnings before interest and taxes(1)	**83.2**	75.1	85.4	10.8	(2.6)
Interest expense	**6.6**	6.1	5.9	8.2	11.9
Adjusted earnings before income taxes(1)	**76.6**	69.0	79.5	11.0	(3.6)
Income taxes	**20.1**	18.9	21.0	6.3	(4.3)
Adjusted net earnings(1)	**$ 56.5**	$ 50.1	$ 58.5	12.8 %	(3.4)%

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Revenues			
Asset management			
Asset management fees – third party	**$ 703.7**	$ 730.4	(3.7)%
Redemption fees	**2.4**	2.4	–
	706.1	732.8	(3.6)
Dealer compensation expenses			
Asset-based compensation	**(235.4)**	(243.4)	(3.3)
Sales-based compensation	**–**	(7.3)	(100.0)
	(235.4)	(250.7)	(6.1)
Net asset management fees – third party	**470.7**	482.1	(2.4)
Asset management fees – Wealth Management	**85.6**	84.4	1.4
Net asset management	**556.3**	566.5	(1.8)
Net investment income and other	**8.0**	0.1	N/M
	564.3	566.6	(0.4)
Expenses			
Advisory and business development	**62.7**	58.1	7.9
Operations and support	**268.6**	267.5	0.4
Sub-advisory	**3.4**	3.9	(12.8)
	334.7	329.5	1.6
Adjusted earnings before interest and taxes(1)	**229.6**	237.1	(3.2)
Interest expense	**18.5**	17.6	5.1
Adjusted earnings before income taxes(1)	**211.1**	219.5	(3.8)
Income taxes	**56.1**	57.6	(2.6)
Adjusted net earnings(1)	**$ 155.0**	$ 161.9	(4.3)%

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

an increase of $1.2 million or 1.4% from $84.4 million last year. The increase in management fees was due to an increase in the management fee rate, partially offset by a 0.6% decrease in average assets under management. Mackenzie's management fee rate was 15.0 basis points for the nine months ended September 30, 2023, compared to 14.7 basis points in the comparative period in 2022.

Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds. These investments are generally made in the process of launching a fund and are sold as third party investors subscribe. Net investment income and other was $2.5 million for the three months ended September 30, 2023 compared to $3.8 million last year, and was $8.0 million for the nine months ended September 30, 2023 compared to $0.1 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 $19.0 million for the three months ended September 30, 2023, an increase of $2.6 million or 15.9% from $16.4 million in 2022. Expenses for the nine months ended September 30, 2023 were $62.7 million, an increase of $4.6 million or 7.9% from $58.1 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 $86.9 million for the three months ended September 30, 2023, an increase of $0.9 million or 1.0% from $86.0 million in 2022. Expenses for the nine months ended September 30, 2023 were $268.6 million, an increase of $1.1 million or 0.4% from $267.5 million last year.

Sub-advisory expenses were $1.2 million for the three months ended September 30, 2023, consistent with 2022. Expenses for the nine months ended September 30, 2023 were $3.4 million, compared to $3.9 million last year.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $6.6 million in the third quarter of 2023, compared to $5.9 in the comparative period in 2022. Interest expense for the nine month period was $18.5 million compared to $17.6 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.

Q3 2023 vs. Q2 2023

Revenues

Net asset management fees – third party were $159.0 million for the current quarter, an increase of $1.9 million or 1.2% from $157.1 million in the second quarter of 2023. Factors contributing to the net increase were:

- Net asset management fee rate was 54.8 basis points for the current quarter compared to 54.3 basis points in the second quarter.
- There was one additional calendar day in the third quarter compared to the second quarter, which resulted in an increase of asset management fees of $2.6 million.
- Average assets under management were $115.5 billion in the current quarter, a decrease of 0.7% from the prior quarter.

Asset management fees – Wealth Management were $28.8 million in the current quarter, an increase of $0.5 million or 1.8% from $28.3 million in the second quarter of 2023. Factors contributing to the net increase were:

- Asset management fee rate was 15.0 basis points for the current quarter compared to 14.9 basis points in the second quarter.
- Average assets under management were $76.4 billion in the current quarter, a decrease of 0.5% from the prior quarter.

Net investment income and other was $2.5 million for the current quarter, compared to $1.0 million in the second quarter.

Expenses

Advisory and business development expenses were $19.0 million for the current quarter compared to $21.0 million in the second quarter of 2022.

Operations and support expenses were $86.9 million for the current quarter, a decrease of $2.3 million or 2.6% from $89.2 million compared to the second quarter.

Sub-advisory expenses were $1.2 million for the current quarter, compared to $1.1 in the second quarter.

Strategic Investments and Other

Review of Segment Operating Results

The Strategic Investments and Other segment includes investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Rockefeller Capital Management (Rockefeller), Northleaf Capital Group Ltd. (Northleaf), Wealthsimple Financial Corp. (Wealthsimple), Portage Ventures LPs. (Portage), and unallocated capital.

Earnings from the Strategic Investments and Other segment include the Company's proportionate share of earnings of its associates, Lifeco, ChinaAMC, Northleaf, and Rockefeller as well as net investment income on unallocated capital.

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

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

Assets held by the Strategic Investments and Other segment are included in Table 16.

Unallocated capital represents capital not allocated to any of the operating companies and which would be available for investment, debt repayment, distribution to shareholders or other corporate purposes. This capital is invested in highly liquid, high quality financial instruments in accordance with the Company's Investment Policy.

Strategic Investments and Other segment adjusted net earnings are presented in Table 17.

2023 vs. 2022

The proportionate share of associates' earnings decreased by $8.4 million in the third quarter of 2023 compared to the third quarter of 2022, and decreased by $10.9 million in the nine month period. These earnings reflect equity earnings from Lifeco, ChinaAMC, Rockefeller and Northleaf, as discussed in the Consolidated Financial Position section of this MD&A. The decrease in the three month period was due to decreases in the proportionate share of Lifeco earnings of $14.9 million and Northleaf earnings of $4.1 million, offset in part by increases in the proportionate share of ChinaAMC earnings of $9.9 million and Rockefeller of $1.2 million. During the third quarter of 2023, the Company recorded an adjustment of ($8.0) million related to Lifeco's second quarter earnings. Beginning in 2023, the Company records its proportionate share of Lifeco earnings using consensus analysts' earnings estimates, as Lifeco reports quarterly earnings after the Company, which results in an adjustment in the subsequent quarter. The decrease in the nine month period was due to decreases in the proportionate share of Lifeco earnings of $39.5 million, Northleaf earnings of $6.3 million, and Rockefeller earnings of $0.7 million, offset in

Table 16: Total Assets – Strategic Investments and Other

($ millions)	**September 30, 2023**	December 31, 2022
Investments in associates		
Lifeco	**$ 578.8**	$ 939.5
ChinaAMC	**1,852.9**	787.2
Rockefeller	**864.2**	–
Northleaf	**293.2**	284.5
Other	**38.8**	40.1
	3,627.9	2,051.3
FVTOCI investments		
Wealthsimple (direct investment only)	**484.1**	484.1
Portage and other investments	**123.6**	118.5
	607.7	602.6
Unallocated capital and other	**263.2**	782.3
Total assets	**$ 4,498.8**	$ 3,436.2
Lifeco fair value	**$ 859.6**	$ 1,168.3

Table 17: Operating Results – Strategic Investments and Other

Three months ended *($ millions)*	**2023 Sep. 30**	2023 Jun. 30	2022 Sep. 30	Change 2023 Jun. 30	Change 2022 Sep. 30
Revenues					
Net investment income and other	**$ 3.6**	$ 3.5	$ 4.7	2.9 %	(23.4)%
Proportionate share of associates' earnings					
Investment in Lifeco	**12.7**	14.5	27.6	(12.4)	(54.0)
Investment in ChinaAMC	**24.6**	27.7	14.7	(11.2)	67.3
Investment in Rockefeller	**1.2**	(1.9)	–	N/M	N/M
Investment in Northleaf	**0.5**	3.1	4.6	(83.9)	(89.1)
Other	**(0.5)**	(0.5)	–	–	N/M
	38.5	42.9	46.9	(10.3)	(17.9)
	42.1	46.4	51.6	(9.3)	(18.4)
Expenses					
Operations and support	**1.1**	1.2	1.1	(8.3)	–
Adjusted earnings before income taxes(1)	**41.0**	45.2	50.5	(9.3)	(18.8)
Income taxes	**(1.0)**	3.6	2.4	N/M	N/M
Adjusted net earnings(1)	**42.0**	41.6	48.1	1.0	(12.7)
Non-controlling interest	**0.1**	0.6	0.9	(83.3)	(88.9)
Adjusted net earnings available to common shareholders(1)	**$ 41.9**	$ 41.0	$ 47.2	2.2 %	(11.2)%

Nine months ended *($ millions)*	**2023 Sep. 30**	2022 Sep. 30	Change
Revenues			
Net investment income and other	**$ 10.5**	$ 7.2	45.8 %
Proportionate share of associates' earnings			
Investment in Lifeco	**47.8**	87.3	(45.2)
Investment in ChinaAMC	**80.4**	43.0	87.0
Investment in Rockefeller	**(0.7)**	–	N/M
Investment in Northleaf	**8.7**	15.0	(42.0)
Other	**(1.8)**	–	N/M
	134.4	145.3	(7.5)
	144.9	152.5	(5.0)
Expenses			
Operations and support	**3.4**	4.5	(24.4)
Adjusted earnings before income taxes(1)	**141.5**	148.0	(4.4)
Income taxes	**6.2**	4.8	29.2
Adjusted net earnings(1)	**135.3**	143.2	(5.5)
Non-controlling interest	**1.7**	3.0	(43.3)
Adjusted net earnings available to common shareholders(1)	**$ 133.6**	$ 140.2	(4.7)%

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

part by the increase in the proportionate share of ChinaAMC earnings of $37.4 million. The increase in ChinaAMC and decrease in Lifeco earnings reflect the previously discussed changes in IGM Financial's percentage ownership of those companies effective on January 12, 2023.

Net investment income and other was $3.6 million in the third quarter of 2023, a decrease of $1.1 million from $4.7 million in 2022. For the nine month period, net investment income and other was $10.5 million, an increase of $3.3 million from $7.2 million in 2022. The increase in the nine month period from 2022 was primarily related to interest rate increases earned on the Company's unallocated capital.

Q3 2023 vs. Q2 2023

The proportionate share of associates' earnings was $38.5 million in the third quarter of 2023, a decrease of $4.4 million from the second quarter of 2023, primarily due to decreases in the proportionate share of Lifeco, ChinaAMC and Northleaf earnings.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were $19.4 billion at September 30, 2023, compared to $18.7 billion at December 31, 2022.

Other Investments

The composition of the Company's securities holdings is detailed in Table 18.

Fair Value Through Other Comprehensive Income (FVTOCI)

Gains and losses on FVTOCI investments are recorded in Other comprehensive income.

Corporate Investments

Corporate investments is primarily comprised of the Company's investments in Wealthsimple Financial Corp. (Wealthsimple), and Portag3 Ventures LP, Portag3 Ventures II LP and Portage Ventures III LP (Portage) and are recorded at FVTOCI.

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

The Company is the largest shareholder in Wealthsimple with a combined direct and indirect interest of 24.3% and a fair value of $492 million at September 30, 2023, unchanged from December 31, 2022. Fair value is determined by using observable transactions in the investments' securities, where available, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies.

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

The total fair value of Corporate investments of $608 million at September 30, 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 19.

Loans consisted of residential mortgages and represented 26.2% of total assets at September 30, 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 September 30, 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 mortgages held temporarily by the Company pending

Table 18: Other Investments

	September 30, 2023		December 31, 2022	
($ millions)	**Cost**	**Fair Value**	Cost	Fair Value
Fair value through other comprehensive income				
Corporate investments	**$ 250.0**	**$ 607.7**	$ 242.7	$ 602.6
Fair value through profit or loss				
Equity securities	**12.7**	**13.0**	12.7	12.9
Proprietary investment funds	**128.6**	**129.4**	156.7	159.0
	141.3	**142.4**	169.4	171.9
	$ 391.3	**$ 750.1**	$ 412.1	$ 774.5

Table 19: Loans

($ millions)	**September 30, 2023**	December 31, 2022
Amortized cost	**$ 5,075.9**	$ 5,022.3
Less: Allowance for expected credit losses	**0.7**	0.8
	5,075.2	5,021.5
Fair value through profit or loss	**1.7**	–
	$ 5,076.9	$ 5,021.5

sale. Loans held for securitization are carried at amortized cost. Total loans being held pending sale or securitization are $349.0 million at September 30, 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 September 30, 2023, IG Wealth Management serviced $8.8 billion of residential mortgages, including $2.0 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 third quarter of 2023, the Company securitized loans through its mortgage banking operations with cash proceeds of $342.6 million compared to $528.1 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 Interim Financial Statements.

Investment in Associates

Great-West Lifeco Inc. (Lifeco)

At September 30, 2023, the Company held a 2.4% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power Corporation of Canada.

The equity method is used to account for IGM Financial's investment in Lifeco, as it exercises significant influence. Changes in the carrying value for the three and nine months ended September 30, 2023 compared with 2022 are shown in Table 20.

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. (ChinaAMC)

Founded in 1998 as one of the first fund management companies in China, ChinaAMC has developed and maintained a position among the market leaders in China's asset management industry.

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥

Table 20: Investment in Associates

($ millions)	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Sep. 30, 2023 Total	Lifeco	ChinaAMC	Northleaf	Sep. 30, 2022 Total
Three months ended										
Carrying value, July 1[(1)]	**$ 584.2**	**$ 1,794.0**	**$ 841.9**	**$ 292.7**	**$ 39.3**	**$ 3,552.1**	$ 889.1	$ 741.5	$ 269.2	$ 1,899.8
Investment	**–**	**0.3**	**0.6**	**–**	**–**	**0.9**	–	–	–	–
Dividends	**(11.5)**	**–**	**–**	**–**	**–**	**(11.5)**	(18.3)	–	–	(18.3)
Proportionate share of:										
Earnings[(2)(3)]	**12.7**	**24.6**	**1.2**	**0.5**	**(0.5)**	**38.5**	27.6	14.7	4.6	46.9
Other comprehensive income (loss) and other adjustments	**(6.6)**	**34.0**	**20.5**	**–**	**–**	**47.9**	4.8	8.6	–	13.4
Carrying value, September 30	**$ 578.8**	**$ 1,852.9**	**$ 864.2**	**$ 293.2**	**$ 38.8**	**$ 3,627.9**	$ 903.2	$ 764.8	$ 273.8	$ 1,941.8
Nine months ended										
Carrying value, January 1[(1)]	**$ 939.5**	**$ 787.2**	**$ –**	**$ 284.5**	**$ 40.1**	**$ 2,051.3**	$ 885.1	$ 768.7	$ 258.8	$ 1,912.6
Investment	**–**	**1,161.8**	**856.2**	**–**	**0.5**	**2,018.5**	–	–	–	–
Disposition	**(397.7)**	**–**	**–**	**–**	**–**	**(397.7)**	–	–	–	–
Dividends	**(34.5)**	**(69.2)**	**–**	**–**	**–**	**(103.7)**	(54.9)	(31.3)	–	(86.2)
Proportionate share of:										
Earnings[(2)(3)]	**47.8**	**80.4**	**(0.7)**	**8.7**	**(1.8)**	**134.4**	87.3	43.0	15.0	145.3
IFRS 17 adjustment	**15.1**	**–**	**–**	**–**	**–**	**15.1**	–	–	–	–
Other comprehensive income (loss) and other adjustments	**8.6**	**(107.3)**	**8.7**	**–**	**–**	**(90.0)**	(14.3)	(15.6)	–	(29.9)
Carrying value, September 30	**$ 578.8**	**$ 1,852.9**	**$ 864.2**	**$ 293.2**	**$ 38.8**	**$ 3,627.9**	$ 903.2	$ 764.8	$ 273.8	$ 1,941.8

(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 Strategic Investments and Other segment.
(3) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $0.4 million and $7.0 million, respectively, for the three and nine month periods of 2023 compared to $3.7 million and $12.0 million, respectively, in 2022.

$1,826.3 billion ($339.8 billion) at September 30, 2023, representing an increase of 6.1% (CAD$ 0.7%) 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¥ 82.0 billion and RMB¥ 178.7 billion for the three and nine month periods ended September 30, 2023, respectively (net flows obtained from Wind Information 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 nine months ended September 30, 2023 are shown in Table 20. The change in Other comprehensive income of positive $34.0 million in the three months ended September 30, 2023, was due to a 1.9% appreciation of the Chinese yuan relative to the Canadian dollar.

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

Rockefeller Capital Management (Rockefeller)

On April 3, 2023, the Company acquired a 20.5% equity interest in Rockefeller Capital Management (Rockefeller) for cash consideration of approximately USD $622 million. Rockefeller is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

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 $111.6 billion ($151.5 billion) at September 30, 2023.

Northleaf Capital Group Ltd. (Northleaf)

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

Mackenzie and Lifeco have an obligation and right to purchase the remaining equity and voting interest in Northleaf commencing in approximately five years from the acquisition date and extending into future periods. The equity method is used to account for the acquisition vehicle's 70% economic interest as it exercises significant influence. Significant influence arises from board representation, participating in the policy making process and shared strategic initiatives.

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

Northleaf's assets under management, including invested capital and uninvested commitments, were $26.9 billion as at September 30, 2023, representing an increase of $2.8 billion or 11.6% from $24.1 billion at December 31, 2022. The increase during the nine month period was driven by new commitments.

Consolidated Liquidity and Capital Resources

Liquidity

Cash and cash equivalents totalled $517.2 million at September 30, 2023 compared with $1,072.9 million at December 31, 2022 and $1,049.5 million at September 30, 2022. Cash and cash equivalents related to the Company's deposit operations were $1.0 million at September 30, 2023, compared to $0.8 million at December 31, 2022 and $2.6 million at September 30, 2022, as shown in Table 21.

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 reclassification of IPC's assets and liabilities to held for sale in 2023. IPC Client funds on deposit and Deposit liabilities were $318 million at December 31, 2022 and $352 million at September 30, 2022.

Working capital, which consists of current assets less current liabilities excluding assets and liabilities held for sale and the credit facility, totalled $254.1 million at September 30, 2023, compared with $846.8 million at December 31, 2022 and $856.1 million at September 30, 2022 (Table 22).

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 $362.3 million for the third quarter of 2023 compared to $356.0 million for the third quarter of 2022 and $351.8 million for the second quarter of 2023. For the nine months ended September 30, 2023, EBITDA before sales commissions totalled $1,058.4 million compared to $1,059.5 million for the comparative period of 2022. EBITDA before sales commissions excludes the impact of both commissions paid and commission amortization (Table 1).

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 $332.1 million in the third quarter of 2023 compared to $330.4 million in the third quarter of 2022 and $325.3 million in the second quarter of 2023. For the nine months ended September 30, 2023, EBITDA after sales commissions totalled $968.4 million compared to $950.9 million for the comparative period of 2022. EBITDA after sales commissions excludes the impact of commission amortization (Table 1).

Refer to the Financial 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.

Table 21: Deposit Operations – Financial Position

($ millions)	**2023 Sep. 30**	2022 Dec. 31	2022 Sep. 30
Assets			
Cash and cash equivalents	**$ 1.0**	$ 0.8	$ 2.6
Client funds on deposit	**3,520.3**	4,347.4	3,154.2
Accounts and other receivables	**0.5**	0.6	0.5
Loans	**9.5**	9.4	9.7
Total assets	**$ 3,531.3**	$ 4,358.2	$ 3,167.0
Liabilities and shareholders' equity			
Deposit liabilities	**$ 3,497.8**	$ 4,334.0	$ 3,144.2
Other liabilities	**24.3**	15.2	12.0
Shareholders' equity	**9.2**	9.0	10.8
Total liabilities and shareholders' equity	**$ 3,531.3**	$ 4,358.2	$ 3,167.0

Table 22: Working Capital

($ millions)	2023 Sep. 30	2022 Dec. 31	2022 Sep. 30
Current assets			
Cash and cash equivalents	$ 517.2	$ 1,072.9	$ 1,049.5
Client funds on deposit	3,520.3	4,347.4	3,154.2
Accounts receivable and other assets	438.2	462.6	500.2
Current portion of securitized mortgages and other	1,101.6	992.2	1,025.3
	5,577.3	6,875.1	5,729.2
Current liabilities			
Accounts and other payables	711.5	726.4	722.4
Deposits and certificates	3,496.7	4,332.8	3,142.9
Current portion of obligations to securitization entities and other	1,115.0	969.1	1,007.8
	5,323.2	6,028.3	4,873.1
Working capital	$ 254.1	$ 846.8	$ 856.1

Cash Flows

Table 23 – Cash Flows is a summary of the Consolidated Statements of Cash Flows which forms part of the Interim Financial Statements for the three and nine month periods ended September 30, 2023. Cash and cash equivalents increased by $106.5 million in the third quarter of 2023 compared to an increase of $80.4 million in 2022. For the nine months ended September 30, 2023, cash and cash equivalents decreased by $515.8 million, compared to a decrease of $242.9 million in 2022. Cash and cash equivalents from discontinued operations of $39.9 million have been reclassified as assets held for sale on the balance sheet at September 30, 2023.

Adjustments to determine net cash from operating activities during the three and nine month periods of 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 adjustment for other items in 2023 which included the gain on the partial sale of the Company's investment in Lifeco.

Table 23: Cash Flows

	Three months ended September 30			*Nine months ended September 30*		
($ millions)	2023	2022	Change	2023	2022	Change
Operating activities						
Earnings before income taxes	$ 269.7	$ 280.9	(4.0)%	$ 891.8	$ 832.6	7.1 %
Income taxes paid	(51.4)	(60.8)	15.5	(179.7)	(286.1)	37.2
Adjustments to determine net cash from operating activities	12.3	(0.9)	N/M	(103.0)	(42.6)	(141.8)
	230.6	219.2	5.2	609.1	503.9	20.9
Financing activities	8.8	(111.8)	N/M	494.4	(896.2)	N/M
Investing activities	(132.9)	(27.0)	N/M	(1,619.3)	149.4	N/M
Change in cash and cash equivalents	106.5	80.4	32.5	(515.8)	(242.9)	(112.4)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	450.6	969.1	(53.5)	1,072.9	1,292.4	(17.0)
Cash and cash equivalents, end of period	557.1	$ 1,049.5	(46.9)%	557.1	$ 1,049.5	(46.9)%
Less: Cash and cash equivalents from discontinued operations, end of period	39.9			39.9		
Cash and cash equivalents, end of period – continuing operations	$ 517.2			$ 517.2		

- 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.

Financing activities during the third quarter of 2023 compared to 2022 related to:

- An increase in obligations to securitization entities of $519.9 million and repayments of obligations to securitization entities of $373.0 million in 2023 compared to an increase in obligations to securitization entities of $523.5 million and repayments of obligations to securitization entities of $505.1 million in 2022.
- The payment of regular common share dividends which totalled $133.9 million in 2023, compared to $133.7 million in 2022.

Financing activities during the nine months ended September 30, 2023 compared to 2022 related to:

- An increase in obligations to securitization entities of $929.3 million and repayments of obligations to securitization entities of $882.4 million in 2023 compared to an increase in obligations to securitization entities of $851.2 million and repayments of obligations to securitization entities of $1,251.2 million in 2022.
- Net proceeds on the credit facility of $550.0 million in 2023 related to temporary financing put in place until the sale of IPC closes.
- The issuance of debentures of $300.0 million in 2023.
- The payment of regular common share dividends which totalled $401.5 million in 2023, compared to $403.5 million in 2022.

The nine month period of 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 third quarter of 2023 compared to 2022 primarily related to:

- The purchases of other investments totalling $20.1 million and sales of other investments with proceeds of $14.4 million in 2023 compared to $21.0 million and $23.3 million, respectively, in 2022.
- An increase in loans of $410.5 million with repayments of loans and other of $333.6 million in 2023 compared to $316.2 million and $305.4 million, respectively, in 2022 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $44.7 million in 2023 compared to $14.3 million in 2022.

Investing activities during the nine months ended September 30, 2023 compared to 2022 related to:

- The purchases of other investments totalling $57.4 million and sales of other investments with proceeds of $54.4 million in 2023 compared to $126.9 million and $100.9 million, respectively, in 2022.
- An increase in loans of $889.6 million with repayments of loans and other of $837.4 million in 2023 compared to $1,084.8 million and $1,334.5 million, respectively, in 2022 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $79.1 million in 2023 compared to $44.8 million in 2022.
- The investment in ChinaAMC of $1,161.8 million in 2023.
- The investment in Rockefeller of $856.2 million in 2023.
- Sale of Lifeco shares with proceeds of $552.7 million in 2023.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled $276.2 million at September 30, 2023, compared to $317.9 million at September 30, 2022, as detailed in Table 24.

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 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 expansion. The Company's capital management practices are focused on preserving the quality of its financial position by maintaining a solid capital base and a strong balance sheet. Capital of the Company consists of long-term debt and common shareholders' equity which totalled $8.7 billion at September 30, 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.

Table 24: Accumulated Other Comprehensive Income (Loss)

($ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
2023				
Balance, January 1	**$ 4.3**	**$ 309.7**	**$ 48.8**	**$ 362.8**
Other comprehensive income (loss)	**18.4**	**(1.2)**	**(87.9)**	**(70.7)**
Disposal of investment in associate	**–**	**–**	**(16.0)**	**(16.0)**
Transfer out of fair value through other comprehensive income	**–**	**0.1**	**–**	**0.1**
Balance, September 30	**$ 22.7**	**$ 308.6**	**$ (55.1)**	**$ 276.2**
2022				
Balance, January 1	$ (95.7)	$ 919.2	$ 59.6	$ 883.1
Other comprehensive income (loss)	77.5	(581.1)	(37.6)	(541.2)
Transfer out of fair value through other comprehensive income	–	(24.0)	–	(24.0)
Balance, September 30	$ (18.2)	$ 314.1	$ 22.0	$ 317.9

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 September 30, 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.

Other activities in 2023 included the declaration of common share dividends of $401.8 million or $1.6875 per share. Changes in common share capital are reflected in the Consolidated Statements of Changes in Shareholders' Equity.

Standard & Poor's (S&P) current rating on the Company's senior unsecured debentures is "A" with a stable outlook. DBRS Morningstar's current rating on the Company's senior unsecured debentures is "A (High)" with a stable rating trend.

Credit ratings are intended to provide investors with an independent measure of the credit quality of the securities of a company and are indicators of the likelihood of payment and the capacity of a company to meet its obligations in accordance with the terms of each obligation. Descriptions of the rating categories for each of the agencies set forth below have been obtained from the respective rating agencies' websites.

These ratings are not a recommendation to buy, sell or hold the securities of the Company and do not address market price or other factors that might determine suitability of a specific security for a particular investor. The ratings also may not reflect the potential impact of all risks on the value of securities and are subject to revision or withdrawal at any time by the rating organization.

The A rating assigned to IGM Financial's senior unsecured debentures by S&P is the sixth highest of the 22 ratings used for long-term debt. This rating indicates S&P's view that the Company's capacity to meet its financial commitment on the obligation is strong, but the obligation is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories.

The A (High) rating assigned to IGM Financial's senior unsecured debentures by DBRS Morningstar is the fifth highest of the 26 ratings used for long-term debt. Under the DBRS Morningstar long-term rating scale, debt securities rated A (High) are of good credit quality and the capacity for the payment of financial obligations is substantial, but of lesser credit quality than AA. While this is a favourable rating, entities in the A (High) category may be vulnerable to future events, but qualifying negative factors are considered manageable.

Financial Instruments

Table 25 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

Table 25: Financial Instruments

	September 30, 2023		December 31, 2022	
($ millions)	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	**$ 607.7**	**$ 607.7**	$ 602.6	$ 602.6
– Fair value through profit or loss	**142.4**	**142.4**	171.9	171.9
Loans				
– Fair value through profit or loss	**1.7**	**1.7**	–	–
Derivative financial instruments	**65.5**	**65.5**	63.7	63.7
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	**5,075.2**	**4,902.2**	5,021.5	4,905.5
Financial liabilities recorded at fair value				
Derivative financial instruments	**76.5**	**76.5**	51.6	51.6
Financial liabilities recorded at amortized cost				
Deposits and certificates	**3,497.8**	**3,497.8**	4,334.0	4,334.0
Obligations to securitization entities	**4,675.4**	**4,472.5**	4,610.4	4,544.6
Long-term debt	**2,400.0**	**2,232.2**	2,100.0	2,013.9

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 17 of the Interim 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 nine months ended September 30, 2023.

Risk Management

IGM Financial is exposed to a variety of risks that are inherent in our business activities. Our ability to manage these risks is key to our ongoing success. The Company emphasizes a strong risk management culture and the implementation of an effective risk management approach. Our approach coordinates risk management across the organization and its business units and seeks to ensure prudent and measured risk-taking in order to achieve an appropriate balance between risk and return. Fundamental to our enterprise risk management program is protecting and enhancing our reputation.

Risk Management Framework

The Company's risk management approach is undertaken through our comprehensive Enterprise Risk Management (ERM) Framework which is composed of five core elements: risk governance, risk appetite, risk principles, a defined risk management process, and risk management culture. The ERM Framework is established under our ERM Policy, which is approved by the Executive Risk Management Committee.

Risk Governance

Our risk governance structure emphasizes ownership of risk management in each business unit and oversight by an Executive Risk Management Committee accountable to the Risk Committee of the Board (Risk Committee) and ultimately to the Board of Directors. Additional oversight is provided by the 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, Mackenzie Investments and Investment Planning Counsel, 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 assets under management and advisement, liquidity and funding risk, credit risk, or market risk.

Risks Related to Assets Under Management and Advisement

At September 30, 2023, IGM Financial's total assets under management and advisement were $253.4 billion compared to $249.4 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 assets under management and advisement (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. Assets under management are broadly diversified by asset class, geographic region, industry sector, investment team and style. The Company regularly reviews the sensitivity of its assets under management, revenues, earnings and cash flow to changes in financial markets.

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 26: IGM Financial Assets Under Management – Asset and Currency Mix

As at September 30, 2023	Investment Funds	Total
Cash	**0.9 %**	**2.2 %**
Short-term fixed income and mortgages	**4.5**	**4.4**
Other fixed income	**22.5**	**22.0**
Domestic equity	**20.1**	**25.1**
Foreign equity	**49.4**	**44.3**
Real Property	**2.6**	**2.0**
	100.0 %	**100.0 %**
CAD	**50.3 %**	**55.9 %**
USD	**32.7**	**28.8**
Other	**17.0**	**15.3**
	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 27.

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 September 30, 2023, compared to $825 million at December 31, 2022. The lines of credit at September 30, 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 September 30, 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 balance of the term loan facility is due on June 1, 2024. Interest rates on the term loan facility fluctuate with Canadian bankers' acceptances.

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 nine months ended September 30, 2023, the Company has made cash contributions of $3.7 million (2022 – $9.0 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. 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.

Table 27: Contractual Obligations

As at September 30, 2023 *($ millions)*	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	$ –	$ 28.4	$ 48.1	$ –	$ 76.5
Deposits and certificates[1]	3,496.3	0.3	0.5	0.7	3,497.8
Credit facility[2]	–	550.0	–	–	550.0
Obligations to securitization entities	–	1,086.6	3,574.6	14.2	4,675.4
Leases[3]	–	31.4	93.5	106.0	230.9
Long-term debt	–	–	525.0	1,875.0	2,400.0
Total contractual obligations	$ 3,496.3	$ 1,696.7	$ 4,241.7	$ 1,995.9	$ 11,430.6

(1) Deposits and certificates due on demand are primarily offset by client funds held on deposit.
(2) The credit facility will be repaid on the close of the sale of Investment Planning Counsel.
(3) Includes remaining lease payments related to office space and equipment used in the normal course of business.

Management believes cash flows from operations, available cash balances and other sources of liquidity are sufficient to meet the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the impact that 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 September 30, 2023, cash and cash equivalents of $517.2 million (December 31, 2022 – $1,072.9 million) consisted of cash balances of $213.0 million (December 31, 2022 – $346.3 million) on deposit with Canadian chartered banks and cash equivalents of $304.2 million (December 31, 2022 – $726.6 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $0.5 million (December 31, 2022 – $81.6 million), provincial government treasury bills and promissory notes of $1.5 million (December 31, 2022 – $306.8 million), bankers' acceptances of $302.2 million (December 31, 2022 – $293.2 million) and other corporate commercial paper of nil (December 31, 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 $3,520.3 million (December 31, 2022 – $4,029.7 million) are held with a Schedule I chartered bank and approximately 89% of the deposits were insured by the Canada Deposit Insurance Corporation at September 30, 2023. IPC's client funds on deposit of $247.0 million (December 31, 2022 – $317.7 million) included in assets held for sale at September 30, 2023 are held with a Schedule I chartered bank and approximately 85% of the deposits were insured by the Canada Deposit Insurance Corporation at September 30, 2023.

Mortgage Portfolio

At September 30, 2023, residential mortgages, recorded on the Company's balance sheet, of $5.1 billion (December 31, 2022 – $5.0 billion) consisted of $4.7 billion sold to securitization programs (December 31, 2022 – $4.6 billion), $349.0 million held pending sale or securitization (December 31, 2022 – $371.9 million) and $13.4 million related to the Company's intermediary operations (December 31, 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 (December 31, 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 (December 31, 2022 – $2.1 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $58.4 million (December 31, 2022 – $55.2 million) and $28.5 million (December 31, 2022 – $21.3 million), respectively, at September 30, 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 September 30, 2023, residential mortgages recorded on balance sheet were 51.4% insured (December 31, 2022 – 53.3%). At September 30, 2023, impaired mortgages on these portfolios were $2.3 million, compared to $2.2 million at December 31, 2022. Uninsured non-performing mortgages over 90 days on these portfolios were $2.1 million at September 30, 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 September 30, 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 $75.1 million (December 31, 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 $2.7 million at September 30, 2023 (December 31, 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 September 30, 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 Note 8 to the Interim Financial Statements and Notes 2, 7 and 23 to the Annual Financial Statements.

Market Risk

This is the risk of loss arising from changes in the values of the Company's financial instruments due to changes in interest rates, equity prices or foreign exchange rates.

Interest Rate Risk

IGM Financial is exposed to interest rate risk on its mortgage portfolio and on certain of the derivative financial instruments used in our mortgage banking operations.

The Company manages interest rate risk associated with its mortgage banking operations by entering into interest rate swaps with Canadian Schedule I chartered banks as follows:

- The Company has in certain instances funded floating rate mortgages with fixed rate Canada Mortgage Bonds as part of the securitization transactions under the CMB Program. As 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 $29.3 million (December 31, 2022 – $20.5 million) and an outstanding notional amount of $0.3 billion at September 30, 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 $30.8 million (December 31, 2022 – negative $19.6 million), on an outstanding notional amount of $1.4 billion at September 30, 2023 (December 31, 2022 – $1.3 billion). The net fair value of these swaps of negative $1.5 million at September 30, 2023 (December 31, 2022 – positive $0.9 million) is recorded on the balance sheet and has an outstanding notional amount of $1.7 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 $1.9 million (December 31, 2022 – $4.7 million) on an outstanding notional amount of $177.5 million at September 30, 2023 (December 31, 2022 – $191.6 million).

As at September 30, 2023, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately $1.6 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 $0.8 billion at September 30, 2023 (December 31, 2022 – $0.8 billion), as shown in Table 18, and the carrying value of the investment in associates was $3.6 billion at September 30, 2023 (December 31, 2022 – $2.1 billion), as shown in Table 16.

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 September 30, 2023, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $127.6 million ($141.0 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 quarter ended September 30, 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 $1.2 million ($1.4 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 self-regulatory organizations to which they belong. These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. These requirements include those that apply to IGM Financial as a publicly traded company and those that apply to the Company's subsidiaries based on the nature of their activities. They include regulations related to the management and provision of financial products and services, including securities, insurance and mortgages, and other activities carried on by the Company in the markets in which it operates. Regulatory standards affecting the Company and the financial services industry are significant and continually evolve. The Company and its subsidiaries are subject to reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages legal and regulatory 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. 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. Two proposed class actions have been filed against Mackenzie concerning this incident. At this time, we expect known costs to be covered by the Company's insurance.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

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 Risk 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 assets under management, as described more fully under the Risks Related to Assets Under Management section of this MD&A.

To manage this risk, the Company, across its operating subsidiaries, communicates with clients and underscores the importance of financial planning across economic cycles. The Company and the industry continue to take steps to educate Canadian investors on the merits of financial planning, diversification and long-term investing. In periods of volatility, Wealth Management advisors and independent financial advisors play a key role in assisting investors in maintaining perspective and focus on their long-term objectives.

Redemption rates for long-term funds are summarized in Table 28 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 three operating companies – Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. – each of which are managed by a President and Chief Executive Officer. The Company also has a strategy execution oversight function and committee that reviews and approves strategic initiative business cases and oversees progress against our strategic priorities and objectives.

The President and Chief Executive Officer of the Company, in collaboration with the Board of Directors, is responsible each year to develop, review and update the Company's strategic plan. The strategic plan sets out both the annual and longer-term objectives for the Company in light of emerging opportunities and risks and with a view to the Company's sustained profitable growth and long-term value creation. The Board is responsible for approving the Company's overall business strategy. In carrying out this responsibility, the Board reviews the short-, medium- and long-term risks associated with the strategic plan, considers the strengths and potential weaknesses of trends and opportunities, and approves the Company's annual business, financial and capital management plans. A portion of each Board meeting is dedicated to discussion of strategic matters including receiving updates on the progress and implementation of the strategic plan.

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, reputation and actions taken by competitors. This competition could have an adverse impact upon the Company's financial position and operating results. Please refer to The Competitive Landscape section of this MD&A for further discussion.

We provide Wealth Management advisors, independent financial advisors, as well as retail and institutional clients with a high level of service and support and a broad range of investment products, with a focus on building enduring relationships. The Company's subsidiaries also continually review their respective product and service offering and pricing to ensure competitiveness in the marketplace.

We strive to deliver strong investment performance on our products relative to benchmarks and peers. Poor investment performance relative to benchmarks or peers could reduce the level of assets under management and sales and asset retention, as well as adversely impact our brands and reputation. Meaningful and/or sustained underperformance could affect the Company's results. Our objective is to cultivate investment processes and disciplines that give us a competitive advantage, and we do this by diversifying our assets under management and product shelf by investment team, brand, asset class, mandate, style and geographic region.

Table 28: Twelve Month Trailing Redemption Rate for Long-term Funds

	2023 Sep. 30	2022 Sep. 30
IGM Financial Inc.		
IG Wealth Management	**11.6 %**	9.5 %
Mackenzie	**16.8 %**	14.9 %
Counsel	**22.9 %**	19.1 %

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 assets under management, 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 assets under management and advisement. 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.

TCFD Disclosure

The TCFD recommends that organizations disclose information about climate-related risks and opportunities in four areas: governance, strategy, risk management, and metrics and targets. Full implementation of TCFD will be a multi-year journey.

Governance

Our Board is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters. The Board meets with management at least annually to discuss plans and emerging ESG issues, 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.

IG 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, Mackenzie and IPC 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 and IPC, management evaluates the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

Engagement

To maximize stewardship efforts, engagement at Mackenzie is undertaken 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 IPC, a pooled engagement service provider is used to work with companies to enhance corporate behaviour and strategy. At IG Wealth Management, investment management sub-advisors including Mackenzie are responsible for engagement activities and IG Wealth Management monitors their practices as part of regular due diligence and oversight.

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

Metrics and Targets

We set, monitor and report on climate change-related metrics and targets annually in our CDP response and our Sustainability Report which are available on our website. 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 $161 billion in investment fund assets under management at September 30, 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 September 30, 2023.

The Canadian mutual fund industry continues to be very concentrated, with the 10 largest firms and their subsidiaries representing 69% of industry long-term mutual fund assets and 68% of total mutual fund assets under management at September 30, 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

Our subsidiaries, IG Wealth Management and Investment Planning Counsel, compete directly with other retail financial service providers in the advice segment, including other financial planning firms, as well as full service brokerages, banks and insurance companies. Our asset management subsidiary, Mackenzie Investments, competes directly with other investment managers for assets under management, and our products compete with stocks, bonds and other asset classes for a share of Canadians' investment assets.

Competition from other financial service providers, alternative product types or delivery channels, and changes in regulations or public preferences could impact the characteristics of our product and service offerings, including pricing, product structures, dealer and advisor compensation and disclosure. We monitor developments on an ongoing basis, and engage in policy discussions and develop product and service responses as appropriate.

IGM Financial continues to focus on our commitment to provide quality investment advice and financial products, service innovations, effective and responsible management of the Company and long-term value for our clients and shareholders. This includes efforts to modernize our digital platforms and technology infrastructure to enhance operations, achieve efficiencies and improve the service experience for our clients. We believe that IGM Financial is well-positioned to meet competitive challenges and capitalize on future growth opportunities.

Our competitive strength includes:

- Broad and diversified distribution through more than 35,000 financial advisors, with an emphasis on comprehensive financial planning.
- Broad product capabilities, leading brands and quality sub-advisory relationships.
- Enduring client relationships and the long-standing heritages and cultures of its subsidiaries.
- Benefits of being part of the Power Corporation group of companies.

Broad and Diversified Distribution

In addition to owning two of Canada's largest financial planning organizations, IG Wealth Management and Investment Planning Counsel, IGM Financial has, through Mackenzie, access to distribution through over 30,000 independent financial advisors. Mackenzie also, in its growing strategic alliance business, partners with global manufacturing and distribution entities to provide investment management services.

Broad Product Capabilities

Our subsidiaries continue to develop and launch innovative products and strategic investment planning tools to assist advisors in building optimized portfolios for clients.

Enduring Client Relationships

IGM Financial enjoys significant advantages as a result of the enduring relationships that advisors have developed with clients. In addition, our subsidiaries have strong heritages and cultures which are challenging for competitors to replicate.

Part of the Power Corporation Group of Companies

As part of the Power Corporation group of companies, IGM Financial benefits through expense savings from shared service arrangements, as well as through access to distribution, products and capital.

Critical Accounting Estimates and Policies

Summary of Critical Accounting Estimates

There were no changes to the Company's assumptions related to critical accounting estimates from those reported at December 31, 2022.

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 Great-West Lifeco Inc. (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.

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.

Internal Control Over Financial Reporting

During the third 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

There were no changes to the types of related party transactions from those reported at December 31, 2022. For further information on transactions involving related parties, see Notes 8, 26 and 29 to the Company's Annual Financial Statements.

On April 3, 2023, the Company entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life), a subsidiary of its affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada.

Outstanding Share Data

Outstanding common shares of IGM Financial as at September 30, 2023 totalled 238,128,666. Outstanding stock options as at September 30, 2023 totalled 10,987,564 of which 6,998,223 were exercisable. As at October 30, 2023, outstanding common shares totalled 238,131,738 and outstanding stock options totalled 10,931,407 of which 6,942,066 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.

Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

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

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Revenues				
Wealth management *(Note 4)*	**$ 563,068**	$ 532,546	**$ 1,649,661**	$ 1,629,052
Asset management	**239,952**	235,688	**714,758**	733,706
Dealer compensation expense	**(78,648)**	(77,460)	**(237,397)**	(250,664)
Net asset management *(Note 4)*	**161,304**	158,228	**477,361**	483,042
Net investment income and other	**8,010**	10,470	**27,067**	7,528
Gain on sale of Lifeco shares *(Notes 2, 9)*	**–**	–	**172,977**	–
Proportionate share of associates' earnings *(Note 9)*	**38,474**	46,899	**149,494**	145,332
	770,856	748,143	**2,476,560**	2,264,954
Expenses *(Note 5)*				
Advisory and business development	**253,224**	235,035	**752,929**	723,605
Operations and support	**196,450**	190,021	**696,896**	586,638
Sub-advisory	**16,876**	15,215	**49,044**	48,042
Interest	**32,519**	28,445	**90,694**	84,660
	499,069	468,716	**1,589,563**	1,442,945
Earnings before income taxes	**271,787**	279,427	**886,997**	822,009
Income taxes	**60,410**	63,393	**159,209**	184,182
Net earnings from continuing operations	**211,377**	216,034	**727,788**	637,827
Net earnings from discontinued operations *(Note 3)*	**(1,511)**	1,003	**3,407**	7,706
Net earnings	**209,866**	217,037	**731,195**	645,533
Non-controlling interest *(Notes 3, 9)*	**(110)**	(915)	**(1,900)**	(2,994)
Net earnings available to common shareholders	**$ 209,756**	$ 216,122	**$ 729,295**	$ 642,539
Earnings per share *(in dollars) (Note 18)*				
Net earnings available to common shareholders from continuing operations				
– Basic	**$ 0.89**	$ 0.91	**$ 3.05**	$ 2.66
– Diluted	**$ 0.89**	$ 0.90	**$ 3.04**	$ 2.65
Net earnings available to common shareholders				
– Basic	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.69
– Diluted	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.68

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Comprehensive Income

(unaudited) (in thousands of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Net earnings	**$ 209,866**	$ 217,037	**$ 731,195**	$ 645,533
Other comprehensive income (loss), net of tax				
Items that will not be reclassified to Net earnings				
Fair value through other comprehensive income investments				
Other comprehensive income (loss) *(Note 6), net of tax of $113, $(248), $1,139 and $91,316*	**(726)**	1,595	**(1,159)**	(581,069)
Employee benefits				
Net actuarial gains (losses), *net of tax of $(9,832), $2,883, $(6,752) and $(28,625)*	**26,694**	(7,807)	**18,334**	77,488
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*	**(97)**	4,368	**18**	15,373
Items that may be reclassified subsequently to Net earnings				
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $3,731, $(1,347), $7,025 and $4,647*	**47,837**	3,660	**(87,928)**	(52,947)
	73,708	1,816	**(70,735)**	(541,155)
Total comprehensive income (loss)	**$ 283,574**	$ 218,853	**$ 660,460**	$ 104,378

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Balance Sheets

(unaudited) (in thousands of Canadian dollars)

	September 30 2023	December 31 2022
		Restated *(Note 2)*
Assets		
Cash and cash equivalents	**$ 517,189**	$ 1,072,892
Other investments *(Note 6)*	**750,089**	774,536
Client funds on deposit	**3,520,274**	4,347,354
Accounts and other receivables	**322,525**	368,806
Income taxes recoverable	**45,935**	15,544
Loans *(Note 7)*	**5,076,879**	5,021,483
Derivative financial instruments	**65,508**	63,665
Other assets	**174,890**	156,240
Investment in associates *(Note 9)*	**3,627,914**	2,051,303
Capital assets	**300,596**	326,288
Capitalized sales commissions	**392,789**	372,173
Deferred income taxes	**777**	1,419
Assets held for sale *(Note 3)*	**693,193**	–
Intangible assets	**1,225,339**	1,363,642
Goodwill	**2,636,771**	2,802,173
	$ 19,350,668	$ 18,737,518
Liabilities		
Accounts payable and accrued liabilities	**$ 439,558**	$ 507,573
Income taxes payable	**7,238**	7,122
Derivative financial instruments	**76,501**	51,581
Deposits and certificates	**3,497,801**	4,333,997
Credit facility *(Note 10)*	**550,000**	–
Other liabilities	**389,766**	355,577
Obligations to securitization entities *(Note 8)*	**4,675,431**	4,610,438
Lease obligations	**172,228**	192,793
Deferred income taxes	**440,783**	451,005
Long-term debt *(Note 11)*	**2,400,000**	2,100,000
Liabilities held for sale *(Note 3)*	**312,692**	–
	12,961,998	12,610,086
Shareholders' Equity		
Share capital		
Common shares	**1,690,515**	1,672,799
Contributed surplus	**56,430**	54,134
Retained earnings	**4,307,344**	3,971,056
Accumulated other comprehensive income (loss)	**276,154**	362,766
Non-controlling interest	**58,227**	66,677
	6,388,670	6,127,432
	$ 19,350,668	$ 18,737,518

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 1, 2023.

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Changes in Shareholders' Equity

(unaudited) (in thousands of Canadian dollars)

Nine months ended September 30	Share capital – Common shares *(Note 12)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(Note 15)*	Non–controlling interest	Total shareholders' equity
2023						
Balance, beginning of period						
As previously reported	**$ 1,672,799**	**$ 54,134**	**$ 4,106,714**	**$ 362,766**	**$ 66,677**	**$ 6,263,090**
Change in accounting policy *(Note 2)*	**–**	**–**	**(135,658)**	**–**	**–**	**(135,658)**
As restated	**1,672,799**	**54,134**	**3,971,056**	**362,766**	**66,677**	**6,127,432**
Net earnings	**–**	**–**	**731,195**	**–**	**–**	**731,195**
Other comprehensive income (loss), net of tax	**–**	**–**	**–**	**(70,735)**	**–**	**(70,735)**
Total comprehensive income	**–**	**–**	**731,195**	**(70,735)**	**–**	**660,460**
Common shares						
Issued under stock option plan	**17,716**	**–**	**–**	**–**	**–**	**17,716**
Stock options						
Current period expense	**–**	**3,241**	**–**	**–**	**–**	**3,241**
Exercised	**–**	**(945)**	**–**	**–**	**–**	**(945)**
Common share dividends	**–**	**–**	**(401,754)**	**–**	**–**	**(401,754)**
Non-controlling interest	**–**	**–**	**(1,900)**	**–**	**(8,450)**	**(10,350)**
Disposal of investment in associate *(Note 9)*	**–**	**–**	**(2,017)**	**(16,008)**	**–**	**(18,025)**
Transfer out of fair value through other comprehensive income *(Note 6)*			**(131)**	**131**		**–**
Other	**–**	**–**	**10,895**	**–**	**–**	**10,895**
Balance, end of period	**$ 1,690,515**	**$ 56,430**	**$ 4,307,344**	**$ 276,154**	**$ 58,227**	**$ 6,388,670**
2022						
Balance, beginning of period						
As previously reported	$ 1,658,680	$ 51,069	$ 3,856,996	$ 883,083	$ 51,343	$ 6,501,171
Change in accounting policy *(Note 2)*	–	–	(135,658)	–	–	(135,658)
As restated	1,658,680	51,069	3,721,338	883,083	51,343	6,365,513
Net earnings	–	–	645,533	–	–	645,533
Other comprehensive income (loss), net of tax	–	–	–	(541,155)	–	(541,155)
Total comprehensive income	–	–	645,533	(541,155)	–	104,378
Common shares						
Issued under stock option plan	34,012	–	–	–	–	34,012
Purchased for cancellation	(20,310)	–	–	–	–	(20,310)
Stock options						
Current period expense	–	3,651	–	–	–	3,651
Exercised	–	(1,855)	–	–	–	(1,855)
Common share dividends	–	–	(402,381)	–	–	(402,381)
Non-controlling interest	–	–	(2,994)	–	12,994	10,000
Common share cancellation excess and other	–	–	(102,595)	–	–	(102,595)
Transfer out of fair value through other comprehensive income *(Note 6)*	–	–	24,032	(24,032)	–	–
Balance, end of period	$ 1,672,382	$ 52,865	$ 3,882,933	$ 317,896	$ 64,337	$ 5,990,413

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Cash Flows

(unaudited) (in thousands of Canadian dollars)

Nine months ended September 30	**2023**	2022
Operating activities		
Earnings before income taxes from continuing and discontinued operations	**$ 891,832**	$ 832,607
Income taxes paid	**(179,741)**	(286,081)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**68,981**	56,677
Capitalized sales commissions paid	**(89,956)**	(101,343)
Amortization of capital, intangible and other assets	**79,979**	77,801
Proportionate share of associates' earnings, net of dividends received	**(45,780)**	(59,129)
Pension and other post-employment benefits	**2,602**	6,535
Restructuring provisions and other	**103,266**	–
Gain on sale of Lifeco shares *(Note 9)*	**(172,977)**	–
Changes in operating assets and liabilities and other	**(1,607)**	(15,279)
Cash from operating activities before restructuring provision payments	**656,599**	511,788
Restructuring provision cash payments	**(47,519)**	(7,872)
	609,080	503,916
Financing activities		
Net (decrease) increase in deposits and certificates	**(21)**	9
Increase in obligations to securitization entities	**929,288**	851,185
Repayments of obligations to securitization entities and other	**(882,393)**	(1,251,159)
Repayment of lease obligations	**(17,690)**	(19,246)
Net proceeds on credit facility	**550,000**	–
Issue of debentures	**300,000**	–
Issue of common shares	**16,770**	42,156
Common shares purchased for cancellation	**–**	(115,667)
Common share dividends paid	**(401,495)**	(403,515)
	494,459	(896,237)
Investing activities		
Purchase of other investments	**(57,440)**	(126,876)
Proceeds from the sale of other investments	**54,424**	100,948
Increase in loans	**(889,569)**	(1,084,831)
Repayment of loans and other	**837,390**	1,334,473
Net additions to capital assets	**(19,699)**	(29,498)
Net cash used in additions to intangible assets	**(79,101)**	(44,836)
Investment in ChinaAMC *(Note 9)*	**(1,161,798)**	–
Investment in Rockefeller *(Note 9)*	**(856,163)**	–
Proceeds from sale of Lifeco shares *(Note 9)*	**552,655**	–
	(1,619,301)	149,380
Decrease in cash and cash equivalents	**(515,762)**	(242,941)
Cash and cash equivalents from continuing and discontinued operations, beginning of period	**1,072,892**	1,292,446
Cash and cash equivalents, end of period	**557,130**	$ 1,049,505
Less: Cash and cash equivalents from discontinued operations, end of period *(Note 3)*	**39,941**	
Cash and cash equivalents, end of period – continuing operations	**$ 517,189**	
Cash	**$ 212,989**	$ 608,314
Cash equivalents	**304,200**	441,191
	$ 517,189	$ 1,049,505
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 240,565**	$ 188,970
Interest paid	**$ 201,341**	$ 152,613

(See accompanying notes to interim condensed consolidated financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2023 *(unaudited) (In thousands of Canadian dollars, except shares and per share amounts)*

Note 1. Corporate information

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

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

Note 2. Summary of significant accounting policies

The unaudited Interim Condensed Consolidated Financial Statements of the Company (Interim Financial Statements) have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, using the accounting policies as set out in Note 2 to the Consolidated Financial Statements for the year ended December 31, 2022, except as noted below. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report.

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 Great-West Lifeco Inc. (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.

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.

Note 3. Discontinued operations

On April 3, 2023, the Company announced that it had entered into an agreement to sell 100% of Investment Planning Counsel Inc. (IPC) to The Canada Life Assurance Company (Canada Life) for cash consideration of $575 million. The transaction is expected to close by the end of 2023, subject to customary closing conditions and regulatory approvals. Canada Life is a subsidiary of the Company's affiliate, Lifeco, which is a subsidiary of Power Corporation of Canada.

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. The related assets and liabilities have been classified as assets and liabilities held for sale.

Net earnings from discontinued operations

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Revenues				
Wealth management	**$ 78,136**	$ 74,270	**$ 231,505**	$ 230,035
Net asset management	**4,262**	4,231	**12,935**	13,220
Net investment income and other	**981**	656	**2,795**	1,040
	83,379	79,157	**247,235**	244,295
Expenses(1)	**85,416**	77,668	**242,400**	233,697
Earnings before income taxes	**(2,037)**	1,489	**4,835**	10,598
Income taxes	**(526)**	486	**1,428**	2,892
Net earnings from discontinued operations	**(1,511)**	1,003	**3,407**	7,706
Non-controlling interest	**–**	–	**150**	–
Net earnings available to common shareholders from discontinued operations	**$ (1,511)**	$ 1,003	**$ 3,257**	$ 7,706

(1) Includes interest expense allocation of $8.7 million and $11.9 million for the three and nine months ended September 30, 2023, respectively (Note 10).

Cash flows from discontinued operations

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

	Nine months ended September 30	
	2023	2022
Net cash (used in) provided by:		
Operating activities	**$ 23,825**	$ 15,690
Financing activities	**(1,755)**	15,025
Investing activities	**(21,407)**	(24,297)
Net increase (decrease) in cash and cash equivalents	**$ 663**	$ 6,418

Assets and liabilities held for sale

	2023 September 30
Assets	
Cash and cash equivalents	**$ 39,941**
Securities	**278**
Client funds on deposit	**246,981**
Accounts and other receivables	**33,760**
Income taxes recoverable	**1,358**
Other assets	**15,489**
Capital assets	**16,404**
Capitalized sales commissions	**872**
Deferred income taxes	**164**
Intangible assets	**172,544**
Goodwill	**165,402**
Assets of discontinued operations	**$ 693,193**
Liabilities	
Accounts payable and accrued liabilities	**$ 35,518**
Income taxes payable	**1,125**
Deposits and certificates	**246,981**
Other liabilities	**3,819**
Lease obligations	**12,378**
Deferred income taxes	**12,871**
Liabilities of discontinued operations	**$ 312,692**

Note 4. Revenues from contracts with customers

	Three months ended September 30		*Nine months ended September 30*	
	2023	2022	**2023**	2022
Advisory fees	**$ 300,873**	$ 280,415	**$ 887,180**	$ 857,292
Product and program fees	**223,881**	214,085	**661,710**	660,393
	524,754	494,500	**1,548,890**	1,517,685
Redemption fees	**97**	846	**1,017**	3,327
Other financial planning revenues	**38,217**	37,200	**99,754**	108,040
Wealth management	**563,068**	532,546	**1,649,661**	1,629,052
Asset management	**239,952**	235,688	**714,758**	733,706
Dealer compensation expense	**(78,648)**	(77,460)	**(237,397)**	(250,664)
Net asset management	**161,304**	158,228	**477,361**	483,042
Net revenues from contracts with customers	**$ 724,372**	$ 690,774	**$ 2,127,022**	$ 2,112,094

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

In the second quarter of 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

	September 30, 2023		December 31, 2022	
	Cost	**Fair value**	Cost	Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	**$ 249,962**	**$ 607,722**	$ 242,704	$ 602,612
Fair value through profit or loss (FVTPL)				
Equity securities	**12,754**	**13,005**	12,689	12,933
Proprietary investment funds	**128,590**	**129,362**	156,663	158,991
	141,344	**142,367**	169,352	171,924
	$ 391,306	**$ 750,089**	$ 412,056	$ 774,536

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing your money. The Company's investment in Wealthsimple is held through a limited partnership controlled by Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income. IGM Financial Inc. holds directly and indirectly a 24.3% interest in Wealthsimple valued at $492 million at September 30, 2023, unchanged from December 31, 2022. Fair value is determined by using observable transactions in the investments' securities where available, discounted cash flows, and other valuation metrics, including revenue multiples used in the valuation of comparable public companies.

Note 7. Loans

	Contractual maturity 1 year or less	1 – 5 years	Over 5 years	September 30 2023 Total	December 31 2022 Total
Amortized cost					
Residential mortgages	**$ 1,097,922**	**$ 3,976,423**	**$ 1,522**	**$ 5,075,867**	$ 5,022,298
Less: Allowance for expected credit losses				**737**	815
				5,075,130	5,021,483
Fair value through profit or loss				**1,749**	–
				$ 5,076,879	$ 5,021,483
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of period				**$ 815**	$ 648
Write-offs, net of recoveries				**204**	(689)
Change in expected credit losses				**(282)**	856
Balance, end of period				**$ 737**	$ 815

Total credit impaired loans as at September 30, 2023 were $2,255 (December 31, 2022 – $2,159).

Total interest income on loans was $124.1 million (2022 – $100.6 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $103.2 million (2022 – $73.3 million). Losses realized on the sale of residential mortgages totalled $2.8 million (2022 – losses of $3.5 million). Fair value adjustments related to mortgage banking operations totalled $1.2 million (2022 – $2.6 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 $1.5 million at September 30, 2023 (December 31, 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
September 30, 2023			
Carrying value			
NHA MBS and CMB Program	**$ 2,433,555**	**$ 2,399,903**	**$ 33,652**
Bank sponsored ABCP	**2,281,589**	**2,275,528**	**6,061**
Total	**$ 4,715,144**	**$ 4,675,431**	**$ 39,713**
Fair value	**$ 4,551,667**	**$ 4,472,491**	**$ 79,176**
December 31, 2022			
Carrying value			
NHA MBS and CMB Program	$ 2,494,400	$ 2,459,828	$ 34,572
Bank sponsored ABCP	2,143,241	2,150,610	(7,369)
Total	$ 4,637,641	$ 4,610,438	$ 27,203
Fair value	$ 4,532,493	$ 4,544,609	$ (12,116)

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. Investment in associates

	Lifeco	ChinaAMC	Rockefeller	Northleaf	Other	Total
September 30, 2023						
Balance, beginning of period						
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	**–**	**1,161,798**	**856,163**	**–**	**542**	**2,018,503**
Disposition	**(397,705)**	**–**	**–**	**–**	**–**	**(397,705)**
Dividends	**(34,534)**	**(69,180)**	**–**	**–**	**–**	**(103,714)**
Proportionate share of:						
Earnings	**47,775**	**80,421**	**(724)**	**8,749** (1)	**(1,825)**	**134,396**
IFRS 17 adjustment	**15,098**	**–**	**–**	**–**	**–**	**15,098**
Other comprehensive income (loss) and other adjustments	**8,564**	**(107,318)**	**8,787**	**–**	**–**	**(89,967)**
Balance, end of period	**$ 578,765**	**$ 1,852,892**	**$ 864,226**	**$ 293,248**	**$ 38,783**	**$ 3,627,914**
September 30, 2022						
Balance, beginning of period						
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
Dividends	(54,884)	(31,319)	–	–	–	(86,203)
Proportionate share of:						
Earnings	87,375	42,988	–	14,969 (1)	–	145,332
Other comprehensive income (loss) and other adjustments	(14,306)	(15,577)	–	–	–	(29,883)
Balance, end of period	$ 903,227	$ 764,816	$ –	$ 273,800	$ –	$ 1,941,843

(1) For the three and nine months ended September 30, 2023, the Company's proportionate share of Northleaf's earnings net of Non-controlling interest was $441 and $6,999, respectively (2022 – $3,661 and $11,975).

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

On January 12, 2023, the Company closed the previously announced transaction to acquire Power Corporation of Canada's (Power) 13.9% interest in ChinaAMC for cash consideration of $1.16 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), consisting of $179.1 million recorded in the first quarter and a decrease of $6.2 million that was recorded on a prospective basis in the second quarter.

The Company recorded a Lifeco IFRS 17 adjustment of $15.1 million in the second quarter of 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 Capital Management (Rockefeller) for cash consideration of USD $622 million. Rockefeller is a leading U.S. independent financial services advisory firm focused on the high-net-worth and ultra-high-net-worth segments.

Note 10. Credit facility

Schedule I Canadian chartered banks have provided the Company with a non-revolving credit facility related to the sale of IPC. The balance of the credit facility is due on June 1, 2024. Interest rates on the credit facility fluctuate with Canadian bankers' acceptances and the interest expense is recorded as part of discontinued operations in the Statements of Earnings.

Note 11. Long-term debt

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. The interest on debentures is recorded in interest expense in the Statements of Earnings.

Note 12. 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

	September 30, 2023			September 30, 2022		
	Shares		**Stated value**	Shares		Stated value
Common shares:						
Balance, beginning of period	**237,668,062**	**$**	**1,672,799**	239,679,043	$	1,658,680
Issued under Stock Option Plan	**460,604**		**17,716**	867,578		34,012
Purchased for cancellation	**–**		**–**	(2,890,000)		(20,310)
Balance, end of period	**238,128,666**	**$**	**1,690,515**	237,656,621	$	1,672,382

Normal course issuer bid

The Company commenced a normal course issuer bid on March 1, 2022 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 nine months ended September 30, 2023. In the nine months ended September 30, 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.

Note 13. Capital management

The capital management policies, procedures and activities of the Company are discussed in the Capital Resources section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2023 Report to Shareholders and in Note 19 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

Note 14. Share-based payments

Stock option plan

	September 30 2023	December 31 2022
Common share options		
– Outstanding	**10,987,564**	11,725,342
– Exercisable	**6,998,223**	6,596,299

In the third quarter of 2023, the Company did not grant options to employees (2022 – 116,520). In the nine months ended September 30, 2023, the Company granted 662,606 options to employees (2022 – 1,546,295). The weighted-average fair value of options granted during the nine months ended September 30, 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.

Other assumptions used in these valuation models include:

	Nine months ended September 30	
	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. 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.

Note 15. Accumulated other comprehensive income (loss)

		Employee benefits		Other investments		Investment in associates and other		Total
September 30, 2023								
Balance, beginning of period	**$**	**4,383**	**$**	**309,605**	**$**	**48,778**	**$**	**362,766**
Other comprehensive income (loss)		**18,334**		**(1,159)**		**(87,910)**		**(70,735)**
Disposal of investment in associate *(Note 9)*		**–**		**–**		**(16,008)**		**(16,008)**
Transfer out of FVTOCI		**–**		**131**		**–**		**131**
Balance, end of period	**$**	**22,717**	**$**	**308,577**	**$**	**(55,140)**	**$**	**276,154**
September 30, 2022								
Balance, beginning of period	$	(95,666)	$	919,152	$	59,597	$	883,083
Other comprehensive income (loss)		77,488		(581,069)		(37,574)		(541,155)
Transfer out of FVTOCI		–		(24,032)		–		(24,032)
Balance, end of period	$	(18,178)	$	314,051	$	22,023	$	317,896

Amounts are recorded net of tax.

Note 16. Risk management

The risk management policies and procedures of the Company are discussed in the Financial Risk section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2023 Report to Shareholders and in Note 22 to the Consolidated Financial Statements in the 2022 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2022.

Note 17. 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 $608 million are predominantly comprised of early-stage financial technology companies, including Wealthsimple with a fair value of $492 million. Fair value is determined by using observable transactions in the investments' securities, where available, forecasted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to forecasted cash flows or revenue multiples would result in an increase (decrease) in fair value of the Company's investment in Wealthsimple of approximately $25 million.

The following table presents the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. The table distinguishes between those financial instruments recorded at fair value and those recorded at amortized cost. The table also excludes fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities, credit facility and certain other financial liabilities.

	Carrying value	Fair value Level 1	Level 2	Level 3	Total
September 30, 2023					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 607,722**	**$ –**	**$ –**	**$ 607,722**	**$ 607,722**
– FVTPL	**142,367**	**130,938**	**–**	**11,429**	**142,367**
Loans					
– FVTPL	**1,749**	**–**	**1,749**	**–**	**1,749**
Derivative financial instruments	**65,508**	**–**	**32,813**	**32,695**	**65,508**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**5,075,130**	**–**	**350,538**	**4,551,667**	**4,902,205**
Financial liabilities recorded at fair value					
Derivative financial instruments	**76,501**	**–**	**73,102**	**3,399**	**76,501**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**3,497,801**	**–**	**3,497,786**	**–**	**3,497,786**
Obligations to securitization entities	**4,675,431**	**–**	**–**	**4,472,491**	**4,472,491**
Long-term debt	**2,400,000**	**–**	**2,232,177**	**–**	**2,232,177**
December 31, 2022					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 602,612	$ –	$ –	$ 602,612	$ 602,612
– FVTPL	171,924	160,495	–	11,429	171,924
Derivative financial instruments	63,665	–	37,900	25,765	63,665
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,021,483	–	372,983	4,532,493	4,905,476
Financial liabilities recorded at fair value					
Derivative financial instruments	51,581	–	46,332	5,249	51,581
Financial liabilities recorded at amortized cost					
Deposits and certificates	4,333,997	–	4,334,010	–	4,334,010
Obligations to securitization entities	4,610,438	–	–	4,544,609	4,544,609
Long-term debt	2,100,000	–	2,013,917	–	2,013,917

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[1]	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Balance September 30
September 30, 2023						
Other investments						
– FVTOCI	**$ 602,612**	**$ –**	**$ (2,148)**	**$ 7,951**	**$ 693**	**$ 607,722**
– FVTPL	**11,429**	**–**	**–**	**–**	**–**	**11,429**
Derivative financial instruments, net	**20,516**	**7,664**	**–**	**(1,145)**	**(2,261)**	**29,296**
September 30, 2022						
Other investments						
– FVTOCI	$ 1,291,434	$ –	$ (672,384)	$ 29,706	$ 47,437	$ 601,319
Derivative financial instruments, net	960	17,985	–	(239)	(3,282)	21,988

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

Note 18. Earnings per common share

	Three months ended September 30		Nine months ended September 30	
	2023	2022	**2023**	2022
Earnings				
Net earnings from continuing operations	**$ 211,377**	$ 216,034	**$ 727,788**	$ 637,827
Non-controlling interest	**(110)**	(915)	**(1,750)**	(2,994)
Net earnings available to common shareholders – continuing operations	**211,267**	215,119	**726,038**	634,833
Net earnings from discontinued operations	**(1,511)**	1,003	**3,407**	7,706
Non-controlling interest	**–**	–	**(150)**	–
Net earnings available to common shareholders – discontinued operations	**(1,511)**	1,003	**3,257**	7,706
Net earnings available to common shareholders	**$ 209,756**	$ 216,122	**$ 729,295**	$ 642,539
Number of common shares *(in thousands)*				
Weighted average number of common shares outstanding	**238,111**	237,657	**238,000**	238,741
Add: Potential exercise of outstanding stock options[(1)]	**439**	151	**596**	623
Average number of common shares outstanding – diluted basis	**238,550**	237,808	**238,596**	239,364
Earnings per common share *(in dollars)*				
Basic				
From continuing operations	**$ 0.89**	$ 0.91	**$ 3.05**	$ 2.66
From discontinued operations	**(0.01)**	–	**0.01**	0.03
Net earnings available to common shareholders	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.69
Diluted				
From continuing operations	**$ 0.89**	$ 0.90	**$ 3.04**	$ 2.65
From discontinued operations	**(0.01)**	0.01	**0.02**	0.03
Net earnings available to common shareholders	**$ 0.88**	$ 0.91	**$ 3.06**	$ 2.68

(1) Excludes 844 thousand shares for the three months ended September 30, 2023 (2022 – 1,634 thousand) related to outstanding stock options that were anti-dilutive. Excludes 689 thousand shares for the nine months ended September 30, 2023 (2022 – 788 thousand) relating to outstanding stock options that were anti-dilutive.

Note 19. 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. 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. Two proposed class actions have been filed against Mackenzie concerning this incident. At this time, we expect known costs to be covered by the Company's insurance.

Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

Note 20. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

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

- **Wealth Management** – reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households. This segment includes the activities of IG Wealth Management and Investment Planning Counsel, which has been classified as discontinued operations. These firms are retail distribution organizations who serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- **Asset Management** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and also through institutional advisory mandates to financial institutions, pensions and other institutional investors.
- **Strategic Investments and Other** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Rockefeller Capital Management, Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portage Ventures LPs. Unallocated capital is also included within this segment.

2023

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 564,735	$ –	$ –	$ (1,667)	$ 563,068
Asset management	–	265,723	–	(25,771)	239,952
Dealer compensation	–	(77,962)	–	(686)	(78,648)
Net asset management	–	187,761	–	(26,457)	161,304
Net investment income and other	2,256	2,571	3,574	(391)	8,010
Proportionate share of associates' earnings	–	–	38,474	–	38,474
	566,991	190,332	42,048	(28,515)	770,856
Expenses					
Advisory and business development	234,270	18,956	–	(2)	253,224
Operations and support	108,397	87,010	1,113	(70)	196,450
Sub-advisory	43,824	1,175	–	(28,123)	16,876
	386,491	107,141	1,113	(28,195)	466,550
	180,500	83,191	40,935	(320)	304,306
Interest expense[(1)]	25,965	6,554	–	–	32,519
Earnings before income taxes	154,535	76,637	40,935	(320)	271,787
Income taxes	41,270	20,176	(951)	(85)	60,410
Net earnings from continuing operations	113,265	56,461	41,886	(235)	211,377
Net earnings from discontinued operations	4,574	–	–	(6,085)	(1,511)
	117,839	56,461	41,886	(6,320)	209,866
Non-controlling interest	–	–	(110)	–	(110)
Net earnings available to common shareholders	$ 117,839	$ 56,461	$ 41,776	$ (6,320)	$ 209,756

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

2022

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 532,547	$ –	$ –	$ (1)	$ 532,546
Asset management	–	262,637	–	(26,949)	235,688
Dealer compensation	–	(77,460)	–	–	(77,460)
Net asset management	–	185,177	–	(26,949)	158,228
Net investment income and other	2,195	3,701	4,762	(188)	10,470
Proportionate share of associates' earnings	–	–	46,899	–	46,899
	534,742	188,878	51,661	(27,138)	748,143
Expenses					
Advisory and business development	218,638	16,398	–	(1)	235,035
Operations and support	102,951	85,987	1,156	(73)	190,021
Sub-advisory	41,005	1,159	–	(26,949)	15,215
	362,594	103,544	1,156	(27,023)	440,271
	172,148	85,334	50,505	(115)	307,872
Interest expense(1)	22,543	5,902	–	–	28,445
Earnings before income taxes	149,605	79,432	50,505	(115)	279,427
Income taxes	40,066	20,965	2,393	(31)	63,393
	109,539	58,467	48,112	(84)	216,034
Net earnings from discontinued operations	919	–	–	84	1,003
	110,458	58,467	48,112	–	$ 217,037
Non-controlling interest	–	–	(915)	–	(915)
Net earnings available to common shareholders	$ 110,458	$ 58,467	$ 47,197	$ –	$ 216,122

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

2023

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total Segment	Adjustments(1)	Total
Revenues							
Wealth management	$ 1,654,498	$ –	$ –	$ (4,837)	$ 1,649,661	$ –	$ 1,649,661
Asset management	–	791,735	–	(76,977)	714,758	–	714,758
Dealer compensation	–	(235,422)	–	(1,975)	(237,397)	–	(237,397)
Net asset management	–	556,313	–	(78,952)	477,361	–	477,361
Net investment income and other	9,632	8,020	10,519	(1,104)	27,067	–	27,067
Gain on sale of Lifeco shares *(Note 9)*	–	–	–	–	–	172,977	172,977
Proportionate share of associates' earnings	–	–	134,396	–	134,396	15,098	149,494
	1,664,130	564,333	144,915	(84,893)	2,288,485	188,075	2,476,560
Expenses							
Advisory and business development	690,261	62,674	–	(6)	752,929	–	752,929
Operations and support	321,839	268,649	3,352	(210)	593,630	103,266	696,896
Sub-advisory	129,414	3,418	–	(83,788)	49,044	–	49,044
	1,141,514	334,741	3,352	(84,004)	1,395,603	103,266	1,498,869
	522,616	229,592	141,563	(889)	892,882	84,809	977,691
Interest expense(2)	72,214	18,480	–	–	90,694	–	90,694
Earnings before income taxes	450,402	211,112	141,563	(889)	802,188	84,809	886,997
Income taxes	119,654	56,184	6,263	(153)	181,948	(22,739)	159,209
Net earnings from continuing operations	330,748	154,928	135,300	(736)	620,240	107,548	727,788
Net earnings from discontinued operations	11,444	–	–	(8,037)	3,407	–	3,407
	342,192	154,928	135,300	(8,773)	623,647	107,548	731,195
Non-controlling interest	(150)	–	(1,750)	–	(1,900)	–	(1,900)
	$ 342,042	$ 154,928	$ 133,550	$ (8,773)	621,747	107,548	729,295
Restructuring and other, net of tax(1)					(76,208)	76,208	–
Gain on sale of Lifeco shares, net of tax(1)					168,658	(168,658)	–
Lifeco IFRS 17 adjustment(1)					15,098	(15,098)	–
Net earnings available to common shareholders					$ 729,295	$ –	$ 729,295
Identifiable assets	$ 10,810,089	$ 1,404,951	$ 4,498,857	$ –	$ 16,713,897	$ –	$ 16,713,897
Goodwill	1,346,245	1,290,526	–	–	2,636,771	–	2,636,771
Total assets	$ 12,156,334	$ 2,695,477	$ 4,498,857	$ –	$ 19,350,668	$ –	$ 19,350,668

(1) Restructuring and other, 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

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 1,629,053	$ –	$ –	$ (1)	$ 1,629,052
Asset management	–	817,169	–	(83,463)	733,706
Dealer compensation	–	(250,664)	–	–	(250,664)
Net asset management	–	566,505	–	(83,463)	483,042
Net investment income and other	294	99	7,244	(109)	7,528
Proportionate share of associates' earnings	–	–	145,332	–	145,332
	1,629,347	566,604	152,576	(83,573)	2,264,954
Expenses					
Advisory and business development	665,502	58,104	–	(1)	723,605
Operations and support	314,766	267,503	4,587	(218)	586,638
Sub-advisory	127,662	3,843	–	(83,463)	48,042
	1,107,930	329,450	4,587	(83,682)	1,358,285
	521,417	237,154	147,989	109	906,669
Interest expense(1)	67,034	17,626	–	–	84,660
Earnings before income taxes	454,383	219,528	147,989	109	822,009
Income taxes	121,557	57,584	4,840	201	184,182
Net earnings from continuing operations	332,826	161,944	143,149	(92)	637,827
Net earnings from discontinued operations	7,786	–	–	(80)	7,706
	340,612	161,944	143,149	(172)	645,533
Non-controlling interest	–	–	(2,994)	–	(2,994)
Net earnings available to common shareholders	$ 340,612	$ 161,944	$ 140,155	$ (172)	$ 642,539
Identifiable assets	$ 10,088,767	$ 1,252,729	$ 3,315,598	$ –	$ 14,657,094
Goodwill	1,491,687	1,310,486	–	–	2,802,173
Total assets	$ 11,580,454	$ 2,563,215	$ 3,315,598	$ –	$ 17,459,267

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

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

800, 324 – 8th Avenue S.W.
Calgary, Alberta T2P 2Z2

1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, Quebec H3A 3S8

100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1

510 Burrard Street, 2nd 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

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

Websites

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

™ *Trademarks, including IG Wealth Management, are owned by IGM Financial Inc. and licensed to its subsidiary corporations, except as noted below.*

Investment Planning Counsel's trademark is owned by Investment Planning Counsel Inc. and used with permission.

Mackenzie Investments' trademark is owned by Mackenzie Financial Corporation and used with permission.

† *Morningstar and the Morningstar Ratings are trademarks of Morningstar Inc.*

CFP® and Certified Financial Planner® are certification trademarks owned outside the U.S. by Financial Planning Standards Board Ltd. (FPSB). Financial Planning Standards Council is the marks licensing authority for the CFP marks in Canada, through agreement with FPSB.

A MEMBER OF THE POWER CORPORATION GROUP OF COMPANIES

IGM Financial

IG WEALTH MANAGEMENT

MACKENZIE Investments

Investment Planning Counsel