POWER CORPORATION OF CANADA

3 Third Quarter Report

For the period ended September 30, 2022

Power Corporation of Canada

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This document contains management's discussion and analysis of the financial condition, financial performance and cash flows of Power Corporation of Canada (the Corporation) for the three months and nine months ended September 30, 2022 and the unaudited interim condensed consolidated financial statements of the Corporation as at and for the three months and nine months ended September 30, 2022. This document has been filed with the securities regulatory authorities in each of the provinces and territories of Canada and is available under the Corporation's profile on SEDAR at www.sedar.com.

Power Corporation of Canada

PART A

Management's Discussion and Analysis

NOVEMBER 9, 2022

ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED.

The following presents Management's Discussion and Analysis (MD&A) of the financial condition and financial performance of Power Corporation of Canada (Power Corporation or the Corporation) (TSX: POW; POW.PR.E), a public corporation, for the nine-month and three-month periods ended September 30, 2022. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements of Power Corporation and notes thereto for the nine-month and three-month periods ended September 30, 2022 (the Interim Consolidated Financial Statements), the MD&A for the year ended December 31, 2021 (the 2021 Annual MD&A), and the audited consolidated financial statements and notes thereto for the year ended December 31, 2021 (the 2021 Consolidated Financial Statements). Additional information relating to Power Corporation, including its Annual Information Form, may be found on the Corporation's website at www.powercorporation.com and on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS › Certain statements in this MD&A, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' current expectations as disclosed in their respective MD&A. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows 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 and the reader is 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 Corporation and its subsidiaries including the fintech strategy, the expected impact of the COVID-19 pandemic on the Corporation and its subsidiaries' operations, results and dividends, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, the Corporation's NCIB (as defined herein) commenced in 2022, the Corporation's sale of its interest in ChinaAMC (as defined herein) to IGM, and IGM's sale of a portion of its interest in Lifeco, and related impacts and timing thereof, statements concerning deferred taxes, statements concerning the expected impact of IFRS 17 on shareholders' equity, management of standalone businesses to realize value over time, fundraising activities by investment platforms, capital commitments by the Power group and third parties, the intended acquisition opportunity of Portage Fintech Acquisition Corporation, the objective to maintain at or above a minimum level of cash and cash equivalents relative to fixed charges, and the Corporation's subsidiaries' disclosed expectations, including the expectations as a result of the acquisitions of the Prudential full-service retirement business (as defined herein), the retirement services business of MassMutual (as defined herein) and Personal Capital (as defined herein) and related synergies, impacts and timing thereof as well as the impacts of the acquisitions of Affidea (as defined herein) and Sanoptis (as defined herein). 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".

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 factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation 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, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts (such as the invasion of Ukraine), or an outbreak of a public health pandemic or other public health crises (such as COVID-19), the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, the factors identified by such subsidiaries in their respective MD&A.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, that any required approvals (including regulatory approvals) for strategic transactions, acquisitions, divestitures or other growth or optimization strategies will be received when and on such terms as are expected, as well as other considerations that are believed to be appropriate in the circumstances, including the availability of cash to complete purchases under the NCIB, that the list of risks and uncertainties in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries, and with respect to forward-looking statements of the Corporation's subsidiaries disclosed in this MD&A, the risks identified by such subsidiaries in their respective MD&A and Annual Information Form most recently filed with the securities regulatory authorities in Canada and available at www.sedar.com. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is 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 Corporation'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 MD&A and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

NON-IFRS FINANCIAL MEASURES › This MD&A contains financial measures (including ratios) that do not have a standard meaning under International Financial Reporting Standards (IFRS). Terms by which non-IFRS financial measures are identified include, but are not limited to, "adjusted net earnings", "adjusted net earnings per share", "adjusted net asset value", "adjusted net asset value per share", "consolidated assets and assets under management" and "consolidated assets and assets under administration". Management uses these financial measures in its presentation and analysis of the financial performance, financial condition and cash flows of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. These non-IFRS financial measures may not be comparable to similar measures used by other entities. Refer to the section "Non-IFRS Financial Measures" in this MD&A for the appropriate reconciliations of these non-IFRS financial measures to measures prescribed by IFRS as well as additional details on each measure. Reconciliations of the adjusted net asset value and the holding company balance sheet are included in the section "Adjusted Net Asset Value".

This MD&A also includes other measures used to discuss activities of the Corporation's consolidated publicly traded operating companies and alternative asset investment platforms including, but not limited to, "assets under management", "assets under administration", "assets under management and advisement", "book value per participating share", "carried interest", "fee-bearing capital", "market capitalization", "net asset value", "net carried interest" and "unfunded commitments". As well, a non-consolidated basis of presentation is used to present and analyze the financial position and cash flows of Power Corporation as a holding company. Refer to the section "Other Measures" in this MD&A for a definition of each measure.

Organization of the Interim MD&A

The following abbreviations are used throughout this report:

adidas	adidas AG
Affidea	Affidea Group B.V.
AIM	AIM sub-market of the London Stock Exchange
Alternative asset investment platforms or Investment platforms	Alternative Asset Investment Platforms
Canada Life	The Canada Life Assurance Company
Canyon	Canyon Bicycles GmbH
ChinaAMC	China Asset Management Co., Ltd.
EBITDA	Earnings before interest, taxes, depreciation and amortization
EBR	Euronext Brussels
Empower	Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company)
EPA	Euronext Paris
European private equity	Sagard Europe II, Sagard Europe 3, Sagard Europe 4 and Sagard NewGen
EverWest	EverWest Holdings Inc.
GBL	Groupe Bruxelles Lambert
GEA	GEA Group AG
Grayhawk	Grayhawk Wealth Holdings Inc.
Holcim	Holcim Ltd.
IFRS	International Financial Reporting Standards
IGM or IGM Financial	IGM Financial Inc.
IG Wealth Management	Investors Group Inc.
Imerys	Imerys SA
Investment Planning Counsel or IPC	Investment Planning Counsel Inc.
Irish Life	Irish Life Group Limited
Koho	KOHO Financial Inc.
Lifeco	Great-West Lifeco Inc.
Lion or Lion Electric	The Lion Electric Company
LMPG	LMPG Inc.
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation
MassMutual	Massachusetts Mutual Life Insurance Company
MOWI	Mowi ASA
Nautilus or Nautilus Solar	Nautilus Solar Energy, LLC
NCREIF	National Council of Real Estate Investment Fiduciaries
Northleaf	Northleaf Capital Group Ltd.
NYSE	New York Stock Exchange
Ontex	Ontex Group NV
OSE	Oslo Stock Exchange
OSFI	Office of the Superintendent of Financial Institutions
PanAgora	PanAgora Asset Management, Inc.
Pargesa	Pargesa Holding SA or Pargesa SA
Parjointco	Parjointco SA
Parques or Parques Reunidos	Parques Reunidos Servicios Centrales, S.A.
Peak	Peak Achievement Athletics Inc.
Pernod Ricard	Pernod Ricard SA
Personal Capital	Personal Capital Corporation
PFTA	Portage Fintech Acquisition Corporation
Portage I or Portage I LP	Portag3 Ventures Limited Partnership
Portage II or Portage II LP	Portag3 Ventures II Limited Partnership
Portage III or Portage III LP	Portage Ventures III Limited Partnership
Potentia or Potentia Renewables	Potentia Renewables Inc.
Power Financial	Power Financial Corporation
Power Sustainable	Power Sustainable Capital Inc.
Power Sustainable China	Power Sustainable Investment Management Inc.
Power Sustainable Energy	Power Sustainable Energy Infrastructure
Power Sustainable Lios	Power Sustainable Lios Inc.
Prudential	Prudential Financial, Inc.
PSEIP	Power Sustainable Energy Infrastructure Partnership
Putnam	Putnam Investments, LLC
Sagard	Sagard Holdings Inc.
Sagard Credit I	Sagard Credit Partners, LP
Sagard Credit II	Sagard Credit Partners II, LP
Sagard Healthcare	Sagard Healthcare Royalty Partners, LP
Sagard Holdings Management or SHMI	Sagard Holdings Management Inc.
Sanoptis	Sanoptis AG
SGS	SGS SA
Sienna	Sienna Capital and Sienna Investment Managers
SIX	Swiss Stock Exchange
SPEC	Sagard Private Equity Canada LP
TotalEnergies	TotalEnergies SA
TSX	Toronto Stock Exchange
Umicore	Umicore, NV/SA
USPF	GWL U.S. Property Fund L.P.
Wealthsimple	Wealthsimple Financial Corp.
Webhelp	Webhelp Group
XETR	XETRA Stock Exchange

Overview

POWER CORPORATION OF CANADA

Incorporated in 1925, Power Corporation (TSX: POW; POW.PR.E) is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. Through Power Financial, it controls Lifeco and IGM and in recent years has implemented an active fintech strategy. It also holds, jointly with the Frère Group of Belgium, a controlling interest in GBL.

Power Corporation conducts its investment activities, built upon a network of deep and long-standing relationships, to provide superior returns. Investment activities include investments in alternative asset managers and investment funds, including Sagard and Power Sustainable, and interests in China resulting from more than 40 years of engagement. The Corporation aims to act like an owner with a long-term perspective and a strategic vision anchored in strong core values.

Power Corporation adheres to four overriding investing principles to pursue its objective of achieving sustainable long-term value creation in the best interests of the Corporation:

- Long-term perspective
- Leading franchises with attractive growth profiles
- Strong governance oversight
- Prudent approach to risk management

Power Corporation's value creation strategy is focused on financial services, designed to generate long-term sustainable growth in earnings and dividends, and is based upon three key levers:

- Operating company organic levers: organic growth strategies at the publicly traded operating companies;
- Operating company inorganic levers: deployment and redeployment of capital; and
- Holding company levers: actions that can be taken at the Corporation and between the Corporation and its publicly traded operating companies and investments.

Power Corporation, through its alternative asset investment platforms, is developing alternative asset management businesses which build upon the investment capabilities that have been created over many years in several high-growth asset classes. The alternative asset investment platforms are focused on growing their asset management businesses through raising third-party capital and the Corporation intends to continue to provide seed capital to the different investment products managed by each of the alternative asset investment platforms:

- Sagard, since its inception in 2005, has evolved into a multi-strategy alternative asset manager. Sagard looks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard invests across five asset classes: private credit, healthcare royalties, venture capital, private equity and real estate, and also offers wealth management services. Sagard also sponsored a special purpose acquisition company, which is listed on the Nasdaq exchange.
- Power Sustainable is a sustainability-led global alternative asset manager with a long-term investment approach. Power Sustainable aims to create long-term value by actively investing in entrepreneurial management teams, companies and projects with sustainable business models. Power Sustainable currently manages three main platforms:
  - Power Sustainable China selects a high-conviction portfolio based on fundamental research and takes an active approach to investing in China's public equity markets, selecting companies and business models that have significant alignment with the following goals: innovation and technology, decarbonization and quality growth.
  - Power Sustainable Energy Infrastructure invests in the development, construction, and operation of renewable energy infrastructure assets across North America.
  - Power Sustainable Lios invests in mid-market companies across the food value chain in North America that support the sustainability transformation occurring within the food system.

The alternative asset investment platforms also have significant influence and controlling interests in several standalone businesses, which are managed to create and realize value over time.

The Corporation's multi-generational relationships have been foundational in creating investment opportunities in China. ChinaAMC, one of the largest asset managers in China, diversifies the Corporation's interests by creating strategic opportunities with other asset managers within the Power group of companies.

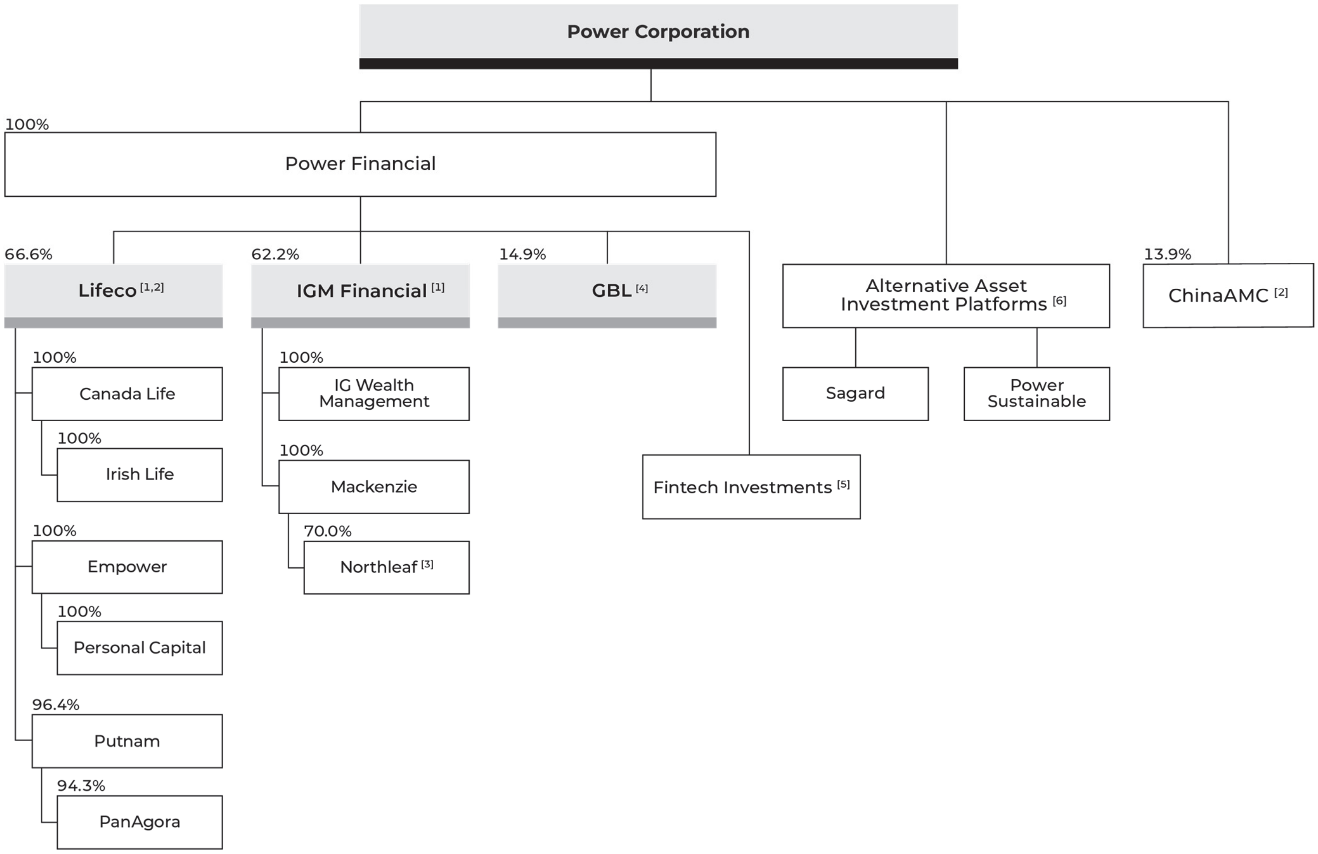
ORGANIZATION OF THE MD&A

The Corporation's MD&A consists of three parts:

- Part A – Power Corporation, presented on a consolidated and non-consolidated basis;
- Part B – Lifeco's interim MD&A, as prepared and disclosed by Lifeco in accordance with applicable securities legislation, and which is also available either directly from SEDAR (www.sedar.com) or from Lifeco's website (www.greatwestlifeco.com);
- Part C – IGM's interim MD&A, as prepared and disclosed by IGM in accordance with applicable securities legislation, and which is also available either directly from SEDAR (www.sedar.com) or from IGM's website (www.igmfinancial.com).

Lifeco (TSX: GWO) and IGM (TSX: IGM) are public companies listed on the Toronto Stock Exchange. GBL is a public company listed on the Brussels Stock Exchange (EBR: GBLB). Market capitalizations reported in the following sections are at September 30, 2022 (refer to the section "Other Measures").

The following chart reflects the economic interests held by the Corporation at September 30, 2022, which include the operating subsidiaries (Lifeco and IGM) and its interest in GBL, held through Power Financial, interests held through the Corporation's alternative asset investment platforms, and an interest in ChinaAMC.



In bold: Publicly listed holdings

[1] Lifeco, through Canada Life, holds a 3.9% interest in IGM, and IGM holds a 4.0% interest in Lifeco.

[2] IGM also holds a 13.9% interest in ChinaAMC. On January 5, 2022, the Corporation and IGM entered into an agreement under which the interest in ChinaAMC will be consolidated at IGM. In a separate agreement, IGM will sell approximately 15.2 million common shares of Lifeco, representing a 1.6% interest in Lifeco, to Power Financial. Refer to the section "ChinaAMC".

[3] Represents a 49.9% non-controlling voting interest. The interest in Northleaf is held through an acquisition vehicle in which IGM holds an 80% equity interest and Lifeco holds a 20% equity interest.

[4] Held through Parjointco, a jointly controlled corporation (50%). Parjointco has a 44.3% voting interest in GBL. Refer to the section "GBL" for a list of investments.

[5] Includes a controlling interest in Portage I, Portage II, Portage III and Wealthsimple, held through Power Financial, Lifeco and IGM.

[6] Refer to the section "Alternative Asset Investment Platforms" for a list of investments held by each investment platform.

PUBLICLY TRADED OPERATING COMPANIES

The Corporation holds controlling interests, through Power Financial, in Lifeco and IGM. It also has significant holdings in a portfolio of European-based global companies through its investment in GBL.

Lifeco

Great-West Lifeco Inc. (TSX: GWO), market capitalization of $27.8 billion at September 30, 2022, is an international financial services holding company with interests in life insurance, health insurance, retirement and investment services, asset management and reinsurance businesses. Lifeco operates in Canada, the United States and Europe under the brands Canada Life, Empower, Putnam Investments and Irish Life. For reporting purposes, Lifeco has five reportable segments: Canada, the United States, Europe, Capital and Risk Solutions, and Corporate, which reflect geographic lines as well as the management and corporate structure of the companies.

The Canada segment is operated by Canada Life primarily through the Individual Customer and Group Customer business units. Through the Individual Customer business unit, Lifeco provides life, disability and critical illness insurance products as well as wealth savings and income products to individual clients. Through the Group Customer business unit, Lifeco provides life, accidental death and dismemberment, disability, critical illness, health and dental protection, creditor insurance as well as retirement savings and income and annuity products and other specialty products to group clients in Canada.

The United States segment operates two primary business units, Financial Services and Asset Management. The Financial Services business unit, and specifically the Empower brand, provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and record-keeping services, individual retirement accounts, fund management as well as investment and advisory services. Financial Services also includes a retained block of life insurance, predominately participating policies, which are now administered by Protective Life Insurance Company (Protective Life), as well as a closed retrocession block of life insurance. Empower's products and services are marketed nationwide through its sales force, brokers, consultants, advisors, third-party administrators and financial institutions. The Asset Management business unit, and specifically the Putnam brand, provides investment management services and related administrative functions and distribution services through a broad range of investment products, including the Putnam funds, its own family of mutual funds which are offered to individual and institutional investors. PanAgora, a Putnam subsidiary, offers a broad range of investment solutions using sophisticated quantitative techniques.

As a result of the acquisition of Personal Capital in the third quarter of 2020, Lifeco expects to incur total integration expenses of US$57 million pre-tax, of which US$39 million pre-tax have been incurred as of September 30, 2022. The integration is expected to be completed by the end of 2022. At September 30, 2022, Lifeco has recognized total pre-tax contingent consideration transaction expense of US$61 million. During the third quarter of 2022, Lifeco released a contingent consideration provision of US$41 million pre-tax, as the current growth in assets under management is below the level where further contingent consideration would be payable.

At September 30, 2022, US$101 million of pre-tax run-rate cost synergies have been achieved related to Lifeco's acquisition of MassMutual's retirement services business on December 31, 2020. Lifeco remains on track to achieve run-rate cost synergies of US$160 million pre-tax at the end of integration in the fourth quarter of 2022 and to achieve run-rate revenue synergies of US$30 million in 2023 and continue to grow beyond 2023. Lifeco expects it will have incurred restructuring and integration expenses of US$125 million pre-tax related to the MassMutual acquisition by the end of the integration, in line with Lifeco's original expectations, of which US$116 million pre-tax have been incurred at September 30, 2022. As at September 30, 2022, Lifeco has substantially completed the integration and it remains on track to be completed by the end of 2022.

On April 1, 2022, Empower completed the acquisition of the full-service retirement services business of Prudential. With the completion of the acquisition, Empower's reach in the U.S. has expanded to more than 17.5 million retirement plan participants and assets under administration to US$1.2 trillion on behalf of approximately 70,000 workplace savings plans as of September 30, 2022. Lifeco funded the total transaction value of US$3,480 million with US$1,193 million of Limited Recourse Capital Notes (LRCN Series 1) and US$823 million of short-term debt, in addition to its existing resources.

Lifeco anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's record-keeping platform. Estimated run-rate cost synergies are expected to be US$180 million and to be phased in over 24 months primarily when systems migrations are completed. At September 30, 2022, US$43 million of pre-tax run-rate cost synergies have been achieved. Revenue synergies of US$20 million are expected by Lifeco on a run-rate basis by the end of 2024 and Lifeco expects them to grow to US$50 million by 2026. Lifeco expects to incur one-time integration and restructuring expenses of US$170 million pre-tax, of which US$50 million pre-tax have been incurred at September 30, 2022. Lifeco expects the integration to be completed in the first half of 2024.

The Europe segment is comprised of three distinct business units serving customers in the United Kingdom (U.K.), Ireland and Germany. The U.K. and Germany business units operate under the Canada Life brand and the Ireland business unit operates under the Irish Life brand. The core products offered by the U.K. business unit are bulk and individual payout annuities, equity-release mortgages, investments (including life bonds, retirement drawdown and pension), individual protection and group insurance. The core products offered by the Ireland business unit are savings and investments, individual and group life insurance, health insurance and pension products. Irish Life Investment Managers (ILIM) is one of Lifeco's fund management operations in Ireland. In addition to managing assets on behalf of companies in the Lifeco group, ILIM also manages assets for a wide range of institutional clients across Europe and North America. The core products offered by the Germany business unit are individual and group pensions and life insurance products.

The Capital and Risk Solutions segment includes the operating results of the Reinsurance business unit which operates primarily in the U.S., Barbados, Bermuda and Ireland.

At September 30, 2022, Power Financial and IGM held interests of 66.6% and 4.0%, respectively, in Lifeco's common shares, representing approximately 65% of the voting rights attached to all outstanding Lifeco voting shares. The *Insurance Companies Act* limits voting rights in life insurance companies to 65%. On January 5, 2022, the Corporation and IGM entered into an agreement under which IGM will sell approximately 15.2 million common shares of Lifeco, representing a 1.6% interest in Lifeco, to Power Financial. Refer to the section "ChinaAMC".

See Part B of this MD&A for additional information on Lifeco.

IGM Financial

IGM Financial Inc. (TSX: IGM), market capitalization of $8.2 billion at September 30, 2022, 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. IGM's principal operating subsidiaries are wealth manager IG Wealth Management and asset manager Mackenzie Investments and IGM also holds a number of strategic investments that provide benefits to the operating subsidiaries while furthering IGM's growth prospects. IGM has three reportable segments: Wealth Management, Asset Management, and Strategic Investments and Other.

The Wealth Management segment reflects the activities of operating companies that are principally focused on providing financial planning and related services to Canadian households and represents the activities of IG Wealth Management and Investment Planning Counsel. These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. The Wealth Management segment provides a comprehensive planning approach through IG Wealth Management and IPC advisors by offering a broad range of financial products and services including a broad selection of mutual funds, managed portfolios, advisory accounts and unique portfolio management programs as well as insurance products and mortgage and banking solutions. IG Wealth Management distinguishes itself from its competition by offering comprehensive planning to its clients that synchronize their financial lives. Investment Planning Counsel is an independent distributor of financial products, services and advice in Canada.

The Asset Management segment 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. Mackenzie Investments is a diversified asset management solutions provider and provides investment management and related services with a wide range of investment mandates through a boutique structure and uses multiple distribution channels. Mackenzie seeks to be Canada's preferred global asset management solutions provider and business partner.

The Strategic Investments and Other segment primarily represents the key strategic investments made by IGM, including ChinaAMC (refer to the section "ChinaAMC"), Lifeco, Northleaf, Wealthsimple, and the Portage Ventures funds (refer to the section "Alternative Asset Investment Platforms"), as well as unallocated capital.

On January 5, 2022, IGM entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from the Corporation, which will increase IGM's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM will sell approximately 15.2 million common shares of Lifeco to the Corporation for cash consideration of $575 million, which will reduce IGM's equity interest in Lifeco from 4.0% to 2.4%. Refer to the section "ChinaAMC".

At September 30, 2022, Power Financial and Canada Life, a subsidiary of Lifeco, held interests of 62.2% and 3.9%, respectively, in IGM's common shares.

See Part C of this MD&A for additional information on IGM.

GBL

Power Financial Europe SA, a wholly owned subsidiary of Power Financial, and the Frère Group each hold a 50% interest in Parjointco. At September 30, 2022, Parjointco held a 29.8% indirect (44.3% of the voting rights) controlling interest in GBL, a Belgian holding company listed on the Brussels Stock Exchange.

GBL (EBR: GBLB), market capitalization of €11.0 billion at September 30, 2022, is one of the largest listed holding companies in Europe. Focused on long-term value creation, GBL relies on a stable and supportive family shareholder base. GBL strives to maintain a diversified high-quality portfolio composed of global industrial and services companies, leaders in their sectors, in which GBL can contribute to value creation by being an active professional investor.

At September 30, 2022, GBL's portfolio was mainly comprised of investments in the following:

PUBLICLY LISTED

- Imerys (EPA: NK) – mineral-based specialty solutions for industry
- SGS (SIX: SGSN) – inspection, verification, testing and certification solutions
- adidas (XETR: ADS) – design, development, production and distribution of sporting goods
- Pernod Ricard (EPA: RI) – wines and spirits
- Holcim (SIX: HOLN and EPA: HOLN) – construction materials and solutions including cement, aggregates and concrete
- Umicore (EBR: UMI) – materials technology and recycling of precious metals
- GEA (XETR: G1A) – supplier of equipment and project management for a wide range of processing industries primarily in the food and beverage sectors
- Ontex (EBR: ONTEX) – personal hygiene solutions provider
- MOWI (OSE: MOWI) – producer of Atlantic salmon

PRIVATELY HELD

- Webhelp – business process outsourcer, specializing in customer experience, sales and marketing services and payment services
- Canyon – direct-to-consumer distributor of premium bicycles
- Affidea – healthcare diagnostic services
- Sanoptis – ophthalmology services
- Voodoo – developer and publisher of mobile games
- Parques Reunidos – operator of regional leisure parks

In addition, through Sienna, GBL is developing an alternative investment portfolio including private equity, debt and thematic funds and is expanding its activities into alternative asset management. In 2021, Sienna Investment Managers acquired L'Etoile Properties (now Sienna Real Estate), a pan-European real estate investment manager, marking the launch of Sienna Investment Managers' third-party asset management platform. In March 2022, Sienna Investment Managers completed its previously announced acquisitions of a majority interest in Malakoff Humanis and Acofi Gestion, which have been rebranded as Sienna Gestion and Sienna Private Credit, respectively. As well, in the third quarter of 2022, Sienna launched Sienna Private Equity and Sienna Venture Capital.

On July 1, 2022, GBL completed the acquisition of a majority stake in Sanoptis, a leading network of ophthalmology clinics across Germany and Switzerland, its first private investment in the healthcare sector in 2022. GBL invested €728 million of equity in Sanoptis. As part of the transaction, the incumbent management increased its stake in the company through a significant reinvestment. GBL and Sanoptis management plan to continue Sanoptis' growth organically and through acquisitions in both Sanoptis' current markets and in new European countries.

On July 22, 2022, GBL completed the acquisition of a majority stake in Affidea, a leading European provider of healthcare diagnostic services, with 320 centres operating in 15 countries. GBL invested €1.0 billion of equity into the transaction alongside management of Affidea. Together with Affidea management, GBL will work to accelerate organic growth, external growth transactions and digital health programs.

During the second quarter of 2022, GBL reduced its holdings in MOWI from 7.0% at the end of 2021 to 3.5% at September 30, 2022, generating proceeds of €386 million. This sale generated a gain for GBL of €86 million.

During the third quarter of 2022, GBL started disposing of its 2.1% interest in Holcim through forward sales settling on May 31, 2023, reducing its interest to 1.8% at September 30, 2022, generating proceeds of €75 million. Subsequent to quarter-end, GBL has entered into forward sales for its remaining interest, generating net proceeds of €462 million. These sales will generate a net gain for GBL in accordance with IFRS 9 of €50 million, including pre-financing costs.

During 2022, GBL repurchased its own capital, directly and through its subsidiaries. At September 30, 2022, GBL has repurchased 5,844,756 GBL shares for a total of €507 million, representing 3.82% of GBL's capital issued. In May 2022, GBL's board of directors approved a fifth allocation for share buybacks of €500 million, which GBL started to implement in June 2022. During the second quarter of 2022, GBL cancelled 3.4 million of its treasury shares.

On July 29, 2022, Imerys announced that it has entered into exclusive negotiations with the Platinum Equity investment firm to dispose of its High Temperature Solution business for an enterprise value of approximately €930 million. The transaction, which is subject to the fulfillment of customary closing conditions, including the information and consultation of works councils and other regulatory approvals, is expected to be completed by the end of 2022. On September 9, 2022, Imerys announced that it has entered into exclusive negotiations with Syntagma Capital for the potential sale of most of its assets serving the paper markets for an enterprise value of €390 million including an earn out depending on the future performance of the business. The transaction, which is subject to the fulfilment of customary conditions, including the information and consultation of works councils and other regulatory approvals, is expected to be completed in 2023.

GBL reported a net asset value (refer to the section "Other Measures") at September 30, 2022 of €17,196 million, compared with €22,501 million at December 31, 2021.

GBL's financial results and other disclosures are derived from publicly disclosed information, as issued by GBL in its third quarter of 2022 press release and its half-year report at June 30, 2022. Further information on GBL's results is available on its website (www.gbl.be).

ALTERNATIVE ASSET INVESTMENT PLATFORMS

Since the launch of the first Sagard fund in Europe in 2002, Power Corporation has continued to develop alternative asset investment platforms (investment platforms) that manage portfolios on behalf of the Corporation and third-party investors in several alternative asset classes in three principal geographies: Europe, North America, and China. The investment platforms Sagard and Power Sustainable are managed locally by experienced investment professionals who have an in-depth knowledge of the local markets and benefit from collaboration within the Power group of companies. Power Corporation's investment platforms seek to generate attractive returns for their investors by: i) attracting experienced investment teams to execute on investment strategies where the investment platforms' ecosystem gives them a competitive advantage; ii) leveraging the global network created over decades by the Power group to drive the commercial success of their investment strategies and underlying investments; and iii) providing flexible capital solutions to solve a range of business and financing needs.

The investment platforms comprise asset management and investing activities. Earnings from asset management activities include income earned from management fees and carried interest, net of investment platform expenses. Earnings from investing activities comprise income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms.

Power Corporation invests proprietary capital in the strategies of its investment platforms to support their growth and development as asset managers. The investment platforms' growth strategy is focused primarily on raising third-party capital, and the Corporation expects that its proprietary capital will represent an increasingly smaller proportion of future funds. The Corporation seeks to earn attractive returns on its proprietary capital investments commensurate with the risk profile of the underlying investments in each strategy. Returns are expected to be realized over differing time horizons:

- Income-related strategies such as Private Credit, Healthcare Royalties and Power Sustainable Energy Infrastructure Partnership are expected to generate returns on a regular basis; and
- Capital appreciation strategies such as Private Equity, Venture Capital and Power Sustainable China are expected to generate returns as investments are monetized.

Sagard

Sagard was founded as a complement to the Corporation's global investment activities. Today, Sagard is a multi-strategy alternative asset manager with professionals principally located in Canada, the U.S. and Europe. Sagard seeks to generate attractive returns by matching investment opportunities with flexible capital solutions and pairing entrepreneurs with teams that have deep industry knowledge. Sagard develops long-term partnerships and empowers the growth of its investments through a unique global network of portfolio companies, limited partners, advisors and other valued relationships.

The operations of Sagard are comprised of asset management and investing activities.

ASSET MANAGEMENT ACTIVITIES

At September 30, 2022, Sagard had US$13.7 billion of assets under management (US$14.0 billion at December 31, 2021), including unfunded commitments (refer to the section "Other Measures"), across five asset classes: private credit, healthcare royalties, venture capital, private equity and real estate, including US$0.9 billion through its wealth management business (US$1.0 billion at December 31, 2021). Assets under management includes US$154 million related to equity interests in standalone businesses (US$164 million at December 31, 2021) (refer to the section "Standalone Businesses").

Assets under management, excluding equity interests of standalone businesses, are as follows:

(In billions of U.S. dollars)	September 30, 2022	December 31, 2021
Funds	7.8	9.4
Separately managed agreements and co-investment vehicles	0.9	0.4
Real estate – separate accounts	4.0	3.0
Other [1]	0.9	1.0
Assets under management	13.6	13.8
Fee-bearing capital [1, 2]	10.1	8.4

[1] Includes assets managed through its wealth management business.

[2] Refer to the section "Other Measures".

The following table summarizes the funds managed by Sagard and the Corporation's interests in each of the funds:

September 30, 2022				Interest held			Manager compensation		
(in millions; except as otherwise noted)	Currency	Vintage	Capital commitment	Power Corporation	Associated companies [1]	Third parties	Fees [2]		Carried interest
			($)	(%)	(%)	(%)	(%)		(%)
Private Credit									
Sagard Credit I	US$	2017	557	18.0	1.0	81.0	1.50	Invested capital	15.0
Sagard Credit II	US$	2020	1,167	4.3	5.2	90.5	1.50	Invested capital	20.0
Healthcare Royalties									
Sagard Healthcare	US$	2019	726	10.3	0.5	89.2	1.75	Committed capital	20.0
Venture Capital									
Portage I [3, 4]	C$	2016	452	38.0	62.0	–	2.00	Invested capital	10.0
Portage II [3, 5]	C$	2018	427	12.4	16.8	70.8	2.00	Invested capital	20.0
Portage III	US$	2021	655	2.4	15.3	82.3	2.25	Committed capital	20.0
Private Equity									
Sagard Europe II [5]	€	2006	728	22.4	18.5	59.1	1.75	Invested capital	20.0
Sagard Europe 3 [5]	€	2013	729	0.2	26.4	73.4	2.00	Invested capital	20.0
Sagard Europe 4	€	2020	781	19.4	26.3	54.3	1.75	Committed capital	20.0
Sagard NewGen [6]	€	2020	186	32.7	37.7	29.6	2.00	Committed capital	20.0
Sagard Private Equity Canada [6]	C$	2021	396	3.8	12.6	83.6	2.00	Committed capital	20.0
Real Estate									
USPF [7]	US$	2002	1,170	1.6	22.2	76.2	0.98	Net asset value	–

[1] Associated companies includes commitments from management as well as commitments from Lifeco (US$50 million in Sagard Credit Partners II, $33 million in Portage II, US$59 million in Portage III, €50 million in Sagard Europe 4, $50 million in SPEC, and US$259 million in USPF), IGM ($33 million in Portage II and US$26 million in Portage III), Pargesa (€33 million in Sagard Europe II), and GBL (€102 million in Sagard Europe II, €192 million in Sagard Europe 3, €150 million in Sagard Europe 4 and €50 million in Sagard NewGen). Lifeco and IGM have invested $26 million and $255 million, respectively, in Portage I.

[2] Represents the base management fees of each fund.

[3] Includes an interest in Portage I and Portage II of 38.0% and 7.7%, respectively, held through Power Financial.

[4] Includes investments held by Portage I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple.

[5] During the investment period, management fees were based on committed capital. Since the close of the investment period, management fees are based on invested capital, which may include a reserve for follow-on investments.

[6] Fundraising activities continue for Sagard NewGen and SPEC.

[7] USPF is managed by EverWest through a management service agreement. USPF is an open-end real estate fund and generally invests all committed capital; as such the capital commitment of the fund is representative of the net asset value (refer to the section "Other Measures").

The following table summarizes the activities of each of the funds managed by Sagard:

September 30, 2022			Commitment			
(in millions; except as otherwise noted)	Currency	Total funded	Unfunded	Unfunded	Distributions to date [1]	NAV [2]
		($)	($)	(%)	($)	($)
Private Credit						
Sagard Credit I [3]	US$	513	316	56.7	495	130
Sagard Credit II	US$	264	903	77.4	5	264
Healthcare Royalties						
Sagard Healthcare [3]	US$	345	381	52.4	5	334
Venture Capital						
Portage I [4]	C$	452	–	–	614	1,028
Portage II	C$	347	80	18.7	17	803
Portage III	US$	157	498	76.1	–	130
Private Equity						
Sagard Europe II [5]	€	722	6	0.9	1,163	26
Sagard Europe 3	€	666	63	8.7	895	564
Sagard Europe 4	€	299	482	61.7	–	287
Sagard NewGen	€	154	32	17.2	–	166
Sagard Private Equity Canada	C$	32	364	91.9	–	28

[1] Excludes distributions which have been recalled by the fund for reinvestment, as well as distributions made by the fund due to rebalancing from increases in fund size.

[2] Net asset value (NAV) of the fund represents the fair value of investments held within the fund, net of any liabilities, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section “Adjusted Net Asset Value” for a description of the Corporation’s fair value adjustments to controlled and consolidated investments.

[3] Total funded commitment represents the net cash funded for portfolio investments and fund expenses since inception, excluding amounts that have been recalled by the fund. The unfunded commitment of Sagard Credit I includes amounts distributed of $272 million which are recallable by the fund.

[4] Includes investments held by Portage I, Power Financial and IGM, through limited partnerships controlled by Power Financial, in Wealthsimple, which represents a fair value of $0.9 billion at September 30, 2022 ($2.1 billion at December 31, 2021).

[5] On April 21, 2022, Sagard Europe II disposed of its last investment.

Private Credit

- Sagard Credit Partners had assets under management of US$1.9 billion, including unfunded commitments, at September 30, 2022 (US$1.9 billion at December 31, 2021).
- Sagard Credit I, a fund launched in 2017, provides credit capital directly to public and private middle-market companies across the U.S. and Canada. Sagard Credit I has total capital commitments of US$557 million, of which Sagard has committed US$100 million. Sagard Credit I closed its investment period in December 2021.
- Sagard Credit II is a successor fund to Sagard Credit I, deploying the same strategy, and was launched in 2020. At September 30, 2022, Sagard Credit II had commitments totalling US$1,167 million, of which Sagard and Lifeco have each committed US$50 million.

  Sagard also manages, through a separately managed agreement with Lifeco, an additional investment of up to US$200 million.
- In October 2021, Sagard Credit Partners announced the launch of a new senior loans fund, Sagard Senior Loan Partners, which will focus on first-lien lending to non-sponsor-owned North American companies with $50 million or less in EBITDA. Sagard has commenced external fundraising efforts and expects to announce the first close in the fourth quarter of 2022.

Healthcare Royalties

- Sagard Healthcare Partners had assets under management of US$911 million, including unfunded commitments and assets managed on behalf of co-investors, at September 30, 2022 (US$823 million at December 31, 2021). Sagard Healthcare had total capital commitments of US$726 million, of which Sagard has committed US$75 million. Sagard Healthcare, a fund launched in 2019, invests in the life sciences sector with a focus on investments in approved and commercialized biopharmaceuticals, diagnostics, and medical devices that are protected by strong intellectual property. Sagard Healthcare invests in various structures, including traditional healthcare royalties, royalty securitizations and royalty-related credit.

Venture Capital (Fintech Investments)

- Portage Ventures, the venture capital arm of Sagard, had assets under management of US$2.1 billion (C$2.9 billion) at September 30, 2022 (US$3.3 billion (C$4.2 billion) at December 31, 2021), including unfunded commitments and an investment in Wealthsimple, a consolidated subsidiary. The Corporation, through investments held by Power Financial, together with Lifeco, IGM and Sagard, are anchor investors in the Portage I, Portage II and Portage III funds. Portage Ventures is a global fintech investor that aims to support the world's most innovative financial technology companies through their growth evolution. Its global focus enables the leveraging of market insights from one region to another. Through its funds, Portage Ventures has invested in more than 80 fintech companies and investment funds.
- Portage I held investments of $134 million at September 30, 2022 ($164 million at December 31, 2021), excluding the investment in Wealthsimple, a consolidated subsidiary discussed below.
- Portage II had total capital commitments of $427 million at September 30, 2022, of which Sagard has committed $20 million and Power Financial, Lifeco and IGM have each committed $33 million, for a total of $119 million. At September 30, 2022, the fair value of Portage II's investment portfolio was $818 million ($874 million at December 31, 2021).
- Portage III, Portage Ventures' third fintech venture fund, is focused on early-stage investments in the global financial technology sector. At September 30, 2022, total capital commitments amounted to US$655 million, of which Sagard committed US$16 million and Lifeco and IGM have committed US$59 million and US$26 million, respectively. At September 30, 2022, the fair value of Portage III's investment portfolio was $213 million (US$155 million), ($137 million (US$108 million) at December 31, 2021).
- In July 2022, Portage Ventures announced the launch of a late-stage fintech-focused fund, Portage Capital Solutions, which will focus on structured opportunities in fintech and financial services companies globally and target investments over $50 million. Portage Ventures commenced fundraising efforts in the third quarter of 2022.

Private Equity

SAGARD EUROPE

- Sagard, through its subsidiary Sagard SAS, a French management company headquartered in Paris, had assets under management of US$2.0 billion (€2.0 billion), including unfunded commitments, at September 30, 2022 (US$2.3 billion (€2.0 billion) at December 31, 2021). Sagard SAS manages investment funds dedicated to investing in small and middle market opportunities focused on transformational growth companies in Europe. Sagard SAS currently has four private equity funds including Sagard Europe II, Sagard Europe 3, Sagard Europe 4 and Sagard NewGen.
- Sagard Europe 3, a fund launched in 2013, had total committed capital of €729 million at September 30, 2022.

  In March 2022, Sagard SAS established a special purpose co-investment vehicle, Sagard Minority Extended Participation Fund 1 S.L.P. (Sagard MEP). At September 30, 2022, Sagard MEP has total commitments of €207 million and is a continuation fund that has invested in certain portfolio companies, alongside new financial investors, formerly held by Sagard 3.
- Sagard Europe 4, a fund launched in 2020, had total committed capital of €781 million at September 30, 2022, of which the Corporation and Lifeco have committed an amount of €150 million and €50 million, respectively.
- Sagard NewGen, a fund launched in 2020, is a European small cap fund focused on the healthcare and technology sectors; it invests in majority and minority holdings with deal sizes typically between €10 million and €50 million. Sagard NewGen seeks to invest in companies aiming to become leaders in their respective markets that share a commitment to innovation and sustainability. At September 30, 2022, Sagard NewGen had total committed capital of €186 million, of which the Corporation has committed an amount of €60 million. At September 30, 2022, the fair value of Sagard NewGen's investment portfolio, excluding an investment in a controlled subsidiary, was $179 million (€133 million), ($139 million (€97 million) at December 31, 2021).

  Sagard SAS continues its fundraising activities for Sagard NewGen.

CANADIAN PRIVATE EQUITY

- In January 2021, Sagard announced the launch of its Canadian Private Equity platform, SPEC, a strategy focused on Canadian mid-market opportunities to help companies and their management teams accelerate their growth trajectory. At September 30, 2022, SPEC had total capital commitments of $396 million, of which Sagard and Lifeco have committed $15 million and $50 million, respectively. At September 30, 2022, the fair value of investments held by SPEC was $48 million ($25 million at December 31, 2021).

Real Estate

- In November 2021, Sagard completed the acquisition of EverWest, a vertically integrated, full-service real estate investment advisor with capabilities in investment management, development, and property management. EverWest is based in Denver, Colorado and has four regional investment offices as well as four additional property management offices across the United States. EverWest manages assets with a fair value at September 30, 2022 of US$5.5 billion (US$4.3 billion at December 31, 2021), representing more than 130 properties.

  EverWest offers a variety of investment strategies including separate accounts and funds. EverWest manages, through its separate account segment, real estate assets with a fair value at September 30, 2022 of US$3.9 billion, which includes US$1.2 billion of assets managed on behalf of Lifeco (US$2.9 billion and US$800 million, respectively, at December 31, 2021). EverWest's flagship fund, USPF, is a core open-end real estate investment fund, and is included in the NCREIF Fund Index – Open-End Diversified Core Equity Index (NFI-ODCE). At September 30, 2022, USPF managed assets with a fair value of US$1.5 billion (US$1.4 billion at December 31, 2021).

Wealth Management

- Sagard holds a 64.2% controlling interest in Grayhawk, a registered portfolio manager, investment manager and exempt market dealer for high-net-worth Canadian families. Grayhawk had $1.2 billion in assets under management at September 30, 2022 ($1.3 billion at December 31, 2021).

Portage Fintech Acquisition Corporation

- In the second quarter of 2021, Sagard launched Portage Fintech Acquisition Corporation (PFTA), a newly organized U.S. "blank check company" sponsored by PFTA I LP, an affiliate of Sagard. On July 21, 2021, PFTA successfully completed an initial public offering of 25.9 million units at a price of US$10.00 per unit, raising gross proceeds of US$259 million, including the exercise of the over-allotment option granted to underwriters of the offering. Since July 21, 2021, the units have been listed on the Nasdaq exchange and trade under the ticker symbol "PFTAU". Each unit consists of one Class A ordinary share of PFTA and one-third of one redeemable warrant. The offering closed on July 23, 2021 and the over-allotment was completed on August 5, 2021.

  Sagard, through PFTA I LP, holds a 6% economic interest in PFTA through Class B shares and private warrants. Sagard has determined that it has significant influence over PFTA through PFTA I LP, and accounts for its interest as an associate using the equity method.

  PFTA intends to focus on an acquisition opportunity in industries that complement the platform's industry knowledge and capitalize on its ability to source and acquire a business in the fintech or financial services ecosystem.

INVESTING ACTIVITIES

The Corporation holds the following investments in funds which are managed by Sagard, including the investments held through Power Financial:

	September 30, 2022			December 31, 2021		
(in millions of Canadian dollars)	Investments to date [1]	Share of distributions to date [1]	Fair value of the investment	Investments to date [1]	Share of distributions to date [1]	Fair value of the investment
Private Credit						
Sagard Credit I	158	150	34	157	100	79
Sagard Credit II	15	1	15	–	–	–
Healthcare Royalties						
Sagard Healthcare	96	52	47	54	43	10
Venture Capital						
Portage I [2]	177	222	393	158	159	854
Portage II	52	12	88	50	10	93
Portage III	5	–	4	4	–	3
Private Equity						
Sagard Europe II [3]	221	329	6	221	289	49
Sagard Europe 3	525	776	30	525	762	46
Sagard Europe 4	187	109	75	163	102	63
Sagard NewGen	103	30	72	72	3	71
Sagard Canadian Private Equity	2	1	1	2	–	2
Real Estate						
USPF	22	–	27	–	–	–

[1] Includes distributions which have been recalled by the fund and distributions due to rebalancing.

[2] Includes investment in the controlled and consolidated subsidiary, Wealthsimple, at fair value.

[3] In the second quarter, Sagard Europe II completed the sale of its last investment, and the Corporation received its share of proceeds of $41 million (€30 million) which excludes a deferred payment as part of the sale agreement.

Fintech Investments

Fintech investments are comprised of the Corporation's investments, primarily held through Power Financial, in the Portage I, Portage II and Portage III funds and Wealthsimple.

WEALTHSIMPLE

At September 30, 2022, Portage I, Power Financial and IGM collectively held, through a limited partnership controlled by Power Financial, an undiluted equity interest in Wealthsimple of 54.4% (54.8% at December 31, 2021), representing a voting interest of 56.5% and a fully diluted equity interest of 42.5%. Wealthsimple is one of Canada's leading financial technology companies, and operates one of the country's largest and fastest-growing digital investing platforms.

Wealthsimple continues to strengthen its presence in the marketplace and offers a suite of financial products, ranging from investing to spending, saving and tax. At September 30, 2022, Wealthsimple had 2.0 million clients [1], excluding tax filers, across the Canadian market with assets under administration of $17.5 billion, compared with $16.3 billion (excluding the assets under administration of U.S. and U.K. clients) at September 30, 2021, representing a year-over-year growth of 7%.

In the first quarter of 2022, Wealthsimple completed the sale of its U.K. book of business and the transfer of the U.K.-based customer accounts. This disposal is in line with Wealthsimple's strategy to focus on the Canadian market.

The fair value of the Power group's interest in Wealthsimple was $0.9 billion at September 30, 2022, compared with a fair value of $2.1 billion at December 31, 2021. The fair value of the Power group's interest decreased in the first and second quarters of 2022 by $0.4 billion and $0.8 billion, respectively. The change in fair value was consistent with the decline in stock markets and public market peer valuations, and Wealthsimple focusing on its core business lines and revising revenue expectations. The fair value of the Corporation's 15.9% equity interest in Wealthsimple, including its indirect interest held through Portage I, on a fully diluted basis, was $333 million at September 30, 2022 ($796 million at December 31, 2021).

At September 30, 2022, the Power group had invested $315 million in Wealthsimple (same as at December 31, 2021).

[1] In the third quarter of 2022, Wealthsimple refined its client definition based on continuing adjustments to the business. At December 31, 2021, the number of clients, excluding tax filers, was 1.8 million in accordance with the refined client definition.

Power Sustainable

Power Sustainable is a pure-play sustainable investment manager with offices in Canada, China, and the U.S. Power Sustainable invests in companies and projects that contribute to decarbonization, social progress and quality growth, which are priorities shared by its global network of clients, asset owners, partners and employees. Power Sustainable is currently comprised of three platforms: Power Sustainable China, Power Sustainable Energy Infrastructure and Power Sustainable Lios.

ASSET MANAGEMENT ACTIVITIES

At September 30, 2022, Power Sustainable had $3.3 billion of assets under management ($4.2 billion at December 31, 2021), including unfunded commitments, of which $0.7 billion relates to equity interests in standalone businesses ($1.3 billion at December 31, 2021) (refer to the section "Standalone Businesses"). Assets under management reflect the fair value of assets, net of liabilities and project debt, and includes unfunded commitments.

Assets under management, excluding equity interests of standalone businesses, are as follows:

(in millions)	September 30, 2022	December 31, 2021
Power Sustainable China		
Funds	139	194
Separate investment management agreements	811	1,162
Power Sustainable Energy Infrastructure		
Funds	1,185	1,132
Direct Investments	349	461
Power Sustainable Lios		
Funds	161	–
Assets under management	2,645	2,949
Fee-bearing capital [1, 2]	2,265	1,904

[1] Refer to the section "Other Measures".

[2] Includes NAV of direct investments in energy assets as of the second quarter of 2022.

The following table summarizes the platforms managed by Power Sustainable and the Corporation's interests in each of the platforms:

September 30, 2022			Commitments		Interest held			
(in millions; except as otherwise noted)	Currency	Vintage	Total commitments	Total funded	Power Corporation	Associated companies [1]	Third parties	NAV
			($)	($)	(%)	(%)	(%)	($)
Power Sustainable China [2]	C$	2005	950	n.a.	69.9	–	30.1	950
Power Sustainable Energy Infrastructure								
Energy Infrastructure Partnership [3, 4]	C$	2021	1,000	620	40.0	15.0	45.0	805
Power Sustainable Lios [5]	C$	2022	161	–	–	20.5	79.5	–

[1] Associated companies includes commitments from management as well as commitments from Lifeco of $150 million in PSEIP and $30 million in Power Sustainable Lios.

[2] Power Sustainable China manages open-end funds and assets on behalf of clients through separate investment management agreements; as such, the capital commitment is representative of the NAV.

[3] NAV of the fund represents the fair value of investments held within the fund, net of any liabilities and project debt, and includes the controlled and consolidated investments held through the fund presented at fair value. Refer to the section "Adjusted Net Asset Value" for a description of the Corporation's fair value adjustments to controlled and consolidated investments.

[4] Excludes direct investments in energy assets, which have a net asset value of $349 million.

[5] Fund commitments of up to $219 million, of which $161 million is currently callable.

Power Sustainable China

Power Sustainable China invests in mainland China's public equity markets and is focused on providing returns with low levels of volatility. Power Sustainable China selects a high-conviction portfolio based on fundamental research and seeks to invest in well-led, high-quality companies that have a competitive edge versus their peers and are aligned with sustainable, long-term trends.

Power Sustainable China manages China-based equity investment funds and holds a Private Fund Manager (PFM) licence for domestic Chinese investors. Power Sustainable China also manages the Corporation's capital, which is invested in mainland China's public equity markets through a Qualified Foreign Institutional Investor (QFII) licence as well as through the Hong Kong Stock Connect program. At September 30, 2022, Power Sustainable China had $1.0 billion of assets under management ($1.4 billion at December 31, 2021), of which $0.3 billion of assets under management are on behalf of third-party investors ($0.4 billion at December 31, 2021). Power Sustainable China continues fundraising activities across all investment vehicles.

Power Sustainable China earns management fees ranging between 0.75% to 1.50% which are charged on the net asset value of funds and investments managed, as well as fees associated with meeting investor objectives on an absolute basis or relative to the MSCI China Index, of 15% to 20%.

Power Sustainable Energy Infrastructure

At September 30, 2022, Power Sustainable Energy Infrastructure (Power Sustainable Energy) had $1,534 million of assets under management ($1,593 million at December 31, 2021), including unfunded commitments and direct energy infrastructure investments, and operated a leading North American-focused renewable energy platform with 1.7 GW of utility-scale and distributed energy assets, including 647 MW of assets under construction, and 327 MW of assets in advanced development projects. Through its wholly owned operating companies, Potentia Renewables and Nautilus Solar, Power Sustainable Energy has a dedicated team of over 100 in-house professionals to oversee the development, construction, financing and operation of renewable energy assets across North America.

- Potentia Renewables: Power Sustainable holds a 100% interest in Potentia, a renewable energy generation company, which is a fully integrated developer, operator and manager of solar and wind energy assets, active in North America.
- Nautilus Solar: Power Sustainable holds a 100% interest in Nautilus, a company headquartered in New Jersey, U.S. that acquires, develops, finances and manages distributed solar projects across community, municipal/utility-scale, commercial and industrial markets.

Power Sustainable Energy actively manages investments through PSEIP and through direct investments. Power Sustainable Energy earns management fees of 0.85% to 1.00% charged on the net asset value of PSEIP and direct investments as well as a carried interest of 15%.

POWER SUSTAINABLE ENERGY INFRASTRUCTURE PARTNERSHIP

At September 30, 2022, PSEIP had $1.2 billion of assets under management ($1.1 billion at December 31, 2021), including unfunded commitments, throughout North America. PSEIP is a partnership with committed capital of $1.0 billion dedicated to the renewable energy sector and includes a commitment of $400 million from Power Sustainable and $150 million from Lifeco.

In the first three quarters of 2022, PSEIP has invested $239 million in multiple solar and wind portfolios and distributed $9 million. At September 30, 2022, the NAV of PSEIP was $805 million.

On March 31, 2022, a wind project in construction representing approximately 200 MW, Golden South Wind Project, reached commercial operation. In August 2022, the project was transferred from Potentia to PSEIP in exchange for a total consideration in cash and units in the fund of $94 million.

DIRECT ENERGY INFRASTRUCTURE INVESTMENTS

Power Sustainable Energy had $349 million of assets under management through direct investments in projects under development and in operation in North America at September 30, 2022 ($461 million at December 31, 2021). These direct investments have a combined 583 MW of solar and wind energy assets, including 306 MW of assets under construction, and 119 MW of assets in advanced development projects.

In the second quarter of 2022, Potentia disposed of its interest in a solar project, representing approximately 32 MW, in the Dominican Republic. The Corporation recognized a net gain on the disposition of $17 million. The revenues and net earnings of the project were not material to the results of the Corporation.

At September 30, 2022, the total assets on a consolidated basis of PSEIP and direct investments were $3.2 billion ($2.5 billion at December 31, 2021).

Power Sustainable Lios

On March 30, 2022, Power Sustainable announced the launch of its North American agri-food private equity platform, Power Sustainable Lios, and its inaugural Lios Fund I. Power Sustainable Lios is a specialized agri-food private equity investment platform supporting the sustainability transformation occurring within our food system. Lios Fund I invests in growth-oriented, mid-market companies across the food value chain in North America to drive positive and sustainable change. At September 30, 2022, Lios Fund I had total capital commitments of up to $219 million, of which $161 million is currently callable by the fund and includes a commitment from Lifeco of $30 million.

INVESTING ACTIVITIES

The Corporation holds the following investments in each of the platforms managed by Power Sustainable:

	September 30, 2022			December 31, 2021		
(in millions of Canadian dollars)	Investments to date	Share of distributions to date	Fair value of the investment	Investments to date	Share of distributions to date	Fair value of the investment
Power Sustainable China [1, 2]	385	340	664	366	318	962
Power Sustainable Energy Infrastructure						
PSEIP [3]	248	6	312	167	2	211
Direct investments [4]	910	484	349	834	310	460

[1] The fair value of the investments at September 30, 2022 includes $253 million held in cash ($227 million at December 31, 2021) and the portfolio has unrealized losses of $57 million (unrealized gains of $57 million at December 31, 2021). As well, the fair value of the investments excludes the Corporation's performance fee payable of $18 million ($38 million at December 31, 2021). In the first and third quarters of 2022, the Corporation received distributions of $18 million and $4 million, respectively.

[2] Investments to date includes $148 million invested in the Power Sustainable China platform since 2005 to fund expenses ($129 million at December 31, 2021).

[3] Includes the Corporation's share of investments in controlled and consolidated subsidiaries held through PSEIP at fair value. Investments to date include amounts previously held through direct investments which were transferred to PSEIP in 2021 and in the third quarter of 2022.

[4] Includes the direct energy infrastructure investments at fair value. Investments to date include funding related to the acquisitions of Potentia and Nautilus and related platform expenses prior to the establishment of Power Sustainable Energy Infrastructure.

Standalone Businesses

The Corporation also has the following equity investments in standalone businesses which are managed to create and realize value over time:

SAGARD

- Peak: Sagard held a 42.6% equity interest and a 50% voting interest in Peak at September 30, 2022. Peak designs, develops and commercializes sports equipment and apparel for ice hockey and lacrosse under iconic brands including Bauer. The Corporation's investment is accounted for using the equity method.

POWER SUSTAINABLE

- LMPG: Power Sustainable, through Power Sustainable Energy, held a controlling interest of 54.4% at September 30, 2022 (same as at December 31, 2021) in LMPG, an internationally recognized designer, developer, and manufacturer of a wide range of high-performance and sustainable specification-grade LED solutions for commercial, institutional, and urban environments.

- Lion Electric (NYSE: LEV) (TSX: LEV): Power Sustainable, through Power Sustainable Energy, held a 34.6% equity interest at September 30, 2022 (35.4% at December 31, 2021) in Lion Electric. An innovative manufacturer of zero-emission vehicles, Lion Electric creates, designs and manufactures all-electric Class 5 to Class 8 commercial urban trucks and all-electric buses and minibuses for the school, paratransit and mass transit segments. Lion is a North American leader in electric transportation and designs, builds and assembles many of its vehicles' components, including chassis, battery packs, truck cabins and bus bodies.

  Power Sustainable also holds call rights to acquire up to 2,270,895 shares from certain existing shareholders of Lion. The fair value of the call rights was estimated to be nil at September 30, 2022 ($8 million at December 31, 2021). In the first and second quarters of 2022, the Corporation recognized a loss on revaluation of the call rights of $3 million and $5 million, respectively, recorded in net investment income on the consolidated statement of earnings.

ChinaAMC

Founded in 1998 as one of the first fund management companies in China, ChinaAMC has developed and maintained its position among the market leaders in China's asset management industry. ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥1,733 billion (C$337 billion) at September 30, 2022.

The Corporation and IGM each hold interests of 13.9% in ChinaAMC, representing a combined 27.8% interest. Together they have significant influence and account for their respective interests as an associate using the equity method.

On January 5, 2022, the Corporation announced its intention to consolidate the group's interest in ChinaAMC under IGM. Under the agreement, the Corporation will sell its 13.9% interest to Mackenzie, a wholly owned subsidiary of IGM, for aggregate consideration of $1.15 billion in cash. The Corporation's shareholders will continue to participate in ChinaAMC through the Corporation's interest in IGM.

To partially fund the transaction, IGM has agreed to sell approximately 15.2 million Lifeco common shares to Power Financial, for aggregate consideration of $575 million, representing a price of $37.83 per share which is equivalent to the 5-day volume-weighted average price of the Lifeco common shares as at the close of business on January 5, 2022 (Lifeco Share Transfer).

The Corporation expects to return a portion of the net cash proceeds from the transaction to its shareholders, after factoring in the purchase of Lifeco common shares, through share repurchases over time pursuant to a normal course issuer bid.

On closing of the Lifeco Share Transfer, Power Financial will acquire an additional interest of approximately 1.6%, increasing its total interest to approximately 68.2%. The Lifeco Share Transfer will not impact Power Financial's aggregate beneficial ownership of Lifeco common shares, which will remain at 70.6% of the issued and outstanding Lifeco common shares (including indirect beneficial ownership through its controlling interest in IGM). Power Financial's economic interest will increase to 69.7%. Power Financial and its subsidiaries will continue to own, in the aggregate, voting securities representing approximately 65% of the votes attached to all voting securities of Lifeco.

The transactions are expected to close in 2022. The closing of the sale of the ChinaAMC shares is subject to the approval of the China Securities Regulatory Commission and of certain other Chinese regulatory authorities. The acquisition by the Corporation of Lifeco's common shares is conditional on the closing of the sale of the ChinaAMC shares. The transactions were reviewed and approved by the relevant related party and conduct review committees and will not have a significant impact on the statements of earnings and balance sheets.

The investment in ChinaAMC leverages the group's global experience in wealth management and distribution. The Power group of companies benefits from the strategic relationship with ChinaAMC which provides opportunities to work together, developing products and subadvisory relationships.

Basis of Presentation

IFRS FINANCIAL MEASURES AND PRESENTATION

The Interim Consolidated Financial Statements of the Corporation have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (IAS 34) and are presented in Canadian dollars.

Consolidated financial statements present, as a single economic entity, the assets, liabilities, revenues, expenses and cash flows of the parent company and its subsidiaries. The consolidated financial statements present the financial results of Power Corporation (parent) and its subsidiaries after the elimination of intercompany balances and transactions.

The financial statements of the Corporation include the consolidated results of Power Financial which include the results of Lifeco, IGM, Wealthsimple and the Portage I, Portage II and Portage III funds, which are controlled by Power Financial.

Power Financial's investment in GBL is held through Parjointco. Parjointco is a holding company jointly controlled by Power Financial and the Frère Group, and is accounted for using the equity method.

Under the equity method, the investment is initially recognized at cost and adjusted thereafter for changes in the share of net earnings (loss) and other comprehensive income (loss). The investment is reduced by the amount of dividends received.

The investment platforms manage and operate alternative asset investment funds in which third-party investors, the Corporation and associated companies can participate. The Corporation controls a fund when it is exposed, or has rights, to variable returns from its involvement with the fund and has the ability to affect those returns through its power to direct the relevant activities of the fund.

The following table summarizes the accounting presentation for the Corporation's holdings:

Control	Accounting Method	Earnings and Other Comprehensive Income	Impairment Testing	Impairment Reversal
Controlling interest in the entity	Consolidation	Consolidated with non-controlling interests	Goodwill and indefinite life intangible assets are tested at least annually for impairment	Impairment of goodwill cannot be reversed Impairment of intangible assets is reversed if there is evidence of recovery of value
Significant influence or joint control	Equity method	Corporation's share of earnings and other comprehensive income	Entire investment is tested for impairment	Reversed if there is evidence the investment has recovered its value
Investment	Available for sale (AFS)	Earnings consist of dividends received and gains or losses on disposals The investments are marked to market through other comprehensive income Earnings are reduced by impairment charges, if any	Impairment testing is done at the individual investment level A significant or prolonged decline in the value of the investment results in an impairment charge A share price decrease subsequent to an impairment charge leads to a further impairment	A subsequent recovery of value does not result in a reversal
	Fair value through profit or loss (FVPL)	Investments are marked to market through earnings and earnings include dividends received	n.a.	n.a.

At September 30, 2022, the Corporation's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
Publicly traded operating companies [1]			
Lifeco [2]	66.6	Controlling interest	Consolidation
IGM [3]	62.2	Controlling interest	Consolidation
GBL [4]	14.9	Joint control	Equity method
ChinaAMC [5]	13.9	Significant influence	Equity method
Alternative asset investment platforms			
Sagard	100.0	Controlling interest	Consolidation
SHMI [6]	83.1	Controlling interest	Consolidation
Wealthsimple [1, 7]	13.6	Controlling interest	Consolidation
Portage I [1, 8]	63.0	Controlling interest	Consolidation
Portage II [1, 9]	12.4	Controlling interest	Consolidation
Portage III [10]	2.4	Controlling interest	Consolidation
Sagard Credit I	18.0	Investment	Fair value through profit or loss
Sagard Credit II [11]	4.3	Investment	Fair value through profit or loss
Sagard Healthcare	10.3	Investment	Fair value through profit or loss
Sagard Canadian Private Equity [12]	3.8	Controlling interest	Consolidation
Sagard Europe II	22.4	Investment	Available for sale
Sagard Europe 4 [13]	19.4	Investment	Available for sale
Sagard NewGen	32.7	Controlling interest	Consolidation
Power Sustainable	100.0	Controlling interest	Consolidation
Power Sustainable Investment Management Inc.	100.0	Controlling interest	Consolidation
Investments	< 5.0	Investment	Available for sale
Power Sustainable Energy Infrastructure Partnership [14]	40.0	Controlling interest	Consolidation
Potentia	100.0	Controlling interest	Consolidation
Nautilus	100.0	Controlling interest	Consolidation
Standalone businesses			
Peak	42.6	Joint control	Equity method
LMPG	54.4	Controlling interest	Consolidation
Lion	34.6	Significant influence	Equity method

[1] Investments held by the Corporation through Power Financial.

[2] IGM also holds a 4.0% interest in Lifeco.

[3] Canada Life also holds a 3.9% interest in IGM.

[4] Held through Parjointco, a jointly controlled corporation (50%). Parjointco holds a controlling interest in GBL.

[5] IGM, through Mackenzie, also holds an interest of 13.9% in ChinaAMC.

[6] During the second quarter of 2022, management of Sagard made an additional investment in SHMI and acquired an interest of 3.0%. At September 30, 2022, management of Sagard held a 9.9% interest in SHMI. Lifeco also holds a 7.0% interest in SHMI.

[7] Portage I and IGM also hold interests of 10.8% and 30.0%, respectively, in Wealthsimple (see also the section "Wealthsimple").

[8] Lifeco and IGM also hold equal interests of 18.5% in Portage I.

[9] Power Financial holds a 7.7% interest, Sagard holds a 4.7% interest, and Lifeco and IGM also hold equal interests of 7.7% in Portage II.

[10] Lifeco and IGM also hold interests of 9.0% and 4.0%, respectively, in Portage III.

[11] Lifeco also holds a 4.2% interest in Sagard Credit II.

[12] Lifeco also holds a 12.6% interest in Sagard Canadian Private Equity.

[13] Lifeco also holds a 6.4% interest in Sagard Europe 4.

[14] Lifeco also holds a 15.0% interest in PSEIP.

At September 30, 2022, Parjointco's main holdings were as follows:

Holdings	% economic interest	Nature of investment	Accounting method
GBL	29.8	Controlling interest	Consolidation
Publicly listed			
Imerys	54.6	Controlling interest	Consolidation
Pernod Ricard	7.7	Investment	Available for sale
adidas	7.1	Investment	Available for sale
SGS	19.1	Investment	Available for sale
Umicore	15.9	Investment	Available for sale
MOWI	3.5	Investment	Available for sale
Holcim	2.1	Investment	Available for sale
GEA	6.4	Investment	Available for sale
Ontex	20.0	Investment	Available for sale
Other investments	< 5.0	Investment	Available for sale
Privately held			
Sienna Investment Managers	100.0	Controlling interest	Consolidation
Sienna Capital [1]	100.0	Controlling interest	Consolidation
Webhelp	61.8	Controlling interest	Consolidation
Canyon	50.0	Controlling interest	Consolidation
Affidea	99.5	Controlling interest	Consolidation
Sanoptis	89.4	Controlling interest	Consolidation
Voodoo	16.2	Investment	Available for sale
Parques Reunidos	23.0	Significant influence	Equity method

[1] Sienna Capital holds a portfolio of investments in alternative assets.

The following table summarizes the classification of the investments held by the controlled and consolidated funds managed by the investment platforms:

Investment Fund	Classification of Investments held by the fund	Measurement
Portage I LP [1]	Available for sale	Fair value
Portage II LP	Fair value through profit or loss	Fair value
Portage III LP	Fair value through profit or loss	Fair value
Sagard NewGen [2]	Fair value through profit or loss	Fair value
Sagard Canadian Private Equity	Fair value through profit or loss	Fair value

[1] Excludes investment in Wealthsimple which is controlled and consolidated by the Corporation.

[2] Excludes an investment in a controlled and consolidated subsidiary.

This basis of presentation should be read in conjunction with the following notes to the Corporation's 2021 Consolidated Financial Statements:

- Basis of presentation and summary of significant accounting policies (Note 2);
- Investments (Note 5);
- Investments in jointly controlled corporations and associates (Note 7);
- Goodwill and intangible assets (Note 10); and
- Non-controlling interests (Note 20).

Results of Power Corporation

This section presents:

- The "Consolidated Statements of Earnings in accordance with IFRS"; and
- A discussion of the contributions to Power Corporation of its operating subsidiaries (Lifeco and IGM) and GBL, which are held through Power Financial, and the contribution of the Corporation's alternative and other investments and ChinaAMC to the net earnings and adjusted net earnings of Power Corporation.

Adjusted net earnings is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures" for a description and reconciliation of IFRS and non-IFRS financial measures.

PRESENTATION OF HOLDING COMPANY ACTIVITIES

The Corporation's reportable segments include Lifeco, IGM Financial and GBL, which represent the Corporation's investments in publicly traded operating companies. These reportable segments, in addition to the asset management and holding company activities, reflect Power Corporation's management structure and internal financial reporting. The Corporation evaluates its performance based on the operating segment's contribution to earnings.

The holding company activities comprise the corporate activities of the Corporation and Power Financial, on a combined basis, and present the investment activities of the Corporation as a holding company. The investment activities of the holding company, including the investments in Lifeco, IGM and controlled entities within the alternative asset investment platforms, are presented using the equity method. The holding company activities also present the corporate assets and liabilities managed, including the cash and non-participating shares. The discussions included in the sections "Financial Position" and "Cash Flows" present the segmented balance sheet and cash flow statement of the holding company; these non-consolidated statements are presented in Note 19 of the Interim Consolidated Financial Statements, and reconciliations of these statements are provided throughout this MD&A.

DEFERRAL OF IFRS 9, *FINANCIAL INSTRUMENTS* (IFRS 9)

In May 2017, the International Accounting Standards Board (IASB) issued IFRS 17, *Insurance Contracts*, which will replace IFRS 4, *Insurance Contracts* and will be applied retrospectively. In June 2020, the IASB issued amendments to IFRS 17, which include an amendment to the effective date of the standard to January 1, 2023. In addition, the IASB extended to January 1, 2023 the exemption for insurers to apply the financial instruments standard, IFRS 9, *Financial Instruments*, keeping the alignment of the effective dates for IFRS 9 and IFRS 17.

IGM, a subsidiary, and GBL, held through Parjointco, a jointly controlled corporation, do not qualify for the exemption and adopted IFRS 9 on January 1, 2018. The Corporation, in accordance with the amendment of IFRS 4 to defer the adoption of IFRS 9, is permitted but not required to retain the accounting policies applied by an associate or a jointly controlled corporation which is accounted for using the equity method. The Corporation decided to continue applying accounting policies in accordance with IAS 39, *Financial Instruments: Recognition and Measurement,* to GBL's results. On consolidation, the Corporation has adjusted the results of both IGM and GBL to be in accordance with IAS 39. Refer to the specific discussion included in the IGM and GBL sections "Contribution to net earnings and adjusted net earnings".

CONSOLIDATED STATEMENTS OF EARNINGS IN ACCORDANCE WITH IFRS

Power Corporation's consolidated statements of earnings for the nine months and three months ended September 30, 2022 are presented below. The Corporation's reportable operating segments include Lifeco, IGM and GBL. These tables reflect the contributions to the net earnings attributable to Power Corporation's participating shareholders from its reportable operating segments and the Corporation's alternative and other investments including its investment platforms, which include controlled and consolidated investment funds and investments, and its investment in ChinaAMC.

Consolidated net earnings – Nine months ended

	Lifeco	IGM [1]	GBL [2]	Investment Platforms and Other [3]	Holding company	Effect of consolidation [4]	Power Corporation Consolidated net earnings September 30, 2022	Power Corporation Consolidated net earnings September 30, 2021
Revenues								
Total net premiums	44,277	–	–	–	–	(17)	44,260	39,809
Net investment income (loss)	(19,341)	8	–	(97)	28	32	(19,370)	1,818
Fee income	5,619	2,592	–	193	–	(130)	8,274	8,096
Other revenues	–	–	–	403	–	–	403	363
Total revenues	30,555	2,600	–	499	28	(115)	33,567	50,086
Expenses								
Total paid or credited to policyholders	19,832	–	–	–	–	–	19,832	35,703
Commissions	1,960	974	–	–	–	(36)	2,898	2,862
Operating and administrative expenses	5,939	854	–	714	91	(91)	7,507	7,359
Financing charges	284	85	–	26	41	12	448	443
Total expenses	28,015	1,913	–	740	132	(115)	30,685	46,367
Earnings before investments in jointly controlled corporations and associates, and income taxes	2,540	687	–	(241)	(104)	–	2,882	3,719
Share of earnings (losses) of investments in jointly controlled corporations and associates	35	145	(63)	–	43	(114)	46	510
Earnings before income taxes	2,575	832	(63)	(241)	(61)	(114)	2,928	4,229
Income taxes	116	187	–	5	3	2	313	536
Net earnings	2,459	645	(63)	(246)	(64)	(116)	2,615	3,693
Attributable to								
Non-controlling interests	1,016	236	–	(88)	101	(116)	1,149	1,363
Non-participating shareholders	–	–	–	–	39	–	39	39
Participating shareholders of Power Corporation [4]	1,443	409	(63)	(158)	(204)	–	1,427	2,291
	2,459	645	(63)	(246)	(64)	(116)	2,615	3,693

[1] Results reported by IGM are in accordance with IFRS 9. As the Corporation has not adopted IFRS 9, adjustments in accordance with IAS 39 have been recognized on consolidation by the Corporation and included in "Effect of consolidation".

[2] Results reported by GBL are in accordance with IFRS 9. The Corporation's share of earnings of GBL includes adjustments in accordance with IAS 39.

[3] "Investment Platforms and Other" is comprised of the Corporation's alternative and other investments including its investment platforms, which include consolidated investment funds, standalone businesses, as well as the investment activities held through Power Financial including Portage I, Portage II and Wealthsimple.

[4] The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control, and reflects adjustments in accordance with IAS 39 for IGM. The contribution from Lifeco, IGM, GBL and Investment Platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

Consolidated net earnings – Three months ended

	Lifeco	IGM [1]	GBL [2]	Investment Platforms and Other [3]	Holding company	Effect of consolidation [4]	Power Corporation Consolidated net earnings		
							September 30, 2022	June 30, 2022	September 30, 2021
Revenues									
Total net premiums	13,921	–	–	–	–	(6)	13,915	16,299	14,916
Net investment income (loss)	(3,449)	11	–	17	11	22	(3,388)	(9,086)	755
Fee income	1,897	842	–	56	–	(44)	2,751	2,787	2,782
Other revenues	–	–	–	146	–	–	146	142	131
Total revenues	12,369	853	–	219	11	(28)	13,424	10,142	18,584
Expenses									
Total paid or credited to policyholders	8,770	–	–	–	–	–	8,770	5,506	13,796
Commissions	628	313	–	–	–	(13)	928	962	947
Operating and administrative expenses	1,993	277	–	265	34	(24)	2,545	2,602	2,303
Financing charges	98	29	–	12	14	3	156	149	154
Total expenses	11,489	619	–	277	48	(34)	12,399	9,219	17,200
Earnings before investments in jointly controlled corporations and associates, and income taxes	880	234	–	(58)	(37)	6	1,025	923	1,384
Share of earnings (losses) of investments in jointly controlled corporations and associates	3	47	(50)	(10)	15	(36)	(31)	45	87
Earnings before income taxes	883	281	(50)	(68)	(22)	(30)	994	968	1,471
Income taxes	13	64	–	5	2	1	85	118	203
Net earnings	870	217	(50)	(73)	(24)	(31)	909	850	1,268
Attributable to									
Non-controlling interests	413	89	–	(31)	34	(31)	474	310	514
Non-participating shareholders	–	–	–	–	13	–	13	13	13
Participating shareholders of Power Corporation [4]	457	128	(50)	(42)	(71)	–	422	527	741
	870	217	(50)	(73)	(24)	(31)	909	850	1,268

[1] Results reported by IGM are in accordance with IFRS 9. As the Corporation has not adopted IFRS 9, adjustments in accordance with IAS 39 have been recognized on consolidation by the Corporation and included in "Effect of consolidation".

[2] Results reported by GBL are in accordance with IFRS 9. The Corporation's share of earnings of GBL includes adjustments in accordance with IAS 39.

[3] "Investment Platforms and Other" is comprised of the Corporation's alternative and other investments including its investment platforms, which include consolidated investment funds, standalone businesses, as well as the investment activities held through Power Financial including Portage I, Portage II and Wealthsimple.

[4] The results presented for Lifeco and IGM are as reported by each. The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control, and reflects adjustments in accordance with IAS 39 for IGM. The contribution from Lifeco, IGM, GBL and Investment Platforms and Other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

As a holding company, the Corporation evaluates the performance of each segment based on its contribution to net earnings and adjusted net earnings. A discussion of the results of Lifeco, IGM and GBL is provided in the section "Contribution to net earnings and adjusted net earnings" below.

CONTRIBUTION TO NET EARNINGS AND ADJUSTED NET EARNINGS

This section details the contribution to the net earnings and adjusted net earnings attributable to Power Corporation's participating shareholders from Lifeco, IGM, GBL and the Corporation's alternative and other investments including its investment platforms, which includes the contribution from controlled and consolidated investments, and ChinaAMC. The corporate operations from Power Corporation and Power Financial are presented on a combined basis.

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings [1]					
Lifeco [2]	1,549	1,625	458	552	580
IGM [2]	398	440	134	129	167
GBL [2]	(109)	63	(36)	(44)	(11)
Effect of consolidation [3]	35	74	(21)	15	(4)
	1,873	2,202	535	652	732
Alternative and other investments [4]	(120)	634	(31)	(7)	103
ChinaAMC	43	45	15	15	17
Corporate operating and other expenses	(135)	(186)	(50)	(29)	(57)
Dividends on non-participating and perpetual preferred shares	(140)	(141)	(47)	(47)	(47)
	1,521	2,554	422	584	748
Adjustments [5]					
Lifeco [2]	(89)	(48)	–	(63)	1
Effect of consolidation	5	(102)	–	6	5
	(84)	(150)	–	(57)	6
Alternative and other investments	(10)	(100)	–	–	–
Corporate operations	–	(13)	–	–	(13)
	(94)	(263)	–	(57)	(7)
Net earnings [6]					
Lifeco [2]	1,460	1,577	458	489	581
IGM [2]	398	440	134	129	167
GBL [2]	(109)	63	(36)	(44)	(11)
Effect of consolidation	40	(28)	(21)	21	1
	1,789	2,052	535	595	738
Alternative and other investments [4]	(130)	534	(31)	(7)	103
ChinaAMC	43	45	15	15	17
Corporate operations and other expenses	(135)	(199)	(50)	(29)	(70)
Dividends on non-participating and perpetual preferred shares	(140)	(141)	(47)	(47)	(47)
	1,427	2,291	422	527	741

[1] Adjusted net earnings is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures". For a reconciliation of Lifeco, IGM, and Alternative and other investments' non-IFRS adjusted net earnings to their net earnings, refer to the sections "Lifeco", "IGM Financial", and "Alternative and Other Investments" below which detail the contribution to net earnings and adjusted net earnings of each.

[2] As reported by Lifeco, IGM and GBL.

[3] See table below for details on Effect of consolidation.

[4] Includes earnings of the Corporation's investment platforms including investments held through Power Financial and earnings (losses) from standalone businesses.

[5] See "Adjustments" section below, including details on Effect of consolidation.

[6] Attributable to participating shareholders.

Contribution to adjusted and net earnings per share

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings per share – basic [1]					
Lifeco [2]	2.30	2.40	0.68	0.82	0.86
IGM [2]	0.59	0.65	0.20	0.19	0.25
GBL [2]	(0.16)	0.09	(0.05)	(0.07)	(0.02)
Effect of consolidation [3]	0.06	0.11	(0.03)	0.04	(0.01)
	2.79	3.25	0.80	0.98	1.08
Alternative and other investments [4]	(0.18)	0.94	(0.05)	(0.01)	0.15
ChinaAMC	0.06	0.07	0.02	0.02	0.03
Corporate operating and other expenses and dividends on non-participating and perpetual preferred shares	(0.41)	(0.49)	(0.14)	(0.12)	(0.16)
	2.26	3.77	0.63	0.87	1.10
Adjustments [5]					
Lifeco	(0.14)	(0.08)	–	(0.10)	–
Effect of consolidation	0.01	(0.14)	–	0.01	0.01
	(0.13)	(0.22)	–	(0.09)	0.01
Alternative and other investments	(0.01)	(0.15)	–	–	–
Corporate operations	–	(0.02)	–	–	(0.02)
	(0.14)	(0.39)	–	(0.09)	(0.01)
Net earnings per share - basic [6]					
Lifeco [2]	2.16	2.32	0.68	0.72	0.86
IGM [2]	0.59	0.65	0.20	0.19	0.25
GBL [2]	(0.16)	0.09	(0.05)	(0.07)	(0.02)
Effect of consolidation	0.07	(0.03)	(0.03)	0.05	–
	2.66	3.03	0.80	0.89	1.09
Alternative and other investments [4]	(0.19)	0.79	(0.05)	(0.01)	0.15
ChinaAMC	0.06	0.07	0.02	0.02	0.03
Corporate operating and other expenses and dividends on non-participating and perpetual preferred shares	(0.41)	(0.51)	(0.14)	(0.12)	(0.18)
	2.12	3.38	0.63	0.78	1.09

[1] For a reconciliation of Lifeco, IGM, and Alternative and other investments' non-IFRS adjusted net earnings to their net earnings, refer to the sections below which detail the contribution to net earnings and adjusted net earnings of each. Adjusted net earnings per share is a non-IFRS ratio, refer to the section "Non-IFRS Financial Measures".

[2] As reported by Lifeco, IGM and GBL.

[3] See table below for details on Effect of consolidation.

[4] Includes earnings of the Corporation's investment platforms including investments held through Power Financial and earnings (losses) from standalone businesses.

[5] See "Adjustments" section below, including details on Effect of consolidation.

[6] Attributable to participating shareholders.

Effect of consolidation reflects:

- The elimination of intercompany transactions;
- The application of the Corporation's accounting method for investments under common control to the reported net earnings of the publicly traded operating companies, which include:
  - i) An adjustment related to Lifeco's investment in PSEIP; and
  - ii) An allocation of the results of the fintech portfolio, including Wealthsimple, Portage I, Portage II and Portage III, to the contributions from Lifeco and IGM based on their respective interest; and
- Adjustments in accordance with IAS 39 for IGM and GBL.

The following table summarizes the effect of consolidation on adjusted net earnings by nature for Lifeco, IGM and GBL:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Lifeco					
Application of the Corporation's accounting method on investments under common control and other	(17)	(13)	(1)	(11)	(2)
IGM					
Application of the Corporation's accounting method on investments under common control	1	(56)	(7)	7	(8)
Adjustments in accordance with IAS 39 and other	5	7	1	2	1
	6	(49)	(6)	9	(7)
GBL					
Adjustments in accordance with IAS 39 and other	46	136	(14)	17	5
	35	74	(21)	15	(4)
Per share	0.06	0.11	(0.03)	0.04	(0.01)

Year-to-date 2022 vs. 2021	Q3 2022 vs. Q3 2021 and Q2 2022
Net earnings	
$1,427 million or $2.12 per share, compared with $2,291 million or $3.38 per share in the corresponding period in 2021, a decrease of 37.3% on a per share basis.	$422 million or $0.63 per share, compared with $741 million or $1.09 per share in the corresponding period in 2021, a decrease of 42.2% on a per share basis, and $527 million or $0.78 per share in the second quarter of 2022.
Adjusted net earnings	
$1,521 million or $2.26 per share, compared with $2,554 million or $3.77 per share in the corresponding period in 2021, a decrease of 40.1% on a per share basis.	$422 million or $0.63 per share, compared with $748 million or $1.10 per share in the corresponding period in 2021, a decrease of 42.7% on a per share basis, and $584 million or $0.87 per share in the second quarter of 2022.
Contribution to net earnings and adjusted net earnings from Lifeco, IGM and GBL	
Contribution to net earnings of $1,789 million, compared with $2,052 million in the corresponding period in 2021, a decrease of 12.8%.	Contribution to net earnings of $535 million, compared with $738 million in the corresponding period in 2021, a decrease of 27.5%, and $595 million in the second quarter of 2022.
Contribution to adjusted net earnings of $1,873 million, compared with $2,202 million in the corresponding period in 2021, a decrease of 14.9%.	Contribution to adjusted net earnings of $535 million, compared with $732 million in the corresponding period in 2021, a decrease of 26.9%, and $652 million in the second quarter of 2022.

The reportable operating segments of Power Corporation include Lifeco, IGM and GBL. A discussion of the results of the Corporation is provided in the sections "Lifeco", "IGM Financial", "GBL", "Alternative and other investments", "ChinaAMC", "Corporate operations", and "Adjustments" below.

LIFECO

Contribution to Power Corporation

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Contribution to Power Corporation's [1]:					
Adjusted net earnings					
As reported by Lifeco	1,549	1,625	458	552	580
Effect of consolidation [2]	(17)	(13)	(1)	(11)	(2)
	1,532	1,612	457	541	578
Adjustments					
As reported by Lifeco	(89)	(48)	–	(63)	1
Effect of consolidation [3]	–	(3)	–	–	5
	(89)	(51)	–	(63)	6
Net earnings	1,443	1,561	457	478	584

[1] Power Financial's average direct ownership in Lifeco was 66.6% for the quarter ended September 30, 2022 (66.7% in the corresponding period in 2021).

[2] The Effect of consolidation includes the elimination of intercompany transactions and the application of the Corporation's accounting method for investments under common control including an adjustment for Lifeco's investment in PSEIP and an allocation of the results of the fintech portfolio.

[3] Refer to the section "Adjustments" below for details of Effect of consolidation.

Adjusted and net earnings per share as reported by Lifeco

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings per share [1, 2]	2.500	2.620	0.738	0.893	0.934
Adjustments [3]	(0.146)	(0.076)	–	(0.104)	0.004
Net earnings per share [1]	2.354	2.544	0.738	0.789	0.938

[1] Attributable to Lifeco common shareholders.

[2] Defined as "base earnings per common share" by Lifeco, a non-IFRS ratio; refer to Part B of this MD&A.

[3] See "Adjustments" section below.

Contribution to adjusted and net earnings by segments as reported by Lifeco

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings [1, 2]					
Canada	851	903	283	296	312
United States	467	515	204	143	221
Europe	653	617	200	208	232
Capital and Risk Solutions	345	402	1	174	107
Lifeco Corporate	11	(2)	–	9	(2)
	2,327	2,435	688	830	870
Adjustments [3, 4]					
Actuarial assumption changes and other management actions [5]	80	111	68	21	69
Market-related impacts on liabilities [5]	(71)	4	(45)	(15)	47
Transaction costs related to acquisitions	(44)	(115)	20	(57)	(90)
Restructuring and integration costs	(99)	(51)	(43)	(44)	(24)
Tax legislative changes impact on liabilities	–	(21)	–	–	–
	(134)	(72)	–	(95)	2
Net earnings [1]					
Canada	736	880	160	301	305
United States	298	407	164	29	168
Europe	697	737	249	229	357
Capital and Risk Solutions	451	399	115	167	102
Lifeco Corporate	11	(60)	–	9	(60)
Net earnings [1]	2,193	2,363	688	735	872

[1] Attributable to Lifeco common shareholders.

[2] Defined as "base earnings" by Lifeco, a non-IFRS financial measure; refer to Part B of this MD&A for additional details including a definition and reconciliation by segment.

[3] Described as "items excluded from base earnings" by Lifeco; refer to Part B of this MD&A.

[4] See "Adjustments" section below.

[5] Refer to Part B of this MD&A for more details including a definition of these Adjustments.

Year-to-date 2022 vs. 2021	Q3 2022 vs. Q3 2021 and Q2 2022
Net earnings	
$2,193 million or $2.354 per share, compared with $2,363 million or $2.544 per share in the corresponding period in 2021, a decrease of 7.5% on a per share basis.	$688 million or $0.738 per share, compared with $872 million or $0.938 per share in the corresponding period in 2021, a decrease of 21.3% on a per share basis, and $735 million or $0.789 per share in the second quarter of 2022. Lifeco's net earnings in the third quarter of 2022 include a $128 million after-tax provision primarily related to estimated claims net of reinstatement premiums on these coverages following the impacts of Hurricane Ian, which reduced Lifeco's earnings per common share by $0.137.
Adjusted net earnings	
$2,327 million or $2.500 per share, compared with $2,435 million or $2.620 per share in the corresponding period in 2021, a decrease of 4.6% on a per share basis.	$688 million or $0.738 per share, compared with $870 million or $0.934 per share in the corresponding period in 2021, a decrease of 21.0% on a per share basis, and $830 million or $0.893 per share in the second quarter of 2022.

CANADA

Net earnings in the nine-month period ended September 30, 2022 decreased by $144 million to $736 million, compared with the corresponding period in 2021. Adjusted net earnings in the nine-month period ended September 30, 2022 were $851 million, a decrease of $52 million compared with the corresponding period in 2021, primarily due to:

- Lower fee income driven by lower assets and less favourable long-term disability experience in Group Customer, and less favourable mortality and morbidity experience as well as lower policyholder behaviour experience in Individual Customer.
- Partially offset by higher earnings on surplus.

Adjusted net earnings in the nine-month period ended September 30, 2022 excluded Adjustments of negative $115 million, compared with Adjustments of negative $23 million in the corresponding period in 2021. Actuarial assumption changes and other management actions were negative $119 million, compared with negative $30 million in the corresponding period in 2021 and primarily related to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. Market-related impacts were positive $4 million, compared with positive $7 million in the corresponding period in 2021.

Net earnings in the three-month period ended September 30, 2022 decreased by $145 million to $160 million, compared with the corresponding quarter in 2021. Adjusted net earnings in the three-month period ended September 30, 2022 were $283 million, a decrease of $29 million compared with the corresponding quarter in 2021, primarily due to:

- Lower fee income driven by lower assets and less favourable long-term disability experience in Group Customer, and less favourable mortality and morbidity experience in Individual Customer.
- Partially offset by higher earnings on surplus.

Adjusted net earnings in the three-month period ended September 30, 2022 excluded Adjustments of negative $123 million, compared with Adjustments of negative $7 million in the corresponding quarter in 2021. Actuarial assumption changes and other management actions were negative $120 million, compared with negative $11 million in the corresponding quarter in 2021, for the same reasons discussed in the nine-month period above. Market-related impacts were negative $3 million, compared with positive $4 million for the corresponding quarter in 2021.

UNITED STATES

Net earnings in the nine-month period ended September 30, 2022 decreased by US$94 million (C$109 million) to US$230 million (C$298 million), compared with the corresponding period in 2021. Adjusted net earnings were US$364 million (C$467 million) in the nine-month period ended September 30, 2022, a decrease of US$46 million (C$48 million) compared with the corresponding period in 2021, primarily due to:

- A decrease of US$71 million in Putnam to a net loss of US$30 million, primarily due to lower asset-based fee revenue and seed capital losses, partially offset by lower expenses and higher tax benefits.
- Partially offset by an increase of US$21 million in Financial Services to adjusted net earnings of US$393 million, primarily due to adjusted net earnings of US$82 million related to the Prudential acquisition, as well as higher contributions from investment experience, partially offset by higher expenses driven by business growth as well as lower fee income driven by lower average equity markets and lower transaction volumes.

Adjusted net earnings in the nine-month period ended September 30, 2022 excluded Adjustments of negative US$134 million (C$169 million), compared with negative US$86 million (C$108 million) in the corresponding period in 2021. The increase in Adjustments was primarily due to market volatility resulting in hedge ineffectiveness related to Prudential guaranteed lifetime withdrawal benefit products, higher restructuring and integration costs as well as transaction costs related to the Prudential and MassMutual acquisitions, partially offset by a contingent consideration provision release of US$39 million related to Personal Capital.

Net earnings in the three-month period ended September 30, 2022 decreased by US$7 million (C$4 million) to US$125 million (C$164 million), compared with the corresponding quarter in 2021. Adjusted net earnings were US$156 million (C$204 million) in the three-month period ended September 30, 2022, a decrease of US$18 million (C$17 million) compared with the corresponding quarter in 2021, primarily due to:

- A decrease of US$44 million in Putnam to a net loss of US$17 million, primarily driven by lower other asset-based fee revenue.
- Partially offset by an increase of US$15 million in Financial Services to adjusted net earnings of US$164 million, primarily due to adjusted net earnings of US$47 million related to the Prudential acquisition, as well as the same reasons discussed in the nine-month period above.

Adjusted net earnings in the three-month period ended September 30, 2022 excluded Adjustments of negative US$31 million (C$40 million), compared with negative US$42 million (C$53 million) in the corresponding quarter in 2021. The decrease in Adjustments was primarily due to a contingent consideration provision release of US$39 million related to Personal Capital and higher tax benefits, partially offset by market volatility resulting in hedge ineffectiveness related to Prudential guaranteed lifetime withdrawal benefit products, and higher restructuring costs as well as transaction costs related to the Prudential and MassMutual acquisitions.

EUROPE

Net earnings in the nine-month period ended September 30, 2022 decreased by $40 million to $697 million, compared with the corresponding period in 2021. Adjusted net earnings in the nine-month period ended September 30, 2022 were $653 million, an increase of $36 million compared with the corresponding period in 2021, primarily due to:

- Favourable investment experience in the U.K., as well as higher fee income and favourable mortality experience in Ireland.
- Partially offset by a $61 million unfavourable impact of currency movement, unfavourable longevity experience in the U.K., and the non-recurrence of a 2021 pension settlement gain in Ireland. The nine-month period ended September 30, 2021 included a revaluation of deferred taxes resulting in an increase in taxes in the second quarter of 2021; there was no revaluation in 2022.

Adjusted net earnings in the nine-month period ended September 30, 2022 excluded Adjustments of positive $44 million, compared with positive $120 million in the corresponding period in 2021. The decrease was primarily due to lower contributions from actuarial assumption changes, unfavourable market-related impacts driven by property cash flows in the U.K. as well as transaction costs related to the joint venture agreement with Allied Irish Banks plc in Ireland.

Net earnings in the three-month period ended September 30, 2022 decreased by $108 million to $249 million, compared with the corresponding quarter in 2021. Adjusted net earnings in the three-month period ended September 30, 2022 were $200 million, a decrease of $32 million compared with the corresponding quarter in 2021, primarily due to:

- A $29 million unfavourable impact of currency movement and unfavourable longevity experience in the U.K., as well as the non-recurrence of a $47 million pension settlement gain in Ireland in the third quarter of 2021.
- Partially offset by favourable investment experience in the U.K.

Adjusted net earnings in the three-month period ended September 30, 2022 excluded Adjustments of positive $49 million, compared with positive $125 million in the corresponding quarter in 2021. The decrease in Adjustments of $76 million was primarily due to the same reasons discussed in the nine-month period above.

CAPITAL AND RISK SOLUTIONS

Net earnings in the nine-month period ended September 30, 2022 increased by $52 million to $451 million, compared with the corresponding period in 2021. Adjusted net earnings in the nine-month period ended September 30, 2022 were $345 million, a decrease of $57 million compared with the corresponding period in 2021, primarily due to:

- Lifeco offers property and catastrophe coverage to reinsurance companies and as a result Lifeco is exposed to potential claims arising from major weather events and other catastrophic events. The third quarter of 2022 included a net provision for estimated claims resulting from the impact of Hurricane Ian of $128 million after-tax. The third quarter of 2021 also included a provision for major weather events for $61 million; and
- Lower impacts from new business driven by the non-recurrence of a new business gain in the third quarter of 2021 and less favourable claims experience in the longevity business.
- Partially offset by favourable claims experience in the U.S. life business and higher business volumes.

Adjusted net earnings in the nine-month period ended September 30, 2022 excluded Adjustments of positive $106 million, compared with Adjustments of negative $3 million in the corresponding period in 2021. The nine-month period of 2022 included $119 million of insurance contract liability basis changes related to updated mortality assumptions for annuity business, partially offset by updated assumptions for life business.

Net earnings in the three-month period ended September 30, 2022 increased by $13 million to $115 million, compared with the corresponding quarter in 2021. Adjusted net earnings in the three-month period ended September 30, 2022 were $1 million, a decrease of $106 million compared with the corresponding quarter in 2021, primarily due to the same reasons discussed in the nine-month period above.

Adjusted net earnings in the three-month period ended September 30, 2022 excluded Adjustments of positive $114 million, compared with Adjustments of negative $5 million in the corresponding quarter in 2021, primarily due to the same reasons discussed in the nine-month period above.

ADJUSTMENTS

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by Lifeco's management. Refer to the further discussion above in each of Lifeco's operating segments.

In the first three quarters of 2022, Adjustments with a negative earnings impact of $134 million after tax consist of:

- In the third quarter of 2022, Adjustments were a net impact of nil, which consisted of a positive earnings impact of $68 million after tax ($24 million pre-tax) relating to actuarial assumption changes and other management actions, transaction costs of positive $20 million after tax ($16 million pre-tax) which include a contingent consideration provision release related to Personal Capital partially offset by transaction costs related to the acquisition of the full-service retirement business of Prudential, as well as recent acquisitions in the Europe segment, offset by restructuring and integration costs of $43 million after tax ($58 million pre-tax) in the United States segment and by negative market-related impacts on liabilities of $45 million after tax ($54 million pre-tax).
- In the second quarter of 2022, Adjustments were a net negative earnings impact of $95 million, which consisted of a positive earnings impact of $21 million after tax ($24 million pre-tax) relating to actuarial assumption changes and other management actions, offset by negative market-related impacts on liabilities of $15 million after tax ($19 million pre-tax), transaction costs of $57 million after tax ($71 million pre-tax) related to the acquisition of the full-service retirement business of Prudential, as well as recent acquisitions in the Europe segment, and restructuring and integration costs of $44 million after tax ($60 million pre-tax) in the United States segment.
- In the first quarter of 2022, Adjustments were a negative earnings impact of $39 million which consisted of a negative earnings impact of $9 million after tax ($9 million pre-tax) relating to actuarial assumption changes and other management actions, negative market-related impacts on liabilities of $11 million after tax ($14 million pre-tax), restructuring and integration costs of $12 million after tax ($17 million pre-tax) in the United States segment, and transaction costs of $7 million after tax ($8 million pre-tax) related to the acquisition of the full-service retirement business of Prudential, as well as acquisitions in the Europe segment.

In the first three quarters of 2021, Adjustments with a negative earnings impact of $72 million after tax consisted of:

- In the third quarter of 2021, Adjustments were a positive earnings impact of $2 million which consisted of a positive earnings impact of $69 million after tax ($74 million pre-tax) relating to actuarial assumption changes and other management actions and positive market-related impacts on liabilities of $47 million after tax ($52 million pre-tax), offset by transaction costs of $90 million after tax ($104 million pre-tax) related to the acquisitions of the full-service retirement business of Prudential, Personal Capital and MassMutual, which includes a provision for payments relating to Lifeco's 2003 acquisition of The Canada Life Assurance Company of $58 million recognized in Corporate, and restructuring and integration costs of $24 million after tax ($32 million pre-tax).
- In the second quarter of 2021, Adjustments were a negative earnings impact of $42 million which consisted of a positive earnings impact of $37 million after tax ($42 million pre-tax) relating to actuarial assumption changes and other management actions, offset by negative market-related impacts on liabilities of $19 million after tax ($14 million pre-tax), U.K. tax legislative changes impact on liabilities of $21 million, transaction costs related to the acquisitions of Personal Capital and MassMutual of $24 million after tax ($25 million pre-tax) and restructuring and integration costs of $15 million after tax ($21 million pre-tax).
- In the first quarter of 2021, Adjustments were a negative earnings impact of $32 million which consisted of a positive earnings impact of $5 million after tax ($4 million pre-tax) relating to actuarial assumption changes and other management actions, offset by negative market-related impacts on liabilities of $24 million after tax ($25 million pre-tax), restructuring and integration costs of $12 million after tax ($16 million pre-tax), and transaction costs related to the acquisitions of Personal Capital and MassMutual of $1 million after tax ($2 million pre-tax).

The information above has been derived from Lifeco's interim and most recent Annual MD&A; see Part B of this MD&A for additional information on Lifeco's interim results. Lifeco's interim and most recent Annual MD&A are available under its profile on SEDAR (www.sedar.com).

IGM FINANCIAL

Contribution to Power Corporation

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Contribution to Power Corporation's [1]:					
Adjusted net earnings					
As reported by IGM	398	440	134	129	167
Effect of consolidation [2]	6	(49)	(6)	9	(7)
	404	391	128	138	160
Adjustments					
Effect of consolidation [3]	5	(99)	–	6	–
Net earnings	409	292	128	144	160

[1] Power Financial's average direct ownership in IGM was 62.2% for the quarter ended September 30, 2022 (61.9% in the corresponding period in 2021).

[2] The Effect of consolidation includes the elimination of intercompany transactions, the application of the Corporation's accounting method for investments under common control including an allocation of the results of the fintech portfolio and reflects adjustments in accordance with IAS 39.

[3] Refer to the section "Adjustments" below for details of Effect of consolidation.

Net earnings per share as reported by IGM (in accordance with IFRS 9)

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Net earnings per share [1]	2.68	2.97	0.91	0.87	1.13

[1] Available to IGM common shareholders.

Contribution to adjusted net earnings by segments and net earnings as reported by IGM (in accordance with IFRS 9)

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Wealth Management [1]	340	396	110	109	147
Asset Management [1]	162	175	59	51	70
Strategic Investments and Other [1]	140	139	47	47	53
Net earnings [2]	642	710	216	207	270

[1] Debt and interest expense is allocated to each segment based on IGM's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

[2] Available to IGM common shareholders.

Year-to-date 2022 vs. 2021	Q3 2022 vs. Q3 2021 and Q2 2022
Net earnings $642 million or $2.68 per share, compared with $710 million or $2.97 per share in the corresponding period in 2021, a decrease of 9.8% on a per share basis.	$216 million or $0.91 per share, compared with $270 million or $1.13 per share in the corresponding period in 2021, a decrease of 19.5% on a per share basis, and $207 million or $0.87 per share in the second quarter of 2022.

On January 1, 2018, IGM adopted IFRS 9, *Financial Instruments*. Power Corporation has deferred the adoption of IFRS 9 and continues to apply IAS 39. The contribution to Power Corporation includes adjustments to reverse the impact of the application of IFRS 9 by IGM. During the second quarter of 2022, IGM disposed of corporate investments classified as fair value through other comprehensive income (FVOCI), which the Corporation classified as available for sale (AFS) under IAS 39. The gain on disposal has been recognized in net earnings by the Corporation and is included as an Adjustment in "Effect of consolidation".

IGM did not report Adjustments in the first three quarters of 2022 and in the corresponding quarters in 2021. The following is a summary of each segment's net earnings:

WEALTH MANAGEMENT

Net earnings decreased by $56 million to $340 million in the nine-month period ended September 30, 2022, compared with the corresponding period in 2021. The decrease in net earnings is mainly related to a decrease in net earnings of IG Wealth Management of $49 million, primarily due to:

- An increase in advisory and business development expenses of $46 million to $666 million in the nine-month period which includes compensation paid to advisors, the majority of which varies directly with assets or sales levels. Asset-based compensation increased by $25 million to $419 million, primarily due to rate increases due to changes in advisor productivity and increased average assets under advisement. Sales-based compensation is based on the level of new assets contributed to client accounts and is capitalized and amortized as they reflect incremental costs to obtain a client contract. Sales-based compensation increased by $16 million to $56 million, due to additional sales-based commission being capitalized and amortized throughout 2021 and 2022. Other advisory and business development expenses increased by $6 million to $191 million, and reflect additional expenses related to in-person conferences and other activities that were cancelled in 2021 due to COVID-19;
- A decrease in other financial planning revenues of $14 million to $108 million, due to lower earnings from mortgage banking operations;
- A decrease in income from product and program fees of $5 million to $660 million, primarily due to the decrease in average assets under management of 0.7%. The average product and program fee rate for the nine-month period was 85.9 basis points of average assets under management, compared with 86.0 basis points in 2021, reflecting price reductions in certain funds and changes in product mix;
- A decrease in redemption fees of $5 million to $3 million; and
- An increase in operations and support expenses of $2 million to $315 million, which includes costs that support 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.

Partially offset by:

- An increase in income from advisory fees of $4 million to $857 million, primarily due to the increase in average assets under advisement of 1.6%, partially offset by a decrease in the advisory fee rate. The average advisory fee rate for the nine-month period was 102.5 basis points of average assets under advisement, compared with 103.7 basis points in 2021, reflecting changes in product and client mix; and
- A decrease in income taxes of $17 million to $122 million.

Net earnings decreased by $37 million to $110 million in the three-month period ended September 30, 2022, compared with the corresponding quarter in 2021. The decrease in net earnings is mainly related to a decrease in net earnings of IG Wealth Management of $31 million, primarily due to:

- A decrease in income from product and program fees of $19 million to $214 million, primarily due to the decrease in average assets under management of 7.8%. The average product and program fee rate for the three-month period was 85.7 basis points of average assets under management, compared with 86.1 basis points in 2021, reflecting price reductions in certain funds and changes in product mix;
- A decrease in income from advisory fees of $17 million to $280 million, primarily due to the decrease in average assets under advisement of 5.5%, and a decrease in the advisory fee rate. The average advisory fee rate for the three-month period was 102.5 basis points of average assets under advisement, compared with 102.6 basis points in 2021, reflecting changes in product and client mix;
- An increase in advisory and business development expenses of $9 million to $219 million in the three-month period. Sales-based compensation increased by $5 million to $20 million, partially offset by a decrease in asset-based compensation of $2 million to $137 million. The increase in sales-based compensation in the three-month period was due to the same reasons explained in the nine-month period above. The decrease in asset-based compensation in the three-month period was due to rate increases and decreased average assets under advisement. Other advisory and business development expenses increased by $5 million to $62 million; and
- A decrease in other financial planning revenues of $3 million to $37 million, primarily due to the same reasons explained in the nine-month period above.

Partially offset by:

- An increase in net investment income and other of $3 million to income of $2 million. Net investment income and other primarily consists of unrealized gains on investments in proprietary funds in the three-month period of 2022 and investment income earned on cash and cash equivalents and securities and other income not related to IG Wealth Management's core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital;
- A decrease in sub-advisory expenses of $4 million to $41 million, primarily due to lower assets under management; and
- A decrease in income taxes of $11 million to $40 million.

ASSET MANAGEMENT

The Asset Management segment includes the fees received from IGM's mutual funds, Wealth Management segment and third parties for investment management services.

Net earnings decreased by $13 million to $162 million in the nine-month period ended September 30, 2022, compared with the corresponding period in 2021, primarily due to:

- An increase in expenses of $12 million to $330 million, primarily due to an increase in operations and support expenses of $20 million in the nine-month period. Operations and support expenses 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. The increase in operations and support expenses was partially offset by a decrease in advisory and business development expenses of $7 million and sub-advisory expenses of $1 million. Advisory and business development expenses primarily include wholesale distribution activities which vary directly with assets or sales levels. The decrease in the nine-month period was attributed to lower wholesale commissions consistent with the decline in net investment fund net sales; and
- A decrease in net investment income and other of $4 million. Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds, which are generally made in the process of launching a fund and are sold as third-party investors subscribe.

Partially offset by:

- An increase in net asset management fees, which is asset management fees offset by dealer compensation expenses, of $1 million to $567 million, mainly due to an increase in net asset management fees – third party of $1 million, due to a 0.2% increase in average assets under management. Mackenzie's net asset management fee rate was 54.1 basis points for the nine months ended September 30, 2022, compared with 54.0 basis points in 2021. Management fees – Wealth Management of $84 million were comparable to the corresponding period in 2021.

Net earnings decreased by $11 million to $59 million in the three-month period ended September 30, 2022, compared with the corresponding quarter in 2021, primarily due to:

- A decrease in net asset management fees, which is asset management fees offset by dealer compensation expenses, of $17 million to $185 million, mainly due to a decrease in net asset management fees – third party of $15 million, due to a 9.4% decrease in average assets under management offset by an increase in the net asset management fee rate. Mackenzie's net asset management fee rate was 55.2 basis points for the three months ended September 30, 2022, compared with 54.7 basis points in 2021. Management fees – Wealth Management decreased by $2 million to $27 million.

Partially offset by:

- An increase in net investment income and other of $2 million to $4 million; and
- A decrease in expenses of $1 million to $104 million, primarily due to a decrease in advisory and business development expenses of $3 million and sub-advisory expenses of $1 million in the three-month period partially offset by an increase in operations and support expenses of $3 million.

ASSETS UNDER MANAGEMENT AND ADVISEMENT

Assets under advisement (AUA) are a key performance indicator for the Wealth Management segment.

Assets under management (AUM) are the key driver of the Asset Management segment and a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. Refer to the section "Other Measures" for a definition of AUM and AUA.

Total assets under management and advisement were as follows:

(In billions of dollars)	September 30, 2022	June 30, 2022	September 30, 2021	June 30, 2021
Wealth Management				
Assets under management	100.0	101.2	112.1	110.7
Other assets under advisement	33.3	33.0	33.4	32.6
Assets under advisement	133.3	134.2	145.5	143.3
Asset Management				
Assets under management excluding sub-advisory to Wealth Management	108.7	111.9	124.1	122.9
Sub-advisory to Wealth Management	71.8	72.8	79.2	78.8
Assets under management	180.5	184.7	203.3	201.7
Consolidated [1]				
Assets under management	208.7	213.1	236.2	233.6
Other assets under advisement [2]	29.4	29.0	29.0	28.4
Total assets under management and advisement [2]	238.1	242.1	265.2	262.0

[1] Represents the consolidated assets under management and advisement of IGM. In the Wealth Management segment, assets under management is a component part of assets under advisement. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM reporting such that there is no double counting of the same client savings held at IGM operating companies.

[2] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

Total average assets under management and advisement were as follows:

(In billions of dollars)	Q3	Q2	2022 Q1	Q4	Q3	Q2	2021 Q1
Wealth Management							
Assets under advisement	137.8	141.0	148.3	149.7	146.5	140.2	134.9
Assets under management	103.9	106.7	112.7	115.1	113.1	108.5	104.9
Asset Management							
Assets under management excluding sub-advisory to Wealth Management	113.4	118.5	125.7	126.8	125.2	119.3	112.7
Total assets under management	187.3	195.5	205.5	207.1	204.9	196.6	187.2
Consolidated [1]							
Assets under management	217.3	225.2	238.4	241.9	238.3	227.8	217.6
Assets under management and advisement [2]	247.2	255.3	269.5	272.0	267.4	255.4	243.9

[1] Represents the consolidated assets under management and advisement of IGM. All instances where the Asset Management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in IGM reporting such that there is no double counting of the same client savings held at IGM operating companies.

[2] Includes adjustment representing the elimination of double counting where business is reflected within multiple segments.

ADJUSTMENTS

Adjustments are items excluded from net earnings in the determination of adjusted net earnings by IGM's management.

There were no Adjustments reported by IGM in the first three quarters of 2022 and in the corresponding quarters in 2021.

The information above has been derived from IGM's interim and most recent Annual MD&A; see Part C of this MD&A for more information on IGM's interim results. IGM's interim and most recent Annual MD&A are available under its profile on SEDAR (www.sedar.com).

GBL

Contribution to Power Corporation

	Nine months ended		Three months ended		
(in millions of Canadian dollars)	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Contribution to Power Corporation's net earnings [1]:					
As reported by GBL	(109)	63	(36)	(44)	(11)
Effect of consolidation [2]	46	136	(14)	17	5
Net earnings (loss)	(63)	199	(50)	(27)	(6)

[1] In the three-month period ended September 30, 2022, Power Financial's average indirect ownership in GBL was 14.9% (14.1% in the corresponding period in 2021).

[2] The Corporation has not adopted IFRS 9. The contribution to the Corporation includes an adjustment to account for GBL under IAS 39 as described below.

Contribution to net earnings (loss) as reported by GBL (in accordance with IFRS 9)

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Share of earnings (loss) of associates and consolidated operating companies of:					
Imerys	106	119	1	65	41
Parques Reunidos/Piolin II	23	9	37	3	27
Webhelp	14	27	7	(6)	5
Canyon	14	(2)	5	1	(1)
Sanoptis	(15)	–	(15)	–	–
Affidea	(37)	–	(37)	–	–
Sienna	(12)	78	3	(25)	30
	93	231	1	38	102
Net dividends from investments:					
SGS	110	104	–	–	–
adidas	39	35	–	39	–
Umicore	31	31	9	22	10
Pernod Ricard	31	27	–	31	–
Holcim	28	65	–	28	–
MOWI	16	11	4	7	7
GEA	10	13	–	10	–
Other [1]	3	37	2	1	–
	268	323	15	138	17
Interest income (expenses)	(25)	(15)	(9)	(9)	(5)
Other financial income (expenses)	(517)	(108)	(111)	(208)	(51)
Other operating income (expenses)	(216)	(258)	(82)	(48)	(108)
Gains (losses) from disposals, impairments and reversals of non-current assets	(72)	118	43	(110)	1
Taxes	(4)	–	–	(5)	–
Net earnings (loss) [2, 3]	(473)	291	(143)	(204)	(44)

[1] In 2021, mainly consists of a reimbursement of withholding taxes received and to be received from the French tax authorities relating to dividends received from TotalEnergies in 2006 and 2019.

[2] Described as "IFRS consolidated net result" in GBL's publicly disclosed information.

[3] Attributable to GBL shareholders.

Year-to-date 2022 vs. 2021	Q3 2022 vs. Q3 2021 and Q2 2022
Net earnings (loss)	
A net loss of €473 million, compared with net earnings of €291 million in the corresponding period in 2021.	A net loss of €143 million, compared with net loss of €44 million in the corresponding period in 2021, and a net loss of €204 million in the second quarter of 2022.

IAS 39 adjustments to the contribution of GBL

On January 1, 2018, GBL adopted IFRS 9, *Financial Instruments*. The majority of its investments in public entities are classified as fair value through other comprehensive income (FVOCI), an elective classification for equity instruments in which all fair value changes remain permanently in OCI.

The investments in private equity and other investment funds, including co-investments, are classified as fair value through profit or loss (FVPL). The transition requirements of IFRS 9 required that all unrealized gains and losses at January 1, 2018 on investments previously classified as available for sale remain permanently in equity. Starting January 1, 2018, subsequent changes in fair value are recorded in earnings.

Power Corporation has deferred the adoption of IFRS 9 and continues to apply IAS 39. The following table presents adjustments to the contribution of GBL to Power Corporation's earnings in accordance with IAS 39:

	Nine months ended		Three months ended		
(in millions of Canadian dollars)	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Partial disposal of interest in MOWI [1]	22	–	–	22	–
Partial disposal of interest in Holcim [2]	–	122	–	–	–
Partial disposal of interest in Umicore [3]	–	33	–	–	–
Partial disposal of interest in GEA [4]	–	13	–	–	4
Impairment charges on listed investments [5]	(7)	(8)	(4)	(2)	–
Impairment charges on private equity funds and co-investments [6]	(107)	–	(23)	(84)	–
Disposal of private equity funds and other [7]	35	24	2	22	11
Reversal of unrealized (gains) losses on private equity funds and other [8]	103	(48)	11	59	(10)
Total	46	136	(14)	17	5

[1] During the second quarter of 2022, a portion of the investment in MOWI was disposed of, resulting in a gain. The gain was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $22 million.

[2] During the first and second quarters of 2021, a portion of the investment in Holcim was disposed of, resulting in a recovery from the reversal of previous impairments. The recovery was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $35 million in the first quarter and $87 million in the second quarter.

[3] During the second quarter of 2021, a portion of the investment in Umicore was disposed of, resulting in a gain. The gain was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $33 million.

[4] During the second and third quarters of 2021, a portion of the investment in GEA was disposed of, resulting in a recovery from the reversal of previous impairments. The recovery was not reflected in GBL's earnings as the investment is classified as FVOCI. Power Corporation's share was $9 million and $4 million, respectively, in the second and third quarters of 2021.

[5] Under IFRS 9, GBL classifies the majority of its investments in public entities as FVOCI, and as a result impairment charges are not recognized in earnings. Power Corporation recognized impairment charges on the following investments:

- Ontex – The investment in Ontex has been previously impaired, resulting in an adjusted cost of €6.99 per share. During the first and third quarters of 2022, the share price decreased to €6.63 and €5.52, respectively, resulting in an impairment charge. The Corporation's share was $1 million in the first quarter and $4 million in the third quarter. During the first quarter of 2021, the Corporation recorded its share of an impairment charge of $8 million.
- Other investments – During the second quarter of 2022, Power Corporation recorded its share of impairment charges on other investments of $2 million.

[6] GBL classifies private equity investments at FVPL in accordance with IFRS 9, and recognizes unrealized changes in fair value in earnings. Power Corporation continues to classify these private equity investments as available for sale in accordance with IAS 39. During the second and third quarters of 2022, the value of certain private equity investments, primarily in GBL's digital portfolio, was reduced below their cost resulting in impairment charges. The Corporation's share of the impairment charges was $84 million and $23 million, respectively, in the second and third quarters of 2022.

[7] During the first, second and third quarters of 2022, investments held through private equity funds and other investments, classified as FVPL in accordance with IFRS 9, were disposed of, resulting in realized gains. Power Corporation's share of the realized gains in accordance with IAS 39 was $11 million in the first quarter, $22 million in the second quarter and $2 million in the third quarter of 2022 ($7 million in the first quarter, $6 million in the second quarter and $11 million in the third quarter of 2021).

[8] GBL classifies private equity investments at FVPL in accordance with IFRS 9, and recognizes unrealized changes in fair value in earnings. Power Corporation does not recognize these unrealized fair value changes in earnings as it continues to classify these private equity investments as available for sale in accordance with IAS 39.

Other than the share of earnings of Imerys, Webhelp, Canyon, Parques and Sienna, a significant portion of GBL's net earnings is composed of dividends from its non-consolidated investments, which are usually declared as follows:

- Holcim (second quarter)
- SGS (first quarter)
- adidas (second quarter)
- Umicore (second and third quarters)
- Pernod Ricard (second and fourth quarters)
- GEA (second quarter)
- MOWI (quarterly)

RESULTS

For the nine-month period ended September 30, 2022, the net loss was €473 million, compared with net earnings of €291 million in the corresponding period in 2021. The decrease in net earnings was mainly due to:

- An increase in other financial expenses of €409 million to €517 million in the nine-month period ended September 30, 2022, compared with financial expenses of €108 million in the same period in 2021. Other financial expenses in the nine-month period of 2022 includes a gain of €130 million on marking to market derivatives on convertible and exchangeable bonds issued by GBL, offset by a negative impact of €196 million related to the increase in the liability to Webhelp's minority shareholders, including the effect of discounting. As well, GBL recognized a net decrease in the fair value of Sienna Capital's private equity investments not consolidated or accounted for using the equity method of €478 million. In the nine-month period ended September 30, 2021, GBL recognized a negative impact of €296 million related to the increase in the liability to Webhelp's minority shareholders, partially offset by an increase in fair value of €215 million for Sienna Capital's private equity investments not consolidated or accounted for using the equity method;
- A decrease in the contribution from investments consolidated or accounted for using the equity method by Sienna of €90 million to a negative contribution to GBL of €12 million, compared with a positive contribution of €78 million for the nine-month period of 2021;
- A negative contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €72 million, compared with a positive contribution of €118 million in the corresponding period in 2021. In the nine-month period ended September 30, 2022, GBL recognized an impairment on an investment held by Sienna Capital of €102 million, partially offset by a net gain recognized on the sale of one investment held by Sienna Capital. In the nine-month period ended September 30, 2021, GBL recognized net gains on the sale of two investments held by Sienna Capital;
- A decrease in dividends of €55 million to €268 million, mainly due to a decrease in dividends received from Holcim and other dividends of €37 million and €34 million, respectively. The decrease in the dividend received from Holcim is due to a decrease in the interest held by GBL. In the nine-month period ended September 30, 2021, other dividends primarily included €37 million related to the reimbursement of withholding taxes received from the French tax authorities relating to dividends received from TotalEnergies in 2006 and 2019;
- A negative contribution from Sanoptis and Affidea to GBL's net earnings of €15 million and €37 million, respectively, both acquired during the third quarter of 2022, mainly related to costs incurred in the context of the acquisitions;
- A decrease in GBL's share in the net result of Webhelp of €13 million, to a contribution to GBL of €14 million; and
- A decrease in the contribution from Imerys to net earnings of €13 million to a contribution to GBL's net earnings of €106 million. The decrease in the contribution is mainly due to a goodwill impairment charge related to the expected divestiture of assets serving the paper market announced during the third quarter of 2022.

Partially offset by:

- A decrease in other operating expenses of €42 million to €216 million, which include the increase in liabilities recorded under Webhelp's employee incentive plan of €137 million in the period, including the effect of discounting and vesting, compared with an increase in liabilities of €181 million in the corresponding period in 2021;
- An increase in the contribution from Canyon to net earnings of €16 million to a contribution to GBL of €14 million. Canyon was acquired in the first quarter of 2021 and GBL recognized related transaction costs in 2021; and
- An increase in the contribution from Piolin II S.à.r.l. to GBL's net earnings of €14 million to a contribution to GBL of €23 million, compared with a contribution of €9 million for the nine-month period of 2021.

For the three-month period ended September 30, 2022, the net loss was €143 million, compared with a net loss of €44 million in the corresponding quarter in 2021. The decrease in net earnings was mainly due to:

- An increase in other financial expenses of €60 million to €111 million in the three-month period ended September 30, 2022, compared with financial expenses of €51 million in the same period in 2021. Other financial expenses in the third quarter of 2022 include a loss of €6 million on marking to market derivatives on convertible and exchangeable bonds issued by GBL and a negative impact of €53 million related to the increase in the liability to Webhelp's minority shareholders, including the effect of discounting, compared with a negative impact of €111 million in the corresponding quarter in 2021. As well, in the three-month period ended September 30, 2022, GBL recognized a net decrease in the fair value of Sienna Capital's private equity investments not consolidated or accounted for using the equity method of €53 million, compared with an increase in fair value of €47 million in the corresponding quarter in 2021;
- A decrease in the contribution from Imerys to GBL's net earnings of €40 million to a contribution to GBL of €1 million, compared with a contribution of €41 million for the corresponding quarter in 2021 for the same reason discussed in the nine-month period above;
- A decrease in the contribution from investments consolidated or accounted for using the equity method by Sienna of €27 million to a contribution to GBL's net earnings of €3 million, compared with a contribution of €30 million for the three-month period of 2021;
- A negative contribution from Sanoptis and Affidea to GBL's net earnings of €15 million and €37 million, respectively, as explained in the nine-month period above; and
- A decrease in dividends of €2 million to €15 million, mainly due to a decrease in dividends received from MOWI, partially offset by an increase in other dividends of €2 million.

Partially offset by:

- A positive contribution from gains (losses) from disposals, impairments and reversals of non-current assets of €43 million, compared with a contribution of €1 million in the corresponding quarter in 2021, mainly due to a gain recognized by GBL on the sale of an investment held by Sienna Capital;
- A decrease in other operating expenses of €26 million to €82 million, which include the increase in liabilities recorded under Webhelp's employee incentive plan of €52 million in the quarter, including the effect of discounting and vesting, compared with an increase in liabilities of €79 million in the corresponding quarter in 2021;
- An increase in the contribution from Piolin II S.à.r.l. to GBL's net earnings of €10 million to a contribution to GBL of €37 million, compared with a contribution of €27 million for the three-month period of 2021;
- An increase in the contribution from Canyon to net earnings of €6 million to a contribution to GBL of €5 million; and
- An increase in GBL's share in the net result of Webhelp of €2 million, to a contribution to GBL of €7 million.

AVERAGE EXCHANGE RATES

The average exchange rates for the nine-month and three-month periods ended September 30, 2022 and 2021 were as follows:

	Nine months ended			Three months ended		
	September 30, 2022	September 30, 2021	Change %	September 30, 2022	September 30, 2021	Change %
Euro/CAD	1.364	1.497	(8.9)	1.314	1.485	(11.5)

The information above has been derived from GBL's publicly disclosed financial information, as issued by GBL in its third quarter of 2022 press release and its half-year report at June 30, 2022. Further information on GBL's results is available on its website (www.gbl.be).

ALTERNATIVE AND OTHER INVESTMENTS

Alternative and other investments are comprised of the results of the investment platforms, which includes income earned from asset management and investing activities. Asset management activities includes management fees and carried interest net of investment platform expenses. Investing activities comprises income earned on the capital invested by the Corporation (proprietary capital) in the investment funds managed by each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms. Other includes the share of earnings (losses) of standalone businesses and the Corporation's investments in investment and hedge funds.

Income earned from investing activities (proprietary capital) and earnings from other investments are volatile in nature as they depend on many factors, including and primarily related to the timing of realizations.

Contribution to Power Corporation

Summary of Adjusted and net earnings (loss) from the Corporation's alternative and other investments:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Contribution to Power Corporation's:					
Adjusted net earnings (loss)					
Asset management activities					
Sagard	(59)	44	(9)	(36)	(18)
Power Sustainable [1]	(18)	(16)	(3)	(3)	(5)
Investing activities (proprietary capital)					
Sagard	40	90	(5)	31	55
Power Sustainable [1]	(145)	279	(28)	(48)	13
Standalone businesses	34	213	3	27	58
Investment and hedge funds and Other [1]	28	24	11	22	–
	(120)	634	(31)	(7)	103
Adjustments					
Sagard	–	(100)	–	–	–
Power Sustainable	(10)	–	–	–	–
Net earnings (loss)	(130)	534	(31)	(7)	103

[1] In the second quarter of 2022, the presentation of Power Sustainable's asset management activities was modified to separate certain activities provided by Potentia and Nautilus on behalf of PSEIP from its management activities. As well, an allocation of certain expenses is included in the Corporation's other investing activities. The comparative information has been restated to reflect these changes.

ASSET MANAGEMENT ACTIVITIES

Summary of the composition of net earnings (loss) from asset management activities:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Sagard					
Management fees [1]	112	68	35	43	29
Investment platform expenses	(115)	(73)	(38)	(39)	(24)
	(3)	(5)	(3)	4	5
Net carried interest [2, 3]	(56)	62	(3)	(42)	(20)
Other	(1)	(6)	(1)	(1)	–
	(60)	51	(7)	(39)	(15)
Loss from private wealth platform and other asset management activities [4]	(8)	(3)	(3)	(2)	(1)
Non-controlling interests [5]	9	(4)	1	5	(2)
	(59)	44	(9)	(36)	(18)
Power Sustainable					
Management fees [1]	15	11	5	6	4
Investment platform expenses	(44)	(32)	(14)	(16)	(8)
	(29)	(21)	(9)	(10)	(4)
Net performance fees and carried interest [2]	11	1	7	4	(1)
Other [6]	–	4	(1)	3	–
	(18)	(16)	(3)	(3)	(5)
Net earnings (loss)	(77)	28	(12)	(39)	(23)

[1] Includes management fees charged by the investment platform on proprietary capital. Management fees paid by the Corporation are deducted from income from investing activities.

[2] Net carried interest is comprised of carried interest earned, net of employee costs which are recognized over the vesting period. Carried interest is recognized based on changes in fair value of investments held within each consolidated fund, and based on carried interest earned when it is highly probable that a significant reversal will not occur with respect to unconsolidated funds.

[3] The first and second quarters of 2022 include a reversal of net carried interest of $13 million and $42 million, respectively, mainly due to decreases in the fair value of Wealthsimple and investments held in Portage II in the period. The third quarter of 2021 includes the effect of the deconsolidation of Sagard Credit Partners, including the reversal of carried interest recognized over the life of the fund.

[4] Includes the Corporation's share of earnings (losses) from Sagard's private wealth platform and other asset management activities.

[5] Non-controlling interests include equity interests held in SHMI by Lifeco and management of Sagard.

[6] Other includes development and asset management activities provided by Potentia and Nautilus on behalf of PSEIP.

INVESTING ACTIVITIES

Summary of adjusted and net earnings (loss) from investing activities (proprietary capital):

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings (loss)					
Sagard					
Private equity and other strategies [1]	41	133	1	27	67
Venture capital (fintech investments) [2]	(1)	(43)	(6)	4	(12)
Power Sustainable					
Public equity [3]	(163)	294	(24)	(69)	15
Energy infrastructure [4]	18	(15)	(4)	21	(2)
Standalone businesses [5]	34	213	3	27	58
Other					
Investment and hedge funds	8	21	–	6	2
Other [6]	20	3	11	16	(2)
	(43)	606	(19)	32	126
Adjustments					
Remeasurements of Wealthsimple's put right liability	–	(100)	–	–	–
Impairment charges on direct energy infrastructure investments	(10)	–	–	–	–
Net earnings (loss)	(53)	506	(19)	32	126

[1] The third quarter of 2021 includes a realized gain of $66 million recognized by the Corporation on disposal of its interest in Sagard Europe 3.

[2] Includes the Corporation's share of earnings (losses) of Wealthsimple. The first and second quarters of 2022 include a reversal of carried interest payable of $13 million and $25 million, respectively, mainly due to decreases in the fair value of Wealthsimple and investments held in Portage II in the period. The first quarter of 2021 included a charge of $52 million related to the Corporation's share of the carried interest payable due to increases in fair value of investments held in the Portage Funds and Wealthsimple; as well, it excluded a charge of $100 million related to the remeasurement of the put right liability held by certain of the non-controlling interests in Wealthsimple to fair value which has been included in Adjustments (see "Adjustments" section below). The net decrease in fair value of the Corporation's investments, including its investments held through Power Financial, in Portage I, Portage II, Portage III, Koho and Wealthsimple was $424 million in the nine-month period ended September 30, 2022, compared with an increase of $606 million in fair value in the corresponding period in 2021.

[3] Mainly comprised of gains (losses) realized on the disposal of investments and dividends received. In the first, second and third quarters of 2022, the Corporation realized a loss of $54 million, $70 million and $22 million, respectively, on the disposal of investments in Power Sustainable China and $16 million in impairments recognized in 2022, of which $13 million was recorded in the first quarter due to declines in Chinese equity markets (realized gains of $229 million, $54 million and $18 million in the first, second and third quarters of 2021, respectively).

[4] Includes a gain on disposal of a portfolio of solar assets of $17 million in the second quarter of 2022, and unrealized gains on derivative contracts hedging energy infrastructure projects of $16 million in each of the first and second quarters and $10 million in the third quarter of 2022.

[5] The second quarter of 2022 included a net contribution of $28 million related to the investment in Lion which included remeasurements attributable to the decline in market value of Lion in the quarter and is comprised of i) share of earnings of $17 million which includes a recovery related to the revaluation of its warrants; ii) a recovery of $18 million related to the decrease in amounts payable by Power Sustainable to its management for long-term incentive plans; and iii) a loss of $5 million related to the revaluation of call rights held by Power Sustainable.

The third quarter of 2021 included a net contribution of $55 million related to the investment in Lion which consisted of i) the Corporation's share of earnings of Lion; ii) a decrease in the fair value of outstanding call rights held by Power Sustainable; and iii) a decrease in amounts payable for long-term incentive plans, net of related taxes.

In the second quarter of 2021, the Corporation recorded a reversal of a previously recognized impairment on its investment in GP Strategies of $33 million and a net gain of $153 million related to its investment in Lion which was comprised of i) a gain of $62 million related to the effect of the change in ownership as a result of the completion of the merger transaction between Lion and Northern Genesis; ii) a gain of $147 million related to the revaluation of call rights held by Power Sustainable, a portion of which were exercised during the quarter; and iii) an expense of $56 million related to the increase in amounts payable for long-term incentive plans and deferred taxes.

Includes the Corporation's share of earnings (losses) of Lion, LMPG, Peak, and GP Strategies (up to the date of disposal in the fourth quarter of 2021).

[6] Consists mainly of foreign exchange gains or losses and interest on cash and cash equivalents. The second quarter of 2022 includes a gain on disposal of a property by the Corporation of $7 million.

Adjustments (excluded from adjusted net earnings)

SAGARD

On May 3, 2021, Wealthsimple announced that it had signed a $750 million equity offering. As a result, in the first quarter of 2021, the fair value increase in Wealthsimple resulted in a charge related to the remeasurement of the put right liability of certain of the non-controlling interests in Wealthsimple to fair value. The Adjustments of the alternative asset investment platform (Sagard) reflects the Corporation's share of the charge, based on its respective interest, of $100 million ($100 million pre-tax). At the close of the transaction, the existing put rights held by non-controlling interests and option holders of Wealthsimple were extinguished.

POWER SUSTAINABLE

During the first quarter of 2022, Power Sustainable recognized an impairment of $10 million on projects under construction which are included in direct energy infrastructure investments within the Power Sustainable platform.

ChinaAMC

For the nine-month period ended September 30, 2022, income from ChinaAMC was $43 million, compared with $45 million in the corresponding period in 2021.

For the three-month period ended September 30, 2022, income from ChinaAMC was $15 million, compared with $17 million in the corresponding quarter in 2021.

CORPORATE OPERATIONS

Corporate operations include operating expenses, financing charges, depreciation and income taxes.

Operating and other expenses

Summary of corporate operating and other expenses of the Corporation and Power Financial shown on a combined basis:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Operating expenses [1]	87	109	33	18	36
Financing charges [2]	41	40	14	13	13
Depreciation	4	9	1	2	2
Income taxes	3	28	2	(4)	6
	135	186	50	29	57

[1] During the second quarter of 2022, the Corporation attached tandem share appreciation rights to certain options, which were reclassified as cash-settled share-based payments. The Corporation has entered into a total return swap agreement to manage exposure to the volatility of a portion of its cash-settled share-based payments and related liability. The second and third quarters of 2022 include a net gain of $17 million and $2 million, respectively, arising from the change in fair value of the liability, net of the loss on the remeasurement to fair value of the derivative instrument.

[2] Financing charges related to Power Financial were $13 million in the nine-month period ended September 30, 2022, same as in 2021.

INCOME TAXES

For the nine-month period ended September 30, 2022, income tax expense was $3 million, compared with $28 million in the corresponding period in 2021. The nine-month period of 2021 included i) an income tax expense of $44 million, primarily related to the deferred tax expense resulting from the realization of gains recorded in earnings on the sale of investments (of which $38 million was a reclassification of the income tax previously recorded in other comprehensive income at December 31, 2020); partially offset by ii) an income tax recovery of $16 million primarily related to the recognition of tax attributes to offset the realized gain on the secondary sale of Wealthsimple (the realized gain and the related income tax expense were recognized through the statement of changes in equity).

For the three-month period ended September 30, 2022, income tax expense was $2 million, compared with $6 million in the corresponding quarter in 2021.

ADJUSTMENTS (EXCLUDED FROM ADJUSTED NET EARNINGS)

The following table presents the Corporation's share of Adjustments:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Lifeco [1]					
Actuarial assumption changes and other management actions	53	74	45	14	45
Market-related impacts on liabilities	(47)	3	(30)	(10)	32
Transaction costs related to acquisitions	(29)	(77)	14	(38)	(60)
Restructuring and integration charges	(66)	(34)	(29)	(29)	(16)
Tax legislative changes impact on liabilities	–	(14)	–	–	–
	(89)	(48)	–	(63)	1
Effect of consolidation [2]	–	(3)	–	–	5
	(89)	(51)	–	(63)	6
IGM [1]					
Effect of consolidation [2]	5	(99)	–	6	–
Alternative and other investments					
Remeasurements of Wealthsimple's put right liability	–	(100)	–	–	–
Impairment charges on direct energy infrastructure investments	(10)	–	–	–	–
	(10)	(100)	–	–	–
Corporate operations					
Reorganization charges	–	(13)	–	–	(13)
	(94)	(263)	–	(57)	(7)

[1] As reported by Lifeco and IGM.

[2] The Effect of consolidation reflects i) the elimination of intercompany transactions; ii) the application of the Corporation's accounting method for investments under common control to the Adjustments reported by Lifeco and IGM, which includes an allocation of the Adjustments related to the fintech portfolio based on their respective interest; iii) IGM's share of Lifeco's Adjustments, in accordance with the Corporation's definition of Adjusted net earnings; and iv) adjustments in accordance with IAS 39 for IGM.

Effect of consolidation

The Effect of consolidation in the nine-month period ended September 30, 2021 mainly relates to the remeasurements of the put right liability of certain of the non-controlling interests in Wealthsimple to fair value.

- On May 3, 2021, Wealthsimple announced that it had signed a $750 million equity offering. As a result, in the first quarter of 2021, the fair value increase in Wealthsimple resulted in a charge related to the remeasurement of the put right liability to fair value. The Corporation's share of the charge on the remeasurement of the put right liability was $208 million ($208 million pre-tax) and is included as an Adjustment. The charge has been reflected in the Adjustments of the alternative asset investment platforms, Lifeco and IGM, based on their respective interest in the Effect of consolidation, of $100 million, $11 million and $97 million, respectively. At the close of the transaction, the existing put rights held by non-controlling interests and option holders of Wealthsimple were extinguished.

Corporate operations

During the third quarter of 2021, the Corporation recognized charges of $13 million in conjunction with the reorganization of the Corporation and Power Financial completed in February 2020, related to the impairment of certain assets of the Corporation.

For additional information on each of Lifeco, IGM and Alternative and Other investments, refer to their respective "Adjustments" sections above. Also refer to the section "Non-IFRS Financial Measures" in this MD&A.

Financial Position

CONSOLIDATED BALANCE SHEETS (CONDENSED)

The condensed balance sheets of Lifeco, IGM and the investment platforms and other, as well as Power Corporation's and Power Financial's combined non-consolidated balance sheet ("holding company"), are presented below. These tables reconcile the holding company balance sheet with the condensed consolidated balance sheets of the Corporation at September 30, 2022 and December 31, 2021. These non-consolidated balance sheets are included in Note 19 of the Interim Consolidated Financial Statements.

						September 30, 2022
	Lifeco	IGM	Investment Platforms and Other [1]	Holding company	Effect of consolidation	Power Corporation Consolidated balance sheet
Assets						
Cash and cash equivalents	8,636	1,050	538	1,407	(342)	11,289
Investments	224,598	5,247	1,974	248	164	232,231
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	373	1,039	–	19,677	(21,089)	–
GBL [2]	–	–	–	3,023	–	3,023
Other	300	594	–	2,634	(3,528)	–
Investments in jointly controlled corporations and associates	200	1,039	1,271	753	(48)	3,215
Funds held by ceding insurers	15,118	–	–	–	–	15,118
Reinsurance assets	17,195	–	–	–	–	17,195
Other assets	19,947	4,467	4,335	275	(205)	28,819
Intangible assets [3]	6,529	1,357	838	2	(32)	8,694
Goodwill [3]	10,458	2,802	578	–	613	14,451
Investments on account of segregated fund policyholders	369,410	–	–	–	–	369,410
Total assets	672,764	17,595	9,534	28,019	(24,467)	703,445
Liabilities						
Insurance and investment contract liabilities	245,867	–	–	–	–	245,867
Obligations to securitization entities	–	4,680	–	–	–	4,680
Power Corporation's debentures and other debt instruments	–	–	–	647	–	647
Non-recourse debentures and other debt instruments [4]	9,980	2,100	1,984	250	(88)	14,226
Other liabilities	16,146	4,689	4,137	1,027	(364)	25,635
Insurance and investment contracts on account of segregated fund policyholders	369,410	–	–	–	–	369,410
Total liabilities	641,403	11,469	6,121	1,924	(452)	660,465
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	–	–	–	2,830	(2,830)	–
Non-participating shares	2,720	–	–	950	(2,720)	950
Participating shareholders' equity	23,869	6,062	3,011	22,315	(32,942)	22,315
Non-controlling interests [5, 6]	3,272	64	402	–	15,977	19,715
Total equity	31,361	6,126	3,413	26,095	(24,015)	42,980
Total liabilities and equity	672,764	17,595	9,534	28,019	(24,467)	703,445

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.
[2] Indirectly held through Parjointco.
[3] The assets of Lifeco and IGM exclude the corporate allocation of goodwill and intangible assets.
[4] The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.
[5] Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.
[6] Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM and controlled and consolidated investments.

						December 31, 2021
	Lifeco	IGM	Investment Platforms and Other [1]	Holding company	Effect of consolidation	Power Corporation Consolidated balance sheet
Assets						
Cash and cash equivalents	6,075	1,292	759	1,635	(252)	9,509
Investments	198,898	5,488	1,926	260	81	206,653
Investments in publicly traded operating companies, investment platforms and other:						
Lifeco and IGM	366	1,021	–	18,930	(20,317)	–
GBL [2]	–	–	–	4,278	–	4,278
Other	306	1,263	–	2,938	(4,507)	–
Investments in jointly controlled corporations and associates	159	1,028	1,237	766	(44)	3,146
Funds held by ceding insurers	17,194	–	–	–	–	17,194
Reinsurance assets	21,138	–	–	–	–	21,138
Other assets	14,338	3,410	3,857	347	(231)	21,721
Intangible assets [3]	5,514	1,357	768	2	(34)	7,607
Goodwill [3]	9,081	2,802	472	–	613	12,968
Investments on account of segregated fund policyholders	357,419	–	–	–	–	357,419
Total assets	630,488	17,661	9,019	29,156	(24,691)	661,633
Liabilities						
Insurance and investment contract liabilities	220,833	–	–	–	–	220,833
Obligations to securitization entities	–	5,058	–	–	–	5,058
Power Corporation's debentures and other debt instruments	–	–	–	647	–	647
Non-recourse debentures and other debt instruments [4]	8,804	2,100	1,467	250	(88)	12,533
Other liabilities	12,949	4,002	3,854	1,090	(480)	21,415
Insurance and investment contracts on account of segregated fund policyholders	357,419	–	–	–	–	357,419
Total liabilities	600,005	11,160	5,321	1,987	(568)	617,905
Equity						
Limited recourse capital notes	1,500	–	–	–	(1,500)	–
Perpetual preferred shares	–	–	–	2,830	(2,830)	–
Non-participating shares	2,720	–	–	954	(2,720)	954
Participating shareholders' equity	22,996	6,450	3,370	23,385	(32,816)	23,385
Non-controlling interests [5, 6]	3,267	51	328	–	15,743	19,389
Total equity	30,483	6,501	3,698	27,169	(24,123)	43,728
Total liabilities and equity	630,488	17,661	9,019	29,156	(24,691)	661,633

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

[2] Indirectly held through Parjointco.

[3] The assets of Lifeco and IGM exclude the corporate allocation of goodwill and intangible assets.

[4] The debentures and other debt instruments of controlled and consolidated investments are secured by their assets which are non-recourse to the Corporation.

[5] Lifeco's non-controlling interests include the Participating Account surplus in subsidiaries.

[6] Non-controlling interests in Effect of consolidation represent non-controlling interests in the equity of Lifeco, IGM and controlled and consolidated investments.

Total assets of the Corporation increased to $703.4 billion at September 30, 2022, compared with $661.6 billion at December 31, 2021, primarily due to the Prudential acquisition during the second quarter of 2022, as well as the impact of currency movement due to the strengthening of the U.S. dollar, partially offset by the impacts of lower equity market levels, higher interest rates and the impact of currency movements due to the weakening of the British pound and the euro. The acquisition of the full-service retirement business of Prudential added $118 billion in total assets as at September 30, 2022.

Liabilities increased to $660.5 billion at September 30, 2022, compared with $617.9 billion at December 31, 2021, mainly due to the following, as disclosed by Lifeco:

- Insurance and investment contract liabilities increased by $25.0 billion. The increase was primarily due to $44.3 billion acquired through the Prudential acquisition and the impact of currency movement due to the strengthening of the U.S. dollar, partially offset by fair value adjustments.
- Insurance and investment contracts on account of segregated fund policyholders increased by $12.0 billion, primarily due to the segregated fund policyholders acquired through the Prudential acquisition of $77.7 billion. The increase was partially offset by net market value declines on investments of $74.2 billion, negative impacts of currency movement of $4.9 billion and net withdrawals (net of policyholder deposits) of $4.5 billion.

Parts B and C of this MD&A include a discussion of the consolidated balance sheets of Lifeco and IGM, respectively.

HOLDING COMPANY BALANCE SHEETS

In the holding company balance sheets shown below, Power Corporation and Power Financial are shown on a combined basis; investments in subsidiaries are presented using the equity method. These non-consolidated balance sheets isolate the holding company balance sheets which are included in Note 19 of the Interim Consolidated Financial Statements. This presentation assists the reader by identifying changes in the combined non-consolidated balance sheet of Power Corporation and Power Financial, and presents the investment activities of the holding company as well as the corporate assets and liabilities managed, including the cash and non-participating shares.

	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents [1]	1,407	1,635
Investment in:		
Lifeco	16,074	15,496
IGM	3,603	3,434
GBL [2]	3,023	4,278
Alternative and other investments [3]	2,882	3,198
ChinaAMC	753	766
Other assets [4]	277	349
Total assets	28,019	29,156
Liabilities		
Debentures and other debt instruments [5]	897	897
Other liabilities	1,027	1,090
Total liabilities	1,924	1,987
Equity		
Perpetual preferred shares [6]	2,830	2,830
Non-participating shares	950	954
Participating shareholders' equity	22,315	23,385
Total equity	26,095	27,169
Total liabilities and equity	28,019	29,156

[1] Cash equivalents include $594 million ($480 million at December 31, 2021) of fixed income securities with maturities of more than three months. In accordance with IFRS, these are classified as investments in the Interim Consolidated Financial Statements.

[2] Indirectly held through Parjointco.

[3] Includes Power Financial's investments in Portage I, Portage II and Wealthsimple, presented using the equity method.

[4] Includes $83 million of dividends declared in the third quarter by IGM (same as at December 31, 2021) and received by Power Financial on October 31, 2022.

[5] Includes Power Financial's debentures of $250 million at September 30, 2022 (same as at December 31, 2021).

[6] Perpetual preferred shares issued by Power Financial.

Cash and cash equivalents

Cash and cash equivalents held by the Corporation and Power Financial amounted to $1,407 million at September 30, 2022, compared with $1,635 million at the end of December 2021 (see "Holding Company Statements of Cash Flows" below for details).

The cash and cash equivalents held by Sagard and Power Sustainable including Power Sustainable China amounted to $413 million at September 30, 2022 ($441 million at December 31, 2021) and are included in the carrying amount of the investment platforms.

Investments

INVESTMENTS IN LIFECO, IGM AND GBL (AT EQUITY)

The table below presents a continuity of the investments in Lifeco, IGM and GBL (held through Parjointco), which are presented using the equity method for the purposes of the non-consolidated presentation. The carrying value of the investments in Lifeco, IGM and GBL, accounted for using the equity method, decreased to $22,700 million at September 30, 2022, compared with $23,208 million at December 31, 2021:

	Lifeco	IGM	GBL [1]	Total
Carrying value, at the beginning of the year	15,496	3,434	4,278	23,208
Contribution from adjusted net earnings (loss)	1,532	404	(63)	1,873
Contribution from adjustments	(89)	5	–	(84)
Share of other comprehensive income (loss) [2]	43	31	(1,166)	(1,092)
Dividends	(912)	(250)	(84)	(1,246)
Effect of changes in ownership and other	4	(21)	58	41
Carrying value, at September 30, 2022	16,074	3,603	3,023	22,700

[1] Indirectly held through Parjointco.

[2] GBL's share of other comprehensive income (loss) includes $910 million of unrealized losses on available-for-sale investments and $261 million of unrealized losses on foreign currency translation.

ALTERNATIVE AND OTHER INVESTMENTS

The table below presents the components of the alternative and other investments. The asset management companies, controlled and consolidated investments held through the investment platforms and certain controlled standalone businesses are presented using the equity method for the purposes of the non-consolidated presentation.

Alternative and other investments are comprised of the following investments:

Carrying value, as at	September 30, 2022	December 31, 2021
Asset management companies		
Sagard	68	116
Power Sustainable	30	21
Investing activities		
Sagard [1]	650	706
Power Sustainable	1,118	1,368
Other		
Standalone businesses	769	725
Other [2]	247	262
	2,882	3,198

[1] Includes Power Financial's investments in Portage I, Portage II and Wealthsimple.

[2] Includes portfolio investments in private investment funds and a select number of hedge funds. These investments are classified as available for sale and are carried at fair value. At September 30, 2022, the Corporation had outstanding commitments to make future capital contributions to these funds for an aggregate amount of $40 million.

INVESTMENT IN CHINAAMC

The carrying value of Power Corporation's investment in ChinaAMC was $753 million at September 30, 2022, compared with $766 million at December 31, 2021.

Carrying value, at the beginning of the year	766
Dividends	(31)
Share of net earnings	43
Share of other comprehensive income (loss)	(25)
Carrying value, at September 30, 2022	753

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥1,733 billion (C$337 billion) at September 30, 2022, compared with RMB¥1,662 billion (C$331 billion) at December 31, 2021.

EQUITY

Non-participating shares

Non-participating (preferred) shares of the Corporation consist of five series of First Preferred Shares with an aggregate stated capital of $950 million at September 30, 2022 ($954 million at December 31, 2021), all of which are non-cumulative. All series are perpetual preferred shares and are redeemable in whole or in part solely at the Corporation's option from specified dates.

On January 15, 2022, the Corporation redeemed all 86,100 of its outstanding cumulative redeemable First Preferred Shares 1986 Series for $50.00 per share.

The terms and conditions of the outstanding First Preferred Shares are described in Note 18 of the Corporation's 2021 Consolidated Financial Statements.

Participating shareholders' equity

Participating shareholders' equity was $22,315 million at September 30, 2022, compared with $23,385 million at December 31, 2021:

Nine months ended September 30	2022	2021
Participating shareholders' equity, at the beginning of the year	23,385	21,251
Changes in participating shares		
Purchase for cancellation of subordinate voting shares under NCIB	(155)	(58)
Issuance of subordinate voting shares (1,680,778 shares in 2022 and 3,096,232 shares in 2021) under the Corporation's Executive Stock Option Plans	52	96
	(103)	38
Changes in retained earnings		
Net earnings before dividends on non-participating shares	1,466	2,330
Dividends declared	(1,035)	(947)
Purchase for cancellation of subordinate voting shares under NCIB and other [1]	(269)	(87)
Reclassification of options as cash-settled share-based payments [2]	(54)	–
Effects of changes in capital and ownership of subsidiaries, and other [3]	(27)	592
	81	1,888
Changes in reserves		
Other comprehensive income (loss)		
Foreign currency translation adjustments	292	(197)
Investment revaluation and cash flow hedges	(558)	(481)
Actuarial gains (losses) on defined benefit plans	384	512
Share of Parjointco and other jointly controlled corporations and associates	(1,131)	(56)
Share-based compensation, including the effect of subsidiaries	(35)	90
	(1,048)	(132)
Participating shareholders' equity, at September 30	22,315	23,045

[1] Includes the impact of the purchase obligation under the automatic share purchase plan at September 30, 2022.

[2] During the nine months ended September 30, 2022, the Corporation attached tandem share appreciation rights to 13,621,606 options and reclassified the options as cash-settled share-based payments. See Note 11 to the Interim Consolidated Financial Statements for additional information.

[3] Includes the effect of the change in ownership of Wealthsimple recognized in the participating shareholders' equity in the second quarter of 2021.

The book value per participating share (refer to the section "Other Measures") of the Corporation was $33.40 at September 30, 2022, compared with $34.56 at the end of 2021.

Outstanding number of participating shares

At the date of this MD&A, there were 54,860,866 participating preferred shares of the Corporation outstanding (same as at December 31, 2021), and 612,311,431 subordinate voting shares of the Corporation outstanding, compared with 621,756,088 at December 31, 2021.

At the date of this MD&A, options were outstanding to purchase up to an aggregate of 25,569,708 subordinate voting shares of the Corporation, which includes 10,902,593 subordinate voting shares issuable pursuant to Replacement Options, under the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan.

Normal Course Issuer Bids

The Corporation's Normal Course Issuer Bid (NCIB) that commenced on February 25, 2021 expired on February 24, 2022. The Corporation purchased 703,700 Subordinate Voting Shares pursuant to this bid in the first quarter of 2022, for a total of $29 million (3,890,100 Subordinate Voting Shares for a total of $145 million during the first, second and third quarters of 2021).

On February 28, 2022, the Corporation commenced a new NCIB which is effective until the earlier of February 27, 2023 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this bid, the Corporation may purchase up to 30 million of its Subordinate Voting Shares outstanding (representing approximately 5.3% of the public float of Subordinate Voting Shares outstanding at February 14, 2022) at market prices. At September 30, 2022, the Corporation had repurchased 9,540,100 Subordinate Voting Shares for a total of $355 million.

The Corporation has entered into an automatic share purchase plan (ASPP) with a designated broker to allow for the purchase of Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Outside of these predetermined blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion. The ASPP has been effective since February 28, 2022, the commencement date of the NCIB.

SUBSEQUENT EVENT

Subsequent to quarter-end, the Corporation purchased, as of November 9, 2022, an additional 883,000 Subordinate Voting Shares pursuant to its current NCIB, for a total of $29 million.

Adjusted Net Asset Value

Adjusted net asset value is presented for Power Corporation and represents management's estimate of the fair value of the participating shareholders' equity of the Corporation. Adjusted net asset value is the fair value of the assets of the combined Power Corporation and Power Financial holding company balance sheet less their net debt and preferred shares. In determining the fair value of assets, investments in subsidiaries, jointly controlled corporations and associates are adjusted to fair value as follows:

- Investments in publicly traded companies are valued at their market value, measured as the closing share price on the reporting date;
- Investments in private entities are valued at fair value based on management's estimate using consistently applied valuation models either based on a valuation multiple or discounted cash flows. Certain valuations are prepared by external valuators or subject to review by external valuators. Market-comparable transactions are generally used to corroborate the estimated fair value. The value of investments in private entities is presented net of any management incentives;
- Investments in investment funds are valued at the fair value reported by the fund which is net of carried interest or other incentives.

The presentation of the investments in subsidiaries, jointly controlled corporations and associates at fair value is not in accordance with IFRS; adjusted net asset value is a non-IFRS financial measure. Refer to the section "Non-IFRS Financial Measures".

The Corporation's adjusted net asset value is presented on a look-through basis. The combined holding company balance sheets of Power Corporation and Power Financial include the investments held in public entities through Power Financial (Lifeco, IGM and GBL), and the net debt and preferred shares of Power Financial. The adjusted net asset value per share, a non-IFRS ratio, was $39.38 at September 30, 2022, compared with $52.60 at December 31, 2021, representing a decrease of 25.1%. The Corporation's book value per participating share (refer to the section "Other Measures") was $33.40 at September 30, 2022, compared with $34.56 at December 31, 2021, representing a decrease of 3.4%.

	September 30, 2022			December 31, 2021		
	Holding company balance sheet	Fair value adjustment	Adjusted net asset value	Holding company balance sheet	Fair value adjustment	Adjusted net asset value
Assets						
Investments						
Power Financial						
Lifeco	16,074	2,422	18,496	15,496	8,049	23,545
IGM	3,603	1,489	5,092	3,434	3,315	6,749
GBL [1]	3,023	(895)	2,128	4,278	(1,121)	3,157
Alternative and other investments						
Asset management companies [2]						
Sagard	68	–	68	116	–	116
Power Sustainable	30	–	30	21	–	21
Investing activities						
Sagard [3]	650	258	908	706	693	1,399
Power Sustainable	1,118	208	1,326	1,368	265	1,633
Other						
Standalone businesses [4]	769	86	855	725	606	1,331
Other	247	71	318	262	50	312
ChinaAMC	753	397	1,150	766	384	1,150
Cash and cash equivalents	1,407	–	1,407	1,635	–	1,635
Other assets	277	–	277	349	–	349
Total assets	28,019	4,036	32,055	29,156	12,241	41,397
Liabilities and non-participating shares						
Debentures and other debt instruments	897	–	897	897	–	897
Other liabilities [5, 6]	1,027	40	1,067	1,090	39	1,129
Non-participating shares and perpetual preferred shares	3,780	–	3,780	3,784	–	3,784
Total liabilities and non-participating shares	5,704	40	5,744	5,771	39	5,810
Net value						
Participating shareholders' equity / Adjusted net asset value	22,315	3,996	26,311	23,385	12,202	35,587
Per share	**33.40**		**39.38**	34.56		52.60

[1] The Corporation's share of GBL's reported net asset value was $3.4 billion (€2.6 billion) at September 30, 2022 ($4.7 billion (€3.3 billion) at December 31, 2021).

[2] The management companies of the investment funds are presented at their carrying value and are primarily composed of cash and net carried interest receivable.

[3] Includes the Corporation's investments in Portage I, Portage II and Wealthsimple, held by Power Financial.

[4] An additional deferred tax liability of $4 million has been included in the adjusted net asset value at September 30, 2022 ($80 million at December 31, 2021) with respect to the investments in standalone businesses at fair value, without taking into account possible tax planning strategies. The Corporation has tax attributes (not otherwise recognized on the balance sheet) that could be available to minimize the tax if the Corporation were to dispose of its interests held in the standalone businesses.

[5] In accordance with IAS 12, *Income Taxes*, no deferred tax liability is recognized with respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. If the Corporation were to dispose of an investment in a subsidiary or a jointly controlled corporation, income taxes payable on such disposition would be minimized through careful and prudent tax planning and structuring, as well as with the use of available tax attributes not otherwise recognized on the balance sheet, including tax losses, tax basis, safe income and foreign tax surplus associated with the subsidiary or jointly controlled corporation.

[6] At September 30, 2022, an additional deferred tax liability of $40 million ($39 million at December 31, 2021) has been included in the adjusted net asset value related to the investment in ChinaAMC at fair value.

Investments measured at market value and cash represent 88.6% of the total assets at fair value at September 30, 2022 (89.7% at December 31, 2021). A 10% change in the market value of publicly traded investments would result in a change in the Corporation's adjusted net asset value of $2,653 million or $3.97 per share.

Cash Flows

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

The condensed cash flows of Lifeco, IGM and the Corporation's investment platforms, as well as the holding company cash flows of Power Corporation and Power Financial on a combined basis, are presented below. These tables reconcile the non-consolidated statement of cash flows to the condensed consolidated statement of cash flows of the Corporation for the nine-month periods ended September 30, 2022 and 2021. These non-consolidated statements of cash flows are included in Note 19 of the Interim Consolidated Financial Statements. This presentation assists the reader in assessing the cash flows of the holding company.

Nine months ended September 30						2022
	Lifeco	IGM	Investment Platforms and Other [1]	Holding company	Effect of consolidation	Power Corporation Consolidated
Cash flows from:						
Operating activities	5,552	504	(159)	1,122	(1,141)	5,878
Financing activities	(655)	(896)	824	(1,482)	1,204	(1,005)
Investing activities	(2,604)	150	(901)	132	(144)	(3,367)
Effect of changes in exchange rates on cash and cash equivalents	268	–	15	–	(9)	274
Increase (decrease) in cash and cash equivalents	2,561	(242)	(221)	(228)	(90)	1,780
Cash and cash equivalents, at the beginning of the year	6,075	1,292	759	1,635	(252)	9,509
Cash and cash equivalents, at September 30	8,636	1,050	538	1,407	(342)	11,289

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

Nine months ended September 30						2021
	Lifeco	IGM	Investment Platforms and Other [1]	Holding company	Effect of consolidation	Power Corporation Consolidated
Cash flows from:						
Operating activities	8,544	614	(205)	980	(994)	8,939
Financing activities	(567)	(1,212)	490	(1,219)	2,016	(492)
Investing activities	(9,011)	949	43	588	(888)	(8,319)
Effect of changes in exchange rates on cash and cash equivalents	(22)	–	(7)	–	–	(29)
Increase (decrease) in cash and cash equivalents	(1,056)	351	321	349	134	99
Cash and cash equivalents, at the beginning of the year	7,946	772	545	1,226	(449)	10,040
Cash and cash equivalents, at September 30	6,890	1,123	866	1,575	(315)	10,139

[1] Includes consolidated investment funds and their controlled investments, Wealthsimple and standalone businesses.

Consolidated cash and cash equivalents increased by $1,780 million in the nine-month period ended September 30, 2022, compared with an increase of $99 million in the corresponding period in 2021.

Operating activities produced a net inflow of $5,878 million in the nine-month period ended September 30, 2022, compared with a net inflow of $8,939 million in the corresponding period in 2021.

Cash flows from financing activities, which include the issuance and repayment of capital instruments, the issuance and repurchase of participating and preferred shares, the issuance and redemption of common shares, limited-life fund and redeemable units by subsidiaries, dividends paid on the participating and non-participating shares of the Corporation, and dividends paid by subsidiaries to non-controlling interests and increases and repayments of obligations to securitization entities by IGM, represented a net outflow of $1,005 million in the nine-month period ended September 30, 2022, compared with a net outflow of $492 million in the corresponding period in 2021.

Cash flows from investing activities resulted in a net outflow of $3,367 million in the nine-month period ended September 30, 2022, compared with a net outflow of $8,319 million in the corresponding period in 2021.

Parts B and C of this MD&A include a discussion of the cash flows of Lifeco and IGM, respectively.

HOLDING COMPANY STATEMENTS OF CASH FLOWS

As Power Corporation is a holding company, corporate cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes, and non-participating and participating share dividends.

The following combined holding company statements of cash flows of Power Corporation and Power Financial, included in Note 19 of the Interim Consolidated Financial Statements, present the cash flows of the holding company on a non-consolidated basis. This presentation has been prepared to assist the reader as it isolates the cash flows of the activities of the holding company.

Nine months ended September 30	2022	2021
Operating activities		
Dividends		
Lifeco	912	815
IGM	250	250
GBL	84	81
ChinaAMC	31	27
Corporate operations, net of non-cash items [1]	(155)	(193)
	1,122	980
Financing activities		
Dividends paid on:		
Non-participating shares	(39)	(39)
Participating shares	(1,000)	(909)
Perpetual preferred shares	(101)	(102)
Issuance of subordinate voting shares	47	87
Repurchase of subordinate voting shares	(384)	(145)
Repurchase of non-participating shares	(4)	(2)
Changes in other debt instruments	–	(106)
Other	(1)	(3)
	(1,482)	(1,219)
Investing activities		
Distributions and proceeds from disposal of investments	297	953
Purchase of investments	(205)	(367)
Other [2]	40	2
	132	588
Increase (decrease) in cash and cash equivalents	(228)	349
Cash and cash equivalents, at the beginning of the year	1,635	1,226
Cash and cash equivalents, at September 30	1,407	1,575

[1] Includes changes in short-term receivables from, and payables to, investment platforms.

[2] Includes proceeds received from the sale of a property by the Corporation.

Cash and cash equivalents of the Corporation and Power Financial decreased by $228 million in the nine-month period ended September 30, 2022, compared with an increase of $349 million in the corresponding period in 2021.

Operating activities resulted in a net inflow of $1,122 million in the nine-month period ended September 30, 2022, compared with a net inflow of $980 million in the corresponding period in 2021. Dividends received from the publicly traded operating companies include:

Nine months ended	September 30, 2022		September 30, 2021	
(in millions of Canadian dollars; except as otherwise noted)	Dividend per share	Total dividend received	Dividend per share	Total dividend received
Lifeco	1.4700	912	1.3140	815
IGM	1.6875	250	1.6875	250

- Total dividend received from Parjointco was $84 million (€62 million) for the period ended September 30, 2022, compared with $81 million (€55 million) for the period ended September 30, 2021.

The Corporation's financing activities during the nine-month period ended September 30, 2022 resulted in a net outflow of $1,482 million, compared with a net outflow of $1,219 million in the corresponding period in 2021, and included:

- Dividends paid on non-participating and participating shares by the Corporation of $1,039 million, compared with $948 million in the corresponding period in 2021. In the nine-month period ended September 30, 2022, dividends paid on the Corporation's participating shares were $1.4850 per share, compared with $1.3425 per share in the corresponding period in 2021.
- Dividends paid on preferred shares by Power Financial of $101 million, compared with $102 million in the corresponding period in 2021.
- Repurchase of subordinate voting shares of $384 million, as part of the NCIB, in the nine-month period ended September 30, 2022, compared with repurchase for an amount of $145 million in the corresponding period in 2021.
- Repurchase of non-participating shares of $4 million, compared with repurchase for an amount of $2 million in the corresponding period in 2021.
- No change in other debt instruments, compared with a decrease of $106 million in the corresponding period in 2021.
- Issuance of subordinate voting shares of the Corporation for $47 million pursuant to the Corporation's Executive Stock Option Plan and the Power Financial Employee Stock Option Plan, compared with issuance for an amount of $87 million in the corresponding period in 2021.

The Corporation's investing activities during the nine-month period ended September 30, 2022 resulted in a net inflow of $132 million, compared with a net inflow of $588 million in the corresponding period in 2021.

Proceeds from disposal of investments and purchase of investments are comprised of investment activities of the Corporation and in its investment platforms.

The Corporation increased its level of fixed income securities with maturities of more than three months, resulting in a net outflow of $114 million in the nine-month period ended September 30, 2022, compared with a net inflow of $70 million in the corresponding period in 2021.

Capital Management

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities arise;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital;
- maintain an appropriate credit rating to ensure stable access to the capital markets; and
- maintain available cash and cash equivalents at or above a minimum of two times fixed charges.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

With the exception of debentures and other debt instruments, the Corporation's capital is permanent, matching the long-term nature of its investments. The capital structure of the Corporation consists of: debentures, non-participating shares, participating shareholders' equity, and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital.

The Corporation's consolidated capitalization includes the debentures, preferred shares and other equity instruments, and other debt instruments issued by its consolidated subsidiaries. Debentures and other debt instruments issued by Power Financial, Lifeco, IGM and controlled investments are non-recourse to the Corporation. The Corporation does not guarantee debt issued by its subsidiaries. Non-participating shares and total equity accounted for 74% of consolidated capitalization at September 30, 2022.

	September 30, 2022	December 31, 2021
Debentures and other debt instruments		
Power Corporation	647	647
Power Financial	250	250
Lifeco	9,980	8,804
IGM	2,100	2,100
Other [1]	1,984	1,467
Effect of consolidation	(88)	(88)
	14,226	12,533
	14,873	13,180
Non-participating shares and other equity instruments		
Power Corporation	950	954
Power Financial	2,830	2,830
Lifeco	4,220	4,220
	7,050	7,050
	8,000	8,004
Equity		
Participating shareholders' equity	22,315	23,385
Non-controlling interests [2]	12,665	12,339
	34,980	35,724
	57,853	56,908

[1] Includes other debt instruments of controlled and consolidated investments and standalone businesses; consists of $162 million ($72 million in 2021) of debt under revolving credit facilities held by the investment funds and other debt held by controlled investees, $1,698 million ($1,301 million in 2021) of project-related debt held within the Power Sustainable Energy Infrastructure platform, and $124 million ($94 million in 2021) of other debt held by standalone businesses. The other debt instruments are secured by the assets of the controlled investments which are non-recourse to the Corporation. See Note 9B to the Interim Consolidated Financial Statements for additional information.

[2] Represents the non-controlling equity interests of the Corporation's subsidiaries excluding Power Financial and Lifeco's preferred shares and limited recourse capital notes, which are shown in this table as non-participating shares.

Power Corporation

- The Corporation filed a short-form base shelf prospectus dated November 23, 2020, pursuant to which, for a period of 25 months thereafter, the Corporation may issue up to an aggregate of $5 billion of First Preferred Shares, subordinate voting shares, subscription receipts and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis.
- On January 15, 2022, the Corporation redeemed all 86,100 of its outstanding Cumulative Redeemable First Preferred Shares, 1986 Series for $50.00 per share.
- The Corporation commenced a NCIB on February 28, 2022 which is effective until the earlier of February 27, 2023 and the date on which the Corporation has purchased the maximum permitted number of subordinate voting shares. Refer to the section "Participating Shareholders' Equity" for more information.

Power Financial

- Power Financial filed a short-form base shelf prospectus dated November 23, 2020, pursuant to which, for a period of 25 months thereafter, Power Financial may issue up to an aggregate of $3 billion of First Preferred Shares and unsecured debt securities, or any combination thereof. This filing provides the Corporation with the flexibility to access debt and equity markets on a timely basis through Power Financial.

Lifeco

- On March 30, 2022, Great-West Lifeco U.S. LLC, a subsidiary of Lifeco, established a 2-year US$500 million non-revolving credit facility. The facility is fully and unconditionally guaranteed by Lifeco. To finance a portion of the Prudential retirement services business acquisition, the $645 million (US$500 million) facility was fully drawn, along with $416 million (US$323 million) from an existing revolving credit facility of Lifeco, on the acquisition date. On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of US$150 million on its existing revolving credit facility. As at September 30, 2022, the $690 million (US$500 million) facility was fully drawn, along with $238 million (US$173 million) from the existing revolving facility.

The Corporation itself is not subject to externally imposed regulatory capital requirements; however, Lifeco and certain of its main subsidiaries, IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements. Parts B and C of this MD&A further describe the capital management activities of Lifeco and IGM, respectively. See Note 21 to the Corporation's 2021 Consolidated Financial Statements for additional information.

RATINGS

The current rating by Standard & Poor's (S&P) of the Corporation's debentures is "A+" with a stable outlook. Dominion Bond Rating Service's (DBRS) current rating on the Corporation's debentures is "A" 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 corporation and are indicators of the likelihood of payment and the capacity of a corporation 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 a corporation 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 the Corporation's debentures by S&P is the fifth highest of the 22 ratings used for long-term debt. A long-term debenture rated "A+" is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories; however, the obligor's capacity to meet its financial commitment on the obligation is still strong.

The "A" rating assigned to the Corporation's debentures by DBRS is the sixth highest of the 26 ratings used for long-term debt. A long-term debenture rated "A" implies that the capacity for repayment is substantial, but of lesser credit quality than AA, and may be vulnerable to future events, although qualifying negative factors are considered manageable.

The current rating by S&P of Power Financial's debentures is "A+" with a stable outlook. DBRS' current rating on Power Financial's debentures is "A (High)" with a stable trend.

Parts B and C of this MD&A provide information on the ratings of the debentures of Lifeco and IGM, respectively.

Risk Management

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses including a portfolio of alternative asset investment platforms. The Corporation, through Power Financial, holds a controlling interest in Lifeco and IGM and also holds a joint controlling interest in Parjointco, which itself holds a controlling interest in GBL. As a result, the Corporation bears the risks associated with being a significant shareholder of these operating companies. A complete description of these risks is presented in their public disclosures. The respective boards of directors of Lifeco, IGM and GBL are responsible for the risk oversight function at their respective companies. The risk committees of the boards of directors of Lifeco and IGM are responsible for their risk oversight. Certain officers of the Corporation are members of these boards and committees of these boards, including the risk committees, and, consequently, in their role as directors, they participate in the risk oversight function at the operating companies. Parts B and C of this MD&A further describe risks related to Lifeco and IGM, respectively.

RISK OVERSIGHT

The Corporation believes that a prudent approach to risk is achieved through a governance model that focuses on the active oversight of its investments. The Board of Directors and executive officers of the Corporation have overall oversight and responsibility for risk management associated with the investment activities and operations of the holding company and maintain a comprehensive and appropriate set of policies and controls.

The Board of Directors provides oversight and carries out its risk management mandate and addresses operational risks primarily through the following committees:

- The Audit Committee addresses risks related to financial reporting and cybersecurity.
- The Human Resources Committee considers risks associated with the Corporation's compensation policies and practices.
- The Governance and Nominating Committee oversees the Corporation's approach to appropriately address potential risks related to governance matters.
- The Related Party and Conduct Review Committee reviews and considers for approval transactions with related parties of the Corporation.

There are certain risks inherent in an investment in the securities of the Corporation and in the activities of the Corporation, which investors should carefully consider before investing in securities of the Corporation. The 2021 Annual MD&A reviews certain risks that could impact the financial condition and financial performance, and the value of the equity of the Corporation. This description of risks does not include all possible risks, and there may be other risks of which the Corporation is not currently aware.

During the nine-month period ended September 30, 2022, there were no changes to the Corporation's risk oversight approach, and the identification and management of the specific risks, including the risks related to the COVID-19 pandemic and geopolitical tensions, as described in the 2021 Annual MD&A.

COVID-19

The distribution of vaccines has resulted in the easing of restrictions in many economies, although the COVID-19 pandemic continues to cause disruption to key supply chains globally, resulting in ongoing economic pressures. While the conditions have become more stable, many factors continue to extend economic uncertainty, including the rollout and efficacy of vaccines, emergence of new COVID-19 variants and the durability and effectiveness of government and central bank interventions.

Geopolitical Tensions

Continuing military hostilities in Ukraine and broader economic challenges, particularly those related to trade relations, inflation pressures and volatility in international capital flows among major economies are contributing to a challenging economic environment. Economic growth has slowed across geographies over the course of the year, reflecting trade tensions, central bank efforts to combat inflation, and continued labour market and supply chain disruptions. The Corporation is closely monitoring the impacts and potential consequences on its financial position. The diversified nature of the Corporation's operating subsidiaries, their business models and the markets served, continue to mitigate risks presented by ongoing global uncertainty.

The duration and full impacts of the COVID-19 pandemic and the geopolitical tensions are still unknown at this time. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods. Refer to the section "Risk Management" in the 2021 Annual MD&A for a summary of how the Corporation is managing the risks related to COVID-19 and geopolitical tensions and to the section "Summary of Critical Accounting Estimates and Judgments" in the 2021 Annual MD&A, to Note 2 of the Interim Consolidated Financial Statements and Note 2 of the 2021 Consolidated Financial Statements for additional disclosure of the impact on the Corporation's significant judgments, estimates and assumptions. Refer to Parts B and C of this MD&A for a further discussion on risk management, measurement uncertainty and the potential exposures at Lifeco and IGM.

Financial Instruments and Other Instruments

FAIR VALUE MEASUREMENT

At September 30, 2022, there have been changes since December 31, 2021 to the carrying amounts and fair value of the Corporation and its subsidiaries' assets and liabilities recorded at fair value. These changes did not have a material impact on the financial condition of the Corporation and its subsidiaries. See Note 18 to the Corporation's Interim Consolidated Financial Statements for additional disclosure of the Corporation's fair value measurement.

DERIVATIVE FINANCIAL INSTRUMENTS

In the course of their activities, the Corporation and its subsidiaries use derivative financial instruments. When using such derivatives, they only act as limited end-users and not as market makers in such derivatives.

The use of derivatives is monitored and reviewed on a regular basis by senior management of the Corporation and by senior management of its subsidiaries. The Corporation and its subsidiaries have each established operating policies, guidelines and procedures relating to the use of derivative financial instruments, which in particular focus on:

- prohibiting the use of derivative instruments for speculative purposes;
- documenting transactions and ensuring their consistency with risk management policies;
- demonstrating the effectiveness of the hedging relationships; and
- monitoring the hedging relationships.

There were no major changes to the Corporation and its subsidiaries' policies and procedures with respect to the use of derivative instruments in the nine-month period ended September 30, 2022. The following table provides a summary of the Corporation and its subsidiaries' derivatives portfolio:

	September 30, 2022			December 31, 2021		
	Notional	Maximum credit risk	Total fair value	Notional	Maximum credit risk	Total fair value
Power Corporation	328	2	(24)	121	12	12
Power Financial	14	5	5	20	13	13
Lifeco	47,774	3,609	1,479	36,570	967	(63)
IGM	2,169	60	3	1,840	41	23
Other subsidiaries	1,848	77	72	1,361	16	1
	51,805	3,751	1,559	39,791	1,037	(26)
	52,133	3,753	1,535	39,912	1,049	(14)

During the nine-month period ended September 30, 2022, there was an increase of $12.2 billion in the notional amount of derivatives outstanding, primarily due to increases to cross-currency swaps related to the Prudential acquisition and regular hedging activities by Lifeco. As well, the Corporation entered into a total return swap to hedge the volatility of a portion of its liability related to its cash-settled share-based payments. The Corporation and its subsidiaries' exposure to derivative counterparty risk (which represents the market value of instruments in a gain position) increased to $3,753 million at September 30, 2022 from $1,049 million at December 31, 2021. The increase was primarily driven by the impact of the U.S. dollar strengthening against the British pound and euro on cross-currency swaps that pay British pounds and euros and receive U.S. dollars.

Parts B and C of this MD&A provide information on the types of derivative financial instruments used by Lifeco and IGM, respectively.

See Note 26 to the Corporation's 2021 Consolidated Financial Statements for additional information.

Off-Balance Sheet Arrangements

GUARANTEES

In the normal course of their operations, the Corporation and its subsidiaries may enter into certain agreements, the nature of which precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation or subsidiary could be required to pay third parties, as some of these agreements do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. See also Note 32 to the Corporation's 2021 Consolidated Financial Statements.

LETTERS OF CREDIT

In the normal course of its reinsurance business, Lifeco provides letters of credit to other parties or beneficiaries. A beneficiary will typically hold a letter of credit as collateral to secure statutory credit for insurance and investment contract liabilities ceded to or amounts due from Lifeco. Lifeco may be required to seek collateral alternatives if it is unable to renew existing letters of credit on maturity. See also Part B of this MD&A and Note 32 to the Corporation's 2021 Consolidated Financial Statements.

Contingent Liabilities

The Corporation and its subsidiaries are from time to time subject to legal actions, including arbitrations and class actions, arising in the normal course of business. It is inherently difficult to predict the outcome of any of these proceedings with certainty, and it is possible that an adverse resolution could have a material adverse effect on the consolidated financial position of the Corporation. However, based on information presently known, it is not expected that any of the existing legal actions, either individually or in the aggregate, will have a material adverse effect on the consolidated financial position of the Corporation. See also Parts B and C of this MD&A and Note 31 to the Corporation's 2021 Consolidated Financial Statements.

Commitments and Contractual Obligations

At September 30, 2022, there have been no material changes in the contractual obligations of the Corporation and its subsidiaries from those reported in the 2021 Annual MD&A.

Income Taxes

The non-capital losses of the holding company, at September 30, 2022, were $1,148 million ($1,114 million for which the benefits have not been recognized) and are available to reduce future taxable income (including capital gains). These losses expire from 2028 to 2042.

The capital losses of the holding company, at September 30, 2022, were $144 million ($50 million for which the benefits have not been recognized) and can be used indefinitely to offset capital gains.

Transactions with Related Parties

Power Corporation has a Related Party and Conduct Review Committee composed entirely of Directors who are independent of management and independent of the Corporation's controlling shareholder. The mandate of this Committee is to review proposed transactions with related parties of the Corporation, including its controlling shareholder, and to approve only those transactions that it deems appropriate and that are done at market terms and conditions.

In the normal course of business, Power Corporation and its subsidiaries enter into various transactions which include capital commitments to investment funds, performance and base management fees paid to subsidiaries of the group, employee ownership participations and loans to employees. Such transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

In the normal course of business, Canada Life and Putnam enter into various transactions with related companies which include providing group insurance benefits and sub-advisory services, respectively, to other companies within the Power Corporation group of companies. Such transactions are at market terms and conditions. These transactions are reviewed by the appropriate related party and conduct review committee.

Lifeco provides asset management and administrative services for employee benefit plans relating to pension and other post-employment benefits for employees of Power Corporation, Power Financial, and Lifeco and its subsidiaries. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

IGM enters into transactions with subsidiaries of Lifeco. These transactions are in the normal course of operations and include i) providing certain administrative services; ii) distributing insurance products; and iii) the sale of residential mortgages to Canada Life. These transactions are at market terms and conditions and are reviewed by the appropriate related party and conduct review committee.

On January 5, 2022, the Corporation and IGM announced an agreement in which IGM will acquire the Corporation's 13.9% interest held in ChinaAMC. In a separate transaction, IGM will sell a 1.6% interest held in Lifeco to the Corporation. Refer to the section "ChinaAMC".

See Note 30 to the Corporation's 2021 Consolidated Financial Statements for additional information.

Summary of Critical Accounting Estimates and Judgments

In the preparation of the financial statements, management of the Corporation and the managements of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. Key sources of estimation uncertainty and areas where significant judgments are made by the management of the Corporation and the managements of its subsidiaries include: the entities to be consolidated or accounted for using the equity method, insurance and investment contract liabilities, fair value measurements, investment impairment, goodwill and intangible assets, income taxes and employee future benefits. These are described in the Corporation's 2021 Annual MD&A and the notes to the Corporation's 2021 Consolidated Financial Statements.

IMPACT OF COVID-19 AND THE CONFLICT BETWEEN RUSSIA AND UKRAINE ON SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Corporation and its subsidiaries operate. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

Global financial markets continued to be volatile during 2022, in part due to Russia's military invasion of Ukraine and the related sanctions and economic fallout. The Corporation and its subsidiaries continue to monitor potential impacts of the conflict, including financial impacts, heightened cyber risks, and risks related to the global supply chain.

The results of the Corporation reflect the judgments of the managements of the Corporation and its subsidiaries regarding the impact of prevailing market conditions related to global credit, equities, investment properties and foreign exchange and inflation, as well as, with respect to Lifeco, prevailing health and mortality experience.

The provision for future credit losses within Lifeco's insurance contract liabilities relies upon investment credit ratings. In addition to its own credit assessments, Lifeco's practice is to use third-party independent credit ratings where available. Management judgment is required when setting credit ratings for instruments that do not have a third-party credit rating. Given rapid market changes, third-party credit rating changes may lag developments in the current environment.

The fair value of investments (Note 18 of the Interim Consolidated Financial Statements), the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities and the recoverability of deferred tax asset carrying values reflect the judgments of the managements of the Corporation and its subsidiaries.

Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in the preparation of the Corporation's Interim Consolidated Financial Statements.

Changes in Accounting Policies

There were no changes to the Corporation's accounting policies from those reported at December 31, 2021, except for:

- On January 1, 2022, the Corporation adopted the amendments to IAS 37, *Provisions, Contingent Liabilities, and Contingent Assets*, which specify which costs should be included when assessing whether a contract will be loss-making. The adoption of these amendments did not have a significant impact on the Corporation's Consolidated Financial Statements.

The Corporation actively monitors changes in IFRS, both proposed and released, by the International Accounting Standards Board (IASB) for potential impact on the Corporation.

Future Accounting Changes

The Corporation and its subsidiaries monitor changes in IFRS, both proposed and released, by the IASB and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. See Note 2 to the Corporation's 2021 Consolidated Financial Statements. The following sets out significant standards that will be adopted on January 1, 2023:

Standard	Summary of future changes
IFRS 17 – *Insurance Contracts*	IFRS 17, *Insurance Contracts* will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. The adoption of IFRS 17 is a significant initiative for Lifeco supported by a formal governance framework and project plan, for which substantial resources are being dedicated. Lifeco continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. The future profit for providing insurance coverage (including impacts of new business) is reflected in the initial recognition of insurance contract liabilities and then recognized in profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, Lifeco expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The shareholders' equity of the Corporation on January 1, 2022 is expected to decrease by 8% to 12% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. IFRS 17 will affect how Lifeco accounts for its insurance contracts and how the financial performance is reported in the statements of earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. Lifeco is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. OSFI has stated that it intends to maintain capital frameworks consistent with current capital policies and minimize potential industry-wide capital impacts. On July 21, 2022, OSFI released the 2023 Life Insurance Capital Adequacy Test (LICAT) Guideline, as amended for reporting under IFRS 17. Lifeco will first report under this guideline for the March 31, 2023 reporting period. Based on an initial review of the guideline under current market and economic conditions, Lifeco expects a positive impact to the LICAT ratio. Lifeco continues to assess all these impacts through its global implementation plan; however, the change will not impact the economics of the affected businesses or Lifeco's business model. See also Part B of this MD&A.
IFRS 9 – *Financial Instruments*	IFRS 9, *Financial Instruments* will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following: ▪ classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; ▪ impairment based on an expected loss model; and ▪ hedge accounting that incorporates the risk management practices of an entity. The disclosure for the measurement and classification of the Corporation's investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Corporation and its subsidiaries do not expect a material change in the level of investments. The Corporation and its subsidiaries anticipate electing the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by an amendment to IFRS 17. The Corporation and its subsidiaries continue to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

Internal Control over Financial Reporting

The Corporation's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes is in accordance with IFRS. The Corporation's management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

As a management and holding company, the Corporation's business activities are carried out through its investments in businesses, each of which has its own management team. Accordingly, the Corporation's management relies on the certifications filed by management of Lifeco and IGM pursuant to National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, as well as a sub-certification process by management at its other significant subsidiaries and investees in order to make determinations regarding the Corporation's disclosure controls and procedures and internal control over financial reporting.

There have been no changes in the Corporation's internal control over financial reporting during the three-month period ended September 30, 2022 which have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

LIMITATION ON DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROL OVER FINANCIAL REPORTING

As permitted by securities legislation, for the period ended September 30, 2022, Lifeco's management has limited the scope of its design of Lifeco's disclosure controls and procedures and Lifeco's internal control over financial reporting to exclude controls, policies and procedures of the Prudential full-service retirement services business, which Lifeco acquired on April 1, 2022.

For the three months ended September 30, 2022, the acquired Prudential retirement services business had revenue of $1,190 million, net earnings of $32 million post-tax including negative market-related impact on liabilities of $20 million and integration costs of $11 million post-tax, and other comprehensive loss of $25 million ($52 million in the nine-month period ended September 30, 2022). The initial amounts assigned to the assets acquired, goodwill and intangible assets on April 1, 2022 and reported as at September 30, 2022 were $125,060 million. The initial amounts assigned to the liabilities assumed on April 1, 2022 and reported as at September 30, 2022 were $122,350 million, with the final valuation of the assets acquired and liabilities assumed expected to occur by the end of the first quarter of 2023.

Power Financial Corporation

Power Financial relies on certain of the continuous disclosure documents filed by Power Corporation of Canada pursuant to an exemption from the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations* (NI 51-102) pursuant to Section 13.1 of NI 51-102 and as provided in the decision of the Autorité des marchés financiers and the Ontario Securities Commission, dated January 19, 2021, regarding Power Financial and Power Corporation. The following disclosure is provided further to the requirements of such decision:

At September 30, 2022	Lifeco	IGM	Corporate and other[1]	Effect of consolidation	Total Power Financial	Total Power Corporation
Total assets	672,764	17,595	27,257	(21,817)	695,799	703,445
Total liabilities	641,403	11,469	3,768	(384)	656,256	660,465

For the three months ending September 30, 2022	Power Financial	Power Corporation
Cash flows from operations	1,761	1,773

[1] Includes Power Financial's investment activities including its investment in Portage I, Portage II, and Wealthsimple.

Non-IFRS Financial Measures

NON-IFRS FINANCIAL MEASURES

This MD&A presents and discusses financial measures which are not in accordance with IFRS. Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation, and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. The non-IFRS financial measures and non-IFRS ratios used in this MD&A are defined as follows:

Non-IFRS financial measure	Definition	Purpose
Adjusted net earnings	Net earnings excluding Adjustments.	Assists in the comparison of the current period's underlying operating performance to that of previous periods as it reflects management's view of the operating performance of the Corporation and its subsidiaries, excluding items that are not considered to be part of the underlying business results. As a holding company, management reviews and assesses the performance of each operating company's contribution to net earnings and adjusted net earnings.
Adjustments	After-tax impact of any item that in management's judgment, including those identified by management of its publicly traded operating companies, would make the period-over-period comparison of results from operations less meaningful. Includes the Corporation's share of Lifeco's impact of actuarial assumption changes and other management actions, direct equity and interest rate market impacts on insurance and investment contract liabilities net of hedging, and related deferred tax liabilities, as well as items that management believes are not indicative of the underlying business results which include those identified by a subsidiary or a jointly controlled corporation. Items that management and management of its subsidiaries believe are not indicative of the underlying business results include restructuring or reorganization costs, integration costs related to business acquisitions, material legal settlements, material impairment charges, impact of substantially enacted income tax rate changes and other tax impairments, certain non-recurring material items, and net gains, losses or costs related to the disposition or acquisition of a business.	Identifies items that are not considered part of operating performance by management, including items identified by management of its publicly traded operating companies.
Adjusted net asset value	Adjusted net asset value is the fair value of the assets of the combined Power Corporation and Power Financial holding company balance sheet less their net debt and preferred shares. The investments held in publicly traded entities (including Lifeco, IGM and GBL) are measured at their market value and investments in private entities and investment funds are measured at management's estimate of fair value.	Presents the fair value of the net assets of the holding company and is used to assist in assessing value. This measure may be used by investors and analysts in determining or comparing the fair value of investments held by the holding company or its overall fair value.

Non-IFRS financial measure	Definition	Purpose
Consolidated assets and assets under management and Consolidated assets and assets under administration	Consolidated assets and assets under management includes total assets per the financial statements as well as assets managed on behalf of clients which are beneficially owned by clients and are not recognized in the consolidated financial statements including: ▪ Internally and externally managed funds, including proprietary mutual funds, exchange traded funds and institutional assets, where the Corporation's publicly traded operating subsidiaries and alternative asset investment platforms have oversight of the investment policies; and ▪ The fair value of assets managed on behalf of the clients by asset managers controlled within the investment platforms, including assets managed through a separately managed agreement. Services provided in respect of assets under management include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients. Consolidated assets and assets under administration includes consolidated assets under management and other assets under administration. Other assets under administration includes assets where the Corporation's consolidated publicly traded operating subsidiaries and investment management services businesses only provide administration services for which they earn fees and other income. These assets are beneficially owned by the clients and the Corporation's operating subsidiaries do not direct the investing activities. Services provided relating to assets under administration include record keeping, safekeeping, collecting investment income, settling of transactions or other administrative services.	Consolidated assets and assets under management and Consolidated assets and assets under administration provide an indicator of the size and volume of the Corporation's consolidated businesses, including the publicly traded operating companies and alternative asset investment platforms. Consolidated assets and assets under administration includes assets in which the Corporation's consolidated publicly traded operating subsidiaries and investment management services businesses only provide administration services, which are an important aspect of the overall business and should be considered when comparing volumes, size and trends.

Non-IFRS ratio	Definition	Purpose
Adjusted net earnings per share	Earnings per share calculated using adjusted net earnings. Adjusted net earnings divided by the weighted average number of participating shares outstanding.	Assists in comparing adjusted net earnings on a per share basis, refer to "Adjusted net earnings" definition above.
Adjusted net asset value per share	Adjusted net asset value calculated on a per share basis. Adjusted net asset value divided by the number of participating shares outstanding.	Assists the reader in comparing the adjusted net asset value on a per share basis, refer to "Adjusted net asset value" definition above.

These non-IFRS financial measures do not have a standard meaning and may not be comparable to similar measures used by other entities. Reconciliations of the adjusted net asset value and the holding company balance sheet are included in this MD&A.

RECONCILIATIONS OF IFRS AND NON-IFRS FINANCIAL MEASURES

Adjusted Net Earnings

The following table presents a reconciliation of adjusted net earnings, a non-IFRS financial measure, to net earnings reported in accordance with IFRS. Adjusted net earnings is presented in the section "Contribution to Net Earnings and Adjusted Net Earnings":

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Adjusted net earnings – Non-IFRS financial measure [1]	1,521	2,554	422	584	748
Share of Adjustments [2], net of tax					
Lifeco	(89)	(51)	–	(63)	6
IGM	5	(99)	–	6	–
Alternative and other investments	(10)	(100)	–	–	–
Corporate operations	–	(13)	–	–	(13)
	(94)	(263)	–	(57)	(7)
Net earnings – IFRS financial measure [1]	1,427	2,291	422	527	741

[1] Attributable to participating shareholders of Power Corporation.

[2] Refer to the section "Adjustments" for more detail on Adjustments from Lifeco, IGM, alternative and other investments, and corporate operations.

Adjustments (Excluded from Adjusted Net Earnings)

The following table presents the Corporation's share of Adjustments on a pre- and post-tax basis:

	Nine months ended		Three months ended		
	September 30, 2022	September 30, 2021	September 30, 2022	June 30, 2022	September 30, 2021
Lifeco [1]					
Actuarial assumption changes and other management actions (pre-tax)	26	80	16	16	48
Income tax (expense) benefit	27	(6)	29	(2)	(3)
Market-related impacts on liabilities (pre-tax)	(58)	9	(36)	(13)	35
Income tax (expense) benefit	11	(6)	6	3	(3)
Transaction costs related to acquisitions (pre-tax)	(42)	(88)	10	(46)	(70)
Income tax (expense) benefit	13	11	4	8	10
Restructuring and integration charges (pre-tax)	(90)	(46)	(39)	(40)	(21)
Income tax (expense) benefit	24	12	10	11	5
Tax legislative changes impact on liabilities	–	(14)	–	–	–
	(89)	(48)	–	(63)	1
Effect of consolidation (pre-tax) [2]	–	(3)	–	–	5
Income tax (expense) benefit	–	–	–	–	–
	(89)	(51)	–	(63)	6
IGM [1]					
Effect of consolidation (pre-tax) [2]	5	(99)	–	6	–
Income tax (expense) benefit	–	–	–	–	–
	5	(99)	–	6	–
Alternative and other investments					
Remeasurements of Wealthsimple's put right liability	–	(100)	–	–	–
Impairment charges on direct energy infrastructure investments (pre-tax)	(13)	–	–	–	–
Income tax (expense) benefit	3	–	–	–	–
	(10)	(100)	–	–	–
Corporate operations					
Reorganization charges	–	(13)	–	–	(13)
	(94)	(263)	–	(57)	(7)

[1] As reported by Lifeco and IGM.

[2] The Effect of consolidation reflects i) the elimination of intercompany transactions; ii) the application of the Corporation's accounting method for investments under common control to the Adjustments reported by Lifeco and IGM, which includes an allocation of the Adjustments related to the fintech portfolio based on their respective interest; iii) IGM's share of Lifeco's Adjustments, in accordance with the Corporation's definition of Adjusted net earnings; and iv) adjustments in accordance with IAS 39 for IGM.

Consolidated Assets and Assets Under Management and Consolidated Assets and Assets Under Administration

			2022				2021				2020
(In billions of dollars)	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total consolidated assets per financial statements	703	700	631	662	645	635	621	629	501	485	464
Other assets under management	490	492	545	575	553	540	523	513	489	457	415
Total consolidated assets and assets under management	1,193	1,192	1,176	1,237	1,198	1,175	1,144	1,142	990	942	879
Other assets under administration	1,430	1,390	1,274	1,312	1,249	1,229	1,166	1,053	870	913	820
Total consolidated assets and assets under administration	2,623	2,582	2,450	2,549	2,447	2,404	2,310	2,195	1,860	1,855	1,699

Other Measures

This MD&A also includes other measures, which include:

Term	Definition
Assets under management and administration	Operating asset management and investment management services businesses within the Power Group, including IGM, alternative asset managers and Wealthsimple, present the total value of assets managed or administered which are beneficially owned by clients and are not recognized in the consolidated financial statements. The composition of the assets under management and administration is relative to the activities of the asset managers and are further defined as follows:
Assets under management and advisement of IGM	Assets under management are client assets where IGM provides investment management services, and include investment funds where IGM is the fund manager, investment advisory mandates to institutions, and other client accounts where IGM has discretionary portfolio management responsibilities. Assets under advisement represents savings and investment products, including assets under management where IGM provides investment management services, held within client accounts of IGM's Wealth Management segment's operating companies.
Assets under management of alternative asset investment platforms	Assets under management of investment platforms include: ▪ Net asset value of the investment funds and co-investment vehicles managed, including unfunded commitments and unused permanent leverage; ▪ Gross asset value of investment funds managed within the real estate platform; ▪ Fair value of assets managed on behalf of the Corporation and clients by asset managers controlled within the investment platforms, including assets managed through a separately managed agreement; and ▪ Fair value of equity interests in standalone businesses.
Assets under administration of Wealthsimple	Assets under administration includes the total value of assets held on behalf of clients and includes client assets in which investment management services are provided.
Book value per participating share	Represents Power Corporation's participating shareholders' equity divided by the number of participating shares outstanding at the end of the reporting period.
Carried interest	Carried interest is earned through a contractual arrangement between alternative asset managers and the funds managed in which the asset manager earns a fixed percentage of investment returns over a predetermined hurdle return.
Fee-bearing capital	Fee-bearing capital includes: ▪ Total capital commitments of private equity, venture capital, and healthcare royalty funds during the investment period; ▪ Net invested capital of private credit funds and funds which have completed their investment period; ▪ Net asset value of Power Sustainable China, Power Sustainable Energy Infrastructure including direct investments in energy assets, and funds within the real estate platform; ▪ Invested capital or gross asset value of assets managed through separate accounts within the real estate platform; and ▪ Fair value of assets managed on behalf of clients by the wealth management platform.
Market capitalization	Represents the aggregate market value of a company. Market capitalization is determined at a point in time and represents the number of outstanding shares multiplied by the closing share price.
Net asset value reported by GBL	On a quarterly basis, GBL reports its net asset value as it represents an important criterion used in assessing its performance. GBL's net asset value represents the fair value of its investment portfolio, its gross cash and treasury shares, less its gross debt. GBL's investments held in listed entities are measured at their market value and its investments in private entities are measured using the recommendations of the International Private Equity and Venture Capital Valuation Guidelines, which represents GBL management's best estimate. Sienna's portfolio of investments is measured by adding all investments at fair value provided by the fund managers with Sienna's net cash, less its net debt. For more information on GBL's net asset value and valuation principles, refer to its website (www.gbl.be).
Net asset value of investment funds	Net asset value of investment funds represents the fair value of the investments held within the fund, net of any liabilities.
Net carried interest	Represents carried interest earned, net of direct employee costs which are usually recognized over the vesting period.
Unfunded commitments	Represents the capital that has been committed by limited partners, but not called by the fund. In some cases, unfunded commitments include distributions, which are recallable by the fund.

Summary of Quarterly Results

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Total revenues	13,424	10,142	10,001	19,475	18,584	19,318	12,184	17,954	14,682	20,631	11,349
Consolidated assets and assets under management [in billions] [1]	1,193	1,192	1,176	1,237	1,198	1,175	1,144	1,142	990	942	879
Consolidated assets and assets under administration [in billions] [1]	2,623	2,582	2,450	2,549	2,447	2,404	2,310	2,195	1,860	1,855	1,699
Net earnings (attributable to participating shareholders)	422	527	478	626	741	994	556	623	505	666	200
per share – basic	0.63	0.78	0.71	0.93	1.09	1.47	0.82	0.92	0.75	0.99	0.36
per share – diluted	0.63	0.76	0.70	0.91	1.08	1.46	0.82	0.92	0.75	0.99	0.36
Adjusted net earnings (attributable to participating shareholders) [1]	422	584	515	676	748	1,020	786	627	483	533	345
per share – basic [1]	0.63	0.87	0.76	1.00	1.10	1.51	1.16	0.93	0.72	0.79	0.62
Adjustments [1, 2]	–	(57)	(37)	(50)	(7)	(26)	(230)	(4)	22	133	(145)
per share – basic [1]	–	(0.09)	(0.05)	(0.07)	(0.01)	(0.04)	(0.34)	(0.01)	0.03	0.20	(0.26)

[1] Consolidated assets and assets under management, consolidated assets and assets under administration, adjusted net earnings attributable to participating shareholders and adjusted net earnings per share, and adjustments and adjustments per share are non-IFRS financial measures. For a definition of these non-IFRS financial measures, please refer to the section "Non-IFRS Financial Measures" in this MD&A.

[2] The Corporation's share of Lifeco, IGM, GBL and the Alternative and other investments' Adjustments, including the effect of consolidation, and Adjustments of the Corporation are as follows:

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Lifeco											
Pre-tax	(49)	(83)	(32)	(40)	(3)	(7)	(38)	(173)	95	123	(201)
Tax effect	49	20	6	2	9	(18)	6	180	2	(18)	62
	–	(63)	(26)	(38)	6	(25)	(32)	7	97	105	(139)
IGM											
Pre-tax	–	6	(1)	5	–	(1)	(97)	(8)	(59)	4	(7)
Tax effect	–	–	–	(2)	–	–	(1)	5	8	–	2
	–	6	(1)	3	–	(1)	(98)	(3)	(51)	4	(5)
GBL [1]	–	–	–	–	–	–	–	–	(2)	(3)	(1)
Alternative and other investments											
Pre-tax	–	–	(13)	(19)	–	–	(100)	–	(22)	27	–
Tax effect	–	–	3	4	–	–	–	–	–	–	–
	–	–	(10)	(15)	–	–	(100)	–	(22)	27	–
Corporate operations											
Pre-tax	–	–	–	–	(13)	–	–	(8)	–	–	–
Tax effect	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	(13)	–	–	(8)	–	–	–
	–	(57)	(37)	(50)	(7)	(26)	(230)	(4)	22	133	(145)

[1] As previously reported by Pargesa.

Condensed Consolidated Balance Sheets

(unaudited) [in millions of Canadian dollars]	September 30, 2022	December 31, 2021
Assets		
Cash and cash equivalents	11,289	9,509
Investments [Note 4]		
Bonds	156,814	140,987
Mortgage and other loans	43,952	34,266
Shares	14,188	15,318
Investment properties	8,385	7,763
Loans to policyholders	8,892	8,319
	232,231	206,653
Funds held by ceding insurers	15,118	17,194
Reinsurance assets [Note 7]	17,195	21,138
Derivative financial instruments	3,753	1,049
Investments in jointly controlled corporations and associates [Note 5]	6,238	7,424
Owner-occupied properties and capital assets	4,050	3,686
Other assets	19,744	15,855
Deferred tax assets	1,272	1,131
Intangible assets	8,694	7,607
Goodwill	14,451	12,968
Investments on account of segregated fund policyholders [Note 6]	369,410	357,419
Total assets	703,445	661,633
Liabilities		
Insurance contract liabilities [Note 7]	232,380	208,378
Investment contract liabilities [Note 7]	13,487	12,455
Obligations to securitization entities	4,680	5,058
Power Corporation's debentures and other debt instruments [Note 8]	647	647
Non-recourse debentures and other debt instruments [Note 9]	14,226	12,533
Derivative financial instruments	2,218	1,063
Other liabilities	21,921	18,759
Deferred tax liabilities	1,496	1,593
Insurance and investment contracts on account of segregated fund policyholders [Note 6]	369,410	357,419
Total liabilities	660,465	617,905
Equity		
Stated capital [Note 10]		
Non-participating shares	950	954
Participating shares	9,500	9,603
Retained earnings	10,888	10,807
Reserves	1,927	2,975
Total shareholders' equity	23,265	24,339
Non-controlling interests	19,715	19,389
Total equity	42,980	43,728
Total liabilities and equity	703,445	661,633

Condensed Consolidated Statements of Earnings

(unaudited) [in millions of Canadian dollars, except per share amounts]	Three months ended September 30, 2022	2021	Nine months ended September 30, 2022	2021
Revenues				
Premium income				
Gross premiums written	14,917	16,075	47,189	43,267
Ceded premiums	(1,002)	(1,159)	(2,929)	(3,458)
Total net premiums	13,915	14,916	44,260	39,809
Net investment income				
Regular net investment income	2,231	1,678	5,924	5,436
Change in fair value through profit or loss	(5,619)	(923)	(25,294)	(3,618)
Net investment income (loss)	(3,388)	755	(19,370)	1,818
Fee income	2,751	2,782	8,274	8,096
Other revenues	146	131	403	363
Total revenues	13,424	18,584	33,567	50,086
Expenses				
Policyholder benefits				
Gross	14,300	11,351	42,838	36,548
Ceded	(764)	(829)	(2,231)	(2,687)
Total net policyholder benefits	13,536	10,522	40,607	33,861
Changes in insurance and investment contract liabilities				
Gross	(6,590)	2,704	(26,154)	(912)
Ceded	1,198	177	4,047	1,604
Total net changes in insurance and investment contract liabilities	(5,392)	2,881	(22,107)	692
Policyholder dividends and experience refunds	626	393	1,332	1,150
Total paid or credited to policyholders	8,770	13,796	19,832	35,703
Commissions	928	947	2,898	2,862
Operating and administrative expenses	2,545	2,303	7,507	7,359
Financing charges	156	154	448	443
Total expenses	12,399	17,200	30,685	46,367
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,025	1,384	2,882	3,719
Share of earnings (losses) of investments in jointly controlled corporations and associates [Note 5]	(31)	87	46	510
Earnings before income taxes	994	1,471	2,928	4,229
Income taxes [Note 15]	85	203	313	536
Net earnings	909	1,268	2,615	3,693
Attributable to				
Non-controlling interests	474	514	1,149	1,363
Non-participating shareholders	13	13	39	39
Participating shareholders	422	741	1,427	2,291
	909	1,268	2,615	3,693
Earnings per participating share [Note 17]				
Net earnings attributable to participating shareholders				
– Basic	0.63	1.09	2.12	3.38
– Diluted	0.63	1.08	2.08	3.36

Condensed Consolidated Statements of Comprehensive Income

(unaudited) [in millions of Canadian dollars]	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
Net earnings	909	1,268	2,615	3,693
Other comprehensive income (loss)				
Items that may be reclassified subsequently to net earnings				
Net unrealized gains (losses) on available-for-sale investments				
Unrealized gains (losses)	(483)	(115)	(1,332)	(237)
Income tax (expense) benefit	64	2	221	36
Realized (gains) losses transferred to net earnings	37	(102)	150	(476)
Income tax expense (benefit)	(4)	19	(18)	61
	(386)	(196)	(979)	(616)
Net unrealized gains (losses) on cash flow hedges				
Unrealized gains (losses)	1	32	(12)	84
Income tax (expense) benefit	(3)	(9)	5	(23)
Realized (gains) losses transferred to net earnings	4	(14)	10	(40)
Income tax expense (benefit)	–	4	(2)	11
	2	13	1	32
Net unrealized foreign exchange gains (losses) on translation of foreign operations				
Unrealized gains (losses) on translation	663	268	33	(296)
Income tax (expense) benefit	(2)	(5)	6	(3)
Unrealized gains (losses) on euro debt designated as hedge of net investments in foreign operations	156	(27)	377	17
Income tax (expense) benefit	23	5	16	(7)
	840	241	432	(289)
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	(127)	(80)	(1,202)	(61)
Income tax (expense) benefit	(2)	(5)	5	(1)
	(129)	(85)	(1,197)	(62)
Total – items that may be reclassified	327	(27)	(1,743)	(935)
Items that will not be reclassified subsequently to net earnings				
Actuarial gains (losses) on defined benefit plans [Note 14]	(123)	89	693	980
Income tax (expense) benefit	27	(34)	(159)	(236)
Share of other comprehensive income (losses) of investments in jointly controlled corporations and associates	–	–	5	7
Total – items that will not be reclassified	(96)	55	539	751
Other comprehensive income (loss)	231	28	(1,204)	(184)
Comprehensive income	1,140	1,296	1,411	3,509
Attributable to				
Non-controlling interests	607	581	1,014	1,401
Non-participating shareholders	13	13	39	39
Participating shareholders	520	702	358	2,069
	1,140	1,296	1,411	3,509

Condensed Consolidated Statements of Changes in Equity

Nine months ended September 30, 2022 (unaudited) [in millions of Canadian dollars]	Stated capital			Reserves				
	Non-participating shares	Participating shares	Retained earnings	Share-based compensation	Other comprehensive income [Note 16]	Total	Non-controlling interests	Total equity
Balance, beginning of year	954	9,603	10,807	396	2,579	2,975	19,389	43,728
Net earnings	–	–	1,466	–	–	–	1,149	2,615
Other comprehensive loss	–	–	–	–	(1,069)	(1,069)	(135)	(1,204)
Comprehensive income (loss)	–	–	1,466	–	(1,069)	(1,069)	1,014	1,411
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid and other [Note 10]	–	(155)	(269)	–	–	–	–	(424)
Repurchase of shares of the Corporation for cancellation	(4)	–	–	–	–	–	–	(4)
Dividends to shareholders								
Non-participating shares	–	–	(39)	–	–	–	–	(39)
Participating shares	–	–	(996)	–	–	–	–	(996)
Dividends to non-controlling interests	–	–	–	–	–	–	(737)	(737)
Expense for share-based compensation [Note 11]	–	–	–	52	–	52	30	82
Stock options exercised	–	52	–	(49)	–	(49)	44	47
Reclassification of options as cash-settled share-based payments [Note 11]	–	–	(54)	(39)	–	(39)	–	(93)
Effects of changes in capital and ownership of subsidiaries, and other	–	–	(27)	1	56	57	(25)	5
Balance, end of period	950	9,500	10,888	361	1,566	1,927	19,715	42,980

Condensed Consolidated Statements of Changes in Equity (continued)

Nine months ended September 30, 2021 (unaudited) [in millions of Canadian dollars]	Stated capital			Reserves				
	Non-participating shares	Participating shares	Retained earnings	Share-based compensation	Other comprehensive income [Note 16]	Total	Non-controlling interests	Total equity
Balance, beginning of year	956	9,557	8,651	293	2,750	3,043	16,526	38,733
Net earnings	–	–	2,330	–	–	–	1,363	3,693
Other comprehensive income (loss)	–	–	–	–	(222)	(222)	38	(184)
Comprehensive income (loss)	–	–	2,330	–	(222)	(222)	1,401	3,509
Subordinate voting shares purchased and cancelled under Normal Course Issuer Bid [Note 10]	–	(58)	(87)	–	–	–	–	(145)
Repurchase of shares of the Corporation for cancellation	(2)	–	–	–	–	–	–	(2)
Dividends to shareholders								
Non-participating shares	–	–	(39)	–	–	–	–	(39)
Participating shares	–	–	(908)	–	–	–	–	(908)
Dividends to non-controlling interests	–	–	–	–	–	–	(695)	(695)
Expense for share-based compensation [Note 11]	–	–	–	46	–	46	26	72
Stock options exercised	–	96	–	(76)	–	(76)	67	87
Issue of Limited Recourse Capital Notes by Lifeco	–	–	–	–	–	–	1,500	1,500
Effects of changes in ownership and capital on interest in Wealthsimple	–	–	593	119	–	119	368	1,080
Other effects of changes in capital and ownership of subsidiaries, and other	–	–	(1)	1	–	1	99	99
Balance, end of period	954	9,595	10,539	383	2,528	2,911	19,292	43,291

Condensed Consolidated Statements of Cash Flows

(unaudited) [in millions of Canadian dollars]	Nine months ended September 30, 2022	2021
Operating activities		
Earnings before income taxes	2,928	4,229
Income tax paid, net of refunds	(505)	(458)
Adjusting items		
Change in insurance and investment contract liabilities	(24,925)	(689)
Change in funds held by ceding insurers	(608)	1,058
Change in reinsurance assets	4,587	1,702
Change in fair value through profit or loss	25,294	3,618
Other	(893)	(521)
	5,878	8,939
Financing activities		
Dividends paid		
Subsidiaries to non-controlling interests	(739)	(695)
Non-participating shares	(39)	(39)
Participating shares	(1,000)	(909)
	(1,778)	(1,643)
Issue of equity		
Corporation's subordinate voting shares [Note 10]	47	87
Subsidiaries' common and preferred shares	113	411
Subsidiary's limited recourse capital notes	–	1,500
Issuance of investment funds' limited-life and redeemable units	367	500
Repurchase or redemption of equity		
Corporation's subordinate voting shares for cancellation under normal course issuer bid [Note 10]	(384)	(145)
Corporation's non-participating shares	(4)	(2)
Subsidiaries' common shares	(116)	–
Redemption of investment funds' limited-life and redeemable units	(15)	(185)
Disposition of equity interests in a subsidiary	–	500
Corporation's decrease in other debt instruments [Note 8]	–	(106)
Non-recourse debentures and other debt instruments [Note 9]		
Increase in other debt instruments	1,646	537
Decrease in other debt instruments	(361)	(1,013)
Repayment of lease liabilities	(89)	(84)
Increase in obligations to securitization entities	851	1,158
Repayments of obligations to securitization entities and other	(1,282)	(2,007)
	(1,005)	(492)
Investment activities		
Dispositions, repayments or maturities		
Bonds	21,496	21,079
Mortgage and other loans	3,790	4,567
Shares	5,132	7,015
Investment properties	5	33
Change in loans to policyholders	(121)	109
Acquisitions or investments		
Bonds	(19,746)	(27,246)
Mortgage and other loans	(5,855)	(5,144)
Shares	(4,688)	(7,202)
Jointly controlled corporations and associates	(129)	(191)
Investment properties	(485)	(702)
Business acquisitions, net of cash and cash equivalents acquired [Note 3]	(2,213)	(191)
Acquisition of capital assets and other	(553)	(446)
	(3,367)	(8,319)
Effect of changes in exchange rates on cash and cash equivalents	274	(29)
Increase in cash and cash equivalents	1,780	99
Cash and cash equivalents, beginning of year	9,509	10,040
Cash and cash equivalents, end of period	11,289	10,139
Net cash from operating activities includes		
Interest and dividends received	4,541	4,161
Interest paid	523	492

Notes to the Interim Condensed Consolidated Financial Statements (unaudited)

(ALL TABULAR AMOUNTS ARE IN MILLIONS OF CANADIAN DOLLARS, UNLESS OTHERWISE NOTED.)

The following abbreviations are used in these Consolidated Financial Statements:

CALM	Canadian Asset Liability Method
Canada Life	The Canada Life Assurance Company
ChinaAMC	China Asset Management Co., Ltd.
Empower	Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company)
GBL	Groupe Bruxelles Lambert
IFRS	International Financial Reporting Standards
IGM or IGM Financial	IGM Financial Inc.
IG Wealth Management	Investors Group Inc.
Irish Life	Irish Life Group Limited
Lifeco	Great-West Lifeco Inc.
Lion	The Lion Electric Co.
Mackenzie or Mackenzie Investments	Mackenzie Financial Corporation
MassMutual	Massachusetts Mutual Life Insurance Company
Northleaf	Northleaf Capital Group Ltd.
OSFI	Office of the Superintendent of Financial Institutions
Parjointco	Parjointco SA
Personal Capital	Personal Capital Corporation
Portage I	Portag3 Ventures Limited Partnership
Portage II	Portag3 Ventures II Limited Partnership
Portage III	Portage Ventures III Limited Partnership
Power Corporation or the Corporation	Power Corporation of Canada
Power Financial	Power Financial Corporation
Power Sustainable	Power Sustainable Capital Inc.
Power Sustainable Energy Infrastructure	Power Sustainable Energy Infrastructure Partnership
Prudential	Prudential Financial, Inc.
Sagard	Sagard Holdings Inc.
TSX	Toronto Stock Exchange
Wealthsimple	Wealthsimple Financial Corp.

NOTE 1 Corporate Information

Power Corporation of Canada is a publicly listed company (TSX: POW; POW.PR.E) incorporated and domiciled in Canada and located at 751 Victoria Square, Montréal, Québec, Canada, H2Y 2J3.

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

The unaudited Interim Condensed Consolidated Financial Statements (financial statements) of Power Corporation as at and for the three months and nine months ended September 30, 2022 were approved by its Board of Directors on November 9, 2022.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies

BASIS OF PRESENTATION

The financial statements of Power Corporation as at September 30, 2022 have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (IAS 34) using the same accounting policies as set out in Note 2 to the consolidated financial statements of the Corporation for the year ended December 31, 2021 except as described in the section Change in Accounting Policies below.

The financial statements include the accounts of Power Corporation and its subsidiaries on a consolidated basis after elimination of intercompany transactions and balances and consolidation adjustments.

The financial statements of Power Corporation include, on a consolidated basis, the results of Power Financial, a reporting issuer in all of the provinces and territories of Canada, and Lifeco and IGM Financial, which are both public companies. The amounts shown on the consolidated balance sheets (balance sheets), consolidated statements of earnings (statements of earnings), consolidated statements of comprehensive income (statements of comprehensive income), consolidated statements of changes in equity (statements of changes in equity) and consolidated statements of cash flows (statements of cash flows) are mainly derived from the publicly disclosed consolidated financial statements of Lifeco and IGM Financial, all as at and for the three months and nine months ended September 30, 2022. Certain notes to Power Corporation's financial statements are derived from the notes to the financial statements of Lifeco and IGM Financial.

SUBSIDIARIES

Subsidiaries, including controlled investment funds, are entities the Corporation controls when: (i) the Corporation has power over the entity; (ii) it is exposed or has rights to variable returns from its involvement; and (iii) it has the ability to affect those returns through its use of power over the entity. Subsidiaries of the Corporation are consolidated from the date of acquisition, being the date on which the Corporation obtains control, and continue to be consolidated until the date such control ceases. The Corporation reassesses whether or not it controls an entity if facts and circumstances indicate there are changes to one or more of the elements of control listed above.

JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

Jointly controlled corporations are entities in which unanimous consent is required for decisions relating to relevant activities. Associates are entities in which the Corporation exercises significant influence over the entity's operating and financial policies, without having control or joint control. Investments in jointly controlled corporations and associates are accounted for using the equity method. Under the equity method, the Corporation recognizes its share of net earnings (losses) and other comprehensive income (loss) of the jointly controlled corporations and associates, and dividends received. In the case of investments in jointly controlled corporations and associates held by entities that meet the definition of a venture capital organization, the Corporation has elected to measure certain of its investments in jointly controlled corporations and associates at fair value through profit or loss.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED CORPORATIONS AND ASSOCIATES

The financial statements of Power Corporation include the operations of the following direct and indirect subsidiaries and investments in jointly controlled corporations and associates:

				% equity interest	
Corporation	Classification	Incorporated in	Primary business operation	September 30, 2022	December 31, 2021
Holding company					
Power Corporation of Canada	Parent	Canada	Holding company		
China Asset Management Co., Ltd. [1]	Associate	China	Asset management company	27.8	27.8
Power Financial Corporation	Subsidiary	Canada	Holding company	100.0	100.0
Publicly traded companies					
Great-West Lifeco Inc. [2]	Subsidiary	Canada	Financial services holding company	70.6	70.7
The Canada Life Assurance Company	Subsidiary	Canada	Insurance and wealth management	100.0	100.0
Irish Life Group Limited	Subsidiary	Ireland	Insurance and wealth management	100.0	100.0
Empower Annuity Insurance Company of America [3]	Subsidiary	United States	Financial services	100.0	100.0
Personal Capital Corporation	Subsidiary	United States	Financial services	100.0	100.0
Putnam Investments, LLC [4]	Subsidiary	United States	Asset management company	96.4	96.2
IGM Financial Inc. [5]	Subsidiary	Canada	Wealth and asset management	66.1	65.6
IG Wealth Management	Subsidiary	Canada	Financial services	100.0	100.0
Mackenzie Financial Corporation	Subsidiary	Canada	Asset management company	100.0	100.0
Northleaf Capital Group Ltd. [6]	Associate	Canada	Alternative asset manager	70.0	70.0
Parjointco SA	Joint control	Belgium	Holding company	50.0	50.0
Groupe Bruxelles Lambert [7]	Subsidiary	Belgium	Holding company	29.8	29.1
Alternative asset investment platforms and other					
Power Sustainable Capital Inc.	Subsidiary	Canada	Alternative asset manager	100.0	100.0
Power Sustainable Energy Infrastructure Partnership [8]	Subsidiary	Canada	Renewable energy fund	55.0	55.0
Potentia Renewables Inc.	Subsidiary	Canada	Renewable energy	100.0	100.0
Nautilus Solar Energy, LLC	Subsidiary	United States	Renewable energy	100.0	100.0
Sagard Holdings Inc.	Subsidiary	Canada	Holding company	100.0	100.0
Sagard Holdings Management Inc. [9]	Subsidiary	Canada	Alternative asset manager	90.1	92.9
Wealthsimple Financial Corp. [10]	Subsidiary	Canada	Financial services	54.4	54.8
Portag3 Ventures LP [11]	Subsidiary	Canada	Venture capital fund	100.0	100.0
Portag3 Ventures II LP [12]	Subsidiary	Canada	Venture capital fund	27.9	27.9
Portage Ventures III LP [13]	Subsidiary	Canada	Venture capital fund	15.4	17.6
Sagard Private Equity Canada [14]	Subsidiary	Canada	Private equity fund	16.4	32.5
Sagard NewGen	Subsidiary	France	Private equity fund	32.7	51.6
Standalone Businesses					
LMPG Inc.	Subsidiary	Canada	Sustainable energy	54.4	54.4
Peak Achievement Athletics Inc.	Joint control	Canada	Manufacturer of sports equipment and apparel	42.6	42.6
The Lion Electric Co.	Associate	Canada	Manufacturer of zero-emission vehicles	34.6	35.4

[1] Power Corporation and Mackenzie Investments each hold an equity interest of 13.9% in ChinaAMC.
[2] Power Financial holds a 66.6% equity interest and IGM Financial holds a 4.0% equity interest in Lifeco (66.7% and 4.0%, respectively, at December 31, 2021).
[3] On August 1, 2022, Great-West Life & Annuity Insurance Company changed its legal name to Empower Annuity Insurance Company of America.
[4] Lifeco holds 100% of the voting shares and 96.4% of the total outstanding shares (96.2% at December 31, 2021).
[5] Power Financial holds a 62.2% equity interest and Canada Life holds a 3.9% equity interest in IGM Financial (61.7% and 3.9%, respectively, at December 31, 2021).
[6] Represents a 49.9% non-controlling voting interest. Held through an acquisition vehicle 80% owned by Mackenzie Investments and 20% by Lifeco.
[7] Parjointco has a 44.3% voting interest in GBL (44.2% at December 31, 2021).
[8] Power Corporation holds a 40% equity interest and Lifeco holds a 15% equity interest in Power Sustainable Energy Infrastructure Partnership.
[9] Power Corporation and Lifeco hold an equity interest of 83.1% and 7.0%, respectively, in Sagard Holdings Management Inc. (86.3% and 6.6%, respectively at December 31, 2021).
[10] Power Financial, Portage I and IGM Financial hold an equity interest of 13.6%, 10.8% and 30.0%, respectively, in Wealthsimple (13.7%, 10.9% and 30.2%, respectively, at December 31, 2021).
[11] Power Financial holds a 63.0% equity interest and Lifeco and IGM Financial each hold an equity interest of 18.5% in Portage I.
[12] Power Financial, Lifeco and IGM Financial each hold an equal equity interest of 7.7% and Sagard holds a 4.7% equity interest in Portage II.
[13] Sagard, Lifeco and IGM Financial hold an equity interest of 2.4%, 9.0% and 4.0%, respectively, in Portage III (2.8%, 10.2% and 4.6%, respectively, at December 31, 2021).
[14] Sagard and Lifeco hold an equity interest of 3.8% and 12.6%, respectively, in Sagard Private Equity Canada (7.5% and 25.0%, respectively, at December 31, 2021).

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

CHANGE IN ACCOUNTING POLICIES

The Corporation adopted the amendments to IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, effective January 1, 2022, which specifies which costs should be included when assessing whether a contract will be loss-making. The adoption of this amendment did not have a significant impact on the Corporation's financial statements.

USE OF SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the preparation of the financial statements, management of the Corporation and management of its subsidiaries are required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings, comprehensive income and related disclosures. Key sources of estimation uncertainty and areas where significant judgments have been made by the management of the Corporation and management of its subsidiaries are further described in the relevant accounting policies in the Corporation's consolidated financial statements and notes thereto for the year ended December 31, 2021.

Impact of COVID-19 and the conflict between Russia and Ukraine on significant judgments, estimates and assumptions
The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Corporation and its subsidiaries operate. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

Global financial markets continued to be volatile during 2022, in part due to Russia's military invasion of Ukraine and the related sanctions and economic fallout. The Corporation and its subsidiaries continue to monitor potential impacts of the conflict, including financial impacts, heightened cyber risks, and risks related to the global supply chain.

The results of the Corporation reflect the judgments of the management of the Corporation and management of its subsidiaries regarding the impact of prevailing market conditions related to global credit, equities, investment properties, foreign exchange and inflation, as well as, with respect to Lifeco, prevailing health and mortality experience market.

The provision for future credit losses within Lifeco's insurance contract liabilities relies upon investment credit ratings. In addition to its own credit assessments, Lifeco's practice is to use third-party independent credit ratings where available. Management judgment is required when setting credit ratings for instruments that do not have a third-party credit rating. Given rapid market changes, third-party credit rating changes may lag developments in the current environment.

The fair value of investments, the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities and the recoverability of deferred tax asset carrying values reflect the judgments of the managements of the Corporation and of its subsidiaries.

Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in the preparation of these financial statements.

NOTE 2 Basis of Presentation and Summary of Significant Accounting Policies (continued)

FUTURE ACCOUNTING CHANGES

The Corporation and its subsidiaries monitor changes in IFRS, both proposed and released, by the International Accounting Standards Board (IASB) and analyze the effect that changes in the standards may have on the consolidated financial statements when they become effective. The following sets out significant standards that will be adopted on January 1, 2023:

Standard	Summary of future changes
IFRS 17 – *Insurance Contracts*	IFRS 17, *Insurance Contracts*, will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. The adoption of IFRS 17 is a significant initiative for Lifeco supported by a formal governance framework and project plan, for which substantial resources are being dedicated. Lifeco continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. The future profit for providing insurance coverage (including impacts of new business) is reflected in the initial recognition of insurance contract liabilities and then recognized in profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, Lifeco expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The shareholders' equity of the Corporation on January 1, 2022 is expected to decrease by 8% to 12% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. IFRS 17 will affect how Lifeco accounts for its insurance contracts and how the financial performance is reported in the statements of earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. Lifeco is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. OSFI has stated that it intends to maintain capital frameworks consistent with current capital policies and minimize potential industry-wide capital impacts. On July 21, 2022, OSFI released the 2023 Life Insurance Capital Adequacy Test (LICAT) Guideline, as amended for reporting under IFRS 17. Lifeco will first report under this guideline for the March 31, 2023 reporting period. Based on an initial review of the guideline under current market and economic conditions, Lifeco expects a positive impact to the LICAT ratio. Lifeco continues to assess all these impacts through its global implementation plan; however, the change will not impact the economics of the affected businesses or Lifeco's business model.
IFRS 9 – *Financial Instruments*	IFRS 9, *Financial Instruments* will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following: ▪ classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; ▪ impairment based on an expected loss model; and ▪ hedge accounting that incorporates the risk management practices of an entity. The disclosure for the measurement and classification of the Corporation's investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Corporation and its subsidiaries do not expect a material change in the level of investments. The Corporation and its subsidiaries anticipate electing the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by an amendment to IFRS 17. The Corporation and its subsidiaries continue to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

NOTE 3 Business Acquisitions

LIFECO

Acquisition of Prudential retirement services business

On April 1, 2022, Empower completed the purchase of the full-service retirement business of Prudential Financial, Inc. through a share purchase and a reinsurance transaction. The acquisition further solidifies Lifeco's position as a leader in the U.S. retirement market. Lifeco assumed the economics and risks associated with the business, while Prudential continues to retain the obligation to the contract holders of the reinsured portion. Lifeco acquired the business for $4,350 million (US$3,480 million) of total value which includes purchase consideration of $2,710 million (US$2,168 million) including the base purchase price, ceding commission and working capital adjustments, and $1,640 million (US$1,312 million) of required capital to support the business. The assets acquired, liabilities assumed and purchase consideration paid are subject to future adjustments. The transaction was funded with $1,500 million (US$1,193 million) of limited recourse capital notes and US$823 million of short-term debt, in addition to Lifeco's existing resources.

During the third quarter of 2022, Lifeco continued its comprehensive evaluation of the fair value of net assets acquired from Prudential and the purchase price allocation. Adjustments were made to the purchase consideration disclosed in the June 30, 2022 financial statements. As a result, initial goodwill presented in the June 30, 2022 financial statements of $1,109 million (US$887 million) has been adjusted to $1,075 million (US$860 million) for the period ended September 30, 2022. Adjustments were also made to the provisional amounts reported for investments on account of segregated fund policyholders acquired and insurance and investment contracts on account of segregated fund policyholders assumed, which had no impact on the fair value of net assets acquired.

The initial amounts assigned to the assets acquired, goodwill, intangible assets and liabilities assumed on April 1, 2022, and reported as at September 30, 2022 are as follows:

Assets acquired and goodwill	
Cash and cash equivalents	484
Bonds	36,288
Mortgage loans	8,029
Shares	381
Other assets	368
Intangible assets	735
Goodwill	1,075
Investments on account of segregated fund policyholders	77,700
	125,060
Liabilities assumed	
Insurance contract liabilities	43,571
Investment contract liabilities	690
Other liabilities	389
Insurance and investment contracts on account of segregated fund policyholders	77,700
	122,350
Net assets acquired	2,710

Accounting for the acquisition is not finalized, and there remains some measurement uncertainty on the acquisition and September 30, 2022 balances, pending completion of a comprehensive valuation of the net assets acquired. The financial statements at September 30, 2022 reflect Lifeco management's current best estimate of the purchase price allocation. Lifeco has identified and allocated provisional amounts for intangible assets within the purchase price allocation, net of $28 million (US$20 million) of amortization. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the end of the first quarter of 2023.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of $1,075 million (US$860 million) as at September 30, 2022, will be adjusted in future periods. The goodwill represents the synergies or future economic benefits arising from other assets acquired that are not individually identified and separately recognized in the acquisition. These synergies represent meaningful expense and revenue opportunities which are expected to be accretive to earnings. The goodwill is deductible for tax purposes.

NOTE 3 Business Acquisitions (continued)

During the three and nine months ended September 30, 2022, Lifeco incurred transaction expenses of $33 million (US$25 million) and $102 million (US$79 million), respectively, which are recorded in the statements of earnings.

Prudential contributed revenue of $1,190 million (US$909 million) and $2,152 million (US$1,660 million), net earnings of $32 million (US$24 million) and $40 million (US$30 million), and other comprehensive loss of $25 million (US$19 million) and $52 million (US$40 million) for the three and nine months ended September 30, 2022, respectively. These amounts are included in the statements of earnings and the statements of comprehensive income.

Supplemental pro forma revenue and net earnings for the combined entity, as though the acquisition date for this business combination had been as of the beginning of the annual reporting period, has not been included as it is impracticable as Prudential had a different financial reporting basis than Lifeco.

Acquisition of Personal Capital

On August 17, 2020, Empower completed the acquisition of 100% of the equity of Personal Capital, including the 24.8% interest held by IGM prior to the completion of the transaction (approximately 21.7% after giving effect to the dilution). Upon completion of the purchase price allocation in the fourth quarter of 2020, a contingent consideration earn-out provision of $22 million was recognized, representing Lifeco's best estimate of growth in assets under management metrics defined in the Merger Agreement. The contingent consideration provision was increased by $87 million in 2021 for a total contingent consideration provision of $109 million at December 31, 2021. The increase in 2021 was due to growth in net new assets above the amount assumed at the date of acquisition.

The Merger Agreement allows for contingent consideration of up to $242 million (US$175 million) based on the achievement of growth in assets under management metrics, payable following measurements through December 31, 2021 and December 31, 2022. Changes in the fair value of the contingent consideration measured in accordance with the Merger Agreement subsequent to the completion of the purchase price allocation are recognized in operating and administrative expenses in the statements of earnings. During the nine-month period ended September 30, 2022, Lifeco made its first payment of US$59 million based on assets under management metrics achieved through December 31, 2021.

During the third quarter of 2022, the remaining contingent consideration provision of $45 million was released, resulting in a recovery of $45 million included in operating and administrative expenses in the statements of earnings, as the current growth in net new assets is below the level where further contingent consideration would be payable.

NOTE 3 Business Acquisitions (continued)

Acquisition of Ark Life Assurance Company

On November 1, 2021, Irish Life completed the acquisition of Ark Life Assurance Company dac (Ark Life) from Phoenix Group Holdings plc for total cash consideration of $332 million (€230 million). Ark Life is closed to new business and manages a range of pensions, savings and protection policies for its customers in the Irish market.

The initial amounts assigned to the assets acquired, goodwill and liabilities assumed on November 1, 2021, and reported as at September 30, 2022 are as follows:

Assets acquired and goodwill	
Cash and cash equivalents	17
Bonds	333
Reinsurance assets	1,238
Other assets	89
Goodwill	21
Investments on account of segregated fund policyholders	2,844
	4,542
Liabilities assumed	
Insurance contract liabilities	1,257
Investment contract liabilities	43
Other liabilities	66
Insurance and investment contracts on account of segregated fund policyholders	2,844
	4,210
Net assets acquired	332

As at September 30, 2022, the accounting for the acquisition is not finalized pending completion of a comprehensive valuation of the net assets acquired. The financial statements at September 30, 2022 reflect Lifeco's current best estimate of the purchase price allocation. Lifeco expects the final valuation of these assets acquired and liabilities assumed and the completion of the purchase price allocation to occur during the fourth quarter of 2022. As at September 30, 2022, provisional amounts for intangible assets have not been separately identified and valued within the assets of the purchase price allocation pending completion of the valuation exercise by Lifeco.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of $21 million (€15 million) on the date of acquisition, will be adjusted in future periods. The goodwill represents the synergies or future economic benefits arising from other assets acquired that are not individually identified and separately recognized in the acquisition. These synergies represent meaningful expense and revenue opportunities which are expected to be accretive to earnings.

NOTE 4 Investments

CARRYING VALUES AND FAIR VALUES

Carrying values and estimated fair values of investments are as follows:

	September 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Bonds				
Designated as fair value through profit or loss	111,177	111,177	103,540	103,540
Classified as fair value through profit or loss	845	845	168	168
Available for sale	11,113	11,113	12,603	12,603
Loans and receivables	33,679	30,097	24,676	26,717
	156,814	153,232	140,987	143,028
Mortgage and other loans				
Loans and receivables	41,231	37,855	31,542	32,406
Designated as fair value through profit or loss	2,564	2,564	2,667	2,667
Classified as fair value through profit or loss	–	–	57	57
Available for sale	157	157	–	–
	43,952	40,576	34,266	35,130
Shares				
Designated as fair value through profit or loss	12,510	12,510	13,339	13,339
Classified as fair value through profit or loss	661	661	636	636
Available for sale [1]	1,017	1,017	1,343	1,343
	14,188	14,188	15,318	15,318
Investment properties	8,385	8,385	7,763	7,763
Loans to policyholders	8,892	8,892	8,319	8,319
	232,231	225,273	206,653	209,558

[1] Fair value of certain shares available for sale cannot be reliably measured, therefore these investments are held at cost.

NOTE 5 Investments in Jointly Controlled Corporations and Associates

The carrying values of the investments in jointly controlled corporations and associates are as follows:

	Jointly controlled corporations		Associates				
September 30, 2022	Parjointco [1]	Other [2]	ChinaAMC	Lion	Northleaf	Other [2]	Total
Carrying value, beginning of year	4,278	428	1,535	334	259	590	7,424
Investments	–	54	–	–	–	75	129
Disposal	–	–	–	–	–	(32)	(32)
Share of earnings (losses)	(63)	23	86	9	15	(24)	46
Share of other comprehensive income (loss)	(1,166)	9	(41)	(10)	–	11	(1,197)
Dividends and distributions	(84)	(37)	(62)	–	–	(11)	(194)
Effects of changes in ownership and other	58	–	–	–	–	4	62
Carrying value, end of period	3,023	477	1,518	333	274	613	6,238

	Jointly controlled corporations		Associates				
September 30, 2021	Parjointco	Other [2]	ChinaAMC	Lion	Northleaf	Other [2]	Total
Carrying value, beginning of year	4,216	272	1,436	–	248	357	6,529
Investments	–	69	–	242	1	82	394
Share of earnings	199	57	88	83	6	77	510
Share of other comprehensive income (loss)	(64)	1	13	(4)	–	–	(54)
Dividends and distributions	(81)	(14)	(54)	–	–	–	(149)
Effects of changes in ownership and other	8	1	–	–	–	(48)	(39)
Carrying value, end of period	4,278	386	1,483	321	255	468	7,191

[1] Parjointco's share of other comprehensive income (loss) includes $910 million of unrealized losses on available-for-sale investments and $261 million of unrealized losses on foreign currency translation.

[2] Includes investments in jointly controlled corporations and associates held by entities that meet the definition of venture capital organization, which are measured at fair value through profit or loss.

THE LION ELECTRIC CO.

Power Sustainable holds call rights to acquire up to 2,270,895 shares from certain existing shareholders of Lion. The fair value of the call rights was estimated to be nil at September 30, 2022 ($8 million at December 31, 2021). During the nine months ended September 30, 2022, a loss on the revaluation of the call rights of $8 million (a gain of $133 million for the nine months ended September 30, 2021) was recorded in net investment income on the statements of earnings. The Corporation held a 34.6% equity interest in Lion at September 30, 2022 (35.4% at December 31, 2021).

CHINAAMC

On January 5, 2022, the Corporation announced that it had entered into an agreement to sell its 13.9% equity interest in ChinaAMC to Mackenzie, a wholly owned subsidiary of IGM, for aggregate consideration of $1.15 billion in cash. After the transaction, the Corporation will continue to hold a 27.8% equity interest in ChinaAMC.

IGM has agreed to sell 15,200,662 common shares of Lifeco to Power Financial, for aggregate consideration of $575 million, representing a price of $37.83 per share, which is equivalent to the 5-day volume-weighted average price of the Lifeco common shares as at the close of business on January 5, 2022.

These transactions are expected to close in the fourth quarter of 2022. The closing of the sale of the ChinaAMC shares is subject to the approval of the China Securities Regulatory Commission and of certain other Chinese regulatory authorities. The acquisition by the Corporation of the Lifeco common shares is conditional on the closing of the sale of the ChinaAMC shares. The transactions were reviewed and approved by the relevant related party and conduct review committees and will not have a significant impact on the statements of earnings and balance sheets.

NOTE 6 Segregated Funds

The following presents details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of Lifeco's operations, on account of segregated fund policyholders:

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	September 30, 2022 [1]	December 31, 2021 [1]
Cash and cash equivalents	15,012	12,500
Bonds	65,771	60,647
Mortgage loans	2,163	2,377
Shares and units in unit trusts	108,572	134,568
Mutual funds	162,087	133,916
Investment properties	13,011	12,776
	366,616	356,784
Accrued income	645	442
Other liabilities	(3,971)	(2,932)
Non-controlling mutual fund interest	6,120	3,125
	369,410	357,419

[1] At September 30, 2022, $65,240 million of investments on account of segregated fund policyholders are reinsured by Lifeco on a modified co-insurance basis ($83,754 million at December 31, 2021). Included in this amount are $154 million of cash and cash equivalents, $12,779 million of bonds, $16 million of shares and units in unit trusts, $52,185 million of mutual funds, $96 million of accrued income and $10 million of other assets.

INSURANCE AND INVESTMENT CONTRACTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS

	Nine months ended September 30, 2022	2021 [1]
Balance, beginning of year	357,419	334,032
Additions (deductions):		
Policyholder deposits	26,843	21,320
Net investment income	3,334	1,714
Net realized capital gains on investments	1,724	11,593
Net unrealized capital gains (losses) on investments	(74,160)	9,673
Unrealized gains (losses) due to changes in foreign exchange rates	4,881	(5,276)
Policyholder withdrawals	(31,381)	(29,003)
Business acquisition [2]	77,700	–
Change in segregated fund investment in General Fund	86	(40)
Change in General Fund investment in segregated fund	(14)	(15)
Net transfer (to) from General Fund	(17)	20
Non-controlling mutual fund interest	2,995	1,603
	11,991	11,589
Balance, end of period	369,410	345,621

[1] The Corporation reclassified certain comparative figures to conform to the current year's presentation.

[2] Insurance and investment contracts on account of segregated fund policyholders acquired through the Prudential acquisition (Note 3).

NOTE 6 Segregated Funds (continued)

INVESTMENTS ON ACCOUNT OF SEGREGATED FUND POLICYHOLDERS (by fair value hierarchy level)

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [1]	252,222	106,507	14,019	372,748

[1] Excludes other liabilities, net of other assets, of $3,338 million.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [1]	249,543	96,575	13,822	359,940

[1] Excludes other liabilities, net of other assets, of $2,521 million.

During the nine months ended September 30, 2022, certain foreign equity holdings valued at $280 million were transferred from Level 2 to Level 1 ($2,137 million were transferred from Level 2 to Level 1 during the year ended December 31, 2021), primarily based on Lifeco's change in use of inputs in addition to quoted prices in active markets for certain foreign equity holdings. Level 2 assets include the assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where Lifeco does not have access to the underlying asset details within an investment fund.

The following presents additional information about Lifeco's investments on account of segregated fund policyholders for which Lifeco has utilized Level 3 inputs to determine fair value:

	September 30, 2022	December 31, 2021
Balance, beginning of year	13,822	13,556
Total gains (losses) included in segregated fund investment income	(251)	415
Purchases [1]	673	333
Sales	(223)	(482)
Transfers into Level 3	13	5
Transfers out of Level 3	(15)	(5)
Balance, end of period	14,019	13,822

[1] Includes $236 million of Level 3 assets acquired through the Prudential acquisition (Note 3).

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

NOTE 7 Insurance and Investment Contract Liabilities

INSURANCE AND INVESTMENT CONTRACT LIABILITIES

	September 30, 2022			December 31, 2021		
	Gross liability	Reinsurance assets	Net	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	232,380	17,119	215,261	208,378	21,032	187,346
Investment contract liabilities	13,487	76	13,411	12,455	106	12,349
	245,867	17,195	228,672	220,833	21,138	199,695

NOTE 8 Power Corporation's Debentures and Other Debt Instruments

	September 30, 2022	December 31, 2021
POWER CORPORATION		
Debentures – unsecured		
8.57% debentures due April 22, 2039	150	150
4.81% debentures due January 31, 2047	249	249
4.455% debentures due July 27, 2048	248	248
Total Power Corporation	647	647

The Corporation has a line of credit of $500 million bearing interest at LIBOR plus 0.70%. At September 30, 2022, the Corporation was not using its line of credit (nil at December 31, 2021).

CHANGES IN DEBENTURES AND OTHER DEBT INSTRUMENTS

The table below details changes in the debentures and other debt instruments arising from financing activities, including both cash and non-cash changes:

	September 30, 2022	September 30, 2021
Balance, beginning of the year	647	756
Decrease in other debt instruments	–	(106)
Changes in foreign exchange rates and other	–	(3)
Balance, end of period	647	647

NOTE 9 Non-Recourse Debentures and Other Debt Instruments

A) POWER FINANCIAL, LIFECO AND IGM

The following table presents the debentures and other debt instruments issued by Power Financial, Lifeco and IGM. The 6.90% debentures of Power Financial are direct obligations of Power Financial and are non-recourse to the Corporation. All debentures and other debt instruments of Lifeco and its subsidiaries are direct obligations of Lifeco or its subsidiaries, as applicable, and are non-recourse to the Corporation. All of the debentures of IGM are direct obligations of IGM and are non-recourse to the Corporation.

	September 30, 2022	December 31, 2021
POWER FINANCIAL		
Debentures – unsecured		
6.90% debentures due March 11, 2033	250	250
Total Power Financial	250	250
LIFECO		
Debentures – unsecured		
2.50% debentures due April 18, 2023 (€500 million) [1]	675	720
1.75% debentures due December 7, 2026 (€500 million) [1]	672	717
3.337% debentures due February 28, 2028	498	498
6.40% subordinated debentures due December 11, 2028	100	100
2.379% debentures due May 14, 2030	597	597
6.74% debentures due November 24, 2031	196	195
6.67% debentures due March 21, 2033	395	394
5.998% debentures due November 16, 2039	342	342
2.981% debentures due July 8, 2050	494	493
7.529% capital trust debentures due June 30, 2052 (face value of $150 million)	157	157
	4,126	4,213
Other Debt Instruments – unsecured		
Commercial paper and other short-term debt instruments with interest rates from 2.653% to 2.904% (0.172% to 0.203% at December 31, 2021)	138	122
Revolving credit facility with interest equal to LIBOR plus 0.70% (US$50 million at December 31, 2021)	–	64
Non-revolving credit facility with interest equal to a floating rate based on Adjusted Term SOFR (US$500 million)	690	–
Revolving credit facility with interest equal to a floating rate based on Adjusted Term SOFR (US$173 million)	238	–
0.904% senior notes due August 12, 2025 (US$500 million)	687	632
1.357% senior notes due September 17, 2027 (US$400 million)	550	506
4.047% senior notes due May 17, 2028 (US$300 million)	412	379
1.776% senior notes due March 17, 2031 (US$400 million)	549	506
4.15% senior notes due June 3, 2047 (US$700 million)	950	874
4.581% senior notes due May 17, 2048 (US$500 million)	684	629
3.075% senior notes due September 17, 2051 (US$700 million)	956	879
	5,854	4,591
Total Lifeco	9,980	8,804

[1] Designated by Lifeco as hedges of the net investment in foreign operations.

LIFECO

On March 30, 2022, Great-West Lifeco U.S. LLC, a subsidiary of Lifeco, established a 2-year US$500 million non-revolving credit facility with interest on the drawn balance equal to a floating rate based on Adjusted Term Secured Overnight Financing Rate (SOFR). The facility is fully and unconditionally guaranteed by Lifeco. On the acquisition date, the US$500 million facility was fully drawn, along with US$323 million from an existing revolving credit facility, to finance a portion of the Prudential retirement services business acquisition (Note 3). On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of US$150 million on its existing revolving credit facility. As at September 30, 2022, the $690 million (US$500 million) was fully drawn, along with $238 million (US$173 million) from the existing revolving credit facility.

NOTE 9 Non-Recourse Debentures and Other Debt Instruments (continued)

	September 30, 2022	December 31, 2021
IGM FINANCIAL		
Debentures – unsecured		
3.44% debentures due January 26, 2027	400	400
6.65% debentures due December 13, 2027	125	125
7.45% debentures due May 9, 2031	150	150
7.00% debentures due December 31, 2032	175	175
7.11% debentures due March 7, 2033	150	150
6.00% debentures due December 10, 2040	200	200
4.56% debentures due January 25, 2047	200	200
4.115% debentures due December 9, 2047	250	250
4.174% debentures due July 13, 2048	200	200
4.206% debentures due March 21, 2050	250	250
Debentures of IGM held by Lifeco as investments	(88)	(88)
Total IGM	2,012	2,012
Total Power Financial, Lifeco and IGM	12,242	11,066

CHANGES IN DEBENTURES AND OTHER DEBT INSTRUMENTS – POWER FINANCIAL, LIFECO AND IGM

The table below details changes in the debentures and other debt instruments arising from financing activities, including both cash and non-cash changes:

	September 30, 2022	September 30, 2021
Balance, beginning of the year	11,066	11,955
Increase in other debt instruments	1,033	–
Decrease in other debt instruments	(260)	(827)
Changes in foreign exchange rates and other	403	(93)
Balance, end of period	12,242	11,035

NOTE 9 Non-Recourse Debentures and Other Debt Instruments (continued)

B) ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER – PROJECT AND OTHER DEBT

The following table presents the other debt instruments held by alternative asset investment platforms and other. All other debt instruments are credit or loan facilities that are direct obligations, and secured by the assets, of subsidiaries of the Corporation and are non-recourse to the Corporation.

	September 30, 2022	December 31, 2021
OTHER DEBT INSTRUMENTS		
Investment Funds and other – secured		
Revolving credit facility up to $58 million, with interest equal to prime rate plus 0.15%	22	7
Revolving credit facility up to US$75 million, with interest equal to the U.S. base rate minus 0.35% (US$32 million)(US$10 million at December 31, 2021)	43	13
Revolving loan facility up to $100 million, with interest equal to banker acceptance rate plus 1.85% or LIBOR plus 1.75% (US$39 million)($38 million and US$11 million at December 31, 2021)	53	52
Revolving credit facility up to $80 million, with interest equal to prime rate minus 0.4%	18	–
Senior loan due in June 2029, with interest equal to Euribor plus 1% (€20 million) [1]	26	–
Renewable Energy – Project debt – secured		
Construction loan facilities due from January 2023 to August 2042, bearing interest at various rates from 4.28% to 4.72%, LIBOR plus 2.5% and U.S. base rate plus 1.5%, (US$154 million and $317 million at September 30, 2022)(US$52 million and $253 million at December 31, 2021)	527	319
Loan facilities due from June 2024 to December 2037, bearing interest at various rates from 3.33% to 6.0%	572	598
Loan facilities due from January 2025 to August 2046, bearing interest at various rates from 3.62% to 6.07%, prime rate plus 1.5% and LIBOR plus margin between 2.25% and 3.0% (US$132 million and $324 million at September 30, 2022)(US$168 million and $75 million at December 31, 2021)	504	287
Mezzanine loans due from January 2035 to June 2035, bearing interest at various rates from 7.36% to 7.5%	95	97
Standalone Businesses – secured		
Revolving credit facility and term loan facilities due in November 2024, bearing interest at various rates equal to U.S. base rate or prime rate plus margin from 1.0% to 3.25%	124	94
Total alternative asset investment platforms and other	1,984	1,467

[1] Represents debt held by an entity controlled by an investment fund.

RENEWABLE ENERGY

During the nine months ended September 30, 2022, Potentia Renewables Inc., a wholly owned subsidiary of the Corporation, entered into non-recourse construction loan facilities of $572 million ($247 million undrawn at September 30, 2022). The facilities have a weighted average interest rate equal to 4.49% and mature between September 2040 and September 2042.

CHANGES IN OTHER DEBT INSTRUMENTS – ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

The table below details changes in the other debt instruments arising from financing activities, including both cash and non-cash changes:

	September 30, 2022	September 30, 2021
Balance, beginning of the year	1,467	1,344
Acquisition	20	115
Increase in other debt instruments	613	537
Decrease in other debt instruments	(101)	(186)
Changes in foreign exchange rates and other	(15)	(9)
Balance, end of period	1,984	1,801

NOTE 10 Stated Capital

AUTHORIZED

The authorized capital of Power Corporation consists of an unlimited number of First Preferred Shares, issuable in series; an unlimited number of Participating Preferred Shares; and an unlimited number of Subordinate Voting Shares.

ISSUED AND OUTSTANDING

	September 30, 2022		December 31, 2021	
	Number of shares	Stated capital	Number of shares	Stated capital
		$		$
Non-Participating Shares				
First Preferred Shares				
Cumulative Redeemable				
1986 Series	–	–	86,100	4
Non-cumulative Redeemable, fixed rate				
Series A	6,000,000	150	6,000,000	150
Series B	8,000,000	200	8,000,000	200
Series C	6,000,000	150	6,000,000	150
Series D	10,000,000	250	10,000,000	250
Series G	8,000,000	200	8,000,000	200
Total Non-Participating Shares		950		954
Participating Shares				
Participating Preferred Shares	54,860,866	233	54,860,866	233
Subordinate Voting Shares				
Balance, beginning of year	621,756,088	9,370	622,388,232	9,324
Issued under Stock Option Plan	1,680,778	52	3,436,756	107
Purchased for cancellation under Normal Course Issuer Bid	(10,243,800)	(155)	(4,068,900)	(61)
Balance, end of period	613,193,066	9,267	621,756,088	9,370
Total Participating Shares		9,500		9,603

Non-Participating Shares

During the nine months ended September 30, 2022, the Corporation redeemed all 86,100 of its outstanding Cumulative Redeemable First Preferred Shares, 1986 Series for $50.00 per share (43,200 shares for the nine months ended September 30, 2021).

NOTE 10 Stated Capital (continued)

Participating Shares

During the nine months ended September 30, 2022, 1,680,778 Subordinate Voting Shares were issued under the Corporation's Executive Stock Option Plan for a consideration of $47 million (3,096,232 Subordinate Voting Shares issued for the nine months ended September 30, 2021 for a consideration of $87 million).

During the nine months ended September 30, 2022, dividends declared on the Corporation's participating shares amounted to $1.4850 per share ($1.3425 per share in 2021).

Normal Course Issuer Bid

On February 25, 2021, the Corporation commenced a Normal Course Issuer Bid (NCIB) which was effective until February 24, 2022. During the three months ended March 31, 2022, the Corporation purchased for cancellation 703,700 Subordinate Voting Shares pursuant to this NCIB for a total of $29 million (3,890,100 Subordinate Voting Shares for a total of $145 million during the nine months ended September 30, 2021 under this NCIB).

On February 28, 2022, the Corporation commenced a new NCIB which is effective until the earlier of February 27, 2023 and the date on which the Corporation has purchased the maximum permitted number of Subordinate Voting Shares. Pursuant to this NCIB, the Corporation may purchase up to 30 million of its Subordinate Voting Shares outstanding (representing approximately 5.3% of the public float of Subordinate Voting Shares outstanding as at February 14, 2022) at market prices. During the nine months ended September 30, 2022, the Corporation purchased for cancellation 9,540,100 Subordinate Voting Shares pursuant to this NCIB for a total of $355 million.

In the nine months ended September 30, 2022, the Corporation's share capital was reduced by the average carrying value of the shares repurchased for cancellation. The excess paid over the average carrying value of stated capital was $229 million and was recognized as a reduction to retained earnings ($87 million during the nine months ended September 30, 2021).

In connection with its NCIB, the Corporation has entered into an automatic share purchase plan (ASPP) with a designated broker to allow for the purchase of Subordinate Voting Shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. This resulted in a liability of $40 million recognized at September 30, 2022, recorded through retained earnings and included in other liabilities on the balance sheets. Outside of these predetermined trading blackout periods, purchases under the Corporation's NCIB will be completed at management's discretion. The ASPP has been effective since February 28, 2022, the commencement date of the NCIB.

Subsequent event

Subsequent to quarter-end, the Corporation purchased, as of November 9, 2022, an additional 883,000 Subordinate Voting Shares pursuant to its current NCIB, for a total of $29 million.

NOTE 11 Share-Based Compensation

STOCK OPTION PLAN

On September 30, 2022, there were 21,367,504 Subordinate Voting Shares and 10,902,593 Subordinate Voting Shares reserved for issuance under Power Corporation's Executive Stock Option Plan and under Power Financial's Employee Stock Option Plan, assumed by Power Corporation (Stock Option Plans).

A summary of the status of the Corporation's Stock Option Plans, including tandem share appreciation rights (TSARs), as at September 30, 2022 and 2021, and changes during the respective periods then ended, is as follows:

	September 30, 2022		September 30, 2021	
	Options	Weighted-average exercise price	Options	Weighted-average exercise price
		$		$
Outstanding, beginning of year	27,556,547	31.30	31,484,425	30.70
Granted	670,304	38.34	659,112	33.47
Exercised or surrendered for cash	(2,655,778)	27.70	(4,246,466)	27.35
Outstanding, end of period	25,571,073	31.86	27,897,071	31.27
Options exercisable, end of period	18,578,512	31.10	18,291,987	30.68

The exercise price of the 25,571,073 outstanding options ranges from $27.30 to $42.45.

Tandem share appreciation rights

TSARs were attached to 13,621,606 options during the nine months ended September 30, 2022. The Corporation has reclassified the related options as cash-settled share-based payments and recognized a liability for the corresponding vested TSARs which is measured at fair value at each reporting period. The reclassification as cash-settled share-based payments resulted in a decrease to retained earnings and to the share-based compensation reserve of $54 million and $39 million, respectively.

During the nine months ended September 30, 2022, 975,000 options were exercised to receive cash from the Corporation at an exercise price of $27.25. At September 30, 2022, 12,646,606 outstanding options have a TSAR attached. The fair value of the outstanding cash-settled liability was $37 million at September 30, 2022 (nil at December 31, 2021). The intrinsic value of this liability at September 30, 2022 was $12 million (nil at December 31, 2021).

During the nine months ended September 30, 2021, TSARs were attached to 1,230,234 options, of which 1,150,234 were exercised to receive cash from the Corporation and 80,000 options were exercised to receive Subordinate Voting Shares at an average exercise price of $26.83.

In the second quarter of 2022, the Corporation entered into a total return swap agreement to manage exposure to the volatility of a portion of its cash-settled share-based payments and related liability. The Corporation has not designated this instrument as a hedge for accounting purposes. For the three and nine months ended September 30, 2022, a net gain of $2 million (nil in 2021) and $19 million (nil in 2021), respectively, arising from the change in fair value of the liability, net of the loss on the remeasurement to fair value of the derivative instrument, was included in operating and administrative expenses in the statements of earnings.

The fair value of the TSARs was estimated using the Black-Scholes option-pricing model with the following assumptions:

	September 30, 2022
Dividend yield	5.7%
Expected volatility	14.3% – 23.8%
Risk-free interest rate	3.7% – 4.5%
Expected life (years)	0.6 – 6.5
Share price ($/share)	31.13
Weighted-average exercise price ($/option)	31.15
Weighted-average fair value ($/option)	2.91

NOTE 11 Share-Based Compensation (continued)

Compensation expense

During the nine months ended September 30, 2022, Power Corporation granted 670,304 options (659,112 options were granted for the nine months ended September 30, 2021) under its Executive Stock Option Plan. Options granted in the nine months ended September 30, 2022 vest on the basis of [i] 50% three years from the date of grant and [ii] 50% four years from the date of grant.

The fair value of these options was estimated using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	September 30, 2022	September 30, 2021
Dividend yield	5.7%	5.9%
Expected volatility	17.7%	18.0%
Risk-free interest rate	2.4%	1.4%
Expected life (years)	9.0	9.0
Fair value ($/option)	2.46	1.67
Weighted-average exercise price ($/option)	38.34	33.47

The expected volatility has been estimated based on the historical volatility of the Corporation's share price using the expected option life.

Lifeco, IGM and Wealthsimple have also established stock option plans pursuant to which options may be granted to certain officers and employees. In addition, other subsidiaries of the Corporation have established share-based compensation plans. Compensation expense related to equity-settled stock option plans is recorded based on the fair value of the options or the fair value of the equity instruments at the grant date, amortized over the vesting period. For the three months ended September 30, 2022, total compensation expense relating to the equity-settled stock options granted by the Corporation and its subsidiaries amounted to $26 million ($19 million in 2021), and $82 million for the nine months ended September 30, 2022 ($72 million in 2021), and was recorded in operating and administrative expenses in the statements of earnings.

NOTE 12 Capital Management

POWER CORPORATION

As a holding company, Power Corporation's objectives in managing its capital are to:

- provide attractive long-term returns to shareholders of the Corporation;
- provide sufficient financial flexibility to pursue its growth strategy to invest on a timely basis in its operating companies and other investments as opportunities arise;
- maintain a capital structure that matches the long-term nature of its investments by maximizing the use of permanent capital;
- maintain an appropriate credit rating to ensure stable access to the capital markets; and
- maintain available cash and cash equivalents at or above a minimum of two times fixed charges.

The Corporation manages its capital taking into consideration the risk characteristics and liquidity of its holdings. In order to maintain or adjust its capital structure, the Corporation may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue capital.

The capital structure of the Corporation consists of debentures, non-participating shares, participating shareholders' equity and non-controlling interests. The Corporation views non-participating shares as a cost-effective source of permanent capital. The Corporation is a long-term investor and as such holds positions in long-term investments as well as cash and fixed income securities for liquidity purposes.

The Board of Directors of the Corporation is responsible for capital management. Management of the Corporation is responsible for establishing capital management procedures and for implementing and monitoring its capital plans. The Board of Directors of the Corporation reviews and approves capital transactions such as the issuance, redemption and repurchase of participating shares, non-participating shares and debentures. The boards of directors of the Corporation's subsidiaries, as well as those of Parjointco and GBL, oversee and have the responsibility for their respective company's capital management.

The Corporation itself is not subject to externally imposed regulatory capital requirements. However, Lifeco and certain of its main subsidiaries, IGM's subsidiaries and certain of the Corporation's other subsidiaries are subject to regulatory capital requirements and they manage their capital as described below.

NOTE 12 Capital Management (continued)

LIFECO

Lifeco manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of Lifeco's capital management strategy are:

- to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate;
- to maintain strong credit and financial strength ratings of Lifeco ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholder value in the context of Lifeco's operational risks and strategic plans.

Management of Lifeco is responsible for establishing capital management procedures for implementing and monitoring the capital plan.

The target level of capitalization for Lifeco and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to Lifeco, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of Lifeco with a high degree of confidence.

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the *Insurance Companies Act* (Canada) and their subsidiaries known as the LICAT. The LICAT ratio compares the regulatory capital resources of a company to its required capital, defined by OSFI as the aggregate of all defined capital requirements multiplied by a scalar of 1.05. The total capital resources are provided by the sum of available capital, surplus allowance and eligible deposits. OSFI has established a supervisory target total ratio of 100%, and a supervisory minimum total ratio of 90%. Canada Life's consolidated LICAT ratio at September 30, 2022 was 118% (124% at December 31, 2021).

Other foreign operations and foreign subsidiaries of Lifeco are required to comply with local capital or solvency requirements in their respective jurisdictions.

IGM FINANCIAL

IGM's capital management objective is to maximize shareholder returns while ensuring that IGM is capitalized in a manner which appropriately supports regulatory capital requirements, working capital needs and business expansion. IGM'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. IGM regularly assesses its capital management practices in response to changing economic conditions.

IGM's capital is primarily used in its ongoing business operations to support working capital requirements, long-term investments made by IGM, business expansion and other strategic objectives.

The IGM subsidiaries that are subject to regulatory capital requirements include investment dealers, mutual fund dealers, exempt market dealers, portfolio managers, investment fund managers and a trust company. These IGM subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. At September 30, 2022, IGM subsidiaries have complied with all regulatory capital requirements.

ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

Certain subsidiaries are subject to regulatory capital requirements, including portfolio managers, asset managers and an order-execution-only broker. These subsidiaries are required to maintain levels of capital based on their working capital, liquidity or shareholders' equity. At September 30, 2022, these subsidiaries have complied with all regulatory capital requirements.

NOTE 13 Risk Management

The Corporation and its subsidiaries have established policies, guidelines and procedures designed to identify, measure, monitor and mitigate risks associated with financial instruments. The key risks related to financial instruments are liquidity risk, credit risk and market risk.

- Liquidity risk is the risk that the Corporation and its subsidiaries would not be able to meet all cash outflow obligations as they come due or be able to, in a timely manner, raise capital or monetize assets at normal market conditions.
- Credit risk is the potential for financial loss to the Corporation and its subsidiaries if a counterparty in a transaction fails to meet its payment obligations. Credit risk can be related to the default of a single debt issuer, the variation of credit spreads on tradable fixed income securities and also to counterparty risk relating to derivative products.
- Market risk is the risk that the market value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors. Market factors include three types of risks: foreign exchange risk, interest rate risk and equity risk.
    - Foreign exchange risk relates to the Corporation, its subsidiaries and its jointly controlled corporations and associates operating in different currencies and converting non-Canadian investments and earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur.
    - Interest rate risk is the risk that the fair value of a financial instrument will fluctuate following changes in the interest rates.
    - Equity risk is the potential loss associated with the sensitivity of the market price of a financial instrument arising from volatility in equity markets.

Estimates of sensitivities and risk exposure measures are included for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons, including:

- assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered;
- changes in actuarial, investment return and future investment activity assumptions;
- actual experience differing from the assumptions;
- changes in business mix, effective tax rates and other market factors;
- interactions among these factors and assumptions when more than one changes; and
- the general limitations of internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above. Given the nature of these calculations, the Corporation cannot provide assurance that the actual impact on net earnings will be as indicated.

The following is a summary of risks in respect to the Corporation and its subsidiaries' financial instruments. In the first section below, the risk management policies and procedures of Power Corporation, Power Financial and the Corporation's alternative asset investment platforms and other (other subsidiaries) are discussed. Risks related to Lifeco and IGM are discussed in subsequent sections. For a more detailed discussion, refer to Note 22 to the Corporation's Consolidated Financial Statements for the year ended December 31, 2021.

NOTE 13 Risk Management (continued)

POWER CORPORATION, POWER FINANCIAL AND ALTERNATIVE ASSET INVESTMENT PLATFORMS AND OTHER

a) Liquidity and funding

As a holding company, the Corporation's ability to pay dividends is dependent upon the Corporation receiving dividends from its principal operating subsidiaries and other investments. Lifeco and its subsidiaries are subject to restrictions set out in relevant corporate and insurance laws and regulations, which require that solvency and capital ratios be maintained. IGM's subsidiaries are also subject to minimum capital requirements. Regulatory requirements may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends. Regulators continue to monitor the impact of the pandemic to ensure that regulated companies maintain sufficient capital and liquidity. The declaration and payment of dividends by the Corporation in future periods remains at the discretion of its Board of Directors and is dependent on the operating performance, profitability, financial position and creditworthiness of its operating subsidiaries and other investments, as well as on their ability to pay dividends.

Power Corporation and Power Financial believe their ongoing cash flows from operations, available cash balances and liquidity available through their lines of credit are sufficient to address their liquidity needs.

b) Equity risk

Other investments are reviewed periodically to determine whether there is objective evidence of an impairment in value. During the nine months ended September 30, 2022, the Corporation recorded investment impairment charges on available-for-sale investments of $16 million (nil in 2021). As at September 30, 2022, the impact of a 10% decrease in the value of other investments held by Power Corporation, Power Financial and other subsidiaries would have resulted in an approximate $78 million ($110 million as at December 31, 2021) unrealized loss recorded in other comprehensive income related to investments classified as available for sale and $143 million ($128 million as at December 31, 2021) of loss recorded in net earnings related to investments classified as fair value through profit or loss and investments in jointly controlled corporations and associates measured at fair value through profit or loss.

GBL holds a portfolio of investments which are classified as available for sale. Unrealized gains and losses on these investments are recorded in other comprehensive income until realized. These investments are reviewed periodically to determine whether there is objective evidence of an impairment in value. As at September 30, 2022, the impact of a 10% decline in equity markets would have resulted in an approximate $313 million ($395 million at December 31, 2021) unrealized loss to be recorded in other comprehensive income, representing the Corporation's share of Parjointco's unrealized losses.

Power Corporation, Power Financial and other subsidiaries' exposure and management of liquidity risk, credit risk and market risk have not changed materially since December 31, 2021.

LIFECO

The risk committee of the board of directors of Lifeco is responsible for the oversight of Lifeco's key risks. Lifeco has established policies and procedures designed to identify, measure, manage, monitor and report material risks associated with financial instruments. Lifeco's approach to risk management has not changed significantly since December 31, 2021. A summary of the risks is presented below. For a more detailed discussion of Lifeco's risk governance structure and risk management approach, refer to the Risk Management note in the Corporation's December 31, 2021 financial statements.

Liquidity risk

Lifeco has the following policies and procedures in place to manage liquidity risk:

- Lifeco closely manages operating liquidity through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between policyholder requirements and the yield of assets.
- Management of Lifeco closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. Lifeco maintains committed lines of credit with Canadian chartered banks.

NOTE 13 Risk Management (continued)

Credit risk

Concentrations of credit risk arise from exposures to a single debtor, a group of related debtors or groups of debtors that have similar credit risk characteristics in that they operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. No significant changes have occurred from the year ended December 31, 2021.

Market risk

a) Foreign exchange risk

If the assets backing insurance and investment contract liabilities are not matched by currency, changes in foreign exchange rates can expose Lifeco to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount, resulting in an immaterial immediate change to net earnings.
- A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount, resulting in an immaterial immediate change to net earnings.

Lifeco has net investments in foreign operations. Lifeco's debt obligations are denominated in Canadian dollars, euros and U.S. dollars. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts Lifeco's total equity. Correspondingly, Lifeco's book value per share and capital ratios monitored by rating agencies are also impacted.

b) Interest rate risk

Projected cash flows from the current assets and liabilities are used in the CALM to determine insurance contract liabilities. Valuation assumptions have been made regarding rates of returns on supporting assets, fixed income, equity and inflation. The valuation assumptions use best estimates of future reinvestment rates and inflation assumptions with an assumed correlation together with margins for adverse deviation set in accordance with professional standards. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Testing under a number of interest rate scenarios (including increasing, decreasing and fluctuating rates) is done to assess reinvestment risk because Lifeco's sensitivity to interest rate movements varies at different terms.

The total provision for interest rates is sufficient to cover a broader or more severe set of risks than the minimum arising from the current Canadian Institute of Actuaries-prescribed scenarios. The range of interest rates covered by these provisions is set in consideration of long-term historical results and is monitored quarterly, with a full review annually.

The impact to the value of liabilities from an immediate parallel 1% increase or 1% decrease in the interest rates would be largely offset by changes in the value of assets supporting the liabilities. Actual movements in interest rates may produce different impacts on the value of liabilities, net of changes in the value of assets supporting liabilities, depending on the extent of the change in interest rates in different geographies and at different durations. An immediate 1% increase in interest rates in Canada could lead to an increase in the value of liabilities, net of changes in the value of assets supporting liabilities, and a decrease in net earnings, but the impact would not be expected to be material.

NOTE 13 Risk Management (continued)

The following table provides information on the impact to the value of liabilities net of changes in the value of assets supporting liabilities of an immediate parallel 1% increase or 1% decrease in the interest rates as well as a corresponding parallel shift in the ultimate reinvestment rates, as defined in the actuarial standards.

	September 30, 2022		December 31, 2021	
	1% increase	1% decrease[1]	1% increase	1% decrease[1]
Change in interest rates				
Increase (decrease) in non-participating insurance and investment contract liabilities	(133)	450	(219)	678
Increase (decrease) in net earnings	116	(352)	197	(555)

[1] For the 1% decrease, initial risk-free yields are floored at zero, wherever risk-free yields are not currently negative.

c) Equity risk

Lifeco has investment policy guidelines in place that provide for prudent investment in equity markets with clearly defined limits to mitigate price risk.

The risks associated with segregated fund guarantees on lifetime Guaranteed Minimum Withdrawal Benefits have been mitigated through a hedging program using equity futures, currency forwards, and interest rate derivatives.

Some insurance and investment contract liabilities with long-tail cash flows are supported by publicly traded common shares and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private equities, and equity-release mortgages. The value of the liabilities may fluctuate with changes in the value of the supporting assets. The liabilities for other products such as segregated fund products with guarantees also fluctuate with equity values.

There may be additional market and liability impacts as a result of changes in the value of publicly traded common shares and other non-fixed income assets that will cause the liabilities to fluctuate differently than the equity values. This means that there is a greater impact on net earnings from larger decreases in equity values, relative to the change in equity values. Decreases in equity values beyond those shown in the table below would have a greater impact on net earnings, relative to the change in equity values.

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common shares on insurance and investment contract liabilities and on the net earnings. The expected impacts take into account the expected changes in the value of assets supporting liabilities and hedge assets.

	September 30, 2022				December 31, 2021			
	Increase		Decrease		Increase		Decrease	
	20%	10%	10%	20%	20%	10%	10%	20%
Change in publicly traded common share values								
Increase (decrease) in non-participating insurance and investment contract liabilities	(66)	(38)	49	256	(26)	(16)	22	76
Increase (decrease) in net earnings	59	34	(44)	(207)	21	13	(19)	(66)

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on insurance and investment contract liabilities and on the net earnings. The expected impacts take into account the expected changes in the value of assets supporting liabilities.

	September 30, 2022				December 31, 2021			
	Increase		Decrease		Increase		Decrease	
	10%	5%	5%	10%	10%	5%	5%	10%
Change in other non-fixed income asset values								
Increase (decrease) in non-participating insurance and investment contract liabilities	(81)	(38)	33	151	(92)	(46)	38	144
Increase (decrease) in net earnings	68	32	(27)	(116)	79	39	(30)	(112)

NOTE 13 Risk Management (continued)

The Canadian Institute of Actuaries Standards of Practice for the valuation of insurance contract liabilities establish limits on the investment return assumptions for publicly traded common shares and other non-fixed income assets which are generally based on historical returns on market indices. The sensitivities shown in the tables above allow for the impact of changes in these limits following market decreases.

The best estimate return assumptions for publicly traded common shares and other non-fixed income assets are primarily based on long-term historical averages. The following provides information on the expected impacts of a 1% increase or a 1% decrease in the best estimate assumptions:

	September 30, 2022		December 31, 2021	
	1% increase	1% decrease	1% increase	1% decrease
Change in best estimate return assumptions				
Increase (decrease) in non-participating insurance contract liabilities	(701)	836	(715)	829
Increase (decrease) in net earnings	547	(646)	567	(649)

Lifeco sponsors a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of Lifeco. Lifeco hedges its exposure to the equity risk associated with its PSU plan through the use of total return swaps.

IGM FINANCIAL

The risk management policies and procedures of IGM are discussed in the IGM section of the Corporation's Management's Discussion and Analysis (Part C) for the nine months ended September 30, 2022 and in Note 22 to the Corporation's Consolidated Financial Statements for the year ended December 31, 2021 and have not changed significantly since December 31, 2021.

a) Liquidity risk

IGM's liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near-term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and IGM's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity by management and by committees of the board of directors of IGM.

A key liquidity requirement for IGM 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. IGM also maintains sufficient liquidity to fund and temporarily hold mortgages pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements.

IGM believes its ongoing cash flows from operations, available cash balances and liquidity available through its lines of credit are sufficient to address its liquidity needs.

b) Credit risk

IGM manages credit risk related to cash and cash equivalents by adhering to its investment policy that outlines credit risk parameters and concentration limits. IGM regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

IGM's allowance for credit losses was $1 million at September 30, 2022, unchanged from December 31, 2021, and is considered adequate by IGM's 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) its strong financial planning relationship with its clients; and v) stress testing of losses under adverse real estate market conditions.

IGM's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2021.

NOTE 14 Pension Plans and Other Post-Employment Benefits

The pension plan and other post-employment benefits expense included in net earnings and other comprehensive income are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Pension plans				
Service costs	65	87	218	243
Past service costs, plan amendments, curtailments and settlements	–	(58)	(2)	(58)
Net interest cost	7	10	15	30
	72	39	231	215
Post-employment benefits				
Service costs	2	1	3	4
Net interest cost	2	2	10	8
	4	3	13	12
Expense recognized in net earnings	76	42	244	227
Remeasurements				
Pension plans				
Actuarial gains	(113)	(29)	(2,574)	(709)
Return on assets less (greater) than discount rate	233	(53)	1,740	(241)
Change in the asset ceiling	(1)	2	227	13
Post-employment benefits				
Actuarial (gains) losses	4	(9)	(86)	(43)
Expense (income) recognized in other comprehensive income (loss)	123	(89)	(693)	(980)
Total expense (income)	199	(47)	(449)	(753)

The discount rates increased by 1.7% to 2.3% during the nine months ended September 30, 2022 (increased by 0.6% to 0.9% in the corresponding period in 2021), primarily due to the increase in yields on high-quality corporate bonds.

NOTE 15 Income Taxes

INCOME TAX EXPENSE

The components of income tax expense (recovery) recognized in net earnings are:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Current taxes	141	212	509	221
Deferred taxes	(56)	(9)	(196)	315
	85	203	313	536

EFFECTIVE INCOME TAX RATE

The effective income tax rate for the Corporation for the nine months ended September 30, 2022 was 10.7%, compared to 12.1% for the year ended December 31, 2021 and 12.7% for the nine months ended September 30, 2021.

The effective income tax rate for the nine months ended September 30, 2022 is lower than the effective income tax rate for the same period last year mainly due to jurisdictional mix of earnings as well as changes in certain tax estimates at Lifeco.

The effective income tax rates are generally lower than the Corporation's statutory income tax rate of 26.5% due to non-taxable investment income, lower tax in certain foreign jurisdictions and results from jointly controlled corporations and associates that are not taxable.

NOTE 16 Other Comprehensive Income

	Items that may be reclassified subsequently to net earnings			Items that will not be reclassified to net earnings		
Nine months ended September 30, 2022	Investment revaluation and cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	Total
Balance, beginning of year	247	847	1,976	(474)	(17)	2,579
Other comprehensive income (loss)	(558)	292	(1,192)	384	5	(1,069)
Other	–	–	56	–	–	56
Balance, end of period	(311)	1,139	840	(90)	(12)	1,566

	Items that may be reclassified subsequently to net earnings			Items that will not be reclassified to net earnings		
Nine months ended September 30, 2021	Investment revaluation and cash flow hedges	Foreign currency translation	Share of jointly controlled corporations and associates	Actuarial gains (losses) on defined benefit pension plans and other	Share of jointly controlled corporations and associates	Total
Balance, beginning of year	730	1,033	1,984	(969)	(28)	2,750
Other comprehensive income (loss)	(481)	(197)	(63)	512	7	(222)
Balance, end of period	249	836	1,921	(457)	(21)	2,528

NOTE 17 Earnings Per Share

The following is a reconciliation of the numerators and the denominators used in the computations of earnings per share:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Earnings				
Net earnings attributable to shareholders	435	754	1,466	2,330
Dividends on non-participating shares	(13)	(13)	(39)	(39)
Net earnings attributable to participating shareholders	422	741	1,427	2,291
Dilutive effect of subsidiaries' outstanding stock options	–	(2)	(3)	(4)
Effect of equity-settled method for TSARs	(2)	–	(19)	–
Net earnings adjusted for dilutive effect	420	739	1,405	2,287
Number of participating shares [millions]				
Weighted average number of participating shares outstanding – Basic	668.7	676.7	671.8	676.9
Potential exercise of outstanding stock options	1.8	6.7	3.4	4.0
Weighted average number of participating shares outstanding – Diluted	670.5	683.4	675.2	680.9
Net earnings per participating share				
Basic	0.63	1.09	2.12	3.38
Diluted	0.63	1.08	2.08	3.36

Options with TSARs are accounted for as cash-settled share-based payments. As these options can be exercised in exchange for subordinate voting shares or for cash, they are considered potentially dilutive and are included in the calculation of the diluted net earnings per share if they have a dilutive impact in the period. Net earnings in the period includes the impact of the remeasurement, net of the related hedge. The net earnings used in the diluted calculation is adjusted to reflect the expense had these options been classified as equity-settled.

For the nine months ended September 30, 2022, 0.7 million stock options (nil in 2021) were excluded from the computation of diluted earnings per share as they were anti-dilutive.

NOTE 18 Fair Value Measurement

The Corporation's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level	Definition	Financial assets and liabilities
Level 1	Utilize observable, unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access.	▪ actively exchange-traded equity securities; ▪ exchange-traded futures; ▪ mutual and segregated funds which have available prices in an active market with no redemption restrictions; ▪ open-end investment fund units and other liabilities in instances where there are quoted prices available from active markets.
Level 2	Utilize other-than-quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other-than-quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data.	▪ assets and liabilities priced using a matrix which is based on credit quality and average life; ▪ government and agency securities; ▪ restricted shares; ▪ certain private bonds and investment funds; ▪ most investment-grade and high-yield corporate bonds; ▪ most asset-backed securities; ▪ most over-the-counter derivatives; ▪ most mortgage and other loans; ▪ deposits and certificates; ▪ most debentures and other debt instruments; ▪ most of the investment contracts that are measured at fair value through profit or loss; ▪ certain limited-life and redeemable fund units.
Level 3	Utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single-broker quotes, internal pricing models, external appraisers or by discounting projected cash flows.	▪ certain bonds; ▪ certain asset-backed securities; ▪ certain private equities; ▪ certain mortgage and other loans, including equity-release mortgages; ▪ investments in mutual and segregated funds where there are redemption restrictions; ▪ certain over-the-counter derivatives; ▪ investment properties; ▪ obligations to securitization entities; ▪ certain other debt instruments; ▪ certain limited-life and redeemable fund units.

NOTE 18 Fair Value Measurement (continued)

The Corporation's assets and liabilities recorded at fair value, including their levels in the fair value hierarchy using the valuation methods and assumptions described in the summary of significant accounting policies of the Corporation's December 31, 2021 Consolidated Financial Statements and above, are presented below. Fair values represent management's estimates and are generally calculated using market information at a specific point in time and may not reflect future fair values. The calculations are subjective in nature, and involve uncertainties and matters of significant judgment (Note 2).

September 30, 2022	Level 1	Level 2	Level 3	Total fair value
Assets				
Bonds				
Fair value through profit or loss	–	111,914	108	112,022
Available for sale	–	11,113	–	11,113
Mortgage and other loans				
Fair value through profit or loss	–	–	2,564	2,564
Available for sale	–	–	157	157
Shares				
Fair value through profit or loss	9,835	25	3,311	13,171
Available for sale	411	72	408	891
Investment properties	–	–	8,385	8,385
Funds held by ceding insurers	210	11,533	–	11,743
Derivative instruments	24	3,699	30	3,753
Reinsurance assets	–	76	–	76
Other assets	276	1,812	967	3,055
	10,756	140,244	15,930	166,930
Liabilities				
Investment contract liabilities	–	13,487	–	13,487
Derivative instruments	–	2,211	7	2,218
Limited-life and redeemable fund units	152	883	2,224	3,259
Other liabilities	14	147	64	225
	166	16,728	2,295	19,189

December 31, 2021	Level 1	Level 2	Level 3	Total fair value
Assets				
Bonds				
Fair value through profit or loss	–	103,608	100	103,708
Available for sale	–	12,603	–	12,603
Mortgage and other loans				
Fair value through profit or loss	–	57	2,667	2,724
Shares				
Fair value through profit or loss	11,721	14	2,240	13,975
Available for sale	741	37	565	1,343
Investment properties	–	–	7,763	7,763
Funds held by ceding insurers	336	14,663	–	14,999
Derivative instruments	1	1,036	12	1,049
Reinsurance assets	–	106	–	106
Other assets	383	976	531	1,890
	13,182	133,100	13,878	160,160
Liabilities				
Investment contract liabilities	–	12,455	–	12,455
Derivative instruments	3	1,054	6	1,063
Limited-life and redeemable fund units	–	911	1,005	1,916
Other liabilities	76	93	58	227
	79	14,513	1,069	15,661

There were no significant transfers between Level 1 and Level 2 in these periods.

NOTE 18 Fair Value Measurement (continued)

Additional information about assets and liabilities measured at fair value on a recurring basis for which the Corporation and its subsidiaries have utilized Level 3 inputs to determine fair value for the nine months ended September 30, 2022 and 2021 is presented below.

	Bonds	Mortgages and other loans		Shares					
Nine months ended September 30, 2022	Fair value through profit or loss	Fair value through profit or loss	Available for sale	Fair value through profit or loss[2]	Available for sale	Investment properties	Derivatives, net	Other assets (liabilities)[3]	Total
Balance, beginning of year	100	2,667	–	2,240	565	7,763	6	(532)	12,809
Total gains (losses)									
In net earnings	(8)	(943)	–	230	51	330	16	11	(313)
In other comprehensive income [1]	(5)	(164)	(18)	50	(147)	(173)	(1)	9	(449)
Purchases	21	–	–	937	48	485	(1)	709	2,199
Issues	–	1,129	175	–	–	–	–	(1,039)	265
Sales	–	–	–	(142)	(113)	(5)	–	(169)	(429)
Settlements	–	(125)	–	–	–	–	3	3	(119)
Transfers into Level 3	–	–	–	–	–	–	–	(263)	(263)
Transfers out of Level 3	–	–	–	–	–	–	–	(50)	(50)
Other	–	–	–	(4)	4	(15)	–	–	(15)
Balance, end of period	108	2,564	157	3,311	408	8,385	23	(1,321)	13,635

[1] Amount of other comprehensive income for fair value through profit or loss bonds, mortgage and other loans, shares, investment properties and other assets and liabilities represents the unrealized gains (losses) on foreign exchange.

[2] Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

[3] Includes limited-life and redeemable fund units.

	Bonds	Mortgages and other loans	Shares					
Nine months ended September 30, 2021	Fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss[2]	Available for sale	Investment properties	Derivatives, net	Other assets (liabilities)[3]	Total
Balance, beginning of year	73	2,092	1,675	739	6,270	81	(742)	10,188
Total gains (losses)								
In net earnings	3	(45)	246	143	439	9	(159)	636
In other comprehensive income [1]	(3)	(27)	2	(102)	(49)	–	17	(162)
Purchases	13	–	595	33	702	2	209	1,554
Issues	–	733	–	–	–	–	(414)	319
Sales	–	–	(107)	(481)	(33)	–	(140)	(761)
Settlements	–	(125)	–	–	–	5	142	22
Derecognition	–	–	–	–	–	–	333	333
Transfers into Level 3	–	–	83	8	–	–	–	91
Transfers out of Level 3	–	–	(458)	–	–	(102)	65	(495)
Other	–	36	(41)	–	–	–	58	53
Balance, end of period	86	2,664	1,995	340	7,329	(5)	(631)	11,778

[1] Amount of other comprehensive income for fair value through profit or loss bonds, mortgage and other loans, shares, investment properties and other assets and liabilities represents the unrealized gains (losses) on foreign exchange.

[2] Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

[3] Includes limited-life and redeemable fund units.

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

NOTE 18 Fair Value Measurement (continued)

On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, Lifeco's investment in these funds with a fair value of $457 million was transferred on April 19, 2021 from Level 3 to Level 1.

Significant unobservable inputs used at period-end in measuring assets categorized as Level 3 in the fair value hierarchy are presented below.

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate	Range of 3.5% – 12.8%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
		Reversionary rate	Range of 3.8% – 7.5%	A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value.
		Vacancy rate	Weighted average of 2.6%	A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage and other loans – equity-release mortgages (fair value through profit or loss and available-for-sale)	The valuation approach for equity-release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the stochastically calculated cost of the no-negative-equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/entering into long-term care of the loanholders.	Discount rate	Range of 5.2% – 8.1%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.
Shares	The determination of the fair value of shares requires the use of estimates such as future cash flows, discount rates, projected earnings multiples, or recent transactions.	Discount rate	Various	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

NOTE 19 Segmented Information

The Corporation is an international management and holding company. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

As a holding company, the Corporation evaluates the performance of each operating segment based on its contribution to earnings. The contribution to the earnings attributable to participating shareholders from Lifeco, IGM, GBL, and alternative asset investment platforms and other, including the effect of consolidation, represents the Corporation's share of their net earnings. The Corporation also presents the holding company's balance sheets with its investments in its consolidated publicly traded operating companies, Lifeco and IGM, as well as other controlled entities held within the investment platforms, using the equity method of accounting. These entities are consolidated in the Corporation's consolidated balance sheets. As well, commonly held investments in Lifeco, IGM, and alternative asset investment platforms and other (inter-segment investments) are presented in their respective segmented assets.

The Corporation's reportable segments include Lifeco, IGM Financial and GBL, which represent the Corporation's investments in publicly traded operating companies. These reportable segments, in addition to the holding company and asset management activities through the investment platforms, reflect Power Corporation's management structure and internal financial reporting.

- Lifeco is a financial services holding company with interests in life insurance, health insurance, retirement and investment management services, asset management and reinsurance businesses primarily in Canada, the U.S. and Europe.
- IGM Financial is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors through North America, Europe and Asia.
- GBL is indirectly held through Parjointco. GBL is a Belgian holding company focused on long-term and sustainable value creation. Its portfolio is comprised of global industrial and services companies, leaders in their markets, in which GBL plays its role of professional shareholder.

Alternative asset investment platforms and other are comprised of the results of:

- Alternative asset management businesses, Sagard and Power Sustainable;
- Entities managed by the alternative assets managers which are required to be consolidated under IFRS; and
- Standalone businesses representing a subsidiary, a jointly controlled corporation and associates which are managed to realize value over time.

Holding company activities comprise the corporate activities of the Corporation and Power Financial, on a combined basis, and present the investment activities of the Corporation as a holding company. The segmented assets present the activities of the holding company, including its investments in consolidated entities, Lifeco and IGM, as well as other controlled entities, using the equity method of accounting. The holding company activities also present the corporate assets and liabilities managed, including the cash and non-participating shares. Holding company cash flows are primarily comprised of dividends received, income from investments and income (loss) from cash and cash equivalents, less operating expenses, financing charges, income taxes and non-participating and participating share dividends.

Effect of consolidation includes the consolidation elimination entries.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Three months ended September 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	13,921	–	–	–	–	(6)	13,915
Net investment income (loss)	(3,449)	11	–	17	11	22	(3,388)
Fee income [1]	1,897	842	–	56	–	(44)	2,751
Other revenues	–	–	–	146	–	–	146
Total revenues	12,369	853	–	219	11	(28)	13,424
Expenses							
Total paid or credited to policyholders	8,770	–	–	–	–	–	8,770
Commissions	628	313	–	–	–	(13)	928
Operating and administrative expenses	1,993	277	–	265	34	(24)	2,545
Financing charges	98	29	–	12	14	3	156
Total expenses	11,489	619	–	277	48	(34)	12,399
Earnings before investments in jointly controlled corporations and associates, and income taxes	880	234	–	(58)	(37)	6	1,025
Share of earnings (losses) of investments in jointly controlled corporations and associates	3	47	(50)	(10)	15	(36)	(31)
Earnings before income taxes	883	281	(50)	(68)	(22)	(30)	994
Income taxes	13	64	–	5	2	1	85
Net earnings	870	217	(50)	(73)	(24)	(31)	909
Attributable to							
Non-controlling interests	413	89	–	(31)	34	(31)	474
Non-participating shareholders	–	–	–	–	13	–	13
Participating shareholders [2][3]	457	128	(50)	(42)	(71)	–	422
	870	217	(50)	(73)	(24)	(31)	909

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Three months ended September 30, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	14,921	–	–	–	–	(5)	14,916
Net investment income (loss)	643	2	–	97	2	11	755
Fee income [1]	1,858	919	–	50	–	(45)	2,782
Other revenues	–	–	–	131	–	–	131
Total revenues	17,422	921	–	278	2	(39)	18,584
Expenses							
Total paid or credited to policyholders	13,796	–	–	–	–	–	13,796
Commissions	631	329	–	–	–	(13)	947
Operating and administrative expenses	1,793	270	–	226	51	(37)	2,303
Financing charges	83	28	–	27	13	3	154
Total expenses	16,303	627	–	253	64	(47)	17,200
Earnings before investments in jointly controlled corporations and associates, and income taxes	1,119	294	–	25	(62)	8	1,384
Share of earnings (losses) of investments in jointly controlled corporations and associates	10	56	(6)	53	17	(43)	87
Earnings before income taxes	1,129	350	(6)	78	(45)	(35)	1,471
Income taxes	111	78	–	9	6	(1)	203
Net earnings	1,018	272	(6)	69	(51)	(34)	1,268
Attributable to							
Non-controlling interests	434	112	–	(32)	34	(34)	514
Non-participating shareholders	–	–	–	–	13	–	13
Participating shareholders [2][3]	584	160	(6)	101	(98)	–	741
	1,018	272	(6)	69	(51)	(34)	1,268

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Nine months ended September 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	44,277	–	–	–	–	(17)	44,260
Net investment income (loss)	(19,341)	8	–	(97)	28	32	(19,370)
Fee income [1]	5,619	2,592	–	193	–	(130)	8,274
Other revenues	–	–	–	403	–	–	403
Total revenues	30,555	2,600	–	499	28	(115)	33,567
Expenses							
Total paid or credited to policyholders	19,832	–	–	–	–	–	19,832
Commissions	1,960	974	–	–	–	(36)	2,898
Operating and administrative expenses	5,939	854	–	714	91	(91)	7,507
Financing charges	284	85	–	26	41	12	448
Total expenses	28,015	1,913	–	740	132	(115)	30,685
Earnings before investments in jointly controlled corporations and associates, and income taxes	2,540	687	–	(241)	(104)	–	2,882
Share of earnings (losses) of investments in jointly controlled corporations and associates	35	145	(63)	–	43	(114)	46
Earnings before income taxes	2,575	832	(63)	(241)	(61)	(114)	2,928
Income taxes	116	187	–	5	3	2	313
Net earnings	2,459	645	(63)	(246)	(64)	(116)	2,615
Attributable to							
Non-controlling interests	1,016	236	–	(88)	101	(116)	1,149
Non-participating shareholders	–	–	–	–	39	–	39
Participating shareholders [2][3]	1,443	409	(63)	(158)	(204)	–	1,427
	2,459	645	(63)	(246)	(64)	(116)	2,615

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

CONSOLIDATED NET EARNINGS

Nine months ended September 30, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Revenues							
Total net premiums	39,824	–	–	–	–	(15)	39,809
Net investment income (loss)	1,032	8	–	721	27	30	1,818
Fee income [1]	5,409	2,631	–	193	–	(137)	8,096
Other revenues	–	–	–	363	–	–	363
Total revenues	46,265	2,639	–	1,277	27	(122)	50,086
Expenses							
Total paid or credited to policyholders	35,703	–	–	–	–	–	35,703
Commissions	1,947	954	–	–	–	(39)	2,862
Operating and administrative expenses	5,331	827	–	1,174	131	(104)	7,359
Financing charges	239	85	–	65	40	14	443
Total expenses	43,220	1,866	–	1,239	171	(129)	46,367
Earnings before investments in jointly controlled corporations and associates, and income taxes	3,045	773	–	38	(144)	7	3,719
Share of earnings (losses) of investments in jointly controlled corporations and associates	30	146	199	209	45	(119)	510
Earnings before income taxes	3,075	919	199	247	(99)	(112)	4,229
Income taxes	274	207	–	25	28	2	536
Net earnings	2,801	712	199	222	(127)	(114)	3,693
Attributable to							
Non-controlling interests	1,240	420	–	(285)	102	(114)	1,363
Non-participating shareholders	–	–	–	–	39	–	39
Participating shareholders [2][3]	1,561	292	199	507	(268)	–	2,291
	2,801	712	199	222	(127)	(114)	3,693

[1] Dealer compensation expenses at IGM are included in commission expenses.

[2] The contribution from Lifeco, IGM, GBL and alternative asset investment platforms and other to net earnings attributable to participating shareholders of the Corporation includes the effect of consolidation.

[3] The contribution from Lifeco and IGM includes an allocation for the results of investments under common control based on their respective interests.

NOTE 19 Segmented Information (continued)

TOTAL ASSETS AND LIABILITIES

September 30, 2022	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Cash and cash equivalents	8,636	1,050	–	538	1,407	(342)	11,289
Investments	224,598	5,247	–	1,974	248	164	232,231
Investments in Lifeco, IGM and alternative asset investment platforms and other	673	1,633	–	–	22,311	(24,617)	–
Investments in jointly controlled corporations and associates	200	1,039	3,023	1,271	753	(48)	6,238
Other assets	52,260	4,467	–	4,335	275	(205)	61,132
Goodwill and intangible assets	17,417	4,166	–	1,561	2	(1)	23,145
Investments on account of segregated fund policyholders	369,410	–	–	–	–	–	369,410
Total assets [1]	673,194	17,602	3,023	9,679	24,996	(25,049)	703,445
Insurance and investment contract liabilities	245,867	–	–	–	–	–	245,867
Obligation to securitization entities	–	4,680	–	–	–	–	4,680
Power Corporation's debentures and other debt instruments	–	–	–	–	647	–	647
Non-recourse debentures and other debt instruments	9,980	2,100	–	1,984	250	(88)	14,226
Other liabilities	16,146	4,689	–	4,137	1,027	(364)	25,635
Insurance and investment contracts on account of segregated fund policyholders	369,410	–	–	–	–	–	369,410
Total liabilities	641,403	11,469	–	6,121	1,924	(452)	660,465

[1] Total assets of Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

December 31, 2021	Lifeco	IGM	GBL	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Cash and cash equivalents	6,075	1,292	–	759	1,635	(252)	9,509
Investments	198,898	5,488	–	1,926	260	81	206,653
Investments in Lifeco, IGM and alternative asset investment platforms and other	672	2,284	–	–	21,868	(24,824)	–
Investments in jointly controlled corporations and associates	159	1,028	4,278	1,237	766	(44)	7,424
Other assets	52,670	3,410	–	3,857	347	(231)	60,053
Goodwill and intangible assets	15,025	4,164	–	1,384	2	–	20,575
Investments on account of segregated fund policyholders	357,419	–	–	–	–	–	357,419
Total assets [1]	630,918	17,666	4,278	9,163	24,878	(25,270)	661,633
Insurance and investment contract liabilities	220,833	–	–	–	–	–	220,833
Obligation to securitization entities	–	5,058	–	–	–	–	5,058
Power Corporation's debentures and other debt instruments	–	–	–	–	647	–	647
Non-recourse debentures and other debt instruments	8,804	2,100	–	1,467	250	(88)	12,533
Other liabilities	12,949	4,002	–	3,854	1,090	(480)	21,415
Insurance and investment contracts on account of segregated fund policyholders	357,419	–	–	–	–	–	357,419
Total liabilities	600,005	11,160	–	5,321	1,987	(568)	617,905

[1] Total assets of Lifeco and IGM operating segments include the allocation of goodwill and certain consolidation adjustments.

NOTE 19 Segmented Information (continued)

CONDENSED STATEMENTS OF CASH FLOWS

Nine months ended September 30, 2022	Lifeco	IGM	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Operating activities	5,552	504	(159)	1,122	(1,141)	5,878
Financing activities	(655)	(896)	824	(1,482)	1,204	(1,005)
Investing activities	(2,604)	150	(901)	132	(144)	(3,367)
Effect of changes in exchange rates on cash and cash equivalents	268	–	15	–	(9)	274
Increase (decrease) in cash and cash equivalents	2,561	(242)	(221)	(228)	(90)	1,780
Cash and cash equivalents, beginning of the year	6,075	1,292	759	1,635	(252)	9,509
Cash and cash equivalents, end of period	8,636	1,050	538	1,407	(342)	11,289

Nine months ended September 30, 2021	Lifeco	IGM	Alternative asset investment platforms and other	Holding company	Effect of consolidation	Total
Operating activities	8,544	614	(205)	980	(994)	8,939
Financing activities	(567)	(1,212)	490	(1,219)	2,016	(492)
Investing activities	(9,011)	949	43	588	(888)	(8,319)
Effect of changes in exchange rates on cash and cash equivalents	(22)	–	(7)	–	-	(29)
Increase (decrease) in cash and cash equivalents	(1,056)	351	321	349	134	99
Cash and cash equivalents, beginning of the year	7,946	772	545	1,226	(449)	10,040
Cash and cash equivalents, end of period	6,890	1,123	866	1,575	(315)	10,139

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Great-West Lifeco Inc.

PART B

Please note that the bottom of each page in Part B contains two different page numbers. A page number with the prefix "B" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by Great-West Lifeco Inc.

The attached documents concerning Great-West Lifeco Inc. are documents prepared and publicly disclosed by such subsidiary. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking 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.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Cautionary Note Regarding Forward-Looking Information. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED SEPTEMBER 30, 2022

DATED: NOVEMBER 2, 2022

This Management's Discussion and Analysis (MD&A) presents management's view of the financial condition, financial performance and cash flows of Great-West Lifeco Inc. (Lifeco or the Company) for the three and nine months ended September 30, 2022 and includes a comparison to the corresponding periods in 2021, to the three months ended June 30, 2022, and to the Company's financial condition as at December 31, 2021, as applicable. This MD&A provides an overall discussion, followed by analysis of the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe and Capital and Risk Solutions.

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BASIS OF PRESENTATION AND SUMMARY OF ACCOUNTING POLICIES

The condensed consolidated interim unaudited financial statements of Lifeco, which are the basis for data presented in this report, have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) unless otherwise noted and are presented in millions of Canadian dollars unless otherwise indicated. This MD&A should be read in conjunction with the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022. Also refer to the 2021 Annual MD&A and audited consolidated financial statements in the Company's 2021 Annual Report.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This MD&A contains forward-looking information. Forward-looking information includes statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "will", "may", "expects", "anticipates", "intends", "plans", "believes", "estimates", "objective", "target", "potential" and other similar expressions or negative versions thereof. These statements include, without limitation, statements about the expected impact (or lack of impact) of IFRS 17, *Insurance Contracts* and IFRS 9, *Financial Instruments* on the Company's business strategy, financial strength, deployable capital, Life Insurance Capital Adequacy Test (LICAT) ratio, base and net earnings, shareholders' equity, ratings and leverage ratios. Forward-looking information also includes statements about the Company's operations, business (including business mix), financial condition, expected financial performance (including revenues, earnings or growth rates and medium-term financial objectives), ongoing business strategies or prospects, climate-related goals, anticipated global economic conditions and possible future actions by the Company, including statements made with respect to the expected cost (including deferred consideration), benefits, timing of integration activities and timing and extent of revenue and expense synergies of acquisitions and divestitures, including but not limited to the acquisitions of the full-service retirement business of Prudential Financial Inc. (Prudential), Personal Capital Corporation (Personal Capital) and the retirement services business of Massachusetts Mutual Life Insurance Company (MassMutual), expected capital management activities and use of capital, estimates of risk sensitivities affecting capital adequacy ratios, expected dividend levels, expected cost reductions and savings, expected expenditures or investments (including but not limited to investment in technology infrastructure and digital capabilities and solutions), the timing and completion of the joint venture between Allied Irish Banks plc (AIB) and Canada Life Irish Holding Company Limited, the impact of regulatory developments on the Company's business strategy and growth objectives, the expected impact of the current pandemic health event resulting from the coronavirus (COVID-19) and related economic and market impacts on the Company's business operations, financial results and financial condition.

Forward-looking statements are based on expectations, forecasts, estimates, predictions, projections and conclusions about future events that were current at the time of the statements and are inherently subject to, among other things, risks, uncertainties and assumptions about the Company, economic factors and the financial services industry generally, including the insurance, mutual fund and retirement solutions industries. They are not guarantees of future performance, and the reader is cautioned that actual events and results could differ materially from those expressed or implied by forward-looking statements. Many of these assumptions are based on factors and events that are not within the control of the Company and there is no assurance that they will prove to be correct. In particular, statements about the expected impact of IFRS 17 on the Company (including statements about the impact on base and net earnings and the Canada Life Assurance Company LICAT Ratio) are based on the Company’s expected 2022 IFRS 4, *Insurance Contracts*, earnings mix and composition as at the start of 2022, adjusted to reflect fully synergized earnings from the acquisitions of MassMutual's and Prudential's retirement businesses, and on current market and economic conditions. In all cases, whether or not actual results differ from forward-looking information may depend on numerous factors, developments and assumptions, including, without limitation, the severity, magnitude and impact of the COVID-19 pandemic (including the effects of the COVID-19 pandemic and the effects of governments' and other businesses' responses to the COVID-19 pandemic on the economy and the Company's financial results, financial condition and operations), the duration of COVID-19 impacts and the availability and adoption of vaccines, the effectiveness of vaccines, the emergence of COVID-19 variants, geopolitical tensions and related economic impacts, assumptions around sales, fee rates, asset breakdowns, lapses, plan contributions, redemptions and market returns, the ability to integrate the acquisitions of Personal Capital and the retirement services business of MassMutual and Prudential, the ability to leverage Empower's, Personal Capital's and MassMutual's and Prudential's retirement services businesses and achieve anticipated synergies, customer behaviour (including customer response to new products), the Company's reputation, market prices for products provided, sales levels, premium income, fee income, expense levels, mortality experience, morbidity experience, policy and plan lapse rates, participant net contribution, reinsurance arrangements, liquidity requirements, capital requirements, credit ratings, taxes, inflation, interest and foreign exchange rates, investment values, hedging activities, global equity and capital markets (including continued access to equity and debt markets), industry sector and individual debt issuers' financial conditions (including developments and volatility arising from the COVID-19 pandemic, particularly in certain industries that may comprise part of the Company's investment portfolio), business competition, impairments of goodwill and other intangible assets, the Company's ability to execute strategic plans and changes to strategic plans, technological changes, breaches or failure of information systems and security (including cyber attacks), payments required under investment products, changes in local and international laws and regulations, changes in accounting policies and the effect of applying future accounting policy changes, changes in actuarial standards, unexpected judicial or regulatory proceedings, catastrophic events, continuity and availability of personnel and third party service providers, the Company's ability to complete strategic transactions and integrate acquisitions, unplanned material changes to the Company's facilities, customer and employee relations or credit arrangements, levels of administrative and operational efficiencies, changes in trade organizations, and other general economic, political and market factors in North America and internationally. In addition, as we work to advance our climate goals, external factors outside of Lifeco's reasonable control may act as constraints on their achievement, including varying decarbonization efforts across economies, the need for thoughtful climate policies around the world, more and better data, reasonably supported methodologies, technological advancements, the evolution of consumer behavior, the challenges of balancing interim emissions goals with an orderly and just transition, and other significant considerations such as legal and regulatory obligations.

The reader is cautioned that the foregoing list of assumptions and factors is not exhaustive, and there may be other factors listed in other filings with securities regulators, including factors set out in the Company's 2021 Annual MD&A under "Risk Management and Control Practices" and "Summary of Critical Accounting Estimates" and in the Company's annual information form dated February 9, 2022 under "Risk Factors", which, along with other filings, is available for review at www.sedar.com. The reader is also cautioned to consider these and other factors, uncertainties and potential events carefully and not to place undue reliance on forward-looking information.

Other than as specifically required by applicable law, the Company does not intend to update any forward-looking information whether as a result of new information, future events or otherwise.

CAUTIONARY NOTE REGARDING NON-GAAP FINANCIAL MEASURES AND RATIOS

This MD&A contains some non-Generally Accepted Accounting Principles (GAAP) financial measures and non-GAAP ratios as defined in National Instrument 52-112 “Non-GAAP and Other Financial Measures Disclosure”. Terms by which non-GAAP financial measures are identified include, but are not limited to, "base earnings (loss)", "base earnings (loss) (US$)", "core net earnings (loss)", "premiums and deposits", "assets under management" and "assets under administration". Terms by which non-GAAP ratios are identified include, but are not limited to, “base earnings per common share (EPS)”, “base return on equity (ROE)”, "base dividend payout ratio", “effective income tax rate – base earnings – common shareholders “and “effective income tax rate – base earnings – total Lifeco”. Non-GAAP financial measures and ratios are used to provide management and investors with additional measures of performance to help assess results where no comparable GAAP (IFRS) measure exists. However, non-GAAP financial measures and ratios do not have standard meanings prescribed by GAAP (IFRS) and are not directly comparable to similar measures used by other companies. Refer to the "Non-GAAP Financial Measures and Ratios" section in this MD&A for the appropriate reconciliations of these non-GAAP financial measures to measures prescribed by GAAP as well as additional details on each measure and ratio.

CONSOLIDATED OPERATING RESULTS

Selected consolidated financial information
(in Canadian $ millions, except for per share amounts)

	As at or for the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Earnings					
Base earnings[1]	**$ 688**	$ 830	$ 870	**$ 2,327**	$ 2,435
Net earnings - common shareholders	**688**	735	872	**2,193**	2,363
Per common share					
Basic:					
Base earnings[2]	**0.738**	0.893	0.934	**2.500**	2.620
Net earnings	**0.738**	0.789	0.938	**2.354**	2.544
Diluted net earnings	**0.738**	0.788	0.936	**2.352**	2.540
Dividends paid	**0.490**	0.490	0.438	**1.470**	1.314
Book value[3]	**25.61**	25.00	24.40		
Base return on equity[2]	**13.5 %**	14.5 %	14.5 %		
Return on equity[3]	**12.7 %**	13.7 %	14.9 %		
Total net premiums	**$ 13,921**	$ 16,305	$ 14,921	**$ 44,277**	$ 39,824
Total premiums and deposits[1]	**44,265**	41,591	39,282	**130,014**	121,149
Fee and other income	**1,897**	1,909	1,858	**5,619**	5,409
Net policyholder benefits, dividends and experience refunds	**14,162**	15,030	10,915	**41,939**	35,011
Total assets per financial statements	**$ 672,764**	$ 670,305	$ 614,962		
Total assets under management[1]	**991,905**	988,986	980,726		
Total assets under administration[1,4]	**2,384,273**	2,342,296	2,205,280		
Total equity	**$ 31,361**	$ 30,550	$ 30,232		
The Canada Life Assurance Company consolidated LICAT Ratio[5]	**118 %**	117 %	123 %		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
3 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
4 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.
5 The Life Insurance Capital Adequacy Test (LICAT) Ratio is based on the consolidated results of The Canada Life Assurance Company (Canada Life), Lifeco's major Canadian operating subsidiary. The LICAT Ratio is calculated in accordance with the Office of Superintendent of Financial Institutions' guideline - Life Insurance Capital Adequacy Test. Refer to the "Capital Management and Adequacy" section of this document for additional details.

DEVELOPMENTS

- The Company offers property catastrophe coverage to reinsurance companies and as a result the Company is exposed to potential claims arising from major weather events and other catastrophic events. The Company has been closely following the impacts of Hurricane Ian, which caused a high level of insured losses. The Company's net earnings for the third quarter of 2022 includes a $128 million after-tax provision primarily relating to estimated claims net of reinstatement premiums on these coverages. The Company's loss estimate is based on currently available information and the exercise of judgment and may change as additional information becomes available.
- In the third quarter of 2022, equity markets in the regions where the Company operates exhibited heightened volatility and ended 2% to 5% lower than June 30, 2022 levels. In addition, interest rates increased generally in response to elevated, broad based levels of inflation which are impacting business and consumer confidence. The Canadian dollar also strengthened notably against the British pound and the euro during the quarter, although weakened against the U.S. dollar.

  Accordingly, in the context of the market movements discussed above, net fee income in all segments from the Company's wealth management businesses, which is driven by asset levels, was negatively impacted. However, the benefits of the Company's diversified business portfolio were demonstrated as its life and health insurance businesses in all geographies were steady contributors in the quarter. In addition, the impact of movements in the British pound and euro negatively impacted the in-quarter year-over-year base earnings comparison, primarily in the Europe and Capital and Risk Solutions segments.
- As a result of current economic uncertainty, Canada Life U.K. temporarily closed new equity release mortgage pricing and quotations during the third quarter of 2022. This decision was based on the Company's views on pricing risks given current market conditions, and will be revisited when the market stabilizes.

Strategic Transactions

- On April 1, 2022, a Lifeco subsidiary, Empower Annuity Insurance Company of America (formerly Great-West Life & Annuity Insurance Company, or GWL&A), which operates primarily as "Empower", completed the previously announced acquisition of the full-service retirement business of Prudential Financial, Inc. (Prudential). With the completion of the acquisition, Empower's reach in the U.S. has expanded to more than 17.5 million retirement plan participants and assets under administration to US$1.2 trillion on behalf of approximately 70,000 workplace savings plans as of September 30, 2022. Effective August 1, 2022, Great-West Life & Annuity Insurance Company changed its legal name to Empower Annuity Insurance Company of America.

  The Company funded the total transaction value of US$3,480 million with US$1,193 million of limited recourse capital notes and US$823 million of short-term debt, in addition to existing resources.

  Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated run-rate cost synergies of US$180 million are expected to be phased in over 24 months primarily when systems migrations are completed. As of September 30, 2022, US$43 million of pre-tax run rate cost synergies have been achieved. Revenue synergies of US$20 million are expected on a run-rate basis by the end of 2024 and are expected to grow to US$50 million by 2026.
- As of September 30, 2022, Empower has substantially completed the integration of MassMutual incurring US$116 million pre-tax of restructuring and integration expenses. Empower expects it will have incurred restructuring and integration expenses of US$125 million pre-tax by the end of integration, in line with original expectations. The Company has achieved US$101 million of pre-tax run rate cost synergies and remains on track to achieve run rate synergies of US$160 million pre-tax at the end of integration in the fourth quarter of 2022.

Macroenvironmental Risks

While governments in different regions have now moved to ease COVID-19 pandemic restrictions, many factors continue to extend economic uncertainty. Global financial markets continue to be volatile, in part due to China's "zero COVID" policy and Russia's military invasion of Ukraine and the related sanctions. This volatility has contributed to global supply chain disruptions and in turn, elevated levels of inflation, prompting central banks to raise interest rates in response in many of the countries in which the Company operates.

The outlook for financial markets over the short and medium-term remains highly uncertain and the Company actively monitor events and information globally. To date, net impacts have been modest, reflecting the Company's diversified business. The Company continues to manage risks of changes to mortality and longevity rates and monitor heightened cyber and global supply chain risks which could negatively affect the Company's financial outlook, results and operations.

The Company's well-diversified businesses, combined with business strength, resilience and experience managing through market volatility, put the Company in a strong position in the current environment to leverage opportunities for the future. Lifeco's strategies are equally resilient and flexible, positioning the Company to navigate current market conditions and continue to identify and pursue opportunities, including organic growth and acquisition activities, while supporting customers and employees in an evolving environment.

Update on Transition to IFRS 17 and IFRS 9

As noted in the "Accounting Policies" section of this document, IFRS 17, *Insurance Contracts* (IFRS 17) will replace IFRS 4, *Insurance Contracts* (IFRS 4) effective January 1, 2023. While the new standard will change the recognition and measurement of insurance contracts and the corresponding presentation and disclosures in the Company's financial statements, it is not expected to have a material financial impact or to change the Company's underlying business strategy. IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. Upon adoption of IFRS 9, the Company does not expect a material change in the level of invested assets or a material increase in earnings volatility; however, the Company continues to evaluate the impact of the adoption of this standard with IFRS 17. The expected impacts of the adoption of IFRS 17 include:

- Businesses representing over 70% of base earnings[1,2] are expected to experience limited or no impact;
- The January 1, 2022 shareholders' equity is expected to decrease by 10-15% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin;
- Low-single digit percentage decrease in proforma base earnings[1,2] is expected as a result of transition with no material change to base earnings trajectory;
- Medium-term financial objectives for base EPS[3] growth and base dividend payout ratio[3] are expected to be unchanged;
- Medium-term financial objective for base ROE[3] is expected to increase by 2% to 16-17% reflecting the change in shareholders' equity; and
- Financial strength will be maintained and a positive impact to the March 31, 2023 Canada Life consolidated LICAT Ratio is expected[4] based on the Company's initial review of the 2023 LICAT Guideline released on July 21, 2022.

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[1] This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[2] Proforma base and net earnings are calculated based on the expected 2022 IFRS 4 earnings mix and composition as at the start of 2022, adjusted to reflect fully synergized earnings from the acquisitions of MassMutual's and Prudential's retirement businesses. Many of these assumptions are based on factors and events that are not within the control of the Company's management and there is no assurance that they will prove to be correct. Refer to "Cautionary Note regarding Forward-looking Information" and "Cautionary Note regarding Non-GAAP Financial Measures and Ratios" section at the beginning of this document.

[3] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

[4] Actual impact will depend on market and economic conditions and the Company's operating results at the time of transition.

BASE AND NET EARNINGS

Consolidated base earnings and net earnings of Lifeco include the base earnings and net earnings of Canada Life and its operating subsidiaries, Empower and Putnam, together with Lifeco's Corporate operating results.

Base earnings[1] and net earnings - common shareholders

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings[1]					
Canada	**$ 283**	$ 296	$ 312	**$ 851**	$ 903
United States	**204**	143	221	**467**	515
Europe	**200**	208	232	**653**	617
Capital and Risk Solutions	**1**	174	107	**345**	402
Lifeco Corporate	**—**	9	(2)	**11**	(2)
Lifeco base earnings[1]	**$ 688**	$ 830	$ 870	**$ 2,327**	$ 2,435
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**$ 68**	$ 21	$ 69	**$ 80**	$ 111
Market-related impacts on liabilities[2]	**(45)**	(15)	47	**(71)**	4
Transaction costs related to acquisitions[3]	**20**	(57)	(90)	**(44)**	(115)
Restructuring and integration costs	**(43)**	(44)	(24)	**(99)**	(51)
Tax legislative changes impact on liabilities	**—**	—	—	**—**	(21)
Items excluded from Lifeco base earnings	**$ —**	$ (95)	$ 2	**$ (134)**	$ (72)
Net earnings - common shareholders					
Canada	**$ 160**	$ 301	$ 305	**$ 736**	$ 880
United States	**164**	29	168	**298**	407
Europe	**249**	229	357	**697**	737
Capital and Risk Solutions	**115**	167	102	**451**	399
Lifeco Corporate	**—**	9	(60)	**11**	(60)
Lifeco net earnings - common shareholders	**$ 688**	$ 735	$ 872	**$ 2,193**	$ 2,363

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 The transaction costs relate to acquisitions in the U.S. segment (the full-service retirement business of Prudential, Personal Capital and the retirement services business of MassMutual) as well as acquisitions in the Europe segment. In addition, the third quarter of 2021 included a provision for payments relating to the Company's 2003 acquisition of The Canada Life Assurance Company.

The information in the table above is a summary of results for base and net earnings of the Company. Additional commentary regarding base and net earnings is included in the "Segmented Operating Results" section.

Base Earnings

Base earnings for the third quarter of 2022 of $688 million ($0.738 per common share) decreased by $182 million from $870 million ($0.934 per common share) a year ago. Base earnings for the third quarter of 2022 included a net provision for estimated claims resulting from the impact of Hurricane Ian of $128 million after-tax in the Capital and Risk Solutions segment. The decrease in base earnings also reflected reduced net fee income from the Company's wealth management businesses and the impact of currency movement. These items were partially offset by Prudential business related base earnings of $63 million (US$47 million). Base earnings for the three months ended September 30, 2021 included a net provision of $61 million after-tax primarily for estimated claims resulting from the impact of major weather events in the Capital and Risk Solutions segment and a $47 million pension settlement gain in the Europe segment.

For the nine months ended September 30, 2022, Lifeco's base earnings were $2,327 million ($2.500 per common share) compared to $2,435 million ($2.620 per common share) a year ago. The decrease was primarily due to the same reasons discussed for the in-quarter results.

Net Earnings

Lifeco's net earnings for the three month period ended September 30, 2022 of $688 million ($0.738 per common share) decreased by $184 million or 21% compared to $872 million ($0.938 per common share) a year ago. The decrease was primarily due to a decrease in base earnings and higher restructuring and transaction costs related to the Prudential and MassMutual acquisitions. In addition, the Company had less favourable market-related impacts on liabilities driven by updated property cash flow projections in the Europe segment as well as market volatility resulting in hedge ineffectiveness related to Prudential guaranteed products in the U.S. segment. The decrease was partially offset by the release of a contingent consideration provision related to Personal Capital and a provision for acquisition-related costs in the third quarter of 2021 in the Lifeco Corporate segment that did not recur. The release of the Personal Capital contingent consideration provision was a result of growth in assets under management being below the level where further contingent consideration would be payable.

For the nine months ended September 30, 2022, Lifeco's net earnings were $2,193 million ($2.354 per common share) compared to $2,363 million ($2.544 per common share) a year ago. The decrease was primarily due to the same reasons discussed for the in-quarter results as well as less favourable actuarial assumption changes. The prior year results included a revaluation of deferred taxes in the Europe segment resulting in an increase in taxes; there was no revaluation for the nine months ended September 30, 2022.

Lifeco's net earnings for the three month period ended September 30, 2022 of $688 million ($0.738 per common share) decreased by $47 million or 6% compared to $735 million ($0.789 per common share) in the previous quarter. The decrease was primarily due to a net provision for estimated claims resulting from the impact of Hurricane Ian of $128 million after-tax in the Capital and Risk Solutions segment and unfavourable market-related impacts on liabilities. These items were partially offset by higher U.S. segment base earnings driven by lower expenses due to cost-savings initiatives, higher contributions from investment experience and an increase in Prudential business related base earnings of $18 million (US$12 million) as well as the release of a contingent consideration provision related to Personal Capital and more favourable actuarial assumption changes.

Actuarial Assumption Changes and Other Management Actions

For the three months ended September 30, 2022, actuarial assumption changes and other management actions resulted in a positive net earnings impact of $68 million. This compares to a positive impact of $69 million for the same quarter last year and a positive impact of $21 million for the previous quarter.

In the Canada segment, net earnings were negatively impacted by $120 million in the third quarter of 2022, primarily due to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. In the Capital and Risk Solutions segment, net earnings were positively impacted by $119 million, primarily due to updated mortality assumptions for annuity business, partially offset by updated assumptions for life business. In the Europe segment, net earnings were positively impacted by $69 million, primarily due to updated annuitant mortality assumptions, partially offset by updated economic assumptions.

For the nine months ended September 30, 2022, actuarial assumption changes and other management actions, resulted in a positive net earnings impact of $80 million, compared to a positive impact of $111 million for the same period in 2021.

Market-Related Impacts

In the regions where the Company operates, average equity market indices for the three months ended September 30, 2022 were 14% lower in broader Europe (as measured by EURO STOXX 50), 10% lower in the U.S. (as measured by S&P 500), 5% lower in Canada (as measured by S&P TSX) and 3% higher in the United Kingdom (U.K.) (as measured by FTSE 100) compared to the same period in 2021. The major equity indices finished the third quarter of 2022 down by 5% in the U.S., 4% in broader Europe, 4% in the U.K. and 2% in Canada compared to June 30, 2022. The ending levels of major equity indices finished lower than the average for the quarter, which will impact asset-based fee income going forward. For the nine months ended September 30, 2022, average equity market levels were lower in Canada, the U.S. and broader Europe and higher in the U.K. compared to the same period in 2021.

Market-related impacts on liabilities negatively impacted net earnings by $45 million in the third quarter of 2022 (positive impact of $47 million in the third quarter of 2021). The impact in the third quarter of 2022 primarily reflects the impact of equity market movements on the value of segregated fund and variable annuity guarantees, including hedge ineffectiveness, as well as the impact of updated cash flow projections for real estate which support insurance contract liabilities in the Europe segment. The positive impact of $47 million in the third quarter of 2021 primarily reflected updated cash flow projections for real estate which support insurance contract liabilities in Europe. In addition, equity markets and lower bond fund values had an unfavourable impact of $8 million on seed money investments primarily held in the U.S. segment in the third quarter of 2022 (negative impact of $5 million in the third quarter of 2021).

For the nine months ended September 30, 2022, market-related impacts on liabilities negatively impacted net earnings by $71 million (positive impact of $4 million year-to-date in 2021), primarily due to the negative impact of equity market movements on the value of segregated fund and variable annuity guarantees, including hedge ineffectiveness. In addition, equity markets and lower bond fund values had an unfavourable impact of $36 million year-to-date in 2022 on seed money investments primarily held in the U.S. and Canada segments (positive impact of $4 million year-to-date in 2021).

In countries where the Company operates, interest rates increased during 2022, resulting in a modest positive impact on net earnings reflecting higher income on surplus assets, partially offset by lower fees on fixed income products. In order to mitigate the Company's exposure to interest rate fluctuations, the Company follows disciplined processes for matching asset and liability cash flows. As a result, the impact of changing interest rates is mostly mitigated in the current period, with the impact of changes in fair values of bonds backing insurance contract liabilities mostly offset by a corresponding change in the insurance contract liabilities.

For a further description of the Company's sensitivity to equity market and interest rate fluctuations, including expanded sensitivity disclosure as a result of current market conditions, refer to "Financial Instruments Risk Management", note 6 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022.

Foreign Currency

The average currency translation rate for the third quarter of 2022 decreased for the British pound and the euro and increased for the U.S. dollar compared to the third quarter of 2021. The overall impact of currency movement on the Company's net earnings for the three months ended September 30, 2022 was a decrease of $53 million (decrease of $91 million year-to-date) compared to translation rates a year ago.

From June 30, 2022 to September 30, 2022, the market rates at the end of the reporting period used to translate the British pound assets and liabilities to the Canadian dollar decreased, while the U.S. dollar increased and the euro was comparable. The movements in end-of-period exchange rates impact the translation of foreign operations, including related hedge activities, resulting in post-tax unrealized foreign exchange gains of $819 million in-quarter ($430 million net unrealized gains year-to-date) recorded in other comprehensive income.

Translation rates for the reporting period and comparative periods are detailed in the "Translation of Foreign Currency" section.

INCOME TAXES

The Company's effective income tax rates on earnings attributable to common shareholders and total Lifeco earnings are presented below.

Effective income tax rate

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings - Common shareholders[1]	**6.4 %**	9.8 %	9.6 %	**8.8 %**	9.5 %
Net earnings - Common shareholders	**(3.3)%**	7.5 %	8.4 %	**5.0 %**	9.9 %
Base earnings - Total Lifeco[1]	**8.9 %**	8.8 %	10.9 %	**8.1 %**	8.6 %
Net earnings - Total Lifeco	**1.5 %**	6.3 %	9.8 %	**4.5 %**	8.9 %

[1] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

The Company's effective income tax rates are generally lower than the statutory income tax rate of 26.5% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

In the third quarter of 2022, the Company had an effective income tax rate on base earnings for the shareholder account of 6.4%, down from 9.6% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues. In the third quarter of 2022, the effective income tax rate on net earnings for the shareholder account of negative 3.3% was down from 8.4% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues, jurisdictional mix of earnings and higher non-taxable investment income.

In the third quarter of 2022, the effective income tax rate on base earnings for the total Company of 8.9% was down from 10.9% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues. In the third quarter of 2022, the overall effective income tax rate on net earnings of 1.5% was down from 9.8% in the third quarter of 2021, primarily due to the resolution of outstanding tax issues as well as jurisdictional mix of earnings.

The Company had an effective income tax rate on base earnings for the shareholder account of 8.8% for the nine months ended September 30, 2022, comparable to 9.5% for the same period last year. The Company had an effective income tax rate on net earnings for the shareholder account of 5.0%, down from 9.9% for the same period last year, primarily due to jurisdictional mix of earnings as well as changes in certain tax estimates.

The Company had an effective income tax rate on base earnings for the total Company of 8.1% for the nine months ended September 30, 2022, comparable to 8.6% for the same period last year. The Company had an overall effective income tax rate on net earnings of 4.5% for the nine months ended September 30, 2022, down from 8.9% for the same period last year, primarily due to jurisdictional mix of earnings as well as changes in certain tax estimates.

Refer to note 14 to the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for further details.

On April 7, 2022, the Canadian Federal Government announced its 2022 budget, which to date has not been substantively enacted. The budget included a permanent 1.5% tax rate increase on the taxable income of Canadian banks and insurance companies on earnings over $100 million and a Canada Recovery Dividend of 15% on 2021 Canadian taxable income in excess of $1 billion payable in equal installments over 5 years. The Company does not expect these budget announcements to have a material impact on its financial position.

TOTAL NET PREMIUMS, PREMIUMS AND DEPOSITS AND SALES

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Total net premiums					
Canada	**$ 3,597**	$ 3,507	$ 3,300	**$ 10,521**	$ 9,786
United States	**2,327**	3,162	1,116	**7,540**	3,907
Europe	**786**	880	1,942	**2,937**	3,820
Capital and Risk Solutions	**7,211**	8,756	8,563	**23,279**	22,311
Total net premiums	**$ 13,921**	$ 16,305	$ 14,921	**$ 44,277**	$ 39,824
Premiums and deposits[1]					
Canada	**$ 7,136**	$ 7,288	$ 6,945	**$ 22,515**	$ 21,439
United States	**22,957**	19,129	16,269	**61,850**	54,964
Europe	**6,961**	6,418	7,505	**22,370**	22,435
Capital and Risk Solutions	**7,211**	8,756	8,563	**23,279**	22,311
Total premiums and deposits[1]	**$ 44,265**	$ 41,591	$ 39,282	**$ 130,014**	$ 121,149
Sales[2,3]					
Canada	**$ 3,087**	$ 3,219	$ 3,466	**$ 10,610**	$ 11,544
United States	**35,854**	26,329	29,173	**124,990**	164,480
Europe	**6,582**	5,901	6,968	**20,842**	20,120
Total sales[2,3]	**$ 45,523**	$ 35,449	$ 39,607	**$ 156,442**	$ 196,144

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Sales is not a relevant measure for the Capital and Risk Solutions segment due to the nature of operations.
3 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

The information in the table above is a summary of results for the Company's total net premiums, premiums and deposits and sales. Additional commentary regarding total net premiums and sales is included, as applicable, in the "Segmented Operating Results" section.

NET INVESTMENT INCOME

Net investment income

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Investment income earned (net of investment properties expenses)	**$ 2,262**	$ 2,225	$ 1,610	**$ 6,162**	$ 4,834
Net allowances for credit losses on loans and receivables	**(11)**	(11)	4	**(22)**	(28)
Net realized gains (losses)	**(1)**	1	32	**(2)**	97
Regular investment income	**2,250**	2,215	1,646	**6,138**	4,903
Investment expenses	**(54)**	(62)	(57)	**(168)**	(147)
Regular net investment income	**2,196**	2,153	1,589	**5,970**	4,756
Changes in fair value through profit or loss	**(5,642)**	(11,179)	(936)	**(25,276)**	(3,694)
Total net investment income	**$ (3,446)**	$ (9,026)	$ 653	**$ (19,306)**	$ 1,062

Total net investment income in the third quarter of 2022 decreased by $4.1 billion compared to the same quarter last year. The changes in fair value in the third quarter of 2022 were a decrease of $5.6 billion compared to $0.9 billion for the third quarter of 2021. The changes in fair value in the third quarter of 2022 were primarily due to a greater increase in bond yields across all geographies driven by higher interest rates and widening spreads, compared to a smaller increase in bond yields across all geographies during the same period in 2021.

Regular net investment income in the third quarter of 2022 of $2.2 billion increased by $0.6 billion compared to the same quarter last year. The increase was primarily due to income earned on bonds and mortgages acquired through the Prudential acquisition, partially offset by lower net realized gains. Net realized gains (losses) include losses on available-for-sale securities of $13 million for the third quarter of 2022 compared to gains of $8 million for the same quarter last year.

For the nine months ended September 30, 2022, total net investment income decreased by $20.4 billion compared to the same period last year. The changes in fair value for the nine month period in 2022 were a decrease of $25.3 billion compared to a decrease of $3.7 billion during the same period in 2021. The changes in fair value were primarily due to the same reason discussed for the in-quarter results as well as a decline in Canadian equity markets in the first nine months of 2022, compared to a smaller increase in bond yields across all geographies, partially offset by an increase in Canadian equity markets during the same period in 2021.

Regular net investment income for the nine months ended September 30, 2022 of $6.0 billion increased by $1.2 billion compared to the same period last year. The increase was primarily due to the same reasons discussed for the in-quarter results. Net realized gains (losses) include losses on available-for-sale securities of $15 million for the nine months ended September 30, 2022 compared to gains of $19 million for the same period last year.

Credit Markets

In the third quarter of 2022, the Company experienced net charges on impaired investments, including dispositions, which negatively impacted common shareholder's net earnings by $4 million ($1 million net negative impact in the third quarter of 2021). Net charges on impaired investments reflect net allowances for credit losses included in net investment income and the associated release of actuarial provisions for future credit losses, as applicable. Separately, related to non-impaired invested assets, changes in credit ratings in the Company's fixed income portfolio resulted in a net decrease in provisions for future credit losses in insurance contract liabilities, which positively impacted common shareholder's net earnings by $4 million ($5 million net negative impact in the third quarter of 2021), primarily due to upgrades of various corporate bond and commercial mortgage holdings.

For the nine months ended September 30, 2022, the Company experienced net charges on impaired investments including dispositions, which negatively impacted common shareholder's net earnings by $4 million ($12 million net negative impact year-to-date in 2021). Changes in credit ratings in the Company's fixed income portfolio resulted in a net decrease in provisions for future credit losses in insurance contract liabilities, which positively impacted common shareholders' net earnings by $9 million year-to-date ($9 million net negative impact year-to-date in 2021), primarily due to the same reasons discussed for the in-quarter results.

There could be a negative impact from downgrades in future periods if economies that are currently open are shut down or restricted due to a resurgence of COVID-19 cases or if economies are materially affected by inflationary pressures or geopolitical tensions.

FEE AND OTHER INCOME

In addition to providing traditional risk-based insurance products, the Company also provides certain products on a fee-for-service basis. The most significant of these products are segregated funds and mutual funds, for which the Company earns investment management fees on assets managed and other fees, as well as administrative services only (ASO) contracts, under which the Company provides group benefit plan administration on a cost-plus basis.

Fee and other income

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Canada					
Segregated funds, mutual funds and other	**$ 427**	$ 429	$ 457	**$ 1,300**	$ 1,313
Administrative services only (ASO) contracts	**63**	69	52	**196**	157
	490	498	509	**1,496**	1,470
United States					
Segregated funds, mutual funds and other	**1,095**	1,071	995	**3,115**	2,882
Europe					
Segregated funds, mutual funds and other	**312**	340	352	**1,006**	1,051
Capital and Risk Solutions					
Reinsurance and other	**—**	—	2	**2**	6
Total fee and other income	**$ 1,897**	$ 1,909	$ 1,858	**$ 5,619**	$ 5,409

The information in the table above is a summary of gross fee and other income for the Company. Additional commentary regarding fee and other income is included, as applicable, in the "Segmented Operating Results" section.

NET POLICYHOLDER BENEFITS, DIVIDENDS AND EXPERIENCE REFUNDS

Net policyholder benefits, dividends and experience refunds

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Canada	**$ 2,561**	$ 2,370	$ 2,486	**$ 7,418**	$ 7,649
United States	**3,687**	3,668	1,344	**9,332**	5,656
Europe	**765**	829	947	**2,496**	2,909
Capital and Risk Solutions	**7,149**	8,163	6,138	**22,693**	18,797
Total	**$ 14,162**	$ 15,030	$ 10,915	**$ 41,939**	$ 35,011

Net policyholder benefits, dividends and experience refunds include life and health claims, policy surrenders, maturities, annuity payments, segregated fund guarantee payments, policyholder dividends and experience refund payments. The amounts do not include benefit payments for ASO contracts, segregated funds or mutual funds.

For the three months ended September 30, 2022, net policyholder benefits, dividends and experience refunds were $14.2 billion, an increase of $3.2 billion from the same quarter last year, driven by higher net policyholder benefits. The increase in net policyholder benefits was primarily due to the addition of the Prudential business in the U.S. segment as well as new reinsurance agreements and volume changes relating to existing business in the Capital and Risk Solutions segment.

For the nine months ended September 30, 2022, net policyholder benefits, dividends and experience refunds were $41.9 billion, an increase of $6.9 billion from the same period last year driven by higher net policyholder benefits. The increase in net policyholder benefits was primarily due to the same reasons discussed for the in-quarter results.

CONSOLIDATED FINANCIAL POSITION

ASSETS

Assets under administration[1]

	As at September 30, 2022				
	Canada	**United States**	**Europe**	**Capital and Risk Solutions**	**Total**
Assets					
Invested assets	**$ 87,924**	**$ 101,676**	**$ 36,811**	**$ 7,696**	**$ 234,107**
Goodwill and intangible assets	**5,775**	**8,269**	**2,943**	**—**	**16,987**
Other assets	**5,605**	**30,345**	**8,741**	**7,569**	**52,260**
Investments on account of segregated fund policyholders	**89,892**	**162,730**	**116,788**	**—**	**369,410**
Total assets	**189,196**	**303,020**	**165,283**	**15,265**	**672,764**
Other assets under management[2]	**3,964**	**268,428**	**46,749**	**—**	**319,141**
Total assets under management[1]	**193,160**	**571,448**	**212,032**	**15,265**	**991,905**
Other assets under administration[2]	**25,505**	**1,356,223**	**10,640**	**—**	**1,392,368**
Total assets under administration[1]	**$ 218,665**	**$ 1,927,671**	**$ 222,672**	**$ 15,265**	**$ 2,384,273**

	As at December 31, 2021				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 92,400	$ 55,376	$ 48,669	$ 9,359	$ 205,804
Goodwill and intangible assets	5,722	5,826	3,047	—	14,595
Other assets	4,323	30,090	10,220	8,037	52,670
Investments on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total assets	203,982	208,211	200,899	17,396	630,488
Other assets under management[2]	5,742	310,933	60,480	—	377,155
Total assets under management[1]	209,724	519,144	261,379	17,396	1,007,643
Other assets under administration[2,3]	29,615	1,241,974	12,360	—	1,283,949
Total assets under administration[1,3]	$ 239,339	$ 1,761,118	$ 273,739	$ 17,396	$ 2,291,592

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

Total assets under administration (AUA) at September 30, 2022 increased by $93 billion to $2.4 trillion compared to December 31, 2021, primarily due to the Prudential acquisition during the second quarter of 2022 as well as the impact of currency movement in the U.S. segment, partially offset by the impacts of lower equity market levels, higher interest rates and the impact of currency movement in the Europe segment. The Prudential acquisition added $118 billion in total assets, $1 billion in other assets under management and $259 billion in other assets under administration to the U.S. segment as at September 30, 2022.

For additional details on assets acquired through business acquisitions, refer to "Business Acquisitions", note 3 in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022.

Invested Assets

The Company manages its general fund assets to support the cash flow, liquidity and profitability requirements of the Company's insurance and investment products. The Company's investment policies are designed to be prudent and conservative, so that assets are not unduly exposed to concentration, credit or market risks. Within the framework of the Company's policies, the Company implements strategies and reviews and adjusts them on an ongoing basis considering liability cash flows and capital market conditions. The majority of investments of the general fund are in medium-term and long-term fixed-income investments, primarily bonds and mortgages, reflecting the characteristics of the Company's liabilities.

Bond portfolio – It is the Company's policy to acquire primarily investment grade bonds subject to prudent and well-defined investment policies. Modest investments in below investment grade rated securities may occur while not changing the overall discipline and conservative approach to the investment strategy. The total bond portfolio, including short-term investments, was $156.2 billion or 67% of invested assets at September 30, 2022 compared to $140.6 billion or 68% at December 31, 2021. The increase in the bond portfolio was primarily due to bonds acquired through the Prudential transaction, partially offset by a decline in fair values resulting from an increase in bond yields across all geographies. The overall quality of the bond portfolio remained high, with 99% of the portfolio rated investment grade and 70% rated A or higher.

Bond credit ratings reflect bond rating agency activity up to September 30, 2022. Management continues to closely monitor bond rating agency activity and general market conditions as economies emerge from the pandemic and are now being impacted by geopolitical tensions.

Bond portfolio quality

	As at Sept. 30, 2022		As at Dec. 31, 2021	
AAA	**$ 24,135**	**15 %**	$ 20,254	14 %
AA	**31,380**	**20**	35,460	25
A	**53,977**	**35**	48,764	35
BBB	**44,871**	**29**	35,098	25
BB or lower	**1,799**	**1**	1,036	1
Total	**$ 156,162**	**100 %**	$ 140,612	100 %

At September 30, 2022, non-investment grade bonds were $1.8 billion or 1.2% of the bond portfolio compared to $1.0 billion or 0.7% of the bond portfolio at December 31, 2021. The increase in non-investment grade bonds was primarily due to bonds acquired through the Prudential transaction.

Mortgage portfolio – It is the Company's practice to acquire high quality commercial mortgages meeting strict underwriting standards and diversification criteria. The Company has a well-defined risk-rating system, which it uses in its underwriting and credit monitoring processes for commercial loans. Residential loans are originated by the Company's mortgage specialists in accordance with well-established underwriting standards and are well diversified across each geographic region, including specific diversification requirements for non-insured mortgages. Equity release mortgages are originated in the Europe segment following well-defined lending criteria and held in the Canada, Europe and Capital and Risk Solutions segments. Equity release mortgages are loans provided to people who want to continue living in their homes while accessing some of the underlying equity value in their homes. Loans are typically repaid when the borrower dies or moves into long-term care.

Mortgage portfolio

Mortgage loans by type	As at September 30, 2022 Insured[1]	Non-insured	Total		As at Dec. 31, 2021 Total	
Single family residential	$ 430	$ 1,457	$ 1,887	5 %	$ 1,979	7 %
Multi-family residential	2,675	7,686	10,361	27	7,601	26
Equity release	—	2,626	2,626	7	2,609	9
Commercial	102	23,792	23,894	61	16,663	58
Total	$ 3,207	$ 35,561	$ 38,768	100 %	$ 28,852	100 %

1 Insured mortgages include mortgages where insurance is provided by a third party and protects the Company in the event that the borrower is unable to fulfill their mortgage obligations.

The total mortgage portfolio was $38.8 billion or 17% of invested assets at September 30, 2022, compared to $28.9 billion or 14% of invested assets at December 31, 2021. The increase in the mortgage portfolio was primarily related to mortgages acquired through the Prudential transaction. At September 30, 2022, total insured loans were $3.2 billion or 8% of the mortgage portfolio, compared to $3.6 billion or 13% at December 31, 2021.

Provision for future credit losses

As a component of insurance contract liabilities, the total actuarial provision for future credit losses is determined consistent with the Canadian Institute of Actuaries' Standards of Practice and includes provisions for adverse deviation. The provisions reflect the current credit ratings and potential future rating migration. No provision is held for government or government related debt rated A+ or higher where the issuer is monetarily sovereign.

At September 30, 2022, the total actuarial provision for future credit losses in insurance contract liabilities was $3,359 million compared to $3,271 million at December 31, 2021, an increase of $88 million, primarily due to the acquisition of Prudential, partially offset by interest rate movements and the impact of currency movements.

The aggregate of impairment provisions of $54 million ($33 million at December 31, 2021) and actuarial provision for future credit losses in insurance contract liabilities of $3,359 million ($3,271 million at December 31, 2021) represents 1.7% of bond and mortgage assets, including funds held by ceding insurers, at September 30, 2022 (1.8% at December 31, 2021).

Derivative Financial Instruments

During the third quarter of 2022, there were no major changes to the Company's policies and procedures with respect to the use of derivative financial instruments. The Company’s derivative transactions are generally governed by the International Swaps and Derivatives Association (ISDA) Master Agreement, which provide for legally enforceable set-off and close-out netting of exposure to specific counterparties in the event of an early termination of a transaction, which includes, but is not limited to, events of default and bankruptcy. In the event of an early termination, the Company is permitted to set off receivables from a counterparty against payables to the same counterparty, in the same legal entity, arising out of all included transactions. The Company’s ISDA Master Agreement may include Credit Support Annex provisions, which require both the pledging and accepting of collateral in connection with its derivative transactions.

At September 30, 2022, total financial collateral, including initial margin and overcollateralization, received on derivative assets was $2,428 million ($318 million at December 31, 2021) and pledged on derivative liabilities was $831 million ($480 million at December 31, 2021). The increase in collateral received on derivatives assets was primarily driven by the impact of the U.S. dollar strengthening against the British pound and euro on cross-currency swaps that pay British pounds and euros and receive U.S. dollars. The increase in collateral pledged on derivatives liabilities was primarily driven by the impact of increases to market interest rates on interest rate swaps that receive fixed and pay floating rates.

During the nine month period ended September 30, 2022, the outstanding notional amount of derivative contracts increased by $11.2 billion to $47.8 billion, primarily due to increases to cross-currency swaps related to the Prudential acquisition and regular hedging activities.

The Company’s exposure to derivative counterparty credit risk, which reflects the current fair value of those instruments in a gain position, increased to $3,609 million at September 30, 2022 from $967 million at December 31, 2021. The increase was primarily driven by the impact of the U.S. dollar strengthening against the British pound and euro on cross-currency swaps that pay British pounds and euros and receive U.S. dollars. There were no changes to derivative counterparty ratings during the third quarter of 2022 and all had investment grade ratings as of September 30, 2022.

LIABILITIES

Total liabilities

	As at Sept. 30, 2022	As at Dec. 31, 2021
Insurance and investment contract liabilities	**$ 245,867**	$ 220,833
Other general fund liabilities	**26,126**	21,753
Investment and insurance contracts on account of segregated fund policyholders	**369,410**	357,419
Total	**$ 641,403**	$ 600,005

Total liabilities increased by $41.4 billion to $641.4 billion at September 30, 2022 from December 31, 2021.

Insurance and investment contract liabilities increased by $25.0 billion. The increase was primarily due to $44.3 billion acquired through the Prudential acquisition and the impact of currency movement due to the strengthening of the U.S dollar, partially offset by fair value adjustments.

Investment and insurance contracts on account of segregated fund policyholders increased by $12.0 billion, primarily due to the segregated fund policyholders acquired through the Prudential acquisition of $77.7 billion. The increase was partially offset by net market value declines on investments of $74.2 billion, negative impacts of currency movement of $4.9 billion and net withdrawals of $4.5 billion.

Other general fund liabilities increased by $4.4 billion, primarily due to an increase of $2.6 billion in other liabilities, which was driven by an increase in collateral held on derivatives. In addition, debentures and other debt instruments increased by $1.2 billion and derivative financial instruments increased $1.1 billion.

Insurance and investment contract liabilities represent the amounts that, together with estimated future premiums and investment income, will be sufficient to pay estimated future benefits, dividends and expenses on policies in-force. Insurance and investment contract liabilities are determined using generally accepted actuarial practices, according to standards established by the Canadian Institute of Actuaries. Also, refer to the "Summary of Critical Accounting Estimates" section of the 2021 Annual MD&A for further details.

Segregated Fund and Variable Annuity Guarantees

The Company offers retail segregated fund products, unitized with profits (UWP) products and variable annuity products that provide for certain guarantees tied to the market values of the investment funds.

Guaranteed minimum withdrawal benefit (GMWB) products offered by the Company in the U.S. and Germany, and previously offered in Canada and Ireland, provide the policyholder with a guaranteed minimum level of annual income for life. The Company has a hedging program in place to manage a portion of the market and interest rate risk associated with options embedded in its GMWB products. At September 30, 2022, the amount of GMWB product in-force in Canada, the U.S., Ireland and Germany was $6,797 million ($3,316 million at December 31, 2021). The increase in the in-force amount was primarily a result of the Prudential acquisition in the U.S. segment.

Segregated fund and variable annuity guarantee exposure

		September 30, 2022			
		Investment deficiency by benefit type			
	Market Value	Income	Maturity	Death	Total[1]
Canada	$ 31,877	$ 1	$ 36	$ 673	$ 673
United States	23,279	1,064	—	28	1,092
Europe	9,614	31	—	1,295	1,295
Capital and Risk Solutions[2]	657	188	—	—	188
Total	**$ 65,427**	**$ 1,284**	**$ 36**	**$ 1,996**	**$ 3,248**

1 A policy can only receive a payout from one of the three trigger events (income election, maturity or death). Total deficiency measures the point-in-time exposure assuming the most costly trigger event for each policy occurred on September 30, 2022.

2 Capital and Risk Solutions exposure is to markets in Canada and the U.S.

Investment deficiency at September 30, 2022 of $3,248 million increased by $2,286 million compared to December 31, 2021, primarily due to a decrease in market values and the Prudential acquisition in the U.S. The investment deficiency measures the point-in-time exposure to a trigger event (i.e., income election, maturity or death) assuming it occurred on September 30, 2022 and does not include the impact of the Company's hedging program for GMWB products. The actual cost to the Company will depend on the trigger event having occurred and the market values at that time. The actual claims before tax associated with these guarantees were $5 million in-quarter ($2 million for the third quarter of 2021) and $9 million year-to-date ($7 million year-to-date for 2021), with the majority arising in the Capital and Risk Solutions segment related to a legacy block of business.

LIFECO CAPITAL STRUCTURE

In establishing the appropriate mix of capital required to support the operations of the Company and its subsidiaries, management utilizes a variety of debt, equity and other hybrid instruments considering both the short and long-term capital needs of the Company.

Debentures and Other Debt Instruments

At September 30, 2022, debentures and other debt instruments increased by $1,176 million to $9,980 million compared to December 31, 2021.

On March 30, 2022, Great-West Lifeco U.S LLC, a subsidiary of the Company, established a 2-year US$500 million non-revolving credit facility. The facility is fully and unconditionally guaranteed by the Company. To finance a portion of the Prudential retirement service business acquisition, $645 million (US$500 million) facility was fully drawn, along with $416 million (US$323 million) from an existing revolving credit facility on the acquisition date. On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of US$150 million on its existing revolving credit facility. As at September 30, 2022, the $690 million (US$500 million) facility was fully drawn, along with $238 million (US$173 million) from the existing revolving credit facility.

Share Capital and Surplus

Share capital outstanding at September 30, 2022 was $10,010 million, which comprises $5,790 million of common shares and $2,720 million of preferred shares, and $1,500 million Limited Recourse Capital Notes (LRCN Series 1). Preferred shares included $2,470 million of non-cumulative fixed rate First Preferred Shares and $250 million of non-cumulative 5-year rate reset First Preferred Shares.

The Company renewed its normal course issuer bid (NCIB) effective January 27, 2022 for one year to purchase and cancel up to but not more than 20,000,000 of its common shares at market prices in order to mitigate the dilutive effect of stock options granted under the Company's Stock Option Plan and for other capital management purposes. During the nine months ended September 30, 2022, the Company did not purchase any common shares under the current NCIB (nil during the nine months ended September 30, 2021 under the previous NCIB).

LIQUIDITY AND CAPITAL MANAGEMENT AND ADEQUACY

LIQUIDITY

Total Liquid Assets

	As at September 30, 2022		
	On-balance sheet assets	**Non-liquid/ Pledged**	**Net liquid assets**
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	**$ 8,636**	**$ 105**	**$ 8,531**
Short-term bonds[2]	**3,555**	**32**	**3,523**
Sub-total	**$ 12,191**	**$ 137**	**$ 12,054**
Other assets and marketable securities			
Government bonds[2]	**$ 39,011**	**$ 10,784**	**$ 28,227**
Corporate bonds[2]	**113,596**	**55,308**	**58,288**
Stocks[1]	**13,264**	**2,752**	**10,512**
Mortgage loans[1]	**38,768**	**35,663**	**3,105**
Sub-total	**$ 204,639**	**$ 104,507**	**$ 100,132**
Total	**$ 216,830**	**$ 104,644**	**$ 112,186**

	As at December 31, 2021		
	On-balance sheet assets	Non-liquid/ Pledged	Net liquid assets
Cash, cash equivalents and short-term bonds			
Cash and cash equivalents[1]	$ 6,075	$ 32	$ 6,043
Short-term bonds[3]	5,671	1,923	3,748
Sub-total	$ 11,746	$ 1,955	$ 9,791
Other assets and marketable securities			
Government bonds[3]	$ 47,126	$ 11,795	$ 35,331
Corporate bonds[3]	87,815	37,324	50,491
Stocks[1]	14,183	1,759	12,424
Mortgage loans[1]	28,852	25,446	3,406
Sub-total	$ 177,976	$ 76,324	$ 101,652
Total	$ 189,722	$ 78,279	$ 111,443

1 Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for on-balance sheet amounts.
2 Total short-term bonds, government bonds and corporate bonds as at September 30, 2022 was $156.2 billion. Refer to the consolidated balance sheet in the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022 for on-balance sheet bonds amounts.
3 Refer to note 8(ii) in the Company's 2021 annual consolidated financial statements for on-balance sheet amounts.

The Company's liquidity requirements are largely self-funded, with short-term obligations being met by internal funds and maintaining levels of liquid investments adequate to meet anticipated liquidity needs. The Company holds cash, cash equivalents and short-term bonds at the Lifeco holding company level and with the Lifeco consolidated subsidiary companies. At September 30, 2022, the Company and its operating subsidiaries held liquid cash, cash equivalents and short-term bonds of $12.1 billion ($9.8 billion at December 31, 2021) and other liquid assets and marketable securities of $100.1 billion ($101.7 billion at December 31, 2021). Included in the cash, cash equivalents and short-term bonds at September 30, 2022 was $0.3 billion ($0.6 billion at December 31, 2021) held at the Lifeco holding company level which includes cash at Great-West Lifeco U.S. LLC, the Company's U.S. holding company. In addition, the Company maintains committed lines of credit with Canadian chartered banks for potential unanticipated liquidity needs, if required.

The Company does not have a formal common shareholder dividend policy. The Company maintains a target dividend payout ratio range of 45% to 55% of base earnings that is considered in dividend decisions. Dividends on outstanding common shares of the Company are declared and paid at the sole discretion of the Board of Directors of the Company. The decision to declare a dividend on the common shares of the Company takes into account a variety of factors including the level of earnings, adequacy of capital and availability of cash resources.

As a holding company, the Company's ability to pay dividends and, in part, its ability to deploy capital is dependent upon the Company receiving dividends from its operating subsidiaries. The Company's operating subsidiaries are subject to regulation in a number of jurisdictions, each of which maintains its own regime for determining the amount of capital that must be held in connection with the different businesses carried on by the operating subsidiaries. The requirements imposed by the regulators in any jurisdiction may change from time to time, and thereby impact the ability of the operating subsidiaries to pay dividends to the Company.

CASH FLOWS

Cash flows

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
Cash flows relating to the following activities:				
Operations	**$ 1,593**	$ 5,689	**$ 5,552**	$ 8,544
Financing	**(660)**	439	**(655)**	(567)
Investment	**(549)**	(6,036)	**(2,604)**	(9,011)
	384	92	**2,293**	(1,034)
Effects of changes in exchange rates on cash and cash equivalents	**328**	90	**268**	(22)
Increase (decrease) in cash and cash equivalents in the period	**712**	182	**2,561**	(1,056)
Cash and cash equivalents, beginning of period	**7,924**	6,708	**6,075**	7,946
Cash and cash equivalents, end of period	**$ 8,636**	$ 6,890	**$ 8,636**	$ 6,890

The principal source of funds for the Company on a consolidated basis is cash provided by operating activities, including premium income, net investment income and fee income. These funds are used primarily to pay policy benefits, policyholder dividends and claims, as well as operating expenses and commissions. Cash flows generated by operations are mainly invested to support future liability cash requirements. Cash flows related to financing activities include the issuance and repayment of capital instruments and associated dividends and interest payments.

In the third quarter of 2022, cash and cash equivalents increased by $0.7 billion from June 30, 2022. Cash flows provided by operations during the third quarter of 2022 were $1.6 billion, a decrease of $4.1 billion compared to the third quarter of 2021. Cash flows used in financing of $0.7 billion were primarily used for the payments of dividends to common and preferred shareholders of $0.5 billion and a decrease in the line of credit of a subsidiary of $0.2 billion. For the three months ended September 30, 2022, net cash outflows were used by the Company to acquire an additional $0.5 billion of investment assets.

For the nine months ended September 30, 2022, cash and cash equivalents increased by $2.6 billion from December 31, 2021. Cash flows provided by operations were $5.6 billion, a decrease of $3.0 billion compared to the same period in 2021. Cash flows used in financing were primarily used for the payment of dividends to common and preferred shareholders of $1.5 billion, offset by an increase in the line of credit of a subsidiary of $0.8 billion. For the nine months ended September 30, 2022, cash outflows of $2.6 billion were used by the Company to acquire an additional $2.6 billion of investment assets and included cash outflows of $2.1 billion for the Prudential acquisition.

COMMITMENTS/CONTRACTUAL OBLIGATIONS

Commitments/contractual obligations have not changed materially from December 31, 2021.

CAPITAL MANAGEMENT AND ADEQUACY

At the holding company level, the Company monitors the amount of consolidated capital available and the amounts deployed in its various operating subsidiaries. The amount of capital deployed in any particular company or country is dependent upon local regulatory requirements as well as the Company's internal assessment of capital requirements in the context of its operational risks and requirements and strategic plans. The Company's practice is to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate. The capitalization decisions of the Company and its operating subsidiaries also give consideration to the impact such actions may have on the opinions expressed by various credit rating agencies that provide financial strength and other ratings to the Company.

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries, known as the Life Insurance Capital Adequacy Test (LICAT). The LICAT Ratio is calculated in accordance with OSFI guidelines.

The LICAT Ratio compares the regulatory capital resources of a company to its required capital. The required capital is calibrated so that a life insurer can both withstand severe stress events and support the continuity of existing business. The LICAT guideline uses a risk-based approach for measuring specific life insurer risks and for aggregating the results to calculate the amount of a life insurer's capital requirements.

OSFI has established a Supervisory Target Total Ratio of 100%, and a Supervisory Minimum Total Ratio of 90%. The internal target range of the LICAT Ratio for Lifeco's major Canadian operating subsidiary, Canada Life, is 110% to 120% (on a consolidated basis).

Canada Life's consolidated LICAT Ratio at September 30, 2022 was 118% (124% at December 31, 2021). The LICAT Ratio does not take into account any impact from $0.3 billion of liquidity at the Lifeco holding company level at September 30, 2022 ($0.6 billion at December 31, 2021).

The following provides a summary of the LICAT information and ratios for Canada Life:

LICAT Ratio

	Sept. 30 2022	Dec. 31 2021
Tier 1 Capital	**$ 12,199**	$ 12,584
Tier 2 Capital	**4,624**	4,417
Total Available Capital	**16,823**	17,001
Surplus Allowance & Eligible Deposits	**10,297**	13,225
Total Capital Resources	**$ 27,120**	$ 30,226
Required Capital	**$ 22,914**	$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%)[1]	**118 %**	124 %

[1] Total Ratio (%) = (Total Capital Resources / Required Capital)

The LICAT Ratio increased by 1 point in the quarter from 117% at June 30, 2022 to 118% at September 30, 2022. The main drivers of the increase were the impact of earnings less dividends and decreased capital requirements from both in-quarter business activity and the ongoing phasing in of the LICAT interest rate scenario shift in North America. This increase was partially offset by the impact of interest rate movements on capital requirements and capital resources.

LICAT Interest Rate Scenario Shift
The LICAT interest rate risk capital requirements are based on the results of the most adverse of four scenarios. The determination of the most adverse scenario is dependent on government treasury rates and credit spreads, as well as the position of the Company's assets and liabilities. A shift in the interest rate scenario applied in the LICAT calculation can result in a discontinuity where capital requirements can change materially. OSFI prescribes a calculation to smooth potential volatility in the interest rate risk capital requirement for participating insurance products. The smoothing calculation averages the participating interest rate risk capital requirements over the trailing six quarters, thereby reducing unwarranted volatility.

The Company last experienced a shift in the interest rate scenario in North America during the fourth quarter of 2021. As a result of the scenario change, a smoothing of the impact of reduced requirements for participating interest rate risk will continue to occur over the next two quarters. Assuming the Company remains on the current scenario, the smoothing calculation is expected to increase the Canada Life LICAT Ratio by approximately one point per quarter for the next two quarters, when the scenario shift is fully incorporated into results.

LICAT Sensitivities

Caution Related to Sensitivities
This section includes estimates of Canada Life's consolidated LICAT Ratio sensitivities for certain risks. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered;
- Changes in actuarial, investment return and future investment activity assumptions;
- Actual experience differing from the assumptions;
- Changes in business mix, effective income tax rates and other market factors;
- Interactions among these factors and assumptions when more than one changes; and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on the Canada Life consolidated LICAT Ratio will be as indicated.

LICAT sensitivities are rounded to the nearest point.

Publicly Traded Common Stocks
The following table sets out the estimated immediate impact to Canada Life's consolidated LICAT Ratio of certain instantaneous changes in publicly traded common stock values as at September 30, 2022. These sensitivity estimates assume instantaneous shocks, followed by a return to historical average growth levels for broader equity markets. The sensitivity estimates relate to publicly traded common stocks and do not cover other non-fixed income assets. These estimates are illustrative as actual equity exposures may vary due to active management of the public stock portfolios.

Immediate change in publicly traded common stock values				
	September 30, 2022			
	20% increase	**10% increase**	**10% decrease**	**20% decrease**
Potential increase (decrease) on LICAT Ratio	0 point	0 point	(1 point)	(3 points)

<u>Interest Rates</u>
Canada Life's consolidated LICAT Ratio will generally reduce in an environment of rising interest rates and benefit from declining rates. Higher interest rates will decrease the fair value of the Company's surplus assets and other regulatory capital resources including actuarial margins within the Surplus Allowance. However, LICAT uses static interest rates for the calculation of insurance risk capital requirements, and hence these capital requirements do not change with interest rate movements. This means that while rising interest rates are generally favourable for the Company, they will lead to a decrease in the calculated LICAT ratio.

The sensitivity estimates shown here are illustrative. The impacts shown are based on a parallel shift in the interest rate yield curve. Actual movement in credit spreads or government treasury rates may produce different movements in Canada Life's consolidated LICAT Ratio. Sensitivity to interest rates is dependent on many factors and may result in non-linear impacts to the LICAT Ratio. These sensitivities do not include a change in the ultimate interest rates outlined in Actuarial Standards or the impact of a LICAT interest rate risk scenario shift.

Immediate parallel shift in yield curve		
	September 30, 2022	
	50 bps increase	**50 bps decrease**
Potential increase (decrease) on LICAT Ratio	(2 points)	2 points

OSFI Regulatory Capital Initiatives
The International Accounting Standards Board (IASB) has issued IFRS 17, which will replace IFRS 4 with an effective date of January 1, 2023. Refer to the "Accounting Policies - International Financial Reporting Standards" section of the Company's 2021 Annual MD&A for further details.

On July 21, 2022, OSFI released the 2023 LICAT Guideline, as amended for reporting under IFRS 17. The Company will first report under this guideline for the March 31, 2023 reporting period. Based on an initial review of the guideline under the current market and economic conditions, the Company expects a positive impact to the ratio[1].

OSFI is developing a new approach, to be implemented in 2025, to determine capital requirements for Segregated Fund Guarantee Risk. The Company will continue to participate in future public consultations relating to these developments.

[1] Actual impact will depend on market and economic conditions and the Company's operating results at the time of transition.

RETURN ON EQUITY (ROE)[1]

	Sept. 30 2022	June 30 2022	Sept. 30 2021
Base Return on Equity[2]			
Canada	**15.4 %**	16.1 %	17.3 %
U.S. Financial Services	**10.3 %**	10.1 %	11.6 %
U.S. Asset Management (Putnam)	**0.8 %**	3.1 %	4.7 %
Europe	**16.0 %**	16.1 %	13.2 %
Capital and Risk Solutions	**25.3 %**	34.5 %	33.9 %
Total Lifeco Base Earnings Basis[2]	**13.5 %**	14.5 %	14.5 %
Return on Equity[1]			
Canada	**13.7 %**	16.0 %	16.3 %
U.S. Financial Services	**6.4 %**	5.9 %	7.7 %
U.S. Asset Management (Putnam)	**0.8 %**	3.1 %	15.6 %
Europe	**17.3 %**	18.7 %	16.1 %
Capital and Risk Solutions	**30.1 %**	33.0 %	36.5 %
Total Lifeco Net Earnings Basis[1]	**12.7 %**	13.7 %	14.9 %

The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit consistent with the consolidated Company.

RATINGS

Lifeco maintains ratings from five independent ratings companies. Credit ratings[3] are intended to provide investors with an independent measure of the credit quality of a corporation and securities of a corporation, and are indicators of the likelihood of payment and the capacity of a corporation to meet its obligations in accordance with the terms of each obligation.

In the third quarter of 2022, the existing credit ratings for Lifeco and its major operating subsidiaries were unchanged[3]. The Company continued to receive strong ratings relative to its North American peer group resulting from its conservative risk profile, stable net earnings and strong capitalization.

Lifeco's operating companies are assigned a group rating from each rating agency. This group rating is predominantly supported by the Company's leading position in the Canadian insurance market and competitive positions in the U.S. and European markets. Each of Lifeco's operating companies benefits from the strong implicit financial support and collective ownership by Lifeco.

[1] Refer to the "Glossary" section of this document for additional details on the composition of this measure.
[2] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[3] These ratings are not a recommendation to buy, sell or hold the securities of the Company or its subsidiaries 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 agency.

Rating agency	Measurement	Lifeco	Canada Life	Irish Life	Empower
A.M. Best Company	Financial Strength		A+		A+
DBRS Morningstar	Issuer Rating	A (high)	AA		
	Financial Strength		AA		NR
	Senior Debt	A (high)			
	Subordinated Debt	A (low)	AA (low)		
Fitch Ratings	Insurer Financial Strength		AA	AA	AA
	Senior Debt	A			
	Subordinated Debt	BBB+	A+		
Moody's Investors Service	Insurance Financial Strength		Aa3		Aa3
S&P Global Ratings	Insurer Financial Strength		AA		AA
	Senior Debt	A+			
	Subordinated Debt	A-	AA-		

SEGMENTED OPERATING RESULTS

The consolidated operating results of Lifeco, including the comparative figures, are presented on an IFRS basis after capital allocation. Consolidated operating results for Lifeco comprise the net earnings of Canada Life and its operating subsidiaries, Empower (Financial Services) and Putnam (Asset Management), together with Lifeco's corporate results. The following sections analyze the performance of Lifeco's four major reportable segments: Canada, United States (U.S.), Europe, and Capital and Risk Solutions.

TRANSLATION OF FOREIGN CURRENCY

For the United States, Europe and Capital and Risk Solutions segments, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period.

CANADA

The Canada segment of Lifeco includes the operating results of the Canadian businesses operated by Canada Life, together with an allocation of a portion of Lifeco's corporate results. There are two primary business units included in this segment. Through the Individual Customer business unit, the Company provides life, disability and critical illness insurance products as well as wealth savings and income products to individual clients. Through the Group Customer business unit, the Company provides life, accidental death and dismemberment, disability, critical illness, health and dental protection, creditor insurance as well as retirement savings and income and annuity products and other specialty products to group clients in Canada.

Developments

- During the third quarter of 2022, Canada Life announced the expansion of operations to Bangalore, India. The expansion leverages existing Empower operations to drive efficiency and adds to our existing Canadian Benefits Payment back office and resource complement, allowing the Company to process claims for Canadians nearly 24 hours a day, five days a week, to keep pace with customer expectations and deliver an improved member experience.
- During the third quarter of 2022, Canada Life became the Winnipeg Jets' jersey patch partner, as part of a multi-year partnership with the National Hockey League's new Jersey Advertising Program where the Winnipeg Jets will display the Canada Life logo on their jerseys starting in the 2022-2023 season.
- On October 1, 2022, Plan Member as Customers was rebranded as Freedom Experience. The Company is leveraging this brand by renaming several direct-to-consumer products distributed by Group Customer with the Freedom brand. A dedicated team will be focused on distributing these products and bringing the Freedom Experience to Canadians.

Selected Financial Information - Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings (loss)[1]					
Individual Customer	**$ 91**	$ 96	$ 140	**$ 311**	$ 440
Group Customer	**178**	207	168	**523**	511
Canada Corporate	**14**	(7)	4	**17**	(48)
Base earnings[1]	**$ 283**	$ 296	$ 312	**$ 851**	$ 903
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**$ (120)**	$ 1	$ (11)	**$ (119)**	$ (30)
Market-related impacts on liabilities[2]	**(3)**	4	4	**4**	7
Net earnings - common shareholders	**$ 160**	$ 301	$ 305	**$ 736**	$ 880
Sales[2]					
Individual Insurance	**$ 93**	$ 97	$ 93	**$ 283**	$ 301
Individual Wealth	**1,988**	2,364	2,402	**7,299**	8,194
Group Insurance	**116**	101	101	**472**	478
Group Wealth	**890**	657	870	**2,556**	2,571
Sales[2]	**$ 3,087**	$ 3,219	$ 3,466	**$ 10,610**	$ 11,544
Wealth Management net cash flows[2]					
Individual Customer	**$ (756)**	$ (412)	$ 447	**$ (995)**	$ 992
Group Customer	**203**	86	(241)	**830**	(743)
Wealth Management net cash flows[2]	**$ (553)**	$ (326)	$ 206	**$ (165)**	$ 249
Fee and other income					
Individual Customer	**$ 281**	$ 284	$ 296	**$ 857**	$ 846
Group Customer	**201**	206	197	**615**	577
Canada Corporate	**8**	8	16	**24**	47
Fee and other income	**$ 490**	$ 498	$ 509	**$ 1,496**	$ 1,470
Total assets	**$ 189,196**	$ 188,037	$ 197,244		
Other assets under management[2,3]	**3,964**	4,050	5,534		
Total assets under management[1]	**193,160**	192,087	202,778		
Other assets under administration[2,4]	**25,505**	25,800	32,642		
Total assets under administration[1,4]	**$ 218,665**	$ 217,887	$ 235,420		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 At September 30, 2022, other assets under management excluded $2.8 billion in proprietary mutual funds accounted for as investments on account of segregated fund policyholders ($2.9 billion at June 30, 2022 and $2.3 billion at September 30, 2021). Excluding this consolidation adjustment, other assets under management were $6.8 billion at September 30, 2022 ($6.9 billion at June 30, 2022 and $7.8 billion at September 30, 2021).
4 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration.

Base and net earnings
In the third quarter of 2022, the Canada segment's net earnings of $160 million decreased by $145 million compared to the same quarter last year. Base earnings of $283 million decreased by $29 million compared to the same quarter last year, primarily due to lower fee income driven by lower assets, less favourable long-term disability experience in Group Customer and less favourable mortality and morbidity experience in Individual Customer, partially offset by higher earnings on surplus.

Items excluded from base earnings were negative $123 million compared to negative $7 million for the same quarter last year. Actuarial assumption changes and other management actions of negative $120 million decreased by $109 million compared to the same quarter last year and were primarily related to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. Market-related impacts were negative $3 million compared to positive $4 million for the same quarter last year.

For the nine months ended September 30, 2022, net earnings decreased by $144 million to $736 million compared to the same period last year. Base earnings of $851 million decreased by $52 million compared to the same period last year, due to the same reasons discussed for the in-quarter results, as well as lower policyholder behaviour experience in Individual Customer.

For the nine months ended September 30, 2022, items excluded from base earnings were negative $115 million compared to negative $23 million for the same period last year. Actuarial assumption changes and other management actions of negative $119 million decreased by $89 million compared to the same period last year and were primarily related to updated policyholder behaviour assumptions, partially offset by mortality updates and model refinements. Market-related impacts were positive $4 million compared to positive $7 million for the same period last year.

For the third quarter of 2022, net earnings attributable to the participating account were $156 million compared to net earnings of $108 million for the same quarter last year. The change was primarily due to a more favourable impact of actuarial assumption changes, partially offset by lower surplus income.

For the nine months ended September 30, 2022, net earnings attributable to the participating account were $179 million compared to net earnings of $329 million for the same period last year, primarily due to a less favourable impact of actuarial assumption changes, as well as lower surplus income and lower impact of new business.

Sales
Sales for the third quarter of 2022 of $3.1 billion decreased by $0.4 billion compared to the same quarter last year, primarily due to lower individual mutual fund and segregated fund sales.

For the nine months ended September 30, 2022, sales decreased by $0.9 billion to $10.6 billion compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

In the third quarter of 2022, wealth management net cash outflows were $553 million compared to net inflows of $206 million for the same quarter last year. The decrease was primarily due to lower segregated fund and mutual fund deposits and higher mutual fund withdrawals in Individual Customer, partially offset by the non-recurrence of a large group termination in the same quarter last year.

Net cash outflows for the nine months ended September 30, 2022 were $165 million compared to net inflows of $249 million for the same period last year, primarily due to the same reasons discussed for in-quarter results.

Fee and other income
Fee and other income for the third quarter of 2022 of $490 million decreased by $19 million compared to the same quarter last year. The decrease was primarily due to a decrease in fee income from wealth management businesses as a result of lower asset levels and in Canada Corporate as a result of the sale of EverWest Real Estate Investors, LLC and EverWest Advisors, LLC (EverWest) in the fourth quarter of 2021. These items were partially offset by an increase in fee income in Group Customer as a result of the acquisition of ClaimSecure in the third quarter of 2021.

For the nine months ended September 30, 2022, fee and other income increased by $26 million to $1,496 million compared to the same period last year. The increase was primarily due to the acquisition of ClaimSecure in the third quarter of 2021, partially offset by a decrease in Canada Corporate as discussed for the in-quarter results.

UNITED STATES

The United States segment operating results for Lifeco include the results of Empower Annuity Insurance Company of America (Empower, formerly known as Great-West Life & Annuity Insurance Company), Putnam Investments (Putnam) and the results of the insurance businesses in the U.S. branch of Canada Life, together with an allocation of a portion of Lifeco's corporate results.

Through its Financial Services business unit, and specifically the Empower brand, the Company provides an array of financial security products, including employer-sponsored defined contribution plans, administrative and recordkeeping services, individual retirement accounts, fund management as well as investment and advisory services. In addition, a retained block of life insurance, predominately participating policies, which are now administered by Protective Life, as well as a closed retrocession block of life insurance are also included in the Financial Services business unit.

Through its Asset Management business unit, and specifically the Putnam brand, the Company provides investment management services and related administrative functions and distribution services, through a broad range of investment products.

Developments

Financial Services Developments

- On April 1, 2022, Empower completed the acquisition of the full-service retirement services business of Prudential Financial, Inc. (Prudential). With the completion of the acquisition, Empower's reach in the U.S. has expanded to approximately 70,000 workplace savings plans as of September 30, 2022.

  The Company funded the total transaction value of US$3,480 million with US$1,193 million of limited recourse capital notes and US$823 million of short-term debt, in addition to existing resources.

  Empower anticipates realizing cost synergies through the migration of Prudential's retirement services business onto Empower's recordkeeping platform. Estimated run-rate cost synergies of US$180 million are expected to be phased in over 24 months primarily when systems migrations are completed. As of September 30, 2022, US$43 million of pre-tax run rate cost synergies have been achieved. Revenue synergies of US$20 million are expected on a run-rate basis by the end of 2024 and are expected to grow to US$50 million by 2026.

  Empower expects to incur one-time integration and restructuring expenses of US$170 million pre-tax related to the Prudential acquisition, US$15 million pre-tax of which were incurred in the third quarter of 2022. The integration is expected to be completed in the first half of 2024.

(in US$ millions)	**For the three months ended**		**For the nine months ended**	**Total incurred to date**
	Sept. 30 2022	June 30 2022	**Sept. 30 2022**	**Sept. 30 2022**
Restructuring and integration (pre-tax)	**$ 15**	$ 35	**$ 50**	**$ 50**
Restructuring and integration (post-tax)	**11**	26	**37**	**37**
Transaction costs (pre-tax)	**25**	52	**79**	**86**
Transaction costs (post-tax)	**20**	42	**63**	**69**

- As of September 30, 2022, US$101 million of pre-tax run rate cost synergies have been achieved related to Empower's acquisition of MassMutual's retirement services business compared to US$88 million pre-tax as of June 30, 2022. Empower remains on track to achieve run rate cost synergies of US$160 million pre-tax at the end of integration in 2022 and to achieve run rate revenue synergies of US$30 million in 2023 and continue to grow beyond 2023.

Empower expects it will have incurred restructuring and integration expenses of US$125 million pre-tax related to the MassMutual acquisition by the end of integration, in line with original expectations. As of September 30, 2022, Empower has substantially completed the integration and remains on track to be completed by the end of 2022.

(in US$ millions)	For the three months ended			For the nine months ended	Total incurred to date
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	**Sept. 30 2022**
Restructuring and integration (pre-tax)	**$ 25**	$ 10	$ 19	**$ 42**	**$ 116**
Restructuring and integration (post-tax)	**18**	7	15	**31**	**87**

- As a result of the acquisition of Personal Capital in the third quarter of 2020, Empower expects to incur total integration expenses of US$57 million pre-tax. The integration is expected to be completed by the end of 2022. At September 30, 2022, Empower has recognized total pre-tax contingent consideration transaction expense of US$61 million. During the third quarter of 2022, a contingent consideration provision of US$41 million pre-tax was released, as the current growth in assets under management is below the level where further contingent consideration would be payable.

(in US$ millions)	For the three months ended			For the nine months ended	Total incurred to date
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	**Sept. 30 2022**
Restructuring and integration (pre-tax)	**$ 4**	$ 3	$ 7	**$ 13**	**$ 39**
Restructuring and integration (post-tax)	**3**	2	5	**9**	**28**
Transaction costs (pre-tax)	**(41)**	—	22	**(41)**	**61**
Transaction costs (post-tax)	**(39)**	—	20	**(39)**	**57**

- Empower assets under administration (AUA) were US$1.2 trillion at September 30, 2022 , an increase of US$0.1 trillion compared to December 31, 2021 but a decrease of US$0.1 trillion compared to June 30, 2022. Empower participant accounts have grown to 17.5 million at September 30, 2022, up from 13.0 million at December 31, 2021 and 17.4 million at June 30, 2022. The increases in AUA and participants compared to December 31, 2021 were primarily the result of the Prudential acquisition. The decrease in ending AUA compared to June 30, 2022 was primarily a result of equity market movements, partially offset by the increase in participants.

Asset Management Developments

- Putnam's ending other assets under management (AUM) at September 30, 2022 of US$157.7 billion decreased by 6% compared to June 30, 2022, while average AUM for the three months ended September 30, 2022 of US$169.9 billion decreased 15% compared to the same quarter last year.
- Putnam continues to sustain strong investment performance relative to its peers. As of September 30, 2022, approximately 79% and 76% of Putnam's fund assets performed at levels above the Lipper median on a three-year and five-year basis, respectively. In addition, 42% and 63% of Putnam's fund assets were in the Lipper top quartile on a three-year and five-year basis, respectively. Putnam has 30 funds currently rated 4 or 5 stars by Morningstar Ratings.
- During the third quarter of 2022, Putnam launched two new transparent and actively managed equity exchange traded funds (ETFs). The Putnam BDC Income ETF is concentrated on business development companies (BDCs) and Putnam BioRevolution ETF is centered on companies operating at the intersection of technology and biology. Putnam BDC Income ETF is the first actively managed BDC ETF in the marketplace.

Selected Financial Information - United States

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings[1]	**$ 204**	$ 143	$ 221	**$ 467**	$ 515
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**$ —**	$ —	$ 4	**$ —**	$ 4
Market-related impacts on liabilities[2]	**(22)**	(17)	(1)	**(41)**	(4)
Restructuring and integration costs	**(43)**	(44)	(24)	**(99)**	(51)
Transaction costs related to acquisitions	**25**	(53)	(32)	**(29)**	(57)
Net earnings - common shareholders	**$ 164**	$ 29	$ 168	**$ 298**	$ 407
Sales[2]	**$ 35,854**	$ 26,329	$ 29,173	**$ 124,990**	$ 164,480
Fee and other income	**1,095**	1,071	995	**3,115**	2,882
Base earnings (US$)[1]	**$ 156**	$ 113	$ 174	**$ 364**	$ 410
Items excluded from base earnings (US$)					
Actuarial assumption changes and other management actions[2]	**$ —**	$ —	$ 4	**$ —**	$ 4
Market-related impacts on liabilities[2]	**(18)**	(13)	(1)	**(33)**	(2)
Restructuring and integration costs	**(32)**	(35)	(20)	**(77)**	(42)
Transaction costs related to acquisitions	**19**	(42)	(25)	**(24)**	(46)
Net earnings - common shareholders (US$)	**$ 125**	$ 23	$ 132	**$ 230**	$ 324
Sales (US$)[2]	**$ 27,370**	$ 20,570	$ 23,153	**$ 97,394**	$ 130,626
Fee and other income (US$)	**836**	837	789	**2,420**	2,300
Total assets (US$)[3]	**$ 219,580**	$ 230,480	$ 163,878		
Other assets under management[2,3]	**194,513**	204,946	235,067		
Total assets under management[1,3]	**414,093**	435,426	398,945		
Other assets under administration[2,3]	**982,770**	1,020,783	929,041		
Total assets under administration (US$)[1,3]	**$ 1,396,863**	$ 1,456,209	$ 1,327,986		
Total assets under administration (C$)[1,3]	**$ 1,927,671**	$ 1,878,510	$ 1,686,542		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

3 The Prudential acquisition during the second quarter of 2022 added US$86 billion (C$118 billion) in total assets, US$1 billion (C$1 billion) in other assets under management and US$185 billion (C$259 billion) in other assets under administration as at September 30, 2022.

Financial Services Operating Results

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings[1]	**$ 214**	$ 156	$ 189	**$ 504**	$ 467
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**$ —**	$ —	$ 4	**$ —**	$ 4
Market-related impact on liabilities[2]	**(22)**	(17)	(1)	**(41)**	(4)
Restructuring and integration costs	**(22)**	(32)	(17)	**(66)**	(40)
Net earnings - common shareholders	**$ 170**	$ 107	$ 175	**$ 397**	$ 427
Sales[2]	**$ 24,720**	$ 14,783	$ 18,097	**$ 89,189**	$ 124,862
Fee and other income	**824**	797	680	**2,274**	1,967
Base earnings (US$)[1]	**$ 164**	$ 123	$ 149	**$ 393**	$ 372
Items excluded from base earnings (US$)					
Actuarial assumption changes and other management actions[2]	**$ —**	$ —	$ 4	**$ —**	$ 4
Market-related impact on liabilities[2]	**(18)**	(13)	(1)	**(33)**	(2)
Restructuring and integration costs	**(16)**	(26)	(14)	**(52)**	(32)
Net earnings - common shareholders (US$)	**$ 130**	$ 84	$ 138	**$ 308**	$ 342
Sales (US$)[2]	**$ 18,870**	$ 11,549	$ 14,363	**$ 69,542**	$ 99,042
Fee and other income (US$)	**629**	623	539	**1,766**	1,569

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

Base and net earnings

In the third quarter of 2022, net earnings of US$130 million decreased by US$8 million compared to the same quarter last year. Base earnings of US$164 million increased by US$15 million compared to the same quarter last year, primarily due to base earnings of US$47 million related to the Prudential acquisition as well as higher contributions from investment experience. These items were partially offset by higher expenses driven by business growth as well as lower fee income driven by lower average equity markets and lower transaction volumes.

Items excluded from base earnings were negative US$34 million compared to negative US$11 million for the same quarter last year, primarily due to market volatility resulting in hedge ineffectiveness related to Prudential guaranteed lifetime withdrawal benefit products.

For the nine months ended September 30, 2022, net earnings decreased by US$34 million to US$308 million compared to the same period last year. Base earnings of US$393 million increased by US$21 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Items excluded from base earnings were negative US$85 million compared to negative US$30 million in the same period last year, primarily due to the same reason discussed for the in-quarter results, as well as higher integration costs related to the Prudential acquisition.

Sales

Sales in the third quarter of 2022 of US$18.9 billion increased by US$4.5 billion compared to the same quarter last year. The increase was primarily due to an increase in large plan sales. Large plan sales can be highly variable from period to period and tend to be lower margin; however, contribute to covering fixed overhead costs.

For the nine months ended September 30, 2022, sales decreased by US$29.5 billion to US$69.5 billion compared to the same period last year, primarily due to lower large plan sales. Included in sales for the first quarter of 2021 was one Empower large plan sale relating to a new client with approximately 316,000 participants.

Fee and other income

Fee income is derived primarily from assets under management, assets under administration, shareholder servicing fees, administration and recordkeeping services, investment advisory services, investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees.

Fee and other income for the third quarter of 2022 of US$629 million increased by US$90 million compared to the same quarter last year. The increase was primarily due to Prudential fee income of US$157 million, partially offset by lower Empower fee income driven by lower AUA and transaction volumes.

For the nine months ended September 30, 2022, fee and other income increased by US$197 million to US$1,766 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Asset Management Operating Results

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Core net earnings (loss)[1]	**$ (17)**	$ (9)	$ 30	**$ (25)**	$ 67
Non-core net earnings (loss)[1]	**(5)**	(3)	4	**(14)**	(15)
Net earnings (loss)[2]	**$ (22)**	$ (12)	$ 34	**$ (39)**	$ 52
Sales[3]	**$ 11,134**	$ 11,546	$ 11,076	**$ 35,801**	$ 39,618
Fee income					
Investment management fees	**$ 193**	$ 195	$ 220	**$ 596**	$ 635
Performance fees	**(3)**	(3)	1	**(6)**	3
Service fees	**35**	35	37	**106**	109
Underwriting & distribution fees	**46**	47	57	**145**	168
Fee income	**$ 271**	$ 274	$ 315	**$ 841**	$ 915
Core net earnings (loss) (US$)[1]	**$ (13)**	$ (7)	$ 24	**$ (19)**	$ 54
Non-core net earnings (loss) (US$)[1]	**(4)**	(2)	3	**(11)**	(13)
Net earnings (loss) (US$)[2]	**$ (17)**	$ (9)	$ 27	**$ (30)**	$ 41
Sales (US$)[3]	**$ 8,500**	$ 9,021	$ 8,790	**$ 27,852**	$ 31,584
Fee income (US$)					
Investment management fees	**$ 147**	$ 152	$ 175	**$ 463**	$ 507
Performance fees	**(2)**	(2)	1	**(4)**	3
Service fees	**27**	27	29	**82**	87
Underwriting & distribution fees	**35**	37	45	**113**	134
Fee income (US$)	**$ 207**	$ 214	$ 250	**$ 654**	$ 731
Core margin (pre-tax)[4]	**(7.2)%**	(4.5)%	12.3 %	**(3.7)%**	9.6 %

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 For the Asset Management business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.
3 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
4 This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

Net earnings

For the Asset Management business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.

The net loss for the third quarter of 2022 was US$17 million compared to net earnings of US$27 million for the same period last year, primarily driven by lower other AUM-based fee revenue.

The net loss for the nine months ended September 30, 2022 was US$30 million compared to net earnings of US$41 million for the same period last year, primarily due to lower AUM-based revenue and seed capital losses, partially offset by lower expenses.

Sales

Sales in the third quarter of 2022 decreased by US$0.3 billion to US$8.5 billion compared to the same quarter last year, primarily due to a decrease in institutional sales of US$0.2 billion.

For the nine months ended September 30, 2022, sales decreased by US$3.7 billion to US$27.9 billion compared to the same period last year, primarily due to a US$2.3 billion decrease in institutional sales and a US$1.5 billion decrease in mutual fund sales.

Fee income

Fee income is derived primarily from investment management fees, performance fees, transfer agency and other service fees, as well as underwriting and distribution fees. Generally, fees are earned based on AUM and may depend on financial markets, the relative performance of Putnam's investment products to benchmarks, the number of retail accounts and sales. Performance fees are generated on certain mutual funds and institutional portfolios and are generally based on a rolling 36-month performance period for mutual funds and a 12-month performance period for institutional portfolios. Performance fees on mutual funds are symmetric, and as a result, can be positive or negative.

Fee income for the third quarter of 2022 decreased by US$43 million to US$207 million compared to the same quarter last year. The decrease was primarily due to lower investment management fees and underwriting and distribution fees driven by lower other AUM as a result of lower equity and fixed income markets. The decrease in underwriting and distribution fees was mostly offset by lower distribution expenses.

For the nine months ended September 30, 2022, fee income decreased by US$77 million to US$654 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

Other Assets Under Management (AUM) - Putnam (US$)[1,2]

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Beginning other AUM	**$ 166,965**	$ 192,328	$ 198,571	**$ 202,532**	$ 191,554
Sales - Mutual funds and ETFs[1]	**$ 4,697**	$ 5,396	$ 4,743	**$ 15,677**	$ 17,137
Redemptions - Mutual funds and ETFs	**(5,845)**	(7,185)	(5,687)	**(20,342)**	(19,793)
Net asset flows - Mutual funds and ETFs[1]	**(1,148)**	(1,789)	(944)	**(4,665)**	(2,656)
Sales - Institutional[1]	**$ 3,803**	$ 3,625	$ 4,047	**$ 12,175**	$ 14,447
Redemptions - Institutional	**(4,695)**	(6,210)	(4,699)	**(16,359)**	(19,046)
Net asset flows - Institutional[1]	**(892)**	(2,585)	(652)	**(4,184)**	(4,599)
Net asset flows - Total[1]	**$ (2,040)**	$ (4,374)	$ (1,596)	**$ (8,849)**	$ (7,255)
Impact of market/performance	**(7,187)**	(20,989)	(88)	**(35,945)**	12,588
Ending other AUM[3]	**$ 157,738**	$ 166,965	$ 196,887	**$ 157,738**	$ 196,887
Average other AUM[1]					
Mutual funds and ETFs	**$ 82,029**	$ 85,250	$ 98,584	**$ 86,592**	$ 96,723
Institutional assets	**87,854**	92,658	102,021	**93,838**	100,587
Total average other AUM[1]	**$ 169,883**	$ 177,908	$ 200,605	**$ 180,430**	$ 197,310

1 Refer to the "Glossary" section of this document for additional details on the composition of this measure.

2 Other assets under management excluded US$836 million at September 30, 2022 in assets for which Putnam provides investment recommendations, but has no control over implementation of investment decisions and no trading authority, including model portfolios and model-only separately managed accounts, and Putnam-designed custom indices that serve as the reference benchmark for third-party insurance investment products (US$707 million at June 30, 2022 and US$286 million at September 30, 2021).

3 At September 30, 2022, ending other AUM included US$20.4 billion of assets managed for other business units within the Lifeco group of companies (US$20.7 billion at June 30, 2022 and US$21.8 billion at September 30, 2021).

Putnam's average other AUM for the three months ended September 30, 2022 were US$169.9 billion, a decrease of US$30.7 billion compared to the same quarter last year, primarily due to the impact of lower equity and fixed income markets as well as net asset outflows. Net asset outflows for the third quarter of 2022 were US$2.0 billion compared to US$1.6 billion in the same quarter last year.

United States Corporate Operating Results

U.S. Corporate consists of items not associated directly with or allocated to the United States business units, including the impact of certain non-continuing items related to the U.S. segment.

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings (loss)[1]	**$ 12**	$ (1)	$ (2)	**$ 2**	$ (4)
Items excluded from base earnings (loss)					
Transaction costs related to acquisitions	**$ 25**	$ (53)	$ (32)	**$ (29)**	$ (57)
Restructuring and integration costs	**(21)**	(12)	(7)	**(33)**	(11)
Net earnings (loss) - common shareholders	**$ 16**	$ (66)	$ (41)	**$ (60)**	$ (72)
Base earnings (loss) (US$)[1]	**$ 9**	$ (1)	$ (2)	**$ 1**	$ (3)
Items excluded from base earnings (loss) (US$)					
Transaction costs related to acquisitions	**$ 19**	$ (42)	$ (25)	**$ (24)**	$ (46)
Restructuring and integration costs	**(16)**	(9)	(6)	**(25)**	(10)
Net earnings (loss) - common shareholders (US$)	**$ 12**	$ (52)	$ (33)	**$ (48)**	$ (59)

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.

Net earnings

In the third quarter of 2022, net earnings were US$12 million compared to a net loss of US$33 million for the same quarter last year, primarily due to a contingent consideration provision release of US$39 million related to Personal Capital as well as higher tax benefits, partially offset by higher restructuring and transaction costs related to the Prudential and MassMutual acquisitions.

For the nine months ended September 30, 2022 the net loss decreased by US$11 million to US$48 million compared to the same period last year, primarily due to the reasons discussed for the in-quarter results.

EUROPE

The Europe segment is comprised of three distinct business units serving customers in the United Kingdom (U.K.), Ireland and Germany and offers protection and wealth management products, including payout annuity products. The U.K. and Germany business units operate under the Canada Life brand and the Ireland business unit operates under the Irish Life brand.

The core products offered by the U.K. business unit are bulk and individual payout annuities, equity release mortgages, investments (including life bonds, retirement drawdown and pension), individual protection and group insurance. These products are distributed through independent financial advisors and employee benefit consultants in the U.K. and Isle of Man.

The core products offered by Irish Life Group Limited (Irish Life) in Ireland are savings and investments, individual and group life insurance, health insurance and pension products. These products are distributed through independent brokers, a direct sales force and tied agent bank branches. Irish Life Health offers individual and corporate health plans, distributed through independent brokers and direct channels. Irish Life Investment Managers (ILIM) is one of the Company's fund management operations in Ireland. In addition to managing assets on behalf of companies in the Lifeco group, ILIM also manages assets for a wide range of institutional clients including pension schemes, insurance companies, wealth managers, fiduciary managers and sovereign wealth funds across Europe and North America. Setanta Asset Management, a subsidiary of the Company, manages assets for third-party institutional clients and a number of companies in the Lifeco group. The Company also owns a number of employee benefits and wealth consultancy businesses in Ireland.

The core products offered by the Germany business unit are individual and group pensions and life insurance products. These products are distributed through independent brokers and multi-tied agents.

Developments

- As a result of current economic uncertainty, Canada Life U.K. temporarily closed new equity release mortgage pricing and quotations during the third quarter of 2022. This decision was based on the Company’s views on pricing risks given current market conditions, and will be revisited when the market stabilizes.
- In the second quarter of 2021, a 50:50 joint venture agreement was reached by Allied Irish Banks plc (AIB) and Canada Life Irish Holding Company Limited to form a new life assurance company. The new life assurance company is working towards becoming fully licensed and ready for launch by the end of 2022. In the third quarter of 2022, the Company incurred transaction costs of $5 million ($15 million incurred to date) related to this agreement. The joint venture agreement is subject to customary regulatory approval and authorization processes.
- In the third quarter of 2022, Irish Life entered into a new partnership with Centric Health Primary Care Limited, a leading Irish primary care provider. This multi-phase partnership will offer a blended in-person and digital healthcare experience to support better health and lifestyle outcomes for customers. The partnership agreement is subject to customary regulatory approval and authorization processes.
- Canada Life Asset Management entered into an agreement to become a signatory of the U.K. Stewardship Code 2020. The U.K. Stewardship Code 2020 which was established by the Financial Reporting Council, sets high stewardship standards for individuals investing money on behalf of savers and pensioners in the U.K. as well as those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, environment and society.
- In the third quarter of 2022, Canada Life Asset Management launched the LF Canlife Sterling Short Term Bond Fund which broadens the suite of vehicles for investors with short and medium-term cash requirements. The fund aims to provide a stable income by investing in sterling-denominated short-term fixed income and variable rate bonds, including money market instruments.
- During the third quarter of 2022, Canada Life U.K. won the 'Best Investment Bond Provider' and the 'Best Group Protection Provider' awards for the fourth consecutive year at the 2022 Investment Life & Pensions Moneyfacts Awards.

Selected Financial Information - Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings (loss)[1]					
United Kingdom	**$ 105**	$ 101	$ 83	**$ 344**	$ 256
Ireland	**65**	74	110	**208**	221
Germany	**37**	40	43	**119**	155
Europe Corporate	**(7)**	(7)	(4)	**(18)**	(15)
Base earnings[1]	**$ 200**	$ 208	$ 232	**$ 653**	$ 617
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**69**	19	81	**80**	140
Market-related impact on liabilities[2]	**(15)**	6	44	**(21)**	1
Transaction costs related to acquisitions	**(5)**	(4)	—	**(15)**	—
Tax legislative changes impact on liabilities	**—**	—	—	**—**	(21)
Net earnings - common shareholders	**$ 249**	$ 229	$ 357	**$ 697**	$ 737
Sales[2]					
Insurance	**$ 966**	$ 924	$ 1,930	**$ 3,088**	$ 3,293
Wealth Management	**5,616**	4,977	5,038	**17,754**	16,827
Sales[2]	**$ 6,582**	$ 5,901	$ 6,968	**$ 20,842**	$ 20,120
Wealth and investment only net cash flows[2]					
United Kingdom	**$ 198**	$ 236	$ 109	**$ 637**	$ 306
Ireland	**309**	(360)	1,133	**2,351**	1,731
Germany	**170**	194	226	**646**	659
Wealth and investment only net cash flows[2]	**$ 677**	$ 70	$ 1,468	**$ 3,634**	$ 2,696
Fee and other income					
United Kingdom	**$ 37**	$ 47	$ 48	**$ 126**	$ 133
Ireland	**174**	186	189	**553**	572
Germany	**101**	107	115	**327**	346
Fee and other income	**$ 312**	$ 340	$ 352	**$ 1,006**	$ 1,051
Total assets	**$ 165,283**	$ 169,322	$ 191,878		
Other assets under management[2]	**46,749**	50,251	61,695		
Total assets under management[1]	**212,032**	219,573	253,573		
Other assets under administration[2,3]	**10,640**	10,699	12,030		
Total assets under administration[2]	**$ 222,672**	$ 230,272	$ 265,603		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 At September 30, 2022, other assets under administration excluded $10.0 billion of assets managed for other business units within the Lifeco group of companies ($9.6 billion at June 30, 2022 and $9.4 billion at September 30, 2021).

Base and net earnings

In the third quarter of 2022, the Europe segment's net earnings of $249 million decreased by $108 million compared to the same quarter last year. Base earnings of $200 million decreased by $32 million compared to the same quarter last year, primarily due to a $29 million unfavourable impact of currency movement, unfavourable longevity experience in the U.K. as well as the non-recurrence of a $47 million pension settlement gain in Ireland in the third quarter of 2021. These items were partially offset by favourable investment experience in the U.K.

Items excluded from base earnings for the third quarter of 2022 were positive $49 million compared to positive $125 million for the same quarter last year. The decrease was primarily due to lower contributions from actuarial assumption changes, unfavourable market-related impacts driven by property cash flows in the U.K. as well as transaction costs related to the joint venture agreement with AIB in Ireland.

For the nine months ended September 30, 2022, net earnings decreased by $40 million to $697 million compared to the same period last year. Base earnings of $653 million increased by $36 million compared to the same period last year. The increase was primarily due to favourable investment experience in the U.K. as well as higher fee income and favourable mortality experience in Ireland. The increase was partially offset by a $61 million unfavourable impact of currency movement, unfavourable longevity experience in the U.K. and the non-recurrence of a 2021 pension settlement gain in Ireland. The nine months ended September 30, 2021 included a revaluation of deferred taxes resulting in an increase in taxes in the second quarter of 2021; there was no revaluation in 2022.

For the nine months ended September 30, 2022, items excluded from base earnings of positive $44 million compared to positive $120 million for the same period last year. The decrease was primarily due to the same reasons discussed for the in-quarter results.

Sales

Sales for the third quarter of 2022 decreased by $0.4 billion to $6.6 billion compared to the same quarter last year. Higher annuity and wealth management sales in Ireland as well as growth in equity release mortgage sales in the U.K. were more than offset by lower U.K. bulk annuity sales and the impact of currency movement.

For the nine months ended September 30, 2022, sales increased by $0.7 billion to $20.8 billion compared to the same period last year, primarily due to higher wealth management sales in Ireland and the U.K., growth in equity release mortgage sales in the U.K. and bulk annuity sales in Ireland. These items were partially offset by the impact of currency movement and lower bulk annuity sales in the U.K.

In the third quarter of 2022, wealth and investment only net cash inflows were $677 million compared to $1,468 million for the same quarter last year. The decrease was primarily due to higher fund management outflows in Ireland. For the nine months ended September 30, 2022, net cash inflows were $3,634 million compared to $2,696 million for the same period last year, primarily due to higher wealth management sales in Ireland and the U.K.

Fee and other income

Fee and other income for the third quarter of 2022 decreased by $40 million to $312 million compared to the same quarter last year. Higher management fees in Ireland and the U.K. were more than offset by the impact of currency movement.

For the nine months ended September 30, 2022, fee and other income decreased by $45 million to $1,006 million compared to the same period last year. Higher management fees on segregated fund assets across all business units were more than offset by the impact of currency movement.

CAPITAL AND RISK SOLUTIONS

The Capital and Risk Solutions segment of Lifeco includes the operating results of the Reinsurance business unit which operates primarily in the U.S., Barbados, Bermuda and Ireland, together with an allocation of a portion of Lifeco's corporate results. Capital and Risk Solutions Corporate includes the results for the segment's legacy international businesses.

Developments

- The Company offers property catastrophe coverage to reinsurance companies and as a result the Company is exposed to potential claims arising from major weather events and other catastrophic events. The Company has been closely following the impacts of Hurricane Ian, which caused a high level of insured losses. The Company's net earnings for the third quarter of 2022 includes a $128 million after-tax provision primarily relating to estimated claims net of reinstatement premiums on these coverages. The Company's loss estimate is based on currently available information and the exercise of judgment and may change as additional information becomes available.

Selected Financial Information - Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings (loss)[1]					
Reinsurance	**$ 3**	$ 176	$ 108	**$ 350**	$ 405
Capital and Risk Solutions Corporate	**(2)**	(2)	(1)	**(5)**	(3)
Base earnings[1]	**$ 1**	$ 174	$ 107	**$ 345**	$ 402
Items excluded from base earnings					
Actuarial assumption changes and other management actions[2]	**119**	1	(5)	**119**	(3)
Market-related impact on liabilities[2]	**(5)**	(8)	—	**(13)**	—
Net earnings - common shareholder	**$ 115**	$ 167	$ 102	**$ 451**	$ 399
Total net premiums					
Reinsurance	**$ 7,205**	$ 8,752	$ 8,558	**$ 23,265**	$ 22,298
Capital and Risk Solutions Corporate	**6**	4	5	**14**	13
Total net premiums	**$ 7,211**	$ 8,756	$ 8,563	**$ 23,279**	$ 22,311
Total assets[3]	**$ 15,265**	$ 15,627	$ 17,715		

1 This metric is a non-GAAP financial measure. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
2 Refer to the "Glossary" section of this document for additional details on the composition of this measure.
3 The Capital and Risk Solutions segment does not have other assets under management or other assets under administration.

Base and net earnings

In the third quarter of 2022, the Capital and Risk Solutions segment's net earnings of $115 million increased by $13 million compared to the same quarter last year. Base earnings of $1 million decreased by $106 million compared to the same quarter last year. Base earnings for the third quarter of 2022 included a net provision for estimated claims resulting from the impact of Hurricane Ian of $128 million after-tax. The third quarter of 2021 also included a provision for major weather events for $61 million. Excluding these estimated losses, base earnings decreased compared to the same quarter last year, primarily due to lower impacts from new business driven by the non-recurrence of a new business gain in the third quarter of 2021 and less favourable claims experience in the longevity business. These items were partially offset by favourable claims experience in the U.S. life business and higher business volumes.

Items excluded from base earnings were positive $114 million compared to negative $5 million for the same quarter last year. The third quarter of 2022 included $119 million of insurance contract liability basis changes related to updated mortality assumptions for annuity business, partially offset by updated assumptions for life business.

For the nine months ended September 30, 2022, net earnings increased by $52 million to $451 million compared to the same period last year. Base earnings of $345 million decreased by $57 million compared to the same period last year, primarily due to the same reasons discussed for the in-quarter results.

For the nine months ended September 30, 2022, items excluded from base earnings were positive $106 million compared to negative $3 million for the same period last year, primarily due to the same reason discussed for the in-quarter results.

Total net premiums

Reinsurance premiums can vary significantly from period to period depending on the terms of underlying treaties. For certain life reinsurance transactions, premiums will vary based on the form of the transaction. Treaties where insurance contract liabilities are assumed on a proportionate basis will typically have significantly higher premiums than treaties where claims are not incurred by the reinsurer until a threshold is exceeded. Earnings are not directly correlated to premiums received.

Total net premiums for the third quarter of 2022 of $7.2 billion decreased by $1.4 billion compared to the same quarter last year, primarily due to the impact of a new single premium transaction in the same quarter last year, partially offset by new business in the current period.

For the nine months ended September 30, 2022, total net premiums increased by $1.0 billion to $23.3 billion compared to the same period last year, primarily due to new business in the current period, partially offset by single premium transactions written in the same period last year.

LIFECO CORPORATE OPERATING RESULTS

The Lifeco Corporate segment includes operating results for activities of Lifeco that are not associated with the major business units of the Company.

In the third quarter of 2022, Lifeco Corporate net earnings were nil compared to a net loss of $60 million for the same quarter last year. Base earnings of nil increased by $2 million compared to the same quarter last year, primarily due to higher net investment income.

Items excluded from base earnings for the third quarter of 2022 were nil compared to negative $58 million for the same quarter last year, primarily due to a provision for payments relating to the Company's 2003 acquisition of The Canada Life Assurance Company in the third quarter of 2021.

For the nine months ended September 30, 2022, Lifeco Corporate net earnings were $11 million compared to a net loss of $60 million for the same period last year. Base earnings of $11 million increased by $13 million compared to the same period last year, primarily due to higher net investment income, partially offset by lower operating expenses.

For the nine months ended September 30, 2022, items excluded from base earnings were nil compared to negative $58 million for the same period last year, primarily due to the same reason discussed for the in-quarter results.

RISK MANAGEMENT AND CONTROL PRACTICES

The Company’s Enterprise Risk Management (ERM) Framework facilitates the alignment of business strategy with risk appetite, informs and improves the deployment of capital; and supports the identification, mitigation and management of exposure to potential losses and risk. The Company’s Risk Function is responsible for developing and maintaining the Risk Appetite Framework (RAF), the supporting risk policies and risk limit structure, and provides independent risk oversight across the Company’s operations. The Board of Directors is ultimately accountable and responsible for the Company's risk governance and associated risk policies. These include the ERM Policy, which establishes the guiding principles of risk management, and the RAF, which reflects the levels and types of risk that the Company is willing to accept to achieve its business objectives.

During the third quarter of 2022, there were no significant changes to the Company's risk management and control practices.

Refer to the Company's 2021 Annual MD&A for a detailed description of the Company's risk management and control practices.

ACCOUNTING POLICIES

INTERNATIONAL FINANCIAL REPORTING STANDARDS

There were IFRS changes in 2022 which did not have a significant impact on the Company. As well, due to the evolving nature of IFRS, there are changes to standards that could impact the Company in future reporting periods. The Company actively monitors future IFRS changes proposed by the International Accounting Standards Board (IASB) to assess if the changes to the standards may have an impact on the Company's results or operations.

The Company adopted the amendments to IFRS for IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements 2018-2020 Cycl*e for the amendment to IFRS 16, *Leases* effective January 1, 2022. The adoption of these amendments did not have a significant impact on the Company's financial statements.

There have been no other significant changes to the future accounting policies, including IFRS 17, *Insurance Contracts*, and IFRS 9, *Financial Instruments*, that are expected to impact the Company, in addition to the disclosure in the Company's December 31, 2021 Annual MD&A.

IFRS 17, *Insurance Contracts* (IFRS 17), will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. IFRS 17 will affect how the Company accounts for its insurance contracts and how it reports financial performance in the Consolidated Statements of Earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the consolidated financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. The Company expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The January 1, 2022 shareholders' equity is expected to decrease by 10% to 15% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. The Company continues to assess the impacts through its global implementation plan, however the accounting policy change will not impact the economics of the affected businesses or the Company's business model. The Company continues to make progress in implementing its project plan and will be compliant with the standard effective January 1, 2023.

IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following:

- classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset;
- impairment based on an expected loss model; and
- hedge accounting that incorporates the risk management practices of an entity.

The disclosure for the measurement and classification of the Company's portfolio investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Company does not expect a material change in the level of invested assets, nor a material increase in earnings volatility. The Company anticipates electing the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by the amendment to IFRS 17 published by the IASB in December 2021. The Company continues to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

For a further description of accounting policies, including future accounting standard changes, refer to note 2 of the Company's condensed consolidated interim unaudited financial statements for the period ended September 30, 2022.

OTHER INFORMATION

NON-GAAP FINANCIAL MEASURES AND RATIOS

Non-GAAP Financial Measures

The Company uses several non-GAAP financial measures to measure overall performance of the Company and to assess each of its business units. A financial measure is considered a non-GAAP measure for Canadian securities law purposes if it is presented other than in accordance with GAAP used for the Company's consolidated financial statements. The consolidated financial statements of the Company have been prepared in compliance with IFRS as issued by the International Accounting Standards Board (IASB). Non-GAAP financial measures do not have a standardized meaning under GAAP and may not be comparable to similar financial measures presented by other issuers. Investors may find these financial measures useful in understanding how management views the underlying business performance of the Company.

Base earnings (loss)

Base earnings (loss) reflect management's view of the underlying business performance of the Company and provide an alternate measure to understand the underlying business performance compared to IFRS net earnings (loss). Base earnings (loss) exclude the following items:

- The impact of actuarial assumption changes and other management actions;
- The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the impact on general fund equity and investment properties supporting insurance contract liabilities; and
  - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements; and
- Certain items that, when removed, assist in explaining the Company's underlying business performance including restructuring costs, integration costs related to business acquisitions, material legal settlements, material impairment charges related to goodwill and intangible assets, impact of substantially enacted income tax rate changes and other tax impairments and net gains, losses or costs related to the disposition or acquisition of a business.

Lifeco

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings	**$ 688**	$ 830	$ 870	**$ 2,327**	$ 2,435
Items excluded from Lifeco base earnings					
Actuarial assumption changes and other management actions (pre-tax)	**$ 24**	$ 24	$ 74	**$ 39**	$ 120
Income tax (expense) benefit	**44**	(3)	(5)	**41**	(9)
Market-related impacts on liabilities (pre-tax)	**(54)**	(19)	52	**(87)**	13
Income tax (expense) benefit	**9**	4	(5)	**16**	(9)
Transaction costs related to acquisitions (pre-tax)	**16**	(71)	(104)	**(63)**	(131)
Income tax (expense) benefit	**4**	14	14	**19**	16
Restructuring and integration costs (pre-tax)	**(58)**	(60)	(32)	**(135)**	(69)
Income tax (expense) benefit	**15**	16	8	**36**	18
Tax legislative changes impact on liabilities	**—**	—	—	**—**	(21)
Total pre-tax items excluded from base earnings	**$ (72)**	$ (126)	$ (10)	**$ (246)**	$ (67)
Impact of items excluded from base earnings on income taxes	**72**	31	12	**112**	(5)
Net earnings - common shareholders	**$ 688**	$ 735	$ 872	**$ 2,193**	$ 2,363

Canada

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings	**$ 283**	$ 296	$ 312	**$ 851**	$ 903
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	**$ (164)**	$ 1	$ (15)	**$ (162)**	$ (40)
Income tax (expense) benefit	**44**	—	4	**43**	10
Market-related impacts on liabilities (pre-tax)	**(4)**	6	6	**6**	9
Income tax (expense) benefit	**1**	(2)	(2)	**(2)**	(2)
Net earnings - common shareholders	**$ 160**	$ 301	$ 305	**$ 736**	$ 880

United States

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings	**$ 204**	$ 143	$ 221	**$ 467**	$ 515
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	**$ —**	$ —	$ 5	**$ —**	$ 5
Income tax (expense) benefit	**—**	—	(1)	**—**	(1)
Market-related impacts on liabilities (pre-tax)	**(28)**	(21)	(1)	**(52)**	(4)
Income tax (expense) benefit	**6**	4	—	**11**	—
Restructuring and integration costs (pre-tax)	**(58)**	(60)	(32)	**(135)**	(69)
Income tax (expense) benefit	**15**	16	8	**36**	18
Transaction costs related to acquisitions (pre-tax)	**21**	(67)	(36)	**(48)**	(63)
Income tax (expense) benefit	**4**	14	4	**19**	6
Net earnings - common shareholders	**$ 164**	$ 29	$ 168	**$ 298**	$ 407

Europe

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings	**$ 200**	$ 208	$ 232	**$ 653**	$ 617
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	**$ 77**	$ 22	$ 90	**$ 90**	$ 160
Income tax (expense) benefit	**(8)**	(3)	(9)	**(10)**	(20)
Market-related impacts on liabilities (pre-tax)	**(17)**	4	47	**(28)**	8
Income tax (expense) benefit	**2**	2	(3)	**7**	(7)
Transaction costs related to acquisitions (pre-tax)	**(5)**	(4)	—	**(15)**	—
Income tax (expense) benefit	**—**	—	—	**—**	—
Tax legislative changes impact on liabilities	**—**	—	—	**—**	(21)
Net earnings - common shareholders	**$ 249**	$ 229	$ 357	**$ 697**	$ 737

Capital and Risk Solutions

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings	**$ 1**	$ 174	$ 107	**$ 345**	$ 402
Items excluded from base earnings					
Actuarial assumption changes and other management actions (pre-tax)	**$ 111**	$ 1	$ (6)	**$ 111**	$ (5)
Income tax (expense) benefit	**8**	—	1	**8**	2
Market-related impact on liabilities (pre-tax)	**(5)**	(8)	—	**(13)**	—
Income tax (expense) benefit	**—**	—	—	**—**	—
Net earnings - common shareholders	**$ 115**	$ 167	$ 102	**$ 451**	$ 399

Lifeco Corporate

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Base earnings (loss)	**$ —**	$ 9	$ (2)	**$ 11**	$ (2)
Items excluded from base earnings (loss)					
Transaction costs related to acquisitions (pre-tax)	**$ —**	$ —	$ (68)	**$ —**	$ (68)
Income tax (expense) benefit	**—**	—	10	**—**	10
Net earnings (loss) - common shareholders	**$ —**	$ 9	$ (60)	**$ 11**	$ (60)

Premiums and deposits

Total premiums and deposits include premiums on risk-based insurance and annuity products net of ceded reinsurance (as defined under IFRS as net premium income), premium equivalents on self-funded group insurance ASO contracts, deposits on individual and group segregated fund products as well as deposits on proprietary mutual funds and institutional accounts. This measure provides an indicator of top-line growth.

Premiums and deposits

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Total net premiums	**$ 13,921**	$ 16,305	$ 14,921	**$ 44,277**	$ 39,824
Policyholder deposits (segregated funds)[1]	**11,723**	6,847	6,733	**26,843**	21,320
Self-funded premium equivalents (ASO contracts) and other	**2,637**	2,739	2,828	**8,269**	6,552
Proprietary mutual funds and institutional deposits	**15,984**	15,700	14,800	**50,625**	53,453
Total premiums and deposits	**$ 44,265**	$ 41,591	$ 39,282	**$ 130,014**	$ 121,149

[1] Refer to note 9(b) of the Company's condensed interim unaudited financial statements for the period ended September 30, 2022 for further details.

Assets under management (AUM) and assets under administration (AUA)

Assets under management and assets under administration are non-GAAP measures that provide an indicator of the size and volume of the Company's overall business. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.

Total assets under administration includes total assets per financial statements, other assets under management and other assets under administration.

Assets under administration

	As at			
	Sept. 30 2022	June 30 2022	Dec. 31 2021	Sept. 30 2021
Total assets per financial statements	**$ 672,764**	$ 670,305	$ 630,488	$ 614,962
Other AUM	**319,141**	318,681	377,155	365,764
Total AUM	**991,905**	988,986	1,007,643	980,726
Other AUA[1]	**1,392,368**	1,353,310	1,283,949	1,224,554
Total AUA[1]	**$ 2,384,273**	$ 2,342,296	$ 2,291,592	$ 2,205,280

[1] 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration in the Canada segment.

Canada

	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Canada wealth fee business AUA[1]			
Segregated fund assets	**$ 89,892**	$ 90,741	$ 97,769
Other AUM	**3,964**	4,050	5,534
Wealth fee business other AUA[1]	**23,143**	23,443	25,612
Total Canada wealth fee business AUA[1]	**$ 116,999**	$ 118,234	$ 128,915
Add: Other balance sheet assets	**$ 99,304**	$ 97,296	$ 99,475
Add: Other AUA	**2,362**	2,357	7,030
Consolidated Canada balance sheet assets	**$ 189,196**	$ 188,037	$ 197,244
Consolidated Canada other AUM	**3,964**	4,050	5,534
Consolidated Canada other AUA[1]	**25,505**	25,800	32,642
Total Canada AUA[1]	**$ 218,665**	$ 217,887	$ 235,420

[1] 2021 comparative figures have been restated to include Financial Horizons Group and Excel Private Wealth Inc. assets under administration.

United States

	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Financial Services			
Personal Capital other AUM	**$ 28,371**	$ 27,439	$ 26,355
Empower AUA			
General account	**$ 102,856**	$ 96,352	$ 46,098
Segregated fund assets	**156,492**	157,695	109,395
Other AUM	**50,544**	48,295	49,862
Other AUA	**1,356,223**	1,316,811	1,179,882
Empower AUA	**$ 1,666,115**	$ 1,619,153	$ 1,385,237
Putnam other AUM	**$ 217,679**	$ 215,385	$ 250,046
Subtotal	**$ 1,912,165**	$ 1,861,977	$ 1,661,638
Add: Other AUM consolidation adjustment	**$ (28,166)**	$ (26,739)	$ (27,728)
Add: Other balance sheet assets	**43,672**	43,272	52,632
Consolidated United States balance sheet assets	**$ 303,020**	$ 297,319	$ 208,125
Consolidated United States other AUM	**268,428**	264,380	298,535
Consolidated United States other AUA	**1,356,223**	1,316,811	1,179,882
Total United States AUA	**$ 1,927,671**	$ 1,878,510	$ 1,686,542

Europe			
	As at		
	Sept. 30 2022	June 30 2022	Sept. 30 2021
Europe wealth and investment only AUA			
Segregated fund assets	**$ 116,788**	$ 116,918	$ 131,284
Other AUM	**46,749**	50,251	61,695
Other AUA	**10,640**	10,699	12,030
Total Europe wealth and investment only AUA	**$ 174,177**	$ 177,868	$ 205,009
Add: Other balance sheet assets	**$ 48,495**	$ 52,404	$ 60,594
Consolidated Europe balance sheet assets	**$ 165,283**	$ 169,322	$ 191,878
Consolidated Europe other AUM	**46,749**	50,251	61,695
Consolidated Europe other AUA	**10,640**	10,699	12,030
Total Europe AUA	**$ 222,672**	$ 230,272	$ 265,603

Core net earnings (loss)

For its Asset Management (Putnam) business unit in the U.S. segment, the Company discloses core net earnings (loss), which is a measure of the business unit's performance. Core net earnings (loss) include the impact of dealer commissions and software amortization and exclude the impact of certain corporate financing charges and allocations, certain tax adjustments and other non-recurring transactions.

Core net earnings (loss)[1]
(In US$ million, unless otherwise noted)

	For the three months ended			For the nine months ended	
	Sept. 30 2022	June 30 2022	Sept. 30 2021	**Sept. 30 2022**	Sept. 30 2021
Fee and net investment income	**$ 200**	$ 204	$ 250	**$ 633**	$ 736
Less: Expenses	**214**	213	219	**655**	665
Core earnings (loss)	**(14)**	(9)	31	**(22)**	71
Less: Income taxes	**(1)**	(2)	7	**(3)**	17
Core net earnings (loss)	**$ (13)**	$ (7)	$ 24	**$ (19)**	$ 54
Non-core net earnings (loss)	**(4)**	(2)	3	**(11)**	(13)
Net earnings (loss)	**$ (17)**	$ (9)	$ 27	**$ (30)**	$ 41
Net earnings (loss) (C$)	**$ (22)**	$ (12)	$ 34	**$ (39)**	$ 52

[1] For the Asset Management (Putnam) business unit, there were no differences between net earnings (loss) and base earnings (loss) in the periods presented.

Non-GAAP Ratios

A non-GAAP ratio is a financial measure in the form of a ratio, fraction, percentage or similar representation that is not disclosed in the consolidated financial statements of the Company and has a non-GAAP financial measure as one or more of its components. These financial measures do not have a standardized definition under GAAP and might not be comparable to similar financial measures presented by other issuers.

The non-GAAP ratios disclosed by the Company each use base earnings (loss) or core earnings (loss) as the non-GAAP component. Base earnings (loss) reflect management's view of the underlying business performance of the Company and provide an alternate measure to understand the underlying business performance compared to IFRS net earnings.

- **Base dividend payout ratio** - Dividends paid to common shareholders are divided by base earnings (loss).

- **Base earnings per share** - Base earnings (loss) for the period is divided by the number of average common shares outstanding for the period.
- **Base earnings per share (diluted)** - Base earnings (loss) for the period is divided by the number of average common shares outstanding on a diluted basis for the period.
- **Base return on equity** - Base earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Core margin (pre-tax)** - The metrics relates to the Asset Management (Putnam) business unit in the United States segment and is calculated by dividing core earnings (loss) by fee and net investment income.
- **Effective income tax rate - base earnings - common shareholders** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes attributable to common shareholders to remove the impact of items excluded from base earnings, to calculate the effective tax rates for common shareholders.
- **Effective income tax rate - base earnings - total Lifeco** - Calculated by adjusting the Company's reported income taxes and net earnings before income taxes to remove the impact of items excluded from base earnings, to calculate the effective tax rates for total Lifeco.

GLOSSARY

- **Actuarial assumption changes and other management actions** - In accordance with the OSFI "Source of Earnings Disclosure (Life Insurance Company)" Guideline D-9, actuarial assumption changes and other management actions represent the impact on net income resulting from management actions, changes in actuarial assumptions or methodology, changes in margins for adverse deviations, and correction of errors. Within the Source of Earnings Disclosure, management actions include the net gain or charge on business dispositions and transactions costs related to acquisition. The reconciliation between net earnings (loss) - common shareholders and base earnings (loss) presents the net gain or charge on business dispositions and transactions costs related to acquisition separately from actuarial assumption changes and other management actions.
- **Book value per common share** - Calculated by dividing Lifeco's common shareholder's equity by the number of average common shares outstanding for the period.
- **Common shareholder's equity** - A financial measure that comprises the following items from Lifeco's consolidated balance sheets: share capital - common shares, accumulated surplus, accumulated other comprehensive income and contributed surplus.
- **Dividend payout ratio** - Dividends paid to common shareholders are divided by net earnings - common shareholders.
- **Impact of currency movement (constant currency basis)** - Items impacting the Company's Consolidated Statements of Earnings, such as income and benefits and expenses and net earnings, are translated into Canadian dollars at an average rate for the period. These measures highlight the impact of changes in currency translation rates on Canadian dollar equivalent IFRS results and have been calculated using the average rates, as shown below, in effect at the date of the comparative period. These measures provide useful information as they facilitate the comparability of results between periods.

	For the three months ended	
	Sept. 30 2022	Sept. 30 2021
United States dollar	**1.31**	1.26
British pound	**1.54**	1.74
Euro	**1.31**	1.48

- **Market-related impacts on liabilities** - The net earnings impact related to the direct equity and interest rate market impacts on insurance and investment contract liabilities, net of hedging, and related deferred tax liabilities, which includes:
  - the impact of hedge ineffectiveness related to segregated fund guarantee liabilities that are hedged and the performance of the related hedge assets;
  - the impact on segregated fund guarantee liabilities not hedged;
  - the impact on general fund equity and investment properties supporting insurance contract liabilities;
  - other market impacts on insurance and investment contract liabilities and deferred tax liabilities, including those arising from the difference between actual and expected market movements.
- **Office of the Superintendent of Financial Institutions Canada (OSFI)** - An independent Canadian federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- **Return on common shareholder's equity (ROE)** - Net earnings (loss) for the trailing four quarters are divided by the average common shareholders' equity over the trailing four quarters. This measure provides an indicator of business unit profitability.
- **Sales** - Sales are measured according to product type:
  - For risk-based insurance and annuity products, sales include 100% of single premium and annualized premiums expected in the first twelve months of the plan.
  - Group insurance and ASO sales reflect annualized premiums and premium equivalents for new policies and new benefits covered or expansion of coverage on existing policies.
  - For individual wealth management products, sales include deposits on segregated fund products, proprietary mutual funds and institutional accounts as well as deposits on non-proprietary mutual funds.
  - For group wealth management products, sales include assets transferred from previous plan providers and the expected annual contributions from the new plan.
- **Segmented common shareholder's equity** - The Company has a capital allocation methodology, which allocates financing costs in proportion to allocated capital. For the Canada, Europe and Capital and Risk Solutions segments (essentially Canada Life), this allocation method generally tracks the regulatory capital requirements, while for U.S. Financial Services and U.S. Asset Management (Putnam), it tracks the financial statement carrying value of the business units. Total leverage capital is consistently allocated across all business units in proportion to total capital resulting in a debt-to-equity ratio in each business unit mirroring the consolidated Company.

  The capital allocation methodology allows the Company to calculate comparable ROE for each business unit. These ROEs are therefore based on the capital the business unit has been allocated and the financing charges associated with that capital. IFRS does not prescribe the calculation of ROE and therefore a comparable measure under IFRS is not available.
- **Other assets under management** - Includes external client funds where the Company has oversight of the investment policies. Services provided in respect of proprietary mutual funds, exchange traded funds (ETFs) and institutional assets include the selection of investments, the provision of investment advice and discretionary portfolio management on behalf of clients.

- **Other assets under administration** - Includes assets where the Company only provides administration services for which the Company earns fees and other income. These assets are beneficially owned by the clients and the Company does not direct the investing activities. Services provided relating to assets under administration include recordkeeping, safekeeping, collecting investment income, settling of transactions or other administrative services. Administrative services are an important aspect of the overall business of the Company and should be considered when comparing volumes, size and trends.
- **Net cash flows and net asset flows** - Indicator of the Company's ability to attract and retain business. Net cash flows and net asset flows are measured by the following:
  - Canada wealth management net cash flows include cash inflows and outflows related to segregated fund assets and proprietary and non-proprietary mutual funds.
  - Europe wealth and investment only net cash flows include cash inflows and outflows related to segregated fund assets, other assets under management as well as other assets under administration.
  - Empower net cash flows include cash inflows and outflows related to segregated fund assets, general fund assets, other assets under management as well as other assets under management.
  - Putnam net asset flows include other assets under management sales and redemptions.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information relating to the Company which is required to be disclosed in reports filed under provincial and territorial securities legislation is: (a) recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation, and (b) accumulated and communicated to the Company's senior management, including the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's management is responsible for establishing and maintaining effective internal control over financial reporting. All internal control systems have inherent limitations and may become ineffective because of changes in conditions. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There have been no changes during the nine month period ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Limitation on Disclosure Controls and Procedures & Internal Control Over Financial Reporting

As permitted by securities legislation, for the period ended September 30, 2022, the Company's management has limited the scope of its design of the Company's disclosure controls and procedures and the Company's internal control over financial reporting to exclude controls, policies and procedures of the Prudential's full-service retirement services business, which the Company acquired on April 1, 2022.

For the three months ended September 30, 2022, the acquired Prudential retirement services business had revenue of $1,190 million, net earnings of $32 million post-tax (base earnings of $63 million post-tax excluding negative market-related impact on liabilities of $20 million and integration costs of $11 million post-tax) and other comprehensive loss of $25 million ($52 million for the nine months ended September 30, 2022). The initial amounts assigned to the assets acquired, goodwill and intangible assets on April 1, 2022 and reported as at September 30, 2022 were $125,060 million. The initial amounts assigned to the liabilities assumed on April 1, 2022 and reported as at September 30, 2022 were $122,350 million with the final valuation of the assets acquired and liabilities assumed expected to occur by the end of the first quarter of 2023.

TRANSACTIONS WITH RELATED PARTIES

Related party transactions have not changed materially from December 31, 2021.

QUARTERLY FINANCIAL INFORMATION

Quarterly financial information
(in Canadian $ millions, except per share amounts)

	2022			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Total revenue	**$ 12,372**	$ 9,188	$ 9,030	$ 18,122	$ 17,432	$ 17,955	$ 10,908	$ 16,860
Common shareholders								
Base earnings								
Total[2]	**$ 688**	$ 830	$ 809	$ 825	$ 870	$ 826	$ 739	$ 741
Basic - per share[1]	**0.738**	0.893	0.869	0.887	0.934	0.889	0.796	0.799
Diluted - per share[1]	**0.738**	0.892	0.868	0.885	0.932	0.888	0.796	0.799
Net earnings								
Total	**$ 688**	$ 735	$ 770	$ 765	$ 872	$ 784	$ 707	$ 912
Basic - per share	**0.738**	0.789	0.827	0.822	0.938	0.844	0.762	0.983
Diluted - per share	**0.738**	0.788	0.825	0.820	0.936	0.842	0.761	0.983

[1] This metric is a non-GAAP ratio. Refer to the "Non-GAAP Financial Measures and Ratios" section of this document for additional details.
[2] This metric is a non-GAAP financial measure. The following items were excluded from base earnings in each quarter:

Items excluded from base earnings	**2022**			2021				2020
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Actuarial assumption changes and other management actions (pre-tax)	**$ 24**	$ 24	$ (9)	$ 28	$ 74	$ 42	$ 4	$ (71)
Income tax (expense) benefit	**44**	(3)	—	(5)	(5)	(5)	1	48
Market-related impacts on liabilities (pre-tax)	**(54)**	(19)	(14)	22	52	(14)	(25)	(21)
Income tax (expense) benefit	**9**	4	3	(2)	(5)	(5)	1	(10)
Transaction costs related to acquisitions (pre-tax)	**16**	(71)	(8)	(76)	(104)	(25)	(2)	(59)
Income tax (expense) benefit	**4**	14	1	2	14	1	1	12
Restructuring and integration costs (pre-tax)	**(58)**	(60)	(17)	(21)	(32)	(21)	(16)	(88)
Income tax (expense) benefit	**15**	16	5	6	8	6	4	21
Net gain/charge on business dispositions (pre-tax)	**—**	—	—	(14)	—	—	—	137
Income tax (expense) benefit	**—**	—	—	—	—	—	—	6
Tax legislative changes impact on liabilities	**—**	—	—	—	—	(21)	—	—
Revaluation of deferred tax asset	**—**	—	—	—	—	—	—	196
Total post-tax items excluded from base earnings	**$ —**	$ (95)	$ (39)	$ (60)	$ 2	$ (42)	$ (32)	$ 171

Lifeco's consolidated net earnings attributable to common shareholders were $688 million for the third quarter of 2022 compared to $872 million reported a year ago. On a per share basis, this represents $0.738 per common share ($0.738 diluted) for the third quarter of 2022 compared to $0.938 per common share ($0.936 diluted) a year ago.

Total revenue for the third quarter of 2022 was $12,372 million and comprises premium income of $13,921 million, regular net investment income of $2,196 million, a negative change in fair value through profit or loss on investment assets of $5,642 million and fee and other income of $1,897 million.

TRANSLATION OF FOREIGN CURRENCY

Through its operating subsidiaries, Lifeco conducts business in multiple currencies. The four primary currencies are the Canadian dollar, the U.S. dollar, the British pound and the euro. Throughout this document, foreign currency assets and liabilities are translated into Canadian dollars at the market rate at the end of the reporting period. All income and expense items are translated at an average rate for the period. The rates employed are:

Translation of foreign currency Period ended	Sept. 30 2022	June 30 2022	Mar. 31 2022	Dec. 31 2021	Sept. 30 2021	June 30 2021	Mar. 31 2021
United States dollar							
Balance sheet	**$ 1.38**	$ 1.29	$ 1.25	$ 1.27	$ 1.27	$ 1.24	$ 1.26
Income and expenses	**$ 1.31**	$ 1.28	$ 1.27	$ 1.26	$ 1.26	$ 1.23	$ 1.27
British pound							
Balance sheet	**$ 1.54**	$ 1.57	$ 1.64	$ 1.71	$ 1.71	$ 1.71	$ 1.73
Income and expenses	**$ 1.54**	$ 1.60	$ 1.70	$ 1.70	$ 1.74	$ 1.72	$ 1.75
Euro							
Balance sheet	**$ 1.35**	$ 1.35	$ 1.38	$ 1.44	$ 1.47	$ 1.47	$ 1.47
Income and expenses	**$ 1.31**	$ 1.36	$ 1.42	$ 1.44	$ 1.48	$ 1.48	$ 1.53

Additional information relating to Lifeco, including Lifeco's most recent consolidated financial statements, CEO/CFO certification and Annual Information Form are available at www.sedar.com.

CONSOLIDATED STATEMENTS OF EARNINGS *(unaudited)*

(in Canadian $ millions except per share amounts)

	For the three months ended		For the nine months ended	
	September 30 2022	September 30 2021	**September 30 2022**	September 30 2021
Income				
Premium income				
Gross premiums written	**$ 14,923**	$ 16,080	**$ 47,206**	$ 43,282
Ceded premiums	**(1,002)**	(1,159)	**(2,929)**	(3,458)
Total net premiums	**13,921**	14,921	**44,277**	39,824
Net investment income (note 5)				
Regular net investment income	**2,196**	1,589	**5,970**	4,756
Changes in fair value through profit or loss	**(5,642)**	(936)	**(25,276)**	(3,694)
Total net investment income (loss)	**(3,446)**	653	**(19,306)**	1,062
Fee and other income	**1,897**	1,858	**5,619**	5,409
	12,372	17,432	**30,590**	46,295
Benefits and expenses				
Policyholder benefits				
Gross	**14,300**	11,351	**42,838**	36,548
Ceded	**(764)**	(829)	**(2,231)**	(2,687)
Total net policyholder benefits	**13,536**	10,522	**40,607**	33,861
Changes in insurance and investment contract liabilities				
Gross	**(6,590)**	2,704	**(26,154)**	(912)
Ceded	**1,198**	177	**4,047**	1,604
Total net changes in insurance and investment contract liabilities	**(5,392)**	2,881	**(22,107)**	692
Policyholder dividends and experience refunds	**626**	393	**1,332**	1,150
Total paid or credited to policyholders	**8,770**	13,796	**19,832**	35,703
Commissions	**628**	631	**1,960**	1,947
Operating and administrative expenses	**1,711**	1,557	**5,166**	4,649
Premium taxes	**123**	122	**358**	366
Financing charges	**98**	83	**284**	239
Amortization of finite life intangible assets	**101**	82	**280**	247
Restructuring and integration expenses (note 4)	**58**	32	**135**	69
Earnings before income taxes	**883**	1,129	**2,575**	3,075
Income taxes (note 14)	**13**	111	**116**	274
Net earnings before non-controlling interests	**870**	1,018	**2,459**	2,801
Attributable to non-controlling interests	**150**	113	**169**	339
Net earnings	**720**	905	**2,290**	2,462
Preferred share dividends (note 11)	**32**	33	**97**	99
Net earnings - common shareholders	**$ 688**	$ 872	**$ 2,193**	$ 2,363
Earnings per common share (note 11)				
Basic	**$ 0.738**	$ 0.938	**$ 2.354**	$ 2.544
Diluted	**$ 0.738**	$ 0.936	**$ 2.352**	$ 2.540

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME *(unaudited)*

(in Canadian $ millions)

	For the three months ended		For the nine months ended	
	September 30 2022	September 30 2021	**September 30 2022**	September 30 2021
Net earnings	**$ 720**	$ 905	**$ 2,290**	$ 2,462
Other comprehensive income (loss)				
Items that may be reclassified subsequently to Consolidated Statements of Earnings				
Unrealized foreign exchange gains (losses) on translation of foreign operations	**640**	221	**37**	(311)
Unrealized gains (losses) on hedges of the net investment in foreign operations	**156**	(27)	**377**	17
Income tax (expense) benefit	**23**	5	**16**	(7)
Unrealized gains (losses) on available-for-sale assets	**(399)**	(40)	**(1,098)**	(90)
Income tax (expense) benefit	**59**	8	**201**	25
Realized (gains) losses on available-for-sale assets	**13**	(9)	**15**	(20)
Income tax expense (benefit)	**(1)**	—	**(3)**	3
Unrealized gains (losses) on cash flow hedges	**(9)**	17	**(60)**	61
Income tax (expense) benefit	**2**	(5)	**16**	(17)
Realized (gains) losses on cash flow hedges	**3**	(15)	**9**	(41)
Income tax expense (benefit)	**—**	4	**(2)**	11
Non-controlling interests	**(1)**	15	**269**	101
Income tax (expense) benefit	**(2)**	(4)	**(73)**	(25)
Total items that may be reclassified	**484**	170	**(296)**	(293)
Items that will not be reclassified to Consolidated Statements of Earnings				
Re-measurements on defined benefit pension and other post-employment benefit plans (note 13)	**(102)**	48	**460**	712
Income tax (expense) benefit	**26**	(25)	**(117)**	(190)
Non-controlling interests	**12**	(13)	**(33)**	(72)
Income tax (expense) benefit	**(3)**	4	**9**	19
Total items that will not be reclassified	**(67)**	14	**319**	469
Total other comprehensive income	**417**	184	**23**	176
Comprehensive income	**$ 1,137**	$ 1,089	**$ 2,313**	$ 2,638

GREAT-WEST
LIFECO INC.

CONSOLIDATED BALANCE SHEETS *(unaudited)*

(in Canadian $ millions)

	September 30 2022	December 31 2021
Assets		
Cash and cash equivalents	**$ 8,636**	$ 6,075
Bonds (note 5)	**156,162**	140,612
Mortgage loans (note 5)	**38,768**	28,852
Stocks (note 5)	**13,264**	14,183
Investment properties (note 5)	**8,385**	7,763
Loans to policyholders	**8,892**	8,319
	234,107	205,804
Funds held by ceding insurers	**15,118**	17,194
Reinsurance assets (note 8)	**17,195**	21,138
Goodwill	**10,458**	9,081
Intangible assets	**6,529**	5,514
Derivative financial instruments	**3,609**	967
Owner occupied properties	**739**	736
Fixed assets	**402**	422
Other assets	**6,236**	4,522
Premiums in course of collection, accounts and interest receivable	**7,368**	6,366
Current income taxes	**356**	268
Deferred tax assets	**1,237**	1,057
Investments on account of segregated fund policyholders (note 9)	**369,410**	357,419
Total assets	**$ 672,764**	$ 630,488
Liabilities		
Insurance contract liabilities (note 8)	**$ 232,380**	$ 208,378
Investment contract liabilities (note 8)	**13,487**	12,455
Debentures and other debt instruments	**9,980**	8,804
Funds held under reinsurance contracts	**1,072**	1,542
Derivative financial instruments	**2,130**	1,030
Accounts payable	**3,021**	3,032
Other liabilities	**8,685**	6,063
Current income taxes	**255**	193
Deferred tax liabilities	**983**	1,089
Investment and insurance contracts on account of segregated fund policyholders (note 9)	**369,410**	357,419
Total liabilities	**641,403**	600,005
Equity		
Non-controlling interests		
Participating account surplus in subsidiaries	**3,128**	3,138
Non-controlling interests in subsidiaries	**144**	129
Shareholders' equity		
Share capital		
Limited recourse capital notes	**1,500**	1,500
Preferred shares	**2,720**	2,720
Common shares (note 10)	**5,790**	5,748
Accumulated surplus	**17,232**	16,424
Accumulated other comprehensive income	**655**	632
Contributed surplus	**192**	192
Total equity	**31,361**	30,483
Total liabilities and equity	**$ 672,764**	$ 630,488

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY *(unaudited)*

(in Canadian $ millions)

September 30, 2022

	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	**$ 9,968**	**$ 192**	**$ 16,424**	**$ 632**	**$ 3,267**	**$ 30,483**
Net earnings	**—**	**—**	**2,290**	**—**	**169**	**2,459**
Other comprehensive income (loss)	**—**	**—**	**—**	**23**	**(172)**	**(149)**
	9,968	**192**	**18,714**	**655**	**3,264**	**32,793**
Dividends to shareholders						
Preferred shareholders (note 11)	**—**	**—**	**(97)**	**—**	**—**	**(97)**
Common shareholders	**—**	**—**	**(1,370)**	**—**	**—**	**(1,370)**
Shares exercised and issued under share-based payment plans (note 10)	**42**	**(54)**	**—**	**—**	**50**	**38**
Share-based payment plans expense	**—**	**53**	**—**	**—**	**—**	**53**
Equity settlement of Putnam share-based plans	**—**	**—**	**—**	**—**	**(53)**	**(53)**
Shares cancelled under Putnam share-based plans	**—**	**1**	**—**	**—**	**(1)**	**—**
Preferred share redemption costs	**—**	**—**	**(3)**	**—**	**—**	**(3)**
Dilution loss on non-controlling interests	**—**	**—**	**(12)**	**—**	**12**	**—**
Balance, end of period	**$ 10,010**	**$ 192**	**$ 17,232**	**$ 655**	**$ 3,272**	**$ 31,361**

September 30, 2021

	Share capital	Contributed surplus	Accumulated surplus	Accumulated other comprehensive income	Non-controlling interests	Total equity
Balance, beginning of year	$ 8,365	$ 186	$ 14,990	$ 487	$ 2,987	$ 27,015
Net earnings	—	—	2,462	—	339	2,801
Other comprehensive income (loss)	—	—	—	176	(23)	153
	8,365	186	17,452	663	3,303	29,969
Dividends to shareholders						
Preferred shareholders (note 11)	—	—	(99)	—	—	(99)
Common shareholders	—	—	(1,221)	—	—	(1,221)
Shares exercised and issued under share-based payment plans (note 10)	93	(58)	—	—	47	82
Share-based payment plans expense	—	49	—	—	—	49
Equity settlement of Putnam share-based plans	—	—	—	—	(35)	(35)
Shares cancelled under Putnam share-based plans	—	1	—	—	(1)	—
Issuance of limited recourse capital notes	1,500	—	—	—	—	1,500
Limited recourse capital notes issue costs	—	—	(13)	—	—	(13)
Dilution loss on non-controlling interests	—	—	(1)	—	1	—
Balance, end of period	$ 9,958	$ 178	$ 16,118	$ 663	$ 3,315	$ 30,232

CONSOLIDATED STATEMENTS OF CASH FLOWS *(unaudited)*

(in Canadian $ millions)

	For the nine months ended September 30	
	2022	2021
Operations		
Earnings before income taxes	**$ 2,575**	$ 3,075
Income taxes paid, net of refunds received	**(217)**	(326)
Adjustments:		
Change in insurance and investment contract liabilities	**(24,925)**	(689)
Change in funds held by ceding insurers	**(608)**	1,058
Change in funds held under reinsurance contracts	**(370)**	(91)
Change in reinsurance assets	**4,587**	1,702
Changes in fair value through profit or loss	**25,276**	3,694
Other	**(766)**	121
	5,552	8,544
Financing Activities		
Issue of common shares (note 10)	**42**	93
Issue of limited recourse capital notes	**—**	1,500
Limited recourse capital notes issue costs	**—**	(13)
Increase (decrease) in credit line of subsidiaries	**768**	(827)
Increase in debentures and other debt instruments	**5**	—
Preferred share redemption costs	**(3)**	—
Dividends paid on common shares	**(1,370)**	(1,221)
Dividends paid on preferred shares	**(97)**	(99)
	(655)	(567)
Investment Activities		
Bond sales and maturities	**21,078**	20,437
Mortgage loan repayments	**2,457**	2,261
Stock sales	**3,729**	4,568
Investment property sales	**5**	33
Change in loans to policyholders	**(121)**	109
Business acquisition, net of cash and cash equivalents acquired (note 3)	**(2,149)**	(63)
Investment in bonds	**(19,120)**	(26,676)
Investment in mortgage loans	**(4,734)**	(3,612)
Investment in stocks	**(3,264)**	(5,366)
Investment in investment properties	**(485)**	(702)
	(2,604)	(9,011)
Effect of changes in exchange rates on cash and cash equivalents	**268**	(22)
Increase (decrease) in cash and cash equivalents	**2,561**	(1,056)
Cash and cash equivalents, beginning of period	**6,075**	7,946
Cash and cash equivalents, end of period	**$ 8,636**	$ 6,890
Supplementary cash flow information		
Interest income received	**$ 4,059**	$ 3,679
Interest paid	**265**	234
Dividend income received	**281**	255

CONDENSED NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(unaudited)*

(in Canadian $ millions except per share amounts)

1. Corporate Information

Great-West Lifeco Inc. (Lifeco or the Company) is a publicly listed company (Toronto Stock Exchange: GWO), incorporated and domiciled in Canada. The registered address of the Company is 100 Osborne Street North, Winnipeg, Manitoba, Canada, R3C 1V3. Lifeco is a member of the Power Corporation of Canada (Power Corporation) group of companies and is a subsidiary of Power Corporation.

Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, investment management and reinsurance businesses, primarily in Canada, the United States and Europe through its operating subsidiaries including The Canada Life Assurance Company (Canada Life), Empower Annuity Insurance Company of America (Empower, formerly known as Great-West Life & Annuity Insurance Company) and Putnam Investments, LLC (Putnam). Effective August 1, 2022, Great-West Life & Annuity Insurance Company changed its legal name to Empower Annuity Insurance Company of America.

The condensed consolidated interim unaudited financial statements (financial statements) of the Company as at and for the three and nine months ended September 30, 2022 were approved by the Board of Directors on November 2, 2022.

2. Basis of Presentation and Summary of Accounting Policies

These financial statements should be read in conjunction with the Company's December 31, 2021 consolidated annual audited financial statements and notes thereto.

The financial statements of the Company at September 30, 2022 have been prepared in compliance with the requirements of International Accounting Standard (IAS) 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) using the same accounting policies and methods of computation followed in the consolidated annual audited financial statements for the year ended December 31, 2021 except as described below.

<u>Changes in Accounting Policies</u>
The Company adopted the amendments to International Financial Reporting Standards (IFRS) for IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* and *Annual Improvements 2018-2020 Cycle* for the amendment to IFRS 16, *Leases* effective January 1, 2022. The adoption of these amendments did not have a significant impact on the Company’s financial statements.

The Company actively monitors changes in IFRS, both proposed and released, by the IASB for potential impact on the Company. No standards have been released since the year ended December 31, 2021 that impact the Company's financial reporting. The following sets out significant standards that will be adopted on January 1, 2023:

Standard	Summary of Future Changes
IFRS 17 - *Insurance Contracts*	IFRS 17, *Insurance Contracts* (IFRS 17), will replace IFRS 4, *Insurance Contracts* effective January 1, 2023. The adoption of IFRS 17 is a significant initiative for the Company supported by a formal governance framework and project plan, for which substantial resources are being dedicated. The Company continues to make progress in implementing its project plan, and will be compliant with the standard effective January 1, 2023. IFRS 17 sets out the requirements for the recognition, measurement, presentation and disclosures of insurance contracts a company issues and reinsurance contracts it holds. The future profit for providing insurance coverage (including impacts of new business) is reflected in the initial recognition of insurance contract liabilities and then recognized into profit or loss over time as the insurance services are provided. As a result of the new valuation methodologies required under IFRS 17, the Company expects its insurance contract liabilities, including the contractual service margin, to increase upon adoption. The January 1, 2022 shareholders' equity is expected to decrease by 10% to 15% on the retroactive adoption of IFRS 17 on January 1, 2023, primarily due to the establishment of the contractual service margin. IFRS 17 will affect how the Company accounts for its insurance contracts and how it reports financial performance in the Consolidated Statements of Earnings, in particular the timing of earnings recognition for insurance contracts. The adoption of IFRS 17 will also have a significant impact on how insurance contract results are presented and disclosed in the consolidated financial statements and on regulatory and tax regimes that are dependent upon IFRS accounting values. The Company is also actively monitoring potential impacts on regulatory capital and the associated ratios and disclosures. The Office of the Superintendent of Financial Institutions (OSFI) has stated that it intends to maintain capital frameworks consistent with current capital policies and minimizing potential industry-wide capital impacts. On July 21, 2022, OSFI released the 2023 Life Insurance Capital Adequacy Test (LICAT) Guideline, as amended for reporting under IFRS 17. The Company will first report under this guideline for the March 31, 2023 reporting period. Based on an initial review of the guideline under current market and economic conditions, the Company expects a positive impact to the LICAT ratio. The Company continues to assess all these impacts through its global implementation plan, however the change will not impact the economics of the affected businesses or our business model.

2. *Basis of Presentation and Summary of Accounting Policies (cont'd)*

Standard	Summary of Future Changes
IFRS 9 - *Financial Instruments*	IFRS 9, *Financial Instruments* (IFRS 9) will replace IAS 39, *Financial Instruments: Recognition and Measurement* effective January 1, 2023. The standard provides changes to financial instruments accounting for the following: • classification and measurement of financial instruments based on a business model approach for managing financial assets and the contractual cash flow characteristics of the financial asset; • impairment based on an expected loss model; and • hedge accounting that incorporates the risk management practices of an entity. The disclosure for the measurement and classification of the Company's portfolio investments provides most of the information required by IFRS 9. Upon adoption of IFRS 9 on January 1, 2023, the Company does not expect a material change in the level of invested assets, nor a material increase in earnings volatility. The Company anticipates electing the option of presenting comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset in the comparative period, as permitted by the amendment to IFRS 17 published by the IASB in December 2021. The Company continues to evaluate the impact of the adoption of this standard with the adoption of IFRS 17.

Use of Significant Judgments, Estimates and Assumptions

In preparation of these financial statements, management is required to make significant judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net earnings and related disclosures. Although some uncertainty is inherent in these judgments and estimates, management believes that the amounts recorded are reasonable. Key sources of estimation uncertainty and areas where significant judgments have been made are further described in the relevant accounting policies as described in note 2 of the Company's December 31, 2021 consolidated annual audited financial statements and notes thereto.

Impact of COVID-19 and the Conflict Between Russia and Ukraine on Significant Judgments, Estimates and Assumptions

The COVID-19 pandemic has continued to result in uncertainty in global financial markets and the economic environment in which the Company operates. The duration and impact of the COVID-19 pandemic continues to be unknown at this time, as is the efficacy of the associated fiscal and monetary interventions by governments and central banks.

Global financial markets continued to be volatile during 2022, in part due to Russia's military invasion of Ukraine and the related sanctions and economic fallout. The Company continues to monitor potential impacts of the conflict, including financial impacts, heightened cyber risks, and risks related to the global supply chain.

The results of the Company reflect management's judgments regarding the impact of prevailing market conditions related to global credit, equities, investment properties, foreign exchange and inflation, as well as prevailing health and mortality experience.

The provision for future credit losses within the Company's insurance contract liabilities relies upon investment credit ratings. In addition to its own credit assessments, the Company's practice is to use third party independent credit ratings where available. Management judgment is required when setting credit ratings for instruments that do not have a third party credit rating. Given rapid market changes, third party credit rating changes may lag developments in the current environment.

The fair value of portfolio investments (note 5), the valuation of goodwill and other intangible assets, the valuation of insurance contract liabilities (note 8) and the recoverability of deferred tax asset carrying values reflect management’s judgment.

Given the uncertainty surrounding the current environment, the actual financial results could differ from the estimates made in preparation of these financial statements.

3. Business Acquisitions

(a) Acquisition of Personal Capital Corporation

On August 17, 2020, Empower completed the acquisition of 100% of the equity of Personal Capital Corporation. Upon completion of the purchase price allocation in the fourth quarter of 2020, a contingent consideration earn-out provision of $26 (U.S. $20) was recognized, representing management's best estimate of growth in assets under management metrics defined in the Merger Agreement. The contingent consideration provision was increased by $101 (U.S. $80) in 2021 for a total contingent consideration provision of $127 (U.S. $100) at December 31, 2021. The increase in 2021 was due to growth in net new assets above the amount assumed at the date of acquisition.

The Merger Agreement allows for contingent consideration of up to $242 (U.S. $175) based on the achievement of growth in assets under management metrics, payable following measurements through December 31, 2021 and December 31, 2022. Changes in the fair value of the contingent consideration measured in accordance with the Merger Agreement subsequent to the completion of the purchase price allocation are recognized in operating and administrative expenses in the Consolidated Statements of Earnings. During the first quarter of 2022, the Company made its first payment of U.S. $59 based on assets under management metrics achieved through December 31, 2021.

During the third quarter of 2022, the remaining contingent consideration provision of $54 (U.S. $41) was released, resulting in a recovery of $54 to operating and administrative expenses in the Consolidated Statements of Earnings, as the current growth in net new assets is below the level where further contingent consideration would be payable.

(b) Acquisition of Prudential Retirement Services Business

On April 1, 2022, Empower completed the purchase, through a share purchase and a reinsurance transaction, of the full-service retirement business of Prudential Financial, Inc. (Prudential). The acquisition further solidifies the Company's position as a leader in the U.S. retirement market. The Company assumed the economics and risks associated with the business, while Prudential continues to retain the obligation to the contract holders of the reinsured portion. The Company acquired the business for $4,350 (U.S. $3,480) of total value which includes purchase consideration of $2,710 (U.S. $2,168) including the base purchase price, ceding commission and working capital adjustments and $1,640 (U.S. $1,312) of required capital to support the business. The assets acquired, liabilities assumed and purchase consideration paid are subject to future adjustments.

During the third quarter of 2022, the Company continued its comprehensive evaluation of the fair value of net assets acquired from Prudential and the purchase price allocation. Adjustments were made to the purchase consideration disclosed in the June 30, 2022 financial statements. As a result, initial goodwill presented in the June 30, 2022 financial statements of $1,109 (U.S. $887) has been adjusted to $1,075 (U.S. $860) for the period ended September 30, 2022. Adjustments were also made to the provisional amounts reported for investments on account of segregated fund policyholders acquired and investment and insurance contracts on account of segregated fund policyholders assumed, which had no impact on the fair value of net assets acquired.

The transaction was funded with $1,500 (U.S. $1,193) of limited recourse capital notes and U.S. $823 of short-term debt, in addition to existing resources. On March 30, 2022, Great-West Lifeco U.S. LLC, a subsidiary of the Company, established a 2-year U.S. $500 non-revolving credit facility with interest on the drawn balance equal to a floating rate based on Adjusted Term Secured Overnight Financing Rate (SOFR). The facility is fully and unconditionally guaranteed by the Company. On the acquisition date, the U.S. $500 facility was fully drawn, along with U.S. $323 from an existing revolving credit facility, to finance a portion of the acquisition. The existing revolving credit facility incurs interest on the drawn balance equal to a floating rate based on Adjusted Term SOFR. On July 1, 2022, Great-West Lifeco U.S. LLC made a payment of U.S.

$150 on its existing revolving credit facility. As at September 30, 2022, the $690 (U.S. $500) facility was fully drawn, along with $238 (U.S. $173) from the existing revolving credit facility.

The initial amounts assigned to the assets acquired, goodwill, intangible assets and liabilities assumed on April 1, 2022, and reported as at September 30, 2022 are as follows:

Assets acquired and goodwill	
Cash and cash equivalents	**$ 484**
Bonds	**36,288**
Mortgage loans	**8,029**
Stocks	**381**
Goodwill	**1,075**
Intangible assets	**735**
Other assets	**100**
Premiums in the course of collection, accounts and interest receivable	**268**
Investments on account of segregated fund policyholders	**77,700**
Total assets acquired and goodwill	**$ 125,060**
Liabilities assumed	
Insurance contract liabilities	**$ 43,571**
Investment contract liabilities	**690**
Accounts payable	**13**
Other liabilities	**376**
Investment and insurance contracts on account of segregated fund policyholders	**77,700**
Total liabilities assumed	**$ 122,350**

Accounting for the acquisition is not finalized, and there remains some measurement uncertainty on the acquisition and September 30, 2022 balances, pending completion of a comprehensive evaluation of the net assets acquired. The financial statements at September 30, 2022 reflect management's current best estimate of the purchase price allocation. The Company has identified and allocated provisional amounts for intangible assets within the purchase price allocation, net of $28 (U.S. $20) of amortization. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation will occur by the end of the first quarter of 2023.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of $1,075 (U.S. $860) as at September 30, 2022, will be adjusted in future periods.

The goodwill represents the excess of the purchase price over the fair value of the net assets, representing the synergies or future economic benefits arising from other assets acquired that are not individually identified and separately recognized in the acquisition. These synergies represent meaningful expense and revenue opportunities which are expected to be accretive to earnings. The goodwill is deductible for tax purposes.

During the three and nine months ended September 30, 2022, the Company incurred acquisition expenses of $33 (U.S. $25) and $102 (U.S. $79) respectively, which are recorded in the Consolidated Statements of Earnings.

Prudential contributed revenue of $1,190 (U.S. $909) and $2,152 (U.S. $1,660), net earnings of $32 (U.S. $24) and $40 (U.S. $30) and other comprehensive loss of $25 (U.S. $19) and $52 (U.S. $40) for the three and nine months ended September 30, 2022, respectively. These amounts are included in the Consolidated Statements of Earnings and Comprehensive Income.

3. Business Acquisitions (cont'd)

Supplemental pro-forma revenue and net earnings for the combined entity, as though the acquisition date for this business combination had been as of the beginning of the annual reporting period, has not been included as it is impracticable as Prudential had a different financial reporting basis than the Company.

(c) Acquisition of Ark Life Assurance Company

On November 1, 2021, Irish Life Group Limited (Irish Life), an indirect wholly-owned subsidiary of the Company, completed the acquisition of Ark Life Assurance Company dac (Ark Life) from Phoenix Group Holdings plc for total cash consideration of $332 (€230). Ark Life is closed to new business and manages a range of pensions, savings and protection policies for its customers in the Irish market.

The initial amounts assigned to the assets acquired, goodwill and liabilities assumed on November 1, 2021, reported as at September 30, 2022 are as follows:

Assets acquired and goodwill		
Cash and cash equivalents	**$**	**17**
Bonds		**333**
Goodwill		**21**
Reinsurance assets		**1,238**
Premiums in the course of collection, accounts and interest receivable		**89**
Investments on account of segregated fund policyholders		**2,844**
Total assets acquired and goodwill	**$**	**4,542**
Liabilities assumed		
Insurance contract liabilities	**$**	**1,257**
Investment contract liabilities		**43**
Other liabilities		**66**
Investment and insurance contracts on account of segregated fund policyholders		**2,844**
Total liabilities assumed	**$**	**4,210**

As at September 30, 2022, the accounting for the acquisition is not finalized pending completion of a comprehensive valuation of the net assets acquired. The financial statements at September 30, 2022 reflect management's current best estimate of the purchase price allocation. Final valuation of the assets acquired and liabilities assumed and the completion of the purchase price allocation are expected to occur during the fourth quarter of 2022. As at September 30, 2022, provisional amounts for intangible assets have not been separately identified and valued within the assets of the purchase price allocation pending completion of the valuation exercise.

As a result, the excess of the purchase price over the fair value of net assets acquired, representing goodwill of $21 (€15) on the date of acquisition, will be adjusted in future periods.

The goodwill represents the excess of the purchase price over the fair value of the net assets, representing the synergies or future economic benefits arising from other assets acquired that are not individually identified and separately recognized in the acquisition. These synergies represent meaningful expense and revenue opportunities which are expected to be accretive to earnings.

4. Restructuring and Integration Expenses

(a) Canada Restructuring

At September 30, 2022, the Company has a restructuring provision of $37 remaining in other liabilities. The change in the restructuring provision for the Canada restructuring is set out below:

	September 30 2022	December 31 2021
Balance, beginning of year	**$ 56**	$ 86
Amounts used	**(19)**	(30)
Balance, end of period	**$ 37**	$ 56

The Company expects to utilize a significant portion of these amounts by the end of 2023.

(b) Empower Restructuring and Integration

The Company recorded integration expenses in the Consolidated Statements of Earnings of $30 for the three months ended September 30, 2022 ($22 for the three months ended September 30, 2021) and $91 for the nine months ended September 30, 2022 ($53 for the nine months ended September 30, 2021).

The Company recorded restructuring expenses in the Consolidated Statements of Earnings of $28 for the three months ended September 30, 2022 ($10 for the three months ended September 30, 2021) and $44 for the nine months ended September 30, 2022 ($10 for the nine months ended September 30, 2021). The restructuring is primarily attributable to staff reductions and other exit costs related to the Company's acquisitions of the retirement services businesses of Massachusetts Mutual Life Insurance Company (MassMutual) and Prudential (note 3). At September 30, 2022, the Company has a restructuring provision of $37 remaining in other liabilities. The change in the restructuring provision for the Empower restructuring is set out below:

	September 30 2022	December 31 2021
Balance, beginning of year	**$ 19**	$ 37
Restructuring expenses	**44**	10
Amounts used	**(29)**	(28)
Changes in foreign exchange rates	**3**	—
Balance, end of period	**$ 37**	$ 19

The Company expects to pay out a significant portion of these amounts during the year. The Company expects to incur further integration expenses associated with the MassMutual and Prudential acquisitions during the year, and expects to incur further restructuring expenses associated with the Prudential acquisition in 2023 and 2024.

5. Portfolio Investments

(a) Carrying values and estimated fair values of portfolio investments are as follows:

	September 30, 2022		December 31, 2021	
	Carrying value	**Fair value**	Carrying value	Fair value
Bonds				
Designated fair value through profit or loss [1]	**$ 111,282**	**$ 111,282**	$ 103,645	$ 103,645
Classified fair value through profit or loss [1]	**845**	**845**	168	168
Available-for-sale	**10,363**	**10,363**	12,123	12,123
Loans and receivables	**33,672**	**30,090**	24,676	26,717
	156,162	**152,580**	140,612	142,653
Mortgage loans				
Residential				
Designated fair value through profit or loss [1]	**2,469**	**2,469**	2,609	2,609
Available-for-sale	**157**	**157**	—	—
Loans and receivables	**12,248**	**11,315**	9,580	9,860
	14,874	**13,941**	12,189	12,469
Commercial	**23,894**	**21,725**	16,663	17,189
	38,768	**35,666**	28,852	29,658
Stocks				
Designated fair value through profit or loss [1]	**12,282**	**12,282**	13,269	13,269
Available-for-sale	**227**	**227**	209	209
Available-for-sale, at cost [2]	**126**	**126**	124	124
Equity method	**629**	**572**	581	633
	13,264	**13,207**	14,183	14,235
Investment properties	**8,385**	**8,385**	7,763	7,763
Total	**$ 216,579**	**$ 209,838**	$ 191,410	$ 194,309

[1] A financial asset is designated as fair value through profit or loss on initial recognition if it eliminates or significantly reduces an accounting mismatch. Changes in the fair value of financial assets designated as fair value through profit or loss are generally offset by changes in insurance contract liabilities, since the measurement of insurance contract liabilities is determined with reference to the assets supporting the liabilities.

A financial asset is classified as fair value through profit or loss on initial recognition if it is part of a portfolio that is actively traded for the purpose of earning investment income.

[2] Fair value cannot be reliably measured, therefore the investments are held at cost.

(b) Included in portfolio investments are the following:

Carrying amount of impaired investments

	September 30 2022	December 31 2021
Impaired amounts by classification		
Fair value through profit or loss	**$ 19**	$ 14
Available-for-sale	**—**	7
Loans and receivables	**67**	71
Total	**$ 86**	$ 92

The carrying amount of impaired investments includes $19 bonds and $67 mortgage loans at September 30, 2022 ($18 bonds, $71 mortgage loans and $3 stocks at December 31, 2021). The above carrying values for loans and receivables are net of allowances of $49 at September 30, 2022 and $28 at December 31, 2021.

(c) Net investment income comprises the following:

For the three months ended September 30, 2022	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 1,523	$ 330	$ 99	$ 114	$ 229	$ 2,295
Net realized gains (losses)						
Available-for-sale	(17)	—	4	—	—	(13)
Other classifications	3	7	—	—	2	12
Net allowances for credit losses on loans and receivables	—	(11)	—	—	—	(11)
Other income (expenses)	—	—	—	(33)	(54)	(87)
	1,509	326	103	81	177	2,196
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(21)	—	—	—	—	(21)
Designated fair value through profit or loss	(6,183)	(333)	(234)	—	1,211	(5,539)
Recorded at fair value through profit or loss	—	—	—	(82)	—	(82)
	(6,204)	(333)	(234)	(82)	1,211	(5,642)
Total	$ (4,695)	$ (7)	$ (131)	$ (1)	$ 1,388	$ (3,446)

5. Portfolio Investments (cont'd)

For the three months ended September 30, 2021	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 1,059	$ 230	$ 101	$ 110	$ 148	$ 1,648
Net realized gains						
Available-for-sale	1	—	7	—	—	8
Other classifications	3	11	—	—	10	24
Net allowances for credit losses on loans and receivables	—	4	—	—	—	4
Other income (expenses)	—	—	—	(38)	(57)	(95)
	1,063	245	108	72	101	1,589
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(9)	—	—	—	—	(9)
Designated fair value through profit or loss	(1,193)	25	66	—	(46)	(1,148)
Recorded at fair value through profit or loss	—	—	—	221	—	221
	(1,202)	25	66	221	(46)	(936)
Total	$ (139)	$ 270	$ 174	$ 293	$ 55	$ 653

For the nine months ended September 30, 2022	**Bonds**	**Mortgage loans**	**Stocks**	**Investment properties**	**Other**	**Total**
Regular net investment income:						
Investment income earned	**$ 4,146**	**$ 873**	**$ 289**	**$ 335**	**$ 628**	**$ 6,271**
Net realized gains (losses)						
Available-for-sale	**(42)**	**—**	**27**	**—**	**—**	**(15)**
Other classifications	**(1)**	**17**	**—**	**—**	**(3)**	**13**
Net allowances for credit losses on loans and receivables	**—**	**(22)**	**—**	**—**	**—**	**(22)**
Other income (expenses)	**—**	**—**	**—**	**(109)**	**(168)**	**(277)**
	4,103	**868**	**316**	**226**	**457**	**5,970**
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	**(43)**	**—**	**—**	**—**	**—**	**(43)**
Designated fair value through profit or loss	**(23,761)**	**(861)**	**(1,100)**	**—**	**159**	**(25,563)**
Recorded at fair value through profit or loss	**—**	**—**	**—**	**330**	**—**	**330**
	(23,804)	**(861)**	**(1,100)**	**330**	**159**	**(25,276)**
Total	**$ (19,701)**	**$ 7**	**$ (784)**	**$ 556**	**$ 616**	**$ (19,306)**

5. Portfolio Investments (cont'd)

For the nine months ended September 30, 2021	Bonds	Mortgage loans	Stocks	Investment properties	Other	Total
Regular net investment income:						
Investment income earned	$ 3,175	$ 685	$ 262	$ 314	$ 503	$ 4,939
Net realized gains						
Available-for-sale	12	—	7	—	—	19
Other classifications	9	42	6	—	21	78
Net allowances for credit losses on loans and receivables	—	(28)	—	—	—	(28)
Other income (expenses)	—	—	—	(105)	(147)	(252)
	3,196	699	275	209	377	4,756
Changes in fair value through profit or loss assets:						
Classified fair value through profit or loss	(55)	—	—	—	—	(55)
Designated fair value through profit or loss	(5,171)	(63)	1,426	—	(270)	(4,078)
Recorded at fair value through profit or loss	—	—	—	439	—	439
	(5,226)	(63)	1,426	439	(270)	(3,694)
Total	$ (2,030)	$ 636	$ 1,701	$ 648	$ 107	$ 1,062

Investment income earned comprises income from investments that are classified as available-for-sale, loans and receivables and investments classified or designated as fair value through profit or loss. Investment income from bonds and mortgages includes interest income and premium and discount amortization. Income from stocks includes dividends, distributions from private equity and equity income from the investment in IGM Financial Inc. Investment properties income includes rental income earned on investment properties, ground rent income earned on leased and sub-leased land, fee recoveries, lease cancellation income, and interest and other investment income earned on investment properties. Other income includes policyholder loan income, foreign exchange gains and losses, income earned from derivative financial instruments and other miscellaneous income.

6. Financial Instruments Risk Management

The Company has policies relating to the identification, measurement, management, monitoring and reporting of risks associated with financial instruments. The key risks related to financial instruments are credit risk, liquidity risk and market risk (currency, interest rate and equity). The Risk Committee of the Board of Directors is responsible for the oversight of the Company's key risks. The Company's approach to risk management has not substantially changed from that described in the Company's 2021 Annual Report. Certain risks have been outlined below. For a discussion of the Company's risk governance structure and risk management approach, see the "Financial Instruments Risk Management" note in the Company's December 31, 2021 consolidated annual audited financial statements.

The Company has also established policies and procedures designed to identify, measure and report all material risks. Management is responsible for establishing capital management procedures for implementing and monitoring the capital plan. The Board of Directors reviews and approves all capital transactions undertaken by management.

(a) Credit Risk

Credit risk is the risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations.

<u>Concentration of Credit Risk</u>
Concentrations of credit risk arise from exposures to a single obligor, a group of related obligors or groups of obligors that have similar credit risk characteristics and operate in the same geographic region or in similar industries. The characteristics are similar in that changes in economic or political environments may impact their ability to meet obligations as they come due. No significant changes have occurred from the year ended December 31, 2021.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet all cash outflow obligations as they come due. The following policies and procedures are in place to manage this risk:

- The Company closely manages operating liquidity through cash flow matching of assets and liabilities and forecasting earned and required yields, to ensure consistency between policyholder requirements and the yield of assets.
- Management closely monitors the solvency and capital positions of its principal subsidiaries opposite liquidity requirements at the holding company. Additional liquidity is available through established lines of credit or via capital market transactions. The Company maintains committed lines of credit with Canadian chartered banks.

(c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market factors which include three types: currency risk, interest rate (including related inflation) risk and equity risk.

<u>Caution Related to Risk Sensitivities</u>
These financial statements include estimates of sensitivities and risk exposure measures for certain risks, such as the sensitivity due to specific changes in interest rate levels projected and market prices as at the valuation date. Actual results can differ significantly from these estimates for a variety of reasons including:

- Assessment of the circumstances that led to the scenario may lead to changes in (re)investment approaches and interest rate scenarios considered,
- Changes in actuarial, investment return and future investment activity assumptions,
- Actual experience differing from the assumptions,

- Changes in business mix, effective income tax rates and other market factors,
- Interactions among these factors and assumptions when more than one changes, and
- The general limitations of the Company's internal models.

For these reasons, the sensitivities should only be viewed as directional estimates of the underlying sensitivities for the respective factors based on the assumptions outlined above. Given the nature of these calculations, the Company cannot provide assurance that the actual impact on net earnings attributed to shareholders will be as indicated.

(i) Currency Risk

Currency risk relates to the Company operating and holding financial instruments in different currencies. For the assets backing insurance and investment contract liabilities that are not matched by currency, changes in foreign exchange rates can expose the Company to the risk of foreign exchange losses not offset by liability decreases.

- A 10% weakening of the Canadian dollar against foreign currencies would be expected to increase non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change to net earnings. A 10% strengthening of the Canadian dollar against foreign currencies would be expected to decrease non-participating insurance and investment contract liabilities and their supporting assets by approximately the same amount resulting in an immaterial immediate change in net earnings.

The Company has net investments in foreign operations. The Company's debt obligations are denominated in Canadian dollars, euros and U.S. dollars. In accordance with IFRS, foreign currency translation gains and losses from net investments in foreign operations, net of related hedging activities and tax effects, are recorded in accumulated other comprehensive income. Strengthening or weakening of the Canadian dollar spot rate compared to the U.S. dollar, British pound and euro spot rates impacts the Company's total equity. Correspondingly, the Company's book value per share and capital ratios monitored by rating agencies are also impacted.

(ii) Interest Rate Risk

Interest rate risk exists if asset and liability cash flows are not closely matched and interest rates change causing a difference in value between the asset and liability.

Projected cash flows from the current assets and liabilities are used in the Canadian Asset Liability Method to determine insurance contract liabilities. Valuation assumptions have been made regarding rates of returns on supporting assets, fixed income, equity and inflation. The valuation assumptions use best estimates of future reinvestment rates and inflation assumptions with an assumed correlation together with margins for adverse deviation set in accordance with professional standards. These margins are necessary to provide for possibilities of misestimation and/or future deterioration in the best estimate assumptions and provide reasonable assurance that insurance contract liabilities cover a range of possible outcomes. Margins are reviewed periodically for continued appropriateness.

Testing under a number of interest rate scenarios (including increasing, decreasing and fluctuating rates) is done to assess reinvestment risk because the Company's sensitivity to interest rate movements varies at different terms.

The total provision for interest rates is sufficient to cover a broader or more severe set of risks than the minimum arising from the current Canadian Institute of Actuaries prescribed scenarios. The range of interest rates covered by these provisions is set in consideration of long-term historical results and is monitored quarterly with a full review annually.

6. Financial Instruments Risk Management (cont'd)

The impact to the value of liabilities from an immediate parallel 1% increase or 1% decrease in the interest rates would be largely offset by changes in the value of assets supporting the liabilities. Actual movements in interest rates may produce different impacts on the value of liabilities, net of changes in the value of assets supporting liabilities, depending on the extent of the change in interest rates in different geographies and at different durations. An immediate 1% increase in interest rates in Canada could lead to an increase in the value of liabilities, net of changes in the value of assets supporting liabilities, and a decrease in net earnings, but the impact would not be expected to be material.

The following table provides information on the impact to the value of liabilities net of changes in the value of assets supporting liabilities of an immediate parallel 1% increase or 1% decrease in the interest rates as well as a corresponding parallel shift in the ultimate reinvestment rates, as defined in the actuarial standards.

	September 30, 2022		December 31, 2021	
	1% increase	**1% decrease** [1]	1% increase	1% decrease [1]
Change in interest rates				
Increase (decrease) in non-participating insurance and investment contract liabilities	**$ (133)**	**$ 450**	$ (219)	$ 678
Increase (decrease) in net earnings	**$ 116**	**$ (352)**	$ 197	$ (555)

[1] For the 1% decrease, initial risk-free yields are floored at zero, wherever risk-free yields are not currently negative.

(iii) Equity Risk

Equity risk is the uncertainty associated with the valuation of assets and liabilities arising from changes in equity markets and other pricing risk. To mitigate pricing risk, the Company has investment policy guidelines in place that provide for prudent investment in equity markets within clearly defined limits. The risks associated with segregated fund guarantees on lifetime Guaranteed Minimum Withdrawal Benefits have been mitigated through a hedging program using equity futures, currency forwards, and interest rate derivatives.

Some insurance and investment contract liabilities with long-tail cash-flows are supported by publicly traded common stocks and investments in other non-fixed income assets, primarily comprised of investment properties, real estate funds, private stocks, and equity release mortgages. The value of the liabilities may fluctuate with changes in the value of the supporting assets. The liabilities for other products such as segregated fund products with guarantees also fluctuate with equity values.

There may be additional market and liability impacts as a result of changes in the value of publicly traded common stocks and other non-fixed income assets that will cause the liabilities to fluctuate differently than the equity values. This means that there is a greater impact on net earnings from larger falls in equity values, relative to the change in equity values. Falls in equity values beyond those shown in the table below would have a greater impact on net earnings, relative to the change in equity values.

The following table provides information on the expected impacts of an immediate 10% or 20% increase or decrease in the value of publicly traded common stocks on insurance and investment contract liabilities and on the shareholders' net earnings of the Company. The expected impacts take into account the expected changes in the value of assets supporting liabilities and hedge assets.

	September 30, 2022				December 31, 2021			
	20% increase	**10% increase**	**10% decrease**	**20% decrease**	20% increase	10% increase	10% decrease	20% decrease
Change in publicly traded common stock values								
Increase (decrease) in non-participating insurance and investment contract liabilities	**$ (66)**	**$ (38)**	**$ 49**	**$ 256**	$ (26)	$ (16)	$ 22	$ 76
Increase (decrease) in net earnings	**$ 59**	**$ 34**	**$ (44)**	**$ (207)**	$ 21	$ 13	$ (19)	$ (66)

The following table provides information on the expected impacts of an immediate 5% or 10% increase or decrease in the value of other non-fixed income assets on insurance and investment contract liabilities and on the shareholders' net earnings of the Company. The expected impacts take into account the expected changes in the value of assets supporting liabilities.

	September 30, 2022				December 31, 2021			
	10% increase	**5% increase**	**5% decrease**	**10% decrease**	10% increase	5% increase	5% decrease	10% decrease
Change in other non-fixed income asset values								
Increase (decrease) in non-participating insurance and investment contract liabilities	**$ (81)**	**$ (38)**	**$ 33**	**$ 151**	$ (92)	$ (46)	$ 38	$ 144
Increase (decrease) in net earnings	**$ 68**	**$ 32**	**$ (27)**	**$ (116)**	$ 79	$ 39	$ (30)	$ (112)

The Canadian Institute of Actuaries Standards of Practice for the valuation of insurance contract liabilities establish limits on the investment return assumptions for publicly traded common stocks and other non-fixed income assets which are generally based on historical returns on market indices. The sensitivities shown in the tables above allow for the impact of changes in these limits following market falls.

The best estimate return assumptions for publicly traded common stocks and other non-fixed income assets are primarily based on long-term historical averages. The following provides information on the expected impacts of a 1% increase or 1% decrease in the best estimate assumptions:

	September 30, 2022		December 31, 2021	
	1% increase	**1% decrease**	1% increase	1% decrease
Change in best estimate return assumptions				
Increase (decrease) in non-participating insurance contract liabilities	**$ (701)**	**$ 836**	$ (715)	$ 829
Increase (decrease) in net earnings	**$ 547**	**$ (646)**	$ 567	$ (649)

The Company sponsors a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of Lifeco. The Company hedges its exposure to the equity risk associated with its Performance Share Unit Plan through the use of total return swaps.

7. Fair Value Measurement

The Company's assets and liabilities recorded at fair value have been categorized based upon the following fair value hierarchy:

Level 1: Fair value measurements utilize observable, quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. Assets and liabilities utilizing Level 1 inputs include actively exchange-traded equity securities, exchange-traded futures, and mutual and segregated funds which have available prices in an active market with no redemption restrictions.

Level 2: Fair value measurements utilize inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals. The fair values for some Level 2 securities were obtained from a pricing service. The pricing service inputs include, but are not limited to, benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, offers and reference data. Level 2 assets and liabilities include those priced using a matrix which is based on credit quality and average life, government and agency securities, restricted stock, some private bonds and investment funds, most investment-grade and high-yield corporate bonds, most asset-backed securities, most over-the-counter derivatives, and mortgage loans. Investment contracts that are measured at fair value through profit or loss are mostly included in the Level 2 category.

Level 3: Fair value measurements utilize one or more significant inputs that are not based on observable market inputs and include situations where there is little, if any, market activity for the asset or liability. The values of the majority of Level 3 securities were obtained from single broker quotes, internal pricing models, or external appraisers. Assets and liabilities utilizing Level 3 inputs generally include certain bonds, certain asset-backed securities, some private equities, investments in mutual and segregated funds where there are redemption restrictions, certain over-the-counter derivatives, investment properties and equity release mortgages.

7. Fair Value Measurement (cont'd)

The following presents the Company's assets and liabilities measured at fair value on a recurring basis by hierarchy level:

	September 30, 2022			
Assets measured at fair value	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash and cash equivalents	$ 8,636	$ —	$ —	$ 8,636
Financial assets at fair value through profit or loss				
Bonds	—	112,019	108	112,127
Mortgage loans	—	—	2,469	2,469
Stocks	9,672	25	2,585	12,282
Total financial assets at fair value through profit or loss	9,672	112,044	5,162	126,878
Available-for-sale financial assets				
Bonds	—	10,363	—	10,363
Mortgage loans	—	—	157	157
Stocks	—	38	189	227
Total available-for-sale financial assets	—	10,401	346	10,747
Investment properties	—	—	8,385	8,385
Funds held by ceding insurers	210	11,533	—	11,743
Derivatives [1]	24	3,585	—	3,609
Reinsurance assets	—	76	—	76
Other assets:				
Trading account assets	262	1,665	967	2,894
Other [2]	14	147	—	161
Total assets measured at fair value	$ 18,818	$ 139,451	$ 14,860	$ 173,129
Liabilities measured at fair value				
Derivatives [3]	$ —	$ 2,130	$ —	$ 2,130
Investment contract liabilities	—	13,487	—	13,487
Other liabilities	14	147	—	161
Total liabilities measured at fair value	$ 14	$ 15,764	$ —	$ 15,778

[1] Excludes collateral received from counterparties of $2,428.
[2] Includes collateral received under securities lending agreements.
[3] Excludes collateral pledged to counterparties of $589.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

7. Fair Value Measurement (cont'd)

	December 31, 2021			
Assets measured at fair value	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 6,075	$ —	$ —	$ 6,075
Financial assets at fair value through profit or loss				
Bonds	—	103,713	100	103,813
Mortgage loans	—	—	2,609	2,609
Stocks	11,577	12	1,680	13,269
Total financial assets at fair value through profit or loss	11,577	103,725	4,389	119,691
Available-for-sale financial assets				
Bonds	—	12,123	—	12,123
Stocks	4	1	204	209
Total available-for-sale financial assets	4	12,124	204	12,332
Investment properties	—	—	7,763	7,763
Funds held by ceding insurers	336	14,663	—	14,999
Derivatives [1]	1	966	—	967
Reinsurance assets	—	106	—	106
Other assets:				
Trading account assets	307	833	531	1,671
Other [2]	76	93	—	169
Total assets measured at fair value	$ 18,376	$ 132,510	$ 12,887	$ 163,773
Liabilities measured at fair value				
Derivatives [3]	$ 3	$ 1,027	$ —	$ 1,030
Investment contract liabilities	—	12,455	—	12,455
Other liabilities	76	93	—	169
Total liabilities measured at fair value	$ 79	$ 13,575	$ —	$ 13,654

[1] Excludes collateral received from counterparties of $317.
[2] Includes collateral received under securities lending arrangements.
[3] Excludes collateral pledged to counterparties of $370.

There were no transfers of the Company's assets and liabilities between Level 1 and Level 2 in the period.

7. Fair Value Measurement (cont'd)

The following presents additional information about assets and liabilities measured at fair value on a recurring basis which the Company classifies as Level 3 in the fair value hierarchy:

	September 30, 2022							
	Fair value through profit or loss bonds	**Fair value through profit or loss mortgage loans**	**Fair value through profit or loss stocks [3]**	**Available-for-sale mortgage loans**	**Available-for-sale stocks**	**Investment properties**	**Trading account assets**	**Total Level 3 assets**
Balance, beginning of year	**$ 100**	**$ 2,609**	**$ 1,680**	**$ —**	**$ 204**	**$ 7,763**	**$ 531**	**$ 12,887**
Total gains (losses)								
Included in net earnings	**(8)**	**(946)**	**207**	**—**	**23**	**330**	**(107)**	**(501)**
Included in other comprehensive income [1]	**(5)**	**(161)**	**26**	**(18)**	**(31)**	**(173)**	**40**	**(322)**
Purchases	**21**	**—**	**737**	**—**	**20**	**485**	**709**	**1,972**
Issues	**—**	**1,092**	**—**	**175**	**—**	**—**	**—**	**1,267**
Sales	**—**	**—**	**(65)**	**—**	**(27)**	**(5)**	**(169)**	**(266)**
Settlements	**—**	**(125)**	**—**	**—**	**—**	**—**	**—**	**(125)**
Other	**—**	**—**	**—**	**—**	**—**	**(15)**	**—**	**(15)**
Transfers into Level 3 [2]	**—**	**—**	**—**	**—**	**—**	**—**	**13**	**13**
Transfers out of Level 3 [2]	**—**	**—**	**—**	**—**	**—**	**—**	**(50)**	**(50)**
Balance, end of period	**$ 108**	**$ 2,469**	**$ 2,585**	**$ 157**	**$ 189**	**$ 8,385**	**$ 967**	**$ 14,860**
Total gains (losses) for the period included in net investment income	**$ (8)**	**$ (946)**	**$ 207**	**$ —**	**$ 23**	**$ 330**	**$ (107)**	**$ (501)**
Change in unrealized gains (losses) for the period included in earnings for assets held at September 30, 2022	**$ (8)**	**$ (942)**	**$ 207**	**$ —**	**$ —**	**$ 330**	**$ (107)**	**$ (520)**

1 Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and stocks, investment properties and trading account assets represents the unrealized gains (losses) on foreign exchange.

2 Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

3 Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

7. Fair Value Measurement (cont'd)

	December 31, 2021						
	Fair value through profit or loss bonds	Fair value through profit or loss mortgage loans	Fair value through profit or loss stocks [4]	Available-for-sale stocks	Investment properties	Trading account assets	Total Level 3 assets
Balance, beginning of year	$ 73	$ 2,020	$ 1,374	$ 16	$ 6,270	$ 58	$ 9,811
Total gains (losses)							
Included in net earnings	4	(121)	164	7	615	16	685
Included in other comprehensive income [1, 2]	(5)	(21)	—	117	(52)	—	39
Purchases	28	—	798	31	970	597	2,424
Issues	—	896	—	—	—	—	896
Sales	—	—	(199)	(7)	(40)	(140)	(386)
Settlements	—	(165)	—	—	—	—	(165)
Transfers into Level 3 [2, 3]	—	—	—	40	—	—	40
Transfers out of Level 3 [3, 5]	—	—	(457)	—	—	—	(457)
Balance, end of year	$ 100	$ 2,609	$ 1,680	$ 204	$ 7,763	$ 531	$ 12,887
Total gains (losses) for the year included in net investment income	$ 4	$ (121)	$ 164	$ 7	$ 615	$ 16	$ 685
Change in unrealized gains (losses) for the year included in earnings for assets held at December 31, 2021	$ 4	$ (115)	$ 161	$ —	$ 621	$ 16	$ 687

1 Amount of other comprehensive income for fair value through profit or loss bonds, mortgage loans and stocks, investment properties and trading account assets represents the unrealized gains (losses) on foreign exchange.

2 During 2021, certain stocks previously classified as available-for-sale, at cost were remeasured at a fair value of $147, are now classified as available-for-sale, and have been transferred into Level 3 as reliable measure of fair value was identified during the period. The carrying value of $40 was transferred into Level 3 and the difference between the carrying value and fair value of $107 was recognized as an unrealized gain on available-for-sale assets with an income tax expense of $15 in the Consolidated Statements of Comprehensive Income.

3 Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies or the placement of redemption restrictions on investments in mutual and segregated funds. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors or the lifting of redemption restrictions on investments in mutual and segregated funds.

4 Includes investments in mutual and segregated funds where there are redemption restrictions. The fair value is based on observable, quoted prices.

5 On January 11, 2021, Canada Life lifted the temporary suspension on contributions to and transfers into its Canadian real estate investment funds, and on April 19, 2021, the temporary suspension on redemptions and transfers out was fully lifted, as confidence over the valuation of the underlying properties returned as a result of increased market activity. As a result of the lifting of these temporary suspensions, the Company's investment in these funds with a fair value of $457 was transferred on April 19, 2021 from Level 3 to Level 1.

7. Fair Value Measurement (cont'd)

The following sets out information about significant unobservable inputs used at period-end in measuring assets categorized as Level 3 in the fair value hierarchy:

Type of asset	Valuation approach	Significant unobservable input	Input value	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties	Investment property valuations are generally determined using property valuation models based on expected capitalization rates and models that discount expected future net cash flows. The determination of the fair value of investment property requires the use of estimates such as future cash flows (such as future leasing assumptions, rental rates, capital and operating expenditures) and discount, reversionary and overall capitalization rates applicable to the asset based on current market rates.	Discount rate Reversionary rate Vacancy rate	Range of 3.5% - 12.8% Range of 3.8% - 7.5% Weighted average of 2.6%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value. A decrease in the reversionary rate would result in an increase in fair value. An increase in the reversionary rate would result in a decrease in fair value. A decrease in the expected vacancy rate would generally result in an increase in fair value. An increase in the expected vacancy rate would generally result in a decrease in fair value.
Mortgage loans - equity release mortgages (fair value through profit or loss and available-for-sale)	The valuation approach for equity release mortgages is to use an internal valuation model to determine the projected asset cash flows, including the stochastically calculated cost of the no negative-equity guarantee for each individual loan, to aggregate these across all loans and to discount those cash flows back to the valuation date. The projection is done monthly until expected redemption of the loan either voluntarily or on the death/ entering into long term care of the loanholders.	Discount rate	Range of 5.2% - 8.1%	A decrease in the discount rate would result in an increase in fair value. An increase in the discount rate would result in a decrease in fair value.

8. Insurance and Investment Contract Liabilities

	September 30, 2022		
	Gross liability	**Reinsurance assets**	**Net**
Insurance contract liabilities	**$ 232,380**	**$ 17,119**	**$ 215,261**
Investment contract liabilities	**13,487**	**76**	**13,411**
Total	**$ 245,867**	**$ 17,195**	**$ 228,672**

	December 31, 2021		
	Gross liability	Reinsurance assets	Net
Insurance contract liabilities	$ 208,378	$ 21,032	$ 187,346
Investment contract liabilities	12,455	106	12,349
Total	$ 220,833	$ 21,138	$ 199,695

9. Segregated Funds

The following presents details of the investments, determined in accordance with the relevant statutory reporting requirements of each region of the Company's operations, on account of segregated fund policyholders:

(a) Investments on account of segregated fund policyholders

	September 30 2022	December 31 2021
Cash and cash equivalents	$ 15,012	$ 12,500
Bonds	65,771	60,647
Mortgage loans	2,163	2,377
Stocks and units in unit trusts	108,572	134,568
Mutual funds	162,087	133,916
Investment properties	13,011	12,776
	366,616	356,784
Accrued income	645	442
Other liabilities	(3,971)	(2,932)
Non-controlling mutual funds interest	6,120	3,125
Total [1]	$ 369,410	$ 357,419

[1] At September 30, 2022, $65,240 of investments on account of segregated fund policyholders are reinsured by the Company on a modified coinsurance basis ($83,754 at December 31, 2021). Included in this amount are $154 of cash and cash equivalents, $12,779 of bonds, $16 of stocks and units in unit trusts, $52,185 of mutual funds, $96 of accrued income and $10 of other assets.

(b) Investment and insurance contracts on account of segregated fund policyholders

	For the nine months ended September 30	
	2022	2021 [1]
Balance, beginning of year	**$ 357,419**	$ 334,032
Additions (deductions):		
Policyholder deposits	**26,843**	21,320
Net investment income	**3,334**	1,714
Net realized capital gains on investments	**1,724**	11,593
Net unrealized capital gains (losses) on investments	**(74,160)**	9,673
Unrealized gains (losses) due to changes in foreign exchange rates	**4,881**	(5,276)
Policyholder withdrawals	**(31,381)**	(29,003)
Business acquisition [2]	**77,700**	—
Change in Segregated Fund investment in General Fund	**86**	(40)
Change in General Fund investment in Segregated Fund	**(14)**	(15)
Net transfer (to) from General Fund	**(17)**	20
Non-controlling mutual funds interest	**2,995**	1,603
Total	**11,991**	11,589
Balance, end of period	**$ 369,410**	$ 345,621

[1] The Company reclassified certain comparative figures to conform to the current year's presentation. These reclassifications had no impact on the equity or net earnings of the Company.
[2] Investment and insurance contracts on account of segregated fund policyholders acquired through the Prudential acquisition (note 3)

(c) Investments on account of segregated fund policyholders by fair value hierarchy level (note 7)

	September 30, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Investments on account of segregated fund policyholders [1]	**$ 252,222**	**$ 106,507**	**$ 14,019**	**$ 372,748**

[1] Excludes other liabilities, net of other assets, of $3,338.

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Investments on account of segregated fund policyholders [1]	$ 249,543	$ 96,575	$ 13,822	$ 359,940

[1] Excludes other liabilities, net of other assets, of $2,521.

During the first nine months of 2022, certain foreign stock holdings valued at $280 have been transferred from Level 2 to Level 1 ($2,137 were transferred from Level 2 to Level 1 during the year ended December 31, 2021) primarily based on the Company's change in use of inputs in addition to quoted prices in active markets for certain foreign stock holdings. Level 2 assets include those assets where fair value is not available from normal market pricing sources, where inputs are utilized in addition to quoted prices in active markets and where the Company does not have access to the underlying asset details within an investment fund.

9. Segregated Funds (cont'd)

The following presents additional information about the Company's investments on account of segregated fund policyholders for which the Company has utilized Level 3 inputs to determine fair value:

	September 30 2022	December 31 2021
Balance, beginning of year	**$ 13,822**	$ 13,556
Total gains (losses) included in segregated fund investment income	**(251)**	415
Purchases [1]	**673**	333
Sales	**(223)**	(482)
Transfers into Level 3	**13**	5
Transfers out of Level 3	**(15)**	(5)
Balance, end of period	**$ 14,019**	$ 13,822

[1] Includes $236 of Level 3 assets acquired through the Prudential acquisition (note 3).

Transfers into Level 3 are due primarily to decreased observability of inputs in valuation methodologies. Transfers out of Level 3 are due primarily to increased observability of inputs in valuation methodologies as evidenced by corroboration of market prices with multiple pricing vendors.

10. Share Capital

Common Shares

	For the nine months ended September 30			
	2022		2021	
	Number	**Carrying value**	Number	Carrying value
Common shares				
Balance, beginning of year	**930,620,338**	**$ 5,748**	927,853,106	$ 5,651
Exercised and issued under stock option plan	**1,198,072**	**42**	2,631,880	93
Balance, end of period	**931,818,410**	**$ 5,790**	930,484,986	$ 5,744

During the nine months ended September 30, 2022, 1,198,072 common shares were exercised under the Company's stock plan with a carrying value of $42, including $4 from contributed surplus transferred upon exercise (2,631,880 with a carrying value of $93, including $11 from contributed surplus transferred upon exercise during the nine months ended September 30, 2021).

On January 25, 2022, the Company announced the renewal of its normal course issuer bid (NCIB) commencing January 27, 2022 and terminating January 26, 2023 to purchase for cancellation up to but not more than 20,000,000 of its common shares at market prices.

During the nine months ended September 30, 2022, the Company did not purchase any common shares under the current NCIB (nil during the nine months ended September 30, 2021 under the previous NCIB).

11. Earnings per Common Share

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
Earnings				
Net earnings	**$ 720**	$ 905	**$ 2,290**	$ 2,462
Preferred share dividends	**(32)**	(33)	**(97)**	(99)
Net earnings - common shareholders	**$ 688**	$ 872	**$ 2,193**	$ 2,363
Number of common shares				
Average number of common shares outstanding	**931,799,372**	930,084,597	**931,632,459**	929,102,790
Add: Potential exercise of outstanding stock options	**163,053**	2,355,985	**820,080**	1,290,635
Average number of common shares outstanding - diluted basis	**931,962,425**	932,440,582	**932,452,539**	930,393,425
Basic earnings per common share	**$ 0.738**	$ 0.938	**$ 2.354**	$ 2.544
Diluted earnings per common share	**$ 0.738**	$ 0.936	**$ 2.352**	$ 2.540
Dividends per common share	**$ 0.490**	$ 0.438	**$ 1.470**	$ 1.314

12. Capital Management

(a) Policies and Objectives

Managing capital is the continual process of establishing and maintaining the quantity and quality of capital appropriate for the Company and ensuring capital is deployed in a manner consistent with the expectations of the Company's stakeholders. For these purposes, the Board considers the key stakeholders to be the Company's shareholders, policyholders and holders of subordinated liabilities in addition to the relevant regulators in the various jurisdictions where the Company and its subsidiaries operate.

The Company manages its capital on both a consolidated basis as well as at the individual operating subsidiary level. The primary objectives of the Company's capital management strategy are:

- to maintain the capitalization of its regulated operating subsidiaries at a level that will exceed the relevant minimum regulatory capital requirements in the jurisdictions in which they operate;
- to maintain strong credit and financial strength ratings of the Company ensuring stable access to capital markets; and
- to provide an efficient capital structure to maximize shareholders' value in the context of the Company's operational risks and strategic plans.

The capital planning process is the responsibility of the Company's Chief Financial Officer. The capital plan is approved by the Company's Board of Directors on an annual basis. The Board of Directors reviews and approves all capital transactions undertaken by management.

The target level of capitalization for the Company and its subsidiaries is assessed by considering various factors such as the probability of falling below the minimum regulatory capital requirements in the relevant operating jurisdiction, the views expressed by various credit rating agencies that provide financial strength and other ratings to the Company, and the desire to hold sufficient capital to be able to honour all policyholder and other obligations of the Company with a high degree of confidence.

(b) Regulatory Capital

In Canada, OSFI has established a regulatory capital adequacy measurement for life insurance companies incorporated under the Insurance Companies Act (Canada) and their subsidiaries.

The LICAT Ratio compares the regulatory capital resources of a company to its required capital, defined by OSFI, as the aggregate of all defined capital requirements. The total capital resources are provided by the sum of Available Capital, Surplus Allowance and Eligible Deposits.

The following provides a summary of the LICAT information and ratios for Canada Life:

	September 30 2022	December 31 2021
Tier 1 Capital	**$ 12,199**	$ 12,584
Tier 2 Capital	**4,624**	4,417
Total Available Capital	**16,823**	17,001
Surplus Allowance & Eligible Deposits	**10,297**	13,225
Total Capital Resources	**$ 27,120**	$ 30,226
Required Capital	**$ 22,914**	$ 24,323
Total LICAT Ratio (OSFI Supervisory Target = 100%) [1]	**118 %**	124 %

[1] Total Ratio (%) = (Total Capital Resources / Required Capital)

Other foreign operations and foreign subsidiaries of the Company are required to comply with local capital or solvency requirements in their respective jurisdictions.

13. Pension Plans and Other Post-Employment Benefits

The total pension plans and other post-employment benefits expense included in operating expenses and other comprehensive income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
Pension plans				
Service costs	**$ 59**	$ 78	**$ 196**	$ 216
Net interest costs	**2**	6	**4**	17
Curtailments	**—**	(1)	**(1)**	(1)
Settlements	**—**	(57)	**—**	(57)
	61	26	**199**	175
Other post-employment benefits				
Service costs	**1**	1	**2**	3
Net interest costs	**2**	2	**8**	7
	3	3	**10**	10
Pension plans and other post-employment benefits (income) expense - Consolidated Statements of Earnings	**64**	29	**209**	185
Pension plans - re-measurements (gain) loss				
Actuarial (gain) loss	**(154)**	14	**(2,163)**	(484)
Return on assets (greater) less than assumed	**218**	(57)	**1,553**	(205)
Change in the asset ceiling	**35**	2	**227**	13
Pension plans re-measurement (gain) loss	**99**	(41)	**(383)**	(676)
Other post-employment benefits - re-measurements				
Actuarial (gain) loss	**3**	(7)	**(77)**	(36)
Pension plans and other post-employment benefits re-measurements - other comprehensive (income) loss	**102**	(48)	**(460)**	(712)
Total pension plans and other post-employment benefits (income) expense including re-measurements	**$ 166**	$ (19)	**$ (251)**	$ (527)

The following sets out the weighted average discount rate used to re-measure the defined benefit obligation for pension plans and other post-employment benefits at the following dates:

	September 30		December 31	
	2022	2021	2021	2020
Weighted average discount rate	**4.9 %**	2.8 %	2.6 %	2.2 %

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14. Income Taxes

(a) Income Tax Expense

Income tax expense (recovery) consists of the following:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
Current income taxes	**$ 80**	$ 138	**$ 318**	$ 71
Deferred income taxes	**(67)**	(27)	**(202)**	203
Total income tax expense	**$ 13**	$ 111	**$ 116**	$ 274

(b) Effective Income Tax Rate

The effective income tax rates are generally lower than the Company's statutory income tax rate of 26.50% due to benefits related to non-taxable investment income and lower income tax in certain foreign jurisdictions.

The overall effective income tax rate for the three months ended September 30, 2022 was 1.5% compared to 9.8% for the three months ended September 30, 2021. The effective income tax rate for the three months ended September 30, 2022 was lower than the effective income tax rate for the three months ended September 30, 2021 primarily due to the resolution of outstanding tax issues, as well as jurisdictional mix of earnings.

The overall effective income tax rate for the nine months ended September 30, 2022 was 4.5% compared to 8.9% for the nine months ended September 30, 2021. The effective income tax rate for the nine months ended September 30, 2022 was lower than the effective income tax rate for the nine months ended September 30, 2021 primarily due to jurisdictional mix of earnings as well as changes in certain tax estimates.

The effective income tax rate for the shareholder account for the three months ended September 30, 2022 was negative 3.3% compared to 8.4% for the three months ended September 30, 2021.

The effective income tax rate for the shareholder account for the nine months ended September 30, 2022 was 5.0% compared to 9.9% for the nine months ended September 30, 2021.

15. Segmented Information

(a) Consolidated Net Earnings

For the three months ended September 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 3,597	$ 2,327	$ 786	$ 7,211	$ —	$ 13,921
Net investment income						
Regular net investment income	842	926	343	72	13	2,196
Changes in fair value through profit or loss	264	(2,628)	(2,689)	(590)	1	(5,642)
Total net investment income (loss)	1,106	(1,702)	(2,346)	(518)	14	(3,446)
Fee and other income	490	1,095	312	—	—	1,897
	5,193	1,720	(1,248)	6,693	14	12,372
Benefits and expenses						
Paid or credited to policyholders	3,836	372	(1,952)	6,514	—	8,770
Other [1]	947	1,046	408	57	4	2,462
Financing charges	32	57	6	3	—	98
Amortization of finite life intangible assets	28	60	13	—	—	101
Restructuring and integration expenses	—	58	—	—	—	58
Earnings before income taxes	350	127	277	119	10	883
Income taxes	27	(23)	7	(1)	3	13
Net earnings before non-controlling interests	323	150	270	120	7	870
Non-controlling interests	156	(7)	1	—	—	150
Net earnings	167	157	269	120	7	720
Preferred share dividends	28	—	4	—	—	32
Net earnings before capital allocation	139	157	265	120	7	688
Impact of capital allocation	21	7	(16)	(5)	(7)	—
Net earnings - common shareholders	$ 160	$ 164	$ 249	$ 115	$ —	$ 688

[1] Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

For the three months ended September 30, 2021

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 3,300	$ 1,116	$ 1,942	$ 8,563	$ —	$ 14,921
Net investment income						
Regular net investment income	701	497	329	64	(2)	1,589
Changes in fair value through profit or loss	(319)	(330)	(209)	(78)	—	(936)
Total net investment income (loss)	382	167	120	(14)	(2)	653
Fee and other income	509	995	352	2	—	1,858
	4,191	2,278	2,414	8,551	(2)	17,432
Benefits and expenses						
Paid or credited to policyholders	2,713	1,070	1,612	8,401	—	13,796
Other [1]	916	910	359	53	72	2,310
Financing charges	34	41	6	2	—	83
Amortization of finite life intangible assets	25	43	14	—	—	82
Restructuring and integration expenses	—	32	—	—	—	32
Earnings (loss) before income taxes	503	182	423	95	(74)	1,129
Income taxes	89	10	42	(13)	(17)	111
Net earnings (loss) before non-controlling interests	414	172	381	108	(57)	1,018
Non-controlling interests	108	5	—	—	—	113
Net earnings (loss)	306	167	381	108	(57)	905
Preferred share dividends	28	—	5	—	—	33
Net earnings (loss) before capital allocation	278	167	376	108	(57)	872
Impact of capital allocation	27	1	(19)	(6)	(3)	—
Net earnings (loss) - common shareholders	$ 305	$ 168	$ 357	$ 102	$ (60)	$ 872

[1] Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

For the nine months ended September 30, 2022

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 10,521	$ 7,540	$ 2,937	$ 23,279	$ —	$ 44,277
Net investment income						
Regular net investment income	2,397	2,230	1,111	189	43	5,970
Changes in fair value through profit or loss	(7,216)	(9,010)	(7,238)	(1,820)	8	(25,276)
Total net investment income (loss)	(4,819)	(6,780)	(6,127)	(1,631)	51	(19,306)
Fee and other income	1,496	3,115	1,006	2	—	5,619
	7,198	3,875	(2,184)	21,650	51	30,590
Benefits and expenses						
Paid or credited to policyholders	3,119	61	(4,328)	20,980	—	19,832
Other [1]	2,852	3,157	1,282	182	11	7,484
Financing charges	100	159	17	7	1	284
Amortization of finite life intangible assets	82	160	38	—	—	280
Restructuring and integration expenses	—	135	—	—	—	135
Earnings before income taxes	1,045	203	807	481	39	2,575
Income taxes	109	(62)	45	13	11	116
Net earnings before non-controlling interests	936	265	762	468	28	2,459
Non-controlling interests	179	(12)	2	—	—	169
Net earnings	757	277	760	468	28	2,290
Preferred share dividends	84	—	13	—	—	97
Net earnings before capital allocation	673	277	747	468	28	2,193
Impact of capital allocation	63	21	(50)	(17)	(17)	—
Net earnings - common shareholders	$ 736	$ 298	$ 697	$ 451	$ 11	$ 2,193

[1] Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

For the nine months ended September 30, 2021

	Canada	United States	Europe	Capital and Risk Solutions	Lifeco Corporate	Total
Income						
Total net premiums	$ 9,786	$ 3,907	$ 3,820	$ 22,311	$ —	$ 39,824
Net investment income						
Regular net investment income	2,117	1,461	988	200	(10)	4,756
Changes in fair value through profit or loss	(1,049)	(732)	(1,589)	(327)	3	(3,694)
Total net investment income (loss)	1,068	729	(601)	(127)	(7)	1,062
Fee and other income	1,470	2,882	1,051	6	—	5,409
	12,324	7,518	4,270	22,190	(7)	46,295
Benefits and expenses						
Paid or credited to policyholders	8,007	4,062	2,026	21,608	—	35,703
Other [1]	2,774	2,670	1,249	167	102	6,962
Financing charges	101	112	18	6	2	239
Amortization of finite life intangible assets	78	128	41	—	—	247
Restructuring and integration expenses	—	69	—	—	—	69
Earnings (loss) before income taxes	1,364	477	936	409	(111)	3,075
Income taxes	152	63	128	(9)	(60)	274
Net earnings (loss) before non-controlling interests	1,212	414	808	418	(51)	2,801
Non-controlling interests	329	8	2	—	—	339
Net earnings (loss)	883	406	806	418	(51)	2,462
Preferred share dividends	85	—	14	—	—	99
Net earnings (loss) before capital allocation	798	406	792	418	(51)	2,363
Impact of capital allocation	82	1	(55)	(19)	(9)	—
Net earnings (loss) - common shareholders	$ 880	$ 407	$ 737	$ 399	$ (60)	$ 2,363

[1] Includes commissions, operating and administrative expenses, and premium taxes.

15. Segmented Information (cont'd)

Income by source currency for Capital and Risk Solutions:

	For the three months ended September 30		For the nine months ended September 30	
	2022	2021	**2022**	2021
Income				
United States	**$ 6,272**	$ 4,797	**$ 20,194**	$ 15,267
United Kingdom	**(79)**	388	**100**	1,003
Japan	**97**	2,844	**(236)**	4,297
Other	**403**	522	**1,592**	1,623
Total income	**$ 6,693**	$ 8,551	**$ 21,650**	$ 22,190

Negative income in the table above is primarily due to unrealized fair value losses through profit or loss on bonds, which are largely offset through changes in insurance contract liabilities.

(b) Consolidated Total Assets and Liabilities

	September 30, 2022				
	Canada	**United States**	**Europe**	**Capital and Risk Solutions**	**Total**
Assets					
Invested assets	**$ 87,924**	**$ 101,676**	**$ 36,811**	**$ 7,696**	**$ 234,107**
Goodwill and intangible assets	**5,775**	**8,269**	**2,943**	**—**	**16,987**
Other assets	**5,605**	**30,345**	**8,741**	**7,569**	**52,260**
Investments on account of segregated fund policyholders	**89,892**	**162,730**	**116,788**	**—**	**369,410**
Total	**$ 189,196**	**$ 303,020**	**$ 165,283**	**$ 15,265**	**$ 672,764**
Liabilities					
Insurance and investment contract liabilities	**$ 80,585**	**$ 118,085**	**$ 35,324**	**$ 11,873**	**$ 245,867**
Other liabilities	**7,860**	**13,605**	**3,742**	**919**	**26,126**
Investment and insurance contracts on account of segregated fund policyholders	**89,892**	**162,730**	**116,788**	**—**	**369,410**
Total	**$ 178,337**	**$ 294,420**	**$ 155,854**	**$ 12,792**	**$ 641,403**

15. Segmented Information (cont'd)

	December 31, 2021				
	Canada	United States	Europe	Capital and Risk Solutions	Total
Assets					
Invested assets	$ 92,400	$ 55,376	$ 48,669	$ 9,359	$ 205,804
Goodwill and intangible assets	5,722	5,826	3,047	—	14,595
Other assets	4,323	30,090	10,220	8,037	52,670
Investments on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total	$ 203,982	$ 208,211	$ 200,899	$ 17,396	$ 630,488
Liabilities					
Insurance and investment contract liabilities	$ 84,829	$ 74,632	$ 47,356	$ 14,016	$ 220,833
Other liabilities	7,752	8,800	4,309	892	21,753
Investment and insurance contracts on account of segregated fund policyholders	101,537	116,919	138,963	—	357,419
Total	$ 194,118	$ 200,351	$ 190,628	$ 14,908	$ 600,005

Assets by source currency for Capital and Risk Solutions:

	September 30 2022	December 31 2021
Assets		
United Kingdom	**$ 4,588**	$ 6,507
United States	**6,653**	5,902
Japan	**3,041**	4,102
Other	**983**	885
Total assets	**$ 15,265**	$ 17,396

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IGM Financial Inc.

PART C

Management's Discussion and Analysis

Financial Statements and Notes

Please note that the bottom of each page in Part C contains two different page numbers. A page number with the prefix "C" refers to the number of such page in this document and the page number without any prefix refers to the number of such page in the original document issued by IGM Financial Inc.

The attached documents concerning IGM Financial Inc. are documents prepared and publicly disclosed by such subsidiary. Certain statements in the attached documents, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the current expectations of the subsidiary as set forth therein. Forward-looking statements are provided for the purposes of assisting the reader in understanding the subsidiary's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about the subsidiary's management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes.

By its nature, forward-looking 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.

For further information provided by the subsidiary as to the material factors that could cause actual results to differ materially from the content of forward-looking statements, the material factors and assumptions that were applied in making the forward-looking statements, and the subsidiary's policy for updating the content of forward-looking statements, please see the attached documents, including the section entitled Forward-Looking Statements. The reader is cautioned to consider these factors and assumptions carefully and not to put undue reliance on forward-looking statements.

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, 2022 and should be read in conjunction with the unaudited Interim Condensed Consolidated Financial Statements (Interim Financial Statements) as well as the 2021 IGM Financial Inc. Annual Report and the 2022 IGM Financial Inc. First and Second Quarter Reports to Shareholders filed on www.sedar.com. Commentary in the MD&A as at and for the three and nine months ended September 30, 2022 is as of November 3, 2022.

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.sedar.com.

Non-IFRS Financial Measures and Other Financial Measures

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

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

Non-IFRS ratios include the following:

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

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

This report also contains other financial measures which include:

- **Assets Under Management and Advisement (AUM&A)** represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies.
- **Assets Under Advisement (AUA)** are the key driver of the Wealth Management segment. AUA are savings and investment products held within client accounts of our Wealth Management segment operating companies.
- **Assets Under Management (AUM)** are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities.
- **Working Capital** which consists of current assets less current liabilities.

IGM Financial Inc.

Summary of Consolidated Operating Results

IGM Financial Inc. (TSX:IGM) is a leading wealth and asset management company supporting advisors and the clients they serve in Canada, and institutional investors throughout North America, Europe and Asia. The Company operates through a number of operating subsidiaries and also holds a number of strategic investments that provide benefits to these subsidiaries while furthering the Company's growth prospects. The Company's principle operating subsidiaries are wealth manager IG Wealth Management (IG) and asset manager Mackenzie Investments (Mackenzie). The Company also operates through wealth manager Investment Planning Counsel (IPC) and has strategic investments in Great-West Lifeco Inc. (Lifeco), China Asset Management Co., Ltd. (ChinaAMC), Northleaf Capital Group Ltd. (Northleaf), and Wealthsimple Financial Corp. (Wealthsimple) as described more fully later in this MD&A.

IGM Financial's assets under management and advisement were $238.1 billion as at September 30, 2022, compared with $265.2 billion at September 30, 2021 and $277.1 billion at December 31, 2021, as detailed in Table 6 and 7. Average total assets under management and advisement for the third quarter of 2022 were $247.2 billion compared to $267.4 billion in the third quarter of 2021. Average total assets under management and advisement for the nine months ended September 30, 2022 were $257.4 billion compared to $255.6 billion for the nine months ended September 30, 2021.

Total assets under management were $208.7 billion at September 30, 2022, compared with $236.2 billion at September 30, 2021 and $245.3 billion at December 31, 2021. Average total assets under management for the third quarter of 2022 were $217.3 billion compared to $238.3 billion in the third quarter of 2021. Average total assets under management for the nine months ended September 30, 2022 were $227.0 billion compared to $227.9 billion for the comparative period in 2021.

Net earnings available to common shareholders for the three months ended September 30, 2022 were $216.1 million or $0.91 per share compared with net earnings available to common shareholders of $270.8 million or $1.13 per share for the comparative period in 2021, representing a decrease of 19.5% in earnings per share. Net earnings available to common shareholders for the nine months ended September 30, 2022 were $642.5 million or $2.68 per share compared to net earnings available to common shareholders of $710.4 million or $2.97 per share for the comparative period in 2021, representing a decrease of 9.8% in earnings per share.

Shareholders' equity was $6.1 billion as at September 30, 2022, compared to $6.5 billion at December 31, 2021. ROE (a non-IFRS ratio – see Non-IFRS Financial Measures and Other Financial Measures) for the nine months ended September 30, 2022 was 13.8% compared with 16.3% for the comparative period in 2021. 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, 2022 was 15.2% compared with 18.9% for the comparative period in 2021. The quarterly dividend per common share declared in the third quarter of 2022 was 56.25 cents, unchanged from the second quarter of 2022.

China Asset Management Co., Ltd. (ChinaAMC)

On January 5, 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from Power Corporation of Canada (Power), which will increase the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, IGM Financial will sell 15,200,662 common shares of Lifeco to Power for cash consideration of $575 million, which will reduce the Company's equity interest in Lifeco from 4% to 2.4%. These transactions are expected to close in 2022, subject to customary closing conditions, including Chinese regulatory approvals. The sale of Lifeco shares is conditional on IGM Financial's purchase of the ChinaAMC shares.

Benefits of the ChinaAMC acquisition include:

- Enhancing participation in the rapidly growing Chinese asset management industry, through a meaningful ownership position in one of the leading asset managers in China.
- Reinforcing relationships and business opportunities between Mackenzie and ChinaAMC as Mackenzie builds global, fully diversified and differentiated solutions for its clients and strengthens distribution opportunities in China.
- Simplifying the IGM Financial and Power organization structure by consolidating the ChinaAMC ownership position at Mackenzie.
- Providing a financially attractive outcome that is expected to be accretive to IGM Financial's earnings in the first year of increased ownership.

Market Overview

Following an extended period of strong financial market returns that began during the second quarter of 2020, negative returns during 2022 were reflective of the current volatility in global markets:

- The S&P TSX Composite total return index increased by 3.8% in the first quarter of 2022, and decreased by 13.2% and 1.4% in the second and third quarters, respectively.
- U.S. equity markets, as measured by the S&P 500 total return index, decreased by 4.6% in the first quarter, 16.1% in the second quarter, and 4.9% in the third quarter.
- European equity markets, as measured by the MSCI Europe net total return index, decreased by 5.3% in the first quarter, 9.0% in the second quarter, and 4.1% in the third quarter.
- Asian equity markets, as measured by the MSCI AC Asia Pacific net total return index, decreased by 6.0% in the first quarter, 11.9% in the second quarter, and 11.2% in the third quarter.
- The FTSE TMX Canada Universe Bond total return index decreased by 7.0% in the first quarter and 5.7% in the second quarter and increased by 0.5% in the third quarter.
- Our clients experienced average investment returns of -4.6% in the first quarter, -9.7% in the second quarter and -0.9% in the third quarter.

IGM Financial's assets under management and advisement decreased by 14.1% from $277.1 billion at December 31, 2021 to $238.1 billion at September 30, 2022. See Table 29 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 and Investment Planning Counsel. These firms are retail distribution organizations that serve Canadian households through their securities dealers, mutual fund dealers and other subsidiaries licensed to distribute financial products and services. A majority of the revenues of this segment are derived from providing financial advice and distributing financial products and services to Canadian households. This segment also includes the investment management activities of these organizations, including mutual fund management and discretionary portfolio management services.
- ***Asset Management*** – reflects the activities of operating companies primarily focused on providing investment management services, and represents the operations of Mackenzie Investments. Investment management services are provided to a suite of investment funds that are distributed through third party dealers and financial advisors, and through institutional advisory mandates to financial institutions, pensions and other institutional investors.

Table 1: Reconciliation of Non-IFRS Financial Measures

	Three months ended			*Nine months ended*	
($ millions except EPS)	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30
Net earnings available to common shareholders	**$ 216.1**	$ 207.1	$ 270.8	**$ 642.5**	$ 710.4
Net earnings per share[1] available to common shareholders	**$ 0.91**	$ 0.87	$ 1.13	**$ 2.68**	$ 2.97
Average outstanding shares – Diluted *(thousands)*	**237,808**	239,242	240,575	**239,364**	239,556
EBITDA before sales commissions[2]	**$ 356.0**	$ 343.5	$ 422.3	**$ 1,059.5**	$ 1,135.2
Sales-based commissions paid	**(25.6)**	(33.5)	(37.8)	**(108.6)**	(127.6)
EBITDA after sales commissions[2]	**330.4**	310.0	384.5	**950.9**	1,007.6
Sales-based commissions paid subject to amortization	**25.6**	31.2	33.8	**101.3**	111.7
Amortization of capitalized sales commissions	**(20.1)**	(18.9)	(14.8)	**(56.7)**	(40.5)
Amortization of capital, intangible and other assets	**(26.4)**	(26.1)	(24.9)	**(77.8)**	(74.4)
Adjusted earnings before interest and income taxes[2]	**309.5**	296.2	378.6	**917.7**	1,004.4
Interest expense[3]	**28.6**	28.4	28.7	**85.1**	85.3
Adjusted earnings before income taxes[2]	**280.9**	267.8	349.9	**832.6**	919.1
Income taxes	**63.9**	59.4	78.4	**187.1**	207.4
Net earnings	**$ 217.0**	$ 208.4	$ 271.5	**$ 645.5**	$ 711.7

(1) Diluted earnings per share.

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

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

Table 2: Consolidated Operating Results by Segment – Q3 2022 vs. Q3 2021

Three months ended ($ millions)	Wealth Management 2022 Sep. 30	Wealth Management 2021 Sep. 30	Asset Management 2022 Sep. 30	Asset Management 2021 Sep. 30	Strategic Investments & Other 2022 Sep. 30	Strategic Investments & Other 2021 Sep. 30	Intersegment Eliminations 2022 Sep. 30	Intersegment Eliminations 2021 Sep. 30	Total 2022 Sep. 30	Total 2021 Sep. 30
Revenues										
Wealth management	**$ 611.3**	$ 660.0	**$ –**	$ –	**$ –**	$ –	**$ (4.5)**	$ (5.0)	**$ 606.8**	$ 655.0
Asset management	**–**	–	**262.7**	293.1	**–**	–	**(27.3)**	(29.7)	**235.4**	263.4
Dealer compensation expense	**–**	–	**(77.5)**	(90.9)	**–**	–	**4.6**	5.0	**(72.9)**	(85.9)
Net asset management	**–**	–	**185.2**	202.2	**–**	–	**(22.7)**	(24.7)	**162.5**	177.5
Net investment income and other	**2.8**	(0.2)	**3.8**	2.2	**4.7**	0.6	**(0.2)**	(0.1)	**11.1**	2.5
Proportionate share of associates' earnings	**–**	–	**–**	–	**46.9**	55.9	**–**	–	**46.9**	55.9
	614.1	659.8	**189.0**	204.4	**51.6**	56.5	**(27.4)**	(29.8)	**827.3**	890.9
Expenses										
Advisory and business development	**278.0**	274.8	**16.4**	19.2	**–**	–	**–**	–	**294.4**	294.0
Operations and support	**118.5**	113.2	**86.0**	83.3	**1.1**	1.2	**(0.1)**	(0.1)	**205.5**	197.6
Sub-advisory	**44.0**	48.7	**1.2**	1.7	**–**	–	**(27.3)**	(29.7)	**17.9**	20.7
	440.5	436.7	**103.6**	104.2	**1.1**	1.2	**(27.4)**	(29.8)	**517.8**	512.3
Adjusted earnings before interest and taxes(1)	**173.6**	223.1	**85.4**	100.2	**50.5**	55.3	**–**	–	**309.5**	378.6
Interest expense(2)	**22.7**	22.8	**5.9**	5.9	**–**	–	**–**	–	**28.6**	28.7
Adjusted earnings before income taxes(1)	**150.9**	200.3	**79.5**	94.3	**50.5**	55.3	**–**	–	**280.9**	349.9
Income taxes	**40.5**	53.5	**21.0**	23.3	**2.4**	1.6	**–**	–	**63.9**	78.4
Adjusted net earnings(1)	**110.4**	146.8	**58.5**	71.0	**48.1**	53.7	**–**	–	**217.0**	271.5
Non-controlling interest	**–**	–	**–**	–	**0.9**	0.7	**–**	–	**0.9**	0.7
Adjusted net earnings available to common shareholders(1)	**$ 110.4**	$ 146.8	**$ 58.5**	$ 71.0	**$ 47.2**	$ 53.0	**$ –**	$ –	**216.1**	270.8
Other items(1), net of tax									**–**	–
Net earnings available to common shareholders									**$ 216.1**	$ 270.8

(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.

- ***Strategic Investments and Other*** – primarily represents the key strategic investments made by the Company, including China Asset Management Co., Ltd., Great-West Lifeco Inc., Northleaf Capital Group Ltd., Wealthsimple Financial Corp., and Portage Ventures LPs, as well as unallocated capital. Investments are classified in this segment (as opposed to the Wealth Management or Asset Management segment) when warranted due to different market segments, growth profiles or other unique characteristics.

Assets Under Management and Advisement (AUM&A) represents the consolidated AUM and AUA of IGM Financial. In the Wealth Management segment, AUM is a component part of AUA. All instances where the asset management segment is providing investment management services or distributing its products through the Wealth Management segment are eliminated in our reporting such that there is no double-counting of the same client savings held at IGM Financial's operating companies.

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

Assets Under Management (AUM) are the key driver of the Asset Management segment. AUM are a secondary driver of revenues and expenses within the Wealth Management segment in relation to its investment management activities. AUM are client assets where we provide investment management services, and include investment funds where

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

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30
Revenues										
Wealth management	**$ 1,873.2**	$ 1,900.4	**$ –**	$ –	**$ –**	$ –	**$ (14.1)**	$ (14.3)	**$ 1,859.1**	$ 1,886.1
Asset management	**–**	–	**817.2**	829.3	**–**	–	**(84.4)**	(84.6)	**732.8**	744.7
Dealer compensation expense	**–**	–	**(250.7)**	(263.6)	**–**	–	**14.2**	14.3	**(236.5)**	(249.3)
Net asset management	**–**	–	**566.5**	565.7	**–**	–	**(70.2)**	(70.3)	**496.3**	495.4
Net investment income and other	**1.5**	2.2	**0.1**	4.5	**7.2**	1.6	**(0.3)**	(0.2)	**8.5**	8.1
Proportionate share of associates' earnings	**–**	–	**–**	–	**145.3**	145.7	**–**	–	**145.3**	145.7
	1,874.7	1,902.6	**566.6**	570.2	**152.5**	147.3	**(84.6)**	(84.8)	**2,509.2**	2,535.3
Expenses										
Advisory and business development	**849.2**	804.5	**58.1**	64.6	**–**	–	**–**	–	**907.3**	869.1
Operations and support	**355.6**	350.2	**267.5**	247.3	**4.5**	3.6	**(0.2)**	(0.2)	**627.4**	600.9
Sub-advisory	**137.3**	140.2	**3.9**	5.3	**–**	–	**(84.4)**	(84.6)	**56.8**	60.9
	1,342.1	1,294.9	**329.5**	317.2	**4.5**	3.6	**(84.6)**	(84.8)	**1,591.5**	1,530.9
Adjusted earnings before interest and taxes(1)	**532.6**	607.7	**237.1**	253.0	**148.0**	143.7	**–**	–	**917.7**	1,004.4
Interest expense(2)	**67.5**	67.6	**17.6**	17.7	**–**	–	**–**	–	**85.1**	85.3
Adjusted earnings before income taxes(1)	**465.1**	540.1	**219.5**	235.3	**148.0**	143.7	**–**	–	**832.6**	919.1
Income taxes	**124.5**	144.2	**57.6**	59.8	**4.8**	3.4	**0.2**	–	**187.1**	207.4
Adjusted net earnings(1)	**340.6**	395.9	**161.9**	175.5	**143.2**	140.3	**(0.2)**	–	**645.5**	711.7
Non-controlling interest	**–**	–	**–**	–	**3.0**	1.3	**–**	–	**3.0**	1.3
Adjusted net earnings available to common shareholders(1)	**$ 340.6**	$ 395.9	**$ 161.9**	$ 175.5	**$ 140.2**	$ 139.0	**$ (0.2)**	$ –	**642.5**	710.4
Other items(1), net of tax									**–**	–
Net earnings available to common shareholders									**$ 642.5**	$ 710.4

(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.

we are the fund manager, investment advisory mandates to institutions, and other client accounts where we have discretionary portfolio management responsibilities.

Financial Presentation

The financial presentation includes revenues and expenses to align with the key drivers of business activity and to reflect our emphasis on business growth and operational efficiency. The categories are as follows:

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

Table 4: Consolidated Operating Results by Segment – Q3 2022 vs. Q2 2022

	Wealth Management		Asset Management		Strategic Investments & Other		Intersegment Eliminations		Total	
Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	**2022 Sep. 30**	2022 Jun. 30	**2022 Sep. 30**	2022 Jun. 30	**2022 Sep. 30**	2022 Jun. 30	**2022 Sep. 30**	2022 Jun. 30
Revenues										
Wealth management	**$ 611.3**	$ 615.8	**$ –**	$ –	**$ –**	$ –	**$ (4.5)**	$ (4.7)	**$ 606.8**	$ 611.1
Asset management	**–**	–	**262.7**	269.7	**–**	–	**(27.3)**	(28.1)	**235.4**	241.6
Dealer compensation expense	**–**	–	**(77.5)**	(82.1)	**–**	–	**4.6**	4.7	**(72.9)**	(77.4)
Net asset management	**–**	–	**185.2**	187.6	**–**	–	**(22.7)**	(23.4)	**162.5**	164.2
Net investment income and other	**2.8**	(1.3)	**3.8**	(1.1)	**4.7**	1.8	**(0.2)**	–	**11.1**	(0.6)
Proportionate share of associates' earnings	**–**	–	**–**	–	**46.9**	50.0	**–**	–	**46.9**	50.0
	614.1	614.5	**189.0**	186.5	**51.6**	51.8	**(27.4)**	(28.1)	**827.3**	824.7
Expenses										
Advisory and business development	**278.0**	282.3	**16.4**	21.5	**–**	–	**–**	–	**294.4**	303.8
Operations and support	**118.5**	116.0	**86.0**	88.4	**1.1**	2.0	**(0.1)**	–	**205.5**	206.4
Sub-advisory	**44.0**	45.2	**1.2**	1.2	**–**	–	**(27.3)**	(28.1)	**17.9**	18.3
	440.5	443.5	**103.6**	111.1	**1.1**	2.0	**(27.4)**	(28.1)	**517.8**	528.5
Adjusted earnings before interest and taxes(1)	**173.6**	171.0	**85.4**	75.4	**50.5**	49.8	**–**	–	**309.5**	296.2
Interest expense(2)	**22.7**	22.5	**5.9**	5.9	**–**	–	**–**	–	**28.6**	28.4
Adjusted earnings before income taxes(1)	**150.9**	148.5	**79.5**	69.5	**50.5**	49.8	**–**	–	**280.9**	267.8
Income taxes	**40.5**	39.7	**21.0**	18.2	**2.4**	1.3	**–**	0.2	**63.9**	59.4
Adjusted net earnings(1)	**110.4**	108.8	**58.5**	51.3	**48.1**	48.5	**–**	(0.2)	**217.0**	208.4
Non-controlling interest	**–**	–	**–**	–	**0.9**	1.3	**–**	–	**0.9**	1.3
Adjusted net earnings available to common shareholders(1)	**$ 110.4**	$ 108.8	**$ 58.5**	$ 51.3	**$ 47.2**	$ 47.2	**$ –**	$ (0.2)	**216.1**	207.1
Other items(1), net of tax									**–**	–
Net earnings available to common shareholders									**$ 216.1**	$ 207.1

(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.

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. Interest expense is allocated to each segment

Table 5: Effective Income Tax Rate

	Three months ended			Nine months ended	
	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30
Income taxes at Canadian federal and provincial statutory rates	**26.62 %**	26.63 %	26.65 %	**26.63 %**	26.63 %
Effect of:					
Proportionate share of associates' earnings	**(3.93)**	(4.44)	(3.78)	**(4.14)**	(3.74)
Other	**0.05**	0.01	(0.47)	**(0.02)**	(0.32)
Effective income tax rate – net earnings	**22.74 %**	22.20 %	22.40 %	**22.47 %**	22.57 %

based on management's assessment of: i) capacity to service the debt, and ii) where the debt is being serviced.

Income taxes are reported in each segment. IGM Financial consolidated changes in the effective tax rates are detailed in Table 5.

Tax planning may result in the Company recording lower levels of income taxes. Management monitors the status of its income tax filings and regularly assesses the overall adequacy of its provision for income taxes and, as a result, income taxes recorded in prior years may be adjusted in the current year. The effect of changes in management's best estimates reported in adjusted net earnings is reflected in Other, which also includes, but is not limited to, the effect of lower effective income tax rates on foreign operations.

Other items 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. There were no Other items in the periods under review as reflected in Tables 2, 3 and 4.

Total Assets Under Management and Advisement

Assets under management and advisement were $238.1 billion at September 30, 2022 compared to $265.2 billion at September 30, 2021, a decrease of 10.2%, as detailed in Table 6. Total assets under management were $208.7 billion at September 30, 2022 compared to $236.2 billion at September 30, 2021, a decrease of 11.6%.

Net outflows in the third quarter of 2022 were $342 million compared to net inflows of $2.2 billion in the third quarter of 2021, as detailed in Table 6. Third quarter investment fund net redemptions were $1.1 billion compared to net sales of $1.7 billion in 2021. Net inflows for the nine months ended September 30, 2022 were $1.6 billion compared to $7.5 billion in 2021, as detailed in Table 6. Investment fund net sales for the nine month period were $388 million in 2022 compared to net sales of $5.9 billion in 2021. Net flows and net sales are based on assets under management and advisement excluding sub-advisory assets to Canada Life and to the Wealth Management segment.

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

At September 30, 2022, ChinaAMC's AUM was RMB¥ 1,732.9 billion ($336.6 billion) compared to RMB¥ 1,581.3 billion ($310.5 billion) at September 30, 2021, an increase of 9.6% (CAD$ 8.4%). IGM Financial holds a 13.9% interest in ChinaAMC.

At September 30, 2022, Northleaf's AUM was $23.1 billion compared to $18.6 billion at September 30, 2021, an increase of 24.2%. IGM Financial holds a 56% economic interest in Northleaf.

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

Table 6: Assets Under Management and Advisement

	Wealth Management				Asset Management[1]					
	IG Wealth Management		Investment Planning Counsel		Mackenzie Investments		Intercompany Eliminations[2]		Consolidated	
($ millions)	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30	**2022 Sep. 30**	2021 Sep. 30
Three months ended										
Gross flows										
Mutual fund gross sales[3]	**$ 1,970**	$ 2,741	**$ 127**	$ 188	**$ 1,281**	$ 2,476	**$ –**	$ –	**$ 3,378**	$ 5,405
Dealer gross inflows	**2,773**	3,141	**882**	1,137	**–**	–	**–**	–	**3,655**	4,278
Net flows										
Mutual fund net sales[3]	**(404)**	576	**(40)**	10	**(594)**	799	**–**	–	**(1,038)**	1,385
ETF net creations	**–**	–	**–**	–	**(86)**	320	**–**	–	**(86)**	320
Investment fund net sales	**(404)**	576	**(40)**	10	**(680)**	1,119	**–**	–	**(1,124)**	1,705
Institutional SMA net sales	**–**	–	**–**	–	**(139)**	(27)	**–**	–	**(139)**	(27)
Mackenzie net sales through Wealth Management	**(13)**	65	**(18)**	54	**–**	–	**31**	(119)	**–**	–
IGM product net sales	**(417)**	641	**(58)**	64	**(819)**	1,092	**31**	(119)	**(1,263)**	1,678
Other dealer net flows	**823**	373	**97**	194	**–**	–	**1**	3	**921**	570
Total net flows	**406**	1,014	**39**	258	**(819)**	1,092	**32**	(116)	**(342)**	2,248
Nine months ended										
Gross flows										
Mutual fund gross sales[3]	**$ 8,462**	$ 8,886	**$ 483**	$ 600	**$ 5,937**	$ 9,430	**$ –**	$ –	**$ 14,882**	$ 18,916
Dealer gross inflows	**9,841**	9,997	**3,267**	3,857	**–**	–	**–**	–	**13,108**	13,854
Net flows										
Mutual fund net sales[3][4]	**761**	1,356	**(174)**	(159)	**(770)**	3,396	**–**	–	**(183)**	4,593
ETF net creations[5]	**–**	–	**–**	–	**571**	1,287	**–**	–	**571**	1,287
Investment fund net sales	**761**	1,356	**(174)**	(159)	**(199)**	4,683	**–**	–	**388**	5,880
Institutional SMA net sales[6]	**–**	–	**–**	–	**(699)**	270	**–**	–	**(699)**	270
Mackenzie net sales through Wealth Management	**(14)**	395	**(6)**	160	**–**	–	**20**	(555)	**–**	–
IGM product net sales	**747**	1,751	**(180)**	1	**(898)**	4,953	**20**	(555)	**(311)**	6,150
Other dealer net flows	**1,514**	948	**390**	364	**–**	–	**4**	5	**1,908**	1,317
Total net flows	**2,261**	2,699	**210**	365	**(898)**	4,953	**24**	(550)	**1,597**	7,467

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

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

(3) IG Wealth Management and Investment Planning Counsel AUM and net sales include separately managed accounts.

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

(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:
2022 Q1 – an institutional investor redeemed $291 million within products Mackenzie sub-advises.
2021 Q2 – Mackenzie was awarded $680 million of sub-advisory wins.

Table 6: Assets Under Management and Advisement (continued)

($ millions)	Wealth Management				Asset Management					
	IG Wealth Management		Investment Planning Counsel		Mackenzie Investments		Intercompany Eliminations[1]		Consolidated	
	2022 Sep. 30	2021 Sep. 30	2022 Sep. 30	2021 Sep. 30	2022 Sep. 30	2021 Sep. 30	2022 Sep. 30	2021 Sep. 30	2022 Sep. 30	2021 Sep. 30
Assets under Management and Advisement										
Wealth Management[2]										
AUM	**$ 95,460**	$ 106,551	**$ 4,575**	$ 5,503			**$ –**	$ –	**$ 100,035**	$ 112,054
Mackenzie assets sold through Wealth Management	**812**	887	**3,064**	3,459			**–**	–	**3,876**	4,346
Other AUA	**8,757**	6,520	**20,647**	22,553			**(6)**	(11)	**29,398**	29,062
AUA	**105,029**	113,958	**28,286**	31,515			**(6)**	(11)	**133,309**	145,462
Asset Management										
Mutual funds					**$ 52,541**	$ 59,721			**52,541**	59,721
ETFs					**5,010**	5,068			**5,010**	5,068
Investment funds					**57,551**	64,789			**57,551**	64,789
Institutional SMA					**6,106**	8,178			**6,106**	8,178
Sub-Advisory to Canada Life					**45,015**	51,131			**45,015**	51,131
Total Institutional SMA					**51,121**	59,309			**51,121**	59,309
Total ex sub-advisory to Wealth Management					**108,672**	124,098			**108,672**	124,098
Sub-advisory to Wealth Management					**71,834**	79,242			**71,834**	79,242
Total AUM					**180,506**	203,340			**180,506**	203,340
ETFs										
Distributed to third parties					**5,010**	5,068			**5,010**	5,068
Held within IGM managed products					**6,470**	6,838	**(6,470)**	(6,838)	**–**	–
Total ETFs					**11,480**	11,906	**(6,470)**	(6,838)	**5,010**	5,068
Consolidated										
AUM	**95,460**	106,551	**4,575**	5,503	**180,506**	203,340	**(71,834)**	(79,242)	**208,707**	236,152
Mackenzie assets sold through Wealth Management	**812**	887	**3,064**	3,459	**–**	–	**(3,876)**	(4,346)	**–**	–
Other AUA	**8,757**	6,520	**20,647**	22,553	**–**	–	**(6)**	(11)	**29,398**	29,062
AUM&A	**105,029**	113,958	**28,286**	31,515	**180,506**	203,340	**(75,716)**	(83,599)	**238,105**	265,214

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

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 7: Summary of Quarterly Results

	2022 Q3	2022 Q2	2022 Q1	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
Consolidated statements of earnings *($ millions)*								
Revenues								
Wealth management	**$ 606.8**	$ 611.1	641.2	$ 667.5	$ 655.0	$ 627.6	$ 603.5	$ 594.2
Asset management	**235.4**	241.6	255.8	266.8	263.4	248.3	233.0	216.3
Dealer compensation expense	**(72.9)**	(77.4)	(86.2)	(86.7)	(85.9)	(82.7)	(80.7)	(74.3)
Net asset management	**162.5**	164.2	169.6	180.1	177.5	165.6	152.3	142.0
Net investment income and other	**11.1**	(0.6)	(2.0)	3.8	2.5	2.5	3.1	3.2
Proportionate share of associates' earnings	**46.9**	50.0	48.4	50.7	55.9	48.2	41.6	40.1
	827.3	824.7	857.2	902.1	890.9	843.9	800.5	779.5
Expenses								
Advisory and business development	**294.4**	303.8	309.1	308.9	294.0	291.1	284.0	283.1
Operations and support	**205.5**	206.4	215.5	205.5	197.6	196.8	206.5	189.0
Sub-advisory	**17.9**	18.3	20.6	21.1	20.7	20.4	19.8	18.3
Interest[1]	**28.6**	28.4	28.1	28.6	28.7	28.5	28.1	27.9
	546.4	556.9	573.3	564.1	541.0	536.8	538.4	518.3
Earnings before undernoted	**280.9**	267.8	283.9	338.0	349.9	307.1	262.1	261.2
Gain on sale of Personal Capital	**–**	–	–	10.6	–	–	–	–
Gain on sale of Quadrus Group of Funds net of acquisition costs	**–**	–	–	–	–	–	–	25.2
Proportionate share of associate's adjustments	**–**	–	–	–	–	–	–	3.4
Earnings before income taxes	**280.9**	267.8	283.9	348.6	349.9	307.1	262.1	289.8
Income taxes	**63.9**	59.4	63.8	79.4	78.4	69.3	59.7	60.5
Net earnings	**217.0**	208.4	220.1	269.2	271.5	237.8	202.4	229.3
Non-controlling interest	**0.9**	1.3	0.8	0.7	0.7	0.4	0.2	0.2
Net earnings available to common shareholders	**$ 216.1**	$ 207.1	219.3	$ 268.5	$ 270.8	$ 237.4	$ 202.2	$ 229.1
Reconciliation of Non-IFRS financial measures *($ millions)*								
Adjusted net earnings available to common shareholders[2]	**$ 216.1**	$ 207.1	219.3	$ 260.8	$ 270.8	$ 237.4	$ 202.2	$ 204.3
Other items[2]:								
Gain on sale of Personal Capital, net of tax (Q4 2021– $2.9 million; Q3 2020 – $5.8 million)	**–**	–	–	7.7	–	–	–	–
Gain on sale of Quadrus Group of Funds net of acquisition costs, net of tax ($3.8 million)	**–**	–	–	–	–	–	–	21.4
Proportionate share of associate's adjustments	**–**	–	–	–	–	–	–	3.4
Net earnings available to common shareholders	**$ 216.1**	$ 207.1	219.3	$ 268.5	$ 270.8	$ 237.4	$ 202.2	$ 229.1
Earnings per Share *($)*								
Adjusted earnings per share[2]								
– Basic	**$ 0.91**	$ 0.87	0.91	$ 1.09	$ 1.13	$ 0.99	$ 0.85	$ 0.86
– Diluted	**0.91**	0.87	0.91	1.08	1.13	0.99	0.85	0.86
Earnings per share								
– Basic	**0.91**	0.87	0.91	1.12	1.13	0.99	0.85	0.96
– Diluted	**0.91**	0.87	0.91	1.11	1.13	0.99	0.85	0.96
Average outstanding shares – Diluted *(thousands)*	**237,808**	239,242	241,251	241,443	240,575	239,821	238,474	238,308
Average assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 164.3**	$ 169.3	179.0	$ 181.9	$ 178.6	$ 170.2	$ 162.7	$ 169.8
Total assets under management	**217.3**	225.2	238.4	241.9	238.3	227.8	217.6	177.6
Assets under management and advisement	**247.2**	255.3	269.5	272.0	267.4	255.4	243.9	202.2
Ending assets under management and advisement *($ billions)*								
Investment fund assets under management	**$ 157.6**	$ 160.2	178.5	$ 184.5	$ 176.8	$ 174.4	$ 165.5	$ 159.5
Total assets under management	**208.7**	213.1	237.1	245.3	236.2	233.6	221.6	214.0
Assets under management and advisement	**238.1**	242.1	268.3	277.1	265.2	262.0	248.5	240.0

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

Wealth Management

The Wealth Management segment consists of both IG Wealth Management (IG) and Investment Planning Counsel, Inc. (IPC).

Wealth Management revenue consists of:

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

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

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

Review of the Business

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

Investment Planning Counsel, founded in 1996, is an independent distributor of financial products, services and advice in Canada, with 679 advisors.

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

The review of the business in the Wealth Management section primarily relates to IG Wealth Management as it represents 98% of adjusted net earnings of the total segment.

2022 Developments

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

IG Wealth Management

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 3,286 advisors. IG Wealth Management clients are more than one million individuals, families and business owners.

Canadians hold $6.5 trillion in discretionary financial assets with financial institutions at December 31, 2021, based on the most recent report from Investor Economics, and we view these savings as IG Wealth Management's addressable market. 77% of these savings are held by households with over $1 million, which are referred to as high net worth, and another 20% reside with households with between $100,000 and $1 million, which are referred to as mass affluent. These segments tend to have more complicated financial needs, and IG Wealth Management's focus on providing comprehensive financial planning solutions positions it well to compete and grow in these segments.

Strategy

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

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

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

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

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

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

Financial Advice

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

Advisors

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

IG Wealth provides advice through two primary channels:

- IG Wealth Management entrepreneurial advisors are focused on the high net worth and mass affluent segments of the market, which we define as households with over $1 million and between $100 thousand and $1 million, respectively.
- IG Wealth Management has a National Service Centre focused on supporting approximately 240,000 clients with less complex requirements, while allowing our entrepreneurial advisor practices to focus on those clients with more complex needs.

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

Assets under advisement consists of the following:

- Clients with household assets greater than $1 million (defined as "high net worth") which totalled $33.7 billion at September 30, 2022, a decrease of 14.9% from one year ago, and represented 32% of total assets under advisement.
- Clients with household assets between $100 thousand and $1 million (defined as "mass affluent") which totalled $61.6 billion at September 30, 2022, a decrease of 4.9% from one year ago, and represented 59% of total assets under advisement.
- Clients with household assets less than $100 thousand (defined as "mass market") which totalled $9.7 billion at September 30, 2022, an increase of 1.5% from one year ago, and represented 9% of total assets under advisement.

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

The following provides a breakdown of the IG Wealth Management advisor network into its significant components at September 30, 2022:

- 1,756 advisor practices (1,768 at September 30, 2021), which reflect advisors with more than four years of experience. These practices may include Associates as described below. The level and productivity of advisor practices is a key measurement of our business as they serve clientele representing approximately 95% of AUM.
- 369 new advisors (413 at September 30, 2021), which are those advisors with less than four years of experience.
- 1,161 Associates and Regional Directors (1,117 at September 30, 2021). Associates are licensed team members of advisor practices who provide financial planning services and advice to the clientele served by the team.
- IG Wealth Management had a total advisor network of 3,286 (3,298 at September 30, 2021).

IG Wealth uses advisor productivity as a key performance measure in evaluating its advisor network. The productivity is measured based on gross inflows per advisors 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 $0.51 million per advisor in Q3 2022 compared to $0.55 million per advisor in the comparative period of 2021.

- The advisory practice gross inflows were $1.37 million per practice compared to $1.53 million in the comparative period in the comparative period of 2021.

Key initiatives that impact advisor productivity are:

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

We also support advisors and clients through our network of product and planning specialists, who assist in the areas of advanced financial planning, mortgages and banking, insurance, and securities. These specialists help to ensure that we are providing comprehensive financial planning across all elements of a client's financial life. Clients are served by our Mutual Fund Dealers Association of Canada (MFDA) and Investment Industry Regulatory Organization of Canada (IIROC) licensed advisors or specialists.

Client Experiences

IG Wealth Management distinguishes itself from our competition by offering comprehensive planning to our clients that synchronize every aspect of their financial life. IG Wealth Management serves approximately one million clients located in communities throughout Canada. A primary focus is on advising and attracting high net worth and mass affluent clients.

For the distinct needs of the high net worth market, we offer IG Private Wealth Management which includes investment management, retirement, tax and estate planning services.

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

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

- Powerful financial solutions that include investment vehicles that match risk and investment performance to each client's needs and requirements.
- Insurance products that include a variety of policy types from the leading insurers in Canada.
- Mortgage and banking solutions that are offered as part of a comprehensive financial plan.

The Charitable Giving Program is a donor-advised giving program which enables Canadians to make donations and build an enduring charitable giving legacy with considerably less expense and complexity than setting up and administering their own private foundation.

The IG Advisory Account is a fee-based account that improves client experience by offering the ability to simplify and consolidate selected investments into a single account while providing all our clients with a transparent advisory fee. IGAA accounts increase fee transparency and can hold most securities and investment products available in the marketplace to individual investors.

Financial Solutions

IG Wealth Management strives to achieve expected investment returns for the lowest possible risk through well-constructed investment portfolios, and to create value for clients through active management. To do this, we select and engage high-quality sub-advisors so our clients have access to a diverse range of investment products and solutions. Each asset manager is selected through a proven and rigorous process. We oversee all sub-advisors to ensure that their activities are consistent with their investment philosophies and with the investment objectives and strategies of the products they advise.

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

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

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

Our investment solutions include:

- A deep and broad selection of mutual funds, diversified by manager, asset category, investment style, geography, market capitalization and sector.

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

We have incorporated investments in private assets with the introduction of a Private Credit Mandate in the iProfile Fixed Income Private Pool. The pool has committed to three Northleaf Capital Partners' private credit investments that focus on loans to middle market companies in North America and Europe, as well as to BlackRock, PIMCO and Sagard. We have also introduced Private Investment Mandates into both the iProfile Canadian Equity Private Pool and the iProfile U.S. Equity Private Pool. Both of these mandates intend to provide investors with enhanced diversification and long-term capital appreciation through exposure to investments in privately held companies. The iProfile Canadian Equity Private Pool has currently made a commitment to the Northleaf Growth Fund and the iProfile U.S. Equity Private Pool has made a commitment to the Northleaf Capital Opportunities Fund.

In support of the global goal to reach net zero by 2050, IG Wealth Management is a founding Signatory to Responsible Investment Association's Canadian Investor Statement on Climate Change. To support this initiative, in the fourth quarter of 2021, IG Wealth Management launched the IG Climate Action Portfolios, a suite of four diversified managed solutions.

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

At September 30, 2022, 82.8% of IG Wealth Management mutual fund assets had a rating of three stars or better from Morningstar† fund ranking service and 51.2% had a rating of four or five stars. This compared to the Morningstar† universe of 84.6% for three stars or better and 53.6% for four and five star funds at September 30, 2022. Morningstar Ratings† are an objective, quantitative measure of a fund's three, five and ten year risk-adjusted performance relative to comparable funds.

Wealth Management Assets Under Management and Advisement

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

Wealth Management's assets under advisement were $133.3 billion at September 30, 2022, a decrease of 8.4% from September 30, 2021. The level of assets under advisement are influenced by three factors: client inflows, client outflows and investment returns.

Wealth Management's assets under management were $100.0 billion, a decrease of 10.7% from September 30, 2021. The level of assets under management are influenced by sales, redemptions and investment returns.

Changes in Wealth Management assets under advisement and assets under management for the periods under review are reflected in Tables 8 and 9.

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 $105.0 billion at September 30, 2022, a decrease of 7.8% from September 30, 2021, and mutual fund assets under management were $95.5 billion, a decrease of 10.4%.

Table 8: Change in Assets Under Advisement – Wealth Management

Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Gross client inflows	**$ 3,655**	$ 4,111	$ 4,278	(11.1)%	(14.6)%
Gross client outflows	**3,209**	3,709	3,003	(13.5)	6.9
Net flows	**446**	402	1,275	10.9	(65.0)
Investment returns	**(1,296)**	(14,248)	842	90.9	N/M
Net change in assets	**(850)**	(13,846)	2,117	93.9	N/M
Beginning assets	**134,159**	148,005	143,345	(9.4)	(6.4)
Ending assets under advisement	**$ 133,309**	$ 134,159	$ 145,462	(0.6)%	(8.4)%
IG Wealth Management	**105,029**	105,474	113,958	(0.4)	(7.8)
Investment Planning Counsel	**28,286**	28,692	31,515	(1.4)	(10.2)
Average assets under advisement	**$ 137,793**	$ 140,997	$ 146,531	(2.3)%	(6.0)%
IG Wealth Management	**108,549**	110,700	114,820	(1.9)	(5.5)
Investment Planning Counsel	**29,251**	30,306	31,721	(3.5)	(7.8)

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Gross client inflows	**$ 13,108**	$ 13,854	(5.4)%
Gross client outflows	**10,633**	10,785	(1.4)
Net flows	**2,475**	3,069	(19.4)
Investment returns	**(21,789)**	9,810	N/M
Net change in assets	**(19,314)**	12,879	N/M
Beginning assets	**152,623**	132,583	15.1
Ending assets under advisement	**$ 133,309**	$ 145,462	(8.4)%
IG Wealth Management	**105,029**	113,958	(7.8)
Investment Planning Counsel	**28,286**	31,515	(10.2)
Average assets under advisement	**$ 142,331**	$ 140,563	1.3 %
IG Wealth Management	**111,821**	110,027	1.6
Investment Planning Counsel	**30,518**	30,546	(0.1)

Changes in IG Wealth Management assets under advisement and management for the periods under review are reflected in Tables 10 and 11.

For the quarter ended September 30, 2022, gross client inflows of IG Wealth Management assets under advisement were $2.8 billion, a decrease of 11.7% from $3.1 billion in the comparable period in 2021. Gross client inflows in 2022 were the second highest third quarter results in IG Wealth Management's history. Net client inflows were $406 million, a decrease of $608 million from net client inflows of $1.0 billion in the comparable period in 2021. During the third quarter, investment returns resulted in a decrease of $0.9 billion in assets under advisement compared to an increase of $0.8 billion in the third quarter of 2021.

Gross client inflows of IG Wealth Management assets under advisement were $9.8 billion for the nine months ended September 30, 2022, and represented a decrease of 1.6% from $10.0 billion in the comparable period in 2021. Gross client inflows in 2022 were the second highest results for the nine month period in the history of IG Wealth Management. Net client inflows were $2.3 billion in the nine month period, a decrease of $0.4 billion from net client inflows of $2.7 billion in the comparable period in 2021. During 2022, investment returns resulted in a decrease of $16.8 billion in assets under advisement compared to an increase of $8.0 billion in 2021.

Changes in mutual fund assets under management for the periods under review are reflected in Table 11.

At September 30, 2022, $72.5 billion, or 76% of IG Wealth Management's mutual fund assets under management, were in products with unbundled fee structures, up 2.2% from $71.0 billion at September 30, 2021 which represented 67% of assets under management.

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

IG Wealth Management's assets under advisement were $105.0 billion at September 30, 2022, a decrease of 7.8% from $114.0 billion at September 30, 2021. IG Wealth Management's mutual fund assets under management were $95.5 billion at September 30, 2022, representing a decrease of 10.4% from $106.6 billion at September 30, 2021. Average daily mutual

Table 9: Change in Assets Under Management – Wealth Management

Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Sales	**$ 2,097**	$ 2,743	$ 2,929	(23.6)%	(28.4)%
Redemptions	**2,541**	2,914	2,343	(12.8)	8.5
Net sales (redemptions)	**(444)**	(171)	586	(159.6)	N/M
Investment returns	**(759)**	(10,979)	765	93.1	N/M
Net change in assets	**(1,203)**	(11,150)	1,351	89.2	N/M
Beginning assets	**101,238**	112,388	110,703	(9.9)	(8.5)
Ending assets under management	**$ 100,035**	$ 101,238	$ 112,054	(1.2)%	(10.7)%
IG Wealth Management	**95,460**	96,603	106,551	(1.2)	(10.4)
Investment Planning Counsel	**4,575**	4,635	5,503	(1.3)	(16.9)
Daily average mutual fund assets	**$ 103,874**	$ 106,737	$ 113,145	(2.7)%	(8.2)%
IG Wealth Management	**99,128**	101,810	107,557	(2.6)	(7.8)
Investment Planning Counsel	**4,746**	4,927	5,588	(3.7)	(15.1)

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Sales	**$ 8,945**	$ 9,486	(5.7)%
Redemptions	**8,358**	8,289	0.8
Net sales (redemptions)	**587**	1,197	(51.0)
Investment returns	**(16,722)**	7,824	N/M
Net change in assets	**(16,135)**	9,021	N/M
Beginning assets	**116,170**	103,033	12.8
Ending assets under management	**$ 100,035**	$ 112,054	(10.7)%
IG Wealth Management	**95,460**	106,551	(10.4)
Investment Planning Counsel	**4,575**	5,503	(16.9)
Daily average mutual fund assets	**$ 107,745**	$ 108,870	(1.0)%
IG Wealth Management	**102,752**	103,425	(0.7)
Investment Planning Counsel	**4,993**	5,445	(8.3)

fund assets were $99.1 billion in the third quarter of 2022, down 7.8% from $107.6 billion in the third quarter of 2021. Average daily mutual fund assets were $102.8 billion for the nine months ended September 30, 2022, down 0.7% from $103.4 billion in 2021.

For the quarter ended September 30, 2022, sales of IG Wealth Management mutual funds through its advisor network were $2.0 billion, a decrease of 28.1% from the comparable period in 2021. Mutual fund redemptions totalled $2.4 billion, an increase of 9.7% from 2021. IG Wealth Management mutual fund net redemptions for the third quarter of 2022 were $404 million compared with net sales of $576 million in 2021. During the third quarter, investment returns resulted in a decrease of $739 million in mutual fund assets compared to an increase of $757 million in the third quarter of 2021.

IG Wealth Management's annualized quarterly redemption rate for long-term funds was 9.3% in the third quarter of 2022, compared to 7.7% in the third quarter of 2021. IG Wealth Management's twelve month trailing redemption rate for long-term funds was 9.5% at September 30, 2022, compared to 9.6% at September 30, 2021, and remains well below the corresponding average redemption rate for all other members of the Investment Funds Institute of Canada (IFIC) of approximately 15.5% at September 30, 2022. IG Wealth Management's redemption rate has been very stable compared to the overall mutual fund industry, reflecting our focus on financial planning.

For the nine months ended September 30, 2022, sales of IG Wealth Management mutual funds through its advisor network were $8.5 billion, a decrease of 4.8% from 2021. Mutual fund redemptions totalled $7.7 billion, an increase of 2.3% from 2021. Net sales of IG Wealth Management mutual funds were $761 million compared with net sales of $1.4 billion in 2021. During 2022, investment returns resulted in a decrease of $15.8 billion in mutual fund assets compared to an increase of $7.5 billion in 2021.

Change in Assets Under Management and Advisement – Q3 2022 vs. Q2 2022

IG Wealth Management's assets under advisement were $105.0 billion at September 30, 2022, a decrease of 0.4% from $105.5 billion at June 30, 2022. IG Wealth Management's

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

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Gross client inflows	**$ 2,773**	$ 3,068	$ 3,141	(9.6)%	(11.7)%
Gross client outflows	**2,367**	2,679	2,127	(11.6)	11.3
Net flows	**406**	389	1,014	4.4	(60.0)
Investment returns	**(851)**	(11,196)	759	92.4	N/M
Net change in assets	**(445)**	(10,807)	1,773	95.9	N/M
Beginning assets	**105,474**	116,281	112,185	(9.3)	(6.0)
Ending assets	**$ 105,029**	$ 105,474	$ 113,958	(0.4)%	(7.8)%
Daily average assets under advisement	**$ 108,549**	$ 110,700	$ 114,820	(1.9)%	(5.5)%

Nine months ended *($ millions)*	2022 Sep. 30	2021 Sep. 30	Change
Gross client inflows	**$ 9,841**	$ 9,997	(1.6)%
Gross client outflows	**7,580**	7,298	3.9
Net flows	**2,261**	2,699	(16.2)
Investment returns	**(16,789)**	7,986	N/M
Net change in assets	**(14,528)**	10,685	N/M
Beginning assets	**119,557**	103,273	15.8
Ending assets	**$ 105,029**	$ 113,958	(7.8)%
Average assets under advisement	**$ 111,821**	$ 110,027	1.6 %

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

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Sales	**$ 1,970**	$ 2,590	$ 2,741	(23.9)%	(28.1)%
Redemptions	**2,374**	2,689	2,165	(11.7)	9.7
Net sales (redemptions)	**(404)**	(99)	576	N/M	N/M
Investment returns	**(739)**	(10,485)	757	93.0	N/M
Net change in assets	**(1,143)**	(10,584)	1,333	89.2	N/M
Beginning assets	**96,603**	107,187	105,218	(9.9)	(8.2)
Ending assets	**$ 95,460**	$ 96,603	$ 106,551	(1.2)%	(10.4)%
Daily average assets under management	**$ 99,128**	$ 101,810	$ 107,557	(2.6)%	(7.8)%
Managed asset net sales					
Investment fund net sales	**$ (404)**	$ (99)	$ 576	N/M %	N/M %
Mackenzie net sales through Wealth Management	**(13)**	(6)	65	(116.7)	N/M
	$ (417)	$ (105)	$ 641	N/M %	N/M %

Nine months ended *($ millions)*	2022 Sep. 30	2021 Sep. 30	Change
Sales	**$ 8,462**	$ 8,886	(4.8)%
Redemptions	**7,701**	7,530	2.3
Net sales (redemptions)	**761**	1,356	(43.9)
Investment returns	**(15,842)**	7,482	N/M
Net change in assets	**(15,081)**	8,838	N/M
Beginning assets	**110,541**	97,713	13.1
Ending assets	**$ 95,460**	$ 106,551	(10.4)%
Daily average assets under management	**$ 102,752**	$ 103,425	(0.7)%
Managed asset net sales			
Investment fund net sales	**$ 761**	$ 1,356	(43.9)%
Mackenzie net sales through Wealth Management	**(14)**	395	N/M
	$ 747	$ 1,751	(57.3)%

mutual fund assets under management were $95.5 billion at September 30, 2022, a decrease of 1.2% from $96.6 billion at June 30, 2022. Average daily mutual fund assets were $99.1 billion in the third quarter of 2022 compared to $101.8 billion in the second quarter of 2022, a decrease of 2.6%.

For the quarter ended September 30, 2022, sales of IG Wealth Management mutual funds through its advisor network were $2.0 billion, a decrease of 23.9% from the second quarter of 2022. Mutual fund redemptions, which totalled $2.4 billion for the third quarter, decreased 11.7% from the previous quarter, and the annualized quarterly redemption rate was 9.3% in the third quarter compared to 10.2% in the second quarter of 2022. IG Wealth Management mutual fund net redemptions were $404 million for the current quarter compared to net redemptions of $99 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, 2022, total segregated fund assets were $1.2 billion, compared to $1.5 billion at September 30, 2021.

Insurance

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

At September 30, 2022, total in-force policies were 377 thousand with an insured value of $103 billion, compared to 380 thousand with an insured value of $102 billion at September 30, 2021. Distribution of insurance products is enhanced through IG Wealth Management's Insurance Planning Specialists, located throughout Canada, who assist advisors with advanced estate planning solutions for high net worth clients.

Securities Operations

Investors Group Securities Inc. is an investment dealer registered in all Canadian provinces and territories providing clients with securities services to complement their financial and investment planning. IG Wealth Management advisors can refer clients to one of our Wealth Planning Specialists available through Investors Group Securities Inc.

Mortgage and Banking Operations

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

Mortgages are offered to clients by IG Wealth Management, a national mortgage lender, and through IG Wealth Management's Solutions Banking†, provided by National Bank of Canada under a long-term distribution agreement. An All-in-One product, a comprehensive cash management solution that integrates the features of a mortgage, term loan, revolving line of credit and deposit account, is also offered through Solutions Banking†.

Mortgage fundings offered through IG Wealth Management and through Solutions Banking† for the three and nine months ended September 30, 2022 were $194 million and $609 million compared to $258 million and $862 million in 2021, a decrease of 24.9% and 29.3%, respectively. At September 30, 2022, mortgages offered through both sources totalled $7.9 billion, compared to $8.6 billion at September 30, 2021, a decrease of 8.6%.

Available credit associated with Solutions Banking† All-in-One accounts originated for the three and nine month periods ended September 30, 2022 were $180 million and $674 million, respectively, compared to $309 million and $1.1 billion, in 2021. At September 30, 2022, the balance outstanding of Solutions Banking† All-in-One products was $4.2 billion, compared to $3.8 billion one year ago, and represented approximately 52% of total available credit associated with these accounts.

Other products and services offered through IG Wealth Management's Solutions Banking† include investment loans, lines of credit, personal loans, creditor insurance, deposit accounts, and credit cards. Through Solutions Banking†, clients have access to a network of banking machines, as well as a private labelled client website and client service centre. The Solutions Banking† offering supports IG Wealth Management's approach to delivering total financial solutions for our clients through a broad financial planning platform. Total outstanding lending products of IG Wealth Management clients in the Solutions Banking† offering, including Solutions Banking† mortgages totalled $5.9 billion at September 30, 2022, compared to $5.6 billion at September 30, 2021.

Review of Segment Operating Results

The Wealth Management segment's adjusted net earnings are presented in Table 12 and include the operations of IG Wealth Management and Investment Planning Counsel.

IG Wealth Management

IG Wealth Management adjusted net earnings are presented in Table 13. Adjusted net earnings for the third quarter of 2022 were $109.5 million, a decrease of 22.3% from the third quarter in 2021 and an increase of 3.6% from the prior quarter.

Adjusted earnings before interest and taxes for the third quarter of 2022 were $172.2 million, a decrease of 19.8% from the third quarter in 2021 and an increase of 3.2% from the prior quarter.

2022 vs. 2021

Fee Income

Advisory fees include fees for providing financial advice to clients including fees related to the distribution of products, and depend largely on the level and composition of assets under advisement. Advisory fees were $280.4 million in the third quarter of 2022, a decrease of $16.5 million or 5.6% from $296.9 million in 2021. For the nine months ended September 30, 2022, advisory fees were $857.3 million, an increase of $4.1 million or 0.5% from $853.2 million in 2021.

The decrease in advisory fees in the three months ending September 30, 2022 was primarily due to the decrease in average assets under advisement of 5.5%, as shown in Table 10, and a decrease in the advisory fee rate. The increase in

Table 12: Operating Results – Wealth Management

				Change	
Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	2022 Jun. 30	2021 Sep. 30
Revenues					
Wealth Management					
Advisory fees	**$ 341.8**	$ 346.7	$ 364.5	(1.4)%	(6.2)%
Product and program fees	**225.5**	231.2	248.4	(2.5)	(9.2)
	567.3	577.9	612.9	(1.8)	(7.4)
Redemption fees	**0.8**	1.1	1.8	(27.3)	(55.6)
Other financial planning revenues	**43.2**	36.8	45.3	17.4	(4.6)
Total Wealth Management	**611.3**	615.8	660.0	(0.7)	(7.4)
Net investment income and other	**2.8**	(1.3)	(0.2)	N/M	N/M
	614.1	614.5	659.8	(0.1)	(6.9)
Expenses					
Advisory and business development					
Asset-based compensation	**184.5**	186.5	191.6	(1.1)	(3.7)
Sales-based compensation	**19.7**	18.6	14.7	5.9	34.0
Other					
Other product commissions	**19.5**	17.4	16.5	12.1	18.2
Business development	**54.3**	59.8	52.0	(9.2)	4.4
	73.8	77.2	68.5	(4.4)	7.7
Total advisory and business development	**278.0**	282.3	274.8	(1.5)	1.2
Operations and support	**118.5**	116.0	113.2	2.2	4.7
Sub-advisory	**44.0**	45.2	48.7	(2.7)	(9.7)
	440.5	443.5	436.7	(0.7)	0.9
Adjusted earnings before interest and taxes(1)	**173.6**	171.0	223.1	1.5	(22.2)
Interest expense	**22.7**	22.5	22.8	0.9	(0.4)
Adjusted earnings before income taxes(1)	**150.9**	148.5	200.3	1.6	(24.7)
Income taxes	**40.5**	39.7	53.5	2.0	(24.3)
Adjusted net earnings(1)	**$ 110.4**	$ 108.8	$ 146.8	1.5 %	(24.8)%

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

Table 12: Operating Results – Wealth Management (continued)

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Revenues			
Wealth Management			
Advisory fees	**$ 1,046.7**	$ 1,046.6	0.0 %
Product and program fees	**698.1**	708.3	(1.4)
	1,744.8	1,754.9	(0.6)
Redemption fees	**3.3**	8.3	(60.2)
Other financial planning revenues	**125.1**	137.2	(8.8)
Total Wealth Management	**1,873.2**	1,900.4	(1.4)
Net investment income and other	**1.5**	2.2	(31.8)
	1,874.7	1,902.6	(1.5)
Expenses			
Advisory and business development			
Asset-based compensation	**566.5**	544.9	4.0
Sales-based compensation	**55.7**	40.2	38.6
Other			
Other product commissions	**57.1**	54.2	5.4
Business development	**169.9**	165.2	2.8
	227.0	219.4	3.5
Total advisory and business development	**849.2**	804.5	5.6
Operations and support	**355.6**	350.2	1.5
Sub-advisory	**137.3**	140.2	(2.1)
	1,342.1	1,294.9	3.6
Adjusted earnings before interest and taxes(1)	**532.6**	607.7	(12.4)
Interest expense	**67.5**	67.6	(0.1)
Adjusted earnings before income taxes(1)	**465.1**	540.1	(13.9)
Income taxes	**124.5**	144.2	(13.7)
Adjusted net earnings(1)	**$ 340.6**	$ 395.9	(14.0)%

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

advisory fees in the nine months ending September 30, 2022 was primarily due to the increase in average assets under advisement of 1.6%, as shown in Table 10, partially offset by a decrease in the advisory fee rate. The average advisory fee rate for the third quarter was 102.5 basis points of average assets under advisement compared to 102.6 basis points in 2021, and for the nine month period, the rate was 102.5 basis points compared to 103.7 basis points in 2021. The change in the average advisory fee rate for the nine month period reflects changes in product and client mix.

Product and program fees depend largely on the level and composition of mutual fund assets under management. Product and program fees totalled $214.1 million in the current quarter, down 8.3% from $233.5 million a year ago primarily due to the decrease in average assets under management of 7.8%, as shown in Table 11. Product and program fees were $660.4 million for the nine month period ended September 30, 2022 compared to $665.4 million in 2021, a decrease of 0.8% primarily due to the decrease in average assets under management of 0.7%, as shown in Table 11. The average product and program fee rate for the third quarter was 85.7 basis points of assets under management compared to 86.1 basis points in 2021, and the rate for the nine month period of 2022 was 85.9 basis points of average assets under management compared to 86.0 basis points in 2021, reflecting price reductions in certain funds and changes in product mix.

Other financial planning revenues are primarily earned from:

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

Other financial planning revenues of $37.3 million for the third quarter of 2022 decreased by $2.5 million from $39.8 million in 2021. For the nine month period, other financial planning revenues of $108.1 million decreased by $13.6 million from $121.7 million in 2021. The decrease in both the three and

Table 13: Operating Results – IG Wealth Management

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Revenues					
Wealth Management					
Advisory fees	**$ 280.4**	$ 284.6	$ 296.9	(1.5)%	(5.6)%
Product and program fees	**214.1**	218.5	233.5	(2.0)	(8.3)
	494.5	503.1	530.4	(1.7)	(6.8)
Redemption fees	**0.8**	1.1	1.8	(27.3)	(55.6)
Other financial planning revenues	**37.3**	31.1	39.8	19.9	(6.3)
Total Wealth Management	**532.6**	535.3	572.0	(0.5)	(6.9)
Net investment income and other	**2.2**	(1.3)	(0.5)	N/M	N/M
	534.8	534.0	571.5	0.1	(6.4)
Expenses					
Advisory and business development					
Asset-based compensation	**136.6**	138.3	138.4	(1.2)	(1.3)
Sales-based compensation	**19.7**	18.6	14.7	5.9	34.0
Other					
Other product commissions	**16.9**	14.6	13.3	15.8	27.1
Business development	**45.5**	50.5	43.8	(9.9)	3.9
	62.4	65.1	57.1	(4.1)	9.3
Total advisory and business development	**218.7**	222.0	210.2	(1.5)	4.0
Operations and support	**102.9**	103.2	101.8	(0.3)	1.1
Sub-advisory	**41.0**	42.0	44.7	(2.4)	(8.3)
	362.6	367.2	356.7	(1.3)	1.7
Adjusted earnings before interest and taxes[(1)]	**172.2**	166.8	214.8	3.2	(19.8)
Interest expense	**22.6**	22.4	22.6	0.9	–
Adjusted earnings before income taxes[(1)]	**149.6**	144.4	192.2	3.6	(22.2)
Income taxes	**40.1**	38.7	51.3	3.6	(21.8)
Adjusted net earnings	**$ 109.5**	$ 105.7	$ 140.9	3.6 %	(22.3)%

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

nine month periods were primarily due to lower earnings from mortgage banking operations.

A summary of mortgage banking operations for the three and nine month periods under review is presented in Table 14.

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, 2022, and investment income earned on our cash and cash equivalents and securities and other income not related to our core business. It also includes a charge from the Strategic Investments and Other segment for the use of unallocated capital.

Expenses

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

Asset-based compensation fluctuates with the value of assets under advisement. Asset-based compensation decreased by $1.8 million for the three months ended September 30, 2022 to $136.6 million compared to 2021, primarily due to rate increases and decreased average assets under advisement. For the nine months ended September 30, 2022, asset-based compensation increased by $24.6 million compared to 2021, primarily due to rate increases due to changes in advisor productivity and increased average assets under advisement.

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

Table 13: Operating Results – IG Wealth Management (continued)

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Revenues			
Wealth Management			
Advisory fees	**$ 857.3**	$ 853.2	0.5 %
Product and program fees	**660.4**	665.4	(0.8)
	1,517.7	1,518.6	(0.1)
Redemption fees	**3.3**	8.2	(59.8)
Other financial planning revenues	**108.1**	121.7	(11.2)
Total Wealth Management	**1,629.1**	1,648.5	(1.2)
Net investment income and other	**0.3**	1.3	(76.9)
	1,629.4	1,649.8	(1.2)
Expenses			
Advisory and business development			
Asset-based compensation	**418.6**	394.0	6.2
Sales-based compensation	**55.7**	40.2	38.6
Other			
Other product commissions	**48.7**	44.8	8.7
Business development	**142.5**	140.8	1.2
	191.2	185.6	3.0
Total advisory and business development	**665.5**	619.8	7.4
Operations and support	**314.8**	313.3	0.5
Sub-advisory	**127.6**	128.9	(1.0)
	1,107.9	1,062.0	4.3
Adjusted earnings before interest and taxes[(1)]	**521.5**	587.8	(11.3)
Interest expense	**67.1**	67.1	–
Adjusted earnings before income taxes[(1)]	**454.4**	520.7	(12.7)
Income taxes	**121.6**	138.9	(12.5)
Adjusted net earnings	**$ 332.8**	$ 381.8	(12.8)%

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

contract. Sales-based compensation was $19.7 million for the third quarter of 2022, an increase of $5.0 million from $14.7 million in 2021. For the nine month period, sales-based compensation expense was $55.7 million, an increase of $15.5 million from $40.2 million in 2021. The increase in expense is due to additional sales-based commission being capitalized and amortized throughout 2021 and 2022.

Other advisory and business development expenses were $62.4 million in the third quarter of 2022, compared to $57.1 million in 2021, an increase of $5.3 million. Other advisory and business development expenses were $191.2 million in the nine months ended September 30, 2022, compared to $185.6 million in 2021. The changes reflect additional expenses related to in-person conferences and other activities that were cancelled in 2021 due to COVID-19.

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 $102.9 million for the third quarter of 2022 compared to $101.8 million in 2021, an increase of $1.1 million. For the nine month period, operations and support expenses were $314.8 million in 2022 compared to $313.3 million in 2021, an increase of $1.5 million or 0.5%.

Sub-advisory expenses were $41.0 million for the third quarter of 2022 compared to $44.7 million in 2021, a decrease of $3.7 million or 8.3%. For the nine month period, sub-advisory expenses were $127.6 million in 2022 compared to $128.9 million in 2021, a decrease of $1.3 million or 1.0%. The decreases in both the three and nine month periods are primarily due to lower assets under management.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $22.6 million and $67.1 million in the three and nine months ended September 30, 2022, respectively, unchanged from 2021. Long-term debt interest expense is calculated based on a long-term debt allocation of $1.7 billion to IG Wealth Management.

Table 14: Mortgage Banking Operations – IG Wealth Management

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Total mortgage banking income					
Net interest income on securitized loans					
Interest income	**$ 32.2**	$ 30.1	$ 35.6	7.0 %	(9.6)%
Interest expense	**25.7**	23.5	27.3	9.4	(5.9)
Net interest income	**6.5**	6.6	8.3	(1.5)	(21.7)
(Losses) gains on sales(1)	**–**	(2.8)	1.8	100.0	(100.0)
Fair value adjustments	**(1.0)**	(0.4)	1.3	(150.0)	N/M
Other	**2.8**	1.1	0.2	154.5	N/M
	$ 8.3	$ 4.5	$ 11.6	84.4 %	(28.4)%
Average mortgages serviced					
Securitizations	**$ 4,638**	$ 4,711	$ 5,338	(1.5)%	(13.1)%
Other	**2,419**	2,444	2,454	(1.0)	(1.4)
	$ 7,057	$ 7,155	$ 7,792	(1.4)%	(9.4)%
Mortgage sales to:(2)					
Securitizations	**$ 535**	$ 252	$ 333	112.3 %	60.7 %
Other(1)	**–**	132	222	(100.0)	(100.0)
	$ 535	$ 384	$ 555	39.3 %	(3.6)%

Nine months ended *($ millions)*	2022 Sep. 30	2021 Sep. 30	Change
Total mortgage banking income			
Net interest income on securitized loans			
Interest income	**$ 93.1**	$ 113.9	(18.3)%
Interest expense	**73.3**	85.9	(14.7)
Net interest income	**19.8**	28.0	(29.3)
(Losses) gains on sales(1)	**(3.5)**	3.4	N/M
Fair value adjustments	**2.6**	1.4	85.7
Other	**4.2**	2.8	50.0
	$ 23.1	$ 35.6	(35.1)%
Average mortgages serviced			
Securitizations	**$ 4,755**	$ 5,538	(14.1)%
Other	**2,419**	2,534	(4.5)
	$ 7,174	$ 8,072	(11.1)%
Mortgage sales to:(2)			
Securitizations	**$ 921**	$ 1,208	(23.8)%
Other(1)	**355**	696	(49.0)
	$ 1,276	$ 1,904	(33.0)%

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

(2) Represents principal amounts sold.

PART C
IGM FINANCIAL INC.

Q3 2022 vs. Q2 2022

Fee Income

Advisory fee income decreased by $4.2 million or 1.5% to $280.4 million in the third quarter of 2022 compared with the second quarter. The decrease in advisory fees in the third quarter was primarily due to the decrease in average assets under advisement of 1.9% for the quarter, as shown in Table 10, offset by the increase of approximately $3.1 million resulting from one additional calendar day in the third quarter compared to the second quarter. The average advisory fee rate for the third quarter was 102.5 basis points of average assets under management, compared to 103.1 basis points in the second quarter.

Product and program fees were $214.1 million in the third quarter of 2022, a decrease of $4.4 million from $218.5 million in the second quarter of 2022. The decrease in product and program fees was due to lower assets under management partly offset by approximately $2.4 million resulting from one additional calendar day in the third quarter compared to the second quarter. The average product and program fee rate was 85.7 basis points in the current quarter, compared to 86.1 basis points in the second quarter primarily due to fee reductions impacting the current quarter.

Other financial planning revenues of $37.3 million in the third quarter of 2022 increased by $6.2 million from $31.1 million in the second quarter due to an increase in earnings from the distribution of insurance products and the mortgage banking operations.

Net Investment Income and Other

Net investment income and other was $2.2 million in the third quarter of 2022, an increase of $3.5 million from the second quarter due to gains on investments in proprietary funds and interest earned on cash and cash equivalents.

Expenses

Advisory and business development expenses in the current quarter were $218.7 million, a decrease of $3.3 million from $222.0 million in the previous quarter primarily due to lower assets under advisement and other advisor programs, partly offset by higher sales based compensation.

Operations and support expenses were $102.9 million for the third quarter of 2022 compared to $103.2 million in the previous quarter, a decrease of $0.3 million or 0.3%.

Investment Planning Counsel

2022 vs. 2021

Adjusted net earnings related to Investment Planning Counsel were $5.0 million and $6.3 million lower in the three and nine month periods ended September 30, 2022 than the comparable periods in 2021.

Q3 2022 vs. Q2 2022

Adjusted net earnings related to Investment Planning Counsel were $2.2 million lower in the third quarter of 2022 compared to the prior quarter.

Asset Management

The Asset Management segment includes Mackenzie Investments (Mackenzie).

Asset Management revenue reflects:

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

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

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

Review of the Business

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

Mackenzie earns asset management fees primarily from:

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

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

Asset Management Strategy

Mackenzie's mission is to create a more invested world, together.

Mackenzie's objective is to become Canada's preferred global asset management solutions provider and business partner.

Mackenzie's focus is based on five key strategies:

- Win in retail in a segmented way
- Build a global institutional business with a targeted approach
- Deliver innovative investment solutions and performance
- Business processes that are simple, easy and digitized
- Continue to foster a high performance and diverse culture

These strategies impact our strategic priorities and drive future business growth. We aim to achieve this by attracting and fostering the best minds in the investment industry, responding to changing needs of financial advisors and investors with distinctive and innovative solutions, and continuing to deliver institutional quality in everything we do.

Mackenzie seeks to maximize returns on business investment by focusing our resources in areas that directly impact the success of our strategic focus: investment management, distribution and client experience.

Our investment management capabilities are delivered through a boutique structure, with separate in-house teams having distinct focuses and diverse styles. Our research and portfolio management teams are located in Toronto, 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. During the first quarter of 2022, Mackenzie announced a new multi-year product and services distribution agreement with PFSL Investment Canada Ltd. (Primerica) where Mackenzie will serve as one of two exclusive investment solutions providers and, on June 30, 2022, Mackenzie launched a suite of 25 funds designed to address the specific needs of Primerica advisors and their clients. Within the strategic alliance channel, Mackenzie's primary distribution relationship is with the head office of the respective bank, insurance company or investment company.

In the institutional channel, Mackenzie provides investment management services to pension plans, foundations and other institutions. We attract new institutional business through our relationships with pension and management consultants.

Gross sales and redemption activity in strategic alliance and institutional accounts can be more pronounced than in the retail channel, given the relative size and the nature of the distribution relationships of these accounts. These accounts are also subject to ongoing reviews and rebalance activities which may result in a significant change in the level of assets under management.

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

Assets Under management

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

At September 30, 2022, Mackenzie's total assets under management were $180.5 billion, a decrease of 11.2% from $203.3 billion last year. Mackenzie's total assets under management (excluding sub-advisory to Wealth Management) were $108.7 billion, a decrease of 12.4% from $124.1 billion last year. The change in Mackenzie's assets under management is determined by investment returns and net contributions from our clients.

Change in Assets Under Management – 2022 vs. 2021

Mackenzie's total assets under management at September 30, 2022 were $180.5 billion, a decrease of 11.2% from $203.3 billion at September 30, 2021. Assets under management excluding sub-advisory to the Wealth Management segment were $108.7 billion, a decrease of 12.4% from $124.1 billion at September 30, 2021.

Investment fund assets under management were $57.6 billion at September 30, 2022, compared to $64.8 billion at September 30, 2021, a decrease of 11.2%. Mackenzie's mutual fund assets under management of $52.5 billion decreased by 12.0% from $59.7 billion at September 30, 2021. Mackenzie's ETF assets excluding ETFs held within IGM Financial's managed products were $5.0 billion at September 30, 2022, a decrease of 1.1% from $5.1 billion at September 30, 2021. ETF assets inclusive of IGM Financial's managed products were $11.5 billion at September 30, 2022 compared to $11.9 billion at September 30, 2021.

In the three months ended September 30, 2022, Mackenzie's mutual fund gross sales were $1.3 billion, a decrease of 48.3% from $2.5 billion in 2021. Mutual fund redemptions in the current quarter were $1.9 billion, an increase of 11.8%

Table 15: Change in Total Assets Under Management – Asset Management

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment					
Net sales (redemptions)					
Mutual funds(1)	**$ (594)**	$ (758)	$ 799	21.6 %	N/M %
ETF net creations(2)	**(86)**	(61)	320	(41.0)	N/M
Investment funds(3)	**(680)**	(819)	1,119	17.0	N/M
Sub-advisory, institutional and other accounts(4)	**(139)**	(133)	(27)	(4.5)	N/M
Total net sales (redemptions)	**(819)**	(952)	1,092	14.0	N/M
Investment returns	**(812)**	(6,989)	54	88.4	N/M
Net change in assets	**(1,631)**	(7,941)	1,146	79.5	N/M
Beginning assets	**65,288**	73,229	71,821	(10.8)	(9.1)
Ending assets	**$ 63,657**	$ 65,288	$ 72,967	(2.5)%	(12.8)%
Consolidated assets under management					
Mutual funds	**$ 52,541**	$ 53,576	$ 59,721	(1.9)%	(12.0)%
ETFs	**5,010**	5,368	5,068	(6.7)	(1.1)
Investment funds(3)	**57,551**	58,944	64,789	(2.4)	(11.2)
Sub-advisory, institutional and other accounts	**6,106**	6,344	8,178	(3.8)	(25.3)
	63,657	65,288	72,967	(2.5)	(12.8)
Sub-advisory to Canada Life	**45,015**	46,575	51,131	(3.3)	(12.0)
Total excluding sub-advisory to Wealth Management	**108,672**	111,863	124,098	(2.9)	(12.4)
Sub-advisory to Wealth Management	**71,834**	72,855	79,242	(1.4)	(9.3)
Consolidated assets under management	**$ 180,506**	$ 184,718	$ 203,340	(2.3)%	(11.2)%
Average total assets under management(5)					
Excluding sub-advisory to Wealth Management	**$ 113,448**	$ 118,478	$ 125,181	(4.2)%	(9.4)%
Consolidated	**187,323**	195,540	204,850	(4.2)	(8.6)

Nine months ended *($ millions)*	2022 Sep. 30	2021 Sep. 30	Change
Assets under management excluding sub-advisory to Canada Life and the Wealth Management Segment			
Net sales (redemptions)			
Mutual funds(1)	**$ (770)**	$ 3,396	N/M %
ETF net creations(2)	**571**	1,287	(55.6)
Investment funds(3)	**(199)**	4,683	N/M
Sub-advisory, institutional and other accounts(4)	**(699)**	270	N/M
Total net sales (redemptions)	**(898)**	4,953	N/M
Investment returns	**(11,755)**	4,251	N/M
Net change in assets	**(12,653)**	9,204	N/M
Beginning assets	**76,310**	63,763	19.7
Ending assets	**$ 63,657**	$ 72,967	(12.8)%
Average total assets under management(5)			
Excluding sub-advisory to Wealth Management	**$ 119,248**	$ 119,051	0.2 %
Consolidated	**196,154**	196,108	–

(1) Mutual funds – Institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:
2021 Q1 – resulted in redemptions and net redemptions of $361 million.
(2) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.
(3) Investment fund assets under management and net sales exclude investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(4) Sub-advisory, institutional and other accounts:
2022 Q1 – an institutional investor redeemed $291 million within products Mackenzie sub-advises
2021 Q2 – Mackenzie was awarded $680 million of sub-advisory wins.
(5) Based on daily average investment fund assets and month-end average sub-advisory, institutional and other assets.

Table 16: Change in Investment Fund Assets Under Management – Asset Management[1]

Three months ended *($ millions)*	2022 Sep. 30	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Sales	**$ 1,281**	$ 1,735	$ 2,476	(26.2)%	(48.3)%
Redemptions	**1,875**	2,493	1,677	(24.8)	11.8
Mutual fund net sales (redemptions)[2]	**(594)**	(758)	799	21.6	N/M
ETF net creations[3]	**(86)**	(61)	320	(41.0)	N/M
Investment fund net sales (redemptions)[4]	**(680)**	(819)	1,119	17.0	N/M
Investment returns	**(713)**	(6,376)	16	88.8	N/M
Net change in assets	**(1,393)**	(7,195)	1,135	80.6	N/M
Beginning assets	**58,944**	66,139	63,654	(10.9)	(7.4)
Ending assets	**$ 57,551**	$ 58,944	$ 64,789	(2.4)%	(11.2)%
Consists of:					
Mutual funds	**$ 52,541**	$ 53,576	$ 59,721	(1.9)%	(12.0)%
ETFs	**5,010**	5,368	5,068	(6.7)	(1.1)
Investment funds	**$ 57,551**	$ 58,944	$ 64,789	(2.4)%	(11.2)%
Daily average investment fund assets	**$ 60,405**	$ 62,527	$ 65,460	(3.4)%	(7.7)%

Nine months ended *($ millions)*	2022 Sep. 30	2021 Sep. 30	Change
Sales	**$ 5,937**	$ 9,430	(37.0)%
Redemptions	**6,707**	6,034	11.2
Mutual fund net sales (redemptions)[2]	**(770)**	3,396	N/M
ETF net creations[3]	**571**	1,287	(55.6)
Investment fund net sales (redemptions)[4]	**(199)**	4,683	N/M
Investment returns	**(10,612)**	3,636	N/M
Net change in assets	**(10,811)**	8,319	N/M
Beginning assets	**68,362**	56,470	21.1
Ending assets	**$ 57,551**	$ 64,789	(11.2)%
Daily average investment fund assets	**$ 63,035**	$ 61,711	2.1 %

(1) Investment fund assets under management and net sales excludes investments into Mackenzie mutual funds and ETFs by IGM Financial's investment funds.
(2) Mutual funds – Institutional clients, which include Mackenzie mutual funds within their investment offerings, made fund allocation changes:
2021 Q1 – resulted in redemptions and net redemptions of $361 million.
(3) ETFs – During the first quarter of 2022, Wealthsimple made allocation changes which resulted in $675 million in purchases in Mackenzie ETFs.
(4) Total investment fund net sales and assets under management exclude Mackenzie mutual fund investments in ETFs.

from last year. Mutual fund net redemptions for the three months ended September 30, 2022 were $594 million, compared to net sales of $799 million last year. In the three months ended September 30, 2022, ETF net creations were ($86) million compared to $320 million last year. Investment fund net redemptions in the current quarter were $680 million compared to net sales of $1.1 billion last year. During the current quarter, investment returns resulted in investment fund assets decreasing by $713 million.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the three months ended September 30, 2022 were $819 million compared to net sales of $1.1 billion last year. During the current quarter, investment returns resulted in assets decreasing by $0.8 billion compared to an increase of $0.1 billion last year.

In the nine months ended September 30, 2022, Mackenzie's mutual fund gross sales were $5.9 billion, a decrease of 37.0% from $9.4 billion in 2021. Mutual fund redemptions in the current period were $6.7 billion, an increase of 11.2% from last year. Mutual fund net redemptions for the nine months ended September 30, 2022 were $770 million, compared to net sales of $3.4 billion in 2021. In the nine months ended September 30, 2022, ETF net creations were $571 million compared to $1.3 billion last year. Investment fund net redemptions in the current period were $199 million compared to net sales of $4.7 billion last year. During the current period, investment returns resulted in investment fund assets decreasing by $10.6 billion compared to an increase of $3.6 billion last year.

During the nine months ended September 30, 2021, certain third party programs, which include Mackenzie mutual funds, made fund allocation changes resulting in redemptions and net redemptions of $361 million. Excluding this transaction in 2021, mutual fund redemptions increased by 18.2% in the nine months ended September 30, 2022 compared to 2021, and mutual fund net redemptions of $770 million in 2022 compared to mutual fund net sales of $3.8 billion in 2021.

Redemptions of long-term mutual funds in the three and nine months ended September 30, 2022, were $1.8 billion and $6.6 billion, respectively, compared to $1.7 billion and $5.9 billion last year. Redemptions of long-term mutual funds excluding mutual fund allocation changes made by third party programs were $5.6 billion in the nine months ended September 30, 2021. Mackenzie's annualized quarterly redemption rate for long-term mutual funds was 13.4% in the third quarter of 2022, compared to 11.0% in the third quarter of 2021. Mackenzie's twelve-month trailing redemption rate for long-term mutual funds was 14.9% at September 30, 2022, compared to 15.0% last year. Mackenzie's twelve month trailing redemption rate for long-term funds, excluding rebalance transactions, was 13.4% at September 30, 2021. The corresponding average twelve-month trailing redemption rate for long-term mutual funds for all other members of IFIC was approximately 15.1% at September 30, 2022. Mackenzie's twelve-month trailing redemption rate is comprised of the weighted average redemption rate for front-end load assets, deferred sales charge and low load assets with redemption fees, and deferred sales charge assets without redemption fees (matured assets). Generally, redemption rates for front-end load assets and matured assets are higher than the redemption rates for deferred sales charge and low load assets with redemption fees.

Total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the nine months ended September 30, 2022 were $898 million compared to net sales of $5.0 billion last year. During the nine month period, investment returns resulted in assets decreasing by $11.8 billion compared to an increase of $4.3 billion last year.

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

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 two transactions and the 2021 CAMC award and transactions previously mentioned, total net redemptions excluding sub-advisory to Canada Life and to the Wealth Management segment for the nine months ended September 30, 2022 were $1.3 billion compared to net sales of $4.6 billion last year.

As at September 30, 2022, Mackenzie's sub-advisory to Canada Life were $45.0 billion compared to $51.1 billion at September 30, 2021.

As at September 30, 2022, Mackenzie's sub-advisory to the Wealth Management segment were $71.8 billion or 71.8% of total Wealth Management assets under management compared to $79.2 billion or 70.7% of total Wealth Management assets under management at September 30, 2021.

Change in Assets Under Management – Q3 2022 vs. Q2 2022

Mackenzie's total assets under management at September 30, 2022 were $180.5 billion, a decrease of 2.3% from $184.7 billion at June 30, 2022. Assets under management excluding sub-advisory to the Wealth Management segment were $108.7 billion, a decrease of 2.9% from $111.9 billion at June 30, 2022.

Investment fund assets under management were $57.6 billion at September 30, 2022, a decrease of 2.4% from $58.9 billion at June 30, 2022. Mackenzie's mutual fund assets under management were $52.5 billion at September 30, 2022, a decrease of 1.9% from $53.6 billion at June 30, 2022. Mackenzie's ETF assets were $5.0 billion at September 30, 2022 compared to $5.4 billion at June 30, 2022. ETF assets inclusive of IGM Financial's managed products were $11.5 billion at September 30, 2022 compared to $11.6 billion at June 30, 2022.

For the quarter ended September 30, 2022, Mackenzie mutual fund gross sales were $1.3 billion, a decrease of 26.2% from the second quarter of 2022. Mutual fund redemptions were $1.9 billion, a decrease of 24.8% from the second quarter of 2022. Net redemptions of Mackenzie mutual funds for the current quarter were $594 million compared with net redemptions of $758 million in the previous quarter.

Redemptions of long-term mutual fund assets in the current quarter were $1.8 billion, compared to $2.5 billion in the second quarter. Mackenzie's annualized quarterly redemption rate for long-term mutual funds for the current quarter was 13.4% compared to 17.4% in the second quarter.

For the quarter ended September 30, 2022, Mackenzie ETF net creations were ($86) million compared to ($61) million in the second quarter.

Investment fund net redemptions in the current quarter were $680 million compared to net redemptions of $819 million in the second quarter.

As at September 30, 2022, Mackenzie's sub-advisory to Canada Life were $45.0 billion compared to $46.6 billion at June 30, 2022.

As at September 30, 2022, Mackenzie's sub-advisory to the Wealth Management segment were $71.8 billion or 71.8% of total Wealth Management assets under management compared to $72.9 billion or 72.0% of total Wealth Management assets under management at June 30, 2022.

Investment Management

Mackenzie has $180.5 billion in assets under management at September 30, 2022, including $71.8 billion of sub-advisory mandates to the Wealth Management segment. It has teams located in Toronto, Montreal, Winnipeg, Vancouver, Boston, Dublin and Hong Kong.

We continue to deliver our investment offerings through a boutique structure, with separate in-house investment teams which each have a distinct focus and investment approach. Our investment team currently consists of 17 boutiques. This boutique approach promotes diversification of styles and ideas and provides Mackenzie with a breadth of capabilities. Oversight is conducted through a common process intended to promote superior risk-adjusted returns over time. This oversight process focuses on i) identifying and encouraging each team's performance edge, ii) promoting best practices in portfolio construction, and iii) emphasizing risk management.

Mackenzie's 56% ownership interest in Northleaf enhances its investment capabilities by offering global private equity, private credit and infrastructure investment solutions to our clients.

In addition to our own investment teams, Mackenzie supplements investment capabilities through the use of third party sub-advisors and strategic beta index providers in selected areas. These include Putnam Investments, TOBAM, ChinaAMC, and Impax Asset Management. During 2022, 1832 Asset Management, Brandywine, Blackrock, and T. Rowe Price were added as sub-advisors for the launch of the suite of Mackenzie FuturePath Funds designed to address the specific needs of Primerica advisors and their clients.

During 2021, Mackenzie undertook a number of initiatives on climate change in support of the global goal to reach net zero by 2050. This builds upon Mackenzie's sustainability strategy, and these items included the following:

- Signatory to the global Net Zero Asset Managers Initiative
- Founding participant to Climate Engagement Canada
- Founding Signatory to Responsible Investment Association's Canadian Investor Statement on Climate Change.

Long-term investment performance is a key measure of Mackenzie's ongoing success. At September 30, 2022, 48.0% of Mackenzie mutual fund assets were rated in the top two performance quartiles for the one year time frame, 50.9% 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, 2022, 85.5% of Mackenzie mutual fund assets measured by Morningstar† had a rating of three stars or better and 50.2% had a rating of four or five stars. This compared to the Morningstar† universe of 84.6% for three stars or better and 53.6% for four and five star funds at September 30, 2022.

Products

Mackenzie continues to evolve its product shelf by providing enhanced investment solutions for financial advisors to offer their clients. During 2022, Mackenzie launched 30 mutual funds, including a suite of 25 FuturePath Funds through its new partnership with Primerica Financial Services Canada (PFSL), two alternative funds in collaboration with Northleaf Capital Partners (Northleaf), and two ETFs, including one in collaboration with Wealthsimple.

Mutual Funds

Mackenzie enhances its product shelf through new fund launches, and streamlines the shelf by executing fund mergers.

On June 30, 2022, Mackenzie launched a suite of 25 FuturePath Funds through its new partnership with PFSL and during the third quarter launched two additional funds to give Canadians exposure to inflation-resilient assets and provide new opportunities for U.S. Dollar Investments:

- The Mackenzie FuturePath Funds are an exclusive offering of 25 unique funds supporting a new partnership with PFSL. Under this partnership, Mackenzie is one of two fund providers available to PFSL's network of 7,000 advisors and 250,000 clients. This new family of funds will harness a wide selection of Mackenzie's competitive investment strategies including Canadian, U.S. and global equity, fixed-income and balanced funds, and sophisticated asset allocation strategies. The line-up covers all major CIFSC categories and investment styles.
- Mackenzie Inflation-Focused Fund offers Canadians a solution to help diversify their portfolios by adding exposure to assets less sensitive to inflation, which may help to mitigate impact on investment returns. To achieve this, the Fund will invest in a mix of equity, fixed income securities and commodities that are expected to be collectively resilient during inflationary periods. This fund is managed by the Mackenzie Resource and Fixed Income Teams.
- Mackenzie USD US Mid Cap Opportunities Fund is a U.S. dollar fund that provides opportunities for Canadians to invest their US dollars and take advantage of growth opportunities in the United States. The Fund seeks to

provide investors with long-term capital growth by investing primarily in equity securities of mid-capitalization companies located in the U.S., with a focus on those with strong management and growth prospects and attractive financial metrics. This fund is managed by the Mackenzie Growth Team.

Additionally, early in the fourth quarter of 2022, Mackenzie launched a new fund to offer investors access to companies championing innovation:

- Mackenzie Bluewater Next Gen Growth Fund is a global equity fund investing in companies driven by product, services, or business model innovation. The Fund will invest in innovation leaders across geographies, sectors, and market capitalizations who have a significant competitive advantage, strong growth opportunities and a unique value proposition. The Fund focuses on innovation as a broad theme by investing in a concentrated portfolio primarily of equity securities issued by companies of any size, anywhere in the world. The fund is managed by the Mackenzie Bluewater Team.

Alternative Funds

Mackenzie currently has ten funds in the alternatives space including four products in collaboration with Northleaf. Two of these products, the Mackenzie Northleaf Private Credit Interval Fund and the Mackenzie Northleaf Global Private Equity Fund, were launched earlier in 2022.

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 to utilize in building long-term diversified portfolios. Mackenzie's current line-up consists of 45 ETFs: 24 active and strategic beta ETFs and 21 traditional index ETFs. ETF assets under management ended the quarter at $11.5 billion, inclusive of $6.5 billion in investments from IGM managed products. This ranks Mackenzie in sixth place in the Canadian ETF industry for assets under management.

Review of Segment Operating Results

The Asset Management segment includes revenue earned on advisory mandates to the Wealth Management segment and investments into Mackenzie mutual funds and ETFs by the Wealth Management segment.

The Asset Management segment adjusted net earnings are presented in Table 17. Adjusted net earnings for the third quarter of 2022 were $58.5 million, a decrease of 17.6% from the third quarter in 2021 and an increase of 14.0% from the prior quarter.

Adjusted earnings before interest and taxes for the third quarter of 2022 were $85.4 million, a decrease of 14.8% from the third quarter in 2021 and an increase of 13.3% from the prior quarter.

2022 vs. 2021

Revenues

Asset management fees are classified as either Asset management fees – third party or Asset management fees – Wealth Management.

- Net asset management fees – third party is comprised of the following:
  - Asset management fees – third party consists of management and administration fees earned from our investment funds and management fees from our third party sub-advisory, institutional and other accounts. The largest component is management fees from our investment funds. The amount of management fees depends on the level and composition of assets under management. Management fee rates vary depending on the investment objective and the account type of the underlying assets under management. For example, equity-based mandates have higher management fee 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

Table 17: Operating Results – Asset Management

Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Revenues					
Asset management					
Asset management fees – third party	**$ 234.7**	$ 240.9	$ 262.5	(2.6)%	(10.6)%
Redemption fees	**0.7**	0.7	0.9	–	(22.2)
	235.4	241.6	263.4	(2.6)	(10.6)
Dealer compensation expenses					
Asset-based compensation	**(77.5)**	(79.8)	(86.9)	(2.9)	(10.8)
Sales-based compensation	**–**	(2.3)	(4.0)	(100.0)	(100.0)
	(77.5)	(82.1)	(90.9)	(5.6)	(14.7)
Net asset management fees – third party	**157.9**	159.5	172.5	(1.0)	(8.5)
Asset management fees – Wealth Management	**27.3**	28.1	29.7	(2.8)	(8.1)
Net asset management	**185.2**	187.6	202.2	(1.3)	(8.4)
Net investment income and other	**3.8**	(1.1)	2.2	N/M	72.7
	189.0	186.5	204.4	1.3	(7.5)
Expenses					
Advisory and business development	**16.4**	21.5	19.2	(23.7)	(14.6)
Operations and support	**86.0**	88.4	83.3	(2.7)	3.2
Sub-advisory	**1.2**	1.2	1.7	–	(29.4)
	103.6	111.1	104.2	(6.8)	(0.6)
Adjusted earnings before interest and taxes(1)	**85.4**	75.4	100.2	13.3	(14.8)
Interest expense	**5.9**	5.9	5.9	–	–
Adjusted earnings before income taxes(1)	**79.5**	69.5	94.3	14.4	(15.7)
Income taxes	**21.0**	18.2	23.3	15.4	(9.9)
Adjusted net earnings(1)	**$ 58.5**	$ 51.3	$ 71.0	14.0 %	(17.6)%

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

Table 17: Operating Results – Asset Management (continued)

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Revenues			
Asset management			
Asset management fees – third party	**$ 730.4**	$ 741.6	(1.5)%
Redemption fees	**2.4**	3.1	(22.6)
	732.8	744.7	(1.6)
Dealer compensation expenses			
Asset-based compensation	**(243.4)**	(247.7)	(1.7)
Sales-based compensation	**(7.3)**	(15.9)	(54.1)
	(250.7)	(263.6)	(4.9)
Net asset management fees – third party	**482.1**	481.1	0.2
Asset management fees – Wealth Management	**84.4**	84.6	(0.2)
Net asset management	**566.5**	565.7	0.1
Net investment income and other	**0.1**	4.5	(97.8)
	566.6	570.2	(0.6)
Expenses			
Advisory and business development	**58.1**	64.6	(10.1)
Operations and support	**267.5**	247.3	8.2
Sub-advisory	**3.9**	5.3	(26.4)
	329.5	317.2	3.9
Adjusted earnings before interest and taxes(1)	**237.1**	253.0	(6.3)
Interest expense	**17.6**	17.7	(0.6)
Adjusted earnings before income taxes(1)	**219.5**	235.3	(6.7)
Income taxes	**57.6**	59.8	(3.7)
Adjusted net earnings(1)	**$ 161.9**	$ 175.5	(7.7)%

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

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 $157.9 million for the three months ended September 30, 2022, a decrease of $14.6 million or 8.5% from $172.5 million last year. The decrease in net asset management fees – third party was due to a 9.4% decrease in average assets under management, as shown in Table 15, offset by an increase in the net asset management fee rate. Mackenzie's net asset management fee rate was 55.2 basis points for the three months ended September 30, 2022, compared to 54.7 basis points in the comparative period in 2021. The increase in rate was mostly driven by lower deferred selling commissions.

Net asset management fees – third party were $482.1 million for the nine months ended September 30, 2022, an increase of $1.0 million or 0.2% from $481.1 million last year. The increase in net asset management fees – third party was primarily due to a 0.2% increase in average assets under management, as shown in Table 15. Mackenzie's net asset management fee rate was 54.1 basis points for the nine months ended September 30, 2022 compared to 54.0 basis points in the comparative period in 2021.

Management fees – Wealth Management were $27.3 million for the three months ended September 30, 2022, a decrease of

$2.4 million or 8.1% from $29.7 million last year. The decrease in management fees was primarily due to a 7.3% decrease in average assets under management. Mackenzie's management fee rate was 14.6 basis points for the three months ended September 30, 2022 compared to 14.8 basis points in the comparative period in 2021.

Management fees – Wealth Management were $84.4 million for the nine months ended September 30, 2022, a decrease of $0.2 million or 0.2% from $84.6 million last year. The decrease in management fees was due to a 0.2% decrease in average assets under management. Mackenzie's management fee rate was 14.7 basis points for the nine months ended September 30, 2022, unchanged from the comparative period in 2021.

Net investment income and other primarily includes investment returns related to Mackenzie's investments in proprietary funds. These investments are generally made in the process of launching a fund and are sold as third party investors subscribe. Net investment income and other was $3.8 million for the three months ended September 30, 2022 compared to $2.2 million last year, and was $0.1 million for the nine months ended September 30, 2022 compared to $4.5 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 $16.4 million for the three months ended September 30, 2022, a decrease of $2.8 million or 14.6% from $19.2 million in 2021. Expenses for the nine months ended September 30, 2022 were $58.1 million, a decrease of $6.5 million or 10.1% from $64.6 million last year. The decline in the three and nine month periods was attributed to lower wholesaler commissions consistent with the decline in net investment fund net sales.

Operations and support includes costs associated with business operations, including technology and business processes, in-house investment management and product shelf management, corporate management and support functions. These expenses primarily reflect compensation, technology and other service provider expenses. Operations and support expenses were $86.0 million for the three months ended September 30, 2022, an increase of $2.7 million or 3.2% from $83.3 million in 2021. Expenses for the nine months ended September 30, 2022 were $267.5 million, an increase of $20.2 million or 8.2% from $247.3 million last year.

Sub-advisory expenses were $1.2 million for the three months ended September 30, 2022, compared to $1.7 million in 2021. Expenses for the nine months ended September 30, 2022 were $3.9 million, compared to $5.3 million last year.

Interest Expense

Interest expense, which includes allocated interest expense on long-term debt and interest expense on leases, totalled $5.9 million in the third quarter of 2022, unchanged from the comparative period in 2021. Interest expense for the nine month period was $17.6 million compared to $17.7 million in 2021. Long-term debt interest expense is calculated based on a long-term debt allocation of $0.4 billion to Mackenzie.

Q3 2022 vs. Q2 2022

Revenues

Net asset management fees – third party were $157.9 million for the current quarter, a decrease of $1.6 million or 1.0% from $159.5 million in the second quarter. Factors contributing to the net decrease are as follows:

- Average assets under management were $113.4 billion in the current quarter, a decrease of 4.2% from the prior quarter.
- Net asset management fee rate was 55.2 basis points for the current quarter compared to 54.0 basis points in the second quarter. The increase in rate was mostly driven by lower deferred selling commissions.
- 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.

Management fees – Wealth Management were $27.3 million in the current quarter, down from $28.1 million in the second quarter of 2022, primarily due to the decrease in assets under management of 4.1% from the second quarter, partially offset by one additional calendar day in the third quarter. The management fee rate was 14.6 basis points in the current quarter, unchanged from the second quarter.

Net investment income and other was $3.8 million for the current quarter, compared to ($1.1) million in the second quarter.

Expenses

Advisory and business development expenses were $16.4 million for the current quarter, a decrease of $5.1 million or 23.7% from $21.5 million in the second quarter. The decline in the current quarter is due to lower wholesaler commissions and the timing of certain expenses.

Operations and support expenses were $86.0 million for the current quarter, a decrease of $2.4 million or 2.7% from $88.4 million compared to the second quarter.

Sub-advisory expenses were $1.2 million for the current quarter, unchanged from the prior quarter.

Strategic Investments and Other

Review of Segment Operating Results

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

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

In January 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC as discussed in the Consolidated Financial Position section of this MD&A. To partially fund the transaction, IGM Financial will sell 1.6% of its 4% interest in Lifeco.

Assets held by the Strategic Investments and Other segment are included in Table 18.

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 19.

2022 vs. 2021

The proportionate share of associates' earnings decreased by $9.0 million in the third quarter of 2022 compared to the third quarter of 2021 and decreased by $0.4 million in the nine months ended September 30, 2022 compared to 2021. These earnings reflect equity earnings from Lifeco, ChinaAMC and Northleaf, as discussed in the Consolidated Financial Position section of this MD&A. The decrease in the three month period was due to decreases in the proportionate share of Lifeco's earnings of $7.7 million and ChinaAMC's earnings of $2.3 million, offset in part by an increase in the proportionate share of Northleaf's earnings of $1.0 million. The decrease in the nine month period was due to the decreases in the proportionate share of Lifeco's earnings of $7.4 million and ChinaAMC's earnings of $1.6 million, offset in part by an increase in the proportionate share of Northleaf's earnings of $8.6 million.

Net investment income and other was $4.7 million in the third quarter of 2022, an increase of $4.1 million from $0.6 million in 2021. Net investment income and other was $7.2 million for the nine month period in 2022, an increase of $5.6 million from $1.6 million in 2021. The increase in both the three and nine month periods from 2021 primarily related to interest rate increases earned on the Company's unallocated capital.

Table 18: Total Assets – Strategic Investments and Other

($ millions)	**September 30, 2022**	December 31, 2021
Investments in associates		
Lifeco	**$ 1,038.9**	$ 1,020.8
ChinaAMC	**764.8**	768.7
Northleaf	**273.8**	258.8
	2,077.5	2,048.3
FVTOCI investments		
Wealthsimple (direct investment only)	**484.1**	1,133.5
Portage and other investments	**117.2**	157.9
	601.3	1,291.4
Unallocated capital and other	**772.4**	767.5
Total assets	**$ 3,451.2**	$ 4,107.2
Lifeco fair value	**$ 1,112.3**	$ 1,415.5

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Table 19: Operating Results – Strategic Investments and Other

Three months ended *($ millions)*	**2022 Sep. 30**	2022 Jun. 30	2021 Sep. 30	Change 2022 Jun. 30	Change 2021 Sep. 30
Revenues					
Net investment income and other	**$ 4.7**	$ 1.8	$ 0.6	161.1 %	N/M %
Proportionate share of associates' earnings					
Investment in Lifeco	**27.6**	29.0	35.3	(4.8)	(21.8)
Investment in ChinaAMC	**14.7**	14.8	17.0	(0.7)	(13.5)
Investment in Northleaf	**4.6**	6.2	3.6	(25.8)	27.8
	46.9	50.0	55.9	(6.2)	(16.1)
	51.6	51.8	56.5	(0.4)	(8.7)
Expenses					
Operations and support	**1.1**	2.0	1.2	(45.0)	(8.3)
Adjusted earnings before income taxes[1]	**50.5**	49.8	55.3	1.4	(8.7)
Income taxes	**2.4**	1.3	1.6	84.6	50.0
Adjusted net earnings[1]	**48.1**	48.5	53.7	(0.8)	(10.4)
Non-controlling interest	**0.9**	1.3	0.7	(30.8)	28.6
Adjusted net earnings available to common shareholders[1]	**$ 47.2**	$ 47.2	$ 53.0	– %	(10.9)%

Nine months ended *($ millions)*	**2022 Sep. 30**	2021 Sep. 30	Change
Revenues			
Net investment income and other	**$ 7.2**	$ 1.6	N/M %
Proportionate share of associates' earnings			
Investment in Lifeco	**87.3**	94.7	(7.8)
Investment in ChinaAMC	**43.0**	44.6	(3.6)
Investment in Northleaf	**15.0**	6.4	134.4
	145.3	145.7	(0.3)
	152.5	147.3	3.5
Expenses			
Operations and support	**4.5**	3.6	25.0
Adjusted earnings before income taxes[1]	**148.0**	143.7	3.0
Income taxes	**4.8**	3.4	41.2
Adjusted net earnings[1]	**143.2**	140.3	2.1
Non-controlling interest	**3.0**	1.3	130.8
Adjusted net earnings available to common shareholders[1]	**$ 140.2**	$ 139.0	0.9 %

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

Q3 2022 vs. Q2 2022

The proportionate share of associates' earnings was $46.9 million in the third quarter of 2022, a decrease of $3.1 million from the second quarter of 2022, primarily due to decreases in the proportionate share of Lifeco earnings and Northleaf earnings. Net investment income and other was $4.7 million in the third quarter of 2022, an increase of $2.9 million from $1.8 million in the second quarter. The increase in Net investment income and other for the third quarter of 2022 compared to the prior quarter primarily related to interest rate increases earned on the Company's unallocated capital.

IGM Financial Inc.

Consolidated Financial Position

IGM Financial's total assets were $17.6 billion at September 30, 2022, compared to $17.7 billion at December 31, 2021.

Other Investments

The composition of the Company's securities holdings is detailed in Table 20.

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Corporate Investments

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

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

The Company is the largest shareholder in Wealthsimple with a combined direct and indirect interest of 24% and fair value of $492 million at September 30, 2022, unchanged from the prior quarter and a decline of $661 million from $1,153 million at December 31, 2021. Fair value is determined by using observable transactions in the investments' securities, where available, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. This change in fair value is consistent with the decline in stock markets and public market peer valuations, and Wealthsimple focusing on its core business lines and revising revenue expectations.

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 $601 million at September 30, 2022 is presented net of certain costs incurred within the limited partnership structures holding the underlying investments.

Fair Value Through Profit or Loss (FVTPL)

Securities classified as FVTPL include equity securities and proprietary investment funds. Gains and losses are recorded in Net investment income and other in the Consolidated Statements of Earnings.

Certain proprietary investment funds are consolidated where the Company has made the assessment that it controls the investment fund. The underlying securities of these funds are classified as FVTPL.

Loans

The composition of the Company's loans is detailed in Table 21.

Loans consisted of residential mortgages and represented 28.9% of total assets at September 30, 2022, compared to 30.3% at December 31, 2021.

Loans measured at amortized cost are primarily comprised of residential mortgages sold to securitization programs sponsored by third parties that in turn issue securities to investors. An offsetting liability, Obligations to securitization entities, has been recorded and totalled $4.7 billion at September 30, 2022, compared to $5.1 billion at December 31, 2021.

Table 20: Other Investments

	September 30, 2022		December 31, 2021	
($ millions)	**Cost**	**Fair Value**	Cost	Fair Value
Fair value through other comprehensive income				
Corporate investments	**$ 236.3**	**$ 601.3**	$ 226.2	$ 1,291.4
Fair value through profit or loss				
Equity securities	**1.3**	**1.4**	1.2	1.6
Proprietary investment funds	**150.2**	**149.1**	101.3	105.0
	151.5	**150.5**	102.5	106.6
	$ 387.8	**$ 751.8**	$ 328.7	$ 1,398.0

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Table 21: Loans

($ millions)	September 30, 2022	December 31, 2021
Amortized cost	**$ 5,090.2**	$ 5,297.0
Less: Allowance for expected credit losses	**0.8**	0.6
	5,089.4	5,296.4
Fair value through profit or loss	**–**	57.4
	$ 5,089.4	$ 5,353.8

The Company holds loans pending sale or securitization. Loans measured at fair value through profit or loss are residential mortgages held temporarily by the Company pending sale. Loans held for securitization are carried at amortized cost. Total loans being held pending sale or securitization are $389.5 million at September 30, 2022, compared to $315.8 million at December 31, 2021.

Residential mortgages originated by IG Wealth Management are funded primarily through sales to third parties on a fully serviced basis, including Canada Mortgage and Housing Corporation (CMHC) or Canadian bank sponsored securitization programs. At September 30, 2022, IG Wealth Management serviced $9.2 billion of residential mortgages, including $2.2 billion originated by subsidiaries of Lifeco.

Securitization Arrangements

Through the Company's mortgage banking operations, residential mortgages originated by IG Wealth Management mortgage planning specialists are sold to securitization trusts sponsored by third parties that in turn issue securities to investors. The Company securitizes residential mortgages through the CMHC sponsored National Housing Act Mortgage-Backed Securities (NHA MBS) and the Canada Mortgage Bond Program (CMB Program) and through Canadian bank-sponsored asset-backed commercial paper (ABCP) programs. The Company retains servicing responsibilities and certain elements of credit risk and prepayment risk associated with the transferred assets. The Company's credit risk on its securitized mortgages is partially mitigated through the use of insurance. Derecognition of financial assets in accordance with IFRS is based on the transfer of risks and rewards of ownership. As the Company has retained prepayment risk and certain elements of credit risk associated with the Company's securitization transactions through the CMB and ABCP programs, they are accounted for as secured borrowings. The Company records the transactions under these programs as follows: i) the mortgages and related obligations are carried at amortized cost, with interest income and interest expense, utilizing the effective interest rate method, recorded over the term of the mortgages, ii) the component of swaps entered into under the CMB Program whereby the Company pays coupons on Canada Mortgage Bonds and receives investment returns on the reinvestment of repaid mortgage principal, are recorded at fair value, and iii) cash reserves held under the ABCP program are carried at amortized cost.

In the third quarter of 2022, the Company securitized loans through its mortgage banking operations with cash proceeds of $528.1 million compared to $319.0 million in 2021. Additional information related to the Company's securitization activities, including the Company's hedges of related reinvestment and interest rate risk, can be found in the Financial Risk section of this MD&A and in Note 6 to the Interim Financial Statements.

Investment in Associates

Great-West Lifeco Inc. (Lifeco)

At September 30, 2022, the Company held a 4.0% equity interest in Lifeco. IGM Financial and Lifeco are controlled by Power Corporation of Canada.

The equity method is used to account for IGM Financial's investment in Lifeco, as it exercises significant influence. Changes in the carrying value for the three and nine months ended September 30, 2022 compared with 2021 are shown in Table 22.

On January 5, 2022, to partially fund the acquisition of an additional 13.9% interest in ChinaAMC, the Company announced it will sell 15,200,662 common shares of Lifeco to Power for cash consideration of $575 million, which will reduce the Company's equity interest in Lifeco from 4.0% to 2.4%. The sale of Lifeco shares is conditional on IGM Financial's purchase of the ChinaAMC shares and is expected to close in 2022.

China Asset Management Co., Ltd. (ChinaAMC)

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

ChinaAMC's total assets under management, excluding subsidiary assets under management, were RMB¥ 1,732.9 billion ($336.6 billion) at September 30, 2022,

Table 22: Investment in Associates

($ millions)	Lifeco	ChinaAMC	Northleaf	Total	Lifeco	ChinaAMC	Northleaf	Total
			September 30, 2022				September 30, 2021	
Three months ended								
Carrying value, July 1	**$ 1,024.8**	**$ 741.5**	**$ 269.2**	**$ 2,035.5**	$ 985.8	$ 709.5	$ 251.7	$ 1,947.0
Dividends	**(18.3)**	**–**	**–**	**(18.3)**	(16.4)	–	–	(16.4)
Proportionate share of:								
Earnings(1)	**27.6**	**14.7**	**4.6 (2)**	**46.9**	35.3	17.0	3.6 (2)	55.9
Other comprehensive income (loss) and other adjustments	**4.8**	**8.6**	**–**	**13.4**	(3.2)	16.1	–	12.9
Carrying value, September 30	**$ 1,038.9**	**$ 764.8**	**$ 273.8**	**$ 2,077.5**	$ 1,001.5	$ 742.6	$ 255.3	$ 1,999.4
Nine months ended								
Carrying value, January 1	**$ 1,020.8**	**$ 768.7**	**$ 258.8**	**$ 2,048.3**	$ 962.4	$ 720.3	$ 248.5	$ 1,931.2
Investment	**–**	**–**	**–**	**–**	–	–	0.4	0.4
Dividends	**(54.9)**	**(31.3)**	**–**	**(86.2)**	(49.1)	(26.8)	–	(75.9)
Proportionate share of:								
Earnings(1)	**87.3**	**43.0**	**15.0 (2)**	**145.3**	94.7	44.6	6.4 (2)	145.7
Other comprehensive income (loss) and other adjustments	**(14.3)**	**(15.6)**	**–**	**(29.9)**	(6.5)	4.5	–	(2.0)
Carrying value, September 30	**$ 1,038.9**	**$ 764.8**	**$ 273.8**	**$ 2,077.5**	$ 1,001.5	$ 742.6	$ 255.3	$ 1,999.4

(1) The proportionate share of earnings from the Company's investment in associates is recorded in the Strategic Investments and Other segment.

(2) The Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $3.7 million and $12.0 million, respectively, for the three and nine month periods in 2022 compared to $2.9 million and $5.1 million, respectively, in 2021.

representing an increase of 4.3% (CAD$ 1.9%) from RMB¥ 1,661.6 billion ($330.5 billion) at December 31, 2021.

The equity method is used to account for the Company's 13.9% equity interest in ChinaAMC, as it exercises significant influence. Changes in the carrying value for the three and nine months ended September 30, 2022 are shown in Table 22. The change in Other comprehensive income of positive $8.6 million in the three months ended September 30, 2022, was due to a 1.1% appreciation of the Chinese yuan relative to the Canadian dollar.

On January 5, 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from Power Corporation of Canada (Power) which will increase the Company's equity interest in ChinaAMC from 13.9% to 27.8%. The transaction is expected to close in 2022, subject to customary closing conditions, including Chinese regulatory approvals.

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 $23.1 billion as at September 30, 2022, representing an increase of $3.6 billion or 18.5% from $19.5 billion at December 31, 2021. The increase during the nine month period was driven by $2.5 billion in new commitments and $1.5 billion related to foreign exchange on USD denominated assets, offset in part by a decrease of $0.4 billion related to return of capital and other.

Consolidated Liquidity and Capital Resources

Liquidity

Cash and cash equivalents totalled $1,049.5 million at September 30, 2022 compared with $1,292.4 million at December 31, 2021 and $1,123.1 million at September 30, 2021. Cash and cash equivalents related to the Company's deposit operations were $2.6 million at September 30, 2022, compared to $1.3 million at December 31, 2021 and $2.4 million at September 30, 2021, as shown in Table 23.

Client funds on deposit represents cash balances held by clients within their investment accounts and with the offset included in deposit liabilities.

Working capital, which consists of current assets less current liabilities, totalled $856.1 million at September 30, 2022, compared with $908.0 million at December 31, 2021 and $825.1 million at September 30, 2021 (Table 24).

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.

Table 23: Deposit Operations – Financial Position

($ millions)	2022 Sep. 30	2021 Dec. 31	2021 Sep. 30
Assets			
Cash and cash equivalents	$ 2.6	$ 1.3	$ 2.4
Client funds on deposit	3,154.2	2,238.6	1,642.3
Accounts and other receivables	0.5	0.6	1.6
Loans	9.7	10.8	8.6
Total assets	$ 3,167.0	$ 2,251.3	$ 1,654.9
Liabilities and shareholders' equity			
Deposit liabilities	$ 3,144.2	$ 2,220.3	$ 1,641.0
Other liabilities	12.0	20.4	3.4
Shareholders' equity	10.8	10.6	10.5
Total liabilities and shareholders' equity	$ 3,167.0	$ 2,251.3	$ 1,654.9

Table 24: Working Capital

($ millions)	2022 Sep. 30	2021 Dec. 31	2021 Sep. 30
Current assets			
Cash and cash equivalents	$ 1,049.5	$ 1,292.4	$ 1,123.1
Client funds on deposit	3,154.2	2,238.6	1,642.3
Accounts receivable and other assets	500.2	405.0	429.6
Current portion of securitized mortgages and other	1,025.3	1,234.5	1,173.0
	5,729.2	5,170.5	4,368.0
Current liabilities			
Accounts and other payables	722.4	879.1	807.4
Deposits and certificates	3,142.9	2,219.0	1,639.6
Current portion of obligations to securitization entities and other	1,007.8	1,164.4	1,095.9
	4,873.1	4,262.5	3,542.9
Working capital	$ 856.1	$ 908.0	$ 825.1

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 $356.0 million for the third quarter of 2022 compared to $422.3 million for the third quarter of 2021 and $343.5 million for the second quarter of 2022. For the nine months ended September 30, 2022, EBITDA before sales commissions totalled $1,059.5 million compared to $1,135.2 million for the comparative period of 2021. 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 $330.4 million in the third quarter of 2022 compared to $384.5 million in the third quarter of 2021 and $310.0 million in the second quarter of 2022. For the nine months ended September 30, 2022, EBITDA after sales commissions totalled $950.9 million compared to $1,007.6 million for the comparative period of 2021. EBITDA after sales commissions excludes the impact of commission amortization (Table 1).

Refer to the Financial Instruments Risk section of this MD&A for information related to other sources of liquidity and to the Company's exposure to and management of liquidity and funding risk.

Cash Flows

Table 25 – 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, 2022. Cash and cash equivalents increased by $80.4 million in the third quarter of 2022 compared to an increase of $156.3 million in 2021. For the nine months ended September 30, 2022, cash and cash equivalents decreased by $242.9 million, compared to an increase of $351.5 million in 2021.

Adjustments to determine net cash from operating activities during the three and nine month periods of 2022 compared to 2021 consist of non-cash operating activities offset by cash operating activities:

- The add-back of amortization of capitalized sales commissions offset by the deduction of capitalized sales commissions paid.
- The add-back of amortization of capital, intangible and other assets.
- The deduction of investment in associates' equity earnings offset by dividends received.
- The add-back of pension and other post-employment benefits offset by cash contributions.
- Changes in operating assets and liabilities and other.
- The deduction of restructuring provision cash payments.

Financing activities during the third quarter of 2022 compared to 2021 related 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 compared to an increase in obligations to securitization entities of $313.3 million and repayments of obligations to securitization entities of $573.6 million in 2021.
- The payment of regular common share dividends which totalled $133.7 million in 2022, compared to $134.4 million in 2021.

Table 25: Cash Flows

	Three months ended September 30			*Nine months ended September 30*		
($ millions)	**2022**	2021	Change	**2022**	2021	Change
Operating activities						
Earnings before income taxes	**$ 280.9**	$ 349.9	(19.7)%	**$ 832.6**	$ 919.1	(9.4)%
Income taxes paid	**(60.8)**	(21.9)	(177.6)	**(286.1)**	(126.5)	(126.2)
Adjustments to determine net cash from operating activities	**(0.9)**	(3.0)	70.0	**(42.6)**	(178.2)	76.1
	219.2	325.0	(32.6)	**503.9**	614.4	(18.0)
Financing activities	**(111.8)**	(388.6)	71.2	**(896.2)**	(1,212.1)	26.1
Investing activities	**(27.0)**	219.9	N/M	**149.4**	949.2	(84.3)
Change in cash and cash equivalents	**80.4**	156.3	(48.6)	**(242.9)**	351.5	N/M
Cash and cash equivalents, beginning of period	**969.1**	966.8	0.2	**1,292.4**	771.6	67.5
Cash and cash equivalents, end of period	**$ 1,049.5**	$ 1,123.1	(6.6)%	**$ 1,049.5**	$ 1,123.1	(6.6)%

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IGM FINANCIAL INC.

Financing activities during the nine months ended September 30, 2022 compared to 2021 related 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 compared to an increase in obligations to securitization entities of $1,158.2 million and repayments of obligations to securitization entities of $1,979.6 million in 2021.
- The purchase of 2,890,000 common shares in 2022 under IGM Financial's normal course issuer bid at a cost of $115.7 million. There were no purchases in 2021.
- The payment of regular common share dividends which totalled $403.5 million in 2022, compared to $402.5 million in 2021.

Investing activities during the third quarter of 2022 compared to 2021 primarily related to:

- The purchases of other investments totalling $21.0 million and sales of other investments with proceeds of $23.3 million in 2022 compared to $28.9 million and $8.5 million, respectively, in 2021.
- An increase in loans of $316.2 million with repayments of loans and other of $305.4 million in 2022 compared to $431.4 million and $682.5 million, respectively, in 2021 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $14.3 million in 2022 compared to $11.3 million in 2021.

Investing activities during the nine months ended September 30, 2022 compared to 2021 related to:

- The purchases of other investments totalling $126.9 million and sales of other investments with proceeds of $100.9 million in 2022 compared to $85.5 million and $310.8 million, respectively, in 2021.
- An increase in loans of $1,084.8 million with repayments of loans and other of $1,334.5 million in 2022 compared to $1,402.3 million and $2,181.8 million, respectively, in 2021 primarily related to residential mortgages in the Company's mortgage banking operations.
- Net cash used in additions to intangible assets was $44.8 million in 2022 compared to $47.5 million in 2021.

Accumulated Other Comprehensive Income

Accumulated other comprehensive income totalled $317.9 million at September 30, 2022, compared to $883.1 million at December 31, 2021, as detailed in Table 26.

The gain related to Employee benefits is primarily driven by changes in discount rates. During the nine months ended, discount rates have increased by approximately 1.8%, resulting in a gain through Other comprehensive income of $106.1 million ($77.5 million after tax).

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

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

In the second quarter of 2022, realized gains of $27.8 million ($24.0 million after-tax) related to other investments were transferred from Accumulated other comprehensive income to Other retained earnings. In the second quarter of 2021, IGM Financial Inc. disposed of a portion of its investment in Wealthsimple and a realized gain of $239 million ($207 million

Table 26: Accumulated Other Comprehensive Income (Loss)

($ millions)	Employee Benefits	Other Investments	Investment in Associates and Other	Total
2022				
Balance, January 1	**$ (95.7)**	**$ 919.2**	**$ 59.6**	**$ 883.1**
Other comprehensive income (loss)	**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**
2021				
Balance, January 1	$ (197.0)	$ 293.5	$ 39.9	$ 136.4
Other comprehensive income (loss)	104.5	803.0	4.9	912.4
Transfer out of fair value through other comprehensive income	–	(206.7)	–	(206.7)
Balance, September 30	$ (92.5)	$ 889.8	$ 44.8	$ 842.1

after-tax) was transferred from Accumulated other comprehensive income to Other retained earnings.

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 $8.2 billion at September 30, 2022, compared to $8.6 billion at December 31, 2021. The Company regularly assesses its capital management practices in response to changing economic conditions.

The Company's capital is primarily utilized in its ongoing business operations to support working capital requirements, long-term investments made by the Company, business expansion and other strategic objectives. Subsidiaries subject to regulatory capital requirements include investment dealers, mutual fund dealers, exempt market dealers, portfolio managers, investment fund managers and a trust company. These subsidiaries are required to maintain minimum levels of capital based on either working capital, liquidity or shareholders' equity. The Company's subsidiaries have complied with all regulatory capital requirements.

The total outstanding long-term debt was $2.1 billion at September 30, 2022, unchanged from December 31, 2021. Long-term debt is comprised of debentures which are senior unsecured debt obligations of the Company subject to standard covenants, including negative pledges, but which do not include any specified financial or operational covenants.

The Company purchased 2,890,000 common shares during the nine months ended September 30, 2022 at a cost of $115.7 million under its normal course issuer bid (refer to Note 8 to the Interim Financial Statements). The Company commenced a normal course issuer bid on March 1, 2022 to purchase for cancellation up to 6 million of its common shares to mitigate the dilutive effect of stock options issued under the Company's stock option plan and for other capital management purposes.

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

Other activities in 2022 included the declaration of common share dividends of $402.4 million or $1.6875 per share. Changes in common share capital are reflected in the interim 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 27 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

Table 27: Financial Instruments

($ millions)	September 30, 2022 Carrying Value	September 30, 2022 Fair Value	December 31, 2021 Carrying Value	December 31, 2021 Fair Value
Financial assets recorded at fair value				
Other investments				
– Fair value through other comprehensive income	**$ 601.3**	**$ 601.3**	$ 1,291.4	$ 1,291.4
– Fair value through profit or loss	**150.5**	**150.5**	106.6	106.6
Loans				
– Fair value through profit or loss	**–**	**–**	57.4	57.4
Derivative financial instruments	**59.6**	**59.6**	41.2	41.2
Financial assets recorded at amortized cost				
Loans				
– Amortized cost	**5,089.4**	**4,814.5**	5,296.4	5,354.2
Financial liabilities recorded at fair value				
Derivative financial instruments	**56.5**	**56.5**	17.8	17.8
Financial liabilities recorded at amortized cost				
Deposits and certificates	**3,144.2**	**3,144.2**	2,220.3	2,220.5
Obligations to securitization entities	**4,680.4**	**4,502.1**	5,057.9	5,146.4
Long-term debt	**2,100.0**	**2,050.5**	2,100.0	2,544.4

approximation of fair value. These items include cash and cash equivalents, accounts and other receivables, certain other financial assets, accounts payable and accrued liabilities and certain other financial liabilities.

Fair value is determined using the following methods and assumptions:

- Other investments and other financial assets and financial liabilities are valued using quoted prices from active markets, when available. When a quoted market price is not readily available, valuation techniques are used that require assumptions related to discount rates and the timing and amount of future cash flows. Wherever possible, observable market inputs are used in the valuation techniques.
- Loans classified as held for trading are valued using market interest rates for loans with similar credit risk and maturity, specifically lending rates offered to retail borrowers by financial institutions.
- Loans classified as amortized cost are valued by discounting the expected future cash flows at prevailing market yields.
- Valuation methods used for Other investments classified as FVOCI include comparison to market transactions with arm's length third parties, use of market multiples, and discounted cash flow analysis.
- Obligations to securitization entities are valued by discounting the expected future cash flows at prevailing market yields for securities issued by these securitization entities having similar terms and characteristics.
- Deposits and certificates are valued by discounting the contractual cash flows using market interest rates currently offered for deposits with similar terms and credit risks.
- Long-term debt is valued using quoted prices for each debenture available in the market.
- Derivative financial instruments are valued based on quoted market prices, where available, prevailing market rates for instruments with similar characteristics and maturities, or discounted cash flow analysis.

See Note 13 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, 2022.

Risk Management

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

Risk Management Framework

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

Risk Governance

Our risk governance structure emphasizes ownership of risk management in each business unit and oversight by an Executive Risk Management Committee accountable to the Risk Committee of the Board (Risk Committee) and ultimately to the Board of Directors. Additional oversight is provided by the ERM, Compliance and Internal Audit Departments.

The Risk Committee provides primary oversight and carries out its risk management mandate. The Risk Committee is responsible for assisting the Board in reviewing and overseeing the risk governance structure and risk management program of the Company by: i) ensuring that appropriate procedures are in place to identify and manage risks and establish risk tolerances, ii) ensuring that appropriate policies, procedures and controls are implemented to manage risks, and iii) reviewing the risk management process on a regular basis to ensure that it is functioning effectively.

Other specific risks are managed with the support of the following Board committees:

- The Audit Committee has specific risk oversight responsibilities in relation to financial disclosure, internal controls and the control environment as well as our compliance activities, including administration of the Code of Conduct.
- The Human Resource Committee oversees compensation policies and practices.
- The Governance and Nominating Committee oversees corporate governance practices.
- The Related Party and Conduct Review Committee oversees conflicts of interest.

Management oversight for risk management resides with the Executive Risk Management Committee which is comprised of the Chief Executive Officers of IGM Financial, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel, the Chief Financial Officer, the General Counsel, the Chief Operating Officer, and the Chief Human Resources Officer. On April 1, the Company appointed its first Chief Risk Officer who chairs the Executive Risk Management Committee. The committee is responsible for oversight of IGM Financial's risk management process by: i) establishing and maintaining the risk framework and policy; ii) defining the risk appetite; iii) ensuring our risk profile and processes are aligned with corporate strategy and risk appetite; and iv) establishing "tone at the top" and reinforcing a strong culture of risk management.

The Chief Executive Officers of the operating companies have overall responsibility for overseeing risk management of their respective companies.

The Company has assigned responsibility for risk management using the Three Lines of Defence model, with the First Line reflecting the business units having primary responsibility for risk management, supported by Second Line risk management functions and a Third Line (the Internal Audit function) providing assurance and validation of the design and effectiveness of the ERM Framework.

First Line of Defence

The leaders of the various business units and support functions have primary ownership and accountability for the ongoing risk management associated with their respective activities. Responsibilities of business unit and support function leaders include: i) establishing and maintaining procedures for the identification, assessment, documentation and escalation of risks, ii) implementing control activities to mitigate risks, iii) identifying opportunities for risk reduction or transfer, and iv) aligning business and operational strategies with the risk culture and risk appetite of the organization as established by the Risk Management Committee.

Second Line of Defence

The Enterprise Risk Management (ERM) Department provides oversight, analysis and reporting to the Risk Management Committee on the level of risks relative to the established risk appetite for all activities of the Company. Other responsibilities include: i) developing and maintaining the enterprise risk management program and framework, ii) managing the enterprise risk management process, and iii) providing guidance and training to business unit and support function leaders.

The Company has a number of committees of senior business leaders which provide oversight of specific business risks, including the Financial Risk Management and Operational Risk Management committees. These committees perform critical reviews of risk assessments, risk management practices and risk response plans developed by business units and support functions.

Other oversight accountabilities reside with the Company's Legal and Compliance Departments which are responsible for ensuring compliance with policies, laws and regulations.

Third Line of Defence

The Internal Audit Department is the third line of defence and provides independent assurance to senior management and the Board of Directors on the effectiveness of the Company's risk management policies, processes and practices.

Risk Appetite and Risk Principles

The Risk Management Committee establishes the Company's appetite for different types of risk through the Risk Appetite Framework. Under the Risk Appetite Framework, one of four appetite levels is established for each risk type and business activity of the Company. These appetite levels range from those where the Company has no appetite for risk and seeks to minimize any losses, to those where the Company readily accepts exposure while seeking to ensure that risks are well understood and managed. These appetite levels guide our business units as they engage in business activities, and inform them in establishing policies, limits, controls and risk transfer activities.

A Risk Appetite Statement and Risk Principles provide further guidance to business leaders and employees as they conduct risk management activities. The Risk Appetite Statement's emphasis is to maintain the Company's reputation and brand, ensure financial flexibility, and focus on mitigating operational risk.

Risk Management Process

The Company's risk management process is designed to foster:

- Ongoing assessment of risks and tolerance in a changing operating environment.
- Appropriate identification and understanding of existing and emerging risks and risk response.
- Timely monitoring and escalation of risks based upon changing circumstances.

Significant risks that may adversely affect the Company's ability to achieve its strategic and business objectives are identified through the Company's ongoing risk management process.

We use a consistent methodology across our organizations and business units for identification and assessment of risks. Risks are assessed by evaluating the impact and likelihood of the potential risk event after consideration of controls and any risk transfer activities. The results of these assessments are considered relative to risk appetite and tolerances and may result in action plans to adjust the risk profile.

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

Risk Management Culture

Risk management is intended to be everyone's responsibility within the organization. The ERM Department engages all business units in risk workshops and surveys to foster awareness and facilitate incorporation of our risk framework into our business activities.

We have an established business planning process which reinforces our risk management culture. Our compensation programs are typically objectives-based, and do not encourage or reward excessive or inappropriate risk taking, and often are aligned specifically with risk management objectives.

Our risk management program emphasizes integrity, ethical practices, responsible management and measured risk-taking with a long-term view. Our standards of integrity and ethics are reflected within our Code of Conduct which applies to directors, officers and employees.

Key Risks of the Business

Significant risks that may adversely affect our ability to achieve strategic and business objectives are identified through our ongoing risk management process.

We use a consistent methodology across our organizations and business units to identify and assess risks, considering factors both internal and external to the organization. These risks are broadly grouped into five categories: financial, operational, strategic, business, and environmental and social.

1) Financial Risk

Liquidity and Funding Risk

This is the risk of an inability to generate or obtain sufficient cash in a timely and cost-effective manner to meet contractual or anticipated commitments as they come due or arise.

Our liquidity management practices include:

- Maintaining liquid assets and lines of credit to satisfy near term liquidity needs.
- Ensuring effective controls over liquidity management processes.
- Performing regular cash forecasts and stress testing.
- Regular assessment of capital market conditions and the Company's ability to access bank and capital market funding.
- Ongoing efforts to diversify and expand long-term mortgage funding sources.
- Oversight of liquidity management by the Financial Risk Management Committee, a committee of finance and other business leaders.

A key funding requirement is the funding of advisor network compensation paid for the distribution of financial products and services. This compensation continues to be paid from operating cash flows.

The Company also maintains sufficient liquidity to fund and temporarily hold mortgages pending sale or securitization to long-term funding sources and to manage any derivative collateral requirements. Through its mortgage banking operations, residential mortgages are sold to third parties including certain mutual funds, institutional investors through private placements, Canadian bank-sponsored securitization trusts, and by issuance and sale of National Housing Act Mortgage-Backed Securities (NHA MBS) securities including sales to Canada Housing Trust under the CMB Program. The Company maintains committed capacity within certain Canadian bank-sponsored securitization trusts. Capacity for sales under the CMB Program consists of participation in new CMB issues and reinvestment of principal repayments held in the Principal Reinvestment Accounts. The Company's continued ability to fund residential mortgages through Canadian bank-sponsored securitization trusts and NHA MBS is dependent on securitization market conditions and government regulations that are subject to change. A condition of the NHA MBS and CMB Program is that securitized loans be insured by an insurer that is approved by CMHC. The availability of mortgage insurance is dependent upon market conditions and is subject to change.

As part of ongoing liquidity management during 2022 and 2021, the Company:

- Continued to assess additional funding sources for the Company's mortgage banking operations.
- Received proceeds of $310.8 million from the sales of a portion of the Company's investment in Wealthsimple and other investments in 2021.

The Company's contractual obligations are reflected in Table 28.

In addition to IGM Financial's current balance of cash and cash equivalents, liquidity is available through the Company's lines of credit. The Company's lines of credit with various Schedule I Canadian chartered banks totalled $825 million at September 30, 2022, unchanged from December 31, 2021. The lines of credit at September 30, 2022 consisted of committed lines of $650 million and uncommitted lines of $175 million, unchanged from December 31, 2021. Any advances made by a bank under the uncommitted lines of credit are at the bank's sole discretion. As at September 30, 2022 and December 31, 2021, the Company was not utilizing its committed lines of credit or its uncommitted lines of credit.

The actuarial valuation for funding purposes related to the Company's registered defined benefit pension plan, based on a measurement date of December 31, 2021, was completed. The valuation determines the plan surplus or deficit on

Table 28: Contractual Obligations

As at September 30, 2022 *($ millions)*	Demand	Less than 1 Year	1–5 Years	After 5 Years	Total
Derivative financial instruments	$ –	$ 18.0	$ 38.4	$ 0.1	$ 56.5
Deposits and certificates[1]	3,142.5	0.4	0.5	0.8	3,144.2
Obligations to securitization entities	–	989.8	3,670.0	20.6	4,680.4
Leases[2]	–	31.1	92.8	118.5	242.4
Long-term debt	–	–	400.0	1,700.0	2,100.0
Pension funding[3]	–	2.4	–	–	2.4
Total contractual obligations	$ 3,142.5	$ 1,041.7	$ 4,201.7	$ 1,840.0	$ 10,225.9

1 *Deposits and certificates due on demand are primarily offset by client funds held on deposit.*
2 *Includes remaining lease payments related to office space and equipment used in the normal course of business.*
3 *Pension funding requirements beyond 2022 are subject to significant variability and will be determined based on future actuarial valuations. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.*

both a solvency and going concern basis. The solvency basis determines the relationship between the plan assets and its liabilities assuming that the plan is wound up and settled on the valuation date. A going concern valuation compares the relationship between the plan assets and the present value of the expected future benefit cash flows, assuming the plan will be maintained indefinitely. Based on the actuarial valuation, the registered pension plan had a solvency surplus of $14.4 million compared to a solvency deficit of $61.3 million in the previous actuarial valuation, which was based on a measurement date of December 31, 2020. The improvement in the funded status resulted largely from interest rate increases, as well as the return on plan assets. The registered pension plan had a going concern surplus of $95.0 million compared to $79.2 million in the previous valuation. The next required actuarial valuation will be based on a measurement date of December 31, 2024. During the nine months ended September 30, 2022, the Company has made cash contributions of $9.0 million (2021 – $11.1 million). IGM Financial expects annual contributions of approximately $11.4 million in 2022. Pension contribution decisions are subject to change, as contributions are affected by many factors including market performance, regulatory requirements, changes in assumptions and management's ability to change funding policy.

Management believes cash flows from operations, available cash balances and other sources of liquidity described above are sufficient to meet the Company's liquidity needs. The Company continues to have the ability to meet its operational cash flow requirements, its contractual obligations, and its declared dividends. The current practice of the Company is to declare and pay dividends to common shareholders on a quarterly basis at the discretion of the Board of Directors. The declaration of dividends by the Board of Directors is dependent on a variety of factors, including earnings which are significantly influenced by the impact that debt and equity market performance has on the Company's fee income and commission and certain other expenses. The Company's liquidity position and its management of liquidity and funding risk have not changed materially since December 31, 2021.

Credit Risk

This is the risk of financial loss to the Company if a counterparty to a transaction fails to meet its obligations.

The Company's cash and cash equivalents, other investment holdings, mortgage portfolios, and derivatives are subject to credit risk. The Company monitors its credit risk management practices on an ongoing basis to evaluate their effectiveness.

Cash and Cash Equivalents and Client Funds on Deposit

At September 30, 2022, cash and cash equivalents of $1,049.5 million (December 31, 2021 – $1,292.4 million) consisted of cash balances of $608.3 million (December 31, 2021 – $326.2 million) on deposit with Canadian chartered banks and cash equivalents of $441.2 million (December 31, 2021 – $966.2 million). Cash equivalents are comprised of Government of Canada treasury bills totalling $9.7 million (December 31, 2021 – $358.7 million), provincial government treasury bills and promissory notes of $116.4 million (December 31, 2021 – $350.6 million), bankers' acceptances of $258.5 million (December 31, 2021 – $198.3 million) and other corporate commercial paper of $56.6 million (December 31, 2021 – $58.6 million).

Client funds on deposit of $3,154.2 million (December 31, 2021 – $2,238.6 million) represent cash balances held in client accounts deposited at Canadian financial institutions.

The Company manages credit risk related to cash and cash equivalents by adhering to its Investment Policy that outlines credit risk parameters and concentration limits. The Company regularly reviews the credit ratings of its counterparties. The maximum exposure to credit risk on these financial instruments is their carrying value.

The Company's exposure to and management of credit risk related to cash and cash equivalents and fixed income securities have not changed materially since December 31, 2021.

Mortgage Portfolio

At September 30, 2022, residential mortgages, recorded on the Company's balance sheet, of $5.1 billion (December 31, 2021 – $5.4 billion) consisted of $4.7 billion sold to securitization programs (December 31, 2021 – $5.0 billion), $389.5 million held pending sale or securitization (December 31, 2021 – $315.8 million) and $13.5 million related to the Company's intermediary operations (December 31, 2021 – $13.7 million).

The Company manages credit risk related to residential mortgages through:

- Adhering to its lending policy and underwriting standards;
- Its loan servicing capabilities;
- Use of client-insured mortgage default insurance and mortgage portfolio default insurance held by the Company; and
- Its practice of originating its mortgages exclusively through its own network of Mortgage Planning Specialists and IG Wealth Management advisors as part of a client's IG Living Plan.

In certain instances, credit risk is also limited by the terms and nature of securitization transactions as described below:

- Under the NHA MBS program totalling $2.5 billion (December 31, 2021 – $2.6 billion), the Company is obligated to make timely payment of principal and coupons irrespective of whether such payments were received from the mortgage borrower. However, as required by the NHA MBS program, 100% of the loans are insured by an approved insurer.

- Credit risk for mortgages securitized by transfer to bank-sponsored securitization trusts totalling $2.2 billion (December 31, 2021 – $2.4 billion) is limited to amounts held in cash reserve accounts and future net interest income, the fair values of which were $55.6 million (December 31, 2021 – $67.6 million) and $24.2 million (December 31, 2021 – $34.1 million), respectively, at September 30, 2022. Cash reserve accounts are reflected on the balance sheet, whereas rights to future net interest income are not reflected on the balance sheet and will be recorded over the life of the mortgages.

At September 30, 2022, residential mortgages recorded on balance sheet were 54.2% insured (December 31, 2021 – 53.1%). At September 30, 2022, impaired mortgages on these portfolios were $2.8 million, unchanged from December 31, 2021. Uninsured non-performing mortgages over 90 days on these portfolios were $1.3 million at September 30, 2022, compared to $1.5 million at December 31, 2021.

The Company also retains certain elements of credit risk on mortgage loans sold to the IG Mackenzie Mortgage and Short Term Income Fund through an agreement to repurchase mortgages in certain circumstances benefiting the funds. These loans are not recorded on the Company's balance sheet as the Company has transferred substantially all of the risks and rewards of ownership associated with these loans.

The Company regularly reviews the credit quality of the mortgages and the adequacy of the allowance for expected credit losses.

The Company's allowance for expected credit losses was $0.8 million at September 30, 2022, an increase of $0.2 million from December 31, 2021, and is considered adequate by management to absorb all credit-related losses in the mortgage portfolios based on: i) historical credit performance experience, ii) recent trends including increasing interest rates, iii) current portfolio credit metrics and other relevant characteristics, iv) our strong financial planning relationship with our clients, and v) stress testing of losses under adverse real estate market conditions.

The Company's exposure to and management of credit risk related to mortgage portfolios have not changed materially since December 31, 2021.

Derivatives

The Company is exposed to credit risk through derivative contracts it utilizes to hedge interest rate risk, to facilitate securitization transactions and to hedge market risk related to certain stock-based compensation arrangements. These derivatives are discussed more fully under the Market Risk section of this MD&A.

To the extent that the fair value of the derivatives is in a gain position, the Company is exposed to credit risk that its counterparties fail to fulfil their obligations under these arrangements.

The Company's derivative activities are managed in accordance with its Investment Policy which includes counterparty limits and other parameters to manage counterparty risk. The aggregate credit risk exposure related to derivatives that are in a gain position of $68.0 million (December 31, 2021 – $39.5 million) does not give effect to any netting agreements or collateral arrangements. The exposure to credit risk, considering netting agreements and collateral arrangements and including rights to future net interest income, was $7.8 million at September 30, 2022 (December 31, 2021 – $0.7 million). Counterparties are all Canadian Schedule I chartered banks and, as a result, management has determined that the Company's overall credit risk related to derivatives was not significant at September 30, 2022. Management of credit risk related to derivatives has not changed materially since December 31, 2021.

Additional information related to the Company's securitization activities and utilization of derivative contracts can be found in Note 6 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 previously discussed, as part of the CMB Program, the Company is party to a swap whereby it is entitled to receive investment returns on reinvested mortgage principal and is obligated to pay Canada Mortgage Bond coupons. This swap had a fair value of $22.0 million (December 31, 2021 – $1.0 million) and an outstanding notional amount of $0.3 billion at September 30, 2022 (December 31, 2021 – $0.3 billion). The Company enters into interest rate swaps with Canadian Schedule I chartered banks to hedge the risk that the interest rates earned on floating rate mortgages and reinvestment returns decline. The fair value of these swaps totalled negative $19.5 million (December 31, 2021 – $3.5 million), on an outstanding notional amount of $1.5 billion at September 30, 2022 (December 31, 2021 – $1.3 billion). The net fair value of these swaps of $2.5 million at September 30, 2022 (December 31, 2021 – $4.5 million) is recorded on the balance sheet and has an outstanding notional amount of $1.8 billion (December 31, 2021 – $1.6 billion).

- The Company is exposed to the impact that changes in interest rates may have on the value of mortgages committed to or held pending sale or securitization to long-term funding sources. The Company enters into interest rate swaps to hedge the interest rate risk related to funding costs for mortgages held by the Company pending sale or securitization. Hedge accounting is applied to the cost of funds on certain securitization activities. The effective portion of fair value changes of the associated interest rate swaps are initially recognized in Other comprehensive income and subsequently recognized in Wealth Management revenue over the term of the related Obligations to securitization entities. The fair value of these swaps was $4.0 million (December 31, 2021 – $0.6 million) on an outstanding notional amount of $252.8 million at September 30, 2022 (December 31, 2021 – $128.6 million).

As at September 30, 2022, the impact to annual net earnings of a 100 basis point increase in interest rates would have been an increase of approximately $3.4 million (December 31, 2021 – decrease of $3.0 million). The Company's exposure to and management of interest rate risk have not changed materially since December 31, 2021.

Equity Price Risk

IGM Financial is exposed to equity price risk on our equity investments which are classified as either fair value through other comprehensive income or fair value through profit or loss or investments in associates. The fair value of the equity investments was $0.8 billion at September 30, 2022 (December 31, 2021 – $1.4 billion), as shown in Table 20.

The Company sponsors a number of deferred compensation arrangements for employees where payments to participants are deferred and linked to the performance of the common shares of IGM Financial Inc. The Company hedges its exposure to this risk through the use of forward agreements and total return swaps.

Foreign Exchange Risk

IGM Financial is exposed to foreign exchange risk on its investment in ChinaAMC. Changes to the carrying value due to changes in foreign exchange rates are recognized in Other comprehensive income. As at September 30, 2022, a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the aggregate carrying value of foreign investments by approximately $36.1 million ($39.9 million).

The Company's proportionate share of ChinaAMC's earnings, recorded in Proportionate share of associates' earnings in the Consolidated Statements of Earnings, is also affected by changes in foreign exchange rates. For the quarter ended September 30, 2022, the impact to net earnings of a 5% appreciation (depreciation) in Canadian currency relative to foreign currencies would decrease (increase) the Company's proportionate share of associates' earnings (losses) by approximately $0.7 million ($0.8 million).

Risks Related to Assets Under Management and Advisement

At September 30, 2022, IGM Financial's total assets under management and advisement were $238.1 billion compared to $277.1 billion at December 31, 2021.

The Company's primary sources of revenues are advisory fees and asset management fees which are applied as an annual percentage of the level of assets under management and advisement. As a result, the level of the Company's revenues and earnings are indirectly exposed to a number of financial risks that affect the value of assets under management and advisement on an ongoing basis. These include market risks, such as changes in equity prices, interest rates and foreign exchange rates, as well as credit risk on debt securities, loans and credit exposures from other counterparties within our client portfolios.

Changing financial market conditions may also lead to a change in the composition of the Company's assets under management between equity and fixed income instruments, which could result in lower revenues depending upon the management fee rates associated with different asset classes and mandates.

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

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

Table 29: IGM Financial Assets Under Management – Asset and Currency Mix

As at September 30, 2022	Investment Funds	Total
Cash	1.2 %	1.1 %
Short-term fixed income and mortgages	3.8	3.9
Other fixed income	22.0	22.1
Domestic equity	19.7	24.9
Foreign equity	50.2	45.5
Real Property	3.1	2.5
	100.0 %	100.0 %
CAD	52.3 %	56.8 %
USD	32.8	30.1
Other	14.9	13.1
	100.0 %	100.0 %

2) Operational Risk

This is the risk of financial loss, reputational damage or regulatory actions resulting from inadequate or failed internal processes or systems, human interaction or external events. This excludes business risk, which is a separate category in our ERM framework.

We are exposed to a broad range of operational risks, including information technology security and system failures, errors relating to transaction processing, financial models and valuations, fraud and misappropriation of assets, and inadequate application of internal control processes.

Operational risks relating to people and processes are mitigated through policies and process controls. Oversight of risks and ongoing evaluation of the effectiveness of controls is provided by the Company's Compliance Department, ERM Department and Internal Audit Department.

The Company has an insurance review process where it assesses and determines the nature and extent of insurance that is appropriate to provide adequate protection against unexpected losses, and where it is required by law, regulators or contractual agreements.

Operational risk affects all business activities, including the processes in place to manage other risks. As a result, operational risk can be difficult to measure, given that it forms part of other risks of the Company and may not always be separately identified.

The Company's risk management framework emphasizes operational risk management and internal control. The Company has a very low appetite for risk in this area.

The business unit leaders are responsible for management of the day to day operational risks of their respective business units. Specific programs, policies, training, standards and governance processes have been developed to help manage operational risk.

The Company has a crisis response plan which outlines crisis response coordination policies and procedures in the event of a crisis that could significantly impact the organization's reputation, brands or business operations. The Company executes simulation exercises on a regular basis. The Company has a crisis assessment team comprised of senior leadership who are responsible for crisis confirmation and management. In addition, this team is responsible for setting strategy, overseeing response and ensuring appropriate subject matter experts are engaged in the scenario-dependent crisis response team.

The Company also has a business continuity management program to enable critical operations and processes to function in the event of a business disruption.

The Company's business continuity plan has been effective at ensuring the Company is able to continue operations and provide client service with minimal disruptions.

Technology and Cyber Risk

We use systems and technology to support business operations and the client and advisor experience. As a result, we are exposed to risks relating to technology and cyber security such as data breaches, identity theft and hacking, including the risk of denial of service or malicious software attacks. The volume of these activities in our society has increased since the onset of COVID-19. Such attacks could compromise confidential information of the Company and that of clients or other stakeholders, and could result in negative consequences including lost revenue, litigation, regulatory scrutiny or reputational damage. To remain resilient to such threats, we have established enterprise-wide cyber security programs, benchmarked capabilities to sound industry practices, and implemented threat and vulnerability assessment and response capabilities. Extended duration of work from home programs introduces increased need to mitigate risk of potential data loss.

Third Party Risk

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

Model Risk

We use a variety of models to assist in: the valuation of financial instruments, operational scenario testing, management of cash flows, capital management, and assessment of potential acquisitions. These models incorporate internal assumptions, observable market inputs and available market prices. Effective controls exist over the development, implementation and application of these models. However, changes in the internal assumptions or other factors affecting the models could have an adverse effect on the Company's consolidated financial position and reputation.

Legal and Regulatory Compliance Risk

This is the risk of not complying with laws, contractual agreements or regulatory requirements. These risks relate to regulation governing product distribution, investment management, accounting, reporting and communications.

IGM Financial is subject to complex and changing legal, taxation and regulatory requirements, including the requirements of agencies of the federal, provincial and territorial governments in Canada which regulate the Company and its activities. The Company and its subsidiaries are also subject to the requirements of self-regulatory organizations to which they belong. These and other regulatory bodies regularly adopt new laws, rules, regulations and policies that apply to the Company and its subsidiaries. These requirements include those that apply to IGM Financial as a publicly traded company and those that apply to the Company's subsidiaries based on the nature of their activities. They include regulations related to the management and provision of financial products and services, including securities, insurance and mortgages, and other activities carried on by the Company in the markets in which it operates. Regulatory standards affecting the Company and the financial services industry are significant and continually evolve. The Company and its subsidiaries are subject to reviews as part of the normal ongoing process of oversight by the various regulators.

Failure to comply with laws, rules or regulations could lead to regulatory sanctions and civil liability, and may have an adverse reputational or financial effect on the Company. The Company manages legal and regulatory compliance risk through its efforts to promote a strong culture of compliance. The monitoring of regulatory developments and their impact on the Company is overseen by the Regulatory Initiatives Committee chaired by the Executive Vice-President, General Counsel. The Company also continues to develop and maintain compliance policies, processes and oversight, including specific communications on compliance and legal matters, training, testing, monitoring and reporting. The Audit Committee of the Board receives regular reporting on compliance initiatives and issues.

IGM Financial promotes a strong culture of ethics and integrity through its Code of Conduct approved by the Board of Directors, which outlines standards of conduct that apply to all IGM Financial directors, officers and employees. The Code of Conduct references many policies relating to the conduct of directors, officers and employees. Other corporate policies cover anti-money laundering and privacy. Training is provided on these policies on an annual basis. Individuals subject to the Code of Conduct attest annually that they understand the requirements and have complied with its provisions.

Business units are responsible for management of legal and regulatory compliance risk, and implementing appropriate policies, procedures and controls. The Compliance Department is responsible for providing oversight of all regulated compliance activities. The Internal Audit Department also provides oversight concerning regulatory compliance matters.

Privacy Risk

Privacy risk is the potential for access to, collection, use, transfer, disclosure and retention of personal information in contravention of applicable laws, regulations and/or ethical standards. Our clients entrust us with their personal information, and we have a regulatory and ethical responsibility to protect it. We collect only the personal information that is necessary to provide our products and services to clients, and where we have consent to do so. We do not disclose or share personal information about clients unless required by law, when necessary to provide products or services to them, or as otherwise authorized by them.

If we need to share clients' personal information with third-party service providers, we remain responsible for that information and protect it through contractual and other measures that commit the service providers to maintain levels of protection comparable to ours.

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

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

Contingencies

The Company is subject to legal actions arising in the normal course of its business. In December 2018, a proposed class action was filed in the Ontario Superior Court against Mackenzie which alleges that the company should not have paid mutual fund trailing commissions to order execution only dealers. Although it is difficult to predict the outcome of any such legal actions, based on current knowledge and consultation with legal counsel, management does not expect the outcome of any of these matters, individually or in aggregate, to have a material adverse effect on the Company's consolidated financial position.

3) Strategic Risk

This is the risk of potential adverse impacts resulting from inadequate or inappropriate governance, oversight, management of incentives and conflicts, regulatory developments and strategy.

IGM Financial believes in the importance of good corporate governance and the central role played by directors in the governance process. We believe that sound corporate governance is essential to the well-being of the Company and our shareholders.

Oversight of IGM Financial is performed by the Board of Directors directly and through its five committees. The Company's President and Chief Executive Officer has overall responsibility for management of the Company. The Company's activities are carried out principally by three operating companies – Investors Group Inc., Mackenzie Financial Corporation and Investment Planning Counsel Inc. – each of which are managed by a President and Chief Executive Officer. The Company also has a strategy execution oversight function and committee that reviews and approves strategic initiative business cases and oversees progress against our strategic priorities and objectives.

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

Regulatory Development Risk

This is the potential for changes to regulatory, legal, or tax requirements that may have an adverse impact on the Company's business activities or financial results.

We are exposed to the risk of changes in laws, taxation and regulation that could have an adverse impact on the Company. Particular regulatory initiatives may have the effect of making the products of the Company's subsidiaries appear to be less competitive than the products of other financial service providers, to third party distribution channels and to clients. Regulatory differences that may impact the competitiveness of the Company's products include regulatory costs, tax treatment, disclosure requirements, transaction processes or other differences that may be as a result of differing regulation or application of regulation. Regulatory developments may also impact product structures, pricing, and dealer and advisor compensation. While the Company and its subsidiaries actively monitor such initiatives, and where feasible comment upon or discuss them with regulators, the ability of the Company and its subsidiaries to mitigate the imposition of differential regulatory treatment of financial products or services is limited.

The Company continuously monitors regulatory developments, guidance and communications.

Acquisition Risk

The Company is exposed to risks related to its acquisitions and strategic investments. The Company undertakes thorough due diligence prior to completing an acquisition, but there is no assurance that the Company will achieve the expected strategic objectives or cost and revenue synergies subsequent to an acquisition. Subsequent changes in the economic environment and other unanticipated factors may affect the Company's ability to achieve expected earnings growth or expense reductions. The success of an acquisition and of the Company's strategic investments is dependent on retaining assets under management, clients, and key employees of an acquired company.

4) Business Risk

General Business Conditions

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from competitive or other external factors relating to the marketplace.

Global economic conditions, changes in equity markets, inflation and demographics can affect investor confidence, income levels and savings. In addition, geopolitical risk, government instability and other factors can influence inflation, interest rates, global economic growth, and business conditions in markets in which the Company operates. These environments could result in reduced sales of IGM Financial's products and services and/or result in investors redeeming their investments. These factors may also affect the level and volatility of financial markets and the value of the Company's assets under management, as described more fully under the Risks Related to Assets Under Management section of this MD&A.

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

Redemption rates for long-term funds are summarized in Table 30 and are discussed in the Wealth Management and the Asset Management Segment Operating Results sections of this MD&A.

Catastrophic Events or Loss

Catastrophic events or loss refers to the risk that events such as earthquakes, floods, fire, tornadoes, pandemics, or terrorism could adversely affect the Company's financial performance.

Catastrophic events can cause economic uncertainty, affect investor confidence, income levels and financial planning decisions. This could affect the level and volatility of financial markets and the level of the Company's assets under management and advisement.

Product / Service Offering

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from inadequate product or service performance, quality or breadth.

IGM Financial and its subsidiaries operate in a highly competitive environment, competing with other financial service providers, investment managers and product and 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

Table 30: Twelve Month Trailing Redemption Rate for Long-term Funds

	2022 Sep. 30	2021 Sep. 30
IGM Financial Inc.		
IG Wealth Management	**9.5 %**	9.6 %
Mackenzie	**14.9 %**	15.0 %
Counsel	**19.1 %**	23.0 %

management and product shelf by investment team, brand, asset class, mandate, style and geographic region.

Business / Client Relationships

This risk refers to the potential for unfavourable impacts on IGM Financial resulting from changes to key business or client relationships. These relationships primarily include IG Wealth Management clients and advisors, Mackenzie retail distribution, strategic and significant business partners, clients of Mackenzie funds, and sub-advisors and other product suppliers.

IG Wealth Management advisor network – IG Wealth Management derives all of its mutual fund sales through its advisor network. IG Wealth Management advisors have regular direct contact with clients which can lead to a strong and personal client relationship based on the client's confidence in that individual advisor. The market for advisors is extremely competitive. The loss of a significant number of key advisors could lead to the loss of client accounts which could have an adverse effect on IG Wealth Management's results of operations and business prospects. IG Wealth Management is focused on strengthening its distribution network of advisors and on responding to the complex financial needs of its clients by delivering a diverse range of products and services in the context of personalized financial advice, as discussed in the Wealth Management Review of the Business section of this MD&A.

Asset Management – Mackenzie derives the majority of its mutual fund sales through third party financial advisors. Financial advisors generally offer their clients investment products in addition to, and in competition with Mackenzie. Mackenzie also derives sales of its investment products and services from its strategic alliance and institutional clients. Due to the nature of the distribution relationship in these relationships and the relative size of these accounts, gross sale and redemption activity can be more pronounced in these accounts than in a retail relationship. Mackenzie's ability to market its investment products is highly dependent on continued access to these distribution networks. Lack of access could have a material adverse effect on Mackenzie's operating results and business prospects. Mackenzie is well positioned to manage this risk and to continue to build and enhance its distribution relationships. Mackenzie's diverse portfolio of financial products and its long-term investment performance record, marketing, educational and service support has made Mackenzie one of Canada's leading investment management companies. These factors are discussed further in the Asset Management Review of the Business section of this MD&A.

People Risk

This risk refers to the potential inability to attract or retain employees or Wealth Management advisors, develop them to an appropriate level of proficiency, or manage engagement and personnel succession or transition.

Management, investment and distribution personnel play an important role in developing, implementing, managing and distributing products and services offered by IGM Financial. The loss of these individuals or an inability to attract, retain and engage sufficient numbers of qualified personnel could negatively affect IGM Financial's business and financial performance.

We have a Diversity, Equity and Inclusion Strategy with the purpose of driving an inclusive, equitable and consistent experience for employees and clients that supports our business objectives now and into the future. To achieve the desired outcomes, we focus on three pillars of action: raising awareness; improving inclusive leadership behaviours; and building external partnerships and community engagement.

We also have a Wellness Strategy to support our employees' wellbeing with a goal to ensure our employees are physically thriving, emotionally balanced, socially connected and financially secure.

COVID-19 has caused significant disruption in peoples' lives both professionally and personally. The Company's actions have included:

- Implementing a work at home strategy to maintain the health and safety of our employees and advisors through social distancing.
- Providing tools and processes to enable our employees and advisors to continue to operate effectively from home.
- Providing various wellness programs including Employee Assistance Programs, e-Health and other programs to support the mental and physical well-being of our employees, advisors, and their families.
- Developing a return to office strategy including the introduction of a hybrid working model to enhance work life flexibility and to safely allow employees and advisors to return to the office when appropriate.

5) Environmental and Social Risk (Including Climate Change)

This is the potential for financial loss or other unfavourable impacts resulting from environmental or social (E&S) issues connected to our business operations, investment activities, meeting our sustainability commitments, and increasingly for regulatory compliance. We recognize that E&S risks can be within our operations or impact stakeholders along our supply chain, including clients, investee companies and suppliers.

Environmental risks include issues such as climate change, biodiversity and land use, pollution, waste, and the unsustainable use of energy, water and other resources. Social risks include issues such as human rights; labour standards; diversity, equity and inclusion; Indigenous reconciliation; and community impacts.

IGM Financial has a long-standing commitment to responsible management, as articulated in our Corporate Sustainability Statement approved by the Board of Directors. Through its Risk Committee, the Board is responsible for ensuring that material E&S risks are appropriately identified, managed and monitored.

The Company's Executive Risk Management Committee is responsible for oversight of the risk management process, including E&S and climate change risks. Other management committees provide oversight of specific risks including the Sustainability Committee and the Diversity and Inclusion Executive Council. The Sustainability Committee is composed of senior executives who are responsible for ensuring implementation of policy and strategy, establishing goals and initiatives, measuring progress, and approving annual reporting for environmental, social and governance (ESG) matters.

Our commitment to responsible management is demonstrated through various mechanisms. These include our Code of Conduct for employees, contractors, and directors; our Supplier Code of Conduct; our Workplace Harassment and Discrimination Prevention Policy; our Diversity Policy; our Environmental Policy; and other related policies.

IG Wealth Management and Mackenzie Investments, and their investment sub-advisors, are signatories to the Principles for Responsible Investment (PRI). Under the PRI, investors formally commit to incorporate ESG issues into their investment decision making and active ownership processes. In addition, IG Wealth Management, Mackenzie Investments and Investment Planning Counsel have implemented Sustainable Investment Policies outlining the practices at each company.

IGM Financial reports annually on ESG management and performance in its Sustainability Report available on our website. The Company has been recognized for demonstrating strong ESG performance through positions earned on the FTSE4Good Index Series, Jantzi Social Index, Corporate Knights' 2022 Global 100 and 2022 Best 50 Corporate Citizens.

IGM Financial is a long-standing participant in the CDP (formerly Carbon Disclosure Project), which promotes corporate disclosures on greenhouse gas emissions and climate change management including setting and monitoring emission reduction targets. IGM Financial has been recognized by CDP at the leadership level for the past five years for its climate disclosures.

Global practices are continually evolving relating to the identification, analysis, and management of climate risks and opportunities. The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) was established in response to investor demand for enhanced information on climate-related risks and opportunities. IGM Financial and its operating companies support the TCFD recommendations which include a framework for consistent, voluntary climate-related financial disclosures that provide decision-useful information to investors, analysts, rating agencies and other stakeholders.

TCFD Disclosure

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

Governance

Our Board is responsible for providing oversight on risk and strategy, which includes sustainability and climate-related matters. The Board meets with management at least annually to discuss plans and emerging ESG issues. Through its Risk Committee, the Board is responsible for ensuring that material ESG risks are appropriately identified, managed and monitored.

The senior-most leaders at each of our operating companies have primary ownership and accountability for the ongoing climate risk and opportunity management associated with their respective activities. IGM Financial's Risk Management and Sustainability Committees perform oversight functions, and our Chief Risk Officer oversees implementation of the Corporate Sustainability and Enterprise Risk Management programs.

We have established a cross-functional, enterprise wide TCFD Working Group of senior leaders to lead the planning and implementation of the TCFD recommendations. This working group is focused on enhancing our knowledge and tools to quantify climate risks in tandem with our industry, further integrating climate into our business strategy, operations and product offering, evolving our engagement approach with investee companies, and addressing increased disclosure expectations.

The Mackenzie Sustainability Steering Committee is responsible for approving and governing corporate and sustainability related policies; approval and oversight for investment stewardship priorities including climate; approval and monitoring for targets related to climate change; and evaluation of progress relative to key performance indicators, strategy roadmap, and the market.

The IG Wealth Management Sustainable Investing Committee is responsible for reviewing and approving sustainable investing and ESG matters including but not limited to evaluating and considering climate-related risks and opportunities.

Strategy

Through IGM Financial's wealth and asset management businesses, the company plays a role in the global transition to a low-carbon economy. In November 2021, IGM Financial detailed its climate commitments in a position statement on our website, with a focus on three key areas:

1. *Investing in a greener, climate resilient economy* – Our investment processes and products give us the opportunity to manage climate risks and create innovative solutions to our ongoing climate issues.
2. *Collaborating and engaging to help shape the global transition* – We play a role in bringing climate-smart investment advice and solutions to clients, helping companies adapt, and participating in industry and policy advancements.
3. *Demonstrating alignment through our corporate actions* – We will hold ourselves to a similar standard that we expect from the companies we invest in and empower our employees to stand behind our commitments.

Our operating companies are active participants in collaborative industry groups that support our climate commitments by engaging companies on improving climate change governance, reducing emissions and strengthening climate-related financial disclosures. IGM Financial also joined the Partnership for Carbon Accounting Financials (PCAF) to support our journey to measure and disclose the greenhouse gas emissions associated with our mortgage loans and investments.

Climate-related risks and opportunities are identified and assessed within IGM Financial through our business planning processes which define our strategic priorities, initiatives and budgets. Our climate-related risks and opportunities can be grouped into the physical impacts of climate change and the impacts related to the transition to a low-carbon economy.

Risks

Our climate risks relate primarily to the potential for physical or transition risks to: negatively affect the performance of our clients' investments, resulting in reduced fee revenue; harm our reputation; create market risks through shifts in product demand; or lead to new regulatory, legal or disclosure requirements that could affect our business. Diversification within and across our investment portfolios aids in managing exposure to any one company, sector or geographic region that might be exposed to climate-related risks. We are also exposed to the impact of extreme weather events on our corporate properties which could lead to business disruption, and on the valuations of investment properties and client mortgages, which if not addressed proactively, could affect financial performance and the ability to use the assets long-term.

Our operating companies are committed to sustainable investing programs and policies that include a focus on climate risk. We provide data and tools for our investment teams to carry out current and forward-looking climate analysis and we integrate material climate risks into our investment and oversight processes for investment management sub-advisors. As part of the hiring process and ongoing assessment of sub-advisors, our teams request information about how ESG, including climate risks and opportunities, is resourced, what processes and tools are used, metrics and targets, and how strategy and governance are influenced. As we continue to implement the TCFD recommendations, we are devoting increased resources to areas such as training, analysis, metrics, target-setting, strategy planning and working with collaborative organizations.

Opportunities

We are focused on meeting growing demand for sustainable investing and the opportunity to invest in the transition to a net-zero economy. We are also increasing our focus on educating and communicating with clients and advisors on sustainable investing and climate change.

At Mackenzie Investments, sustainable investing is an area of strategic emphasis, and we have established a dedicated team within Mackenzie's Sustainability Centre of Excellence who bring focus to ESG and climate across the organization. Mackenzie has an investment boutique, Greenchip, which is exclusively focused on thematic investing to combat climate change. In 2021, Mackenzie also launched the Betterworld Team who invests in companies making a positive impact on the people and the planet, and expanded its suite of climate offerings in 2021 through the addition of the Mackenzie Greenchip Global Balanced Fund, the Mackenzie Global Sustainable Bond ETF, and the Mackenzie Global Green Bond Fund.

At IG Wealth Management, we have integrated environmental and climate issues into our sub-advisory selection and oversight processes, and product development strategy. In October 2021, IG Wealth Management launched its Climate Action Portfolios, a suite of four diversified managed solutions which aim to provide clients with the opportunity to support and benefit from the global transition to net zero emissions.

Scenarios

We have implemented a tool for our investment funds to enhance our quantitative assessment of climate risks by analyzing emissions and other climate-related information at the investee company and portfolio levels. This system enables us to model potential transition pathways and track our portfolios against the goal of limiting global warming to 2°C above pre-industrial levels and examine the adequacy of emissions reductions over time in meeting the goals of the

Paris Agreement. We are exploring scenario analysis tools with external data providers to support us in our efforts to run climate-related scenario analysis across our business.

Risk Management

Assessment and management of climate-related risks is integrated into our ERM framework. We use a consistent methodology across our organizations and business units for identification and assessment of risks, considering factors both internal and external to the organization. Risks are broadly grouped into five categories: financial, operational, strategic, business, and environmental and social. We are increasingly focused on defining the relationship of climate risk to other material risks.

At Mackenzie Investments, each boutique investment team is responsible for determining when and how climate transition and physical risks are material, and for incorporating these risks into their investment process. At IG Wealth Management and IPC, management evaluates the sustainable investing practices of investment manager sub-advisors, including the integration of climate risks into their investment and active ownership practice.

Engagement

To maximize stewardship efforts, engagement at Mackenzie is undertaken both internally and by a third-party engagement specialist where climate change is a priority engagement topic. At IPC, a pooled engagement service provider is used to work with companies to enhance corporate behaviour and strategy related to topics including climate change. At IG Wealth Management, investment management sub-advisors including Mackenzie are responsible for engagement activities and IG Wealth Management monitors their practices as part of regular due diligence and oversight.

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

Metrics and Targets

We set, monitor and report on climate change-related metrics and targets annually in our CDP response and our Sustainability Report which are available on our website.

We currently report Scope 1, 2 and 3 GHG emissions, where possible, including Scope 3 investment emissions related to our real assets in the IG Real Property Fund. We are working to expand the measurement and reporting of emissions related to our investment portfolios in 2022.

Through IGM Financial's Climate Position Statement launched in November 2021, we have set a target to be climate neutral in our corporate offices and travel by the end of 2022. We also commit to setting interim targets for investment portfolios as a first step, consistent with the global ambition to achieve net zero emissions by 2050. As such, Mackenzie Investments joined the Net Zero Asset Managers Initiative and will set an interim investment target in line with the attainment of net zero emissions by 2050 or sooner by the end of 2022.

The Financial Services Environment

Canadians held $6.5 trillion in discretionary financial assets with financial institutions at December 31, 2021 based on the most recent report from Investor Economics. The nature of holdings was diverse, ranging from demand deposits held for short-term cash management purposes to longer-term investments held for retirement purposes. Approximately 64% ($4.1 trillion) of these financial assets are held within the context of a relationship with a financial advisor, and this is the primary channel serving the longer-term savings needs of Canadians. Of the $2.3 trillion held outside of a financial advisory relationship, approximately 53% consisted of bank deposits.

Financial advisors represent the primary distribution channel for IGM Financial's products and services, and the core emphasis of our business model is to support these financial advisors as they work with clients to plan for and achieve their financial goals. Multiple sources of emerging research show significantly better financial outcomes for Canadians who use financial advisors compared to those who do not. We actively promote the value of financial advice and the importance of a relationship with an advisor to develop and remain focused on long-term financial plans and goals.

Approximately 41% of Canadian discretionary financial assets or $2.6 trillion resided in investment funds at December 31, 2021, making it the largest financial asset class held by Canadians. Other asset types include deposit products and direct securities such as stocks and bonds. Approximately 75% of investment funds are comprised of mutual fund products, with other product categories including segregated funds, hedge funds, pooled funds, closed end funds and exchange traded funds. With $158 billion in investment fund assets under management at September 30, 2022, IGM Financial is among the country's largest investment fund managers. We believe that investment funds are likely to remain the preferred savings vehicle of Canadians. They offer the benefits of diversification, professional management, flexibility and convenience, and are available in a broad range of mandates and structures to meet most investor requirements and preferences.

Traditional distinctions between bank branches, full-service brokerages, financial planning firms and insurance agent sales forces have become obscured as many of these financial service providers strive to offer comprehensive financial advice implemented through access to a broad product shelf. Accordingly, the Canadian financial services industry is characterized by a number of large, diversified, vertically-integrated participants, similar to IGM Financial, that offer both financial planning and investment management services.

Canadian banks distribute financial products and services through their traditional bank branches, as well as through their full service and discount brokerage subsidiaries. Bank branches continue to place increased emphasis on both financial planning and mutual funds. In addition, each of the "big six" banks has one or more mutual fund management subsidiaries. Collectively, mutual fund assets of the "big six" bank-owned mutual fund managers and affiliated firms represented 47% of total industry long-term mutual fund assets at September 30, 2022.

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 69% of total mutual fund assets under management at September 30, 2022. We anticipate continuing consolidation in this segment of the industry as smaller participants are acquired by larger organizations.

We believe that the financial services industry will continue to be influenced by the following trends:

- Shifting demographics as the number of Canadians in their prime savings and retirement years continues to increase.
- Changes in investor attitudes based on economic conditions.
- Continued importance of the role of the financial advisor.
- Public policy related to retirement savings.
- Changes in the regulatory environment.
- A highly competitive landscape.
- Advancing and changing technology.

The Competitive Landscape

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

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

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

Our competitive strength includes:

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

Broad and Diversified Distribution

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

Broad Product Capabilities

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

Enduring Client Relationships

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

Part of the Power Corporation Group of Companies

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

Critical Accounting Estimates and Policies

Summary of Critical Accounting Estimates

There were no changes to the Company's assumptions related to critical accounting estimates from those reported at December 31, 2021 except as follows:

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

  Discount rates have increased significantly since December 31, 2021. The discount rate on the Company's RPP at September 30, 2022 was 5.10% compared to 5.35% at June 30, 2022, and 3.30% at December 31, 2021. The pension plan assets decreased to $485.5 million at September 30, 2022 from $566.7 million at December 31, 2021 due to declines in the markets. The total defined benefit pension plan obligation decreased to $425.2 million at September 30, 2022 from $588.4 million at December 31, 2021, primarily due to the increase in the discount rate. During the third quarter, assets decreased from $491.0 million at June 30, 2022, primarily due to declines in the markets. The obligation increased from $399.2 million primarily due to the decrease in discount rates. The defined benefit pension plan had an accrued benefit asset of $60.3 million at September 30, 2022 compared to an accrued benefit asset of $74.3 million at June 30, 2022 and an accrued benefit liability of $21.7 million at December 31, 2021. Actuarial gains or losses recorded in Other comprehensive income, including the defined benefit pension plan, the SERPs and post-employment benefit plans, were losses of $10.7 million ($7.8 million after tax) for the three months ended September 30, 2022 and gains of $106.1 million ($77.5 million after tax) for the nine months ended September 30, 2022.

  The International Financial Reporting Interpretation Committee's *The Limit on a Defined Benefit Asset, Minimum Funding Requirements, and their Interaction* (IFRIC 14) requires a company to limit the defined benefit asset, when a defined benefit plan is in a net asset position, to the future economic benefit received through future contribution reductions (asset ceiling). As at June 30, 2022, as a result of IFRIC 14, the Company was limited to recording an accrued benefit asset of $74.3 million on its defined benefit pension plan resulting in an unrecorded accrued benefit asset of $17.5 million. As at September 30, 2022, the defined benefit asset of $60.3 million was recorded as it was less than the asset ceiling. During the three months ended September 30, 2022, the unrecorded benefit asset of $17.5 million from the prior quarter was eliminated by reducing the actuarial loss to $10.7 million.

Changes in Accounting Policies

IGM Financial has not adopted any changes in accounting policies in 2022.

Future Accounting Changes

The Company continuously monitors the potential changes proposed by the International Accounting Standards Board (IASB) and analyzes the effect that changes in the standards may have on the Company's operations.

The IASB is currently undertaking a number of projects which will result in changes to existing IFRS standards that may affect the Company. Updates will be provided as the projects develop.

Internal Control Over Financial Reporting

During the third quarter of 2022, there have been no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Other Information

Transactions with Related Parties

There were no changes to the types of related party transactions from those reported at December 31, 2021. For further information on transactions involving related parties, see Notes 8, 26 and 29 to the Company's Annual Financial Statements.

Outstanding Share Data

Outstanding common shares of IGM Financial as at September 30, 2022 totalled 237,656,621. Outstanding stock options as at September 30, 2022 totalled 11,899,472 of which 6,718,338 were exercisable. As at October 31, 2022, outstanding common shares totalled 237,659,776 and outstanding stock options totalled 11,824,967 of which 6,656,976 were exercisable.

SEDAR

Additional information relating to IGM Financial, including the Company's most recent financial statements and Annual Information Form, is available at www.sedar.com.

Interim Condensed Consolidated Financial Statements

Consolidated Statements of Earnings

(unaudited) *(in thousands of Canadian dollars, except per share amounts)*	*Three months ended September 30* 2022	2021	*Nine months ended September 30* 2022	2021
Revenues				
Wealth management *(Note 3)*	**$ 606,816**	$ 655,052	**$ 1,859,087**	$ 1,886,141
Asset management	**235,375**	263,436	**732,790**	744,738
Dealer compensation expense	**(72,916)**	(85,913)	**(236,528)**	(249,323)
Net asset management *(Note 3)*	**162,459**	177,523	**496,262**	495,415
Net investment income and other	**11,126**	2,500	**8,568**	8,109
Proportionate share of associates' earnings *(Note 7)*	**46,899**	55,903	**145,332**	145,645
	827,300	890,978	**2,509,249**	2,535,310
Expenses				
Advisory and business development	**294,338**	293,981	**907,274**	869,131
Operations and support	**205,565**	197,641	**627,419**	600,865
Sub-advisory	**17,890**	20,757	**56,839**	60,958
Interest	**28,591**	28,636	**85,110**	85,252
	546,384	541,015	**1,676,642**	1,616,206
Earnings before income taxes	**280,916**	349,963	**832,607**	919,104
Income taxes	**63,879**	78,382	**187,074**	207,407
Net earnings	**217,037**	271,581	**645,533**	711,697
Non-controlling interest *(Note 7)*	**(915)**	(733)	**(2,994)**	(1,280)
Net earnings available to common shareholders	**$ 216,122**	$ 270,848	**$ 642,539**	$ 710,417
Earnings per share *(in dollars) (Note 14)*				
– Basic	**$ 0.91**	$ 1.13	**$ 2.69**	$ 2.98
– Diluted	**$ 0.91**	$ 1.13	**$ 2.68**	$ 2.97

(See accompanying notes to interim condensed consolidated financial statements)

PART C
IGM FINANCIAL INC.

Consolidated Statements of Comprehensive Income

(unaudited) (in thousands of Canadian dollars)	Three months ended September 30 2022	 2021	Nine months ended September 30 2022	 2021
Net earnings	**$ 217,037**	$ 271,581	**$ 645,533**	$ 711,697
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 4), net of tax of $(248), $39, $91,316 and $(125,320)*	**1,595**	(233)	**(581,069)**	802,992
Employee benefits				
Net actuarial gains (losses), *net of tax of $2,883, $(7,379), $(28,625) and $(38,616)*	**(7,807)**	19,948	**77,488**	104,412
Investment in associates – employee benefits and other				
Other comprehensive income (loss), *net of tax of nil*	**4,368**	910	**15,373**	22,940
Items that may be reclassified subsequently to Net earnings				
Investment in associates and other				
Other comprehensive income (loss), *net of tax of $(1,347), $(2,160), $4,647 and $(3,302)*	**3,660**	10,225	**(52,947)**	(17,981)
	1,816	30,850	**(541,155)**	912,363
Total comprehensive income (loss)	**$ 218,853**	$ 302,431	**$ 104,378**	$ 1,624,060

(See accompanying notes to interim condensed consolidated financial statements)

PART C
IGM FINANCIAL INC.

Consolidated Balance Sheets

(unaudited) *(in thousands of Canadian dollars)*	**September 30 2022**	December 31 2021
Assets		
Cash and cash equivalents	**$ 1,049,505**	$ 1,292,446
Other investments *(Note 4)*	**751,796**	1,398,023
Client funds on deposit	**3,154,154**	2,238,624
Accounts and other receivables	**395,896**	387,157
Income taxes recoverable	**30,267**	17,344
Loans *(Note 5)*	**5,089,369**	5,353,842
Derivative financial instruments	**59,611**	41,172
Other assets	**131,969**	54,298
Investment in associates *(Note 7)*	**2,077,501**	2,048,255
Capital assets	**323,119**	315,964
Capitalized sales commissions	**370,770**	325,424
Deferred income taxes	**2,282**	29,269
Intangible assets	**1,356,513**	1,356,704
Goodwill	**2,802,173**	2,802,066
	$ 17,594,925	$ 17,660,588
Liabilities		
Accounts payable and accrued liabilities	**$ 508,976**	$ 553,429
Income taxes payable	**4,699**	104,113
Derivative financial instruments	**56,493**	17,773
Deposits and certificates	**3,144,200**	2,220,274
Other liabilities	**340,038**	382,466
Obligations to securitization entities *(Note 6)*	**4,680,417**	5,057,917
Lease obligations	**192,690**	197,969
Deferred income taxes	**441,341**	525,476
Long-term debt	**2,100,000**	2,100,000
	11,468,854	11,159,417
Shareholders' Equity		
Share capital		
Common shares	**1,672,382**	1,658,680
Contributed surplus	**52,865**	51,069
Retained earnings	**4,018,591**	3,856,996
Accumulated other comprehensive income (loss)	**317,896**	883,083
Non-controlling interest	**64,337**	51,343
	6,126,071	6,501,171
	$ 17,594,925	$ 17,660,588

These interim condensed consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 3, 2022.

(See accompanying notes to interim condensed consolidated financial statements)

Consolidated Statements of Changes in Shareholders' Equity

						Nine months ended September 30
(unaudited) *(in thousands of Canadian dollars)*	Share capital – Common shares *(Note 8)*	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) *(Note 11)*	Non-controlling interest	Total shareholders' equity
2022						
Balance, beginning of period	**$ 1,658,680**	**$ 51,069**	**$ 3,856,996**	**$ 883,083**	**$ 51,343**	**$ 6,501,171**
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**
Transfer out of fair value through other comprehensive income *(Note 4)*	**–**	**–**	**24,032**	**(24,032)**	**–**	**–**
Common share cancellation excess and other	**–**	**–**	**(102,595)**	**–**	**–**	**(102, 595)**
Balance, end of period	**$ 1,672,382**	**$ 52,865**	**$ 4,018,591**	**$ 317,896**	**$ 64,337**	**$ 6,126,071**
2021						
Balance, beginning of period	$ 1,598,381	$ 51,663	$ 3,207,469	$ 136,364	$ 48,913	$ 5,042,790
Net earnings	–	–	711,697	–	–	711,697
Other comprehensive income (loss), net of tax	–	–	–	912,363	–	912,363
Total comprehensive income	–	–	711,697	912,363	–	1,624,060
Common shares						
Issued under stock option plan	35,123	–	–	–	–	35,123
Stock options						
Current period expense	–	2,833	–	–	–	2,833
Exercised	–	(2,209)	–	–	–	(2,209)
Common share dividends	–	–	(402,979)	–	–	(402,979)
Non-controlling interest	–	–	(1,280)	–	1,772	492
Transfer out of fair value through other comprehensive income *(Note 4)*	–	–	206,650	(206,650)	–	–
Other	–	–	(121)	–	–	(121)
Balance, end of period	$ 1,633,504	$ 52,287	$ 3,721,436	$ 842,077	$ 50,685	$ 6,299,989

(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* **2022**	2021
Operating activities		
Earnings before income taxes	**$ 832,607**	$ 919,104
Income taxes paid	**(286,081)**	(126,472)
Adjustments to determine net cash from operating activities		
Capitalized sales commission amortization	**56,677**	40,530
Capitalized sales commissions paid	**(101,343)**	(111,704)
Amortization of capital, intangible and other assets	**77,801**	74,432
Proportionate share of associates' earnings, net of dividends received	**(59,129)**	(69,707)
Pension and other post-employment benefits	**6,535**	12,459
Changes in operating assets and liabilities and other	**(15,279)**	(77,871)
Cash from operating activities before restructuring provision payments	**511,788**	660,771
Restructuring provision cash payments	**(7,872)**	(46,339)
	503,916	614,432
Financing activities		
Net increase (decrease) in deposits and certificates	**9**	(3,693)
Increase in obligations to securitization entities	**851,185**	1,158,187
Repayments of obligations to securitization entities and other	**(1,251,159)**	(1,979,586)
Repayment of lease obligations	**(19,246)**	(17,464)
Issue of common shares	**42,156**	32,914
Common shares purchased for cancellation	**(115,667)**	–
Common share dividends paid	**(403,515)**	(402,506)
	(896,237)	(1,212,148)
Investing activities		
Purchase of other investments	**(126,876)**	(85,548)
Proceeds from the sale of other investments	**100,948**	310,768
Increase in loans	**(1,084,831)**	(1,402,262)
Repayment of loans and other	**1,334,473**	2,181,770
Net additions to capital assets	**(29,498)**	(8,012)
Net cash used in additions to intangible assets	**(44,836)**	(47,533)
	149,380	949,183
(Decrease) increase in cash and cash equivalents	**(242,941)**	351,467
Cash and cash equivalents, beginning of period	**1,292,446**	771,585
Cash and cash equivalents, end of period	**$ 1,049,505**	$ 1,123,052
Cash	**$ 608,314**	$ 320,555
Cash equivalents	**441,191**	802,497
	$ 1,049,505	$ 1,123,052
Supplemental disclosure of cash flow information related to operating activities		
Interest and dividends received	**$ 188,970**	$ 192,359
Interest paid	**$ 152,613**	$ 167,864

(See accompanying notes to interim condensed consolidated financial statements)

Notes to the Interim Condensed Consolidated Financial Statements

September 30, 2022 *(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, 2021. The Interim Financial Statements should be read in conjunction with the Consolidated Financial Statements in the 2021 IGM Financial Inc. Annual Report.

Future accounting changes

The Company continuously monitors the potential changes proposed by the IASB and analyzes the effect that changes in the standards may have on the Company's operations.

Note 3. Revenues from contracts with customers

	Three months ended September 30		*Nine months ended September 30*	
	2022	2021	**2022**	2021
Advisory fees	**$ 337,301**	$ 359,688	**$ 1,032,591**	$ 1,032,371
Product and program fees	**225,497**	248,309	**698,053**	708,253
	562,798	607,997	**1,730,644**	1,740,624
Redemption fees	**854**	1,836	**3,355**	8,288
Other financial planning revenues	**43,164**	45,219	**125,088**	137,229
Wealth management	**606,816**	655,052	**1,859,087**	1,886,141
Asset management	**235,375**	263,436	**732,790**	744,738
Dealer compensation expense	**(72,916)**	(85,913)	**(236,528)**	(249,323)
Net asset management	**162,459**	177,523	**496,262**	495,415
Net revenues from contracts with customers	**$ 769,275**	$ 832,575	**$ 2,355,349**	$ 2,381,556

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

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

Note 4. Other investments

	September 30, 2022 Cost	September 30, 2022 Fair value	December 31, 2021 Cost	December 31, 2021 Fair value
Fair value through other comprehensive income (FVTOCI)				
Corporate investments	$ 236,271	$ 601,319	$ 226,220	$ 1,291,434
Fair value through profit or loss (FVTPL)				
Equity securities	1,252	1,398	1,173	1,552
Proprietary investment funds	150,251	149,079	101,327	105,037
	151,503	150,477	102,500	106,589
	$ 387,774	$ 751,796	$ 328,720	$ 1,398,023

Wealthsimple Financial Corp. (Wealthsimple) is a financial company that provides simple digital tools for growing and managing your money. The Company's investment in Wealthsimple is held through a limited partnership controlled by Power Corporation of Canada. The investment is classified at Fair Value Through Other Comprehensive Income. IGM Financial Inc. holds directly and indirectly a 24% interest in Wealthsimple (2021 – 23%) valued at $492 million at September 30, 2022. The investment in Wealthsimple was unchanged from the prior quarter and decreased $661 million for the nine months ending September 30, 2022. The change in fair value is consistent with the decline in stock markets and public market peer valuations, and Wealthsimple focusing on its core business lines and revising revenue expectations.

In the second quarter of 2022, realized gains of $27.8 million ($24.0 million after-tax) related to other investments were transferred from Accumulated other comprehensive income to Other retained earnings. In the second quarter of 2021, IGM Financial Inc. disposed of a portion of its investment in Wealthsimple and a realized gain of $239 million ($207 million after-tax) was transferred from Accumulated other comprehensive income to Other retained earnings.

Note 5. Loans

	Contractual maturity 1 year or less	Contractual maturity 1 – 5 years	Contractual maturity Over 5 years	September 30 2022 Total	December 31 2021 Total
Amortized cost					
Residential mortgages	$ 1,006,410	$ 4,079,146	$ 4,598	$ 5,090,154	$ 5,297,054
Less: Allowance for expected credit losses				785	648
				5,089,369	5,296,406
Fair value through profit or loss				–	57,436
				$ 5,089,369	$ 5,353,842
The change in the allowance for expected credit losses is as follows:					
Balance, beginning of period				$ 648	$ 778
Write-offs, net of recoveries				(683)	(407)
Expected credit losses				820	277
Balance, end of period				$ 785	$ 648

Total credit impaired loans as at September 30, 2022 were $2,791 (December 31, 2021 – $2,822).

Total interest income on loans was $100.6 million (2021 – $119.8 million). Total interest expense on obligations to securitization entities, related to securitized loans, was $73.3 million (2021 – $85.9 million). Losses realized on the sale of residential mortgages totalled $3.5 million (2021 – gains of $3.4 million). Fair value adjustments related to mortgage banking operations totalled $2.6 million (2021 – $1.4 million). These amounts were included in Wealth management revenue. Wealth management revenue also includes other mortgage banking related items including portfolio insurance, issue costs, and other items.

Note 6. Securitizations

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

The Company earns interest on the mortgages and pays interest on the obligations to securitization entities. As part of the CMB transactions, the Company enters into a swap transaction whereby the Company pays coupons on CMBs and receives investment returns on the NHA MBS and the reinvestment of repaid mortgage principal. A component of this swap, related to the obligation to pay CMB coupons and receive investment returns on repaid mortgage principal, and the hedging swap used to manage exposure to changes in variable rate investment returns, are recorded as derivatives with a fair value of $2.5 million at September 30, 2022 (December 31, 2021 – $4.5 million).

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

	Securitized mortgages	Obligations to securitization entities	Net
September 30, 2022			
Carrying value			
NHA MBS and CMB Program	**$ 2,510,592**	**$ 2,489,473**	**$ 21,119**
Bank sponsored ABCP	**2,169,831**	**2,190,944**	**(21,113)**
Total	**$ 4,680,423**	**$ 4,680,417**	**$ 6**
Fair value	**$ 4,425,096**	**$ 4,502,057**	**$ (76,961)**
December 31, 2021			
Carrying value			
NHA MBS and CMB Program	$ 2,653,682	$ 2,651,293	$ 2,389
Bank sponsored ABCP	2,371,320	2,406,624	(35,304)
Total	$ 5,025,002	$ 5,057,917	$ (32,915)
Fair value	$ 5,083,991	$ 5,146,420	$ (62,429)

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

Note 7. Investment in associates

		Lifeco		ChinaAMC		Northleaf		Total
September 30, 2022								
Balance, beginning of period	**$**	**1,020,700**	**$**	**768,724**	**$**	**258,831**	**$**	**2,048,255**
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	**$**	**1,038,885**	**$**	**764,816**	**$**	**273,800**	**$**	**2,077,501**
September 30, 2021								
Balance, beginning of period	$	962,388	$	720,282	$	248,498	$	1,931,168
Additions		–		–		449		449
Dividends		(49,061)		(26,877)		–		(75,938)
Proportionate share of:								
Earnings		94,635		44,609		6,401 (1)		145,645
Other comprehensive income (loss) and other adjustments		(6,479)		4,593		–		(1,886)
Balance, end of period	$	1,001,483	$	742,607	$	255,348	$	1,999,438

(1) For the three and nine months ended September 30, 2022, the Company's proportionate share of Northleaf's earnings, net of Non-controlling interest, was $3,661 and $11,975, respectively (2021 – $2,934 and $5,121).

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

On January 5, 2022, the Company entered into an agreement to acquire an additional 13.9% interest in ChinaAMC for cash consideration of $1.15 billion from Power Corporation of Canada (Power), which will increase the Company's equity interest in ChinaAMC from 13.9% to 27.8%. To partially fund the transaction, the Company will sell 15,200,662 common shares of Lifeco to Power for cash consideration of $575 million, which will reduce the Company's equity interest in Lifeco from 4.0% to 2.4%. These transactions are expected to close in 2022, subject to customary closing conditions, including Chinese regulatory approvals. The sale of Lifeco shares is conditional on the Company's purchase of the ChinaAMC shares.

Note 8. 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, 2022			September 30, 2021		
	Shares		Stated value	Shares		Stated value
Common shares:						
Balance, beginning of period	**239,679,043**	**$**	**1,658,680**	238,308,284	$	1,598,381
Issued under Stock Option Plan	**867,578**		**34,012**	841,388		35,123
Purchased for cancellation	**(2,890,000)**		**(20,310)**	–		–
Balance, end of period	**237,656,621**	**$**	**1,672,382**	239,149,672	$	1,633,504

PART C
IGM FINANCIAL INC.

Normal course issuer bid

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

In the nine months ended September 30, 2022, there were 2,890,000 shares (2021 – nil) purchased at a cost of $115.7 million. The premium paid to purchase the shares in excess of the stated value was charged to Retained earnings.

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

Note 9. 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 2022 Report to Shareholders and in Note 19 to the Consolidated Financial Statements in the 2021 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2021.

Note 10. Share-based payments

Stock option plan

	September 30, 2022	December 31, 2021
Common share options		
– Outstanding	**11,899,472**	11,712,164
– Exercisable	**6,718,338**	6,179,244

In the third quarter of 2022, the Company granted 116,520 options to employees (2021 – 32,695). In the nine months ended September 30, 2022, the Company granted 1,546,295 options to employees (2021 – 1,648,345). The weighted-average fair value of options granted during the nine months ended September 30, 2022, has been estimated at $4.91 per option (2021 – $2.73) using the Black-Scholes option pricing model. The weighted-average closing share price at the grant dates was $44.02.

Other assumptions used in these valuation models include:

	Nine months ended September 30	
	2022	2021
Exercise price	**$44.59**	$35.29
Risk-free interest rate	**2.04%**	1.29%
Expected option life	**7 years**	7 years
Expected volatility	**23.00%**	23.00%
Expected dividend yield	**5.12%**	6.41%

Expected volatility has been estimated based on the historic volatility of the Company's share price over seven years which is reflective of the expected option life. 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 11. Accumulated other comprehensive income (loss)

		Employee benefits		Other investments		Investment in associates and other		Total
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**
September 30, 2021								
Balance, beginning of period	$	(196,949)	$	293,448	$	39,865	$	136,364
Other comprehensive income (loss)		104,412		802,992		4,959		912,363
Transfer out of FVTOCI		–		(206,650)		–		(206,650)
Balance, end of period	$	(92,537)	$	889,790	$	44,824	$	842,077

Amounts are recorded net of tax.

Note 12. Risk management

The risk management policies and procedures of the Company are discussed in the Financial Instruments Risk section of the Company's Management's Discussion and Analysis contained in the Third Quarter 2022 Report to Shareholders and in Note 22 to the Consolidated Financial Statements in the 2021 IGM Financial Inc. Annual Report and have not changed significantly since December 31, 2021.

Note 13. 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 $601 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, discounted cash flows, and other valuation metrics, including revenue multiples, used in the valuation of comparable public companies. A 5% increase (decrease) to discounted 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 and certain other financial liabilities.

	Carrying value	Fair value Level 1	Level 2	Level 3	Total
September 30, 2022					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	**$ 601,319**	**$ –**	**$ –**	**$ 601,319**	**$ 601,319**
– FVTPL	**150,477**	**150,477**	**–**	**–**	**150,477**
Derivative financial instruments	**59,611**	**–**	**30,913**	**28,698**	**59,611**
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	**5,089,369**	**–**	**389,429**	**4,425,096**	**4,814,525**
Financial liabilities recorded at fair value					
Derivative financial instruments	**56,493**	**–**	**49,783**	**6,710**	**56,493**
Financial liabilities recorded at amortized cost					
Deposits and certificates	**3,144,200**	**–**	**3,144,224**	**–**	**3,144,224**
Obligations to securitization entities	**4,680,417**	**–**	**–**	**4,502,057**	**4,502,057**
Long-term debt	**2,100,000**	**–**	**2,050,475**	**–**	**2,050,475**
December 31, 2021					
Financial assets recorded at fair value					
Other investments					
– FVTOCI	$ 1,291,434	$ –	$ –	$ 1,291,434	$ 1,291,434
– FVTPL	106,589	104,658	1,931	–	106,589
Loans					
– FVTPL	57,436	–	57,436	–	57,436
Derivative financial instruments	41,172	–	34,074	7,098	41,172
Financial assets recorded at amortized cost					
Loans					
– Amortized cost	5,296,406	–	270,156	5,083,991	5,354,147
Financial liabilities recorded at fair value					
Derivative financial instruments	17,773	–	11,635	6,138	17,773
Financial liabilities recorded at amortized cost					
Deposits and certificates	2,220,274	–	2,220,530	–	2,220,530
Obligations to securitization entities	5,057,917	–	–	5,146,420	5,146,420
Long-term debt	2,100,000	–	2,544,380	–	2,544,380

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

The following table provides a summary of changes in Level 3 assets and liabilities measured at fair value on a recurring basis.

	Balance January 1	Gains (losses) included in Net earnings(1)	Gains (losses) included in Other comprehensive income	Purchases and issuances	Settlements	Transfers in (out)	Balance September 30
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**
September 30, 2021							
Other investments							
– FVTOCI	$ 593,273	$ –	$ 928,312	$ 9,062	$ –	$ (275,428)(2)	$ 1,255,219
– FVTPL	279	20	–	–	31	–	268
Derivative financial instruments, net	(21,103)	8,817	–	1,877	(5,681)	–	(4,728)

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

(2) Related to the disposition of a portion of IGM Financial Inc.'s investment in Wealthsimple (Note 4).

Note 14. Earnings per common share

	Three months ended September 30		Nine months ended September 30	
	2022	2021	**2022**	2021
Earnings				
Net earnings	**$ 217,037**	$ 271,581	**$ 645,533**	$ 711,697
Non-controlling interest	**(915)**	(733)	**(2,994)**	(1,280)
Net earnings available to common shareholders	**$ 216,122**	$ 270,848	**$ 642,539**	$ 710,417
Number of common shares *(in thousands)*				
Weighted average number of common shares outstanding	**237,657**	238,970	**238,741**	238,642
Add: Potential exercise of outstanding stock options(1)	**151**	1,605	**623**	914
Average number of common shares outstanding – diluted basis	**237,808**	240,575	**239,364**	239,556
Earnings per common share *(in dollars)*				
– Basic	**$ 0.91**	$ 1.13	**$ 2.69**	$ 2.98
– Diluted	**$ 0.91**	$ 1.13	**$ 2.68**	$ 2.97

(1) Excludes 1,634 thousand shares for the three months ended September 30, 2022 (2021 – 158 thousand) related to outstanding stock options that were anti-dilutive. Excludes 788 thousand shares for the nine months ended September 30, 2022 (2021 – 420 thousand) related to outstanding stock options that were anti-dilutive.

Note 15. Segmented information

The Company's reportable segments are:

- Wealth Management
- Asset Management
- Strategic Investments and Other

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

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

2022

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 611,360	$ –	$ –	$ (4,544)	$ 606,816
Asset management	–	262,637	–	(27,262)	235,375
Dealer compensation	–	(77,460)	–	4,544	(72,916)
Net asset management	–	185,177	–	(22,718)	162,459
Net investment income and other	2,736	3,701	4,762	(73)	11,126
Proportionate share of associates' earnings	–	–	46,899	–	46,899
	614,096	188,878	51,661	(27,335)	827,300
Expenses					
Advisory and business development	277,940	16,398	–	–	294,338
Operations and support	118,495	85,987	1,156	(73)	205,565
Sub-advisory	43,993	1,159	–	(27,262)	17,890
	440,428	103,544	1,156	(27,335)	517,793
	173,668	85,334	50,505	–	309,507
Interest expense[(1)]	22,689	5,902	–	–	28,591
Earnings before income taxes	150,979	79,432	50,505	–	280,916
Income taxes	40,521	20,965	2,393	–	63,879
	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.

2021

Three months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 659,982	$ –	$ –	$ (4,930)	$ 655,052
Asset management	–	293,109	–	(29,673)	263,436
Dealer compensation	–	(90,834)	–	4,921	(85,913)
Net asset management	–	202,275	–	(24,752)	177,523
Net investment income and other	(226)	2,143	646	(63)	2,500
Proportionate share of associates' earnings	–	–	55,903	–	55,903
	659,756	204,418	56,549	(29,745)	890,978
Expenses					
Advisory and business development	274,796	19,194	–	(9)	293,981
Operations and support	113,271	83,235	1,197	(62)	197,641
Sub-advisory	48,730	1,701	–	(29,674)	20,757
	436,797	104,130	1,197	(29,745)	512,379
	222,959	100,288	55,352	–	378,599
Interest expense[(1)]	22,695	5,941	–	–	28,636
Earnings before income taxes	200,264	94,347	55,352	–	349,963
Income taxes	53,486	23,359	1,537	–	78,382
	146,778	70,988	53,815	–	271,581
Non-controlling interest	–	–	(733)	–	(733)
Net earnings available to common shareholders	$ 146,778	$ 70,988	$ 53,082	$ –	$ 270,848

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

PART C
IGM FINANCIAL INC.

2022

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 1,873,228	$ –	$ –	$ (14,141)	$ 1,859,087
Asset management	–	817,169	–	(84,379)	732,790
Dealer compensation	–	(250,664)	–	14,136	(236,528)
Net asset management	–	566,505	–	(70,243)	496,262
Net investment income and other	1,443	99	7,244	(218)	8,568
Proportionate share of associates' earnings	–	–	145,332	–	145,332
	1,874,671	566,604	152,576	(84,602)	2,509,249
Expenses					
Advisory and business development	849,175	58,104	–	(5)	907,274
Operations and support	355,547	267,503	4,587	(218)	627,419
Sub-advisory	137,375	3,843	–	(84,379)	56,839
	1,342,097	329,450	4,587	(84,602)	1,591,532
	532,574	237,154	147,989	–	917,717
Interest expense(1)	67,484	17,626	–	–	85,110
Earnings before income taxes	465,090	219,528	147,989	–	832,607
Income taxes	124,478	57,584	4,840	172	187,074
	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	$ 3,451,256	$ –	$ 14,792,752
Goodwill	1,491,687	1,310,486	–	–	2,802,173
Total assets	$ 11,580,454	$ 2,563,215	$ 3,451,256	$ –	$ 17,594,925

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

2021

Nine months ended September 30	Wealth Management	Asset Management	Strategic Investments and Other	Intersegment	Total
Revenues					
Wealth management	$ 1,900,417	$ –	$ –	$ (14,276)	$ 1,886,141
Asset management	–	829,290	–	(84,552)	744,738
Dealer compensation	–	(263,583)	–	14,260	(249,323)
Net asset management	–	565,707	–	(70,292)	495,415
Net investment income and other	2,194	4,507	1,595	(187)	8,109
Proportionate share of associates' earnings	–	–	145,645	–	145,645
	1,902,611	570,214	147,240	(84,755)	2,535,310
Expenses					
Advisory and business development	804,547	64,600	–	(16)	869,131
Operations and support	350,226	247,268	3,559	(188)	600,865
Sub-advisory	140,205	5,304	–	(84,551)	60,958
	1,294,978	317,172	3,559	(84,755)	1,530,954
	607,633	253,042	143,681	–	1,004,356
Interest expense(1)	67,540	17,712	–	–	85,252
Earnings before income taxes	540,093	235,330	143,681	–	919,104
Income taxes	144,197	59,834	3,376	–	207,407
	395,896	175,496	140,305	–	711,697
Non-controlling interest	–	–	(1,280)	–	(1,280)
Net earnings available to common shareholders	$ 395,896	$ 175,496	$ 139,025	$ –	$ 710,417
Identifiable assets	$ 8,775,093	$ 1,489,856	$ 3,928,343	$ –	$ 14,193,292
Goodwill	1,491,687	1,310,379	–	–	2,802,066
Total assets	$ 10,266,780	$ 2,800,235	$ 3,928,343	$ –	$ 16,995,358

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

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IGM FINANCIAL INC.

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This document is also available on the Corporation's website and on SEDAR at www.sedar.com.

STOCK LISTINGS

Shares of Power Corporation of Canada are listed on the Toronto Stock Exchange:

Subordinate Voting Shares: POW
Participating Preferred Shares: POW.PR.E

First Preferred Shares, Series A: POW.PR.A
First Preferred Shares, Series B: POW.PR.B
First Preferred Shares, Series C: POW.PR.C
First Preferred Shares, Series D: POW.PR.D
First Preferred Shares, Series G: POW.PR.G

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.

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Montréal, Québec; Toronto, Ontario;
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SHAREHOLDER SERVICES

Shareholders with questions relating to the payment of dividends, change of address, share certificates, direct registration and estate transfers should contact the Transfer Agent:

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