POWER FINANCIAL
CORPORATION

ANNUAL MEETING OF SHAREHOLDERS

THURSDAY, MAY 12, 2016

ADDRESS TO SHAREHOLDERS

BY

R. JEFFREY ORR
PRESIDENT AND
CHIEF EXECUTIVE OFFICER

Forward-Looking Statements

In the course of today's meeting, officers of the Corporation may make, in their remarks or in response to questions, and the accompanying materials may include, statements containing forward-looking information. Certain statements, 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' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the listener/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 listener/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, 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".

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, 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, business competition, operational and reputational risks, technological change, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The listener/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, as well as other considerations that are believed to be appropriate in the circumstances, including that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. 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 its most recent Management's Discussion and Analysis and its most recent Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

Certain financial terms which may be included in statements today or in the accompanying materials, such as operating earnings, are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities. Please refer to the Corporation's annual and most recent interim Management's Discussion and Analysis for more information, including how such measures are defined, an explanation of their purpose and a reconciliation of the non-IFRS measures to the corresponding IFRS measures, where comparable IFRS measures exist.

The visual presentation accompanying Mr. Orr's remarks is available on the Corporation's website at www.PowerFinancial.com.

PRESIDENT'S ADDRESS
TO THE ANNUAL MEETING OF SHAREHOLDERS

POWER FINANCIAL CORPORATION

May 12, 2016

Good morning ladies and gentlemen. It's my pleasure to address you this morning and report to you on the results of the Power Financial Corporation group of companies.

Power Financial reported record earnings in 2015, and increased the quarterly dividend payable to common shareholders during the year, the first such increase since the financial crisis.

Operating earnings were $2,241 million in 2015, or $3.14 per share, up over 6% from 2014 levels.

Net earnings were $2,319 million.

Dividends were $1.49 per share in 2015, up from $1.40 per share paid in 2014. In March of 2016, the Board of Directors announced a further increase in the quarterly dividend to 39.25 cents per common share, an annualized rate of $1.57 per share.

Return on shareholders' equity was 14.3% during 2015.

INDUSTRY ENVIRONMENT

Before I speak about the businesses within Power Financial and review key highlights from the past year, I want to spend a few minutes describing some of the changes taking place in the financial services industry, which I hope will put into perspective the strategies we are pursuing across the group.

The Corporation's financial services businesses are operating in an environment of intense change, which in turn is driving the need for us to change. Technology is the primary force behind much of it. That our clients and distribution partners increasingly expect to be served digitally is a given. But technology is also changing the way financial products are conceived, managed and delivered. Technology is enabling new business models, leading to multiple new entrants who are targeting specific parts of the value chain in the financial services industry. Many of these so-called Fintech players will never achieve scale, but some will, and collectively they are nonetheless forcing incumbents to invest heavily while contributing to a general downward pressure on pricing.

One consequence of these changes is the need for us to make large investments in people, processes and technology, which is resulting in expense growth well above our historical levels.

While this is occurring, ever-increasing regulatory requirements are also contributing to higher operating and governance costs.

At the same time, weakness in global economic demand persists, and has resulted in monetary authorities keeping interest rates at historically low levels. These factors are putting pressure on clients' investment returns and on the returns we can earn on our own balance sheet investments to support our insurance products. Lower investment returns put additional pricing and margin pressure on our products and services.

We have nonetheless succeeded in achieving profit growth across the group in spite of the many headwinds we are facing.

The forces that are changing our industry are overwhelmingly positive for individuals, whether they are using financial services through a financial advisor, on a more direct basis with a financial institution, or through an employer-sponsored program.

Clients are gaining a greater access to information, better understanding of their options and increased transparency around the costs, benefits and levels of risk associated with different choices. This is good for individuals, good for society and good for the long-term health of our industry. Technology will increase access to financial advice, in its various forms, to more members of society, and will increase the effectiveness and productivity of financial advisors.

So how are our companies approaching these major forces affecting our business? The single word I would use is ″embracing″. I think any other response would prevent us from taking advantage of the opportunities that are also being created, and would ultimately result in the long-term demise of our businesses. Across our companies, we are investing to exceed client expectations, respond to competitive threats and meet regulatory requirements. We are enhancing the digital capabilities within our existing businesses and developing new product and service offerings.

We are also actively participating in the Fintech space, investing a relatively limited amount of capital to profit from such innovation, but as importantly, to inform the decisions we make in our existing businesses.

Fortunately, for several decades our group has pursued a strategy of seeking leadership positions in the markets where we operate, rather than spreading ourselves thinly across geographies. Market leadership provides us with scale, brands and millions of client relationships. Scale, brand and strong client relationships will ultimately determine who prevails. We believe we will emerge with even stronger businesses, assuming we deliver competitive products, retain high-quality people and make the appropriate commitment to technological change.

So we will continue to focus on building businesses with leading market positions, both by attracting clients organically and by looking to acquire other industry players in our markets.

GROUP STRATEGY

With that as a backdrop, let me describe the strategy our group has been pursuing for many years.

We are focused upon what are called the financial accumulation, decumulation and protection markets. What this really means is we help people save, prepare for and manage their retirement and we provide them with financial protection for life's expected and unexpected events, such as health issues, disability, living longer than expected and death.

As I said, our strategy is to create leadership positions in all of our markets. Across our various businesses, we are either currently a market leader, or we are pursuing a strategy to become a market leader.

We have chosen to concentrate on a limited number of geographic markets rather than operate all around the world. Our principal markets are Canada, the U.S., the U.K. and Ireland.

We follow an active governance model, with long-term involvement of individuals from our group on the boards of our subsidiaries. We think this leads to more informed decision making and provides us with a competitive advantage.

We are extremely long term in our orientation, with a view to growing and building our businesses over decades, not years.

Finally, we never lose sight of the fact that we make long-term promises to people. Our clients entrust their financial futures to us, and so we manage our affairs with prudence and caution so that we can deliver on our promises.

Our companies pursue a multi-branded strategy, operating in Canada through Great-West Life, London Life, Canada Life, Investors Group, Mackenzie Financial and Investment Planning Counsel. In the United States, we do business as Great-West Financial, Empower Retirement, Putnam Investments and PanAgora Investments. In Europe, we operate under the Canada Life brand in the U.K. and Germany, and Irish Life in Ireland.

Across the group, we have over $780 billion of financial assets under management. Including all financial assets of our clients held in their accounts with us, we have approximately $1.4 trillion of assets under administration.

Our companies serve over 30 million clients, either on an individual basis, typically through a financial advisor, or through an employer-based program at their place of work.

We believe in the value of financial advice, and have close to 14,400 financial advisors who work directly with our group and typically use our company brands, and we also provide our products to clients through literally hundreds of thousands of financial advisors not affiliated with our group.

We also have more than 25,000 employees across our financial services businesses.

And of course, beyond our financial services businesses, Power Financial, together with the Frère group of Belgium, owns a controlling interest in the Pargesa group. Pargesa, through Groupe Bruxelles Lambert, has significant holdings in several major global companies based in Europe, including: Imerys, LafargeHolcim, SGS, Pernod Ricard, Total and Engie.

Let me now turn to a brief review of the activities of our principal subsidiaries.

GREAT-WEST LIFECO

Power Financial holds a 71.4% interest in Great-West Lifeco.

Great-West Lifeco's operating earnings attributable to common shareholders were $2.8 billion in 2015. Great-West Lifeco contributed $1,862 million to Power Financial's operating earnings in 2015, up 8.9% from 2014.

Great-West Lifeco is led by Paul Mahon, President and Chief Executive Officer, who was appointed to this role in 2013. The company has growth-oriented leadership teams in place in each of Canada, Europe and the U.S.

GREAT-WEST LIFECO – CANADA

Great-West Lifeco's business in Canada is led by Dave Johnston, President and Chief Operating Officer.

The company's products and services impact the lives of more than 12 million people – one in three Canadians.

It operates under three great brands – Great-West Life, London Life and Canada Life, which have been built upon many years of making and keeping promises – 125 years at Great-West Life, 142 years at London Life, 169 years at Canada Life. Together, these companies have leading market shares across virtually all product segments of the insurance industry in Canada.

Great-West Life is focussed upon improving the financial, physical and mental well-being of Canadians.

Examples of this include Great-West Life's focus on wellness outcomes for plan members of its employer-based group programs and workplace mental health support for all employers in Canada.

Another example is the recent launch of HelloLife. HelloLife encompasses integrated product solutions and online planning tools, plus a framework advisors and customers can work through together, to create a clear picture of their retirement.

Great-West is getting to know its customers better through research in customer segmentation and data analytics. It is upgrading its digital services capabilities, aiming for a best-in-class digital service experience for customers and advisors. The company is also continuing to support its employees through training and tools to help them perform in new ways, leading to a stronger culture of innovation in its organization.

At Great-West Life's annual meeting last week, it was announced that Dave Johnston had communicated his intention to retire in August of this year, following a 38-year career with the company. In conjunction with Dave's retirement, the company announced that Stefan Kristjanson, currently Executive Vice-President, Strategy & Transformation, will be appointed to the role of President and Chief Operating Officer, Canada.

GREAT-WEST LIFECO – UNITED STATES

Looking to the United States, Robert Reynolds, President and Chief Executive Officer of Great-West Lifeco U.S., leads the company's operations, which support the financial security of millions of Americans across our insurance, retirement and asset management businesses.

Great-West Financial has operated in the U.S. for over 100 years. In 2015, the company launched a new brand identity that positions it for the future. This new identity renews its commitment to providing innovative life insurance, annuities and executive benefits solutions for customers.

Empower Retirement was created in 2014 through the combination of the retirement businesses of Great-West Financial, Putnam and J.P. Morgan. Today, more than 8 million people have put their trust in Empower – making it the second-largest retirement services provider in the United States.

Empower is delivering best-in-class services to help Americans reach their financial goals. Its pioneering online and mobile features are aimed at guiding and motivating participants toward better retirement outcomes.

The multi-year investment in Empower is paying off with employers showing their support for its market-leading offerings. At year-end, Empower had US$435 billion of clients' savings in 401(k) and other retirement programs. It celebrated its first anniversary with $50 billion in new business commitments. Two weeks ago, Empower was named the U.S. industry's *Retirement Leader of the Year*.

Another of our U.S. companies – Putnam Investments – was named the mutual fund industry's inaugural *Social Media Leader of the Year*. Putnam's innovative social media program has become an integral part of the Putnam culture and spans the entire advisor and investor experience.

At its core, the Putnam culture continues to be driven by a relentless focus on investment performance and client service, as evidenced by recognition from respected industry observers: Lipper recently issued awards to a number of Putnam funds based on strong, long-term performance, and DALBAR honoured the firm for its outstanding delivery of service for the 26th consecutive year.

The expertise and capabilities of our people underscore our strong and growing position in the U.S., leveraging collaboration across Empower, Putnam and Great-West Financial.

GREAT-WEST LIFECO – EUROPE

Great-West Lifeco's European operations bring together diverse insurance and wealth management businesses in the United Kingdom, Ireland and Germany. Its European brands – Canada Life and Irish Life – are deeply rooted and well-respected.

Arshil Jamal is President and Chief Operating Officer of the company's Europe and Reinsurance operations.

In the U.K., Canada Life is the number one provider of group insurance products and is also a significant provider of retirement income products, including payout annuities.

In 2013, Great-West Lifeco acquired Irish Life, the leading life insurance company in Ireland. In 2015, Irish Life continued to build on its leading market position and to contribute positively to Great-West Lifeco's earnings.

In 2012, Irish Life made a strategic investment in a start-up called GloHealth. Today, GloHealth gives customers the ultimate freedom to choose how they want to access their services – online, through an advisor or through their employer. In March of this year, Irish Life announced that it would expand its position in the Irish healthcare market through the acquisitions of Aviva Health Insurance Ireland Limited, and the balance of GloHealth, giving it a 100% ownership position in both companies.

As Irish Life brings these two businesses together, it is creating a market leader with over 400,000 health insurance customers in Ireland.

IGM FINANCIAL

Power Financial's other significant financial services subsidiary is IGM Financial, in which it holds a 65.0% interest.

IGM is one of Canada's premier personal financial services companies, and one of the country's largest managers and distributors of managed asset products. The company serves the financial needs of Canadians through multiple businesses, including Investors Group, Mackenzie Investments and Investment Planning Counsel.

Operating earnings were $796 million in 2015. IGM contributed $474 million to Power Financial's operating earnings in 2015 compared with $488 million in 2014.

Total assets under management at December 31, 2015 totalled $134 billion.

Murray J. Taylor, Co-President and Chief Executive Officer of IGM and, for the past 12 years, President and Chief Executive Officer of Investors Group, retired from the company at its annual meeting in Winnipeg last week after a 40-year career with the Power Financial group of companies. Under his leadership, Investors Group greatly enhanced the quality and breadth of the products, services and advice it provides to clients and expanded its network of consultants across Canada.

But beyond his contributions to Investors Group's business success, Mr. Taylor's true legacy will be his emphasis on placing community involvement at the heart of all that Investors Group does. The Investors Group slogan "People Who Care" is more than a corporate tag line for Murray Taylor, it defines a way of life.

Last week, Investors Group recognized Mr. Taylor's tremendous contributions by announcing the creation of the Murray J. Taylor Community Builder Award, to be given annually to the Investors Group region office that best exemplifies outstanding contribution to their community.

Jeffrey R. Carney has been appointed President and Chief Executive Officer of Investors Group. Since May 2013, he has served as President and Chief Executive Officer of Mackenzie Financial Corporation. Mr. Carney was also appointed as President and Chief Executive Officer of IGM Financial, a position he has shared with Mr. Taylor for the past three years.

Also last week, Mackenzie Financial announced that Mr. Barry McInerney was joining our group and will be appointed President and Chief Executive Officer of Mackenzie Financial, replacing Mr. Carney. Mr. McInerney has over 25 years of experience in the investment management business and has held senior leadership positions at several leading financial institutions in the United States and Canada.

INVESTORS GROUP

Investors Group celebrates its 90th anniversary this year.

Much has changed in 90 years, but its commitment to financial planning and supportive advice has stood the test of time.

Investors Group's vision is to improve its clients' financial well-being. This statement reflects the historical focus of the company and its commitment to the future.

Investors Group continued to set itself apart by offering personal, comprehensive financial planning through 114 region offices, represented by over 5,300 Consultants, to approximately one million clients across Canada.

Mutual fund assets were $74.9 billion at the end of 2015.

Investors Group continued to make progress in a number of key areas. The company augmented its investment management team and grew its consultant network, which reached an all-time high.

MACKENZIE INVESTMENTS

During the past several years, Mackenzie has been on a journey to establish market leadership. There is still much to be done, but great progress has been made.

Mackenzie has made a tremendous investment in resources and people in its investment management division. Over the past several years, it has added 36 investment professionals across its 10 boutique teams.

In the product area, Mackenzie has been focused on reviving its legacy of innovation through the development of alternative solutions. It has put a strong focus on products targeted at core investor needs like volatility management and retirement income. The 28 new mutual funds Mackenzie has launched since 2013 have delivered $1.3B in net flows.

The introduction of new products continued last month with the launch of the first four Mackenzie active exchange-traded funds, or ETFs. There is a rapidly escalating demand from advisors and investors for ETFs, and especially active ETFs, and Mackenzie has the expertise to meet that demand.

Mackenzie has always had a strong legacy brand, but it needed to be revitalized to support its goal of market leadership. In October, Mackenzie launched a new brand, with a bold expression of confidence which has clearly resonated with advisors and clients working together to navigate their financial future in a changing world.

In terms of brand equity and awareness, Mackenzie has the industry's number one ranked website, holds the number two position in "share of voice" in social media and public relations, and rose to the number two position in brand equity in the most recent Advisor Perception Study.

While there is still work to do for Mackenzie to become the leading asset manager it is striving to be, the early returns on its strategy are very encouraging.

In February of this year, former Mackenzie President and Chief Executive Officer, Jim Hunter, lost his courageous battle with ALS. Jim had a tremendous impact on the success of Mackenzie in the years before and after it was acquired by our group. We are grateful for his contribution and join our colleagues at Mackenzie and across IGM in offering his wife Heather and his family our heartfelt condolences.

FINTECH

Power Financial is also actively assessing emerging business models in the so-called "Fintech" space, with a view to identifying opportunities to either serve existing client groups more effectively or address the needs of new client segments. In this regard, in 2015 Power Financial announced an investment of $30 million in Wealthsimple, Canada's largest automated investing service, a so-called robo-advisor. We have also made a number of smaller investments in several other Fintech ventures.

Of note, Wealthsimple was recently awarded the prestigious "Webby" award for having the best website among all financial institutions globally. Quite an achievement! I must say, I didn't realize until recently that a Webby was a prestigious award. But now I know!

PARGESA HOLDING

I will now turn to the Pargesa group. Paul Desmarais, Jr. is Chairman and Executive Director of Pargesa, and he works closely with Arnaud Vial, who is Managing Director. At December 31, 2015, together with the Frère group of Belgium, Power Financial held a 55.5% equity interest in Pargesa. Pargesa in turn held a 50% equity interest in the Belgian holding company Groupe Bruxelles Lambert, or "GBL," which owns the major holdings of the group.

The Pargesa group has been very busy over the past few years positioning its portfolio of companies for future growth.

As recently as 2011, 53 per cent of Pargesa's portfolio was invested in companies exposed to energy prices or regulated businesses. And while they had done well, Pargesa concluded that it should gradually reduce these exposures. It therefore sold part of its holdings of Total and Engie (formerly GDF Suez). It reinvested the proceeds in companies that are leaders in their fields and offer growth prospects in line with major demographic and technological trends. These included companies such as SGS, adidas and Umicore.

At the same time, Pargesa has continued to support the strategic moves of companies in which it has a significant interest. Examples include Imerys' acquisition of S&B, a major player in industrial minerals, and the merger of Lafarge and Holcim to form the world leader in building materials.

Pargesa reported operating earnings of SF308 million in 2015.

The contribution to Power Financial's operating earnings was $112 million in 2015, the same as in 2014.

CORPORATE SOCIAL RESPONSIBILITY

More than a year ago, Power Financial became a signatory to the United Nations Global Compact (UNGC), along with 13,000 participants around the globe. Through the UNGC, we pledged our commitment to act responsibly in the areas of human rights, labour, the environment and anti-corruption. The UNGC is helping us to guide our efforts in these areas and to strengthen our responsible management commitments, programs and performance.

In 2015, we launched a new website to report on our progress in the various aspects of CSR. The content of the website aligns with the Global Reporting Initiative, an international standards organization that provides guidance on CSR reporting. It also includes our first UNGC Communication on Progress. We encourage you to visit the website.

We have also developed a Code of Conduct for our third-party suppliers, which we are deploying in 2016.

FIRST QUARTER 2016 EARNINGS

I will now report on earnings of the Corporation for the first quarter of 2016.

Operating earnings for the quarter ended March 31, 2016 were $476 million, compared with $565 million in 2015.

Operating earnings per share were $0.67 compared to $0.79 the previous year.

Net earnings were $259 million, compared with $573 million in 2015.

Despite a softening in earnings this quarter, which were driven by weaker equity markets and other in-period volatility, product sales across most of our subsidiaries were strong, which is vital to the group's long-term success.

QUARTERLY DIVIDEND

At the meeting of the Board which was held earlier today, the Directors declared a quarterly dividend of 39.25 cents per share on the common shares of the Corporation.

INDUSTRY MATTERS

I would like to say a few words on the topic of financial advice and, more specifically, on the need to ensure continued access to financial advice for all Canadians.

We have been on record many times stating our deeply held conviction that financial advice has an essential role to play in helping Canadians achieve their financial goals. In fact, academic research has conclusively shown that individuals and households that use a financial advisor, regardless of their income levels, are wealthier, more confident and better prepared for the financial implications of various life events, including retirement. Moreover, research has demonstrated that financial advisors have a direct impact on the creation of financial wealth for their clients over time. Contrary to the belief of some, financial advisors don't just help high-income Canadians.

The value provided by financial advisors flows principally from the impact they have on their clients' behaviour. They encourage good savings discipline, get people to invest in higher-returning asset classes, help optimize the use of available tax-incentivized savings programs, and help mitigate people's tendency to want to sell everything when markets are down. In other words, they help them stay invested.

Many observers think that all a financial advisor does is help push one investment product over another. Yes, they advise on appropriate product choices, but that is actually a pretty small part of the value that a financial advisor provides.

There is substantial value in financial advice, and it is essential that Canadians, across income and wealth levels, continue to have access to this service.

It is this firm belief that informs our position on two debates currently taking place in Canada, namely the debate on mutual fund fees and the debate on a client best interest standard. In both cases, it appears that the underlying concern of some regulators and industry critics is that there are built-in conflicts of interest in some of the compensation mechanisms for financial advisors.

Let me first say that we unreservedly agree that the client's interest should always come first and conflicts of interest should be minimized where possible, and fully disclosed in a clear fashion.

Where we might differ with some proposed approaches is on how to mitigate those conflicts of interest, if and when they arise.

We do not think that eliminating the option of paying for financial advice through embedded commissions in financial products, such as mutual funds, will help Canadians. The reality, as can be seen from the experience in other jurisdictions that have prohibited these compensation structures, such as the U.K. and Australia, is that financial advice has become less available, particularly for less affluent customers. As a result, those jurisdictions have inadvertently reduced choice for their citizens, and deprived parts of their society from the good savings habits and the financial literacy that flow from having a financial advisor.

The reason is quite simple. Embedded commission structures combine payment for the financial product, such as a mutual fund, with financial advice. Some clients – notably less affluent ones – will be either unable or unwilling to pay separately for the product and the advice. Therefore, when the option of embedded compensation is eliminated by regulation, customers use less financial advice, and savings discipline and wealth accumulation are negatively impacted. Advisors who are focused on people with lower levels of assets drop out of the market or focus on higher net worth clients. This is precisely what we have seen in the U.K. and Australia.

We think there is another and much better way to deal with potential conflicts of interest.

It involves increased transparency on compensation for financial advice and other potential conflicts of interest on the one hand, and encouraging higher qualification standards for financial advisors on the other. Both will help nurture the trust between clients and their financial advisors, which is the ultimate basis for creating a relationship that builds up financial wealth and security for clients.

On transparency, Canada has made great progress with the CRM2 standards. We have supported CRM2 from the start and our IGM subsidiaries have been providing performance reports to their clients, in most cases much ahead of the deadline for its full implementation. Regulators should make sure CRM2 is thoroughly implemented and, where needed, improved.

Quality financial advice is also essential.

There is room for improvement in this respect in Canada, and the best way to improve the situation is through cooperation between the financial industry and the regulators. An interesting standard has been set by Quebec with its stringent education and training requirements for carrying the title “Financial Planner”. We note that Ontario has started a reflection process along similar lines.

Summing up, we think eliminating choice for Canadians by making embedded compensation illegal puts access to financial advice at risk, especially for less affluent members of society. Instead, the emphasis should be put on enhancing transparency and the quality of financial advice in Canada.

CONCLUSION

Earlier in my remarks, I used the word “embracing” to describe how our group is responding to the many changes going on in our industry. We are investing heavily in people, technology and processes in order to meet evolving client expectations, new competitive business models, and heightened regulatory requirements. And we are doing so in an environment of low investment yields and uncertain global economic conditions.

We face the future, however, from a position of strength and optimism. We are market leaders in most of our businesses, and the financial strength of our companies is amongst the highest in their industries. We have 30 million client relationships across our group. The products and services we provide are vital to the long-term well-being of our clients and society.

The changes going on in our business are ultimately good for clients and good for our industry. We firmly believe that by putting our clients’ best interests at the centre of our vision and our activities, we will navigate the many changes we are facing and emerge with even stronger businesses in the future.

Ladies and gentlemen, allow me to express our thanks to you, our shareholders, for your continuing support, as well as to the management teams and to all the employees of our group companies for their outstanding work and for their active community involvement. We would also like to thank the thousands of financial advisors who work hard to serve the interests of their clients. Last, but certainly not least, we thank our clients for the trust they have shown in our companies.

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