

INTEGRATED ASSET MANAGEMENT CORP.

Recommendation	Buy
Risk	High
Stock Price (June 16, 2009)	\$0.48
52-Week Range	\$1.50 - \$0.20
Target Price (12 months)	\$1.00
Potential Return	2.1x
Shares O/S	28.35 million
Market Cap	\$13.6 million
50-day Avg Volume	17,000
200-day Avg Volume	12,500
Fiscal Year-End	September 30
Symbol	TSX: IAM
Website	www.iamgroup.ca

Financial Data

Selected Income/Cash Flow

(C\$000s)	Last 12 Mos.	Year End	Year End
	Mar-09	Sep-08	Sep-07
Total Gross Fees	\$22,070	\$25,066	\$26,564
Management Fees	\$16,222	\$17,880	\$17,195
Performance Fees	\$5,848	\$7,186	\$9,369
EBITDA	\$4,188	\$5,900	\$4,176
Net Income (Continuing Ops)	\$1,950	\$1,657	\$1,545
Cash Flow (CF) From Ops	\$3,451	\$4,563	\$4,674
Selected Balance Sheet	At Mar-09	At Sep-08	At Sep-07
Cash (& Equivalents)	\$5,854	\$11,110	\$14,197
Total Debt	\$0	\$0	\$0
Shareholders' Equity	\$17,073	\$24,288	\$24,415
Total Assets	\$22,964	\$37,796	\$36,753
Working Capital	\$8,078	\$14,269	\$20,202
Working Capital Ratio	3.60x	2.63x	1.50x
Key Ratios	At Mar-09	At Sep-08	At Sep-07
EBITDA Margin	19.0%	23.5%	15.7%
Return on Equity (ROE)	11.4%	6.8%	6.3%
Return on Assets (ROA)	8.5%	4.4%	4.2%
Revenue Per Share	\$0.78	\$0.88	\$0.93
Earnings Per Share	\$0.07	\$0.06	\$0.05
Cash Flow Per Share	\$0.12	\$0.16	\$0.16
Cash Per Share	\$0.21	\$0.39	\$0.50
Enterprise Value	\$7,469	\$14,601	\$31,512
Enterprise Value Per Share	\$0.26	\$0.51	\$1.11
Equity Book Value Per Share	\$0.60	\$0.85	\$0.86
Multiples	At Mar-09	At Sep-08	At Sep-07
Price EPS (multiple)	0.60x	15.52x	29.50x
Price EBITDA (multiple)	3.18x	4.36x	10.91x
Price Cash Flow (multiple)	6.83x	5.63x	9.75x

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Source: www.bigcharts.com

UPFRONT

Integrated Asset Management Corp. ("IAM" or the "Company"), like other companies in the financial services sector, is being severely tested in the current difficult market environment. The life-blood of the Company is its ability to earn fees: both the higher-margin management fees, and the more-volatile performance fees. Until the start of the Company's fiscal 2009 year (which ends September 30th), fee income had remained robust. Not unexpectedly, given the cataclysmic financial sentiment, performance fees plunged in the first half of the year. To its credit, the Company was able to generate a healthy level of management fees despite the 10% fall in Assets Under Management over the last six months. With the recovery in stock markets since the beginning of March, for the last six months of fiscal 2009, we expect management fees will be up and performance fees up significantly, compared to the first six months' results.

RECOMMENDATION

We continue to rate Integrated Asset Management Corp. shares as a Buy but, given the state of financial markets and the investors' hesitant attitude towards smaller-sized companies in the financial sector, we are setting our 12-month Target Price at \$1.00 per share. To achieve this, there will have to be some improvement at BluMont Capital.

PROFILE

Integrated Asset Management Corp. is a Toronto-based alternative asset management company, with approximately \$2.1 billion (as of March 31, 2009) in assets and committed capital under management in real estate, private corporate debt, private equity, managed futures, and retail alternative investments. IAM offers its asset management services to institutional, pension, and private clients.

THE COMPANY

Integrated Asset Management Corp. (“IAM” or the “Company”) is a public company, with its shares listed on the TSX, and trading under the symbol IAM.

IAM offers alternative asset class management to institutional, pension, and private clients.

The Company’s asset classes and its ownership percentages include:

- | | |
|--|-------|
| (1) private corporate debt (Integrated Private Debt): | 100% |
| (2) private equity (Integrated Partners): | |
| (a) Integrated Management Limited: | 100% |
| (b) Integrated Partners Holding GPI Limited: | 57.8% |
| (3) managed futures (IMFC Global Investment Program): | 77.5% |
| (4) real estate (GPM): | 100% |
| (5) retail alternative investments (BluMont Capital): | 100% |

Among the five asset classes, BluMont is a hedge fund operation, while the other four are asset management operations. The Company receives management and performance fees from the five asset classes (see Revenue Sources, page 5).

OWNERSHIP

The largest shareholder of IAM, with an approximate 30.7% holding, is Koloshuk Farrugia Corp., a private company that is controlled by Victor Koloshuk and Stephen Johnson.

Victor Koloshuk is Chairman, President, and Chief Executive Officer of IAM. Stephen Johnson is IAM’s Chief Financial Officer.

COMMENT: *In our opinion, there should be a separation of the Chairman and President/CEO positions.*

In total, Victor Koloshuk has direct and indirect voting control over approximately 31.6% of IAM. Veronika Hirsch, the Chief Investment Officer of BluMont Capital and a Director of IAM, is the second-largest IAM shareholder with 17.2%.

COMMENT: *In total, management of IAM exercises control over more than 50% of the common shares outstanding, which we consider to be a strong commitment to the Company.*

IAM has only one class of common share, and each share is fully voting.

CORPORATE INFORMATION

Integrated Asset Management Corp.
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ALTERNATIVE ASSET CLASS MANAGEMENT

The Company's businesses operate in the following categories:

(1) Private Corporate Debt, Private Equity, Real Estate

The Company's private corporate debt, private equity, and real estate products are mainly pools of assets managed by IAM for investors, with the life of pools being up to 12 years. There is little or no liquidity for investors during the term of a pool; only in exceptional circumstances can a pool be liquidated earlier than scheduled.

(2) Retail Alternative Investments

IAM's retail alternative investments are subject to agreements whereby clients can withdraw assets or terminate contracts on short notice. Retail alternative investments are financial products for Canadian retail investors, issued through BluMont Capital Corporation, a wholly-owned subsidiary of IAM. BluMont has a Canada-wide sales force.

(3) Managed Futures

The Company's managed futures fund (IMFC Global Investment Program) manages assets invested in commodity futures markets - for example, currencies, metals, and energy.

ASSETS UNDER MANAGEMENT

The following table shows the growth of Assets Under Management ("AUM") over the past five years. Excluding the discontinued Darton operations (see below and subsequent), the latest year's increase in total AUM of 4.9% compares to the five-year compound annual growth rate of 20.3%.

Table 1: Assets and Committed Capital Under Management

(\$ millions)	5-Year	1-Year	Sep-08	Sep-07	Sep-06	Sep-05	Sep-04	Sep-03
	CAGR	Change						
Private Corporate Debt	41.8%	28.7%	\$970.4	\$754.2	\$818.9	\$779.7	\$242.8	\$169.0
Real Estate Asset Management	21.8%	14.5%	\$792.4	\$692.1	\$561.9	\$532.3	\$279.3	\$295.3
Retail Alternative Investments	6.4%	-27.4%	\$549.1	\$756.0	\$738.7	\$784.3	\$552.4	\$402.5
Private Equity and Managed Futures	<u>-20.5%</u>	<u>0.0%</u>	<u>\$18.5</u>	<u>\$18.5</u>	<u>\$60.1</u>	<u>\$65.8</u>	<u>\$67.0</u>	<u>\$58.2</u>
	20.3%	4.9%	\$2,330.4	\$2,220.8	\$2,179.6	\$2,162.1	\$1,141.5	\$925.0
Real Estate Property Management (1)	<u>8.1%</u>	<u>-1.1%</u>	<u>\$750.3</u>	<u>\$758.6</u>	<u>\$702.6</u>	<u>\$710.4</u>	<u>\$591.0</u>	<u>\$508.7</u>
Total	16.5%	3.4%	\$3,080.7	\$2,979.4	\$2,882.2	\$2,872.5	\$1,732.5	\$1,433.7

(1) Represents AUM of Darton which was sold on December 1, 2008.

Source: IAM Annual Report.

As shown, other than Private Equity/Managed Futures which was flat and is small in size in any event, all of IAM's businesses showed a marked slow-down in percentage growth in the latest fiscal year compared to the last five years. Retail Alternative Investments had a particularly poor performance in fiscal 2008.

- (1) Private Corporate Debt is the fastest growing component of IAM’s businesses, with an increase of 28.7% in the latest fiscal year and a 41.8% gain over the past five years. This segment is involved in the structuring of senior, fixed-rate, fixed-term loans to mid-market private and public companies. It is an attractive complement to bank financing.

COMMENT: *The economic turmoil roiling capital markets has created significant opportunities for IAM as traditional sources of credit have either cut back substantially or closed down completely. Thus, Integrated Private Debt has seen an increase in demand for loans and at higher margins. This should continue.*

- (2) Real Estate Asset Management activities, under GPM, experienced a slow-down in fiscal 2008, even with the closure of the \$148.5 million fund, GPM 11, its largest fund to date. Current active funds are GPM 8, 9, and 10. Last year, GPM 7 matured. The funds are usually operated, on average, for 10 years.

Maturities of the remaining GPM funds and the estimated unrealized performance fees are as follows:

	Unrealized Performance Fees (\$ million)	Expected Maturity
(a) Development properties (segregated account)	N/A	2010
(b) GPM 8	\$4.6	2011
(c) GPM 9	\$2.8	2014
(d) GPM 10	\$1.6	2017
(e) GPM 11	N/A	2020

COMMENT: *As shown, there is substantial unrealized performance fees available to the Company when the funds mature. These fees are based upon accredited appraisals valid at the time. Given the inherent volatile nature of the real estate market, these values can change markedly.*

COMMENT: *Real estate market conditions have deteriorated significantly over the past six months. Property values have fallen, and returns have declined. Cap rates continue under pressure and premature purchases can go “under water” quickly. Office vacancies are rising, some shopping centre tenants are “going black”, and new construction has ground to a halt. Although GPM has funds available to make attractive property purchases, near-term performance fees are likely to be jaded.*

- (3) Retail Alternative Investments also includes hedge fund operations. This business line is operated by BluMont Capital Corporation. It did poorly in fiscal 2008, its AUM dropping 27.4%. Results were negatively impacted by the global downturn and the disappearance of investor confidence and commitment. The resulting stock market decline and the accompanying increase in redemptions reduced BluMont’s management fees. However, the launch of two portfolios in the new Exemplar Portfolios product line should provide opportunities for growth this coming year.

COMMENT: *The biggest challenge facing IAM management at the present time is turning around the BluMont operations. In this respect, there have been some cost-cutting measures introduced, and some funds have been merged. However, there is no doubt that redemptions have been a problem in the recent past. At the same time, in this difficult market environment, attracting new investors is daunting. It will take time to get BluMont back on a sustained growth tack.*

REVENUE SOURCES

IAM's revenues come primarily from two sources: management fees and performance fees.

COMMENT: *The success of IAM's asset classes lies in the choice of management teams that conduct them, and their commitment to that success through their participation in the management and performance fees generated.*

1. Management Fees

Management fees are generally based on a percentage of Assets Under Management, including the market value of funds and other assets administered by IAM. For income-statement purposes, revenue from management fees is recognized when earned.

Table 2: Management Fees

	Fiscal Year Ending September 30:					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Management Fees	14,545	16,267	18,348	19,955	17,195	17,880
Expenses Assoc. with Mgmt Fees Earned	<u>(2,916)</u>	<u>(2,404)</u>	<u>(2,287)</u>	<u>(1,967)</u>	<u>(1,393)</u>	<u>(1,886)</u>
Net Management Fees	11,629	13,863	16,061	17,988	15,802	15,994
Margin	80.0%	85.2%	87.5%	90.1%	91.9%	89.5%

COMMENT: *As shown, management fees earned have been consistent. The improvement lies with the Company's ability to generate these consistent fees more efficiently. The profit margin for the last three years has been in the 90% - 92% range.*

2. Performance Fees

IAM earns performance fees when investment returns outperform contract-specific benchmarks. In the case of Real Estate and Private Equity operations, performance fees are generally realized towards the end of the life of the pool of assets. In the case of certain financial products within Retail Alternative Investments, performance fees are generally realized on an annual or semi-annual basis. IAM's consolidated financial statements recognize performance fees only when realized, and thus recorded revenues and income fluctuate from period to period, sometimes markedly.

Table 3: Performance Fees

	Fiscal Year Ending September 30:					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Performance Fees	1,897	4,514	18,324	11,561	9,369	7,186
Expenses Assoc. with Perf Fees Earned	<u>(1,401)</u>	<u>(1,737)</u>	<u>(5,539)</u>	<u>(6,112)</u>	<u>(6,064)</u>	<u>(2,667)</u>
Net Performance Fees	496	2,777	12,785	5,449	3,305	4,519
Margin	26.1%	61.5%	69.8%	47.1%	35.3%	62.9%

COMMENT: *As shown, performance fees are more volatile than management fees. They are recorded on the Company's books twice a year, so quarterly comparisons are not valid. Fiscal 2005 was a high water-mark as the Company realized substantial earned performance fees on the maturity of one of the GPM real estate funds. There was also a good gain from the retail operations. We consider achieving a margin in the 50% - 60% range to be satisfactory.*

CORPORATE STRENGTHS AND CHALLENGES

1. Strengths

- Distinctive approach to asset management.
- Well-diversified in five key alternative asset classes, reducing risk and enhancing returns.
- Two sources of revenue: (1) management and advisory fees; and (2) performance-based fees.
- Strong and committed management teams in each of the asset classes.
- High management participation in Company ownership (over 50% of common shares outstanding).
- History of good investment performance.
- Well financed. No debt; \$11.1 million cash at end of fiscal 2008. Cash resources normally drop in Q1. By the end of Q2/2009 (March 31), cash had dropped to \$5.85 million as a result of the purchase of the remaining 25% of GPM (see page 8). The current cash estimate for mid-June 2009 is about \$5.5 million.

2. Challenges

- Ongoing difficult global financial markets make it a challenging time to be in asset management.
- Loss of key employees would affect overall performance of the Company.

COMMENT: *George Engman, who headed the private equity operations (Integrated Partners), left IAM at the beginning of 2009 and his key associate left shortly afterwards; to date, they have not been replaced. With the economic downturn, private equity investing around the globe has declined significantly. In the Company's accounts, the AUM for the private equity and managed futures businesses is combined; it shows that AUM for fiscal 2008 was flat with fiscal 2007 at \$18.5 million.*

- Top three functions of Chairman, President, and Chief Executive Officer rest in one person.

COMMENT: *For better governance, we believe there should be a separation of the Chairman and President/CEO positions. Combining the positions weakens the strength of executive management. Centralized management control denies a Company the advantage of diversified executive management and their extensive knowledge and experience.*

- AUM can be adversely affected by annual redemption provisions for some asset classes (eg., BluMont).
- Dividend payout has been suspended and could remain so for some time given the continuing global market turmoil. (See Dividend Payments, page 8.)
- Small public float. There are only 28.6 million shares outstanding. With “insiders” (management and directors) holding 51.9%, there is 48.2%, or 13.77 million shares in the public float. The average daily volume of trading over the past 200 days (40 weeks) is only 12,400 shares.
- Low stock price prohibits some institutional holdings. (There is no danger of being delisted from the TSX unless the shares sold for approximately 10 cents per share for 30 days or more.) When shares trade below \$1.00 for an extended time, it is enticing for management to consolidate. In our opinion, this is usually the “kiss of death” for the future share price. Management should concentrate on operations.

RECENT DEVELOPMENTS

As indicated below, over the past six months, IAM has not issued many press releases or news announcements.

1. May 12, 2009:

IAM released its unaudited financial results for the first six months of fiscal 2009 (ended March 31, 2009). See eResearch commentary below.

2. February 27, 2009:

Augen Capital Corp. announced that it had entered into a management agreement effective March 1, 2009 whereby Oreserve Asset Management Corp., a newly-formed subsidiary of Integrated Asset Management Corp., will manage Augen's business. Oreserve is owned 51% by IAM and 49% by its employees. Augen's current employees and consultants were to be retained by, and commence working with, Oreserve effective March 1. As part of the transaction, Victor Koloshuk, Chairman, President, Chief Executive Officer and founder of Integrated Asset Management Corp., was appointed to Augen's Board of Directors (subject to approval of the TSX Venture Exchange).

COMMENT: <i>The four-year initial term of the management agreement began on March 1, 2009 and it expires on December 31, 2012.</i>

3. February 12, 2009:

IAM released its unaudited financial results for the first quarter of fiscal 2009 (ended December 31, 2008).

4. December 2, 2008:

The Company announced the closing of the sale of its real estate property management company, Darton Property Advisors & Managers Inc. to Avison Young (Canada) Inc. Darton, a Toronto-based property management company, had been acquired in 1999 by IAM's real estate asset management group (GPM). Although GPM's interest in Darton has been sold, GPM will remain a major client, with Avison Young being entrusted with the management of space owned by GPM's real estate fund clients.

5. December 2, 2008:

IAM announced audited financial results for the fiscal year ended September 30, 2008. See below.

DIVIDEND PAYMENTS

Background

IAM initiated a semi-annual dividend-payment policy in fiscal 2005, at an annual rate of \$0.05 per share. The first payment of \$0.025 per share was made in June 2005. The Company increased the annual rate from \$0.05 to \$0.06 in fiscal 2006, to \$0.07 in fiscal 2007, and to \$0.08 in fiscal 2008. The regular semi-annual dividend of \$0.04 per share was announced at the same time as fiscal 2008 results, and was paid on January 15, 2009.

Semi-Annual Dividend Suspended

In IAM's latest financial reporting statement, dated May 12, 2009, the Company announced the suspension of the semi-annual dividend which would have been payable in June 2009:

"IAM considers that the current economic uncertainties may present attractive acquisition and merger opportunities for IAM in both the retail and institutional sectors of the asset management industry in Canada. These opportunities may require cash investment by IAM. In addition, the earnings outlook for IAM is constrained given the decline in AUM in Retail Alternative Investments and the associated operating losses in those operations. As a result, the Board of Directors of IAM has decided to suspend the semi-annual dividend which would otherwise be payable in June 2009."

Dividend Payments One Option for Use of Cash Flow

Normally, investors expect that dividends are paid out of Net Earnings, and that company management would set the dividend payout as a specified percentage of Net Earnings.

However, dividend payments are just one of many options that management has in deciding what to do with funds, i.e. cash flow, generated by the business. By cash flow, we mean the surplus remaining after all operating, selling, general, and administrative expenses and corporate income taxes have been paid. This is not static; deciding upon the use of generated cash is a continual management challenge.

Options that management has for the use of cash flow generated include:

- (1) Re-invest in the business;
- (2) Add a new product or service;
- (3) Make an acquisition;
- (4) Expand geographically or internationally; and
- (5) Initiate, pay, or increase annual dividends to common shareholders.

We assume that any large expenditure, such as an acquisition, would entail tapping the capital markets. Thus, if none of points 1 to 4 above are pursued, management has the excess cash flow available to pay dividends.

We present below an IAM table with two sections. The first shows net income and dividends/distributions payments since 2003, and then the difference (positive or negative). For IAM, "dividends" are payments made to common shareholders, and "distributions" are payments made to the "non-controlling interests". The second section examines the cash availability for the payment of dividends and distributions.

Using Cash Flow from Operations (defined as net income plus the addition of all non-cash items that were deducted in calculating net income) and deducting for changes in working capital, we arrive at the cash amount (Gross Free Cash Flow) available to be paid out, either for investing activities or for the payment of dividends/distributions, or both.

We are not showing expenditures on investing activities in the table. If IAM were to commit to a major capital spend, depending upon the dollar amount, it is likely the Company would utilize the capital markets to assist in the financing.

Fiscal Year Ended Sept. 30	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>H1/2009</u>	<u>2009E</u>
Net Income (\$000s)	(468)	431	3,672	1,226	1,545	1,657	796	1,380
Dividends/Distributions (\$000s)	442	76	1,997	1,683	1,822	2,409	1,826	1,826
Dividend Coverage/(Shortfall) (\$)	(910)	355	1,675	(457)	(277)	(752)	(1,030)	(446)
Dividend Coverage (x)	(1.1)	5.7	1.8	0.7	0.8	0.7	0.4	0.8

Fiscal Year Ended Sept. 30	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>H1/2009</u>	<u>2009E</u>
Cash (at beginning of fiscal year)	2,523	4,818	3,260	14,668	14,661	14,197	11,110	11,110
Cash Flow from Operations	(419)	1,272	8,469	4,351	4,674	4,563	241	1,125
Working Capital Changes	<u>2,703</u>	<u>(643)</u>	<u>4,764</u>	<u>(2,639)</u>	<u>(377)</u>	<u>459</u>	<u>(3,311)</u>	<u>(2,700)</u>
Gross Free Cash Flow	2,284	629	13,233	1,712	4,297	5,022	(3,070)	(1,575)
Dividends/Distributions	442	76	1,997	1,683	1,822	2,409	1,826	1,826
Coverage	5.2	8.3	6.6	1.0	2.4	2.1	(1.7)	(0.9)
Cash Draw-Down	0	0	0	0	0	0	1,826	1,826

As shown in the “Net Income” section, IAM has not covered its dividends/distributions payments out of Net Income since 2005. However, we consider this traditional approach to evaluating a dividend payout policy to be misleading and inaccurate, and IAM is a perfect example.

In the Cash Flow” section, it can be seen that Gross Free Cash Flow covered dividends/distributions payments in every year through the end of fiscal 2008. Only at the end of H1/2009, when the Company suspended dividends/distributions payments, would the Company not have been able to finance the payouts from Gross Free Cash Flow and would have had to use its cash resources for the shortfall.

The Company’s first-half financial results show that cash flow from operations shrank precipitously, from \$4.563 million (for the year) to \$241,000 (for the six months). Thus, to make the next payment, it would have been necessary for IAM to fund it totally from cash-on-hand. Since cash also shrank in the first six months, down \$5.256 million, from \$11.110 million to \$5.854 million, paying the dividends/distributions would have lowered the cash resources to \$4.026 million.

With an uncertain next six months, if the same cash drain were to occur, the Company would entirely run out of cash. And this ignores cash that might be needed for investing activities. IAM would have to go to the capital markets in an effort to raise funds from a position of weakness, not strength.

Whether IAM conserves its cash by not making dividends/distributions payments and uses it to make an acquisition(s) is moot. What is undeniable in the current difficult operating environment is that some of the Company’s operating divisions will continue to struggle, with an accompanying squeeze on management and performance fees. This suggests a prudent operating strategy until conditions improve.

COMMENT: *Until the economy is on a sounder footing, we concur that the most prudent course of action for IAM is to suspend its dividends/distributions.*

COMMENT: *When better times return, and IAM again is able to ramp up its fee receivables, we believe the Company will re-instate the dividends/distributions payments as expeditiously as possible.*

COMMENT: *IAM eventually will realize on a property investment it made in fiscal 2003. Included under Other Assets, it has a book value of \$0.9 million. Upon completion of a property-enhancement program, a sale could be concluded in fiscal 2009 at a substantial profit, which would significantly increase cash.*

REPORTED FINANCIAL RESULTS

1. Second Quarter/First-Half Fiscal 2009 Results

IAM reported a loss of \$6.40 million (\$0.23 per share) in Q2/2009 (three months ended March 31, 2009), compared to just slightly positive earnings of \$66,000 (\$0.00 per share) in Q2/2008. For the six-month period, the Company reported a loss of \$5.96 million (\$0.21 per share) in H1/2009, compared to earnings of \$622,000 (\$0.02 per share) in H1/2008. The fiscal 2009 results reflect a gain on the sale of Darton Property Advisors Inc., net of tax, of \$1.0 million in Q1/2009. The principal reasons for the shortfall were: (a) a \$7.7 million non-cash write-down primarily to reflect the deterioration in the Retail Alternative Investments operations; (b) lower management fees, primarily in Retail Alternative Investments; and (c) fewer transaction fees (a timing issue) in Private Corporate Debt and Real Estate Asset Management.

Assets Under Management, at \$2.1 billion, were down a modest 2.5% from December 31, 2008, and 10.0% from year-end September 30, 2008. The declining trend, which excludes the discontinued operations of Darton, was mainly a result of market depreciation and net redemptions in Retail Alternative Investments, negatively affected by the turmoil in the global financial markets.

For the three months ended March 31, 2009, total revenues were down 29% to \$3.74 million versus \$5.26 million in the same period of the previous year. For the first half, total revenue was \$7.79 million compared to \$11.19 million, a 30% decrease. The fall in total revenues was due to lower performance fees realized.

EBITDA (earnings before interest, taxes, depreciation and amortization) from continuing operations for fiscal Q2/2009 dropped into negative territory at (\$184,000) compared to \$1.02 million in fiscal Q2/2008. For the six-month period, EBITDA of \$58,000 in fiscal 2009 compares with \$2.15 million in fiscal 2008. The decline in fiscal 2009 reflects lower net performance fees realized and lower management fees in Retail Alternative Investments from the lower level of AUM.

In October 2008 (Q1/2009), IAM purchased the outstanding 25% minority interest in GPM for \$5.2 million.

Table 4: Second Quarter/First Half Fiscal 2009 Abridged Financial Results

HIGHLIGHTS (000s, except Per Share)	As At	As At	As At	As At	As At
	Mar-08	Jun-08	Sep-08	Dec-08	Mar-09
Assets/Committed Capital Under Management	\$2,617,000	\$2,590,000	\$2,330,000	\$2,149,000	\$2,096,000
	3 Months	3 Months		6 Months	6 Months
	<u>Mar-08</u>	<u>Mar-09</u>		<u>Mar-08</u>	<u>Mar-09</u>
Revenues before Performance Fees (1)	\$5,264	\$3,743		\$9,680	\$7,619
Performance Fees	\$0	\$0		\$1,509	\$172
Total Revenues (1)	\$5,264	\$3,743		\$11,189	\$7,791
Net Performance Fees (2)	\$0	\$0		\$746	\$168
EBITDA (1)(2)	\$1,024	(\$184)		\$2,149	\$58
Income (loss) from continuing operations before income taxes/non-controlling interest (1)	\$332	(\$8,607)		\$808	(\$9,355)
Net income (1)	(\$6,398)	\$8		\$504	(\$6,929)
Earnings per share	(\$0.23)	\$0.00		\$0.02	\$0.02

Note 1: Excludes discontinued operations (Darton), sold effective December 1, 2008.

Note 2: Earnings before interest, taxes, depreciation and amortization (EBITDA) and net performance fees are a non-GAAP earnings measure used by the Company.

Source: Integrated Asset Management Corp.

2. Full Year Fiscal 2008 Results

For FY/2008 (ended September 30, 2008), IAM reported net income from continuing operations of \$1.66 million, or \$0.06 per share, compared with \$1.55 million, also \$0.06 per share for FY/2007.

EBITDA rose to \$5.72 million in FY/2008 from \$4.05 million in FY/2007 because of a 37% rise in net performance fees, slightly higher net management fees, and lower S,G,&A. As a result, there was an improvement in the EBITDA margin from 15.2% to 22.8%.

At the end of FY/ 2008, Assets Under Management were relatively unchanged from the previous year. IAM's strategy of managing various alternative asset classes had offset to some degree the impact of the global crisis: Private Corporate Debt and Real Estate Asset Management AUM increased; Retail Alternative Investments, with products directly exposed to equity markets, suffered in the last quarter of fiscal 2008, with AUM declining by about \$180 million in the quarter.

3. Historical Financial Results

The following tables are abridged financial statements of income, cash flow, and the balance sheet for the fiscal years 2003 – 2008.

Table 6A: Selected Historical Financial Information (Income)

Table 6B: Selected Historical Financial Information (Cash Flow)

Table 6C: Selected Historical Financial Information (Balance Sheet)

Table 6A: Selected Historical Financial Information (Income)

Statement of Net Income (\$000s)	Fiscal Year Ending September 30:					
	2003	2004	2005	2006	2007	2008
Total Gross Fees Earned	<u>16,442</u>	<u>20,781</u>	<u>36,672</u>	<u>31,516</u>	<u>26,564</u>	<u>25,066</u>
Management Fees	14,545	16,267	18,348	19,955	17,195	17,880
Expenses Assoc. with Mgmt Fees Earned	<u>(2,916)</u>	<u>(2,404)</u>	<u>(2,287)</u>	<u>(1,968)</u>	<u>(1,394)</u>	<u>(1,886)</u>
Net Management Fees	11,629	13,863	16,061	17,987	15,801	15,994
Margin: Management Fees	80.0%	85.2%	87.5%	90.1%	91.9%	89.5%
Performance Fees	1,897	4,514	18,324	11,561	9,369	7,186
Expenses Assoc. with Perf Fees Earned	<u>(1,401)</u>	<u>(1,737)</u>	<u>(5,539)</u>	<u>(6,112)</u>	<u>(6,064)</u>	<u>(2,667)</u>
Net Performance Fees	496	2,777	12,785	5,449	3,305	4,519
Margin: Performance Fees	26.1%	61.5%	69.8%	47.1%	35.3%	62.9%
Net Fees (Management and Performance)	12,125	16,640	28,846	23,436	19,106	20,513
Net Fees (% Management)	95.9%	83.3%	55.7%	76.7%	82.7%	78.0%
S,G,&A	(13,063)	(15,858)	(19,183)	(18,703)	(14,930)	(14,613)
S,G,&A as % of Gross Fees	<u>79.4%</u>	<u>76.3%</u>	<u>52.3%</u>	<u>59.3%</u>	<u>56.2%</u>	<u>58.3%</u>
EBITDA	(938)	782	9,663	4,733	4,176	5,900
EBITDA Margin	neg	3.8%	26.3%	15.0%	15.7%	23.5%
Depreciation and Amortization	(758)	(905)	(1,638)	(2,332)	(2,259)	(2,323)
Stock-Based Compensation	0	0	(425)	(147)	(126)	(182)
Other Non-Cash Items	<u>0</u>	<u>0</u>	<u>384</u>	<u>(575)</u>	<u>(352)</u>	<u>(61)</u>
EBIT	(1,696)	(123)	7,984	1,679	1,439	3,334
Interest Income	702	744	834	1,491	1,973	924
Interest Expense	<u>(240)</u>	<u>(239)</u>	<u>(252)</u>	<u>(221)</u>	<u>(218)</u>	<u>(64)</u>
EBT	(1,234)	382	8,566	2,949	3,194	4,194
Current Income Taxes	(12)	13	(1,888)	(1,633)	(716)	(2,212)
Future Income Taxes/Recovery	259	260	(1,379)	505	(410)	701
Tax Rate	-----	-----	38.1%	38.2%	35.3%	36.0%
Non-Controlling Interest	<u>519</u>	<u>(224)</u>	<u>(1,628)</u>	<u>(596)</u>	<u>(524)</u>	<u>(1,027)</u>
Net Earnings, Continuing Operations	(468)	431	3,672	1,226	1,545	1,657
Extraordinary Items	0	0	0	0	0	0
Net Earnings, Discontinued Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>235</u>	<u>238</u>
Total Net Income	<u>(468)</u>	<u>431</u>	<u>3,672</u>	<u>1,226</u>	<u>1,780</u>	<u>1,895</u>
Total Shares Outstanding (000s)	20,789	21,099	21,589	21,859	28,488	28,568
Weighted Average Shares Outstanding (000s)	20,789	20,802	21,400	21,691	26,223	28,512
Earnings Per Share, Continuing Operations	(\$0.02)	\$0.02	\$0.17	\$0.06	\$0.06	\$0.06
Earnings Per Share, Total Net Income	(\$0.02)	\$0.02	\$0.17	\$0.06	\$0.07	\$0.07

Source: eResearch and the Company's Accounts

COMMENT: Total gross fees earned reached a high point in fiscal 2005. In that year, the Company achieved an above-average level of performance fees, as GPM 8 matured and large fees were earned on the sale of that portfolio. IAM has improved its efficiency in earning its management fees with the margin having risen from 80.0% in fiscal 2003 to the 90.0% range in fiscal 2006-2008. Performance fees will always be volatile as they are affected by changing economic and market conditions and sentiment. As a consequence, as shown, the margin on performance fees has gyrated wildly. We consider a margin between 50%-60% represents a good achievement. As the Company has grown, it has been able to stabilize its selling, general, and administrative expenses (S,G,&A) in the 55%-60% range of gross fees earned. The corporate tax rate has ranged between 35% and 38%. Net earnings from continuing operations have been showing a rising trend but, on a per share basis, have been stable at \$0.06.

Table 6B: Selected Historical Financial Information (Cash Flow)

Statement of Cash Flow	Fiscal Year Ending September 30:					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Net Earnings	(468)	431	3,673	1,227	1,546	1,657
All Non-Cash Items	<u>49</u>	<u>841</u>	<u>4,797</u>	<u>3,125</u>	<u>3,128</u>	<u>2,906</u>
Cash Flow from Operations, Continuing	(419)	1,272	8,470	4,352	4,674	4,563
Investing Activities	<u>(1,048)</u>	<u>(2,547)</u>	<u>(919)</u>	<u>(493)</u>	<u>(2,675)</u>	<u>(4,739)</u>
Free Cash Flow	(1,467)	(1,275)	7,551	3,859	1,999	(176)
Working Capital Changes	2,703	(643)	4,764	(2,639)	(377)	459
Equity Financing	696	844	631	501	831	80
Debt Financing	<u>805</u>	<u>(408)</u>	<u>460</u>	<u>(44)</u>	<u>(81)</u>	<u>(1,143)</u>
Available for Dividends/Distributions	2,737	(1,482)	13,406	1,677	2,372	(780)
Dividends and Distributions	(442)	(76)	(1,997)	(1,683)	(1,822)	(2,409)
Cash Items from Discontinued Operations	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>177</u>	<u>376</u>
Change in Cash	<u>2,295</u>	<u>(1,558)</u>	<u>11,409</u>	<u>(6)</u>	<u>727</u>	<u>(2,813)</u>
Cash, Beginning of the Period	<u>2,523</u>	<u>4,818</u>	<u>3,260</u>	<u>14,669</u>	<u>14,662</u>	<u>15,389</u>
Cash, End of the Period	4,818	3,260	14,669	14,662	15,389	12,575

Source: eResearch and the Company's Accounts

COMMENT: Cash flow from continuing operations has been stable in the last two years. The substantial increases in Investing Activities represent: (a) in fiscal 2007: primarily the acquisition of BluMont Capital shares and investment in funds managed by IAM; and (b) in fiscal 2008: investment in funds managed by IAM. Equity financings have been modest and primarily represent the issuance of shares on exercise of stock options. The outstanding convertible debenture due December 31, 2007 (Q1 in fiscal 2008) was repaid in full on that date. Dividends and Distributions are discussed in a separate section, entitled Dividend Payments (see page 8). The Company has a strong cash position of \$12.6 million, although when the cash attributable to the discontinued operations is excluded, the number is \$11.1 million.

Table 6C: Selected Historical Financial Information (Balance Sheet)

Balance Sheet (\$000s)	Fiscal Year Ending September 30:					
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Cash	4,818	3,260	14,668	14,661	14,197	11,110
Accounts Receivable	1,845	2,780	3,374	4,433	3,995	4,749
Other Current Assets	<u>1,124</u>	<u>1,068</u>	<u>636</u>	<u>995</u>	<u>2,259</u>	<u>7,161</u>
Total Current Assets	7,787	7,108	18,678	20,089	20,451	23,020
Fund Management Contracts	0	0	0	0	8,266	7,783
Investments in Managed Funds	1,571	2,784	2,500	1,557	1,656	955
Goodwill	2,195	2,195	2,195	2,195	2,243	2,243
Other Assets	<u>6,093</u>	<u>6,909</u>	<u>6,844</u>	<u>4,327</u>	<u>4,119</u>	<u>3,795</u>
Total Assets	<u>17,646</u>	<u>18,996</u>	<u>30,217</u>	<u>28,168</u>	<u>36,735</u>	<u>37,796</u>
Accounts Payable/Accrued Liabilities	2,637	2,921	6,788	5,083	4,124	5,324
Other Current Liabilities	<u>954</u>	<u>622</u>	<u>3,224</u>	<u>2,512</u>	<u>3,655</u>	<u>3,427</u>
Total Current Liabilities	3,591	3,543	10,012	7,595	7,779	8,751
Convertible Debenture	1,139	1,168	1,551	1,242	0	0
Other Liabilities	80	22	24	16	3,059	2,294
Non-Controlling Interests	<u>4,337</u>	<u>5,033</u>	<u>5,432</u>	<u>5,790</u>	<u>1,482</u>	<u>2,463</u>
Total Liabilities	9,147	9,766	17,019	14,643	12,320	13,508
Shareholders' Equity	<u>8,499</u>	<u>9,230</u>	<u>13,198</u>	<u>13,525</u>	<u>24,415</u>	<u>24,288</u>
Total Liabilities & Equity	<u>17,646</u>	<u>18,996</u>	<u>30,217</u>	<u>28,168</u>	<u>36,735</u>	<u>37,796</u>
Cash Per Share	\$0.23	\$0.15	\$0.68	\$0.67	\$0.50	\$0.39
Book Value Per Share	\$0.41	\$0.44	\$0.61	\$0.62	\$0.86	\$0.85
Working Capital (\$000s)	4,196	3,565	8,666	12,494	12,672	14,269
Working Capital Ratio (times)	2.2	2.0	1.9	2.6	2.6	2.6

Source: eResearch and the Company's Accounts

COMMENT: IAM has always maintained a strong cash component. At the end of the latest fiscal year, it slipped a bit, but still continued to be a strong \$0.39 per share. In dollar terms, the cash position was \$11.1 million Working capital is equally good, and the working capital ratio is a satisfactory 2.6x over the past three fiscal years. Shareholders' equity (or book value) per share is \$0.85-\$0.86 in the latest two fiscal years.

COMMENT: The figures quoted above are for fiscal 2008 year-end. As will be shown in the ensuing tables, the Company's financial position deteriorated by the end of H1/2009.

FINANCIAL PROJECTIONS

Set out in the table on the ensuing page is the following financial information:

- the simple average figures for certain items over the fiscal years 2003-2008;
- fiscal 2008 results;
- last 12 months ending March 31/2009 (the end of the second quarter of fiscal 2009);
- last 6 months ending March 31/2009; and
- the eResearch estimates for the full year fiscal 2009.

Table 7A: Selected Financial Information and Estimates (Income)

Statement of Net Income (\$000s)	2003-2008 Average	Fiscal Year Sept/2008	Last 12 Mos. to Mar 31/09	Last 6 Mos. to Mar 31/09	Fiscal Year Sept/2009E
Total Gross Fees Earned	<u>26,174</u>	<u>25,066</u>	<u>22,070</u>	<u>7,612</u>	<u>16,000</u>
Management Fees	17,365	17,880	16,222	7,441	15,000
Expenses Assoc. with Mgmt Fees Earned		<u>(1,886)</u>	<u>(1,966)</u>	<u>(1,006)</u>	<u>(2,000)</u>
Net Management Fees	15,223	15,994	14,256	6,435	13,000
Margin: Management Fees	87.7%	89.5%	87.9%	86.5%	86.7%
Performance Fees	8,809	7,186	5,848	171	1,000
Expenses Assoc. with Perf Fees Earned		<u>(2,667)</u>	<u>(1,907)</u>	<u>(4)</u>	<u>(200)</u>
Net Performance Fees	4,889	4,519	3,941	167	800
Margin: Performance Fees	55.5%	62.9%	67.4%	97.7%	80.0%
Net Fees (Management and Performance)		20,513	18,197	6,602	13,800
Net Fees (% Management)		78.0%	78.3%	97.5%	94.2%
S,G,&A		(14,613)	(14,009)	(6,793)	(13,000)
S,G,&A as % of Gross Fees		<u>58.3%</u>	<u>63.5%</u>	<u>89.2%</u>	<u>81.3%</u>
EBITDA	4,053	5,900	4,188	(191)	800
EBITDA Margin	20.2%	23.5%	19.0%	-2.5%	5.0%
Depreciation and Amortization		(2,323)	(2,721)	(1,542)	(2,500)
Stock-Based Compensation		(182)	(151)	(65)	(120)
Other Non-Cash Items		<u>(61)</u>	<u>(84)</u>	<u>(71)</u>	<u>(75)</u>
EBIT		3,334	1,232	(1,869)	(1,895)
Interest Income		924	544	248	450
Interest Expense		<u>(64)</u>	<u>(21)</u>	<u>(9)</u>	<u>(25)</u>
EBT		4,194	1,755	(1,630)	(1,470)
Current Income Taxes		(2,212)	(1,262)	191	(100)
Future Income Taxes/Recovery		701	2,216	2,241	3,000
Tax Rate	36.9%	36.0%	16.0%	26.0%	31.5%
Non-Controlling Interest		<u>(1,027)</u>	<u>(761)</u>	<u>(6)</u>	<u>(50)</u>
Net Earnings, Continuing Operations	1,344	1,657	1,949	797	1,380
Extraordinary Items		0	(7,725)	(7,725)	(7,725)
Net Earnings, Discontinued Operations		<u>238</u>	<u>1,087</u>	<u>967</u>	<u>967</u>
Total Net Income		<u>1,895</u>	<u>(4,690)</u>	<u>(5,962)</u>	<u>(5,378)</u>
Total Shares Outstanding (000s)		28,568	28,346	28,346	28,346
Weighted Average Shares Outstanding (000s)		28,512	28,346	28,455	28,346
Earnings Per Share, Continuing Operations		\$0.06	\$0.07	\$0.03	\$0.05
Earnings Per Share, Total Net Income		\$0.07	(\$0.17)	(\$0.21)	(\$0.19)

Source: eResearch and the Company's Accounts

COMMENT: We have commented earlier on the H1/2009 results. They are repeated here for reference purposes and to ease understanding of the full-year fiscal 2009 projections. We expect total gross fees earned will decline 36% this year. Looking at the components, management fees are expected to drop 16% and performance fees 86%. Margins are expected to slip slightly for both components. Cost pressures will probably raise the S,G,&A percentage such that EBITDA could fall substantially over last year. The overall tax rate is expected to be down this year such that, after the minority interest, net earnings from continuing operations are anticipated to approach \$1,380,000, down close to 17% from the previous year. Earnings per share from continuing operations are forecast to fall to \$0.05 from \$0.06.

Table 7B: Selected Financial Information and Estimates (Cash Flow)

Statement of Cash Flow (\$000s)	2003-2008 Average	Fiscal Year Sept/2008	Last 12 Mos. to Mar 31/09	Last 6 Mos. to Mar 31/09	Fiscal Year Sept/2009E
Net Earnings	1,344	1,657	1,949	796	1,380
All Non-Cash Items		2,906	1,502	(555)	(255)
Cash Flow from Operations, Continuing	3,818	4,563	3,451	241	1,125
Investing Activities	(2,070)	(4,739)	(5,447)	(1,551)	(2,700)
Free Cash Flow		(176)	(1,996)	(1,310)	(1,575)
Working Capital Changes		459	(425)	(3,311)	(2,700)
Available for Dividends/Distributions		283	(2,421)	(4,621)	(4,275)
Dividends and Distributions	(1,405)	(2,409)	(2,969)	(1,826)	(1,826)
Equity Financing	597	80	0	0	0
Debt Financing	(69)	(1,143)	161	129	135
Cash Items from Discontinued Operations		376	67	(402)	(402)
Change in Cash		<u>(2,813)</u>	<u>(5,162)</u>	<u>(6,720)</u>	<u>(6,368)</u>
			0		
Cash, Beginning of the Period		15,387	11,016	12,573	12,573
Cash, End of the Period		12,573	5,854	5,854	6,206

Source: eResearch and the Company's Accounts

Table 7C: Selected Financial Information and Estimates (Balance Sheet)

Balance Sheet (\$000s)	2003-2008 Average	Fiscal Year Sept/2008	As at Mar/2009	Fiscal Year Sept/2009E
Cash	10,452	11,110	5,854	6,206
Accounts Receivable		4,749	3,013	2,500
Other Current Assets		7,161	2,314	2,300
Total Current Assets		23,020	11,181	11,006
Fund Management Contracts		7,783	6,305	6,200
Investments in Managed Funds		955	957	1,000
Goodwill		2,243	1,579	1,579
Other Assets		3,795	2,942	3,000
<u>Total Assets</u>	<u>28,260</u>	<u>37,796</u>	<u>22,964</u>	<u>22,785</u>
Accounts Payable/Accrued Liabilities		5,324	1,966	2,060
Other Current Liabilities		3,427	1,137	1,300
Total Current Liabilities		8,751	3,103	3,360
Convertible Debenture		0	0	0
Other Liabilities		2,294	2,107	2,300
Non-Controlling Interests		2,463	681	1,000
Total Liabilities		13,508	5,891	6,660
Shareholders' Equity	15,526	24,288	17,073	16,125
<u>Total Liabilities & Equity</u>	<u>28,260</u>	<u>37,796</u>	<u>22,964</u>	<u>22,785</u>
Cash Per Share	\$0.44	\$0.39	\$0.21	\$0.22
Book Value Per Share	\$0.63	\$0.85	\$0.60	\$0.57
Working Capital (\$000s)	9,310	14,269	8,078	7,646
Working Capital Ratio (times)	2.3	2.6	3.6	3.3

VALUATION

The business model of IAM is distinct in Canada as there is no other Canadian company that operates in all of the same business lines as IAM does. The best parallel in the United States is Fortress Investment Group LLC. This company went public in February 2007 (NYSE:FIG). The shares have been on a downward trend ever since, and the company has never made a quarterly profit. Thus, a financial comparison cannot be made.

In order to place a value on IAM, we have chosen to compare the company to three mutual fund companies, Investors Group Ltd., AGF Management Ltd., and CI Funds, and two investment counselors, Sceptre Investment Counsel Limited and Gluskin Sheff + Associates Inc.

The statistical measures we use for our comparison are the ratios of market capitalization to:

- (a) AUM;
- (b) Revenue;
- (c) EBITDA; and
- (d) Earnings

1. Current Intrinsic Value

The results for the comparative companies are shown along with IAM in Tables 8A and 8B.

Using the average of the comparative companies as references, we adjust the IAM parameters as shown in Table 8C.

COMMENT: <i>These adjustments, and the parameters indicated, are strictly determined and chosen by eResearch.</i>
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Applying these adjusted parameters, we recalculate IAM's market capitalization in each case and derive a value per share.

We weight these different methodologies, giving greatest importance to AUM and the least to Net Earnings. EBITDA and Revenue are the middle weightings.

The conclusion reached from this valuation exercise is that the current intrinsic value of IAM is \$1.00 per share.

2. Future Intrinsic Value

If IAM were to sell at: (a) the same average multiples of the mutual fund companies; and (b) the same average multiple of the investment counseling companies, its intrinsic value under these respective comparisons would be \$2.99 and \$3.06 per share respectively, as shown in Table 8D.

Table 8A: Valuation Input Factors

	Latest Reported AUM (\$000s)	Last 12 Months Revenue (\$000s)	Last 12 Months EBITDA (\$000s)	Last 12 Months Earnings (\$000s)	Shares O/S (000s)	Recent Share Price (\$)	Market Cap (\$000s)
Investors Group	98,976,100	2,549,589	1,471,100	653,123	262,481	40.38	10,598,983
AGF Management	32,601,000	669,191	267,000	78,085	88,540	12.44	1,101,438
CI Funds	78,000,000	1,415,759	629,300	364,786	292,518	18.80	5,499,338
Sceptre Investment	6,395,000	32,572	7,164	4,384	14,045	5.50	77,248
Gluskin Sheff	3,858,000	78,841	43,351	26,474	29,202	15.01	438,322
IAM	2,096,000	22,070	4,188	1,949	28,346	0.48	13,606

Source: eResearch and the Company's Accounts

Table 8B: Valuation Parameters

	Market Cap as % AUM (%)	Market Cap to Revenue (times)	Market Cap to EBITDA (times)	Market Cap to Earnings (times)
Investors Group	10.7%	4.2	7.2	16.2
AGF Management	3.4%	1.6	4.1	14.1
CI Funds	<u>7.1%</u>	<u>3.9</u>	<u>8.7</u>	<u>15.1</u>
Average	7.0%	3.2	6.7	15.1
Sceptre Investment	1.2%	2.4	10.8	17.6
Gluskin Sheff	<u>11.4%</u>	<u>5.6</u>	<u>10.1</u>	<u>16.6</u>
Average	6.3%	4.0	10.4	17.1
IAM	0.6%	0.6	3.2	7.0

Table 8C: Current Intrinsic Value

	Market Cap as % AUM (%)	Market Cap to Revenue (times)	Market Cap to EBITDA (times)	Market Cap to Earnings (times)
IAM (actual)	0.6%	0.6	3.2	7.0
IAM (eResearch adjusted)	1.5%	1.5	5.5	12.0
Corresponding Market Cap	31,440	33,105	23,034	23,384
Value Per Share	\$1.11	\$1.17	\$0.81	\$0.82
Valuation Weight (4 highest)	4	2	3	1
Weighted Average: Parameter	\$0.44	\$0.23	\$0.24	\$0.08
Weighted Average: Total	\$1.00			

Table 8D: Future Intrinsic Value

	Market Cap as % AUM (%)	Market Cap to Revenue (times)	Market Cap to EBITDA (times)	Market Cap to Earnings (times)
IAM (actual)	0.6%	0.6	3.2	7.0
IAM (avg: mutual funds) (A)	7.0%	3.2	6.7	15.1
IAM (avg: inv counsellors) (B)	6.3%	4.0	10.4	17.1
Corresponding Market Cap (A)	147,681	71,267	28,016	29,496
Value Per Share	\$5.21	\$2.51	\$0.99	\$1.04
Valuation Weight (4 highest)	4	2	3	1
Weighted Average: Parameter	\$2.08	\$0.50	\$0.30	\$0.10
Weighted Average: Total	\$2.99			
Corresponding Market Cap (B)	131,726	87,520	43,751	33,300
Value Per Share	\$4.65	\$3.09	\$1.54	\$1.17
Valuation Weight (4 highest)	4	2	3	1
Weighted Average: Parameter	\$1.86	\$0.62	\$0.46	\$0.12
Weighted Average: Total	\$3.06			

COMMENT: As shown in Table 8C, using the eResearch weightings, we calculate the intrinsic value for IAM currently to be \$1.00 per share. In Table 8D, when we apply the average of the valuation parameters of the three mutual fund companies, the intrinsic value is determined to be \$2.99 per share, and the average of the valuation parameters of the two investment counselor companies, the intrinsic value is determined to be \$3.06 per share.

TARGET PRICE

Although current stock market conditions have improved markedly since registering the March 6 lows, there still could be shocks ahead. Certainly there are now less hand-wringers about who subscribe to the dooms-day scenario that postulates the potential for a global depression akin to the 1930s.

After the sharp run-up of the past three months, a pause for consolidation, even a normal pull-back, seems warranted. Although the stimulus packages will eventually create their own problems, possibly rampant inflation and a significant decline in the value and status of the U.S. dollar, for the immediate future, we expect a gradual improvement in market sentiment and increasing investor interest in equity investment, including for the beleaguered financial sector.

Accordingly, we are setting a 12-months' Target Price for the shares of Integrated Asset Management Corp. of \$1.00. This is a revision to our previous price target of \$2.35, and reflects the sobering reality of changed investor attitudes and sentiment.

As an acquisition target, if any company were interested in purchasing IAM, we would expect any bid to resemble more closely the intrinsic values indicated by the comparables.

MANAGEMENT AND DIRECTORS

1. MANAGEMENT

(a) Integrated Asset Management Corp:

Victor Koloshuk, Chairman, President and Chief Executive Officer

Victor Koloshuk co-founded Koloshuk Farrugia Corp., a private mergers and acquisitions company, in 1988, and founded Integrated Asset Management Corp. in 1998. Mr. Koloshuk is the Chairman, President, and Chief Executive Officer of IAM. He is also Chairman of Integrated Partners. Mr. Koloshuk is a former Vice-President and Director of ScotiaMcLeod, having specialized in corporate finance, mergers, acquisitions and merchant banking.

Stephen Johnson, Chief Financial Officer

Stephen Johnson has been Vice-President of Koloshuk Farrugia Corp. since 1989, and Chief Financial Officer of IAM since 1998. Mr. Johnson is also Senior Vice-President of Integrated Partners, having held that position since 2001, and Chairman of Integrated Managed Futures Corp. He was previously with KPMG, CIBC, and Wood Gundy Limited.

(b) Integrated Private Debt Corp.

John Robertson, President and Chief Executive Officer

(c) Integrated Partners:

Victor Koloshuk, Chairman
Stephen Johnson, Senior Vice-President

(d) Integrated Managed Futures Corp.

Stephen Johnson, Chairman
Roland Austrup, President and Chief Executive Officer

(e) GPM (formerly Greiner-Pacaud Management):

Brent Chapman, President and Chief Executive Officer

(f) Grenier-Pacaud/Hamilton Management Inc.

Robert Hamilton, President

(g) BluMont Capital

Paul Perrow, President and Chief Executive Officer

2. DIRECTORS

Victor Koloshuk, Chairman; David Atkins; Brent Chapman; Bruce Day; Veronika Hirsch; Stephen Johnson; Donald Lowe; David Mather; Paul Perrow; and John Robertson.

<p>Conflict of Interest: Koloshuk Farrugia Corp., the largest shareholder of Integrated Asset Management Corp., in January 2009, sold its entire equity interest in eResearch Corporation, formerly Independent Equity Research Corp. There is no longer a conflict of interest for eResearch in its coverage of Integrated Asset Management Corp.</p>

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Each Research Analyst who was involved in the preparation of this Research Report hereby certifies that:

- (1) the views, opinions, and recommendations expressed in this Research Report reflect accurately the Research Analyst's personal views concerning any and all securities and issuers that are discussed herein and are the subject matter of this Research Report; and
- (2) the fees, earnings, or compensation, in any form, payable to the Research Analyst, is not and will not, directly or indirectly, be related to the specific views, opinions, and recommendations expressed by the Research Analyst in this Research Report.

eResearch analyst on this report:

Bob Weir, B. Comm, B.Sc., CFA. Bob Weir has 42 years of investment research and analytical experience in both the equity and fixed-income sectors, and in the commercial real estate industry. He was at Dominion Bond Rating Service (DBRS) from 1994 to 2001, latterly as Executive Vice-President responsible for conducting the day-to-day management affairs of the company. He joined eResearch in 2004.

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Buy:	Expected total return within the next 12 months is between 10% and 40%.
Speculative Buy:	Expected total return within the next 12 months is substantial, but Risk is High (see below).
Hold:	Expected total return within the next 12 months is between 0% and 10%.
Sell:	Expected total return within the next 12 months is negative.

eResearch Risk Rating System

A company may have some, but not necessarily all, of the following characteristics of a specific risk rating to qualify for that rating:

High Risk:	<p><i>Financial</i> - Little or no revenue and earnings, limited financial history, weak balance sheet, negative free cash flows, poor working capital solvency, no dividends.</p> <p><i>Operational</i> - Weak competitive market position, early stage of development, unproven operating plan, high cost structure, industry consolidating, business model/technology unproven or out-of-date.</p>
Medium Risk:	<p><i>Financial</i> - Several years of revenue and positive earnings, balance sheet in line with industry average, positive free cash flow, adequate working capital solvency, may or may not pay a dividend.</p> <p><i>Operational</i> - Competitive market position and cost structure, industry stable, business model/technology is well established and consistent with current state of industry.</p>
Low Risk:	<p><i>Financial</i> - Strong revenue growth and earnings over several years, stronger than average balance sheet, strong positive free cash flows, above average working capital solvency, company may pay (and stock may yield) substantial dividends or company may actively buy back stock.</p> <p><i>Operational</i> - Dominant player in its market, below average cost structure, company may be a consolidator, company may have a leading market/technology position.</p>

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