

INTEGRATED ASSET MANAGEMENT CORP.

Recommendation Buy
Risk High
Stock Price (Nov. 20, 2009) \$0.42
52-Week Range \$1.30 - \$0.20
Target Price (12 months) \$1.00
Potential Return 2.4x
Shares O/S 28.35 million
Market Cap \$11.91 million
50-day Average Volume 18,300
200-day Average Volume 20,900
Fiscal Year-End September 30
Symbol TSX: IAM
Website www.iamgroup.ca

Financial Data

Selected Income/Cash Flow

| \$000s; 12 months ended | Sep-07 | Sep-08 | Jun-09 |
|-------------------------|----------|----------|----------|
| Total Gross Fees | \$26,564 | \$25,066 | \$16,419 |
| Management Fees | \$17,195 | \$17,880 | \$16,243 |
| Performance Fees | \$9,369 | \$7,186 | \$176 |
| EBITDA | \$4,176 | \$5,900 | \$448 |
| Net Income, Cont. Ops. | \$1,545 | \$1,657 | \$84 |
| Cash Flow (CF) From Ops | \$4,674 | \$4,563 | \$974 |

Selected Balance Sheet

| | At Sep-07 | At Sep-08 | At Jun-09 |
|-----------------------|-----------|-----------|-----------|
| Cash (& Equivalents) | \$14,197 | \$11,110 | \$5,423 |
| Total Debt | \$0 | \$0 | \$0 |
| Shareholders' Equity | \$24,415 | \$24,288 | \$16,980 |
| Total Assets | \$36,735 | \$37,796 | \$23,180 |
| Enterprise Value | \$31,384 | \$26,028 | \$9,884 |
| Working Capital | \$12,672 | \$14,269 | \$8,156 |
| Working Capital Ratio | 2.63x | 2.63x | 3.30x |

Key Ratios

| | At Sep-07 | At Sep-08 | At Jun-09 |
|----------------------------|-----------|-----------|-----------|
| EBITDA Margin | 15.7% | 23.5% | 2.7% |
| Return on Equity (ROE) | 6.3% | 6.8% | 0.5% |
| Return on Assets (ROA) | 4.2% | 4.4% | 0.4% |
| Earnings Per Share | \$0.06 | \$0.06 | \$0.00 |
| Cash Flow Per Share | \$0.18 | \$0.16 | \$0.03 |
| Cash Per Share | \$0.50 | \$0.39 | \$0.19 |
| Equity Per Share | \$0.86 | \$0.85 | \$0.60 |
| Enterprise Value Per Share | \$1.10 | \$0.91 | \$0.35 |

Multiples

| | At Sep-07 | At Sep-08 | At Jun-09 |
|-------------------------|-----------|-----------|-----------|
| Price/ EPS | 27.16x | 22.37x | 182.22x |
| Price/ EBITDA | 10.91x | 6.29x | 34.17x |
| Price/ Cash Flow | 9.75x | 8.14x | 15.72x |
| Price/ Enterprise Value | 1.45x | 1.43x | 1.55x |

eResearch Analyst: Bob Weir, B.Sc., B.Comm, CFA

eResearch Corporation
56 Temperance Street
Suite 501
Toronto, ON M5H 3V5
Telephone: 416-643-7650
Toll Free: 877-856-0765



Source: www.bigcharts.com

UPFRONT

Since the general March 9th lows, the TSX Financials sector has risen 86%, whereas the shares of Integrated Asset Management Corp. ("IAM" or the "Company") are down 30%. When the Company demonstrates its ability to solve its two main challenges: (1) turning around its Retail Alternative Investments activities; and (2) resuming its growth in Assets Under Management ("AUM"), investor interest should return. When it does, the stock represents an excellent catch-up opportunity.

RECOMMENDATION

While short-term share performance could remain range-bound while the Company deals with its corporate challenges (described above), the shares of IAM probably have little downside risk from current levels, and considerable upside potential once there is visible evidence that the challenges are being solved.

TARGET PRICE

The stock has been range-bound for most of 2009 and, like a coiled spring, it is ready to break out on any positive corporate announcement. Our 12-month Target Price is maintained at \$1.00 per share, providing a potential return of 2.4x the current stock price. Insiders are buying.

PROFILE

Integrated Asset Management Corp. is a Toronto-based alternative asset management company, with approximately \$2.1 billion (as of June 30, 2009) in assets and committed capital under management in Real Estate, Private Corporate Debt, Private Equity, Managed Futures, and Retail Alternative Investments, and Mining Asset Management. IAM offers its asset management services to institutional, pension, and private clients.

HIGHLIGHTS

- Well-diversified in six key alternative asset classes, with private corporate debt the fastest-growing component.
- Strong, committed management teams in each asset class.
- History of good investment performance.
- High management participation in Company ownership.
- Well financed (no debt).
- Global financial market conditions have presented challenges in asset management operations.
- Dividend payout suspended (May 2009).
- Small public float.
- Low stock price prohibits some institutional holdings.

THE COMPANY

Integrated Asset Management Corp. offers alternative asset class management to institutional, pension, and private clients. IAM currently has \$2.05 billion of AUM (assets under management).

The Company's six alternative asset classes are as follows:

1. **Private Corporate Debt** (Integrated Private Debt Corp.)
2. **Private Equity** (Integrated Partners), includes Integrated Partners Holding GP1 Limited
3. **Real Estate** (GPM)
4. **Retail Alternative Investments** (BluMont Capital Corporation)
5. **Managed Futures** (Integrated Managed Futures Corp.)
6. **Mining Asset Management** (OreReserve Asset Management Inc.)

IAM owns 100% of each of the above, except for Integrated Partners Holding GP1 Limited (57.8%), Managed Futures (77.5%), and OreReserve Asset Management Inc. (51%).

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

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. Private debt is the fastest-growing of IAM's five asset classes.

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.

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.

Mining Asset Management

OreReserve Asset Management performs management and administrative functions, including merchant banking and consulting, and involving identifying, evaluating, and screening mining investment opportunities and performing due diligence on potential investments.

INVESTMENT CONSIDERATIONS**1. Strengths**

- Distinctive approach to asset management.
- Well-diversified in six 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. At June 30, 2009 (Q3), \$5.4 million cash and marketable securities of \$7.1M.

2. Challenges

- Ongoing difficult global financial markets make it a challenging time to be in asset management.
- AUM can be adversely affected by annual redemption provisions for some asset classes (e.g., BluMont).
- Top three functions of Chairman, President, and Chief Executive Officer rest in one person. For better governance, we believe there should be a separation of the Chairman and President/CEO positions.
- Loss of key employees would affect overall performance of the Company.

COMMENT: *Within the last twelve months, IAM has lost two key executives, neither of whom have been replaced: (1) George Engman resigned as CEO of Integrated Private Equity in December 2008; and (2) Paul Perrow resigned as CEO of BluMont Capital Corporation in August 2009.*

- Dividend payout has been suspended (May 2009) and could remain so for some time given the continuing difficult global financial markets. (For a comprehensive discussion on the dividend, see Dividend Payments on Page 8 in eResearch's June 16, 2009 *Update Report* on IAM: http://www.eresearch.ca/report/IAM_061609-U.pdf).
- Small public float. There are only 28.35 million shares outstanding. With "insiders" (management and directors) holding 51.9%, there are 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 20,900 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.

COMMENT: *In our opinion, share consolidation is usually, but not always, the "kiss of death" for the future share price. Management should concentrate on operations.*

VALUATION

The business model of IAM is distinct in Canada as there is no other Canadian company that operates in all of the same six 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). From issuance until the March 9 lows, the shares were on a downward trend, and have recovered only modestly since. The company has never made a quarterly profit. Thus, a financial comparison cannot be made.

As we did in our Update Report of June 16, 2009, in order to place a value on IAM, we compare the Company to: (1) three mutual fund companies, Investors Group Ltd., AGF Management Ltd., and CI Funds; and (2) 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

Current Intrinsic Value

The results for the comparative companies are shown, along with IAM, in Tables 1A and 1B.

Table 1A: Valuation Input Factors

| | Latest Reported AUM (\$millions) | Last 12 Months Revenue (\$millions) | Last 12 Months EBITDA (\$millions) | Last 12 Months Earnings (\$millions) | Shares O/S (millions) | Recent Share Price (\$) | Market Cap (\$millions) |
|--------------------|---|--|---|---|-----------------------------|----------------------------------|-------------------------------|
| Investors Group | 118,590 | 2,355 | 1,278 | 525 | 263.8 | 41.51 | 10,950 |
| AGF Management | 41,034 | 581 | 202 | 33 | 89.0 | 16.57 | 1,475 |
| CI Funds | 56,016 | 1,326 | 515 | 281 | 292.4 | 19.43 | 5,681 |
| Sceptre Investment | 7,243 | 27 | 4 | 2 | 14.0 | 5.85 | 82 |
| Gluskin Sheff | 4,461 | 69 | 35 | 21 | 29.2 | 22.05 | 644 |
| IAM | 2,052 | 16 | (4) | (7) | 28.3 | 0.46 | 13 |

Source: eResearch and the Company's Accounts

Table 1B: Valuation Parameters

| | Market Cap as % AUM (%) | Market Cap to Revenue (times) | Market Cap to EBITDA (times) | Market Cap to Earnings (times) |
|--------------------|----------------------------------|--|---------------------------------------|---|
| Investors Group | 9.2% | 4.6 | 8.6 | 20.9 |
| AGF Management | 3.6% | 2.5 | 7.3 | 44.7 |
| CI Funds | <u>10.1%</u> | <u>4.3</u> | <u>11.0</u> | <u>20.2</u> |
| Average | 7.7% | 3.8 | 9.0 | 28.6 |
| Sceptre Investment | 1.1% | 3.0 | 20.5 | 41.0 |
| Gluskin Sheff | <u>14.4%</u> | <u>9.3</u> | <u>18.4</u> | <u>30.7</u> |
| Average | 7.8% | 6.2 | 19.4 | 35.8 |
| IAM | 0.6% | 0.8 | (3.3) | (1.9) |

Using the average of the comparative companies as references, we adjust the IAM parameters as shown in Table 1C.

Table 1C: 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% | 0.8 | (3.3) | (1.9) |
| IAM (eResearch adjusted) | 1.5% | 1.5 | 5.5 | 12.0 |
| Corresponding Market Cap \$M | 31 | 24 | -22 | -84 |
| Value Per Share | \$1.09 | \$0.85 | (\$0.78) | (\$2.97) |
| Valuation Weight (4 highest) | 4 | 2 | 0 | 0 |
| Weighted Average: Parameter | \$0.44 | \$0.17 | \$0.00 | \$0.00 |
| Weighted Average: Total | \$1.01 | | | |

COMMENT: *These adjustments, and the parameters indicated, are determined and chosen solely by eResearch.*

Applying these adjusted parameters, we recalculate IAM's market capitalization in each case and derive a value per share.

We weight these different methodologies in Table 1C, giving greatest importance to AUM with a weight of 4. Since EBITDA and Net Earnings are negative, no weightings are assigned to them. If they did, their weightings would be 3 and 1 respectively. Revenue is given a weight of 2.

CONCLUSION

The conclusion reached from this valuation exercise is that the current intrinsic value of IAM is \$1.01 per share.

OUTLOOK

Although current stock market conditions have improved markedly since registering the March 6 lows, there still could be shocks ahead. Many market experts are expecting that there will be a meaningful market pull-back. Other pundits see the impressive rally continuing.

In our opinion, after the sharp run-up of the past six 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 to see considerable backing and filling within the overall context of a gradually improving market sentiment and increasing investor interest in equity investment.

In our previous *Update Report* on IAM (June 16, 2009), we set a 12-month Target Price of \$1.00 for IAM shares. This was a revision to our previous price target of \$2.35, and reflected the sobering reality of changed investor attitudes and sentiment. Our \$1.00 Target Price remains in place.

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

RECENT DEVELOPMENTS

September 25, 2009: Koloshuk Farrugia Corp. (KFC) announced that it had acquired 20,000 common shares of Integrated Asset Management Corp. (IAM) at \$0.475 per share (approximately 0.1% of the outstanding common shares of IAM), through the facilities of The Toronto Stock Exchange. This was disclosed because the trade triggered the 2% reporting rule, that is, from May until October, KFC purchased a total of 685,000 shares (which includes the 20,000) at prices ranging between \$0.40 and \$0.475. As a result of the total acquisition of shares, KFC is now the beneficial owner of 9,103,833 common shares of IAM, representing approximately 32.2% of the outstanding common shares.

August 10, 2009: Integrated Asset Management Corp. released its unaudited financial results for the third quarter of fiscal 2009 ended June 30, 2009.

August 5, 2009: The Company announced the resignation of Paul Perrow as a Director of IAM and as President and Chief Executive Officer of BluMont Capital, IAM's Retail Alternative Investments group.

July 14, 2009: Augen Capital Corp. announced that IAM had acquired an additional 740,000 common shares of Augen Capital in a series of purchases through the TSX Venture Exchange, thus bringing IAM's total ownership of Augen Capital Corp. to 2,539,000 common shares (6.9% of the issued and outstanding shares).

ASSETS UNDER MANAGEMENT

1. AUM in Fiscal 2009

At June 30, 2009, IAM's Assets Under Management were \$2.1 billion, down by approximately \$469 million compared with the same period of the previous year, and by about \$278 million from September 30, 2008. The decrease is primarily attributable to market depreciation and net redemptions in Retail Alternative Investments, negatively affected by conditions in the global financial markets. AUM dropped by about \$40 million during the three months ended June 30, 2009.

2. Historical AUM Growth (Fiscal 2003-2008)

Growth of IAM's Assets Under Management ("AUM") over the past five fiscal years is shown in the table below. 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 2: 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 | -20.5% | 0.0% | \$18.5 | \$18.5 | \$60.1 | \$65.8 | \$67.0 | \$58.2 |
| | 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) | 8.1% | -1.1% | \$750.3 | \$758.6 | \$702.6 | \$710.4 | \$591.0 | \$508.7 |
| 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 ("IPD") has seen an increase in demand for loans and at higher margins. This is expected to continue. IAM and IPD recently concluded two transactions: (1) On October 7, 2009, the closing of a C\$17 million long-term financing to an operator of a tri-generation energy facility; and (2) On October 14, 2009, the closing of two long-term debt financing totaling C\$25 million.*

- (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 are 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. In addition, the resignation of its CEO, Paul Perrow, in August 2009 adds further uncertainty and management challenges.*

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, 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.

COMMENT: *Management fees earned have been consistent (see Table 1 below). The improvement lies with the Company's ability to generate these consistent fees more efficiently.*

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.

COMMENT: *Performance fees are more volatile than management fees (see table below). 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 sizable gain from the retail operations.*

Table 3: Fees Received/EBITDA Margin

| | 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>(1,968)</u> | <u>(1,394)</u> | <u>(1,886)</u> |
| Net Management Fees | 11,629 | 13,863 | 16,061 | 17,987 | 15,801 | 15,994 |
| 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 |
| Total Fees | 12,125 | 16,640 | 28,846 | 23,436 | 19,106 | 20,513 |
| S,G,&A | <u>(13,063)</u> | <u>(15,858)</u> | <u>(19,183)</u> | <u>(18,703)</u> | <u>(14,930)</u> | <u>(14,613)</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% |

COMMENT: *EBITDA margins have ranged between 15% and 26% over the past four years.*

FINANCIAL RESULTS

1. Assets Under Management

| (000s, except Per Share) | As At <u>Jun-08</u> | As At <u>Sep-08</u> | As At <u>Dec-08</u> | As At <u>Mar-09</u> | As At <u>Jun-09</u> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|
| Assets/Committed Capital Under Management | \$2,590,000 | \$2,330,000 | \$2,149,000 | \$2,096,000 | \$2,052,000 |

Assets Under Management, at \$2.052 billion, on June 30, 2009 were down from \$2.096 billion at the end of the previous quarter of March 31, 2009, and down from \$2.330 billion at the September 30, 2008 fiscal year-end. The declining trend is primarily attributable to market depreciation and net redemptions in Retail Alternative Investments, negatively affected by difficult conditions in global financial markets that began in mid 2008.

2. Third-Quarter/Nine Months Fiscal 2009

(a) Revenues

| (\$000s) | 3 Months <u>Jun-09</u> | 3 Months <u>Jun-08</u> | 9 Months <u>Jun-09</u> | 9 Months <u>Jun-08</u> |
|------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Gross Management Fees | \$4,065 | \$4,044 | \$11,507 | \$13,143 |
| Gross Performance Fees | \$4 | \$5,676 | \$176 | \$7,186 |
| Other Revenue Items | \$122 | \$528 | \$299 | \$1,108 |
| Gross Revenue | \$4,191 | \$10,248 | \$11,982 | \$21,437 |

Source: Company and eResearch

Total revenues were \$4.2 million in Q3/F2009, compared with \$10.2 million in the same period of 2008, with the shortfall attributable to the lack of material performance fees in the current quarter; performance fees in Q3/F2008 totalled \$5.67 million, and were primarily from Real Estate Management. (IAM earns performance fees when investment returns outperform designated benchmarks.) Management fees, administration, and redemption fees were \$4.06 million in Q3/F2009, essentially unchanged from Q3/F2008. Management fees in Retail Alternative Investments declined with the significant decline in AUM, but there was an increase in fees in Private Corporate Debt and Real Estate Asset Management, as well as the first full quarter's revenues from OreReserve Asset Management Inc. (51%-owned by IAM).

(b) EBITDA

| | <u>Q3/2009</u> | <u>Q3/2008</u> | <u>9M/2009</u> | <u>9M/2008</u> |
|---------------------------------------|----------------|----------------|----------------|----------------|
| Management Fees | 4,065 | 4,044 | 11,507 | 13,143 |
| Expenses Assoc. with Mgmt Fees Earned | (358) | (513) | (1,364) | (1,440) |
| Net Management Fees | 3,707 | 3,531 | 10,143 | 11,703 |
| Performance Fees | 4 | 5,676 | 176 | 7,186 |
| Expenses Assoc. with Perf Fees Earned | 0 | (2,010) | (4,212) | (2,774) |
| Net Performance Fees | 4 | 3,666 | (4,036) | 4,412 |
| Total Fees | 3,711 | 7,197 | 6,107 | 16,115 |
| S,G,&A | (3,642) | (3,388) | (10,435) | (10,786) |
| EBITDA (eResearch adjusted) | 69 | 3,809 | (4,328) | 5,329 |
| EBITDA Margin (adjusted) | 1.7% | 39.2% | neg | 26.2% |

Source: Company and eResearch

Gross management fees were little changed in the latest quarter. Net management fees rose slightly in Q3/2009 compared to Q3/2008, but were down slightly on a nine-month basis.

Gross performance fees were down significantly in Q3/2009 and net performance fees were actually negative for the nine-month period.

COMMENT: *In the above table, EBITDA shown has been adjusted by eResearch and, therefore, does not conform to IAM's reported results; eResearch does not include in EBITDA the non-operating items: "Interest and other income", Stock-based compensation", and "Impairment of goodwill and fund management contracts".*

After taking into account S,G,&A, (adjusted) EBITDA was down significantly in Q3/2009. For the nine-month period, EBITDA was a sizable negative in F2009. Lower AUM and, in particular, the huge decrease in revenue from Retail Alternative Investments (BluMont) accounts for the decreases reported.

IAM has undertaken some initiatives to reduce corporate costs, including the merging of smaller retail funds. IAM's profitability has remained relatively stable on a year-over-year basis, as the BluMont Capital losses have been offset by increased profitability at IAM's other businesses.

(c) Working Capital

At the end of the quarter, the Company was in a strong working capital position. Cash and marketable securities totalled \$7.1 million, and IAM has no debt. In the current tentative economic climate, there could be acquisition and merger opportunities requiring a cash investment, and this possibility, along with the challenges at BluMont Capital, led to IAM's decision to suspend the semi-annual dividend that would have been paid in June 2009.

FINANCIAL REVIEW AND OUTLOOK

Set out on the following page is a statement of Net Income for IAM for the fiscal year 2008 to September 30, 2008, the "trailing twelve months to June 30, 2009, and the eResearch estimate for fiscal 2009 to September 30, 2009. The statement is presented in a format designed by eResearch, and is not a replication of the filing done by the Company.

Table 4: Statement of Net Income (eResearch format)

| Statement of Net Income (\$000s) | 2003-2008 Average | Fiscal Year Sept/2008 | Last 12 Mos. to Jun 30/09 | Fiscal Year Sept/2009E |
|--|----------------------|--------------------------|------------------------------|---------------------------|
| Total Gross Fees Earned | <u>26,174</u> | <u>25,066</u> | <u>16,419</u> | <u>16,600</u> |
| Management Fees | 17,365 | 17,880 | 16,243 | 15,600 |
| Expenses Assoc. with Mgmt Fees Earned | | <u>(1,886)</u> | <u>(1,811)</u> | <u>(2,000)</u> |
| Net Management Fees | 15,223 | 15,994 | 14,432 | 13,600 |
| Performance Fees | 8,809 | 7,186 | 176 | 1,000 |
| Expenses Assoc. with Perf Fees Earned | | <u>(2,667)</u> | <u>103</u> | <u>(200)</u> |
| Net Performance Fees | 4,889 | 4,519 | 279 | 800 |
| Net Fees (Management and Performance) | | 20,513 | 14,711 | 14,400 |
| Net Fees (% Management) | | 78.0% | 98.1% | 94.4% |
| S,G,&A | | (14,613) | (14,263) | (14,000) |
| S,G,&A as % of Gross Fees | | <u>58.3%</u> | <u>86.9%</u> | <u>84.3%</u> |
| EBITDA | 4,053 | 5,900 | 448 | 400 |
| EBITDA Margin | 20.2% | 23.5% | 2.7% | 2.4% |
| Depreciation and Amortization | | (2,323) | (2,438) | (2,500) |
| Stock-Based Compensation | | (182) | (133) | (120) |
| Other Non-Cash Items | | <u>(61)</u> | <u>(515)</u> | <u>(75)</u> |
| EBIT | | 3,334 | (2,638) | (2,295) |
| Interest Income | | 924 | 572 | 450 |
| Interest Expense | | <u>(64)</u> | <u>(24)</u> | <u>(25)</u> |
| EBT | | 4,194 | (2,090) | (1,870) |
| Current Income Taxes | | (2,212) | (23) | (100) |
| Future Income Taxes/Recovery | | 701 | 2,154 | 3,000 |
| Tax Rate | 36.9% | 36.0% | 21.7% | 30.2% |
| Non-Controlling Interest | | <u>(1,027)</u> | <u>42</u> | <u>(50)</u> |
| Net Earnings, Continuing Operations | 1,344 | 1,657 | 83 | 980 |
| Extraordinary Items | | 0 | (7,725) | (7,725) |
| Net Earnings, Discontinued Operations | | <u>238</u> | <u>1,043</u> | <u>967</u> |
| Total Net Income | | <u>1,895</u> | <u>(6,601)</u> | <u>(5,778)</u> |
| Total Shares Outstanding (000s) | | 28,568 | 28,346 | 28,346 |
| Weighted Average Shares Outstanding (000s) | | 28,512 | 28,346 | 28,346 |
| Earnings Per Share, Continuing Operations | | \$0.06 | \$0.00 | \$0.03 |
| Earnings Per Share, Total Net Income | | \$0.07 | (\$0.23) | (\$0.20) |

COMMENT: As shown, like other specialized financial services companies, FY2009 was a difficult year for IAM. We are expecting that there was some improvement in Q4, such that the full fiscal year's figures will be slightly better than those of the "trailing twelve months" to June 30th. But this will not go down as a banner year for IAM. The Company has done quite well in generating management fees, but its "gravy", the performance fees, have been almost non-existent. As the economy recovers and as the stock market stabilizes, IAM should be able to regain its ability to generate noteworthy performance fees. On a per share basis, we are looking for \$0.03 in FY2009 compared to \$0.06 in FY2008. The "Extraordinary Item" of \$7.7 million relates to the one-time write-down taken in Q2 for the Company's acknowledgement of a permanent impairment of goodwill and its fund management contracts.

Table 5: Statement of Cash Flow (eResearch format)

| Statement of Cash Flow (\$000s) | 2003-2008 <u>Average</u> | Fiscal Year <u>Sept/2008</u> | Last 12 Mos. <u>to Jun 30/09</u> | Fiscal Year <u>Sept/2009E</u> |
|---|------------------------------------|--|--|---|
| Net Earnings | 1,344 | 1,657 | 83 | 980 |
| All Non-Cash Items | | <u>2,906</u> | 891 | <u>(255)</u> |
| Cash Flow from Operations, Continuing | 3,818 | 4,563 | 973 | 725 |
| Investing Activities | (2,070) | <u>(4,739)</u> | <u>(32)</u> | <u>(2,700)</u> |
| Free Cash Flow | | (176) | 941 | (1,975) |
| Working Capital Changes | | <u>459</u> | <u>(5,273)</u> | <u>(2,700)</u> |
| Available for Dividends/Distributions | | 283 | (4,332) | (4,675) |
| Dividends and Distributions | (1,405) | (2,409) | (1,826) | (1,826) |
| Equity Financing | 597 | 80 | 0 | 0 |
| Debt Financing | (69) | (1,143) | 168 | 135 |
| Cash Items from Discontinued Operations | | <u>376</u> | <u>214</u> | <u>(402)</u> |
| Change in Cash | | <u>(2,813)</u> | <u>(5,776)</u> | <u>(6,768)</u> |
| Cash, Beginning of the Period | | <u>15,387</u> | <u>11,199</u> | <u>12,573</u> |
| Cash, End of the Period | | 12,573 | 5,423 | 5,806 |

COMMENT: *The cash flow statement shows that there has been a substantial drain in cash resources, which is one of the reasons that the Company eliminated its semi-annual dividend last June.*

| Balance Sheet (\$000s) | 2003-2008 <u>Average</u> | Fiscal Year <u>Sept/2008</u> | As at <u>Jun/2009</u> | Fiscal Year <u>Sept/2009E</u> |
|--------------------------------------|------------------------------------|--|---------------------------------|---|
| Cash | 10,452 | 11,110 | 5,423 | 5,806 |
| Accounts Receivable | | 4,749 | 3,543 | 2,500 |
| Other Current Assets | | <u>7,161</u> | <u>2,739</u> | <u>2,300</u> |
| Total Current Assets | | 23,020 | 11,705 | 10,606 |
| Fund Management Contracts | | 7,783 | 6,063 | 6,200 |
| Investments in Managed Funds | | 955 | 1,011 | 1,000 |
| Goodwill | | 2,243 | 1,578 | 1,579 |
| Other Assets | | <u>3,795</u> | <u>2,823</u> | <u>3,000</u> |
| Total Assets | <u>28,260</u> | <u>37,796</u> | <u>23,180</u> | <u>22,385</u> |
| Accounts Payable/Accrued Liabilities | | 5,324 | 2,263 | 2,060 |
| Other Current Liabilities | | <u>3,427</u> | <u>1,286</u> | <u>1,300</u> |
| Total Current Liabilities | | 8,751 | 3,549 | 3,360 |
| Convertible Debenture | | 0 | 0 | 0 |
| Other Liabilities | | 2,294 | 1,992 | 2,300 |
| Non-Controlling Interests | | <u>2,463</u> | <u>659</u> | <u>1,000</u> |
| Total Liabilities | | 13,508 | 6,200 | 6,660 |
| Shareholders' Equity | <u>15,526</u> | <u>24,288</u> | <u>16,980</u> | <u>15,725</u> |
| Total Liabilities & Equity | <u>28,260</u> | <u>37,796</u> | <u>23,180</u> | <u>22,385</u> |
| Cash Per Share | \$0.44 | \$0.39 | \$0.19 | \$0.20 |
| Book Value Per Share | \$0.63 | \$0.85 | \$0.60 | \$0.55 |
| Working Capital (\$000s) | 9,310 | 14,269 | 8,156 | 7,246 |
| Working Capital Ratio (times) | 2.3 | 2.6 | 3.3 | 3.2 |

COMMENT: *The book value per share \$0.60 exceeds the current share price of \$0.46.*

KEY SHAREHOLDERS

The largest shareholder of IAM, with an approximate 32.2% (as of September 2009) 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, while Stephen Johnson is IAM's Chief Financial Officer.

In total, Victor Koloshuk has direct and indirect voting control over approximately 32.2% 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%. IAM has only one class of common share, and each share is fully voting.

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.*

MANAGEMENT AND DIRECTORS

1. MANAGEMENT

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.

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.

Integrated Private Debt Corp.

John Robertson, President and Chief Executive Officer

Integrated Partners

Victor Koloshuk, Chairman
Stephen Johnson, Senior Vice-President

Integrated Managed Futures Corp.

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

GPM (formerly Greiner-Pacaud Management):

Brent Chapman, President and Chief Executive Officer

Grenier-Pacaud/Hamilton Management Inc.

Robert Hamilton, President

BluMont Capital Corporation

Victor Koloshuk, Chairman
Veronica Hirsch, Chief Investment Officer

OreReserve Asset Management Inc.

David Mason, President and Chief Executive Officer

2. DIRECTORS

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

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.

CORPORATE

Integrated Asset Management Corp.
70 University Avenue
Suite 1200
Toronto, Ontario M5J 2M4
Canada

Telephone
416-360-7667

Fax
416-360-7446

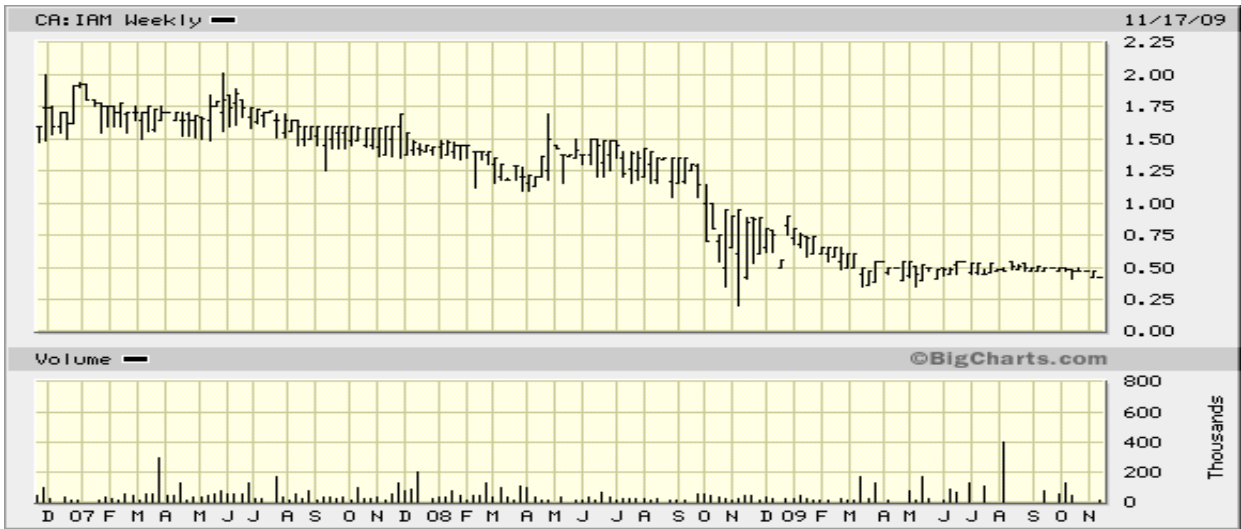
E-mail
info@iamgroup.ca

Web Site
www.iamgroup.ca

STOCK CHARTS

1. Three-Year Chart

Integrated Asset Management’s three-year stock chart shows that the stock often trades for extended periods within a narrow range. This was true for most of 2007, and 2009 is even more distinct.



Source: bigcharts.com

2. Three-Month Chart

The three-month stock chart shows that the stock moved within a narrow band between \$0.42 and \$0.55 per share, with the bulk of the trading taking place between \$0.45 and \$0.50.



Source: bigcharts.com

COMMENT: Like a coiled spring, particularly evident on the three-year and one-year (page 1) charts, IAM’s stock is going to break out. To the upside? Or to the downside? With the economy recovering, and with IAM dealing with its identified problems, we believe the answer is To the Upside, towards our \$1.00 Target Price.

ANALYST CERTIFICATION

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.Sc., B.Comm, CFA. Bob Weir has 43 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 supervising the firm's 34 analysts and conducting the day-to-day management affairs of the company. He joined eResearch in 2004 and has been its President, CEO, and Managing Director, Research Services since May 2005.

eRESEARCH ANALYST GROUP

Managing Director, Research Services: Bob Weir, CFA

Financial Services

Robin Cornwell

Biotechnology/Health Care

Scott Davidson

Transportation & Environmental Services/Industrial Products

Bill Campbell

Oil & Gas

Eugene Bukoveczky

Achille Desmarais

Eric Eng

Special Situations

Bill Campbell

Bob Leshchyshen

Nick Smart

Mining & Metals

George Cargill

Eric Eng

Kirsten Marion

Shash Patel

Oliver Schatz

Graham Wilson

Michael Wood

eResearch Disclaimer: *In keeping with the policies of eResearch concerning its strict independence, all of the opinions expressed in this report, including the selection of the 12-month Target Price and the Recommendation (Buy-Hold-Sell) for the Company's shares, are strictly those of eResearch, and are free from any influence or interference from any person or persons at the Company. In the preparation of a research report, it is the policy of eResearch to send a draft copy of the report, without divulging the Target Price or Recommendation or any reference to either in the text of the report, to the Company and to any third party that paid for the report to be written. Comments from Company management are restricted to correcting factual errors, and ensuring that there are no misrepresentations or confidential, non-public information contained in the report. eResearch, in its sole discretion, judges whether to include in its final report any of the suggestions made on its draft report.*

eResearch Recommendation System

| | |
|-------------------------|---|
| Strong Buy: | Expected total return within the next 12 months is at least 40%. |
| 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> |

eResearch Disclosure Statement

eResearch is registered with the Ontario Securities Commission as an Exempt Market Dealer. eResearch operates two business segments: (1) the provision of equity research to the investment community; and (2) the offering of its abilities to assist companies raise capital. The research activities and operations of eResearch are carried out solely by its Research Services division, which provides published research and analysis to the investing public on its website (www.eresearch.ca), through its extensive electronic distribution network, and through newswire agencies. eResearch makes all reasonable efforts to provide its research, via e-mail, simultaneously to all subscribers. The capital raise activities and operations of eResearch are carried out solely by its Capital Services division, which engages only in capital market services with Corporate Issuers and Accredited Investors. eResearch does not manage money or trade with the general public which, combined with the full disclosure of all fee arrangements, the strict application of its Best Practices Guidelines, and the creation of an effective "Ethical Wall" between the Research Services and the Capital Services divisions, should eliminate potential conflicts of interest.

eResearch accepts fees from the companies it researches (the "Covered Companies"), and from financial institutions or other third parties. The purpose of this policy is to defray the cost of researching small and medium capitalization stocks which otherwise receive little or no research coverage.

Integrated Asset Management Corp. paid eResearch a fee of \$20,000+GST to conduct research on the Company on an Annual Continual Basis.

To ensure complete independence and editorial control over its research, eResearch follows certain business practices and compliance procedures. For instance, fees from Covered Companies are due and payable prior to the commencement of research.

All Analysts are required to sign a contract with eResearch prior to engagement, and agree to adhere at all times to the CFA Institute Code of Ethics and Standards of Professional Conduct. eResearch analysts are compensated on a per-report, per-company basis and not on the basis of his/her recommendations. Analysts are not allowed to accept any fees or other consideration from the companies they cover for eResearch. Analysts are allowed to trade in the shares, warrants, convertible securities or options of companies they cover for eResearch only under strict, specified conditions, which are no less onerous than the guidelines postulated by IIROC. Similarly, eResearch, its officers and directors, are allowed to trade in shares, warrants, convertible securities or options of any of the Covered Companies under identical restrictions.

eResearch makes all reasonable efforts to provide its research, via e-mail, simultaneously to all subscribers.