
IG AGF Canadian Balanced Fund
Interim Financial Statements
For the six-month period ended September 30, 2009

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund in accordance with Canadian generally accepted auditing standards.

STATEMENTS OF NET ASSETS

at September 30, 2009 (unaudited) with comparative figures at March 31, 2009
(in \$ thousands except per unit amounts)

	September 30 2009	March 31 2009
Assets:		
Investments	502,028	386,651
Cash and cash equivalents	67,595	130,922
Accrued interest and dividends receivable	2,462	2,789
Taxes recoverable (payable)	25	29
Accounts receivable for securities sold	135	62
Due from brokers	13,108	-
Due from manager	10	51
Due from other funds	-	-
Net receivable for variation on futures contracts	-	-
Unrealized gains on forward contracts and other derivatives	-	-
Other assets	-	-
	83,335	133,853
Total assets	585,363	520,504
Liabilities:		
Bank overdraft	-	-
Due to brokers	-	-
Accounts payable for securities redeemed	14	2
Accrued expenses	6	6
Due to other funds	-	-
Liability for options written	-	-
Unrealized losses on forward contracts and other derivatives	-	-
Other liabilities	-	-
Total liabilities	20	8
Net assets	585,343	520,496

Net assets per series, end of period

Series A	157,889	109,366
Series B	17,093	10,717
Series C	410,361	400,413

Net assets per unit, end of period

Series A	18.41	18.29
Series B	18.27	18.16
Series C	18.20	18.10

STATEMENTS OF OPERATIONS

for the six-month periods ended September 30 (unaudited)
(in \$ thousands except per unit amounts)

	2009	2008
Income:		
Dividends	2,052	3,897
Trust income	-	-
Interest and other income	4,215	4,403
Income (loss) from derivatives	-	-
Securities lending	63	38
Foreign withholding taxes	4	(132)
	6,334	8,206
Expenses:		
Management fees	6,315	5,839
Service fees	1,244	1,242
Service fee rebates	(775)	(886)
Administration fees	586	455
Trustee fees	140	130
Goods and services tax	352	321
Other	20	17
	7,882	7,118
Net income (loss)	(1,548)	1,088
Realized gain (loss)	(1,852)	15,049
Unrealized gain (loss)	8,251	(61,711)
Commissions and other portfolio transaction costs	(947)	(492)
Net realized and unrealized gain (loss) from investments and foreign exchange	5,452	(47,154)
Net increase (decrease) in net assets from operations	3,904	(46,066)

Net increase (decrease) in net assets from operations per series

Series A	827	(7,390)
Series B	84	(823)
Series C	2,993	(37,853)

Net increase (decrease) in net assets from operations per unit

Series A	0.12	(1.76)
Series B	0.11	(1.76)
Series C	0.13	(1.71)

STATEMENTS OF CHANGES IN NET ASSETS

for the six-month periods ended September 30 (unaudited) (in \$ thousands except when stated)

	2009	2008
Series A		
Net assets, beginning of period	109,366	69,033
Increase (decrease) in net assets resulting from:		
Operations	827	(7,390)
Distributions:		
Income	-	-
Capital gains	-	-
Total distributions	-	-
Unit transactions:		
Proceeds from sale of units	60,441	16,088
Reinvested from distributions	-	-
Payment on redemption of units	(12,745)	(4,086)
Total unit transactions	47,696	12,002
Increase (decrease) in net assets	48,523	4,612
Net assets, end of period	157,889	73,645

Series B		
Net assets, beginning of period	10,717	6,598
Increase (decrease) in net assets resulting from:		
Operations	84	(823)
Distributions:		
Income	-	-
Capital gains	-	-
Total distributions	-	-
Unit transactions:		
Proceeds from sale of units	8,792	3,236
Reinvested from distributions	-	-
Payment on redemption of units	(2,500)	(1,060)
Total unit transactions	6,292	2,176
Increase (decrease) in net assets	6,376	1,353
Net assets, end of period	17,093	7,951

Series C		
Net assets, beginning of period	400,413	440,274
Increase (decrease) in net assets resulting from:		
Operations	2,993	(37,853)
Distributions:		
Income	-	-
Capital gains	-	-
Service fee rebates	(775)	(886)
Total distributions	(775)	(886)
Unit transactions:		
Proceeds from sale of units	31,903	8,305
Reinvested from distributions	865	924
Payment on redemption of units	(25,038)	(22,311)
Total unit transactions	7,730	(13,082)
Increase (decrease) in net assets	9,948	(51,821)
Net assets, end of period	410,361	388,453

	2009	2008
Total		
Net assets, beginning of period	520,496	515,905
Increase (decrease) in net assets resulting from:		
Operations	3,904	(46,066)
Distributions:		
Income	-	-
Capital gains	-	-
Service fee rebates	(775)	(886)
Total distributions	(775)	(886)
Unit transactions:		
Proceeds from sale of units	101,136	27,629
Reinvested from distributions	865	924
Payment on redemption of units	(40,283)	(27,457)
Total unit transactions	61,718	1,096
Increase (decrease) in net assets	64,847	(45,856)
Net assets, end of period	585,343	470,049

Increase (decrease) in units (in thousands):

Series A		
Units outstanding, beginning of period	5,978	3,516
Add (deduct):		
Units sold	3,293	813
Reinvested from distributions	-	-
Units redeemed	(698)	(208)
Units outstanding, end of period	8,573	4,121

Series B		
Units outstanding, beginning of period	590	338
Add (deduct):		
Units sold	483	165
Reinvested from distributions	-	-
Units redeemed	(137)	(55)
Units outstanding, end of period	936	448

Series C		
Units outstanding, beginning of period	22,119	22,620
Add (deduct):		
Units sold	1,757	421
Reinvested from distributions	48	47
Units redeemed	(1,385)	(1,143)
Units outstanding, end of period	22,539	21,945

STATEMENT OF INVESTMENTS

at September 30, 2009 (unaudited)

	Country	Sector	No. of Units, Shares, or Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
FIXED INCOME					
Canada Housing Trust 4.55% 12-15-12	Canada	Federal Government	15,820,000	15,821	16,974
Canadian Western Bank 5.55% 11-20-09	Canada	Corporate - Non Convertible	4,565,000	4,565	4,587
Canadian Western Bank 5.43% 11-21-15	Canada	Corporate - Non Convertible	2,000,000	2,000	2,360
Government of Canada 2.75% 12-01-10	Canada	Federal Government	21,357,000	21,442	21,880
Government of Canada 1.00% 09-01-11	Canada	Federal Government	19,775,000	19,586	19,676
Government of Canada 2.00% 09-01-12	Canada	Federal Government	16,979,000	16,992	17,031
Government of Canada 5.25% 06-01-13	Canada	Federal Government	7,292,000	7,652	8,080
Government of Canada 3.75% 06-01-19	Canada	Federal Government	20,566,000	22,038	21,309
Government of Canada 3.50% 06-01-20	Canada	Federal Government	17,700,000	17,523	17,718
Government of Canada 8.00% 06-01-23	Canada	Federal Government	7,910,000	11,581	11,470
Government of Canada 5.75% 06-01-33	Canada	Federal Government	14,317,000	17,986	18,268
Government of Canada 5.00% 06-01-37	Canada	Federal Government	18,114,000	22,673	21,673
Ontario Strategic Infrastructure Financing Authority 4.60% 06-01-15	Canada	Provincial Governments	1,733,000	1,729	1,837
Province of Ontario 4.50% 03-08-15	Canada	Provincial Governments	3,955,000	4,006	4,249
Province of Ontario 5.60% 06-02-35	Canada	Provincial Governments	8,123,000	8,394	9,322
Province of Quebec 5.75% 12-01-36	Canada	Provincial Governments	3,955,000	4,674	4,571
				<u>198,662</u>	<u>201,005</u>
EQUITIES					
Agnico-Eagle Mines Ltd.	Canada	Materials	233,582	11,625	16,911
American Water Works Co. Inc.	United States	Utilities	145,672	3,367	3,104
Arch Coal Inc.	United States	Energy	238,980	4,542	5,656
BCE Inc.	Canada	Telecommunication Services	300,000	7,840	7,917
Bank of Montreal	Canada	Financials	224,700	11,636	12,172
The Bank of Nova Scotia	Canada	Financials	384,500	17,485	18,752
Canadian Imperial Bank of Commerce	Canada	Financials	136,730	9,100	8,927
Canadian National Railway Co.	Canada	Industrials	22,579	1,095	1,184
Canadian Natural Resources Ltd.	Canada	Energy	172,053	11,599	12,372
Central Fund of Canada Ltd. Class A	Canada	Materials	628,518	8,407	8,894
EOG Resources Inc.	United States	Energy	111,540	9,233	9,969
Eldorado Gold Corp.	Canada	Materials	2,112,543	18,958	25,667
Enbridge Inc.	Canada	Energy	38,635	1,530	1,606
EnCana Corp.	Canada	Energy	27,000	1,528	1,674
GLV Inc. Class A Sub. voting	Canada	Industrials	93,077	1,125	782
Goldcorp Inc.	Canada	Materials	412,569	11,957	17,728
Kinross Gold Corp.	Canada	Materials	425,626	8,545	9,883
Loblaw Companies Ltd.	Canada	Consumer Staples	198,481	6,107	6,264
Manulife Financial Corp.	Canada	Financials	490,115	12,433	11,013
MetLife Inc.	United States	Financials	250,077	9,437	10,188
Newmont Mining Corp. Holding Co.	United States	Materials	172,570	6,767	8,131
PG&E Corp.	United States	Utilities	101,205	4,449	4,382
Peabody Energy Corp.	United States	Energy	124,720	4,452	4,961
PepsiCo Inc.	United States	Consumer Staples	27,537	1,977	1,729
Potash Corp. of Saskatchewan Inc.	Canada	Materials	43,790	4,539	4,239
Randgold Resources Ltd. ADR	United Kingdom	Materials	89,637	4,573	6,699
Red Back Mining Inc.	Canada	Materials	981,809	10,598	11,801
Research In Motion Ltd.	Canada	Information Technology	81,192	7,019	5,870
Rogers Communications Inc. Class B non-voting	Canada	Telecommunication Services	64,837	1,617	1,960
Royal Bank of Canada	Canada	Financials	224,400	11,425	12,903
Shoppers Drug Mart Corp.	Canada	Consumer Staples	58,146	2,518	2,550
Storm Exploration Inc.	Canada	Energy	280,602	3,323	4,122
Suncor Energy Inc.	Canada	Energy	319,892	11,623	11,852
Talisman Energy Inc.	Canada	Energy	258,373	3,490	4,785
Teck Resources Ltd. Class B Sub. voting	Canada	Materials	173,468	4,722	5,116
TransCanada Corp.	Canada	Energy	77,328	2,822	2,570
Trican Well Service Ltd.	Canada	Energy	23,367	301	324
Tristar Oil & Gas Ltd.	Canada	Energy	330,079	3,434	5,149
WesternZagros Resources Ltd.	Canada	Energy	995,338	1,293	2,150
XTO Energy Inc.	United States	Energy	205,263	9,384	9,067
				<u>267,875</u>	<u>301,023</u>
COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS				(535)	-
TOTAL INVESTMENTS				<u>466,002</u>	<u>502,028</u>
Net Assets:					
Total investments					502,028
Cash and cash equivalents					67,595
Other net assets (liabilities)					15,720
					<u>585,343</u>

¹ This security is not actively traded.

See accompanying notes to financial statements.

1 Organization of the Fund, fiscal periods and general information

(a) Organization of the Fund and fiscal periods

The Fund is organized as an open-ended mutual fund trust. The Fund is authorized to issue an unlimited number of units of multiple series. Series F, P, S and Z units are only available for purchase by other Investors Group Funds or other accredited institutional investors. All series generally share in the operations of the Fund, including net income, realized gain (loss) and unrealized gain (loss), on a pro rata basis except for items that can be specifically attributed to one or more series. Distributions for each series may vary, partly due to the differences in expenses between the series.

The financial statements of the Fund are presented as at and for the six-month periods ended September 30, 2009 and 2008, except for the comparative information presented in the Statement of Net Assets which is as of March 31, 2009. If applicable, financial results for the Fund or series established during the periods are presented from the date operations commenced to September 30, as applicable, of that fiscal period.

Effective after the close of business on September 30, 2008, the Fund changed its financial year-end from September 30 to March 31.

(b) General information

I.G. Investment Management, Ltd. is the Manager and Trustee of the Fund. The Fund is distributed by Investors Group Financial Services Inc. and Investors Group Securities Inc. (collectively, the "Distributors"). These companies are, indirectly, wholly owned subsidiaries of IGM Financial Inc.

IGM Financial Inc. is a subsidiary of Power Financial Corp. and Power Corporation of Canada. Power Financial Corp. also owns a majority of Great-West Lifeco Inc. and its related companies and, therefore, those companies are considered affiliates of the Trustee, the Manager and the Distributors. The Fund may invest in certain securities within the Power Group of Companies, subject to certain governance criteria, and these holdings, as of September 30, 2009, have been identified on the Statement of Investments for the Fund. Any transactions during the period were executed through market intermediaries and under prevailing market terms and conditions.

The Fund, from time to time, may enter into security trades with other Funds which have the same Manager. These trades are executed through market intermediaries and under prevailing market terms and conditions.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). GAAP requires Management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from such estimates. The notes to these interim financial statements may be presented in a condensed or summarized format and, therefore, should be read in conjunction with the Fund's March 31, 2009 annual financial statements. These interim financial statements follow the same accounting policies and methods of their application as those used in preparing the annual financial statements. The significant accounting policies of the Fund are as follows:

(a) Valuation of investments

Investments are deemed to be held for trading in accordance with CICA Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value. Investment purchase and sale transactions are recorded as of the trade date. Realized and unrealized gains and losses on investments are calculated based on average cost of investments, excluding brokerage commissions and other trading costs. Brokers' commissions and other transaction charges are immediately charged to net income in the period incurred. Cost of securities presented in the Statement of Investments represents the amount paid for each security, including brokerage commissions and other trading costs, and is determined on an average cost basis.

(i) Equity securities, bonds and other mutual funds

Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Securities with no available closing bid prices are valued at the last trade or closing price. Investments in securities of another mutual fund are valued on a business day at the net asset value per security calculated in accordance with the offering documents of such mutual fund. Unlisted or non-exchange traded securities, or securities for which a bid price, last sale or closing price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data.

(ii) Futures contracts

Futures contracts are valued at the settlement price established each day by the board of trade or exchange on which they are traded. The value of a contract is the gain or loss that would be realized upon closure. Margin paid or deposited in respect of futures contracts is included in net receivable for variation on futures contracts in the Statements of Net Assets. Any change in the variation margin requirement is settled daily.

(iii) Forward currency contracts

Forward currency contracts are valued at the gain or loss that would arise as a result of closing the position at the reporting date.

(iv) Options contracts

Premiums received from writing options are included in the Statements of Net Assets as a liability and subsequently adjusted daily to fair value. If a written option expires unexercised, the premium received is recognized as a realized gain. If a written call option is exercised, the difference between the proceeds of the sale plus the value of the premium, and the cost of the security is recognized as a realized gain or loss. If a written put option is exercised, the cost of the security acquired is the exercise price of the option less the premium received.

(b) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit and short-term debt instruments with terms to maturity of less than one year at acquisition. Cash and cash equivalents are deemed to be held for trading and therefore carried at fair value.

(c) Currency

All amounts are expressed in Canadian dollars. The par value of securities in the Statement of Investments is expressed in the currency of origin unless otherwise noted. For securities of Austria, Belgium, France, Finland, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain, par values are expressed in euro currency, unless otherwise noted. Foreign currency amounts have been expressed in Canadian dollars on the following bases:

(i) Fair value of investments and other assets and liabilities at the rate of exchange at the end of the period.

(ii) Income, expenses, purchases and sales of investments at the rate of exchange on the dates of such transactions.

(d) Income recognition

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is based on the number of days the investment is held during the period.

2. Summary of significant accounting policies (continued)

(e) Securities lending and repurchase transactions

The Fund may be permitted to enter into securities lending, repurchase and reverse repurchase transactions as set out in the Fund's Simplified Prospectus. These transactions involve the temporary exchange of securities for collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on cash or securities held as collateral. Income earned from these transactions is recognized on the accrual basis and included in the Statements of Operations. All the counterparties have a sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned, sold or purchased. The value of securities loaned and collateral received from securities lending as of the end of the periods, if applicable, is disclosed in Note 10. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

(f) Per unit information

(i) Net assets per unit is computed by dividing the net assets attributable to the Fund or series, as applicable, determined in accordance with GAAP, by the total number of units of the Fund or series outstanding.

(ii) Net increase/(decrease) in net assets from operations per unit, represents the net increase/(decrease) in net assets of the Fund or series from operations for the period divided by the weighted average units outstanding for the Fund or series during the period.

(g) Other assets and liabilities

For the purposes of categorization in accordance with Section 3855, accrued interest and dividends receivable, receivables for securities issued, amounts due from brokers, the Manager, and other net assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

(h) Comparative figures

Certain prior period comparative amounts have been restated to conform to the current period's presentation.

(i) Changes in accounting policies

On October 1, 2007, the Fund adopted CICA Section 3862, Financial Instruments – Disclosures ("Section 3862") and CICA Section 3863, Financial Instruments – Presentation ("Section 3863"), replacing Section 3861. Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Fund manages those risks. Section 3863 carries forward unchanged the presentation requirements of Section 3861 with respect to financial instruments.

Effective October 1, 2008, the Fund adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. EIC-173 clarifies that credit risk and counterparty risk should be considered in determining the fair value of financial instruments. The adoption of EIC-173 did not have an impact on the Fund's financial statements.

(j) Future accounting changes

The CICA has issued amendments to CICA 3862, Financial Instruments – Disclosures to align with IFRS 7, Financial Instruments – Disclosures. The amendments require all financial instruments measured at fair value to be classified into one of three levels that distinguish fair value measurements by the inputs used for valuation. The amendments are effective for annual financial statements relating to fiscal years ending after September 30, 2009. The Fund will include these disclosures in its annual financial statements for the year ending March 31, 2010.

The Canadian Accounting Standards Board (AcSB) has confirmed its plan to adopt all International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board, on or by January 1, 2011. Accordingly, the Fund intends to adopt IFRS in accordance with the AcSB's plan. The Fund will issue its initial financial statements under IFRS for the interim period ended September 30, 2011.

The Manager has commenced planning for the changeover to IFRS. Elements of that plan include identifying key differences between Canadian GAAP and IFRS and evaluating the likely impacts on all aspects of related business activities.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the impact of the changeover to IFRS is expected to be limited to additional note disclosure and potentially different overall presentation of financial statements with no significant impact to the net asset value per security. However, this current assessment is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

3. Management fees and other expenses

(a) Each series of the Fund will incur expenses that can be specifically attributed to that series. Common expenses of the Fund are allocated across the series of the Fund on a pro rata basis.

(b) The Manager provides or arranges for the provision of investment and advisory services for a management fee. See Note 10 for the annual rate paid (as a percent of average assets) by the Fund.

(c) The Fund pays the Manager an administrative services fee and in return the Manager will bear the operating expenses of the Fund, other than certain specified Fund costs. See Note 10 for the annual rates paid, including applicable implementation period adjustments, (as a percent of average assets) by the Fund.

Other Fund costs include taxes (including but not limited to GST, income tax and capital tax), transaction costs related to the purchase and sale of investments and derivatives, interest and borrowing costs, and Independent Review Committee ("IRC") costs.

(d) The Fund may pay the Distributors a service fee to compensate them for providing or arranging for the provision of services to the Fund. A portion of the service fee related to Series C is rebated by the Distributors to the Fund on a quarterly basis as outlined in the Fund's Prospectus. The rebate is distributed as a capital distribution to eligible unitholders and is reinvested in additional Series C units of the Fund or another distributing Fund held by the unitholder, at the net asset value per unit on the distribution dates. See Note 10 for the annual rates paid (as a percent of average assets) by the Fund.

(e) The Trustee is responsible for overall direction and management of the affairs of the Fund. See Note 10 for the annual rate paid (as a percent of average assets) to the Trustee by the Fund.

(f) GST paid by the Fund on its expenses is not recoverable.

(g) Other expenses are comprised of interest and borrowing charges, IRC costs and other miscellaneous expenses.

(h) The Manager may, at its discretion, pay certain expenses of the Fund so the Fund's performance remains competitive; however, there is no assurance that this will occur in the future. Any expenses absorbed by the Manager during the period have been identified in the Statements of Operations.

4. Net asset value per unit

Net asset value ("pricing NAV") per unit is computed by dividing the net asset value attributable to the Fund or a series of the Fund, as applicable, determined for the purchase and redemption of units in accordance with the Fund's prospectus and annual information form, by the total number of units of the Fund or series outstanding. This amount may be different from the net asset per unit calculation, which is presented on the Statement of Net Assets. Generally, any difference is due to valuing actively traded securities at bid price for GAAP purposes while pricing NAV typically utilizes closing price to determine fair value for the purchase and redemption of units. See Note 10 for the net asset values per unit as of September 30, 2009 and March 31, 2009, for the Fund.

5. Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its income including net realized capital gains, which is not paid or payable to its unitholders. The year-end of the Fund for tax purposes is December 15 or 31. The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. It is the intention of the Fund to distribute sufficient net income and net realized capital gains, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

See Note 10 for the losses that were available to offset future income for tax purposes as at the last taxation year-end. The net capital losses can be carried forward indefinitely to reduce future realized capital gains. The non-capital losses may be utilized to reduce taxable income of future years and expire in December of the years indicated.

6. Soft dollars

The total commissions paid by the Fund to brokers in connection with portfolio transactions for the periods ended September 30, 2009 and 2008, together with other transaction charges, is disclosed in the Statement of Operations. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, preference may be given to brokerage firms which provide (or pay for) certain services (arrangements referred to as "soft dollars"), which may include investment research, analysis and reports, and data bases or software in support of these services. Where applicable and ascertainable, the value of third-party services that were paid for by brokers during the periods is disclosed in Note 10. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

7. Contingent liability

Agreements between the individual members of the Fund's IRC and the Trustee, on behalf of the Fund, provides for the indemnification of each IRC member by the Fund from and against liabilities and costs in respect of any action or suit against the member by reason of being or having been a member of the IRC, provided that the member acted honestly and in good faith with a view to the best interest of the Fund, or, in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, that they had reasonable grounds for believing that his/her conduct was lawful. No claims with respect to such occurrences have been made and, as such, no amount has been recorded in these financial statements with respect to these indemnifications.

8. Financial instrument risk

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the securities held by the Fund as at the end of the period.

(a) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e. investments that are traded in an active market and can be readily sold). In addition, the Fund retains sufficient cash and cash-equivalent positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. The Statement of Investments identifies any securities that are not actively traded.

(b) Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates.

Note 10 indicates the foreign currencies, if applicable, to which the Fund had significant exposure, including the underlying principal amount of forward currency contracts as at period end in Canadian dollar terms. Other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for securities sold/purchased) that are denominated in foreign currencies do not expose the Fund to significant currency risk.

(c) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Cash and cash equivalents and other money market instruments are short term in nature and are not generally subject to significant amounts of interest rate risk. Note 10 summarizes the Fund's exposure, if significant, to interest rate risk.

(d) Other price risk

Other price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. Except for options written and futures contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on options written and futures contracts is equal to their notional values. However, options written are used within the overall investment management process to manage the risk from the underlying securities and do not typically increase the overall risk of loss to the Fund. Note 10 summarizes the Fund's exposure, if significant, to other price risk.

(e) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Note 10 summarizes the Fund's exposure, if significant, to credit risk arising from debt securities such as bonds.

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The carrying amount of investments represents the maximum credit risk exposure. The carrying amount of other assets also represents the maximum credit risk exposure, as they will be settled in the short term.

The Fund may enter into securities lending transactions with counterparties whereby the Fund temporarily exchanges securities for collateral with a commitment by the counterparty to deliver the same securities on a future date. Credit risk associated with these transactions is considered minimal as all counterparties have a sufficient, approved credit rating and the value of cash or securities held as collateral must be at least 102% of the fair value of the securities loaned.

9. Further information available

A copy of the Fund's current simplified prospectus, annual information form and/or Interim Management Report of Fund Performance, will be provided, without charge, by writing to: Investors Group Financial Services Inc., 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6 or, in Quebec, 2001, rue University, Bureau 2000, Montreal, Quebec, H3A 2A6, or by calling toll-free 1-888-746-6344 (in Quebec 1-800-661-4578).

10. Fund specific information

(a) Fund and series information

Series	Date operations commenced ¹	Deferred sales charge	Management fee	Service fee	Administration fee ²	Trustee fee	Net asset value per unit (\$)	
							as of September 30 2009	as of March 31 2009
Series A	n/a	up to 5.50%	2.25%	0.30%	0.21%	0.05%	18.43	18.32
Series B	n/a	- %	2.25%	0.45%	0.21%	0.05%	18.29	18.19
Series C	n/a	up to 5.50%	2.25%	0.50%	0.19%	0.05%	18.22	18.13

¹ If within the two financial periods ended September 30, 2009.

² The Administration fee presented in the table corresponds to the period ended September 30, 2009.

Comparative figures for the period ended September 30, 2008 were: Series A: 0.19%; Series B: 0.19%; Series C: 0.17%.

(b) Income tax losses (\$ 000)

Total capital loss	Total non-capital loss	Expiration year for non-capital losses					2010	2009
		2028	2027	2026	2015	2014		
454	-	-	-	-	-	-	-	

(c) Soft dollars generated (\$ 000)

For the six-month periods ended September 30

2009	2008
-	-

(d) Securities lending (\$ 000)

September 30, 2009		March 31, 2009	
Value of securities loaned	Value of collateral received	Value of securities loaned	Value of collateral received
122,902	130,706	125,015	135,941

(e) Financial instrument risk

(i) Risk management

The Manager seeks to minimize potential adverse effects of financial instrument risks on the Fund's performance by employing professional, experienced portfolio advisors, daily monitoring of the Fund's positions and market events, diversifying the investment portfolio within the constraints of the investment objective, and periodically may use derivatives to hedge certain risk exposures. To assist in managing risk, the Manager also maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy and securities regulations.

The investment portfolio is comprised primarily of common shares and debt securities issued by Canadian governments and corporations. The Fund uses a top-down approach to asset allocation and sector selection and a bottom-up approach to security selection.

(ii) Currency risk

The table below indicates the foreign currencies to which the Fund had significant exposure as of September 30, 2009, and March 31, 2009, in Canadian dollar terms. The table also illustrates the potential impact to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held. In practice, the actual trading results may differ and the difference could be material.

Currency	September 30, 2009					March 31, 2009				
	Investments (\$ 000)	Cash and cash equivalents (\$ 000)	Forward currency contracts (\$ 000)	Net exposure* (\$ 000)	Impact on net assets (\$ 000)	Investments (\$ 000)	Cash and cash equivalents (\$ 000)	Forward currency contracts (\$ 000)	Net exposure* (\$ 000)	Impact on net assets (\$ 000)
United States dollars	63,886	37,937	-	101,823	-	51,603	569	-	52,172	-
Other currencies	-	572	-	572	-	5,873	6,986	-	12,859	-
Total	63,886	38,509	-	102,395	5,120	57,476	7,555	-	65,031	3,252
As percent of net assets (%)				17.5	0.9				12.5	0.6

*includes both monetary and non-monetary financial instruments.

(iii) Interest rate risk

The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity. The table also illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual trading results may differ and the difference could be material.

Bonds (\$ 000)	Less than 1 year	1 - 5 years	5 - 10 years	> 10 years	Total	Impact on net assets	
						(\$000)	(%)
September 30, 2009	4,587	83,641	29,755	83,022	201,005	14,513	2.5
March 31, 2009	4,666	76,045	30,106	98,525	209,342	16,266	3.1

10. Fund specific information

(e) Financial instrument risk (continued)

(iv) Other price risk

For this Fund, the most significant exposure to other price risk arises from its investment in equity securities. As of September 30, 2009, had the prices on the respective stock exchanges for these securities increased or decreased by 10%, all other variables held constant, net assets would have increased or decreased, respectively, by approximately \$30,102,000 or 5.1% of total net assets (March 31, 2009 – \$17,731,000 or 3.4% of total net assets). In practice, the actual trading results may differ and the difference could be material.

(v) Credit risk

The Fund's greatest concentration of credit risk is in debt securities, such as bonds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The maximum exposure to any one debt issuer as of September 30, 2009, was 26.8% (Government of Canada) of the net assets of the Fund (March 31, 2009 – 30.8%, Government of Canada).

As of September 30, 2009, and March 31, 2009, debt securities by credit rating are as follows:

	September 30, 2009		March 31, 2009	
	Percent of total bonds (%)	Percent of total net assets (%)	Percent of total bonds (%)	Percent of total net assets (%)
AAA	86.5	29.7	86.0	34.6
AA	7.7	2.6	8.2	3.3
A	2.3	0.8	2.4	0.9
Unrated	3.5	1.2	3.4	1.4
Total	100.0	34.3	100.0	40.2

Credit ratings are based on DBRS, Standard & Poor's or Moody's ratings.

