
Investors Canadian Bond Fund

Annual Financial Report

MARCH 31, 2018

Investors Canadian Bond Fund

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2018

STATEMENTS OF FINANCIAL POSITION

at March 31 (in \$ 000 except per security amounts)

	2018	2017
Assets		
Current assets:		
Non-derivative investments	3,032,231	3,206,151
Cash and cash equivalents	36,909	21,089
Accrued interest receivable	20,259	24,977
Dividends receivable	-	-
Accounts receivable for investments sold	-	-
Accounts receivable for securities issued	-	-
Accounts receivable from the Manager	1	-
Margin on derivative contracts	-	-
Derivative assets	521	-
Other assets	-	-
	3,089,921	3,252,217
Non-current assets:		
Taxes recoverable	-	-
Other assets	-	-
	-	-
Total assets	3,089,921	3,252,217
Liabilities		
Current liabilities:		
Bank indebtedness	-	-
Accounts payable for investments purchased	5,149	-
Accounts payable for securities redeemed	469	69
Distributions payable	-	-
Accrued expenses and miscellaneous payables	76	-
Dividends payable on investments sold short	-	-
Derivative liabilities	2,536	-
Taxes payable	-	-
Other liabilities	-	-
Total liabilities	8,230	69
Net assets attributable to securityholders	3,081,691	3,252,148

STATEMENTS OF COMPREHENSIVE INCOME

for the periods ended March 31 (in \$ 000 except per security amounts)

	2018	2017
Income:		
Gains (losses) on derivative and non-derivative investments:		
Dividends	-	-
Interest income	93,681	93,884
Net realized gain (loss)	(16,996)	20,989
Net unrealized gain (loss)	(34,193)	(39,401)
Income (loss) from derivatives	1,234	-
Income (loss) from short selling	-	-
Other	-	-
Net gain (loss) on derivative and non-derivative investments	43,726	75,472
Securities lending income	-	-
Other	-	-
Total income	43,726	75,472
Expenses:		
Management fees	13,927	16,479
Management fee rebates	(753)	(655)
Service fees	-	-
Service fee rebates	-	-
Administration fees	757	874
Trustee fees	536	591
Commissions and other portfolio transaction costs	2	-
Independent Review Committee costs	10	19
Other	15	15
Expenses before amounts absorbed by Manager	14,494	17,323
Expenses absorbed by Manager	(52)	-
Net expenses	14,442	17,323
Increase (decrease) in net assets attributable to securityholders		
from operations before tax	29,284	58,149
Foreign withholding taxes paid (recovered)	-	-
Foreign income taxes paid (recovered)	-	-
Income tax paid (recovered)	-	-
Increase (decrease) in net assets attributable to securityholders		
from operations	29,284	58,149

	Net assets attributable to securityholders			
	per security		per series	
	2018	2017	2018	2017
Series A	9.69	9.86	196,067	255,215
Series B	9.69	9.85	51,542	51,610
Series C	11.29	11.48	223,018	265,275
Series Josc	9.73	9.90	158,477	216,430
Series Jnl	9.73	9.89	25,168	31,607
Series P	10.13	10.31	2,181,479	2,225,512
Series S	10.20	10.37	152,156	160,417
Series U	10.12	10.30	93,784	46,082
			3,081,691	3,252,148

	Increase (decrease) in net assets attributable to securityholders from operations			
	per security		per series	
	2018	2017	2018	2017
Series A	(0.04)	0.07	(1,057)	1,726
Series B	(0.04)	0.07	(245)	188
Series C	(0.02)	0.09	(465)	2,255
Series Josc	(0.01)	0.10	(153)	1,995
Series Jnl	(0.01)	0.10	(9)	175
Series P	0.14	0.25	30,922	50,264
Series S	(0.02)	0.07	(296)	893
Series U	0.10	0.22	587	653
			29,284	58,149

See accompanying notes.

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STATEMENTS OF CHANGES IN FINANCIAL POSITION

for the periods ended March 31 (in \$ 000 except when stated)

	TOTAL		SERIES A		SERIES B		SERIES C	
	2018	2017	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	3,252,148	3,113,399	255,215	298,810	51,610	46,109	265,275	293,959
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	29,284	58,149	(1,057)	1,726	(245)	188	(465)	2,255
Distributions:								
Income	(80,282)	(74,004)	(2,727)	(3,358)	(634)	(563)	(2,914)	(3,273)
Capital gains	-	(20,415)	-	(1,581)	-	(290)	-	(1,433)
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	(753)	(655)	-	-	-	-	(702)	(596)
Service fee rebates	-	-	-	-	-	-	-	-
Total distributions	(81,035)	(95,074)	(2,727)	(4,939)	(634)	(853)	(3,616)	(5,302)
Security transactions:								
Proceeds from sale of securities	714,754	847,703	12,769	32,413	24,745	26,069	6,567	16,636
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	80,963	94,950	2,717	4,921	628	846	3,598	5,267
Payment on redemption of securities	(914,423)	(766,979)	(70,850)	(77,716)	(24,562)	(20,749)	(48,341)	(47,540)
Total security transactions	(118,706)	175,674	(55,364)	(40,382)	811	6,166	(38,176)	(25,637)
Increase (decrease) in assets attributable to securityholders	(170,457)	138,749	(59,148)	(43,595)	(68)	5,501	(42,257)	(28,684)
Net assets attributable to securityholders, end of period	3,081,691	3,252,148	196,067	255,215	51,542	51,610	223,018	265,275
Increase (decrease) in securities outstanding (in thousands):								
Securities outstanding, beginning of period			25,887	29,953	5,238	4,625	23,107	25,317
Add (deduct):								
Securities sold			1,305	3,227	2,533	2,610	576	1,426
Securities issued on merger			-	-	-	-	-	-
Reinvested from distributions			278	497	64	86	316	456
Securities redeemed			(7,245)	(7,790)	(2,516)	(2,083)	(4,245)	(4,092)
Securities outstanding, end of period			20,225	25,887	5,319	5,238	19,754	23,107

	SERIES J _{DC}		SERIES J _{NL}		SERIES P		SERIES S	
	2018	2017	2018	2017	2018	2017	2018	2017
Net assets attributable to securityholders, beginning of period	216,430	248,059	31,607	28,086	2,225,512	2,026,491	160,417	150,197
Increase (decrease) in net assets attributable to securityholders resulting from:								
Operations	(153)	1,995	(9)	175	30,922	50,264	(296)	893
Distributions:								
Income	(2,761)	(3,521)	(417)	(425)	(66,395)	(60,262)	(2,276)	(1,901)
Capital gains	-	(1,405)	-	(179)	-	(14,423)	-	(930)
Return of capital	-	-	-	-	-	-	-	-
Management fee rebates	(43)	(50)	(8)	(9)	-	-	-	-
Service fee rebates	-	-	-	-	-	-	-	-
Total distributions	(2,804)	(4,976)	(425)	(613)	(66,395)	(74,685)	(2,276)	(2,831)
Security transactions:								
Proceeds from sale of securities	28,282	40,020	12,269	18,540	525,145	631,038	33,512	50,313
Proceeds from securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	2,794	4,958	424	608	66,395	74,685	2,276	2,831
Payment on redemption of securities	(86,072)	(73,626)	(18,698)	(15,189)	(600,100)	(482,281)	(41,477)	(40,986)
Total security transactions	(54,996)	(28,648)	(6,005)	3,959	(8,560)	223,442	(5,689)	12,158
Increase (decrease) in assets attributable to securityholders	(57,953)	(31,629)	(6,439)	3,521	(44,033)	199,021	(8,261)	10,220
Net assets attributable to securityholders, end of period	158,477	216,430	25,168	31,607	2,181,479	2,225,512	152,156	160,417
Increase (decrease) in securities outstanding (in thousands):								
Securities outstanding, beginning of period	21,866	24,766	3,194	2,806	215,945	194,379	15,468	14,314
Add (deduct):								
Securities sold	2,879	3,981	1,253	1,849	51,339	60,404	3,265	4,777
Securities issued on merger	-	-	-	-	-	-	-	-
Reinvested from distributions	284	498	43	61	6,501	7,187	221	272
Securities redeemed	(8,746)	(7,379)	(1,903)	(1,522)	(58,515)	(46,025)	(4,036)	(3,895)
Securities outstanding, end of period	16,283	21,866	2,587	3,194	215,270	215,945	14,918	15,468

See accompanying notes.

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STATEMENTS OF CHANGES IN FINANCIAL POSITION (continued)

for the periods ended March 31 (in \$ 000 except when stated)

	SERIES U	
	2018	2017
Net assets attributable to securityholders, beginning of period	46,082	21,688
Increase (decrease) in net assets attributable to securityholders resulting from:		
Operations	587	653
Distributions:		
Income	(2,158)	(701)
Capital gains	-	(174)
Return of capital	-	-
Management fee rebates	-	-
Service fee rebates	-	-
Total distributions	(2,158)	(875)
Security transactions:		
Proceeds from sale of securities	71,465	32,674
Proceeds from securities issued on merger	-	-
Reinvested from distributions	2,131	834
Payment on redemption of securities	(24,323)	(8,892)
Total security transactions	49,273	24,616
Increase (decrease) in assets attributable to securityholders	47,702	24,394
Net assets attributable to securityholders, end of period	93,784	46,082
Increase (decrease) in securities outstanding (in thousands):		
Securities outstanding, beginning of period	4,476	2,083
Add (deduct):		
Securities sold	6,967	3,167
Securities issued on merger	-	-
Reinvested from distributions	211	80
Securities redeemed	(2,391)	(854)
Securities outstanding, end of period	9,263	4,476

See accompanying notes.

Investors Canadian Bond Fund

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STATEMENTS OF CASH FLOWS

for the periods ended March 31 (in \$ 000 except when stated)

	2018	2017
Cash flows from operating activities		
Increase (decrease) in net assets attributable to securityholders from operations	29,284	58,149
Less non-cash impact of:		
Net realized (gain) loss	16,996	(20,989)
Change in net unrealized (gain) loss	34,193	39,401
Adjustments for:		
Proceeds from sale and maturity of investments	2,534,542	1,354,564
Purchases of investments	(2,404,647)	(1,526,047)
(Increase) decrease in accounts receivable and other assets	4,717	(862)
Increase (decrease) in accounts payable and other liabilities	76	(1)
Net cash provided by (used in) operating activities	215,161	(95,785)
Cash flows from financing activities:		
Proceeds from securities issued	641,982	803,036
Proceeds from securities issued on merger	-	-
Payments on redemption of securities	(841,251)	(722,258)
Distributions paid net of reinvestments	(72)	(124)
Net cash provided by (used in) financing activities	(199,341)	80,654
Increase (decrease) in cash and cash equivalents	15,820	(15,131)
Cash and cash equivalents at beginning of period	21,089	36,220
Effect of exchange rate fluctuations on cash and cash equivalents	-	-
Cash and cash equivalents, end of period	36,909	21,089
Cash	688	594
Cash equivalents	36,221	20,495
Bank indebtedness	-	-
	36,909	21,089
Supplementary disclosures on cash flow from operating activities:		
Dividends received net of withholding taxes	-	-
Interest received net of withholding taxes	98,399	93,022
Interest paid	-	-

See accompanying notes.

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SCHEDULE OF INVESTMENTS

as at March 31, 2018

	Country	Sector	No. of Units, Shares, or Par Value	Cost (CAD\$ 000)	Fair Value (CAD\$ 000)
BONDS					
407 International Inc. 4.19% 04-25-2042 Callable	Canada	Corporate	5,000,000	5,630	5,549
407 International Inc. 3.30% 03-27-2045 Callable 2044 MTN	Canada	Corporate	11,000,000	10,109	10,572
Aeroports de Montreal 3.92% 09-26-2042	Canada	Corporate	3,000,000	3,082	3,361
AerCap Ireland Capital Designated Activity Co. 3.30% 01-23-2023 Callable 2022	Netherlands	Corporate	USD 3,410,000	4,226	4,281
AIMCo Realty Investors LP 3.04% 06-01-2028 Callable 2028	Canada	Corporate	3,460,000	3,460	3,438
Alectra Inc. 2.49% 05-17-2027 Callable 2027	Canada	Corporate	6,000,000	5,753	5,806
Algonquin Power & Utilities Corp. 4.09% 02-17-2027 Callable	Canada	Corporate	5,240,000	5,355	5,379
AltaLink LP 3.62% 09-17-2020 MTN	Canada	Corporate	8,000,000	8,000	8,249
AltaLink LP 3.99% 06-30-2042 Callable MTN	Canada	Corporate	23,000,000	23,088	24,716
Anheuser-Busch InBev Finance Inc. 2.60% 05-15-2024 Callable 2024	Belgium	Corporate	2,500,000	2,499	2,435
Bank of America Corp. 3.23% 06-22-2022 Series MPLE	United States	Corporate	1,460,000	1,479	1,482
Bank of America Corp. F/R 03-15-2023 Callable 2022	United States	Corporate	4,190,000	4,181	4,139
Bank of America Corp. F/R 09-20-2025 Callable 2024	United States	Corporate	4,850,000	4,963	4,880
Bank of Montreal 1.88% 03-31-2021 DPNT	Canada	Corporate	33,000,000	33,049	32,397
Bank of Montreal 1.61% 10-28-2021 DPNT	Canada	Corporate	22,580,000	22,423	21,828
Bank of Montreal 2.27% 07-11-2022 DPNT	Canada	Corporate	25,000,000	24,999	24,599
Bank of Montreal 2.70% 09-11-2024 DPNT	Canada	Corporate	36,320,000	36,229	36,009
Bank of Montreal 3.32% 06-01-2026	Canada	Corporate	5,130,000	5,247	5,188
Bank of Montreal F/R 12-15-2032 Callable 2027	Canada	Corporate	USD 5,270,000	6,773	6,464
The Bank of Nova Scotia 2.13% 06-15-2020 DPNT	Canada	Corporate	42,500,000	42,679	42,250
The Bank of Nova Scotia 1.83% 04-27-2022	Canada	Corporate	13,420,000	13,122	12,987
The Bank of Nova Scotia 2.36% 11-08-2022	Canada	Corporate	13,780,000	13,779	13,575
bclMC Realty Corp. 2.96% 03-07-2019	Canada	Corporate	13,000,000	12,995	13,113
bclMC Realty Corp. 3.00% 03-31-2027 Callable 2026	Canada	Corporate	4,140,000	4,086	4,133
Bell Canada 3.54% 06-12-2020	Canada	Corporate	11,000,000	11,685	11,232
Bell Canada 3.25% 06-17-2020 MTN	Canada	Corporate	20,800,000	21,299	21,117
Bell Canada 3.15% 09-29-2021 Callable 2021	Canada	Corporate	18,000,000	18,046	18,220
Bell Canada 2.00% 10-01-2021	Canada	Corporate	7,000,000	6,965	6,819
Bell Canada 3.00% 10-03-2022 Callable	Canada	Corporate	24,000,000	24,778	24,102
Bell Canada 3.35% 03-22-2023	Canada	Corporate	9,000,000	8,985	9,149
Bell Canada 2.70% 02-27-2024 Callable	Canada	Corporate	11,000,000	10,987	10,749
Bell Canada 3.60% 09-29-2027 Callable MTN	Canada	Corporate	10,170,000	10,145	10,267
Bell Canada 4.35% 12-18-2045 Callable MTN	Canada	Corporate	4,000,000	4,235	4,040
Borealis Infrastructure Trust 6.35% 12-01-2020	Canada	Corporate	9,167,594	10,113	9,639
Brookfield Asset Management Inc. 5.30% 03-01-2021 MTN	Canada	Corporate	4,000,000	3,998	4,279
Brookfield Asset Management Inc. 4.82% 01-28-2026 Callable 2025	Canada	Corporate	5,000,000	5,295	5,392
Brookfield Asset Management Inc. 3.80% 03-16-2027 Callable 2026	Canada	Corporate	5,000,000	4,998	5,031
Bruce Power LP 3.97% 06-23-2026	Canada	Corporate	6,470,000	6,656	6,727
Canada Housing Trust No. 1 F/R 03-15-2023	Canada	Federal Government	1,100,000	1,104	1,104
Canada Housing Trust No. 1 2.35% 06-15-2023	Canada	Federal Government	15,960,000	15,950	15,997
Canada Housing Trust No. 1 2.65% 03-15-2028	Canada	Federal Government	27,990,000	27,876	28,345
Canadian Imperial Bank of Commerce 1.66% 01-20-2020 DPNT	Canada	Corporate	16,000,000	15,997	15,822
Canadian Imperial Bank of Commerce 1.64% 07-12-2021 DPNT	Canada	Corporate	18,000,000	17,992	17,478
Canadian Imperial Bank of Commerce 2.30% 07-11-2022 DPNT	Canada	Corporate	12,720,000	12,719	12,530
Canadian Imperial Bank of Commerce 2.47% 12-05-2022	Canada	Corporate	27,440,000	27,460	27,180
Canadian Imperial Bank of Commerce F/R 04-04-2028 Callable 2023	Canada	Corporate	5,150,000	5,148	5,169
Canadian Natural Resources Ltd. 2.60% 12-03-2019	Canada	Corporate	12,350,000	12,328	12,386
Canadian Western Bank 2.92% 12-15-2022	Canada	Corporate	5,660,000	5,660	5,627
Central 1 Credit Union F/R 02-05-2021	Canada	Corporate	2,410,000	2,410	2,404
Central 1 Credit Union 2.60% 11-07-2022	Canada	Corporate	5,140,000	5,125	5,052
Choice Properties Real Estate Investment Trust 3.01% 03-21-2022 Callable 2022	Canada	Corporate	2,140,000	2,140	2,139
Choice Properties Real Estate Investment Trust 3.56% 09-09-2024 Callable 2024	Canada	Corporate	1,730,000	1,730	1,738
Choice Properties Real Estate Investment Trust 3.55% 01-10-2025 Callable 2024	Canada	Corporate	3,640,000	3,640	3,640
Choice Properties Real Estate Investment Trust 4.18% 03-08-2028 Callable 2027	Canada	Corporate	7,240,000	7,240	7,350
CI Financial Corp. 2.65% 12-07-2020 Callable	Canada	Corporate	10,600,000	10,600	10,593
Citigroup Inc. 3.39% 11-18-2021	United States	Corporate	10,000,000	10,033	10,223
City of Montreal 3.00% 09-01-2027	Canada	Municipal Governments	2,500,000	2,511	2,516
City of Toronto 3.50% 12-06-2021	Canada	Municipal Governments	5,000,000	5,470	5,193
CT Real Estate Investment Trust 3.53% 06-09-2025 Series B Callable	Canada	Corporate	5,000,000	4,908	4,995
CU Inc. 5.18% 11-21-2035	Canada	Corporate	3,000,000	3,499	3,665
CU Inc. 3.81% 09-10-2042	Canada	Corporate	13,200,000	13,200	13,766
CU Inc. 4.09% 09-02-2044 Callable	Canada	Corporate	18,700,000	18,700	20,380
CU Inc. 3.96% 07-27-2045 Callable	Canada	Corporate	7,200,000	7,200	7,724
Durham District School Board 6.75% 11-19-2019	Canada	Provincial Governments	15,000,000	17,899	16,090
Eagle Credit Card Trust 2.63% 10-17-2022	Canada	Corporate	3,170,000	3,196	3,154
Enbridge Gas Distribution Inc. 4.77% 12-17-2021	Canada	Corporate	6,000,000	6,903	6,486
Enbridge Inc. 4.26% 02-01-2021 Callable	Canada	Corporate	5,000,000	5,479	5,194
Enbridge Inc. 3.94% 06-30-2023 Callable MTN	Canada	Corporate	10,000,000	10,000	10,345
Enbridge Income Fund Holdings Inc. 4.85% 02-22-2022 Callable MTN	Canada	Corporate	7,000,000	6,991	7,434
Enbridge Pipelines Inc. 2.93% 11-30-2022 Callable	Canada	Corporate	11,000,000	11,095	11,111
Enbridge Pipelines Inc. 3.79% 08-17-2023 Callable	Canada	Corporate	9,000,000	9,159	9,422
Enbridge Pipelines Inc. 5.35% 11-10-2039 Callable	Canada	Corporate	13,000,000	15,565	15,429

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SCHEDULE OF INVESTMENTS (continued)

as at March 31, 2018

	Country	Sector	No. of Units, Shares, or Par Value	Cost (CAD\$ 000)	Fair Value (CAD\$ 000)
BONDS (continued)					
Enbridge Pipelines Inc. 5.33% 04-06-2040 Callable	Canada	Corporate	2,500,000	3,023	2,970
EPCOR Utilities Inc. 3.55% 11-27-2047 Callable 2047	Canada	Corporate	4,460,000	4,460	4,465
The Fédération des Caisses Desjardins du Québec 2.39% 08-25-2022	Canada	Corporate	1,890,000	1,866	1,866
Fairfax Financial Holdings Ltd. 4.50% 03-22-2023	Canada	Corporate	2,520,000	2,618	2,628
Fairfax Financial Holdings Ltd. 4.25% 12-06-2027 Callable 2027	Canada	Corporate	9,710,000	9,709	9,629
Ford Credit Canada Co. 2.45% 05-07-2020	United States	Corporate	5,350,000	5,324	5,312
Ford Credit Canada Co. 3.35% 09-19-2022	United States	Corporate	5,100,000	5,100	5,100
Fortified Trust 2.16% 10-23-2020	Canada	Corporate	1,890,000	1,878	1,877
Genesis Trust II 1.68% 09-17-2018	Canada	Corporate	18,000,000	18,000	17,989
George Weston Ltd. 4.12% 06-17-2024 Callable 2024	Canada	Corporate	5,500,000	5,500	5,721
Glacier Credit Card Trust 2.24% 09-20-2020	Canada	Corporate	5,000,000	5,000	4,968
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	4,820,000	5,017	5,018
Government of Canada 2.50% 06-01-2024	Canada	Federal Government	10,670,000	10,914	10,964
Government of Canada 1.00% 06-01-2027	Canada	Federal Government	23,250,000	20,767	21,150
Government of Canada 2.00% 06-01-2028	Canada	Federal Government	242,610,000	236,423	240,198
Government of Canada 5.00% 06-01-2037	Canada	Federal Government	10,000,000	14,667	14,358
Government of Canada 1.25% 12-01-2047 Real Return	Canada	Federal Government	27,720,000	34,426	35,514
Government of Canada 2.75% 12-01-2048	Canada	Federal Government	19,320,000	20,676	21,556
H&R Real Estate Investment Trust 3.42% 01-23-2023 Callable 2022	Canada	Corporate	2,800,000	2,800	2,799
Heathrow Funding Ltd. 3.40% 03-08-2028	United Kingdom	Corporate	6,560,000	6,551	6,648
HSBC Bank Canada 2.54% 01-31-2023	Canada	Corporate	7,170,000	7,170	7,065
Hydro One Inc. 2.78% 10-09-2018 MTN	Canada	Corporate	30,113,000	30,990	30,271
Hydro One Inc. 1.62% 04-30-2020	Canada	Corporate	5,000,000	5,011	4,935
Hydro One Inc. 2.77% 02-24-2026	Canada	Corporate	10,000,000	10,333	9,891
Hydro One Inc. 4.89% 03-13-2037	Canada	Corporate	10,000,000	11,027	11,817
Hydro-Quebec 5.50% 08-15-2018	Canada	Provincial Governments	24,561,000	27,639	24,925
Inter Pipeline Ltd. 3.45% 07-20-2020	Canada	Corporate	3,700,000	3,822	3,770
Inter Pipeline Ltd. 3.78% 05-30-2022 MTN	Canada	Corporate	10,000,000	10,000	10,287
Inter Pipeline Ltd. 3.17% 03-24-2025 Callable 2024 MTN	Canada	Corporate	4,700,000	4,700	4,599
John Deere Canada Funding Inc. 2.63% 09-21-2022	United States	Corporate	5,000,000	4,998	4,987
Laurentian Bank of Canada F/R 10-22-2019	Canada	Corporate	5,650,000	5,650	5,653
Laurentian Bank of Canada 2.50% 01-23-2020 DPNT	Canada	Corporate	7,700,000	7,736	7,673
Loblaw Companies Ltd. 3.75% 03-12-2019	Canada	Corporate	15,000,000	15,000	15,222
Lower Mattagami Energy LP 3.42% 06-20-2024	Canada	Corporate	12,500,000	12,500	12,996
The Manufacturers Life Insurance Co. 2.81% 02-21-2024 Callable 2019	Canada	Corporate	8,000,000	8,000	8,045
The Manufacturers Life Insurance Co. 2.10% 06-01-2025 Callable 2020	Canada	Corporate	14,000,000	13,999	13,862
Manulife Bank of Canada 1.92% 09-01-2021 DPNT	Canada	Corporate	1,220,000	1,191	1,190
Manulife Bank of Canada 2.84% 01-12-2023	Canada	Corporate	4,210,000	4,210	4,214
Master Credit Card Trust II 2.72% 11-21-2018 Series 13-4	Canada	Corporate	29,000,000	29,000	29,152
Metro Inc. 2.68% 12-05-2022 Callable 2022	Canada	Corporate	2,540,000	2,536	2,515
Metro Inc. 3.39% 12-06-2027 Callable 2027	Canada	Corporate	4,550,000	4,547	4,488
Mondelez International Inc. 3.25% 03-07-2025 Callable 2025	United States	Corporate	5,850,000	5,824	5,836
Municipal Finance Authority of British Columbia 4.60% 04-23-2018	Canada	Municipal Governments	10,620,000	11,287	10,639
Municipal Finance Authority of British Columbia 4.45% 06-01-2020	Canada	Municipal Governments	12,000,000	12,426	12,603
Municipal Finance Authority of British Columbia 4.15% 06-01-2021	Canada	Municipal Governments	19,185,000	21,536	20,288
National Bank of Canada 1.96% 06-30-2022	Canada	Corporate	19,620,000	19,048	19,059
NAV Canada 3.29% 03-30-2048 Callable 2047	Canada	Corporate	3,700,000	3,706	3,774
Newell Brands Inc. 4.20% 04-01-2026 Callable 2026	United States	Corporate	2,430,000	3,083	3,106
North West Redwater Partnership/NWR Financing Co. Ltd. 4.25% 06-01-2029 Callable Series F	Canada	Corporate	7,000,000	6,981	7,528
OMERS Realty Corp. 2.97% 04-05-2021	Canada	Corporate	7,000,000	7,100	7,097
OMERS Realty Corp. 3.24% 10-04-2027 Callable 2027	Canada	Corporate	5,540,000	5,521	5,627
Ontario Power Generation Inc. 3.32% 10-04-2027 Callable 2027	Canada	Corporate	3,000,000	3,099	3,034
OPB Finance Trust 1.88% 02-24-2022	Canada	Provincial Governments	10,000,000	9,756	9,794
OPB Finance Trust 3.89% 07-04-2042	Canada	Provincial Governments	7,000,000	6,995	7,678
Pembina Pipeline Corp. 2.99% 01-22-2024 Callable 2023	Canada	Corporate	15,960,000	15,810	15,711
Pembina Pipeline Corp. 4.24% 06-15-2027 Callable 2027 MTN	Canada	Corporate	12,000,000	11,999	12,417
Pembina Pipeline Corp. 4.02% 03-27-2028 Callable 2027	Canada	Corporate	4,920,000	4,924	4,981
Pembina Pipeline Corp. 4.75% 04-30-2043	Canada	Corporate	5,000,000	4,833	5,099
Province of Alberta 5.03% 12-17-2018	Canada	Provincial Governments	1,245,621	1,280	1,268
Province of British Columbia 0% 09-05-2020	Canada	Provincial Governments	45,000,000	41,176	42,694
Province of British Columbia 5.62% 08-17-2028	Canada	Provincial Governments	11,000,000	12,580	13,731
Province of Newfoundland 3.70% 10-17-2048	Canada	Provincial Governments	7,140,000	7,897	7,714
Province of Ontario 2.60% 09-08-2023	Canada	Provincial Governments	102,720,000	102,784	103,417
Province of Ontario 2.60% 06-02-2027	Canada	Provincial Governments	121,430,000	118,682	119,976
Province of Ontario 4.60% 06-02-2039	Canada	Provincial Governments	13,000,000	15,963	16,231
Province of Ontario 2.90% 12-02-2046	Canada	Provincial Governments	120,000	117	117
Province of Ontario 2.80% 06-02-2048	Canada	Provincial Governments	130,740,000	124,125	124,985
Province of Quebec 3.50% 12-01-2022	Canada	Provincial Governments	50,000,000	52,099	52,489
Province of Quebec 2.75% 09-01-2027	Canada	Provincial Governments	104,570,000	104,663	104,979
Province of Quebec 5.75% 12-01-2036	Canada	Provincial Governments	20,000,000	26,637	28,032
Province of Quebec 5.00% 12-01-2041	Canada	Provincial Governments	13,000,000	16,495	17,416

Investors Canadian Bond Fund

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SCHEDULE OF INVESTMENTS (continued)

as at March 31, 2018

	Country	Sector	No. of Units, Shares, or Par Value	Cost (CAD\$ 000)	Fair Value (CAD\$ 000)
BONDS (continued)					
Province of Quebec 4.25% 12-01-2043	Canada	Provincial Governments	10,000,000	11,520	12,242
PSP Capital Inc. 3.29% 04-04-2024	Canada	Federal Government	28,000,000	28,771	29,154
Reliance LP 3.84% 03-15-2025 Callable 2025	Canada	Corporate	4,970,000	4,970	4,956
RioCan Real Estate Investment Trust 3.62% 06-01-2020	Canada	Corporate	10,000,000	10,138	10,212
RioCan Real Estate Investment Trust 3.29% 02-12-2024 Series W	Canada	Corporate	7,000,000	7,001	6,988
Rogers Communications Inc. 4.70% 09-29-2020 Callable	Canada	Corporate	7,000,000	6,996	7,364
Rogers Communications Inc. 4.00% 06-06-2022	Canada	Corporate	3,300,000	3,287	3,459
Royal Bank of Canada 1.58% 09-13-2021 DPNT	Canada	Corporate	20,000,000	20,000	19,338
Royal Bank of Canada 2.36% 12-05-2022	Canada	Corporate	37,250,000	37,247	36,709
Royal Bank of Canada 2.33% 12-05-2023 DPNT	Canada	Corporate	50,000,000	50,000	48,860
Royal Bank of Canada 4.35% 06-01-2027	Canada	Mortgage Backed	11,915,727	12,218	12,957
Shaw Communications Inc. 4.35% 01-31-2024 Callable	Canada	Corporate	12,000,000	12,700	12,702
Shaw Communications Inc. 3.80% 03-01-2027 Callable	Canada	Corporate	12,000,000	12,188	12,185
SmartCentres Real Estate Investment Trust 3.83% 12-21-2027 Callable 2027	Canada	Corporate	1,500,000	1,500	1,474
SNC-Lavalin Group Inc. 2.69% 11-24-2020	Canada	Corporate	1,680,000	1,680	1,678
SNC-Lavalin Group Inc. 3.24% 03-02-2023 Callable 2023	Canada	Corporate	3,640,000	3,642	3,661
Sprint Spectrum Co. LLC 4.74% 03-20-2025 144A	United States	Corporate	2,810,000	3,638	3,641
Sun Life Financial Inc. F/R 11-23-2027 Callable 2022	Canada	Corporate	4,260,000	4,258	4,221
Sun Life Financial Inc. F/R 09-19-2028 Callable 2023	Canada	Corporate	10,000,000	9,986	9,998
TELUS Corp. 3.35% 04-01-2024 Callable MTN	Canada	Corporate	25,000,000	25,976	25,341
TELUS Corp. 3.63% 03-01-2028 Callable 2027	Canada	Corporate	3,520,000	3,495	3,537
TELUS Corp. 4.85% 04-05-2044 Series SP	Canada	Corporate	2,970,000	3,244	3,139
TELUS Corp. 4.70% 03-06-2048 Callable 2047	Canada	Corporate	11,250,000	11,411	11,647
TMX Group Ltd. 2.30% 12-11-2024 Callable 2024	Canada	Corporate	4,460,000	4,472	4,425
Toronto Hydro Corp. 4.08% 09-16-2044 Callable	Canada	Corporate	3,000,000	2,998	3,290
The Toronto-Dominion Bank 2.62% 12-22-2021	Canada	Corporate	42,500,000	43,641	42,571
The Toronto-Dominion Bank 1.99% 03-23-2022	Canada	Corporate	20,730,000	20,265	20,252
The Toronto-Dominion Bank 1.91% 07-18-2023 DPNT	Canada	Corporate	47,720,000	47,514	45,838
The Toronto-Dominion Bank 5.50% 04-01-2024	Canada	Mortgage Backed	5,456,767	6,168	6,109
The Toronto-Dominion Bank F/R 07-25-2029 Callable 2024	Canada	Corporate	3,470,000	3,498	3,434
TransCanada PipeLines Ltd. 3.69% 07-19-2023	Canada	Corporate	16,000,000	16,332	16,682
TransCanada PipeLines Ltd. 4.55% 11-15-2041	Canada	Corporate	5,000,000	4,976	5,392
TransCanada PipeLines Ltd. 4.33% 09-16-2047 Callable 2047	Canada	Corporate	10,000,000	9,998	10,467
Trust 600 de la Gauchetiere West 7.96% 02-10-2020 Callable	Canada	Corporate	1,774,476	1,774	1,876
Union Gas Ltd. 2.88% 11-22-2027 Callable 2027	Canada	Corporate	4,060,000	4,057	4,031
United States Treasury 2.25% 11-15-2027	United States	Foreign Governments	116,900,000	137,740	144,316
Ventas Canada Finance Ltd. 2.55% 03-15-2023 Callable 2023	United States	Corporate	130,000	126	127
Ventas Realty LP 4.00% 03-01-2028 Callable 2027	United States	Corporate	3,220,000	3,995	4,092
VW Credit Canada Inc. 3.25% 03-29-2023	Germany	Corporate	3,030,000	3,026	3,051
Wells Fargo & Co. 2.98% 05-19-2026 Series MPLE	United States	Corporate	12,000,000	12,000	11,606
				2,793,968	2,809,903
MUTUAL FUNDS					
¹ Investors Mortgage and Short Term Income Fund Series P	n/a	Mutual Funds	20,869,809	222,168	222,328
TOTAL NON-DERIVATIVE INVESTMENTS				3,016,136	3,032,231
Net Assets (see Schedule of Asset Composition):					
Total non-derivative investments					3,032,231
Cash and cash equivalents					36,909
Derivative assets (see schedule of derivative instruments)					521
Derivative liabilities (see schedule of derivative instruments)					(2,536)
Other net assets (liabilities)					14,566
					<u>3,081,691</u>

¹ This fund is managed by the Manager of the Fund.

Investors Canadian Bond Fund

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Schedule of Asset Composition

as at March 31, 2018

	% of net assets
PORTFOLIO ALLOCATION	
Bonds	91.2
Mutual Funds	7.2
Cash and cash equivalents	1.2
Other net assets (liabilities)	0.4
Total	100.0

SECTOR ALLOCATION

Corporate	47.7
Provincial Governments	22.8
Federal Government	13.7
Foreign Governments	4.7
Municipal Governments	1.7
Mortgage Backed	0.6
Total	91.2

as at March 31, 2017

	% of net assets
PORTFOLIO ALLOCATION	
Bonds	98.6
Cash and cash equivalents	0.6
Other net assets (liabilities)	0.8
Total	100.0

SECTOR ALLOCATION

Corporate	48.8
Provincial Governments	29.4
Federal Government	17.6
Municipal Governments	2.2
Mortgage Backed	0.6
Total	98.6

Schedule of Derivative Instruments

as at March 31, 2018

Schedule of Forward Currency Contracts

Counterparty credit rating	Settlement date	Currency to be received (000)	Contract costs (CAD\$ 000)	Currency to be delivered (000)	Current fair value (CAD\$ 000)	Unrealized gains (CAD\$ 000)	Unrealized losses (CAD\$ 000)	
AA	04-13-2018	9,148 CAD	9,148	7,000 USD	9,015	133	-	
AA	04-13-2018	25,118 CAD	25,118	20,100 USD	25,888	-	(770)	
AA	04-20-2018	2,678 CAD	2,678	2,105 USD	2,711	-	(33)	
AA	04-20-2018	25,107 CAD	25,107	20,100 USD	25,885	-	(778)	
A	04-27-2018	25,107 CAD	25,107	20,100 USD	25,883	-	(776)	
AA	05-11-2018	9,142 CAD	9,142	7,000 USD	9,012	130	-	
AA	05-11-2018	2,677 CAD	2,677	2,105 USD	2,710	-	(33)	
AA	05-18-2018	9,137 CAD	9,137	7,000 USD	9,011	126	-	
AA	05-18-2018	10,871 CAD	10,871	8,460 USD	10,890	-	(19)	
AA	06-15-2018	10,865 CAD	10,865	8,460 USD	10,884	-	(19)	
AA	06-22-2018	10,871 CAD	10,871	8,460 USD	10,882	-	(11)	
AA	06-29-2018	9,131 CAD	9,131	7,000 USD	9,003	128	-	
A	07-13-2018	10,842 CAD	10,842	8,460 USD	10,878	-	(36)	
AA	07-13-2018	10,859 CAD	10,859	8,460 USD	10,878	-	(19)	
AA	07-20-2018	10,865 CAD	10,865	8,460 USD	10,877	-	(12)	
AA	07-27-2018	10,845 CAD	10,845	8,460 USD	10,875	-	(30)	
AA	04-20-2018	23,560 USD	30,337	30,337 CAD	30,341	4	-	
						521	(2,536)	
TOTAL DERIVATIVE ASSETS								521
TOTAL DERIVATIVE LIABILITIES								(2,536)

1. ORGANIZATION OF THE FUND, FISCAL PERIODS AND GENERAL INFORMATION**(a) Organization of the Fund**

The Fund is organized as an open-ended mutual fund trust established under the laws of Manitoba and governed by a Declaration of Trust. The address of the Fund's registered office is 447 Portage Avenue, Winnipeg, Manitoba, Canada. The Fund is authorized to issue an unlimited number of securities of multiple series. If issued, Series F, P, and S securities are only available for purchase by other Investors Group Funds or other qualified investors. All series generally share in the operations of the Fund 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.

(b) Financial periods

The Statements of Financial Position are presented as at March 31, 2018 and 2017. The Statements of Comprehensive Income, Statements of Changes in Financial Position and Statements of Cash Flows are for the 12 month periods ended March 31, 2018 and 2017. The Schedule of Investments is presented as at March 31, 2018. Where a Fund or series of a Fund was established during either period, the information for the Fund or series is provided from inception date. Where a series of a Fund was terminated during either period, the information for the series is provided up to a close of business on the termination date.

(c) General information

I.G. Investment Management, Ltd. is the Manager and Trustee of the Fund. I.G. Investment Management, Ltd. and/or I.G. International Management Limited acts as Portfolio Advisor(s) to the Fund. In some cases, I.G. Investment Management (Hong Kong) Limited has been engaged as sub-advisor to provide investment services to 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. Companies related to Power Financial Corporation are therefore 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 at the end of the period, have been identified on the Schedule of Investments for the Fund. Any transactions during the periods were executed through market intermediaries and under prevailing market terms and conditions.

2. BASIS OF PREPARATION AND PRESENTATION

These annual financial statements (financial statements) have been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). A summary of the Fund's significant accounting policies under IFRS is presented in Note 3.

These financial statements are presented in Canadian dollars, which is the Fund's functional currency, and rounded to the nearest thousand unless otherwise indicated. These financial statements are prepared on a going concern basis using the historical cost basis, except for financial assets and liabilities that have been measured at fair value.

These financial statements were authorized for issue by the Manager on June 6, 2018.

Standards issued but not yet effective for the current accounting year are described in Note 3.

3. SIGNIFICANT ACCOUNTING POLICIES**(a) Financial instruments**

Investments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives. The Fund classifies and measures financial instruments in accordance with IFRS 9 Financial Instruments (IFRS 9). Upon initial recognition, financial instruments are classified as fair value through profit or loss (FVTPL). All financial assets and liabilities are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

Financial instruments are subsequently measured at FVTPL with changes in fair value recognized in the Statement of Comprehensive Income.

The cost of investments (cost) is based on the weighted average cost of investments and excludes commissions and other portfolio transaction costs, which are separately reported in the Statement of Comprehensive Income. Realized gains and losses on disposition, including foreign exchange gains or losses on such investments, are determined based on the cost of investments. Gains and losses arising from changes in the fair value of the investments are included in the Statement of Comprehensive Income for the period in which they arise. Gains and losses realized on certain derivatives, including interest rate and currency swaps, and futures are reported as Income (loss) from derivatives within the Statement of Comprehensive Income.

The Fund accounts for its holdings in unlisted open-ended investment funds at FVTPL. The Fund has concluded that unlisted open-ended investment funds in which it invests do not meet the definition of structured entities. The Fund's investment in unlisted open-ended funds, if any, is presented in the Schedule of Investments at fair value which represents the Fund's maximum exposure on these investments.

(b) Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fund's valuation policies are as follows:

(i) Equity securities, fixed-income securities and other investment funds

Fair value for securities listed on a public securities exchange or traded on an over-the-counter market is determined as the last traded market price or close price recorded by the security exchange on which the security is principally traded, where the close price falls within the bid-ask spread of the security.

In situations where the last traded market price is not within the bid-ask spread, the Manager selects the point within the bid-ask spread that is most representative of fair value.

Fair value of fixed-income securities includes consideration of the creditworthiness of the issuer.

Investments in securities of another investment fund are valued at the net asset value per security calculated in accordance with the offering documents of such investment fund or as reported by that fund's manager.

Unlisted or non-exchange traded securities, or securities for which a last traded market price is 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 and swaps contracts

Futures and swaps contracts are valued at the gain or loss that would be realized upon closure of the contract. The values for such contracts fluctuate and are best determined at the settlement price established each day by the board of trade or exchange on which the contracts are traded.

Margin accounts represent margin deposits held with brokers in respect of open futures and swaps contracts. Any change in the variation margin requirement is settled daily. Margin paid or deposited in respect of futures contracts or swaps is reflected as a receivable at fair value in the Statement of Financial Position.

(iii) Forward contracts

Forward contracts, including 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 Statement of Financial Position as a liability and subsequently adjusted daily to fair value.

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on deposit with banks and short term investments that are readily convertible to cash, are subject to an insignificant risk of changes in value, and are used by the Fund in the management of short-term commitments. Cash and cash equivalents are reported at fair value which closely approximates their amortized cost due to their nature of being highly liquid and having short terms to maturity. Bank overdraft positions are presented as bank indebtedness in current liabilities in the Statement of Financial Position.

(d) Currency

All amounts are expressed in Canadian dollars. 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.

(e) Income recognition

Interest income from interest bearing investments is recognized using the effective interest method. Dividends are accrued as of the ex-dividend date. Dividend income and distributions from open-ended investment funds are recognized when the Fund's right to receive payment is established which is typically on the ex-dividend or distribution date. Distributions received from income trusts and open-ended investment funds are included in interest income, dividend income or capital gains, as appropriate, based on the best information available to the Manager. Due to the nature of these investments, actual allocations could vary from this information.

(f) 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 Statement of Comprehensive Income. Securities lending transactions are administered by The Bank of New York Mellon (the Securities Lending Agent). All the counterparties have a sufficient, approved credit rating based on ratings provided by external credit rating agencies, 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 12. Collateral received is comprised of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments, and financial institutions.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Redeemable securities**

The Fund's redeemable securities entitle securityholders the right to redeem their interest in the Fund for cash equal to their proportionate share of the net asset value of the Fund, amongst other contractual rights. These redeemable securities involve multiple contractual obligations on the part of the Fund and therefore meet the criteria for classification as financial liabilities. The Fund's obligation for net assets attributable to securityholders is measured at FVTPL, with fair value being the redemption amount as of the reporting date. The fair value of net assets presented in the financial statements is consistent with the net asset values calculated in accordance with securities regulations for the purchase and redemption of the Fund's redeemable securities.

(h) Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire, dispose of or otherwise transact financial assets or liabilities. They include fees and commissions paid to agents, exchanges, brokers and dealers, and other intermediaries.

(i) Increase (decrease) in net assets attributable to securityholders from operations

Increase (decrease) in net assets attributable to securityholders from operations per security for a series in the Statement of Comprehensive Income represents the weighted average increase (decrease) in net assets attributable to securityholders from operations for the series, per security outstanding during the period.

(j) Offsetting

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Note 12 presents the amounts, if any, that are subject to master netting arrangements or other similar agreements and the net impact to the Statements of Financial Position if all such rights were exercised.

(k) Mergers

The Fund applies the acquisition method of accounting for Fund mergers. Under this method, one of the Funds in each merger is identified as the acquiring Fund, and is referred to as the Continuing Fund, and the other Fund involved in the merger is referred to as the Terminated Fund. This identification is based on the comparison of the relative net asset values of the Funds as well as consideration of the continuation of such aspects of the Continuing Fund as: investment advisors; investment objectives and practices; type of portfolio securities; and management fees and expenses.

(l) Comparative figures

- (i) Comparative figures presented in the Statements of Financial Position and Statements of Cash Flows have been revised for reclassification of amounts held with broker from cash and cash equivalents to margin on derivative contracts. Comparative information presented in Note 12 has also been revised to reflect this reclassification.
- (ii) Currency risk exposure at March 31, 2018 has been refined to replace the notional value of futures contracts with the fair market value, providing more relevant information to the sensitivity analysis. The comparative information for currency risk presented in Note 12 has been revised to conform to the current method and assumptions applied in the analysis of future contracts, if any.

These revisions do not impact net assets attributable to securityholders reported in the Fund's financial statements.

(m) Future accounting changes

The Fund has determined there are no material implications to the Fund's financial statements arising from IFRS issued but not yet effective.

4. USE OF ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of financial statements in accordance with IFRS requires judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities at the reporting date and the reported amounts of income and expenses during the period. However, existing circumstances and assumptions may change due to market changes or circumstances arising beyond the control of the Fund. Such changes are reflected in the assumptions when they occur. The following discusses the most significant accounting judgments and estimates made in preparing the financial statements:

(a) Functional currency

The Fund's functional and presentation currency is the Canadian dollar, which is the currency considered to most faithfully represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration the manner in which securities are issued and redeemed and how returns and performance by the Fund are measured.

(b) Classification of financial instruments

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. The Manager has assessed the Fund's business model, the manner in which all financial assets and financial liabilities are managed and performance evaluated as a group on a fair value basis, and concluded that FVTPL in accordance with IFRS 9 provides the most appropriate measurement and presentation of the Fund's financial assets and financial liabilities.

(c) Estimations of fair value

The Fund may, from time to time, hold investments that are not quoted in active markets, such as unlisted securities or private securities. To estimate fair value, the Manager uses valuation techniques that make use of observable data, to the extent practicable. The Fund categorizes the fair value of its assets and liabilities into three categories, which are differentiated based on the observable nature of the inputs and extent of estimation required.

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. Examples of Level 2 valuations include quoted prices for similar securities, quoted prices on inactive markets and from recognized investment dealers, and the application of factors derived from observable data to non-North American quoted prices in order to estimate the impact of differences in market closing times. The estimated fair values for these securities may be different from the values that would have been used had a ready market for the investment existed.

Level 3 – Inputs that are not based on observable market data. Various valuation techniques are utilized, depending on each situation. These methods and procedures may include, but are not limited to, performing comparisons with prices of comparable or similar securities, obtaining relevant information from issuers and/or other analytical data relating to the investment, and recent arm's length transactions. Key inputs and assumptions used are usually security specific and may include estimated discount rates, credit risk, volatility, correlations, and future cash flows. Changes in key inputs and assumptions could affect the reported fair value of these financial instruments held by the Fund. The estimated fair values for these securities may be significantly different from the values that would have been used had a ready market for the investment existed.

See Note 12 for the fair value classifications of the Fund.

(d) Structured entities

In determining whether unlisted open-ended investment funds in which the Fund invests, but that it does not consolidate, meet the definition of a structured entity, the Manager is required to make significant judgments about whether the Underlying Funds have the typical characteristics of a structured entity. The Manager has assessed the characteristics of the Underlying Funds and has concluded that they do not meet the definition of a structured entity because the Fund does not have contracts or financing arrangements with the Underlying Funds and does not have an ability to influence the activities of the Underlying Funds or the return it receives from its investment.

5. 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 12 for the annual rates paid (as a percent of average assets) by the Fund.
- (c) The Fund pays the Manager an administration fee and in return the Manager will bear the operating expenses of the Fund, other than certain specified costs. See Note 12 for the annual rates paid (as a percent of average assets) by the Fund.

Other Fund costs include taxes (including but not limited to GST/HST and income 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 and Tc 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 securityholders and is reinvested in additional Series C or Tc securities of the Fund or another distributing Fund held by the securityholder. See Note 12 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 12 for the annual rates paid (as a percent of average assets) to the Trustee by the Fund.
- (f) An advisory fee is charged by the Distributors for investment advice and administrative services related to Series U and Tu, if issued. The advisory fee is payable monthly directly by investors in Series U and Tu, and not by the Fund.
- (g) GST/HST paid by the Fund on its expenses is not recoverable. In these financial statements, reference to GST/HST includes QST (Québec sales tax), as applicable.
- (h) Other expenses are comprised of interest and borrowing charges and other miscellaneous expenses.
- (i) 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 periods have been identified in the Statements of Comprehensive Income.

6. 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 securityholders. The Fund maintains a December year-end for tax purposes. The Fund may be subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes. The Fund will distribute sufficient amounts from net income for tax purposes, as required, so that the Fund will not pay income taxes other than refundable tax on capital gains, if applicable.

See Note 12 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.

7. COMMISSIONS AND OTHER PORTFOLIO TRANSACTION COSTS

The total brokerage commissions incurred by the Fund in connection with portfolio transactions for the periods, together with other transaction charges, is disclosed in the Statements of Comprehensive Income. Brokerage business is allocated to brokers based on the best net result for the Fund. Subject to this criteria, commissions may be paid to brokerage firms which provide (or pay for) certain services, other than order execution, which may include investment research, analysis and reports, and databases 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 12. The value of certain proprietary services provided by brokers cannot be reasonably estimated.

8. GUARANTEES AND INDEMNITIES

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.

9. CAPITAL MANAGEMENT

The capital structure of the Fund consists of redeemable securities in multiple series. The net capital received by the Fund is managed in accordance with the investment objective and strategies of the Fund and to maintain adequate liquidity to meet securityholder redemption requests. The Fund is not subject to externally imposed capital requirements and has no legal restrictions on the issue or redemption of securities beyond those included in the Fund's prospectus. Securities issued, reinvested and redeemed during the periods are reflected in the Statements of Changes in Financial Position.

10. FINANCIAL INSTRUMENT RISK

The Fund's investment activities expose it to a variety of financial risks. See the Schedule of Investments for additional information about the securities held by the Fund as at the end of the period. Where significant, Note 12 presents the Fund's exposure, directly and, if applicable, indirectly through investments in other funds and/or derivative contracts, to financial instrument risks, as indicated below.

(a) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable securities. The issued securities of the Fund are redeemable on demand at the option of the securityholder at the current net asset value per security. 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 short-term investments 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.

(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 functional currency, will fluctuate due to changes in exchange rates. Generally, foreign denominated investments increase in value when the value of the Canadian dollar (relative to foreign currencies) falls. Conversely, when the value of the Canadian dollar rises relative to foreign currencies, the values of foreign denominated investments fall.

Note 12 indicates the foreign currencies, if applicable, to which the Fund had significant exposure and illustrates the potential impact, in Canadian dollar terms, to the Fund's net assets had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

The Fund's sensitivity to currency risk illustrated in Note 12 includes potential impacts from derivatives including forward currency contracts; other financial assets and liabilities (including dividends and interest receivable, and receivables/payables for investments 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. Generally, these securities increase in value when interest rates fall and decrease in value when interest rates rise. 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.

If significant, Note 12 summarizes the Fund's exposure to interest rate risk by remaining term to maturity and 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 weighted average duration, and a valuation model that estimates the impact to the fair value of mortgages held by the Fund based on changes in prevailing interest rates in a manner consistent with the valuation policy for mortgages. In practice, the actual trading results may differ and the difference could be material.

(d) 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 12 summarizes the Fund's exposure, if significant, to credit risk.

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

(e) 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 other factors affecting all instruments traded in a market or market segment. All investments 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 strategies. Except for certain derivative contracts, the maximum risk resulting from financial instruments is equivalent to their fair value. The maximum risk of loss on certain derivative contracts such as forwards, swaps and futures contracts is equal to their notional values. In the case of written call (put) options and futures contracts sold short, the maximum loss to the Fund increases, theoretically without limit, as the fair value of the underlying security increases (decreases). However, these instruments are generally used within the overall investment management process to manage the risk from the underlying investments and do not typically increase the overall risk of loss to the Fund.

Other price risk typically arises from exposure to equity and commodity securities. If significant, Note 12 illustrates the potential increase or decrease in the Fund's net assets, had the prices on the respective exchanges for these securities increased or decreased by 10%, all other variables held constant. In practice, the actual trading results may differ and the difference could be material.

11. OTHER INFORMATION**(a) Abbreviations**

Foreign currencies, if any, are presented in these financial statements using the following abbreviated currency codes:

Currency Code	Description	Currency Code	Description
AUD	Australian dollars	MXN	Mexican peso
BRL	Brazilian real	MYR	Malaysian ringgit
CAD	Canadian dollars	NGN	Nigerian naira
CHF	Swiss franc	NOK	Norwegian krona
CKZ	Czech koruna	NTD	New Taiwan dollar
CLP	Chilean peso	NZD	New Zealand dollars
CNY	Chinese yuan	PEN	Peruvian nuevo sol
COP	Colombian peso	PHP	Philippine peso
DKK	Danish krone	PLN	Polish zloty
EUR	Euro	RON	Romanian leu
GBP	United Kingdom pounds	RUB	Russian ruble
HKD	Hong Kong dollars	SEK	Swedish krona
HUF	Hungarian forint	SGD	Singapore dollars
IDR	Indonesian rupiah	THB	Thailand baht
ILS	Israeli sheqel	TRL	Turkish lira
INR	Indian rupee	USD	United States dollars
JPY	Japanese yen	ZAR	South African rand
KOR	South Korean won	ZMW	Zambian kwacha

(b) Additional information available

A copy of the Fund's current Simplified Prospectus, Annual Information Form and/or Management Report of Fund Performance, will be provided, without charge, by writing to: Investors Group Financial Services Inc., 447 Portage Avenue, Winnipeg, Manitoba, R3B 3H5 or, in Québec, 2001, Robert-Bourassa Boulevard, Bureau 2000, Montréal, Québec, H3A 2A6, or by calling toll-free 1-888-746-6344 (in Québec 1-800-661-4578).

Investors Canadian Bond Fund

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2018

12. FUND SPECIFIC INFORMATION

(a) Fund and series information

Series	Date operations commenced	Management fee (%)	Service fee (%)	Administration fee (%)	Trustee fee (%)
Series A	July 13, 2012	1.50	-	0.05	0.05
Series B	July 13, 2012	1.50	-	0.05	0.05
Series C	n/a	1.50	-	0.10	0.05
Series Josc	July 13, 2012	1.25	-	0.05	0.05
Series Jnl	July 13, 2012	1.25	-	0.05	0.05
Series P	July 2, 2013	-	-	-	-
Series S	November 16, 2009	1.25	-	0.10	0.05
Series U	July 12, 2013	0.15	-	0.05	0.05

The fee rates in the table above are rounded to two decimals.

Date operations commenced are shown if within 10 years.

Until December 31, 2016, the annual management fee rate for Series S was 1.50%.

Until December 31, 2016, the annual administration fee rate for Series B, Jnl and U was 0.10%.

The Fund aims to provide a high level of current income by investing primarily in a combination of Canadian corporate and government-issued debt securities.

To achieve the Fund's investment objective, the portfolio management team will assess bonds for the Fund using these criteria:

- creditworthiness of the issuer;
- income level that the bond provides;
- pricing of the bond; and
- term and interest rate sensitivity of the bond.

The Fund may invest any portion of its assets in Canadian federal, provincial or municipal government bonds or corporate bonds or other similar debt securities. The Fund's investments in debt instruments rated below "BBB" or its equivalent will not generally exceed 10% of its assets. The Fund may hold equities acquired through conversion of its debt securities, and the Fund may hold mortgage-backed securities and other less liquid obligations. The Fund may also invest up to 10% of its assets in non-debt, income-producing securities.

Generally speaking, it is the Fund's intention that its investment in foreign securities will range from 0% to 30% of its assets, but the Fund may invest up to 50% of its assets in foreign securities from time to time.

The deferred sales charge (DSC) purchase option of the Fund is closed to all new investments. For Series A and Josc, the DSC purchase option is still available for reinvested distributions and investments through switches from series of the Fund and other Investors Group Funds held under the DSC option. For Series C, the DSC purchase option is still available for reinvested distributions and investments through switches from Series C or Tc of other Investors Group Funds held under the DSC option.

Effective October 23, 2017, the Manager engaged Mackenzie Financial Corporation as a sub-advisor to assist in investment management and trade execution for the Fund. This sub-advisor is a subsidiary of IGM Financial Inc. and, therefore, is considered an affiliate of the Trustee, the Manager and the Distributors.

Effective on or about June 30, 2018, the annual administration fee rate for Series C will be decreased by 0.05%.

(b) Income tax losses (\$ 000)

Total capital loss	Total non-capital loss	Expiration year for non-capital losses						
		2026	2027	2028	2029	2030	after 2030	
-	-	-	-	-	-	-	-	-

(c) Commissions

for the period ended	(\$ 000)
March 31, 2018	-
March 31, 2017	-

(d) Securities lending

as at	Value of securities loaned (\$ 000)	Value of collateral received (\$ 000)
March 31, 2018	-	-
March 31, 2017	-	-

for the period ended	March 31, 2018		March 31, 2017	
	(\$ 000)	(%)	(\$ 000)	(%)
Gross securities lending income	-	-	-	-
Tax withheld	-	-	-	-
Payments to securities lending agents	-	-	-	-
Securities lending income	-	-	-	-

12. FUND SPECIFIC INFORMATION (continued)

(e) Financial instrument risk

i) Currency risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to currency risk.

ii) Interest rate risk

The tables below summarize the Fund's exposure to interest rate risk.

March 31, 2018	Fixed income exposure (\$ 000)	Impact on net assets			
		Increase by 1%		Decrease by 1%	
		(\$ 000)	(%)	(\$ 000)	(%)
Less than 1 year	163,428				
1-5 years	1,012,374				
5-10 years	1,103,168				
Greater than 10 years	748,343				
Total	3,027,314	(211,959)	(6.9)	212,028	6.9

March 31, 2017	Fixed income exposure (\$ 000)	Impact on net assets			
		Increase by 1%		Decrease by 1%	
		(\$ 000)	(%)	(\$ 000)	(%)
Less than 1 year	138,125				
1-5 years	1,378,429				
5-10 years	816,267				
Greater than 10 years	873,330				
Total	3,206,151	(208,805)	(6.4)	208,805	6.4

iii) Credit risk

The Fund's greatest concentration of credit risk is in fixed-income securities, such as bonds, and certain derivative contracts, if applicable. The maximum exposure to any one issuer as at March 31, 2018, was 13.7% (Government of Canada) of the net assets of the Fund (March 31, 2017 – 17.6% (Government of Canada)).

The tables below summarize the securities by credit rating:

March 31, 2018	Percent of total net assets (%)
AAA	23.5
AA	33.9
A	23.1
BBB	14.4
less than BBB	0.3
Total	95.2

March 31, 2017	Percent of total net assets (%)
AAA	21.8
AA	42.8
A	22.2
BBB	11.8
Total	98.6

iv) Other price risk

As at March 31, 2018 and 2017, the Fund did not have a significant exposure to other price risk.

v) Offsetting of financial assets and financial liabilities

The table below presents the recognized financial assets and financial liabilities that are subject to master netting arrangements or other similar agreements and the net impact on the Fund's Statements of Financial Position if all set-off rights were exercised.

(\$ 000)	Gross amount presented in the Statement of Financial Position	Set-off amounts	Net
March 31, 2018			
Financial assets	521	(231)	290
Financial liabilities	(2,536)	231	(2,305)
March 31, 2017			
Financial assets	-	-	-
Financial liabilities	-	-	-

Investors Canadian Bond Fund

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2018

12. FUND SPECIFIC INFORMATION (continued)

(f) Fair value of investments

The tables below summarize the fair value of the Fund's investments using the fair value categories described in Note 4.

as at March 31, 2018 (\$ 000)	Level 1	Level 2	Level 3	Total
Bonds	-	2,809,903	-	2,809,903
Mutual Funds	222,328	-	-	222,328
Equities	-	-	-	-
Short-term investments	-	36,221	-	36,221
Derivative assets	-	521	-	521
Derivative liabilities	-	(2,536)	-	(2,536)
Total	222,328	2,844,109	-	3,066,437

as at March 31, 2017 (\$ 000)	Level 1	Level 2	Level 3	Total
Bonds	-	3,206,151	-	3,206,151
Mutual Funds	-	-	-	-
Equities	-	-	-	-
Short-term investments	-	20,495	-	20,495
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	-	3,226,646	-	3,226,646

During the periods, there were no significant transfers between Level 1 and Level 2.

(g) Manager's investment in the Fund

The securities held by the Manager were as follows:

	as at March 31, 2018		as at March 31, 2017	
	No. of securities	Fair Value (\$ 000)	No. of securities	Fair Value (\$ 000)
Series U	1,309	13	1,911	20

(h) IGM Financial Inc. pension plan investments

IGM Financial Inc. maintains a defined benefit employee pension plan and is the pension plan sponsor. The pension plan is a separate trust and its assets are invested in various mutual funds managed by the Manager. The pension plan investments included the following:

	as at March 31, 2018		as at March 31, 2017	
	No. of securities	Fair Value (\$ 000)	No. of securities	Fair Value (\$ 000)
Series C	3,785,286	42,728	3,626,434	41,633

TO THE SECURITYHOLDERS OF INVESTORS CANADIAN BOND FUND (THE "FUND")

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at March 31, 2018 and March 31, 2017, and the statements of comprehensive income, changes in financial position and cash flows for the periods then ended, as indicated in note 1, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2018 and March 31, 2017, and its financial performance and cash flows for the periods then ended, as indicated in note 1, in accordance with International Financial Reporting Standards.

/s/ Deloitte LLP
Chartered Professional Accountants
June 6, 2018
Winnipeg, Canada