



Investors Group Funds Independent Review Committee
2016 Report to Securityholders

Dear Securityholder,

The Independent Review Committee (the “IRC”) for the Investors Group mutual funds¹ (collectively, the “Funds”, or individually, a “Fund”) became fully operational on November 1, 2007 pursuant to the provisions of National Instrument 81-107, Independent Review Committee for Investment Funds (“NI 81-107”).

The Funds are managed by I.G. Investment Management, Ltd. (“IGIM”, or the “Manager”). IGIM is also the portfolio advisor for certain of the Funds, as disclosed in the prospectuses of the Funds. Under NI 81-107, the IRC reviews potential conflicts of interest referred to us by IGIM and makes recommendations on whether a proposed course of action achieves a fair and reasonable result for the Funds, or any individual Fund. Only upon making such a determination do we recommend to IGIM that any particular transaction proceed. This includes regular reviews of potential transactions and the policies and procedures of IGIM related to conflicts of interest.

We are pleased to publish this annual report to securityholders of the Funds that describes the IRC and our activities for the financial year ended March 31, 2016. Securityholders in the Funds may request a copy of this report free of charge by emailing Investors Group at contact-e@investorsgroup.com (for service in English) or contact-f@investorsgroup.com (for service in French) or by calling 1-888-746-6344 (in Canada) or 1-800-661-4578 (Quebec only) or by visiting www.investorsgroup.com or www.sedar.com.

Cordially,
Robert Tessier

Chair of the Investors Group Funds Independent Review Committee

April 20, 2016

¹ Please see Appendix ‘A’ for a listing of the Investors Group mutual funds, which include the Investors Group Unit Trust Funds, the mutual fund Pools offered through the iProfile™ Managed Asset Program, and the Investors Group Income Funds, all for which I.G. Investment Management, Ltd. is the trustee, as well as the mutual fund classes offered by Investors Group Corporate Class Inc.

Members of the Independent Review Committee

- ▶ Robert Tessier (Chair)
- ▶ The Hon. Otto Lang, P.C., O.C., Q.C.
- ▶ Jean Lamarre
- ▶ Theresa McLeod
- ▶ Russell Goodman

The members of the IRC have a broad range of experience, including backgrounds in the mutual fund industry as well as financial reporting, legal, governance and accounting experience. All of the members of the IRC were initially appointed by the Manager², as required by NI 81-107, except for Mr. Russell Goodman who was appointed by the IRC itself³, as contemplated by NI 81-107. Mr. Robert Tessier serves as Chair of the IRC. All of the members of the IRC have been re-appointed to additional terms following their original appointments. The Manager has provided its consent to the re-appointments.

At the date of this report, none of the members of the IRC serve as a member of an independent review committee for any mutual funds other than the Funds, and none of the members of the IRC are engaged in any relationships that could compromise their independence in sitting on the IRC.

Ownership of securities by IRC members:

In the Funds

At the date of this report, the members of the IRC did not beneficially own, directly or indirectly, in aggregate, above ten (10%) percent of the units or shares in any series or class of any Fund.

In the Manager

At the date of this report, none of the members of the IRC beneficially owned, directly or indirectly, more than 0.01% of any voting or equity securities in the Manager.

In any Service Providers

At the date of this report, none of the members of the IRC beneficially owned, directly or indirectly, more than 0.01% of any voting or equity securities of a person or company providing services to the Funds or to the Manager.

Compensation and indemnities

The aggregate compensation paid to the members of the IRC for the period from April 1, 2015 to March 31, 2016 was \$349,964. This amount includes an annual retainer payable to each member, a fee for each meeting attended by the members, and reimbursement of reasonable expenses incurred by members of

² Mr. Robert Tessier, Mr. Jean Lamarre, Mr. Otto Lang and Ms. Theresa McLeod were appointed in 2007.

³ Mr. Russell Goodman was appointed in 2011.

the IRC in the performance of their duties (such as travel and accommodation). This amount was allocated on a fair basis among the Funds. No indemnities were paid to the members of the IRC for the period from April 1, 2015 to March 31, 2016.

The initial compensation of the IRC was established by the Manager. Thereafter, the members of the IRC on an annual basis have authority to establish their own compensation. This is done after taking into consideration any recommendations from the Manager and giving consideration to the following criteria:

1. The best interests of the Funds and their securityholders;
2. Industry best practices;
3. The number, nature and complexity of the Funds; and
4. The nature and extent of the workload of each member of the IRC, including the commitment of time and energy that is expected from each member.

Conflicts of interest

Since inception, the IRC has endeavored to carry out its mandate to review conflict of interest matters referred to it by the Manager and provide impartial advice and make recommendations on whether a proposed course of action achieves a fair and reasonable result for the Funds, or any individual Fund, as applicable. This includes the following:

- ▶ Considering individual conflict of interest matters referred to the IRC by the Manager for approval;
- ▶ Providing standing instructions to the Manager to take certain actions on a continuing basis for certain types of regularly occurring conflicts of interest (please see the heading “Standing Instructions” below for more information); and
- ▶ Any other matters referred to the IRC which are consistent with NI 81-107.

Specific recommendations

Acting in accordance with NI 81-107, the IRC has a duty to provide specific recommendations to the Manager for any potential conflict of interest matters specifically referred to the IRC by the Manager. In such cases, after reviewing the course of action proposed by the Manager, the duty of the IRC is to consider whether a proposed transaction would achieve a fair and reasonable result for the applicable Fund(s). For the period from April 1, 2015 to March 31, 2016, potential conflict of interest matters that were specifically referred to the IRC by the Manager for which the IRC made a recommendation that the transaction proceed include:

- ▶ **Renewal of lease at Lincoln Park premises.** Investors Real Property Fund owns an office building located in Calgary, Alberta known as Lincoln Park, which was purchased in 2008. The office building is operated by a third party property manager on this Fund’s behalf. An affiliate of the Manager, Investors Group Financial Services Inc. (“IGFS”), is also tenant in the office building. Subject to the

transaction being approved by the IRC, the third party property manager negotiated a renewal of the lease with IGFS based on current market rates for similar office buildings in the surrounding area. The IRC approved the renewal of the lease on the basis that it achieved a fair and reasonable result for this Fund.

- ▶ **Investment strategy change.** The Manager proposed to increase the permissible level of direct mortgage exposure within the Investors Mortgage and Short Term Income Fund, which potentially resulted in an increase in the mortgage administration and service fee payable to the Manager by this Fund. The Manager advised the IRC of benefits related to the investment strategy change for this Fund, and that the change was not a change to a fundamental investment objective of this Fund. Accordingly, the IRC determined that the investment strategy change achieved a fair and reasonable result for this Fund.
- ▶ **Approval of Fund Mergers.** The Manager proposed merging several Funds (as described below) into other Funds. The Manager referred the proposed mergers to the IRC for review with respect to any actual, potential or perceived conflicts of interest. The IRC determined that the proposed mergers achieved a fair and reasonable result for these Funds:
 - *iProfile* Money Market Pool was merged into Investors Canadian Money Market Class⁴;
 - IG AGF Canadian Growth Fund was merged into IG Mackenzie Canadian Equity Growth Fund; and
 - IG AGF Canadian Growth Class was merged into IG Mackenzie Canadian Equity Growth Class.

At the date of this report, the IRC is not aware of any instance in which the Manager acted contrary to the specific recommendation of the IRC.

Standing instructions

The IRC has issued standing instructions to the Manager that require the Manager to comply with its related policies and procedures in respect of potential conflicts of interest matters, and to report to the IRC as to its compliance with those policies and procedures. At least annually, the Manager conducts a review and assessment of each of those policies and procedures and reports to the IRC. For the period ended March 31, 2016, standing instructions were issued to the Manager for potential conflict of interest matters addressed by the following policies:

⁴ This fund was known as Investors Managed Yield Class at the time of the merger

- ▶ Allocation of Expenses Policy
- ▶ Best Execution Policy
- ▶ Client Commissions Usage Policy
- ▶ Client Complaint Policy
- ▶ Conflicts of Interest Policy
- ▶ Dissemination of Portfolio Information Policy
- ▶ Employee Code of Conduct Policy
- ▶ Fund of Fund Investment Policy
- ▶ Gain/Loss Accounting Policy for Funds
- ▶ Gift & Business Entertainment Policy
- ▶ Investment in Securities of a Related Issuer Policy
- ▶ Investors Group Corporate Class Inc. Dividend Policy
- ▶ Investors Group Mutual Fund Trading Policy for Directors and Access Persons
- ▶ Outside Activities Disclosure Policy
- ▶ Personal Trading Conduct Policy
- ▶ Policy on the Acquisition or Sale by Investors Group Mutual Funds of Mortgage Backed Securities Issued by I.G. Investment Management, Ltd.
- ▶ Privacy Policy
- ▶ Proxy Voting Guidelines Policy
- ▶ Purchase, Redemption, Settlement and Trust Accounting Policy
- ▶ Short-Term Trade Monitoring Policy
- ▶ Sub-Advisor Oversight Policy
- ▶ Supply of Mortgages to Investors Mortgage and Short Term Income Fund and Investors Canadian Corporate Bond Fund Policy
- ▶ Trade Allocation Policy
- ▶ Trading Between Mutual Fund Accounts Policy
- ▶ Valuation Policy

With regard to the Trading Between Mutual Fund Accounts Policy, the IRC was advised in June by the Manager that it had recently become aware of a limited number of instances whereby inter-fund trades in exchange traded securities between Funds were executed at the last intraday sale price (the “Intraday Price”), as opposed to closing sale price at the end of the day as required by NI 81-107. The Manager advised the IRC that these instances had occurred both during the period of this report and prior thereto, and that the trades had no detrimental impact to the Funds involved. The Manager further advised the IRC (i) that securities regulators had stated an intention to amend the provisions of NI 81-107 to allow inter-fund trades in exchange traded securities to be transacted at the Intraday Price, (ii) that securities regulators have granted approvals to other investment fund managers allowing for inter-fund trades in exchange traded securities to be transacted at the Intraday Price, and (iii) that it had filed an application with securities regulators seeking approval for inter-fund trades in exchange traded securities to be executed at the Intraday Price going forward. The IRC immediately notified the securities regulatory authority as required by NI 81-107 and responded to the questions the authority had. The IRC, based on its review of the matter and the inquiries it made, agreed with the Manager’s course of action and concluded that these inter-fund trades in exchange traded securities were carried out in good faith and were in the best interests of the Funds involved. The securities regulatory authority subsequently issued the exemption order allowing inter-fund trades in exchange traded securities to be executed at the Intraday Price and the Manager, with the approval of the IRC, amended its policy to conform with the terms of the order. The IRC considers this matter to be closed.

Conclusion

The IRC would like to recognize the important contribution of the Manager and its representatives to the ongoing operation of the IRC. In particular we appreciate the complete and detailed information they provide to us, the expertise of its senior officers and their responsiveness to any inquiries that we have and the other assistance that they give us.

This report is for the operating period of the IRC from April 1, 2015 to March 31, 2016.

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Cordially,

The Investors Group Funds Independent Review Committee

Robert Tessier (Chair)

The Hon. Otto Lang, P.C., O.C. Q.C.

Jean Lamarre

Theresa McLeod

Russell Goodman

April 20, 2016

Appendix A – Investors Group mutual funds

This report covers the following Investors Group mutual funds:

UNIT TRUST FUNDS

Allegro Aggressive Canada Focus Portfolio	Investors Canadian Bond Fund
Allegro Aggressive Portfolio 1	Investors Canadian Corporate Bond Fund
Allegro Conservative Portfolio 1	Investors Canadian Equity Fund
Allegro Moderate Aggressive Canada Focus Portfolio	Investors Canadian Equity Income Fund
Allegro Moderate Aggressive Portfolio 1	Investors Canadian Growth Fund
Allegro Moderate Conservative Portfolio 1	Investors Canadian High Yield Income Fund
Allegro Moderate Portfolio 1	Investors Canadian Large Cap Value Fund
Alto Aggressive Canada Focus Portfolio	Investors Canadian Money Market Fund 1
Alto Aggressive Portfolio 1	Investors Canadian Natural Resource Fund
Alto Conservative Portfolio 1	Investors Canadian Small Cap Fund
Alto Moderate Aggressive Canada Focus Portfolio	Investors Canadian Small Cap Growth Fund
Alto Moderate Aggressive Portfolio 1	Investors Core Canadian Equity Fund
Alto Moderate Conservative Portfolio 1	Investors Core U.S. Equity Fund
Alto Moderate Portfolio 1	Investors Cornerstone I Portfolio
Alto Monthly Income and Enhanced Growth Portfolio	Investors Cornerstone II Portfolio
Alto Monthly Income and Global Growth Portfolio	Investors Cornerstone III Portfolio 1
Alto Monthly Income and Growth Portfolio	Investors Dividend Fund
Alto Monthly Income Portfolio	Investors European Equity Fund
IG AGF Canadian Balanced Fund	Investors European Mid-Cap Equity Fund
IG AGF Global Equity Fund	Investors Fixed Income Flex Portfolio
IG AGF U.S. Growth Fund	Investors Global Bond Fund
IG Beutel Goodman Canadian Balanced Fund	Investors Global Dividend Fund
IG Beutel Goodman Canadian Equity Fund	Investors Global Financial Services Fund
IG Beutel Goodman Canadian Small Cap Fund	Investors Global Fixed Income Flex Portfolio
IG FI Canadian Allocation Fund	Investors Global Fund
IG FI Canadian Equity Fund	Investors Global Real Estate Fund
IG FI U.S. Large Cap Equity Fund	Investors Global Science & Technology Fund
IG Fiera Canadian Small Cap Fund (formerly IG AGF Canadian Diversified Growth Fund)	Investors Greater China Fund
IG Franklin Bissett Canadian Equity Fund	Investors Growth Plus Portfolio
IG Mackenzie Canadian Equity Growth Fund	Investors Growth Portfolio
IG Mackenzie Cundill Global Value Fund	Investors Income Plus Portfolio
IG Mackenzie Dividend Growth Fund	Investors International Equity Fund
IG Mackenzie Floating Rate Income Fund	Investors Low Volatility Canadian Equity Fund
IG Mackenzie Income Fund	Investors Low Volatility Global Equity Fund
IG Mackenzie Ivy European Fund	Investors Mortgage and Short Term Income Fund
IG Mackenzie Strategic Income Fund	Investors Mutual of Canada
IG Putnam Emerging Markets Income Fund	Investors North American Equity Fund
IG Putnam Low Volatility U.S. Equity Fund	Investors Pacific International Fund
IG Putnam U.S. Growth Fund	Investors Pan Asian Equity Fund
IG Putnam U.S. High Yield Income Fund	Investors Quebec Enterprise Fund
IG Templeton International Equity Fund	Investors Real Property Fund
	Investors Retirement Growth Portfolio
	Investors Retirement Plus Portfolio
	Investors Summa SRITM Fund

Investors U.S. Dividend Growth Fund
Investors U.S. Large Cap Value Fund
Investors U.S. Money Market Fund
Investors U.S. Opportunities Fund
Investors U.S. Dividend Registered Fund
Maestro Balanced Portfolio
Maestro Growth Focused Portfolio
Maestro Income Balanced Portfolio

iPROFILE™ FUNDS

iProfile Canadian Equity Class**
iProfile Canadian Equity Pool*
iProfile Emerging Markets Class**
iProfile Emerging Markets Pool*
iProfile Fixed Income Pool*
iProfile International Equity Class**
iProfile International Equity Pool*
iProfile U.S. Equity Class**
iProfile U.S. Equity Pool*

**INVESTORS GROUP CORPORATE
CLASS FUNDS**

Allegro Balanced Growth Canada Focus Portfolio
Class
Allegro Balanced Growth Portfolio Class
Allegro Balanced Portfolio Class
Allegro Growth Canada Focus Portfolio Class
Allegro Growth Portfolio Class
Allegro Income Balanced Portfolio Class
IG AGF Global Equity Class
IG AGF U.S. Growth Class
IG Beutel Goodman Canadian Equity Class
IG FI Canadian Equity Class
IG FI U.S. Large Cap Equity Class
IG Fiera Canadian Small Cap Class (formerly IG
AGF Canadian Diversified Growth Class)
IG Franklin Bissett Canadian Equity Class
IG Mackenzie Canadian Equity Growth Class
IG Mackenzie Cundill Global Value Class
IG Mackenzie Emerging Markets Class
IG Mackenzie Global Precious Metals Class
IG Mackenzie Ivy European Class
IG Mackenzie Ivy Foreign Equity Class
IG Putnam Low Volatility U.S. Equity Class

IG Putnam U.S. Growth Class
IG Templeton International Equity Class
Investors Canadian Equity Class
Investors Canadian Growth Class
Investors Canadian Large Cap Value Class
Investors Canadian Money Market Class***
Investors Canadian Small Cap Class
Investors Canadian Small Cap Growth Class
Investors Core Canadian Equity Class
Investors Core U.S. Equity Class
Investors Dividend Class
Investors European Equity Class
Investors European Mid-Cap Equity Class
Investors Global Class
Investors Global Consumer Companies Class
Investors Global Financial Services Class
Investors Global Health Care Class
Investors Global Infrastructure Class
Investors Global Natural Resources Class
Investors Global Science & Technology Class
Investors Greater China Class
Investors International Equity Class
Investors International Small Cap Class
Investors Low Volatility Canadian Equity Class
Investors Low Volatility Global Equity Class
Investors North American Equity Class
Investors Pacific International Class
Investors Pan Asian Equity Class
Investors Québec Enterprise Class
Investors Summa SRITM Class
Investors U.S. Large Cap Value Class
Investors U.S. Opportunities Class
Investors U.S. Small Cap Class
Maestro Balanced Portfolio Class
Maestro Growth Focused Portfolio Class
Maestro Income Balanced Portfolio Class

* Unit Trust Fund

** Corporate Class Fund

*** Also an iProfile Class

1 Also an RDSP Series Fund