

Financial Statements of

**THE GREAT-WEST LIFE ASSURANCE
COMPANY
IG/GWL BALANCED GIF**

December 31, 2010

INDEPENDENT AUDITOR'S REPORT

To the Policyholders of
The Great-West Life Assurance Company
IG/GWL Balanced GIF

We have audited the accompanying financial statements of IG/GWL Balanced GIF, which comprise the statements of net assets as at December 31, 2010 and 2009, and the statements of operations and changes in net assets for the years then ended, 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 Canadian generally accepted accounting principles, 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 audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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, the auditor considers 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 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 IG/GWL Balanced GIF as at December 31, 2010 and 2009, and the results of its operations and changes in net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Winnipeg, Manitoba
April 15, 2011

IG/GWL Balanced GIF

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF NET ASSETS

as at December 31	2010	2009
	(\$)	(\$)
Assets:		
Investments	75,550,685	1,711,454
Cash and short-term investments	-	-
Accrued interest and dividends receivable	-	-
Due from underlying funds	-	-
Due from the administrator	1,525	382
	1,525	382
Total assets	75,552,210	1,711,836
Liabilities:		
Bank overdraft	-	-
Due to underlying funds	-	-
Income distributions payable	-	-
Accrued expenses	1,729	307
Other liabilities	-	-
	1,729	307
Total liabilities	1,729	307
Net assets	75,550,481	1,711,529

STATEMENT OF CHANGES IN NET ASSETS

for the periods ended December 31	2010	2009
	(\$)	(\$)
Net assets, beginning of period	1,711,529	-
Increase (decrease) in net assets resulting from:		
Operations	3,296,600	(1,525)
Policyholder deposits	71,878,040	1,713,657
Policyholder withdrawals	(1,335,688)	(603)
Increase (decrease) in net assets	73,838,952	1,711,529
Net assets, end of period	75,550,481	1,711,529

STATEMENT OF OPERATIONS

for the periods ended December 31	2010	2009
	(\$)	(\$)
Income:		
Dividends	-	198
Interest and other income	381,950	1,432
	381,950	1,630
Expenses:		
Management fees	174,879	203
Administrative services	80,126	90
Goods and services tax / Harmonized sales tax	24,500	14
Other	61	-
	279,566	307
Net income (loss)	102,384	1,323
Realized gain (loss)	210,006	(401)
Unrealized gain (loss)	2,984,210	(2,447)
Net realized and unrealized gain (loss) from investments and foreign exchange	3,194,216	(2,848)
Net increase (decrease) in net assets resulting from operations	3,296,600	(1,525)

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past 2 years.

UNIT VALUES

		2010	2009
	Series	(\$)	(\$)
Net asset value	A1	10.44	9.98
at December 31	A2	10.43	9.97
	B1	10.43	9.97
	B2	10.42	9.97
Net increase (decrease) resulting from operations per unit	A1	0.46	(0.02)
for the periods ended	A2	0.46	(0.03)
December 31	B1	0.46	(0.03)
	B2	0.45	(0.03)

RATIOS AND SUPPLEMENTAL DATA

		2010	2009
	Series		
Net assets (\$ 000s)	A1	24,824	178
at December 31	A2	49,545	1,522
	B1	390	1
	B2	791	11
Units outstanding	A1	2,377,516	17,822
at December 31	A2	4,750,006	152,574
	B1	37,443	100
	B2	75,924	1,104
Management expense ratios	A1	2.88%	2.85%
for the periods ended	A2	2.98%	2.95%
December 31	B1	2.98%	2.95%
	B2	3.07%	3.05%
Portfolio turnover rate (unaudited)			
for the periods ended December 31		18.67%	0.27%

IG/GWL Balanced GIF

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF INVESTMENTS

as at December 31, 2010

	No. of Units	Average Cost (\$)	Indirect Exposure to Financial Instrument Risks:				
			Fair Value (\$)	Currency Risk	Interest Rate Risk	Other Price Risk	Credit Risk
Mutual Funds							
IG FI Canadian Equity Fund Series S	640,244	6,664,328	7,568,769			✓	
IG Templeton International Equity Fund Series S	395,754	3,644,533	3,770,703	✓		✓	
Investors Canadian Bond Fund Series S	1,509,833	15,191,301	15,127,318		✓		✓
Investors Canadian Equity Fund Series S	793,146	13,960,714	15,126,953	✓		✓	
Investors European Equity Fund Series S	408,600	3,613,713	3,767,452	✓		✓	
Investors Government Bond Fund Series S	2,804,454	15,143,949	15,133,115		✓		✓
Investors Pan Asian Growth Fund Series S	330,767	3,432,577	3,771,304	✓		✓	
Investors U.S. Large Cap Growth Fund Series S	384,852	3,634,496	3,749,881	✓		✓	
Investors U.S. Large Cap Value Fund Series S	146,509	7,283,311	7,535,190	✓		✓	
Total Investments		72,568,922	75,550,685				

Top 5 holdings of each Underlying Fund as at December 31, 2010:

	% of net asset value of Underlying Fund		% of net asset value of Underlying Fund
<i>Underlying Fund: IG FI Canadian Equity Fund</i>		<i>Underlying Fund: Investors Government Bond Fund</i>	
The Toronto-Dominion Bank	6.6	Canada Housing Trust 4.00% 06-15-2012	9.0
Canadian Imperial Bank of Commerce	5.4	Government of Canada 3.75% 06-01-2012	6.1
Suncor Energy Inc.	4.6	Canada Housing Trust 2.95% 03-15-2015	6.1
Talisman Energy Inc.	3.7	Canada Housing Trust 3.15% 06-15-2014	4.3
Canadian Natural Resources Ltd.	3.5	Canada Housing Trust 3.60% 06-15-2013	4.2
<i>Underlying Fund: IG Templeton International Equity Fund</i>		<i>Underlying Fund: Investors Pan Asian Growth Fund</i>	
Siemens AG	2.1	Cash and short-term investments	5.2
Vodafone Group PLC	1.8	Newcrest Mining Ltd.	2.6
Samsung Electronics Co. Ltd.	1.8	HTC Corp.	2.4
Unilever NV CVA	1.8	Toyota Motor Corp.	2.4
Nintendo Co. Ltd.	1.8	Sony Corp.	2.4
<i>Underlying Fund: Investors Canadian Bond Fund</i>		<i>Underlying Fund: Investors U.S. Large Cap Growth Fund</i>	
Canada Housing Trust 3.60% 06-15-2013	4.9	Google Inc. Class A	4.8
Cash and short-term investments	4.3	Cisco Systems Inc.	4.4
Canada Housing Trust 2.20% 03-15-2014	4.1	Cash and short-term investments	4.3
Government of Canada 8.00% 06-01-2027	4.0	Apple Inc.	4.0
Province of British Columbia 0% 06-09-2014	2.9	Amazon.com Inc.	3.5
<i>Underlying Fund: Investors Canadian Equity Fund</i>		<i>Underlying Fund: Investors U.S. Large Cap Value Fund</i>	
Suncor Energy Inc.	9.2	Berkshire Hathaway Inc. Class A	7.0
Canadian Natural Resources Ltd.	7.7	Philip Morris International Inc.	6.7
Barrick Gold Corp.	5.5	News Corp. Class A	6.0
Royal Bank of Canada	4.7	Comcast Corp. Special Class A	5.7
The Mosaic Co.	4.6	McDonald's Corp.	5.6
<i>Underlying Fund: Investors European Equity Fund</i>			
Cash and short-term investments	4.7		
BNP Paribas SA	4.0		
British American Tobacco PLC	3.0		
Rio Tinto PLC	2.9		
Total SA	2.6		

IG/GWL Balanced GIF
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
at December 31, 2010

1. Organization of the Fund, fiscal period and general information

(a) Organization of the Fund and fiscal periods

The Great-West Life Assurance Company ("the Issuer") is the sole issuer of the individual variable insurance contracts providing for investment in the Fund. The assets of the Fund are owned by the Issuer and are segregated from other assets. The Fund is not a separate legal entity but is segregated from other assets of the Issuer. The Fund commenced operations on November 30, 2009.

The Fund represents the net assets attributable to policyholders which are invested in one or more underlying mutual fund(s) managed by Investors Group. The Fund can issue an unlimited number of units and currently offers up to six series of units.

The financial statements of the Fund are presented as at December 31, 2010 and 2009, for the twelve month period ended December 31, 2010, and for the period from the date operations commenced to December 31, 2009.

(b) General information

(i) Investments of the Fund consist of Series S units of one or more Investors Group mutual fund(s) (the "Underlying Funds"). All transactions in the Underlying Funds are executed based on the net asset value per unit or share on each transaction day. No commissions or other fees are paid by either the Fund or Underlying Funds in relation to the purchase and redemption of units.

(ii) The Issuer is also the Manager of the Fund.

(iii) I.G. Investment Management, Ltd. is the Administrator of the Fund. The Fund is distributed by Investors Group Insurance Services Inc. (the "Distributor"). These companies are, indirectly, wholly owned subsidiaries of IGM Financial Inc.

(iv) The Great-West Life Assurance Company and IGM Financial Inc. are members of the Power Financial Corporation group of companies.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). GAAP requires Management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from such estimates. The significant accounting policies of the Fund are as follows:

(a) Valuation of investments

Investments are deemed to be held for trading in accordance with CICA Section 3855, Financial Instruments – Recognition and Measurement ("Section 3855") and therefore are recorded at fair value. Investment purchase and sale transactions are recorded as of the trade date. Realized and unrealized gains and losses on investments are calculated based on average cost of investments. Cost of securities presented in the Statement of Investments represents the amount paid for each security and is determined on an average cost basis.

Investments in Underlying Funds are recorded at fair value, which is the net asset value per unit calculated in accordance with the offering documents of such Underlying Fund. Should the quoted value for an Underlying Fund, in the opinion of the Manager, be inaccurate, unreliable or not readily available, the fair value of the security is estimated 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. As at December 31, 2010 and 2009, investments were valued based on the net asset value per unit calculated in accordance with the offering documents of each Underlying Fund. Under CICA Section 3862, this is considered to be a Level 1 valuation. There have not been any significant transfers in or out of Level 1 during the period.

(b) Cash and short-term investments

Cash and short-term investments are comprised of cash on deposit and short-term debt instruments with terms to maturity of less than one year at acquisition. Cash and short-term investments are carried at fair value.

(c) Currency

All amounts are expressed in Canadian dollars. The Fund does not have any significant transactions or balances in foreign currencies.

(d) Income recognition

Income from investments is recognized on an accrual basis. Distributions or dividends from Underlying Funds are recognized at the time the Underlying Funds' net asset value is calculated on an ex-dividend basis. Interest income is based on the number of days the security is held during the period.

All series of units generally share in the operations of the Fund, including net income, realized gain (loss) and unrealized gain (loss), on a pro rata basis except for items that can be specifically attributed to one or more series.

(e) Per unit information

(i) Net assets per unit is computed by dividing the net assets attributable to the Fund or series, by the total number of units of the Fund or series outstanding.

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

(f) Other assets and liabilities

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

(g) Future accounting change

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB"), for most publicly accountable entities by January 1, 2011.

In September 2010, the AcSB approved an optional one year deferral for most investment funds until fiscal years beginning on or after January 1, 2012. In January 2011, the AcSB approved a one year extension to the optional one year deferral for most investment funds until fiscal years beginning on or after January 1, 2013. Accordingly, the Fund will adopt IFRS for its fiscal period beginning January 1, 2013, and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending June 30, 2013.

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

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
at December 31, 2010

3. Management fees and other expenses

- (a) Each series of the Fund will incur an expense item 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 Issuer provides or arranges for the provision of investment and advisory services. The Fund pays a management fee to the Issuer for these services. The management fees are calculated at annual rates as stipulated in the information folder, applied against the daily net assets of each series, and accrued daily.
- (c) The Fund pays the Administrator an administrative services fee and in return the Administrator will bear the operating expenses of the Fund, other than certain specified costs. The administrative services fees are calculated at annual rates as stipulated in the information folder, applied against the daily net assets of each series, and accrued daily.
- (d) GST/HST paid by the Fund on its expenses is not recoverable.

4. Income taxes

The Fund is deemed to be an inter-vivos trust under the provisions of the Income Tax Act (Canada). Income of a segregated fund is deemed to be payable to the unitholders and therefore the segregated fund will not have taxable income. In addition, capital gains and losses are deemed to be those of the unitholders and not of the trust. Realized gains or losses may be reduced by the amount of gains or losses realized by unitholders on the redemption of their investment. As a result, no provision of income tax is required in the financial statements of the Fund.

5. Management Expense Ratio ("MER")

MER is based on total expenses for the period attributable to each series and is expressed as an annualized percentage of the daily average net assets of the series during the period. For periods of less than one year, the MER is annualized. Where a Fund invests in units of an Underlying Fund, the MERs presented for the Fund include the portion of MERs of the Underlying Fund(s) attributable to this investment. Correspondingly, the MERs presented for the Fund exclude any management or other fees that have been waived as a result of its investment in the Underlying Fund(s). Certain expenses that are non-recurring and/or otherwise uncertain as to their future timing and amount have not been annualized.

6. Portfolio Turnover Rate ("PTR")

The Fund's PTR indicates how actively the Fund's Portfolio Advisor manages its portfolio investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's PTR in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

7. Financial instrument risk

The Fund's investment activities expose it to a variety of financial risks. The Statement of Investments presents the Underlying Funds held by the Fund, including the related indirect exposure to financial instrument risk, as at the end of the period.

(a) Risk Management

The Fund employs a passive investment strategy whereby investments in Underlying Funds are based on target asset weightings. The target weightings allocated to each Underlying Fund and the selection of Underlying Funds are based on several factors, including impact to the Fund's volatility and asset class diversification. To assist with managing risk, the Manager and Administrator also maintain a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy. Financial Statements for the Underlying Funds, which include discussions about their respective risk exposures, are available upon request. See note 8 which describes how to obtain further information.

(b) Liquidity risk

Liquidity risk arises when a Fund encounters difficulty in meeting its financial obligations as they come due. The Fund is exposed to liquidity risk due to potential daily cash redemptions of redeemable units. As the Fund primarily invests all of its net assets in the Underlying Funds, liquidity risk is mitigated by the Underlying Funds' ability to meet the obligation to fund daily cash redemptions of their redeemable units. In addition, the Underlying Funds retain sufficient cash and cash equivalent positions to maintain adequate liquidity.

(c) Currency risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is the Fund's reporting currency, will fluctuate due to changes in exchange rates. The Fund's investments in all Underlying Funds are denominated in Canadian dollars. However, the Underlying Funds are exposed to currency risk to the extent that their investments are denominated or traded in a foreign currency.

(d) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund does not directly hold any interest-bearing financial instruments other than a nominal amount of cash and short-term investments. The Fund is indirectly exposed to the risk that the value of interest-bearing financial instruments held by the Underlying Funds will fluctuate due to changes in the prevailing levels of market interest rates.

(e) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund has no significant direct exposure to credit risk. The greatest indirect concentration of credit risk may arise from debt securities, such as bonds, held by Underlying Funds. The fair value of debt securities includes consideration of the creditworthiness of the debt issuer. The carrying amount of investments represents the maximum credit risk exposure. The carrying amount of other assets of the Fund also represents the maximum credit risk exposure, as they will be settled in the short term.

(f) 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, currency or credit risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the Fund, maximum risk of loss is equivalent to their fair value. The Manager moderates this risk through a careful selection of Underlying Funds within the parameters of the investment strategy. For the Fund, the most significant exposure to other price risk, if any, arises from the Underlying Funds' investments in equity securities and related derivative contracts.

8. Further information available

Obtain further information by writing to: Investors Group Financial Services Inc., 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6 or, in Quebec, 2001, rue University, Bureau 2000, Montreal, Quebec, H3A 2A6, or by calling toll-free 1-888-746-6344 (in Quebec 1-800-661-4578).