
Investors Fixed Income Flex Portfolio

Annual Financial Statements

FOR THE PERIOD ENDED MARCH 31, 2011

Investors Fixed Income Flex Portfolio

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

STATEMENTS OF NET ASSETS

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

	2011
Assets:	
Investments	74,921
Cash and short-term investments	1,666
Accrued interest and dividends receivable	2
Taxes recoverable (payable)	-
Accounts receivable for securities sold	217
Due from underlying funds	-
Due from manager	1
Other assets	-
	1,886
Total assets	76,807
Liabilities:	
Bank overdraft	-
Accounts payable for securities redeemed	21
Accrued expenses	-
Due to underlying funds	-
Other liabilities	-
Total liabilities	21
Net assets	76,786
Net assets per series, end of period	
Mutual Fund Units	76,785
Series P	1
Net assets per unit, end of period	
Mutual Fund Units	10.01
Series P	10.01

STATEMENTS OF OPERATIONS

for the period ended March 31 (in \$ 000 except per unit amounts)

	2011
Income:	
Dividends	-
Trust income	-
Interest and other income	162
	162
Expenses:	
Distribution fees	3
Distribution fee rebates	-
Service fees	-
Service fee rebates	-
Administration fees	5
Goods and services tax / Harmonized sales tax	1
Independent Review Committee costs	-
Other	-
	9
Expense reductions	-
	9
Net income (loss)	153
Realized gain (loss)	-
Unrealized gain (loss)	(70)
Net realized and unrealized gain (loss)	
from investments and foreign exchange	(70)
Net increase (decrease) in net assets	
from operations	83
Net increase (decrease) in net assets	
from operations per series	
Mutual Fund Units	83
Series P	-
Net increase (decrease) in net assets	
from operations per unit	
Mutual Fund Units	0.03
Series P	0.03

Investors Fixed Income Flex Portfolio

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

STATEMENTS OF CHANGES IN NET ASSETS

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

	MUTUAL FUND UNITS	SERIES P	TOTAL
	2011	2011	2011
Net assets, beginning of period	-	-	-
Increase (decrease) in net assets resulting from:			
Operations	83	-	83
Distributions:			
Income	(76)	-	(76)
Capital gains	-	-	-
Distribution fee rebates	-	-	-
Service fee rebates	-	-	-
Total distributions	(76)	-	(76)
Unit transactions:			
Proceeds from sale of units	78,636	1	78,637
Reinvested from distributions	76	-	76
Payment on redemption of units	(1,934)	-	(1,934)
Total unit transactions	76,778	1	76,779
Increase (decrease) in net assets	76,785	1	76,786
Net assets, end of period	76,785	1	76,786
Increase (decrease) in units (in thousands):			
Units outstanding, beginning of period	-	-	-
Add (deduct):			
Units sold	7,857	-	7,857
Reinvested from distributions	8	-	8
Units redeemed	(193)	-	(193)
Units outstanding, end of period	7,672	-	7,672

See accompanying notes to financial statements.

Investors Fixed Income Flex Portfolio

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

STATEMENT OF INVESTMENTS

at March 31, 2011

	No. of Units, Shares, or Par Value	Average Cost (\$000)	Fair Value (\$000)	Indirect Exposure to Financial Instrument Risks:			
				Currency Risk	Interest Rate Risk	Other Price Risk	Credit Risk
MUTUAL FUNDS							
IG Putnam U.S. High Yield Income Fund Series Z	575,216	5,758	5,747		✓		✓
Investors Canadian Bond Fund Series Z	1,381,661	15,330	15,290		✓		✓
Investors Canadian High Yield Income Fund Series Z	553,879	5,749	5,738		✓		✓
Investors Mortgage and Short Term Income Fund Series Z	5,251,291	26,836	26,803		✓		✓
Investors Premium Money Market Fund Series Z	1,532,207	15,322	15,322				✓
Investors Real Property Fund Series Z	1,107,663	5,996	6,021		✓		✓
TOTAL INVESTMENTS		<u>74,991</u>	<u>74,921</u>				
Net Assets:							
Total investments			74,921				
Cash and short-term investments			1,666				
Other net assets (liabilities)			199				
			<u>76,786</u>				

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

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

The financial statements of the Portfolio Fund are presented as at and for the 12-month periods ended March 31, 2011 and 2010. If applicable, financial results for the Portfolio Fund or series established during the periods are presented from the date operations commenced to March 31 of that fiscal period.

(b) General information

- (i) I.G. Investment Management, Ltd. is the Manager and Trustee of the Portfolio Fund. The Portfolio 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.
- (ii) Investments of the Portfolio Fund consist of units or shares of other Investors Group Funds (called the "Underlying Funds"). The Underlying Funds have the same Manager as the Portfolio Fund. The Portfolio Fund purchases units or shares of at least three of these Underlying Funds. The Manager will purchase or redeem units of the Underlying Funds based entirely on the requirements of the Portfolio Fund. 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 Portfolio or Underlying Funds in relation to the purchase and redemption of units or shares.

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 Portfolio 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 or share calculated in accordance with the offering documents of such Underlying Fund. These fair value measurements are classified as Level 1 (unadjusted quoted prices in active markets for identical assets or liabilities) in accordance with CICA Section 3862, Financial Instruments – Disclosure. There were no 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 investments 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 Portfolio 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.

(e) Per unit information

- (i) Net assets per unit is computed by dividing the net assets attributable to the series, determined in accordance with GAAP, by the total number of units of the series outstanding.
- (ii) Net increase/(decrease) in net assets from operations per unit, represents the net increase/(decrease) in net assets of the 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, receivables for securities issued, amounts due from the Manager, and other net 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) Comparative figures

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

(h) Future accounting changes

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, on January 1, 2011. However, the AcSB has allowed most investment funds to defer adoption of IFRS until fiscal years beginning on or after January 1, 2013. Accordingly, the Portfolio Fund will adopt IFRS for its fiscal period beginning April 1, 2013 and will issue its initial financial statements in accordance with IFRS, including comparative information, for the interim period ending September 30, 2013.

3. MANAGEMENT FEES AND OTHER EXPENSES

- (a) Each series of the Portfolio Fund will incur expenses that can be specifically attributed to that series. Common expenses of the Portfolio Fund are allocated across the series of the Portfolio Fund on a pro rata basis.
- (b) The Manager provides or arranges for the provision of investment and advisory services. The Portfolio Fund does not directly pay a management fee to the Manager for these services.
- (c) The Portfolio Fund pays the Manager an administrative services fee and in return the Manager will bear the operating expenses of the Portfolio Fund, other than certain specified costs. See Note 9 for the annual rates paid, including applicable implementation period adjustments (as a percent of average assets) by the Portfolio Fund.

Other specified costs of the Portfolio Fund include taxes (including but not limited to GST/HST, income tax and capital tax), interest and borrowing costs and, Independent Review Committee ("IRC") costs.

- (d) The Portfolio Fund may pay the Distributors a service fee to compensate them for providing or arranging for the provision of services. A portion of the service fee related to Series C and Tc is rebated by the Distributors to the Portfolio Fund on a quarterly basis as outlined in the Portfolio Fund's Prospectus. The rebate is distributed as a capital distribution to eligible unitholders and is reinvested in additional Series C or Tc units of the Portfolio Fund or another distributing Fund held by the unitholder. See Note 9 for the annual rates paid (as a percent of average assets) by the Portfolio Fund.

The Portfolio Fund also pays the Distributors an annual fee in recognition of certain distribution services provided by the Distributors. See Note 9 for the annual rates paid (as a percent of average assets) by the Portfolio Fund.

- (e) GST/HST paid by the Portfolio Fund on its expenses is not recoverable.
- (f) Other expenses are comprised of interest and borrowing charges and other miscellaneous expenses.
- (g) The Manager may, at its discretion, pay certain expenses of the Portfolio Fund so the Portfolio 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 Operations.

4. NET ASSET VALUE PER UNIT

Net asset value (or "pricing NAV") per unit is computed by dividing the net asset value attributable to a series of the Portfolio Fund, determined for the purchase and redemption of units in accordance with the Portfolio Fund's Prospectus and annual information form, by the total number of units of the series outstanding. This amount may be different from the net asset per unit calculation which is presented on the Statements of Net Assets. Generally, any difference is due to valuing actively traded securities at bid price for GAAP purposes while pricing NAV typically utilizes closing price to determine fair value for the purchase and redemption of units. However, because the Portfolio Fund invests only in Underlying Funds, which only have one quoted market price each per valuation day, there is not expected to be a significant difference between pricing NAV per unit and net assets per unit for GAAP purposes. See Note 9 for the net asset values per unit as of March 31, 2011 and 2010, for the Portfolio Fund

5. INCOME TAXES

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

See Note 9 for the losses that were available to offset future income for tax purposes as at the last taxation year-end. The net capital losses can be carried forward indefinitely to reduce future realized capital gains. The non-capital losses may be utilized to reduce taxable income of future years and expire in December of the years indicated.

6. CONTINGENT LIABILITY

Agreements between the individual members of the Portfolio Fund's IRC and the Trustee, on behalf of the Portfolio Fund, provide for the indemnification of each IRC member by the Portfolio 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 Portfolio 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.

7. FINANCIAL INSTRUMENT RISK

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

(a) Risk Management

The Portfolio Fund employs an 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 Portfolio Fund's volatility and asset class diversification. Significant changes to the selection of Underlying Funds or the target asset weightings attributed to each Underlying Fund may require unitholder notification or, possibly, unitholder vote. To assist with managing risk, the Manager also maintains a governance structure that oversees the Portfolio Fund's investment activities and monitors compliance with the Portfolio Fund's stated investment strategy and securities regulations. 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

The Portfolio Fund is exposed to daily cash redemptions of redeemable units. Except for Investors Real Property Fund, all investments in Underlying Funds are redeemable daily upon demand. Redemptions from Investors Real Property Fund can only be executed twice a month. In addition, the Portfolio Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions.

(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 Portfolio Fund's reporting currency, will fluctuate due to changes in exchange rates. The Portfolio 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.

Note 9 indicates the Portfolio Fund's sensitivity, if any, to a 5% movement in foreign currencies relative to the Canadian dollar, as a result of its indirect exposure to foreign currencies through investment in the Underlying Funds.

(d) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Portfolio Fund does not directly hold any interest-bearing financial instruments other than a nominal amount of cash and short-term investments. The Portfolio 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.

Note 9 indicates the Portfolio Fund's sensitivity, if any, to a 1% movement in interest rates, as a result of its indirect exposure through investment in the Underlying Funds.

(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 securities present a risk of loss of capital. For the instruments held by the Portfolio 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 Portfolio Fund, the most significant exposure to other price risk, if any, arises from the Underlying Funds' investments in equity securities and related derivative contracts.

Note 9 indicates the Portfolio Fund's sensitivity, if any, to a 10% movement in the prices of equity securities, as a result of its indirect exposure through investment in the Underlying Funds.

(f) 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 Portfolio Fund. The Portfolio Fund has no significant direct exposure to credit risk. The greatest indirect concentration of credit risk may arise from fixed-income securities, such as bonds, held by Underlying Funds. The fair value of fixed-income securities includes consideration of the creditworthiness of the issuer. The carrying amount of investments represents the maximum credit risk exposure. The carrying amount of other assets of the Portfolio Fund also represents the maximum credit risk exposure, as they will be settled in the short term.

8. FURTHER INFORMATION AVAILABLE

A copy of the Portfolio 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, 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). Copies of the financial statements and/or Management Report of Fund Performance for Underlying Funds of the Portfolio Fund may also be requested in the same manner.

Investors Fixed Income Flex Portfolio

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

9. PORTFOLIO FUND SPECIFIC INFORMATION

(a) Portfolio Fund and series information

Series	Date operations commenced ¹	Deferred sales charge (%)	Distribution fee (%)	Service fee (%)	Administration fee (%)	Net asset value per unit (\$)	
						as at March 31 2011	as at March 31 2010
Mutual Fund Units	February 7, 2011	up to 5.50	0.05	-	0.10	10.01	n/a
Series P	February 7, 2011	-	-	-	-	10.01	n/a

¹ If within the two financial periods ended March 31, 2011.

(b) Income tax losses (\$ 000)

Total capital loss	Total non-capital loss	Expiration year for non-capital losses						
		2030	2029	2028	2027	2026	2015	2014
-	-	-	-	-	-	-	-	-

(c) Financial instrument risk

(i) Currency risk

As of March 31, 2011, the Portfolio Fund did not have a significant exposure to currency risk.

(ii) Interest rate risk

As of March 31, 2011, had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,925,000 or 2.5% of total net assets. The Portfolio Funds' sensitivity to interest rate changes was estimated using the weighted average duration of the Underlying Funds' bond portfolios and a valuation model which estimates the impact to the fair value of the Underlying Funds' mortgages 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.

(iii) Other price risk

As of March 31, 2011, the Portfolio Fund did not have a significant exposure to other price risk.

(d) Manager's investment in the Portfolio Fund

The Manager held 100 Series P units as of March 31, 2011.

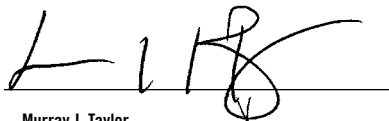
The accompanying financial statements have been prepared by I.G. Investment Management, Ltd., as Manager of the Portfolio Fund. The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with Canadian generally accepted accounting principles. The Manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors (the "Board") of I.G. Investment Management, Ltd. is responsible for reviewing and approving the financial statements and overseeing the Manager's performance of its financial reporting responsibilities. The Board is assisted in discharging this responsibility by an Audit Committee, which reviews the financial statements and recommends them for approval by the Board. The Audit Committee also meets regularly with the Manager, the internal auditor and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues.

KPMG LLP are the external auditors of the Portfolio Fund. They are appointed by the Board. The external auditors have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements. Their report is set out below.

On behalf of I.G. Investment Management, Ltd.,

Manager of the Fund



Murray J. Taylor
Chairman of the Board
and President

June 7, 2011



BJ Reid
Authorized Signing Officer and
Chief Financial Officer, Investors Group Mutual Funds

INDEPENDENT AUDITORS' REPORT

TO THE UNITHOLDERS OF INVESTORS FIXED INCOME FLEX PORTFOLIO

We have audited the accompanying financial statements of the Portfolio Fund, which comprise the Statements of Investments and Net Assets as at March 31, 2011, the Statements of Operations and Changes in Net Assets for the period then ended, as indicated in note 1, and notes, comprising 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.

Auditors' 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 our 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 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 investments and net assets of the Portfolio Fund as at March 31, 2011, and its results of operations and changes in net assets for the period then ended as indicated in note 1, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants
June 7, 2011
Winnipeg, Canada