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# Investors Group Income Fund

## **Annual Financial Statements**

FOR THE PERIOD ENDED MARCH 31, 2011

# Investors Group Income Fund

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

## STATEMENTS OF NET ASSETS

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

	2011	2010
<b>Assets:</b>		
Investments	115,169	107,488
Cash and short-term investments	233	2,370
Accrued interest and dividends receivable	1,360	1,343
Taxes recoverable (payable)	-	-
Accounts receivable for securities sold	-	-
Due from brokers	-	-
Due from manager	-	-
Due from other funds	-	-
Net margin on futures contracts	-	-
Unrealized gains on forward contracts and other derivatives	-	-
Other assets	3	2
	1,596	3,715
<b>Total assets</b>	<b>116,765</b>	<b>111,203</b>
<b>Liabilities:</b>		
Bank overdraft	-	-
Due to brokers	-	-
Accounts payable for securities redeemed	-	-
Accrued expenses	4	3
Due to other funds	-	-
Liability for options written	-	-
Unrealized losses on forward contracts and other derivatives	-	-
Other liabilities	-	-
<b>Total liabilities</b>	<b>4</b>	<b>3</b>
<b>Net assets</b>	<b>116,761</b>	<b>111,200</b>
<b>Net assets per series, end of period</b>		
Series O	116,760	111,199
Series P	1	1
<b>Net assets per unit, end of period</b>		
Series O	9.59	9.74
Series P	9.97	9.99

## STATEMENTS OF OPERATIONS

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

	2011	2010
<b>Income:</b>		
Dividends	-	-
Trust income	-	-
Interest and other income	4,518	3,752
Income (loss) from derivatives	-	-
Securities lending	-	-
Foreign withholding taxes	-	-
	4,518	3,752
<b>Expenses:</b>		
Administration fees	-	-
Trustee fees	-	-
Goods and services tax / Harmonized sales tax	-	-
Audit fees	4	5
Custody fees	1	1
Registration fees and expenses	15	13
Other	-	-
	20	19
Expense reductions	-	-
	20	19
<b>Net income (loss)</b>	<b>4,498</b>	<b>3,733</b>
Realized gain (loss)	680	(1,085)
Unrealized gain (loss)	603	(450)
Commissions and other portfolio transaction costs	-	-
<b>Net realized and unrealized gain (loss)</b>		
<b>from investments and foreign exchange</b>	<b>1,283</b>	<b>(1,535)</b>
<b>Net increase (decrease) in net assets</b>		
<b>from operations</b>	<b>5,781</b>	<b>2,198</b>
<b>Net increase (decrease) in net assets</b>		
<b>from operations per series</b>		
Series O	5,781	2,198
Series P	-	-
<b>Net increase (decrease) in net assets</b>		
<b>from operations per unit</b>		
Series O	0.51	0.19
Series P	0.52	(0.01)

# Investors Group Income Fund

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

## STATEMENTS OF CHANGES IN NET ASSETS

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

	SERIES O		SERIES P		TOTAL	
	2011	2010	2011	2010	2011	2010
<b>Net assets, beginning of period</b>	111,199	1	1	-	111,200	1
Increase (decrease) in net assets resulting from:						
<b>Operations</b>	5,781	2,198	-	-	5,781	2,198
<b>Distributions:</b>						
Income	(7,556)	(483)	-	-	(7,556)	(483)
Capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions</b>	(7,556)	(483)	-	-	(7,556)	(483)
<b>Unit transactions:</b>						
Proceeds from sale of units	-	109,000	-	1	-	109,001
Reinvested from distributions	7,556	483	-	-	7,556	483
Payment on redemption of units	(220)	-	-	-	(220)	-
<b>Total unit transactions</b>	7,336	109,483	-	1	7,336	109,484
<b>Increase (decrease) in net assets</b>	5,561	111,198	-	1	5,561	111,199
<b>Net assets, end of period</b>	116,760	111,199	1	1	116,761	111,200
<b>Increase (decrease) in units (in thousands):</b>						
<b>Units outstanding, beginning of period</b>	11,414	-	-	-		
Add (deduct):						
Units sold	-	11,364	-	-		
Reinvested from distributions	785	50	-	-		
Units redeemed	(23)	-	-	-		
<b>Units outstanding, end of period</b>	12,176	11,414	-	-		

See accompanying notes to financial statements.

# Investors Group Income Fund

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2011

## STATEMENT OF INVESTMENTS

at March 31, 2011

	Country	Sector	No. of Units, Shares, or Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>FIXED INCOME</b>					
Bank of Montreal 3.93% 04-27-2015	Canada	Corporate - Non Convertible	2,000,000	2,000	2,052
Bank of Montreal 3.103% 03-10-2016 Callable	Canada	Corporate - Non Convertible	2,000,000	2,000	1,965
The Bank of Nova Scotia 4.10% 06-08-2017	Canada	Corporate - Non Convertible	3,850,000	4,062	3,904
Bell Canada 4.85% 06-30-2014 Callable	Canada	Corporate - Non Convertible	2,300,000	2,296	2,415
Bell Canada 5.00% 02-15-2017 Callable	Canada	Corporate - Non Convertible	4,000,000	4,004	4,170
Canadian Imperial Bank of Commerce 3.05% 06-03-2013	Canada	Corporate - Non Convertible	2,000,000	1,999	2,025
Canadian Imperial Bank of Commerce 3.95% 07-14-2017	Canada	Corporate - Non Convertible	4,000,000	3,992	4,022
Capital Desjardins Inc. 5.187% 05-05-2020	Canada	Corporate - Non Convertible	1,000,000	1,000	1,043
Cogeco Cable Inc. 5.15% 11-16-2020	Canada	Corporate - Non Convertible	2,000,000	1,996	1,951
EnCana Corp. 5.80% 01-18-2018	Canada	Corporate - Non Convertible	3,300,000	3,623	3,656
GE Capital Canada Funding Co. 4.40% 02-08-2018	Canada	Corporate - Non Convertible	1,500,000	1,498	1,507
Government of Canada 3.00% 06-01-2014	Canada	Federal Government	3,000,000	3,065	3,067
Government of Canada 4.00% 06-01-2016	Canada	Federal Government	4,950,000	5,405	5,246
Government of Canada 4.00% 06-01-2017	Canada	Federal Government	22,315,000	24,208	23,645
Government of Canada 4.25% 06-01-2018	Canada	Federal Government	3,600,000	3,895	3,868
Government of Canada 3.75% 06-01-2019	Canada	Federal Government	11,880,000	12,189	12,319
Government of Canada 3.25% 06-01-2021	Canada	Federal Government	8,500,000	8,371	8,360
Manulife Financial Corp. 4.079% 08-20-2015	Canada	Corporate - Non Convertible	2,000,000	2,000	2,016
Province of Ontario 4.20% 06-02-2020	Canada	Provincial Governments	2,000,000	2,086	2,029
Province of Quebec 4.50% 12-01-2016	Canada	Provincial Governments	7,000,000	7,286	7,429
Province of Quebec 4.50% 12-01-2019	Canada	Provincial Governments	12,300,000	12,545	12,787
Rogers Communications Inc. 5.80% 05-26-2016 Callable	Canada	Corporate - Non Convertible	2,000,000	1,995	2,169
Rogers Communications Inc. 5.34% 03-22-2021 Callable	Canada	Corporate - Non Convertible	2,000,000	1,999	1,989
Royal Bank of Canada 4.35% 06-15-2020 Callable 2015	Canada	Corporate - Non Convertible	1,500,000	1,503	1,535
<b>TOTAL INVESTMENTS</b>				<u>115,017</u>	<u>115,169</u>
<b>Net Assets:</b>					
Total investments					115,169
Cash and short-term investments					233
Other net assets (liabilities)					<u>1,359</u>
					<u>116,761</u>

See accompanying notes to financial statements.

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

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

The financial statements of the Fund are presented as at and for the 12-month periods ended March 31, 2011 and 2010. The Fund commenced operations on December 13, 2004. Series P commenced on March 29, 2010. Financial results for a series established during the periods are presented from the date operations commenced to March 31 of that fiscal period.

**(b) General information**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Valuation of investments**

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

Investments in securities listed on a public securities exchange or traded on an over-the-counter market are valued at the closing bid price. Securities with no available closing bid prices are valued at the last trade or closing price. Unlisted or non-exchange traded securities, or securities for which a bid price, last sale or closing price are unavailable or securities for which market quotations are, in the Manager's opinion, inaccurate, unreliable or not reflective of all available material information, are valued at their estimated fair value, determined by using appropriate and accepted industry valuation techniques including valuation models. The estimated fair value of a security determined using valuation models requires the use of inputs and assumptions based on observable market data including volatility and other applicable rates or prices. In limited circumstances, the estimated fair value of a security may be determined using valuation techniques that are not supported by observable market data. See Note 8 for the fair value classification of financial instruments as at the end of 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. Foreign currency amounts have been expressed in Canadian dollars on the following bases:

- Fair value of investments and other assets and liabilities at the rate of exchange at the end of the period.
- Income, expenses, purchases and sales of investments at the rate of exchange on the dates of such transactions.

**(d) Income recognition**

Income from investments is recognized on an accrual basis. Interest income is based on the number of days the investment is held during the period.

**(e) Per unit information**

- 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.
- 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 brokers, the Manager, and other net assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, accounts payable for securities redeemed, accrued expenses and other liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities.

**(g) 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 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**

- The Fund pays its own operating expenses, such as audit fees and custody expenses. 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.
- The Manager provides or arranges for the provision of investment and advisory services but does not charge a management fee. The Trustee is entitled to charge a fee of up to 0.05% of the Fund's net assets, except for net assets attributable to Series P, for its services. In addition, the Manager is entitled to recover the costs of administrative services provided on behalf of the Fund (except for Series P), including a charge of up to 15% of the costs incurred for services. Neither the Manager nor the Trustee have charged the Fund for these services in order to avoid a duplication of fees with the Investors Group Corporate Class Inc. Fund which is an indirect investor of the Fund.
- GST/HST paid by the Fund on its expenses is not recoverable.
- Other expenses are comprised of bank overdraft charges and other miscellaneous expenses.
- 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 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 Fund, determined for the purchase and redemption of units in accordance with the Fund's prospectus and annual information form, by the total number of units outstanding for the series. 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. Net asset values per unit for the Fund were as follows:

	March 31 2011	March 31 2010
Series O	9.60	9.75
Series P	9.98	10.00

**5. INCOME TAXES**

The Fund qualifies as a "unit trust", but not a "mutual fund trust", as defined in the Income Tax Act (Canada). Accordingly, the Fund is subject to tax on its net income including net realized capital gains, which is not paid or payable to its unitholders. Further, it is expected that one or more Canadian financial institutions will own more than 50% of the net assets of the Fund. This will cause the Fund to be a "Financial Institution" for certain income tax purposes. As a result, the Fund will be subject to "mark-to-market" tax rules. The Fund will be deemed to have disposed of and reacquired its investments at the end of each taxation year (December 31) at fair market value. The gains from these deemed dispositions, and gains from any actual disposition by a Fund of its investments, will be fully taxed as income and the losses will generally be fully deductible. The Fund can also earn a gain or loss from derivative investments which will be treated as income rather than as capital gains or losses.

The Fund intends to distribute enough of its earnings each year so that it does not pay income tax.

**6. CONTINGENT LIABILITY**

Agreements between the individual members of the Fund's Independent Review Committee ("IRC") and the Trustee, on behalf of the Fund, provide 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.

## 7. FINANCIAL INSTRUMENT RISK

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

### (a) Risk management

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

The Fund's investment objective is to generate income by investing primarily in Canadian corporate and government fixed-income securities with average terms to maturity primarily concentrated between five and 10 years. Preservation of capital is also considered to be an important factor in the management of the Portfolio.

### (b) Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e. investments that are traded in an active market and can be readily sold). In addition, the Fund retains sufficient cash and 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.

### (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 does not have a significant exposure to currency risk.

### (d) Interest rate risk

Interest rate risk arises on interest-bearing financial instruments such as bonds. The Fund is exposed to the risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. Cash and short-term investments and other money market instruments are short term in nature and are not generally subject to significant amounts of interest rate risk. The table below summarizes the Fund's exposure to interest rate risk by remaining term to maturity. The table also illustrates the potential impact to the Fund's net assets had prevailing interest rates increased or decreased by 1%, assuming a parallel shift in the yield curve, all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual trading results may differ and the difference could be material.

Bonds (\$ 000)	Less than 5 years	5 - 8 years	8 - 10 years	> 10 years	Total	Impact on net assets	
						(\$000)	(%)
March 31, 2011	13,541	59,616	33,652	8,360	115,169	6,626	5.7
March 31, 2010	13,080	64,216	25,788	4,404	107,488	6,162	5.5

### (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.

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

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

The Fund's greatest concentration of credit risk was in fixed-income securities, such as bonds. The fair value of fixed-income securities includes consideration of the creditworthiness of the issuer. The maximum exposure to any one issuer as March 31, 2011, was 48.4% (Government of Canada) of the net assets of the Fund (March 31, 2010 – 51.8%).

The tables below summarize the fixed-income securities by credit rating:

March 31, 2011	Percent of total bonds (%)	Percent of total net assets (%)
AAA	49.1	48.4
AA	17.4	17.2
A	28.2	27.8
BBB	5.3	5.2
Total	100.0	98.6

March 31, 2010	Percent of total bonds (%)	Percent of total net assets (%)
AAA	55.0	53.2
AA	9.1	8.8
A	30.3	29.3
BBB	5.6	5.4
Total	100.0	96.7

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

**8. FAIR VALUE OF FINANCIAL INSTRUMENTS**

The tables below summarize the fair value of the Fund's financial instruments using the following fair value hierarchy:

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; and

Level 3 – Inputs that are not based on observable market data.

as at March 31, 2011 (\$ 000)	Level 1	Level 2	Level 3	Total
Fixed income	-	115,169	-	115,169
Equities	-	-	-	-
Total investments	-	115,169	-	115,169
Short-term investments	-	-	-	-
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	-	115,169	-	115,169

as at March 31, 2010 (\$ 000)	Level 1	Level 2	Level 3	Total
Fixed income	-	107,488	-	107,488
Equities	-	-	-	-
Total investments	-	107,488	-	107,488
Short-term investments	-	1,500	-	1,500
Derivative assets	-	-	-	-
Derivative liabilities	-	-	-	-
Total	-	108,988	-	108,988

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

**9. MANAGER'S INVESTMENT IN THE FUND**

The Manager held 100 Series O and 100 Series P units as of March 31, 2011 and 2010.

**10. FURTHER 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, 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).

# Investors Group Income Fund

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2011

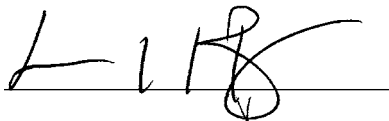
The accompanying financial statements have been prepared by I.G. Investment Management, Ltd., as Manager of the Fund. The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments 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 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 GROUP INCOME FUND

We have audited the accompanying financial statements of the Fund, which comprise the Statement of Investments as at March 31, 2011, the Statements of Net Assets as at March 31, 2011 and 2010, the Statements of Operations and Changes in Net Assets for the periods 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 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 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 of the Fund as at March 31, 2011, the net assets as at March 31, 2011 and 2010, and its results of operations and changes in net assets for the periods indicated in note 1, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
June 7, 2011  
Winnipeg, Canada