
Investors Group Income Fund

Interim Management Report of Fund Performance

FOR THE SIX-MONTH PERIOD ENDED SEPTEMBER 30, 2011

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

We stress that the above mentioned list of important factors is not exhaustive. We encourage you to consider these and other factors carefully before making any investment decisions and we urge you to avoid placing undue reliance on forward-looking statements. Further, you should be aware of the fact that the Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise, prior to the release of the next Management Report of Fund Performance.

CAUTION REGARDING FUTURE PERFORMANCE

Sales commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the Prospectus before investing. The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions (except for fee rebates) and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any investor that would have reduced returns. Mutual funds are not guaranteed. Their values change frequently and past performance may not be repeated.

This interim Management Report of Fund Performance contains financial highlights, but does not contain the complete interim or audited annual financial statements of the investment fund. If the interim financial statements of your investment fund did not accompany the mailing of this report, you may receive a copy of them or the audited annual financial statements, or annual Management Report of Fund Performance, at your request, and at no cost, by calling 1-888-746-6344 (1-800-661-4578 if you live in Quebec) or by writing to us at 447 Portage Avenue, Winnipeg, Manitoba, R3C 3B6 (2001 University Street, Suite 2000, Montreal, Quebec, H3A 2A6 if you live in Quebec), or by visiting our website at www.investorsgroup.com or SEDAR at www.sedar.com.

Securityholders may also use one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Every effort has been made to ensure that the information contained in this Report is accurate as of September 30, 2011 (except when stated otherwise), however, the Fund cannot guarantee the accuracy or the completeness of this material. Please refer to the Fund's Prospectus and audited annual financial statements for more information.

References to “Consultant” or “Consultants” mean “Representative” or “Representatives” in Quebec.

For current net asset values per unit for the Fund and for more recent information on general market events, please visit our website at www.investorsgroup.com.

Management Discussion of Fund Performance

This management discussion of Fund performance presents views of the portfolio management team about the significant factors and developments during the past six months that have affected the Fund's performance and outlook since March 31, 2011, the Fund's most recent fiscal year-end. This report should be read in conjunction with the annual Management Report of Fund Performance for the year ended March 31, 2011.

The commentary in this section is general information about the Fund's recent performance. For more information on the Fund's longer-term performance, please refer to the section under Past Performance later in this report.

Please read the caution regarding forward-looking statements located on the first page of this document.

Results of Operations

(BASED ON INFORMATION AS AT SEPTEMBER 30, 2011)

The Fund's net assets decreased by 31.6% during the period to \$79.9 million. This change was comprised primarily of gains of \$7.0 million from investment operations and a decrease of \$43.9 million due to net redemptions of the Fund's securities. Average net assets of the Fund for the period were \$66.7 million, a decrease of 41.7% compared to the six-month period ended September 30, 2010. Average net assets influence revenue earned and expenses incurred by the Fund during the period. The Fund's performance is discussed below.

The Fund outperformed its benchmark, the DEX Universe Total Return Index, over the six months ended September 30, 2011. Performance was positively affected by greater-than-benchmark exposure to bonds with mid-term maturities and underweight positions in corporate and provincial bonds.

Over the period, Canadian and global economic growth slowed as European sovereign debt problems persisted. The period also saw the downgrading of U.S. government debt by a major credit-rating agency. To support economic recovery most major central banks maintained accommodative, low-interest-rate policies. All of these factors led to falling federal government bond yields. (As bond yields fall, prices rise.) As a result, Government of Canada bond returns were positive across the maturity spectrum, with longer-term bonds outperforming short-term and mid-term bonds. Corporate bond returns were positive, although lower than those from Government of Canada bonds.

Positive returns were supported by international demand for bonds issued by governments perceived as having stable financial positions, such as Canada. As global economic growth moderated, investor appetite for higher-risk investments diminished and demand for lower-risk assets, including bonds, increased. This supported bond prices.

Recent Developments

(BASED ON INFORMATION AS AT OCTOBER 21, 2011)

Global stock markets declined over the period due to several factors ranging from U.S. and European debt worries to slowing global economic growth. Increased volatility had a detrimental impact on riskier assets, while Canadian investments linked to government debt were viewed as safe havens. These investments benefited from significant capital inflows from foreign investments, while the value of investments linked to growth declined as investors became more risk averse.

Despite some loss of momentum over the last three months, the global economy continued to expand due in part to low-interest rate policies maintained by most central banks. The pace of economic recovery slowed in Canada as a result of weaker global demand for commodities.

In the U.S., elevated debt levels, persistent high unemployment and housing market weakness challenged economic growth. In response, the U.S. Federal Reserve announced it was committed to maintaining low-interest rates through to mid-2013. Concerns about sovereign debt problems in several European countries grew, posing a threat to other European economies. As a result, financial conditions tightened and investors remained risk-averse, reinforcing downward pressure on Canadian yields.

The portfolio management team believes that Canada should continue to experience positive economic growth. Much policy stimulus currently in place is designed to spur growth and increase inflation, which may ultimately be negative for bond prices.

The Fund's shorter-than-benchmark duration should lessen exposure to capital losses if rates rise.

Other Developments

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

As previously confirmed by the Canadian Accounting Standards Board ("AcSB"), most Canadian publicly accountable entities adopted IFRS, as published by the International Accounting Standards Board ("IASB"), 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.

The Manager has identified the key differences between IFRS and Canadian generally accepted accounting principles ("GAAP") that are expected to affect the Fund, and has developed an IFRS changeover plan, including a formal project governance structure, that addresses key elements of the conversion to IFRS. Elements of the plan include evaluating the impacts of the changeover on all business activities, accounting policies, information technology and data systems, internal controls over financial reporting, and disclosure controls and procedures. As the Fund's changeover plans are implemented, requirements for financial reporting resources and training are being modified appropriately.

Based on the Manager's current evaluation of the differences between Canadian GAAP and IFRS, the adoption of IFRS is not expected to have a significant impact on the calculation of NAV per security. IFRS is expected to affect the overall presentation of financial statements and result in additional disclosure in the accompanying notes. The Manager continues to monitor changes to IFRS proposed by the IASB and relevant amendments by the AcSB, and the current assessment and IFRS changeover plans may change if new standards are issued or if interpretations of existing standards are revised.

INDEPENDENT REVIEW COMMITTEE ("IRC")

During the period, Mr. Courtney Pratt resigned in good standing from the IRC and Mr. Russell Goodman was appointed.

Related Party Transactions

I.G. Investment Management, Ltd. is the Manager, Trustee and Portfolio Advisor of the Fund. The Fund is only available for purchase by other Investors Group Funds (or institutional investors acceptable to Investors Group) and is not available for purchase by retail investors. The Fund is offered through Investors Group Financial Services Inc., referred to as the Distributor. The Manager, Portfolio Advisor, Distributor and Trustee are, indirectly, wholly owned subsidiaries of IGM Financial Inc.

The Trustee is entitled to charge a fee of up to 0.05% (per annum) 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, including a charge of up to 15% of the costs incurred, except for net assets attributable to Series P. Neither the Manager nor the Trustee has charged the Fund for these fees during the period.

Investors Group has an investment in the Fund valued at \$2.1 thousand as at September 30, 2011.

Summary of Investment Portfolio

AT SEPTEMBER 30, 2011

The largest holdings of the Fund (up to 25) at the end of the period, and the major asset classes in which the Fund was invested, are indicated below. The Fund held no short positions at the end of the period. This summary of investment portfolio may change due to ongoing portfolio transactions. The Fund's summary of investment portfolio will be updated as at the end of the next quarter. Please see the front page for information about how it can be obtained.

Summary of Top 25 Holdings

	% of net asset value
Canada Housing Trust 3.35% 12-15-2020	22.8
Government of Canada 3.75% 06-01-2019	19.3
Province of Ontario 4.00% 06-02-2021	11.4
Canada Housing Trust 4.10% 12-15-2018	10.1
Province of Quebec 4.50% 12-01-2019	8.4
Province of Ontario 4.40% 06-02-2019	7.0
Royal Bank of Canada 3.03% 07-26-2016	6.4
Government of Canada 3.50% 06-01-2020	5.6
Government of Canada 4.25% 12-01-2021 Real Return	3.8
Government of Canada 4.25% 12-01-2026 Real Return	2.7
Intact Financial Corp. 4.70% 08-18-2021	1.3
Cash and short-term investments	0.2
	99.0

Summary of Composition of the Portfolio

	% of net asset value
BY ASSET TYPE	
Fixed Income	98.8
Cash and short-term investments	0.2
Other net assets (liabilities)	1.0
Total	100.0
BY CREDIT RATING	
AAA	64.3
AA	24.8
A	9.7
	98.8

Past Performance

It is important to remember that past performance doesn't necessarily indicate future performance. The returns presented below:

- assume that all distributions, except for fee rebates, are reinvested into the Fund;
- do not include sales charges, income taxes, or optional expenses that reduce returns;
- show performance based on Canadian dollar returns; and
- show performance for the six-month period ended September 30, 2011 and for each of the past 10 financial years, or since the series started.

Financial years are as follows:

- 2002 to 2008 – up to 12 months ended September 30
- 2009 – six months ended March 31
- 2010 to 2011 – 12 months ended March 31

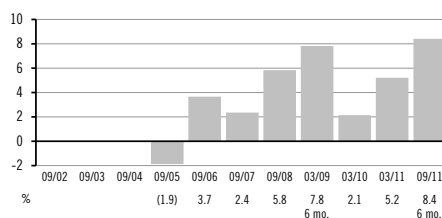
Inception dates of the series within these periods are:

- Series O, December 13, 2004
- Series P, March 29, 2010

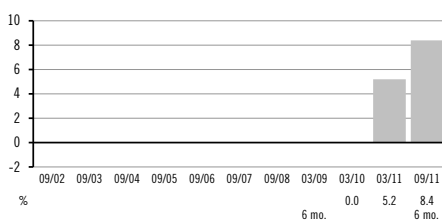
Year-by-Year Returns

These bar charts show how much an investment in units made on the first day of each financial year would have increased or decreased by the end of the respective period. For the first year of a series, the percentage shown will be the actual return of the series from its inception date. The charts illustrate how the Fund's performance has changed over time.

SERIES O



SERIES P



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 six-month period ended September 30, 2011, and for up to the past five financial years.

Footnotes are presented after Ratios and Supplemental Data.

Net Assets per Unit¹

SERIES O (in \$)	6 mo	12 mo	12 mo	6 mo	12 mo	12 mo
	Sep. 30	Mar. 31	Mar. 31	Mar. 31	Sep. 30	Sep. 30
	2011	2011	2010	2009	2008	2007
² Net assets, beginning of period	9.59	9.74	9.59	9.91	9.81	9.97
Increase (decrease) from operations:						
Total revenue	0.13	0.39	0.36	0.15	0.38	0.45
Total expenses	-	-	-	-	-	-
Realized gains (losses) for the period	0.32	0.06	(0.10)	0.46	0.18	(0.03)
Unrealized gains (losses) for the period	0.36	0.05	(0.05)	0.13	-	(0.18)
³ Total increase (decrease) from operations	0.81	0.50	0.21	0.74	0.56	0.24
Distributions:						
From income (excluding dividends)	-	(0.66)	(0.04)	(1.10)	(0.45)	(0.40)
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
⁴ Total annual distributions	-	(0.66)	(0.04)	(1.10)	(0.45)	(0.40)
Net assets at period end	10.40	9.59	9.74	9.59	9.91	9.81

SERIES P (in \$)	6 mo	12 mo	12 mo	6 mo	12 mo	12 mo
	Sep. 30	Mar. 31	Mar. 31	Mar. 31	Sep. 30	Sep. 30
	2011	2011	2010	2009	2008	2007
² Net assets, beginning of period	9.97	9.99	10.00	n/a	n/a	n/a
Increase (decrease) from operations:						
Total revenue	0.13	0.40	-	n/a	n/a	n/a
Total expenses	-	-	-	n/a	n/a	n/a
Realized gains (losses) for the period	0.33	0.06	-	n/a	n/a	n/a
Unrealized gains (losses) for the period	0.38	0.05	(0.01)	n/a	n/a	n/a
³ Total increase (decrease) from operations	0.84	0.51	(0.01)	n/a	n/a	n/a
Distributions:						
From income (excluding dividends)	-	(0.54)	-	n/a	n/a	n/a
From dividends	-	-	-	n/a	n/a	n/a
From capital gains	-	-	-	n/a	n/a	n/a
Return of capital	-	-	-	n/a	n/a	n/a
⁴ Total annual distributions	-	(0.54)	-	n/a	n/a	n/a
Net assets at period end	10.81	9.97	9.99	n/a	n/a	n/a

Ratios and Supplemental Data

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	6 mo Mar. 31	12 mo Sep. 30	12 mo Sep. 30
SERIES O	2011	2011	2010	2009	2008	2007
² Total net asset value (pricing NAV) (\$000's)	79,894	116,887	111,321	1	69,485	64,078
Number of units outstanding (000's)	7,677	12,176	11,414	-	7,009	6,533
⁵ Management expense ratio (%)	0.02	0.02	0.02	0.03	0.04	0.03
Management expense ratio before waivers or absorptions (%)	0.02	0.02	0.02	0.03	0.04	0.03
⁶ Trading expense ratio (%)	-	-	-	-	-	-
⁷ Portfolio turnover rate (%)	161.19	59.38	54.23	43.61	210.70	140.77
² Net asset value per unit (pricing NAV) (\$)	10.41	9.60	9.75	9.59	9.91	9.81

	6 mo Sep. 30	12 mo Mar. 31	12 mo Mar. 31	6 mo Mar. 31	12 mo Sep. 30	12 mo Sep. 30
SERIES P	2011	2011	2010	2009	2008	2007
² Total net asset value (pricing NAV) (\$000's)	1	1	1	n/a	n/a	n/a
Number of units outstanding (000's)	-	-	-	n/a	n/a	n/a
⁵ Management expense ratio (%)	0.02	0.02	-	n/a	n/a	n/a
Management expense ratio before waivers or absorptions (%)	0.02	0.02	-	n/a	n/a	n/a
⁶ Trading expense ratio (%)	-	-	-	n/a	n/a	n/a
⁷ Portfolio turnover rate (%)	161.19	59.38	54.23	n/a	n/a	n/a
² Net asset value per unit (pricing NAV) (\$)	10.82	9.98	10.00	n/a	n/a	n/a

¹ These calculations are prescribed by securities regulations and are not intended to be a reconciliation between opening and closing net assets per unit. This information is derived from the Fund's interim and audited annual financial statements. Effective after the close of business on September 30, 2008, the financial year-end of the Fund changed from September 30 to March 31. The Fund's year-end for tax reporting purposes is unaffected by this change.

² The net assets per security presented in the financial statements may differ from the net asset value calculated for Fund pricing purposes. This difference is due to the requirements of generally accepted accounting principles ("GAAP"), including CICA Handbook Section 3855, and may result in a different valuation of securities held by the Fund in accordance with GAAP than the market value used to determine net asset value of the Fund for the purchase and redemption of the Fund's units ("pricing NAV"). The impact of the adoption of this accounting policy for valuation of securities on the net assets per unit determined in accordance with GAAP as of October 1, 2006 was 0.00 for all series in existence at that time. The pricing NAV per unit at the end of the period is disclosed in Ratios and Supplemental Data.

³ Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. In the period a Series is established, the financial information is provided from the date of inception to the end of the period.

⁴ Distributions were paid in cash, reinvested in additional units of the Fund, or both.

⁵ Management expense ratio (MER) is based on total expenses, excluding commissions and other portfolio transaction costs, for the stated period and is expressed as an annualized percentage of daily average net assets during the period, except as noted. In the period a Series is established, the management expense ratio is annualized from the date of inception to the end of the period. Certain expenses that are non-recurring and/or otherwise uncertain as to their future timing and amount have not been annualized.

⁶ The trading expense ratio represents total commissions and other portfolio transaction costs incurred as an annualized percentage of daily average net assets during the period.

⁷ The Fund's portfolio turnover rate indicates how actively the Fund's Portfolio Advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. Generally, the higher a Fund's portfolio turnover rate 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. Transactions incurred to realign the Fund's portfolio after a fund merger, if any, are excluded from the portfolio turnover rate.