
IG Mackenzie Income Fund

Interim Management Report of Fund Performance

For the six-month period ended September 30, 2009

This interim Management Report of Fund Performance contains financial highlights, but does not contain the complete interim or 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 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, 2009 (October 23, 2009 for the discussion under Recent Developments), 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.

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.

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.

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, 2009, 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, 2009.

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 of September 30, 2009)

The Fund's net assets increased by 15.6% during the period to \$513.6 million. This change was comprised primarily of gains of \$17.3 million from investment operations and an increase of \$52.0 million due to net proceeds from the issuance of the Fund's securities. Average net assets of the Fund for the period were \$477.9 million (2008 – \$473.1 million), an increase of 1.0% compared to the six-month period ended September 30, 2008. Average net assets influence revenue earned and expenses incurred by the Fund during the period. The Fund's performance is discussed below. Performance will vary by series largely due to the extent that fees and expenses may differ between series. See Series Information later in this report.

The Fund slightly underperformed its benchmark, the DEX Universe Total Return Index, over the six months ended September 30, 2009, due in part to its exposure to government-issued debt.

Corporate bonds outperformed government bonds during the period and the Fund increased its exposure in bonds that trade at a higher yield than federal government bonds, including provincial and corporate bonds.

The portfolio management team's interest rate strategy had a marginally positive impact on performance.

The Fund's average term to maturity over the period was relatively neutral compared to the index, but the portfolio was underweight in bonds with five-to-10-year maturities which helped performance.

Recent Developments (based on information as of October 23, 2009)

Central bank authorities have indicated a strong desire to maintain interest rates at exceptionally low levels for an extended period of time in order to restore stability to the global economy.

The portfolio management team believes the recession ended in the second calendar quarter of 2009 and expects continued improvement in the economy. This may lead to further outperformance of corporate bonds in relation to government bonds in the near term.

The longer-term outlook remains clouded by the question of how sustainable economic growth will be without government support, as political leaders appear fixated on withdrawing stimulus as soon as growth has returned to a more normal level.

The portfolio management team fears that this desire to withdraw stimulus could hamper growth, for government spending may be required to compensate for an increase in consumer saving. Consumers as a whole are focused on spending less and saving more, while financial institutions re-price and restrict credit availability as they repair their balance sheets.

Related Party Transactions

I.G. Investment Management, Ltd. is the Manager, Trustee and Portfolio Advisor of the Fund. The Fund is offered through the Consultants of Investors Group Financial Services Inc. and Investors Group Securities Inc., together referred to as the Distributors. The Manager, Portfolio Advisor, Distributors and Trustee are, indirectly, wholly owned subsidiaries of IGM Financial Inc.

The following sub-advisor has been retained to provide investment services to the Fund:

- Mackenzie Financial Corporation.

Mackenzie Financial Corporation is, indirectly, a wholly owned subsidiary of IGM Financial Inc.

The Fund paid 1.65% (per annum) of its net assets, except for net assets attributable to Series P, to the Manager and Portfolio Advisor, in aggregate, for management and portfolio advisory services (see Management Fees).

The Fund paid the Manager an administration fee, including applicable implementation period adjustments, equal to 0.14% annually of the net assets attributable to Series C. In exchange for the administration fee, the Manager pays the operating costs and expenses of the Fund, except for certain specified Fund costs.

The Trustee is responsible for the overall direction and management of the affairs of the Fund. The Trustee is paid an annual fee of 0.05% of the average net assets of the Fund, except for net assets attributable to Series P, for its services.

Total payments by the Fund (excluding GST) to the Manager and parties related to the Manager for the six-month period ended September 30, 2009 were:

| | \$000's |
|--------------------|----------------|
| Management fee | 3,945 |
| Administration fee | 144 |
| Trustee fee | 120 |
| | 4,209 |

Certain other mutual funds distributed by Investors Group may invest in Series P or Z of this Fund. All such transactions in the Fund are executed in accordance with standing instructions approved by the Independent Review Committee and based on the pricing NAV per unit determined in accordance with the stated policies of the Fund on each transaction day. No commissions or other transaction fees were paid by the Fund in relation to these transactions. As of September 30, 2009, other funds held approximately 62.6% of the Fund's net assets.

The Fund, from time to time, entered into security trades with other funds that have the same Portfolio Advisor. These trades were executed through market intermediaries and under prevailing market terms and conditions in accordance with standing instructions approved by the Independent Review Committee.

Financial Highlights

The following tables show selected key financial information about the Fund and its financial performance for the six-month period ended September 30, 2009 and for up to the past five years.

Footnotes are presented after Ratios and Supplemental Data.

Net Assets per Unit¹

| Series C (in \$) | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|--|--|---|---|---|---|
| Net assets, beginning of period² | 10.40 | 10.29 | 10.28 | 10.59 | 10.68 | 10.43 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.25 | 0.26 | 0.51 | 0.50 | 0.51 | 0.47 |
| Total expenses | (0.10) | (0.10) | (0.20) | (0.20) | (0.21) | (0.22) |
| Realized gains (losses) for the period | 0.02 | 0.05 | 0.07 | - | (0.01) | 0.11 |
| Unrealized gains (losses) for the period | 0.19 | 0.15 | (0.03) | (0.32) | (0.02) | 0.13 |
| Total increase (decrease) from operations³ | 0.36 | 0.36 | 0.35 | (0.02) | 0.27 | 0.49 |
| Distributions: | | | | | | |
| From income (excluding dividends) | (0.16) | (0.17) | (0.32) | (0.29) | (0.27) | (0.26) |
| From dividends | - | - | - | - | - | - |
| From capital gains | - | (0.06) | - | - | (0.08) | - |
| Return of capital | - | - | - | - | - | - |
| Total annual distributions⁴ | (0.16) | (0.23) | (0.32) | (0.29) | (0.35) | (0.26) |
| Net assets at period end | 10.60 | 10.40 | 10.29 | 10.28 | 10.59 | 10.68 |

| Series P (in \$) | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|--|--|---|---|---|---|
| Net assets, beginning of period² | 10.00 | n/a | n/a | n/a | n/a | n/a |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.11 | n/a | n/a | n/a | n/a | n/a |
| Total expenses | - | n/a | n/a | n/a | n/a | n/a |
| Realized gains (losses) for the period | (0.02) | n/a | n/a | n/a | n/a | n/a |
| Unrealized gains (losses) for the period | 0.22 | n/a | n/a | n/a | n/a | n/a |
| Total increase (decrease) from operations³ | 0.31 | n/a | n/a | n/a | n/a | n/a |
| Distributions: | | | | | | |
| From income (excluding dividends) | (0.08) | n/a | n/a | n/a | n/a | n/a |
| From dividends | - | n/a | n/a | n/a | n/a | n/a |
| From capital gains | - | n/a | n/a | n/a | n/a | n/a |
| Return of capital | - | n/a | n/a | n/a | n/a | n/a |
| Total annual distributions⁴ | (0.08) | n/a | n/a | n/a | n/a | n/a |
| Net assets at period end | 10.23 | n/a | n/a | n/a | n/a | n/a |

| Series Z (in \$) | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|--|--|---|---|---|---|
| Net assets, beginning of period² | 10.44 | 10.32 | 10.29 | 10.60 | 10.69 | 10.44 |
| Increase (decrease) from operations: | | | | | | |
| Total revenue | 0.25 | 0.26 | 0.51 | 0.50 | 0.50 | 0.47 |
| Total expenses | (0.09) | (0.09) | (0.19) | (0.20) | (0.21) | (0.21) |
| Realized gains (losses) for the period | 0.02 | 0.05 | 0.07 | - | (0.01) | 0.10 |
| Unrealized gains (losses) for the period | 0.19 | 0.15 | (0.03) | (0.32) | (0.01) | 0.11 |
| Total increase (decrease) from operations³ | 0.37 | 0.37 | 0.36 | (0.02) | 0.27 | 0.47 |
| Distributions: | | | | | | |
| From income (excluding dividends) | (0.16) | (0.17) | (0.32) | (0.29) | (0.27) | (0.26) |
| From dividends | - | - | - | - | - | - |
| From capital gains | - | (0.06) | - | - | (0.08) | - |
| Return of capital | - | - | - | - | - | - |
| Total annual distributions⁴ | (0.16) | (0.23) | (0.32) | (0.29) | (0.35) | (0.26) |
| Net assets at period end | 10.65 | 10.44 | 10.32 | 10.29 | 10.60 | 10.69 |

Ratios and Supplemental Data

| Series C | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Total net asset value (pricing NAV) ² (\$000's) | 192,494 | 184,464 | 177,814 | 168,644 | 157,773 | 141,980 |
| Number of units outstanding (000's) | 18,147 | 17,723 | 17,271 | 16,404 | 14,890 | 13,299 |
| Management expense ratio ⁵ (%) | 1.94 | 1.94 | 1.93 | 1.96 | 2.01 | 2.03 |
| Management expense ratio before waivers or absorptions (%) | 1.94 | 1.94 | 1.93 | 1.96 | 2.01 | 2.03 |
| Trading expense ratio ⁶ (%) | - | - | - | - | - | - |
| Portfolio turnover rate ⁷ (%) | 26.84 | 34.00 | 49.74 | 41.90 | 63.08 | 69.84 |
| Net asset value per unit (pricing NAV) ² (\$) | 10.61 | 10.41 | 10.30 | 10.28 | 10.59 | 10.68 |

| Series P | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Total net asset value (pricing NAV) ² (\$000's) | 2,352 | n/a | n/a | n/a | n/a | n/a |
| Number of units outstanding (000's) | 230 | n/a | n/a | n/a | n/a | n/a |
| Management expense ratio ⁵ (%) | - | n/a | n/a | n/a | n/a | n/a |
| Management expense ratio before waivers or absorptions (%) | - | n/a | n/a | n/a | n/a | n/a |
| Trading expense ratio ⁶ (%) | - | n/a | n/a | n/a | n/a | n/a |
| Portfolio turnover rate ⁷ (%) | 26.84 | n/a | n/a | n/a | n/a | n/a |
| Net asset value per unit (pricing NAV) ² (\$) | 10.24 | n/a | n/a | n/a | n/a | n/a |

| Series Z | 6 mo Sep. 30 2009 | 6 mo Mar. 31 2009 | 12 mo Sep. 30 2008 | 12 mo Sep. 30 2007 | 12 mo Sep. 30 2006 | 12 mo Sep. 30 2005 |
|--|----------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Total net asset value (pricing NAV) ² (\$000's) | 319,465 | 260,428 | 281,537 | 266,357 | 183,874 | 103,022 |
| Number of units outstanding (000's) | 29,979 | 24,928 | 27,265 | 25,868 | 17,332 | 9,641 |
| Management expense ratio ⁵ (%) | 1.79 | 1.79 | 1.79 | 1.93 | 1.99 | 2.00 |
| Management expense ratio before waivers or absorptions (%) | 1.79 | 1.79 | 1.79 | 1.93 | 1.99 | 2.00 |
| Trading expense ratio ⁶ (%) | - | - | - | - | - | - |
| Portfolio turnover rate ⁷ (%) | 26.84 | 34.00 | 49.74 | 41.90 | 63.08 | 69.84 |
| Net asset value per unit (pricing NAV) ² (\$) | 10.66 | 10.45 | 10.33 | 10.29 | 10.60 | 10.69 |

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 unaudited interim financial statements 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. 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. 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. Costs incurred to realign the Fund's portfolio after a fund merger, if any, are excluded from the portfolio turnover rate.

Management Fees

The Fund pays Investors Group a management fee. The management fee paid by each series is calculated as a percentage of the net asset value of the series, as of the close of business on each business day (see Related Party Transactions for rates payable by each series). Management fees were used in part to pay costs incurred in providing investment advisory and management services, and distribution-related services including the cost of financial planning services, consultant commissions and bonuses, marketing and other Fund promotional activities and educational conferences.

For the six-month period ended September 30, 2009, on average approximately 54% of the total management fee revenues received from all Investors Group Funds was attributable to investment advisory and management services. The balance of these fees was used to fund the payment of distribution-related services.

For this Fund, investment advisory and management services represented approximately 60%, and distribution-related services represented approximately 40%, of the management fees paid for the six-month period ended September 30, 2009. This may vary by series depending upon the assets invested in each series.

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 service 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, 2009 and for each of the past 10 financial years, or since the series started.

Financial years are as follows:

- 2000 to 2008 – up to 12 months ended September 30
- 2009 – six months ended March 31

Inception dates of the series within the past 10½ financial years are:

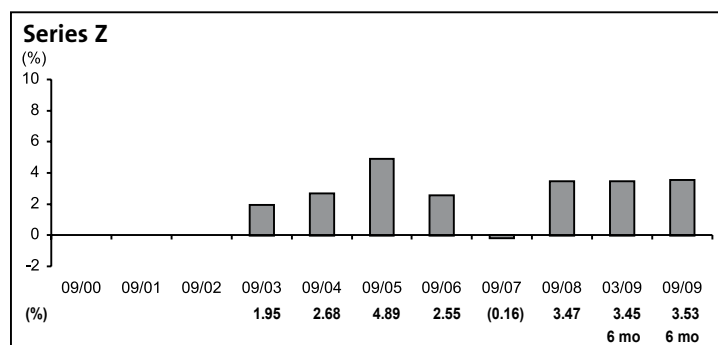
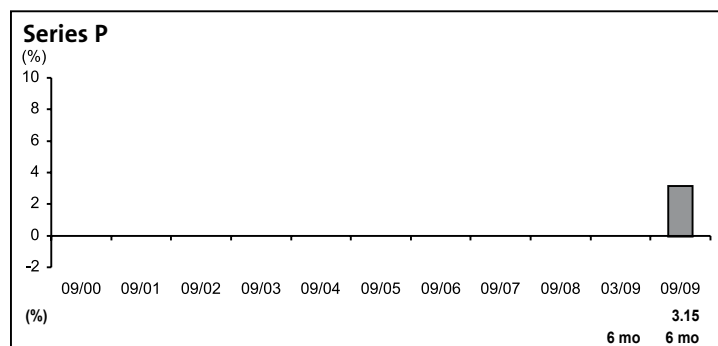
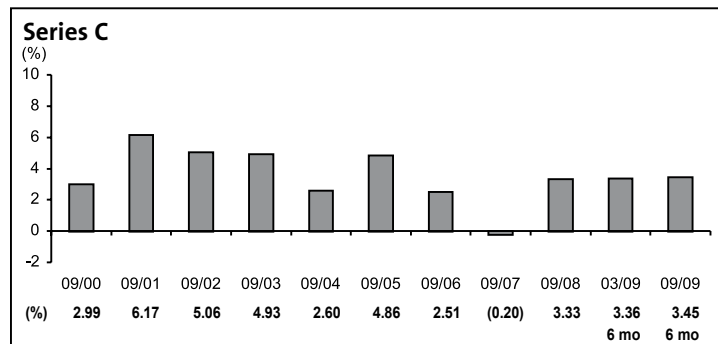
- Series P, July 13, 2009
- Series Z, July 28, 2003

Performance during these periods may have been impacted by the following events:

- In October 2007, the Fund began to pay an administration fee. In exchange, the Manager began to pay certain operating costs and expenses that had been paid by the Fund.

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 Information

| Series | Purchase Options Available ¹ | | Deferred Sales Charges | Service Fee | Administration Fee ⁴ |
|-----------------------|---|-----------------|------------------------|-------------|---------------------------------|
| | DSC ² | NL ³ | | | |
| Series C | ✓ | ✓ | up to 5.50% | - % | 0.14% |
| Series P ⁵ | n/a | n/a | - % | - % | - % |
| Series Z ⁵ | n/a | n/a | - % | - % | - % |

¹ Purchases of income fund units will be designated as "A" (for DSC investments), "B" (for No Load investments) or "C" (for investments purchased prior to July 28, 2003) on your statement. See the Prospectus for additional information.

² Deferred Sales Charge (DSC) investments have a redemption fee when sold that declines to 0% after 7 years. See the Fund's Prospectus for additional information.

³ No Load (NL) investments do not have a DSC when sold. Other fees may apply. See the Fund's Prospectus for additional information.

⁴ Includes applicable implementation period adjustment as outlined in the Prospectus.

⁵ For details on Series P and Z, see Related Party Transactions.

Summary of Investment Portfolio

at September 30, 2009

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. An update of the Fund's summary of investment portfolio as at the end of the next quarter will be available. Please see the front page for information about how it can be obtained.

Summary of Top 25 Holdings

| | % of net asset value |
|---|----------------------|
| Government of Canada 8.00% 06-01-27 | 3.8 |
| Province of Ontario 6.50% 03-08-29 | 3.7 |
| Government of Canada 4.00% 06-01-41 | 2.9 |
| Government of Canada 4.50% 06-01-15 | 2.7 |
| Government of Canada 8.00% 06-01-23 | 2.7 |
| Government of Canada 5.00% 06-01-37 | 2.6 |
| Solar Trust 5.33% 05-12-16 | 2.4 |
| Government of Canada 4.00% 06-01-17 | 2.1 |
| The Toronto-Dominion Bank 5.375% 07-01-28 | 2.1 |
| Government of Canada 3.75% 06-01-19 | 2.0 |
| The Bank of Nova Scotia 3.03% 06-04-12 | 1.9 |
| Cash and cash equivalents | 1.8 |
| Equitable Trust 5.20% 01-01-13 | 1.6 |
| The Toronto-Dominion Bank 6.125% 12-01-24 | 1.6 |
| The Bank of Nova Scotia 6.00% 10-03-18 (F/R @ 10-13-13) Callable 2013 | 1.6 |
| Algonquin Credit Card Trust 4.56% 06-15-12 | 1.5 |
| Province of Newfoundland and Labrador 5.60% 10-17-33 | 1.5 |
| Royal Bank of Canada 5.00% 06-06-18 (F/R @ 06-06-13) Callable 2013 | 1.5 |
| Ontrea Inc. 5.70% 10-31-11 | 1.5 |
| Hydro One Inc. 5.18% 10-18-17 | 1.4 |
| NBC Asset Trust 7.235% Perpetual (F/R @ 06-30-19) Callable 2018 | 1.4 |
| Province of Ontario 4.60% 06-02-39 | 1.4 |
| Government of Canada 4.25% 12-01-21 Real Return | 1.4 |
| CHIP Mortgage Trust 4.30% 11-01-10 | 1.3 |
| Government of Canada 5.75% 06-01-33 | 1.3 |
| | 49.7 |

Summary of Composition of the Portfolio

| | % of net asset value |
|--------------------------------|----------------------|
| BY ASSET TYPE | |
| Fixed Income | 99.3 |
| Cash and cash equivalents | 1.8 |
| Other net assets (liabilities) | (1.1) |
| Total | 100.0 |
| BY CURRENCY | |
| Canadian dollars | 99.3 |
| BY CREDIT RATING | |
| AAA | 54.3 |
| AA | 21.5 |
| A | 13.9 |
| BBB | 7.3 |
| < BBB | 0.3 |
| Unrated | 2.0 |
| | 99.3 |

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 service 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 value changes frequently and past performance may not be repeated.