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# Allegro Balanced Portfolio Class

## **Annual Financial Statements**

FOR THE PERIOD ENDED MARCH 31, 2010

# Allegro Balanced Portfolio Class

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2010

## STATEMENTS OF NET ASSETS

as at (in \$ 000 except per share amounts)

	Mar. 31 2010
<b>Assets:</b>	
Investments	107,331
Cash and cash equivalents	428
Accrued interest and dividends receivable	-
Taxes recoverable (payable)	30
Accounts receivable for securities sold	9
Due from underlying funds	33
Due from manager	2
Other assets	-
	502
<b>Total assets</b>	<b>107,833</b>
<b>Liabilities:</b>	
Bank overdraft	-
Accounts payable for securities redeemed	-
Accrued expenses	-
Due to underlying funds	702
Other liabilities	-
<b>Total liabilities</b>	<b>702</b>
<b>Net assets</b>	<b>107,131</b>

### Net assets per series, end of period

Series A	77,650
Series B	16,798
Series Tosc	11,633
Series Tnl	1,050

### Net assets per share, end of period

Series A	11.15
Series B	11.14
Series Tosc	10.64
Series Tnl	10.63

## STATEMENTS OF OPERATIONS

for the period ended (in \$ 000 except per share amounts)

	Mar. 31 2010
<b>Income:</b>	
Dividends	69
Trust income	-
Interest and other income	265
	334
<b>Expenses:</b>	
Management fees	682
Distribution fees	54
Distribution fee rebates	-
Service fees	81
Administration fees	86
Goods and services tax	39
Capital tax	2
Independent Review Committee costs	-
Other	-
	944
<b>Net income (loss)</b>	<b>(610)</b>
Realized gain (loss)	89
Unrealized gain (loss)	3,344
<b>Net realized and unrealized gain (loss) from investments and foreign exchange</b>	<b>3,433</b>
<b>Net increase (decrease) in net assets from operations</b>	<b>2,823</b>

### Net increase (decrease) in net assets from operations per series

Series A	2,107
Series B	404
Series Tosc	289
Series Tnl	23

### Net increase (decrease) in net assets from operations per share

Series A	1.15
Series B	1.14
Series Tosc	1.13
Series Tnl	1.12

# Allegro Balanced Portfolio Class

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2010

## STATEMENTS OF CHANGES IN NET ASSETS

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

	Mar. 31 2010
<b>Series A</b>	
<b>Net assets, beginning of period</b>	-
Increase (decrease) in net assets resulting from:	
<b>Operations</b>	2,107
<b>Dividends:</b>	
Ordinary	-
Capital gains	-
Distribution fee rebates	-
<b>Total dividends</b>	-
<b>Unit transactions:</b>	
Proceeds from sale of shares	81,243
Reinvested from dividends	-
Payment on redemption of shares	(5,700)
<b>Total share transactions</b>	75,543
<b>Increase (decrease) in net assets</b>	77,650
<b>Net assets, end of period</b>	77,650

<b>Series B</b>	
<b>Net assets, beginning of period</b>	-
Increase (decrease) in net assets resulting from:	
<b>Operations</b>	404
<b>Dividends:</b>	
Ordinary	-
Capital gains	-
Distribution fee rebates	-
<b>Total dividends</b>	-
<b>Unit transactions:</b>	
Proceeds from sale of shares	17,976
Reinvested from dividends	-
Payment on redemption of shares	(1,582)
<b>Total share transactions</b>	16,394
<b>Increase (decrease) in net assets</b>	16,798
<b>Net assets, end of period</b>	16,798

<b>Series T0sc</b>	
<b>Net assets, beginning of period</b>	-
Increase (decrease) in net assets resulting from:	
<b>Operations</b>	289
<b>Dividends:</b>	
Ordinary	-
Capital gains	-
Return of capital	(242)
Distribution fee rebates	-
<b>Total dividends</b>	(242)
<b>Unit transactions:</b>	
Proceeds from sale of shares	12,428
Reinvested from dividends	72
Payment on redemption of shares	(914)
<b>Total share transactions</b>	11,586
<b>Increase (decrease) in net assets</b>	11,633
<b>Net assets, end of period</b>	11,633

<b>Series T0L</b>	
<b>Net assets, beginning of period</b>	-
Increase (decrease) in net assets resulting from:	
<b>Operations</b>	23
<b>Dividends:</b>	
Ordinary	-
Capital gains	-
Return of capital	(23)
Distribution fee rebates	-
<b>Total dividends</b>	(23)
<b>Unit transactions:</b>	
Proceeds from sale of shares	1,144
Reinvested from dividends	6
Payment on redemption of shares	(100)
<b>Total share transactions</b>	1,050
<b>Increase (decrease) in net assets</b>	1,050
<b>Net assets, end of period</b>	1,050

	Mar. 31 2010
<b>Total</b>	
<b>Net assets, beginning of period</b>	-
Increase (decrease) in net assets resulting from:	
<b>Operations</b>	2,823
<b>Dividends:</b>	
Ordinary	-
Capital gains	-
Return of capital	(265)
Distribution fee rebates	-
<b>Total dividends</b>	(265)
<b>Share transactions:</b>	
Proceeds from sale of shares	112,791
Reinvested from dividends	78
Payment on redemption of shares	(8,296)
<b>Total share transactions</b>	104,573
<b>Increase (decrease) in net assets</b>	107,131
<b>Net assets, end of period</b>	107,131

### Increase (decrease) in shares (in thousands):

<b>Series A</b>	
<b>Shares outstanding, beginning of period</b>	-
Add (deduct):	
Shares sold	7,482
Reinvested from dividends	-
Shares redeemed	(518)
<b>Shares outstanding, end of period</b>	6,964

<b>Series B</b>	
<b>Shares outstanding, beginning of period</b>	-
Add (deduct):	
Shares sold	1,653
Reinvested from dividends	-
Shares redeemed	(145)
<b>Shares outstanding, end of period</b>	1,508

<b>Series T0sc</b>	
<b>Shares outstanding, beginning of period</b>	-
Add (deduct):	
Shares sold	1,172
Reinvested from dividends	7
Shares redeemed	(86)
<b>Shares outstanding, end of period</b>	1,093

<b>Series T0L</b>	
<b>Shares outstanding, beginning of period</b>	-
Add (deduct):	
Shares sold	107
Reinvested from dividends	1
Shares redeemed	(9)
<b>Shares outstanding, end of period</b>	99

See accompanying notes to financial statements.

# Allegro Balanced Portfolio Class

ANNUAL FINANCIAL STATEMENTS

MARCH 31, 2010

## STATEMENT OF INVESTMENTS

at March 31, 2010

	No. of Units, Shares, or Par Value	Average Cost (\$ 000)	Fair Value (\$ 000)
<b>MUTUAL FUNDS</b>			
IG AGF Canadian Growth Fund Series P	920,244	10,371	10,733
IG FI Canadian Equity Fund Series P	679,390	8,042	8,586
IG Mackenzie Income Fund Series P	1,034,315	10,622	10,733
IG Mackenzie Maxxum Dividend Growth Fund Series P	870,436	9,930	10,733
Investors Canadian Large Cap Value Fund Series P	813,008	9,890	10,733
Investors Global Bond Fund Series F	576,186	5,610	5,367
Investors International Equity Fund Series F	914,068	10,521	10,733
Investors Mortgage and Short Term Income Fund Series P	1,585,670	16,066	16,100
Investors Real Property Fund Series P	997,350	10,801	10,733
Investors U.S. Large Cap Value Fund Series P	1,078,584	12,134	12,880
<b>TOTAL INVESTMENTS</b>		<b>103,987</b>	<b>107,331</b>
<b>Net Assets:</b>			
Total investments			107,331
Cash and cash equivalents			428
Other net assets (liabilities)			(628)
			<b>107,131</b>

## Summary of Effective Asset Allocation Through Underlying Funds

at March 31, 2010

	Percent of Total Net Assets (%)	Indirect Exposure to Financial Instrument Risks:			
		Currency Risk	Interest Rate Risk	Other Price Risk	Credit Risk
<b>BY ASSET TYPE</b>					
Equities	58.0			✓	
Fixed Income	23.2		✓		✓
Real Estate	7.0				
Mortgages	5.9		✓		✓
	<b>94.1</b>				
Cash and cash equivalents	6.9				
Other net assets (liabilities)	(1.0)				
<b>Total</b>	<b>100.0</b>				
<b>BY REGIONAL CURRENCY</b>					
Canada	61.0				
United States	18.5	✓			
Europe ex U.K.	7.3	✓			
Pacific ex Japan	3.3	✓			
United Kingdom	2.5	✓			
Japan	0.7	✓			
Latin America	0.5	✓			
Middle East	0.3	✓			
	<b>94.1</b>				

See accompanying notes to financial statements.

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

Investors Group Corporate Class Inc. (the "Corporation") is a mutual fund corporation incorporated under the laws of Canada on July 17, 2002. The Portfolio Fund commenced operations on July 13, 2009, and is a class of shares of the Corporation. The Corporation is authorized to issue an unlimited number of common shares and mutual fund shares. 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. Dividends 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 March 31, 2010, and for the period from July 13, 2009 to March 31, 2010.

**(b) General information**

- (i) I.G. Investment Management, Ltd. is the Manager 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.
- (ii) Investments of the Portfolio Fund consist of units 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 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 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**(a) Valuation of investments**

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

Investments in Underlying Funds are recorded at fair value, which is the net asset value per unit calculated in accordance with the offering documents of such Underlying Fund. 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 cash equivalents**

Cash and cash equivalents are comprised of cash on deposit and short-term investments with terms to maturity of less than one year at acquisition. Cash and cash equivalents are deemed to be held for trading and therefore 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 share information**

- (i) Net assets per share is computed by dividing the net assets attributable to the series, determined in accordance with GAAP, by the total number of shares of the series outstanding.
- (ii) Net increase/(decrease) in net assets from operations per share, represents the net increase/(decrease) in net assets of the series from operations for the period divided by the weighted average shares 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 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**

The Canadian Accounting Standards Board ("AcSB") has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board, for most publicly accountable entities on or by January 1, 2011. On May 14, 2010, the AcSB announced it will propose amendments which will provide most investment funds with the option to defer adoption of IFRS until fiscal years beginning on or after January 1, 2012. The Manager is currently assessing the impact of this announcement on the Portfolio Fund and its plans for adopting IFRS. Accordingly, the Portfolio Fund will adopt IFRS for either its fiscal period beginning April 1, 2011 or 2012 and will issue its initial financial statements in accordance with IFRS, including comparative information, for either the interim period ending September 30, 2011 or 2012.

**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. Common expenses of the Corporation are allocated across all Classes of the Corporation on a pro rata basis.
- (b) The Manager provides or arranges for the provision of investment and advisory services for a management fee. See Note 9 for the annual rates paid (as a percent of average assets) by the Portfolio Fund.
- (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 Portfolio Fund costs. See Note 9 for the annual rates paid (as a percent of average assets) by the Portfolio Fund. Other Portfolio Fund costs 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 to the Portfolio Fund. 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 period have been identified in the Statements of Operations.

**4. NET ASSET VALUE PER SHARE**

Net asset value ("pricing NAV") per share is computed by dividing the net asset value attributable to a series, determined for the purchase and redemption of shares in accordance with the Portfolio Fund's prospectus and annual information form, by the total number of shares of the series outstanding. This amount may be different from the net asset per share calculation which is presented on the Statement 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 shares. 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 share and net assets per share for GAAP purposes. See Note 9 for the net asset values per share as of March 31, 2010, for the Portfolio Fund.

**5. INCOME TAXES**

The Corporation qualifies as a mutual fund corporation under the Income Tax Act (Canada). As a mutual fund corporation, the Corporation computes its net income (loss) and net capital gains (losses) for income tax purposes as a single entity, not on a fund-by-fund basis. Therefore, net losses of one Corporate Class Fund may be used to offset net gains of another Corporate Class Fund to reduce the total net income or net gain of the Corporation as a whole. The taxation year-end for the Corporation is December 31.

The general income tax rules associated with a public corporation also apply to a mutual fund corporation with the exception that income taxes payable on capital gains are refundable on a formula basis when issued shares of the Corporation are redeemed or capital gain dividends are paid. The Corporation is subject to a refundable tax of one-third of dividends received from certain taxable Canadian corporations. This tax is refundable at the rate of \$1 for every \$3 of ordinary dividends paid. To the extent there is net income from other sources (such as interest and foreign income), it is taxed at the full general corporate rate before the general rate reductions. In the event that there is an overall loss for the Corporation, this loss can be carried back three years or forward to a subsequent year and used to reduce taxes payable for those years.

As of the end of the last taxation year, the Corporation had \$58,589,000 of capital losses available to offset future capital gains (March 31, 2009 – \$47,905,000; September 30, 2008 – \$nil).

The Corporation, and each Class there of, follows the asset and liability method of accounting for income taxes whereby future income tax assets and liabilities reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Future income tax assets and liabilities are measured based on the enacted or substantively enacted tax rates which are expected to be in effect when the underlying items of income or expense are expected to be realized.

**5. INCOME TAXES (continued)**

Temporary differences between the carrying value of assets and liabilities for accounting and tax purposes give rise to future income tax assets and liabilities. Where the fair value of the portfolio investments exceeds their cost, a future tax liability arises. This future tax liability for refundable taxes payable is offset with the refund expected upon payment of capital gains dividends. Where the cost of the portfolio investments exceeds their fair value, a future tax asset is generated. A full valuation allowance is taken to offset this asset given the uncertainty that such future assets will ultimately be realized by the Portfolio Fund.

**6. CONTINGENT LIABILITY**

Agreements between the individual members of the Portfolio Fund's IRC and the Manager, on behalf of the Portfolio Fund, provides 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 effective asset allocation through indirect holdings of the Underlying Funds, including the related exposure to financial instrument risk, as at the end of the period.

**(a) Risk Management**

The Portfolio Fund employs an investment strategy based on a target asset allocation mix. The selection of Underlying Funds within each target asset allocation weighting is based on several factors, including impact to the Portfolio Fund's volatility and diversification. 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 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 cash equivalents. 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 all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. For the instruments held by the 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 Statement of Investments indicates the extent of indirect exposure to credit risk due to fixed-income securities 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.

# Allegro Balanced Portfolio Class

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2010

## 9. PORTFOLIO FUND SPECIFIC INFORMATION

### (a) Portfolio Fund and series information

Series	Date operations commenced <sup>1</sup>	Deferred sales charge	Management fee	Distribution fee	Service fee	Administration fee	Net asset value per unit (\$)		
							as at March 31 2010	as at March 31 2009	as at September 30 2008
Series A	July 13, 2009	up to 5.50%	1.90%	0.15%	0.21%	0.24%	11.15	n/a	n/a
Series B	July 13, 2009	- %	1.90%	0.15%	0.32%	0.24%	11.14	n/a	n/a
Series T <sub>DSC</sub>	July 13, 2009	up to 5.50%	1.90%	0.15%	0.21%	0.24%	10.64	n/a	n/a
Series T <sub>NL</sub>	July 13, 2009	-	1.90%	0.15%	0.32%	0.24%	10.63	n/a	n/a

<sup>1</sup> If within the financial period ended March 31, 2010.

### (b) Financial instrument risk

#### (i) Currency risk

As of March 31, 2010, had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies, all other variables held constant, net assets would have decreased or increased, respectively, by approximately \$1,723,000 or 1.6% of total net assets. In practice, the actual trading results may differ and the difference could be material.

#### (ii) Interest rate risk

As of March 31, 2010, 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 \$1,392,000 or 1.3% of total net assets. The Portfolio Fund's 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, 2010, had the prices on the respective stock exchanges for the equity securities held by the Underlying Funds increased by 10%, all other variables held constant, net assets would have increased by approximately \$6,187,000 or 5.8% of total net assets. Similarly, had the prices on the respective stock exchanges for these securities decreased by 10%, all other variables held constant, net assets would have decreased by approximately \$6,208,000 or 5.8% of total net assets. In practice, the actual trading results may differ and the difference could be material.

# Allegro Balanced Portfolio Class

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

MARCH 31, 2010

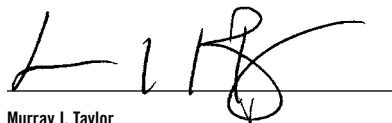
The accompanying financial statements have been prepared by I.G. Investment Management, Ltd., as Manager of the Portfolio Fund. The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and 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 shareholders their opinion on the financial statements. Their report is set out below.

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

Manager of the Portfolio Fund



**Murray J. Taylor**  
Chairman of the Board  
and President



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

May 28, 2010

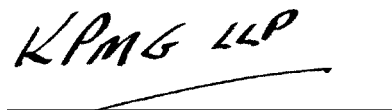
## AUDITORS' REPORT

To the Shareholders of Allegro Balanced Portfolio Class

We have audited the Statement of Investments as of March 31, 2010, the Statement of Net Assets as of March 31, 2010, and the Statements of Operations and Changes in Net Assets for the period then ended, as indicated in note 1. These financial statements are the responsibility of the Portfolio Fund's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the investments of the Portfolio Fund as of March 31, 2010, the net assets of the Portfolio Fund as of March 31, 2010, and the results of its operations and the changes in its net assets for the period indicated in note 1, in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Winnipeg, Canada  
May 28, 2010