

March 17, 2011

**In the Matter of the Securities Legislation of
Manitoba and Ontario
(the "Jurisdictions")**

and

**In the Matter of the
Process for Exemptive Relief Applications in Multiple Jurisdictions**

and

**In the Matter of the Merger of
Investors Government Bond Fund
(the "Terminating Fund")
into
Investors Canadian Bond Fund
(the "Continuing Fund" and collectively with
the Terminating Fund referred to as the "Funds")(the "Merger")**

and

**In the Matter of
I.G. Investment Management, Ltd.
(referred to as the "Investors Group" and
collectively with the Funds referred to the "Filers")**

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the "Decision Maker") has received an application from the Filers for a decision under the securities legislation of the Jurisdictions (the "Legislation") for:

- approval under paragraph 5.5(1)(b) of National Instrument 81-102 Mutual Funds ("NI 81-102") of the Merger of the Terminating Fund into the Continuing Fund (as described below in paragraph number 5,); and
- relief from the simplified prospectus delivery requirements contained in subsection 5.6(1)(f)(ii) of NI 81-102 in respect of the Merger.

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a dual application):

- (a) The Manitoba Securities Commission is the principal regulator for this application;
- (b) the Filers have provided notice that section 4.7(1) of Multi-Lateral Instrument 11-102 Passport System (MI 11-102) is intended to be relied upon in British Columbia, Alberta,

Saskatchewan, Quebec, New Brunswick, Nova Scotia, Prince Edward Island, Newfoundland and Labrador, Yukon, Nunavut and the North West Territories; and

- (c) the decision is the decision of the Principal Regulator and evidences the decision of the securities regulatory authority or regulator in Ontario.

Interpretation

Defined terms contained in National Instrument 14-101 – *Definitions* and MI 11-102 have the same meaning if used in this decision.

Representations

This decision is based on the following facts represented by the Filers:

1. Investors Group is a corporation continued under the laws of Ontario. It is the trustee and manager of the Fund and is registered as a portfolio manager in Manitoba, Ontario and Quebec, and has an application pending for registration as an investment fund manager in Manitoba. It is also registered as an advisor under The Commodity Futures Act in Manitoba. The head office of Investors Group is in Winnipeg, Manitoba and, accordingly, Manitoba is the principal regulator. Investors Group is not in default of any of the requirements of securities legislation of any of the provinces and territories in Canada.
2. The Funds are open-end mutual funds continued under a Master Declaration of Trust under the laws of Manitoba.
3. The Funds are reporting issuers under the Legislation in each Jurisdiction and are not on the list of defaulting reporting issuers maintained under the Legislation in each Jurisdiction, and are not in default of any of the requirements of the securities Legislation of any of the provinces and territories of Canada. The securities of the Funds are qualified for distribution in each of the Jurisdictions pursuant to their own simplified prospectus and annual information form (referred to as the "Masterseries Prospectus" dated July 5, 2010, as amended), except for Series "Z" and "S" units issued by one or both of the Funds which are not qualified by prospectus.
4. Each of the Funds issue one retail series of units to retail purchasers with Deferred Sales Charge and No-Load Purchase Options. The Funds also issue Series "S" and Series "Z" units to certain qualified institutional investors, being (respectively) fund-of-funds sponsored by Investors Group and segregated funds and guaranteed investment funds issued by The Great-West Life Assurance Company, which are not qualified by prospectus.
5. Investors Group proposes that the Terminating Fund be merged into the Continuing Fund. A Meeting of the securityholders of the Terminating Fund (the "Meeting") is being convened on or about April 28, 2011, to approve the Merger. A notice of meeting, a management information circular and a proxy in connection with the meeting of securityholders of the Terminating Fund (collectively, the "Meeting Materials"), will be mailed to securityholders of the Terminating Fund, commencing on or after March 10, 2011, and will be filed via SEDAR.
6. The tax implications of the Merger, as well as the material differences between the Terminating Fund and the Continuing Fund, will be described in the Meeting Materials so securityholders of the Terminating Fund will be fully informed when considering whether to approve the merger of their Fund at the Meeting. Accordingly, implicit in the approval by

securityholders of the Merger is the acceptance by the securityholders of the Terminating Fund of the proposed tax treatment and their adoption of the investment objective, strategy and fee structure of the Continuing Fund.

7. An Amendment to the simplified prospectus and annual information form of both Fund(s), and a material change report of the Terminating Fund, has been filed on SEDAR with respect to the Merger as required by the Legislation of the Jurisdictions. Investors Group has determined that the Merger of the Funds will not be a material change to the Continuing Fund.
8. The Terminating Fund will merge into the Continuing Fund on or about the close of business on May 6, 2011, and the Continuing Fund will continue as publicly offered open-end mutual fund.
9. The Terminating Fund will be wound up as soon as reasonably possible following the Merger.
10. No sales charges will be payable in connection with the acquisition by the Continuing Fund of the investment portfolio of the Terminating Fund.
11. Securityholders of the Terminating Fund will continue to have the right to redeem securities of the Terminating Fund for cash at any time up to the close of business on the business day immediately before the effective date of the Merger.
12. Other than circumstances in which the securities regulatory authority of a Jurisdiction has expressly exempted the Funds, the Funds follow the standard investment restrictions and practices established under the Legislation of the Jurisdictions.
13. The net asset values of each series of the Funds are calculated on a daily basis on each day that the Investors Group is open for business.
14. The Continuing Fund and the Terminating Fund have very similar fundamental investment objectives, although in some instances their strategies may differ.
15. The portfolio securities and other assets of the Terminating Fund to be acquired by the Continuing Fund arising from the Merger may in some instances be unacceptable to the portfolio advisor of the Continuing Fund for reasons related to diversification, investment selection and asset allocation, and would therefore have to be liquidated prior to the Merger.
16. Investors Group will pay for all costs associated with the Meeting, including legal, proxy solicitation, printing, and mailing expenses, as well as any brokerage transaction fees associated with the Merger related trades referred to in paragraph 15, and regulatory fees.
17. The fee structure of the Terminating Fund is generally the same as the fee structure of the Continuing Fund, and the annual management fee of the Continuing Fund will be 15 basis points lower than that of the Terminating Fund upon completion of the Merger.
18. Investors Group does not propose to send the most recent simplified prospectus of the Continuing Fund to securityholders of the Terminating Fund, which would be the Masterseries Prospectus. Instead, Investors Group will send to each securityholder of the Terminating Fund:

- (a) a tailored document, consisting of the Part A and the Part B of the simplified prospectus for the Continuing Fund, as set out in the Masterseries Prospectus filed on SEDAR(the "Tailored Simplified Prospectus"); and
 - (b) a management information circular fully describing the Merger, which prominently discloses that the most recent audited annual and un-audited interim financial statements of the Continuing Fund (if available) can be obtained by accessing the same at the Investors Group website or the SEDAR website, or requesting the same from Investors Group by toll-free number, or by contacting their servicing advisor at Investors Group or an affiliate of Investors Group ("Investors Group Consultant"), all as described in the Management Information Circular.
19. Approval of the Merger is required because the Merger does not satisfy all of the criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102 in the following ways:
- (a) contrary to section 5.6(1)(a)(ii), a reasonable person may not consider the Continuing Fund as having a substantially similar fundamental investment strategy as the Terminating Fund;
 - (b) in addition, contrary to subparagraph 5.6(1)(f)(ii) of NI 81-102, Investors Group would not be permitted to send the Tailored Simplified Prospectus of the Continuing Fund to investors in the Terminating Fund.
20. Except as noted above, the Merger will otherwise comply with all of the other criteria for pre-approved reorganizations and transfers set out in section 5.6 of NI 81-102.
21. The Merger will increase operational efficiency by elimination of the duplication in time, effort and costs associated with the audit, board review and other compliance requirements arising from having multiple mandates.
22. It is anticipated that securityholders of the Terminating Fund will benefit from more stable and improved performance of their investments after the Merger due to the broader investment mandate of the Continuing Fund which allows the portfolio advisor to better manage their assets through greater diversification. Investors Group referred the Merger to the independent review committee of the Funds (the "IRC") for its review. The IRC has been established as required by NI 81-107 – Fund Governance ("NI 81-107") and consists of individuals who are not in any way related to the Investors Group or its affiliates. The IRC reviews and makes recommendations on conflicts of interest matters for the purposes described in NI 81-107 including fund mergers (if necessary). After due consideration, the IRC has concluded that the Merger achieves a fair and reasonable result for each of the Funds.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation of the Decision Maker to make the decision.

The Decision of the Decision Makers under the Legislation is that the Exemption sought is granted, provided that:

1. (a) the information circular sent to securityholders in connection with the Merger provides sufficient information about the Merger to permit securityholders to make an informed decision about the Merger;
- (b) the information circular sent to securityholders in connection with the Merger prominently discloses that securityholders can obtain the most recent interim and annual financial statements of the Continuing Fund by accessing the SEDAR website at www.sedar.com, by accessing the Investors Group website, by calling Investors Group's toll-free telephone number, or by contacting an Investors Group Consultant;
- (c) the Continuing Fund and the Terminating Fund with respect to the Merger have an unqualified audit report in respect of their last completed financial period; and
- (d) the Meeting Materials sent to securityholders of the Terminating Fund in respect of the Merger includes the Tailored Simplified Prospectus of the Continuing Fund.



R. B. Bouchard
Director and Chief Administration Officer
The Manitoba Securities Commission