

AIM GROWTH FUND



SEMIANNUAL REPORT

JUNE 30, 1997



AIM GROWTH FUND

For shareholders who seek
long-term growth of capital.

The Fund invests primarily
in the common stocks of
established medium- to
large-size companies
with prospects for above-average,
long-term earnings growth.

About Fund performance and portfolio data throughout this report:

- ▲ AIM Growth Fund's performance figures are historical and reflect reinvestment of all distributions and changes in net asset value. Unless otherwise indicated, the Fund's performance is computed without a sales charge.
- ▲ When sales charges are included in performance figures, Class A share performance reflects the maximum 5.50% sales charge, and Class B share performance reflects the applicable contingent deferred sales charge (CDSC) for the period involved. The CDSC on Class B shares declines from 5% beginning at the time of purchase to 0% at the beginning of the seventh year. The performance of the Fund's Class B shares will differ from that of Class A shares due to differing fees and expenses.
- ▲ The Fund's investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.
- ▲ The Fund's portfolio composition is subject to change and there is no assurance the Fund will continue to hold any particular security.
- ▲ Past performance cannot guarantee comparable future results.

About indexes and other performance benchmarks cited in this report:

- ▲ The unmanaged Lipper Growth Fund Index represents an average of the performance of the 30 largest growth mutual funds tracked by Lipper Analytical Services, Inc., an independent mutual fund performance monitor.
- ▲ The unmanaged Standard & Poor's Composite Index of 500 Stocks (S&P 500) is widely regarded by investors as representative of the stock market in general.
- ▲ The Dow Jones Industrial Average (DJIA) is an unmanaged composite of the performance of 30 large-company stocks.
- ▲ An investment cannot be made in any index listed. Unless otherwise indicated, index results include reinvested dividends and do not reflect sales charges.

**Mutual funds, annuities, and other investments
are not insured by the FDIC or any other government agency;
are not deposits or other obligations of, or guaranteed by,
any bank or any affiliate; and are subject to investment risks,
including possible loss of principal amount invested.**

This report may be distributed only to current shareholders
or to persons who have received a current prospectus of the Fund.

The Chairman's Letter



It is important
to maintain
realistic expectations about
investment performance.

Dear Fellow Shareholder:

As 1997 came to its midway point, stocks were once again in record territory. The course was not smooth; indeed, markets fluctuated widely during the first six months of the year. The popular Dow Jones Industrial Average of large-company stocks fell by nearly 10% early in the period; the Russell 2000 Index of small-company stocks lost nearly 20%. Both have since recovered lost ground and set records in an impressive rally which began in May.

In past reports, we have observed that market volatility has become the norm rather than the exception. We suggested that the 20%–30% returns of 1995 and 1996 were unlikely to continue uninterrupted, and we have seen that to be true so far in 1997. However, we are still experiencing the longest bull market in history, now well into its seventh year.

For hundreds of thousands of investors, this bull market is the only investment climate they have ever known. If you have been invested in stocks only since 1990, your experience has truly been extraordinary: the S&P 500 Index—the broad-based index generally considered “the market”—had an annual return of 30% in 1991, 38% in 1995, and 23% in 1996. And not one down year.

Of course, such returns are well above the averages for stocks. That has led mutual fund managers, financial consultants, and market experts to voice concern that some investors may not be prepared for more modest returns in line with historical averages. Although we've seen nothing but advances every year in the S&P 500 Index since 1990, it is important to remember that the market has averaged one down year out of every three since 1928.

Not that we expect severe declines ahead. On the contrary, conditions in financial markets seem ideal for continued prosperity. But it is important to maintain realistic expectations about investment performance. Indeed, many market watchers suggest that stock performance will likely return to historic norms closer to 10% return per year than 20%. When that may happen is anyone's guess.

That's why it's a good idea to reassess your investment goals periodically with your financial consultant. Managing your investments in changing markets can be challenging, and your financial consultant knows a few time-tested investment strategies that can help. Diversification, for example, can help you cushion the effects of volatility and reduce your risk exposure in any one type of security.

On the following pages, your Fund's management team will discuss the market environment during the reporting period and why they are confident that the reasons for investing in the Fund remain as compelling as ever. These discussions are offered to help you better understand the relative performance of your Fund.

AIM/INVESCO Merger Finalized

We are pleased to announce that the merger of A I M Management Group Inc. and INVESCO PLC was concluded on February 28, 1997. AIM is now part of one of the world's largest independent investment management groups with approximately \$177 billion in assets under management. The combined company, AMVESCAP PLC, has the financial strength necessary to meet your needs in an increasingly competitive financial services environment, both in the United States and worldwide. The merger will not result in any change of portfolio management or investment style of your AIM Fund.

We appreciate the trust you have placed in us and we look forward to our continued close association. If you have any questions or comments about this report, we invite you to call Client Services at 800-959-4246 during normal business hours. For automated account information 24 hours a day, call the AIM Investor Line at 800-246-5463. We also invite you to visit AIM's Internet Web site at www.aimfunds.com.

Sincerely,

A handwritten signature in cursive script that reads "Charles T. Bauer".

Charles T. Bauer
Chairman

AIM Growth Fund Posts Solid Returns in Volatile Market

A roundtable discussion with the Fund management team for AIM Growth Fund for the six-month period ended June 30, 1997.

Q. Stocks fluctuated widely in the first half of 1997. How did AIM Growth Fund perform in that environment?

A. We are pleased with the Fund's performance during that volatile period. For the six months ended June 30, 1997, the Fund posted a total return of 12.31% and 11.87% for Class A and Class B shares, respectively.

Much of the Fund's performance occurred late in the period when the market staged an impressive rally. From April 30, 1997 to June 30, 1997, the Fund's total return was 12.77% for Class A shares and 12.66% for Class B shares. That bested the 10.83% total return of the Standard and Poor's Composite Index of 500 Stocks (S&P 500) and 10.92% total return of the Lipper Growth Fund Index for the same period.

Q. What touched off the market volatility?

A. The primary cause of the stock market's weakness in the first quarter was rapid economic expansion which raised concerns that the Federal Reserve Board (the Fed) would hike interest rates to forestall inflation.

Stock prices were already plunging when the Fed, in a widely anticipated move, raised interest rates in March. From mid-March to mid-April 1997, the Dow Jones Industrial Average (DJIA) lost 9.8% of its value—just short of the 10% decline many market observers had predicted.

Later reports showing that economic growth was slowing and inflationary pressures were minimal sparked a spirited stock-market rally. The DJIA recouped its losses and advanced to record highs in June.

Many technology companies
reported excellent earnings
for the first and second
quarters of 1997...

Q. How did the Fund benefit when stocks rallied?

A. The Fund invests primarily in large- and mid-cap stocks, and both segments were up sharply during the last two months of the reporting period. As of June 30, the Fund was 61% invested in large-cap stocks, 36% in mid-cap stocks, and 3% in small-cap stocks.

The Fund also benefited from owning the stocks of such industry-leaders as United Technologies Corp., E. I. Du Pont de Nemours & Co., and Merck & Co, which helped boost the DJIA to record highs.

Q. How did the Fund take advantage of the investment climate?

A. We focus on companies that offer the most attractive potential for growth. That strategy doesn't change—even in volatile markets. The Fund's top equity holdings were in the following sectors: technology, 29%; health care, 16%; and financial, 10%. These sectors have been among the principal growth segments of the economy.

Portfolio Composition

As of June 30, 1997, based on total net assets

Top 10 Equity Holdings	%	Top 10 Industries	%
1. Philip Morris Companies, Inc.	1.56%	1. Computer Software/Services	8.18%
2. Applied Materials, Inc.	1.37	2. Semiconductors	7.43
3. Dell Computer Corp.	1.03	3. Medical (Patient Services)	6.47
4. Microsoft Corporation	1.00	4. Retail (Stores)	6.43
5. HEALTHSOUTH Corp.	0.99	5. Medical (Drugs)	5.98
6. Compuware Corp.	0.99	6. Telecommunications	4.45
7. Service Corp. International	0.86	7. Finance (Consumer Credit)	4.10
8. Lockheed Martin Corp.	0.86	8. Medical Instruments/Products	3.17
9. Tenet Healthcare Corp.	0.86	9. Computer MINI/PCS	2.74
10. Sun Microsystems Inc.	0.83	10. Insurance (Multi-Line Property)	2.71

Q. Given the volatility of technology stocks, why does the Fund have so much invested in that sector?

A. Many technology companies reported excellent earnings for the first and second quarters of 1997, and our stock-selection process found a number of technology firms we consider very promising.

The Fund benefited from holding the stocks of such companies as Applied Materials, Inc., the world's largest supplier of wafer fabrication systems and services to the semiconductor industry. Other technology stocks in the portfolio that posted solid gains included industry leaders Microsoft Corp. and Dell Computer Corp.

We reduced our holdings in networking company stocks, when earnings fell short of expectations, from 4% to 2% of the portfolio. At the same time, we increased our holdings in semiconductor makers, whose stocks rose significantly, from 3% to nearly 7.5% of the portfolio.

Q. Where was your focus in health-care stocks?

A. Our primary emphasis was on the stocks of pharmaceutical companies and patient-care providers. These companies are bringing new products to the market and are

reporting substantial earnings growth. Pharmaceutical manufacturers in the portfolio included such recognizable names as Merck & Co. and Bristol-Myers Squibb Co.

In the patient-care area, health maintenance organizations continue to lead the efficiency drive in the U.S. health-care industry and have recently improved their pricing structure. The Fund's holdings in this area included HEALTHSOUTH Corp., the nation's largest provider of rehabilitative health-care services.

Q. Why do you think financial companies have strong growth prospects?

A. The relatively long period of stable interest rates and low inflation has created a favorable environment for financial companies. We expect this sector to remain vibrant as long as inflation is held in check.

The consolidation and restructuring taking place in the banking industry is also giving financial institutions a boost. For example, NationsBank, one of the stocks in the portfolio, merged with Boatmen's Bancshares and reported a 31% rise in net income for the first six months of 1997.

In the consumer-credit field, our leading holdings included the stocks of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, among the most important players in the home mortgage market, and the Student Loan Marketing Association, the nation's leading provider of financial funding services for college education loans.

Q. What is your market outlook?

A. Conditions appear to favor continued strength in the stock market. Economic growth is slowing to a moderate pace, inflation continues to be astonishingly low, and corporate profits continue to exceed analysts' expectations.

Nonetheless, it is important that investors maintain realistic expectations about investment performance. We have enjoyed

record-breaking returns from stocks in recent years, but such analysts have suggested that stock performance may return to historic norms that are closer to 10% per year than 20%.

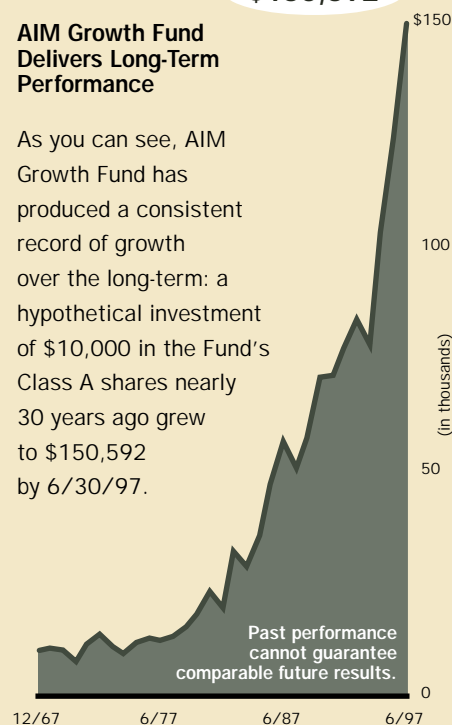
Growth of \$10,000 Investment

12/4/67–6/30/97

\$150,592

**AIM Growth Fund
Delivers Long-Term
Performance**

As you can see, AIM Growth Fund has produced a consistent record of growth over the long-term: a hypothetical investment of \$10,000 in the Fund's Class A shares nearly 30 years ago grew to \$150,592 by 6/30/97.



Source: Towers Data Systems HYPO*

We focus on companies

that offer

the most attractive

potential for growth.

That strategy doesn't change —

even in volatile markets.

Average Annual Total Return

As of 6/30/97, including sales charges

Class A shares

1 Year	13.92%*
5 Years	12.85
10 Years	9.71
20 Years	13.05
Inception (12/4/67)	9.40

*20.55% excluding sales charge

Class B shares

1 Year	14.58%**
Inception (9/1/93)	13.10

**19.58% excluding CDSC

SCHEDULE OF INVESTMENTS

June 30, 1997
(Unaudited)

	SHARES	MARKET VALUE
DOMESTIC COMMON STOCKS—82.32%		
Advertising/Broadcasting—0.89%		
American Radio Systems Corp. ^(a)	9,000	\$ 358,875
Chancellor Corp.—Class A ^(a)	3,500	140,000
Clear Channel Communications, Inc. ^(a)	34,400	2,115,600
Interpublic Group of Companies, Inc.	15,000	919,688
Jacor Communications, Inc. ^(a)	22,500	860,625
Omnicom Group, Inc.	10,000	616,250
Paxson Communications Corp. ^(a)	6,600	84,150
		5,095,188
Aerospace/Defense—1.13%		
Lockheed Martin Corp.	47,600	4,929,575
United Technologies Corp.	18,100	1,502,300
		6,431,875
Airlines—0.05%		
Southwest Airlines Co.	10,300	266,513
Automobile/Truck Parts & Tires—0.16%		
Mark IV Industries, Inc.	37,590	902,160
Banking—0.76%		
AmSouth Bancorporation	15,000	567,188
BankBoston Corp.	14,100	1,016,081
NationsBank Corp.	43,000	2,773,500
		4,356,769
Banking (Money Center)—0.61%		
BankAmerica Corp.	54,000	3,486,375
Beverages (Soft Drinks)—0.46%		
PepsiCo, Inc.	70,000	2,629,375
Biotechnology—0.57%		
Amgen, Inc.	32,700	1,900,688
Biogen, Inc. ^(a)	39,400	1,334,675
		3,235,363
Building Materials—0.11%		
Georgia Pacific Corp.	7,200	614,700
Business Services—0.90%		
AccuStaff, Inc. ^(a)	59,500	1,409,406
Corrections Corp. of America ^(a)	22,500	894,375
Diebold, Inc.	20,800	811,200
Equifax, Inc.	29,500	1,097,031

	SHARES	MARKET VALUE
Business Services—(Continued)		
Paychex, Inc.	24,600	\$ 934,800
		5,146,812
Chemicals—0.80%		
Du Pont (E.I.) de Nemours & Co.	50,000	3,143,750
Monsanto Co.	33,000	1,421,062
		4,564,812
Chemicals (Specialty)—0.08%		
IMC Global, Inc.	12,700	444,500
Computer Mainframes—0.28%		
International Business Machines Corp.	18,000	1,623,375
Computer MINI/PCS—2.74%		
Compaq Computer Corp. ^(a)	46,100	4,575,425
Dell Computer Corp. ^(a)	50,000	5,871,875
Micron Electronics, Inc. ^(a)	25,000	445,313
Sun Microsystems, Inc. ^(a)	127,000	4,726,781
		15,619,394
Computer Networking—1.31%		
Ascend Communications, Inc. ^(a)	20,000	787,500
Bay Networks, Inc. ^(a)	47,500	1,261,719
Cabletron Systems, Inc. ^(a)	28,100	795,581
Cisco Systems, Inc. ^(a)	30,300	2,033,887
3Com Corp. ^(a)	58,000	2,610,000
		7,488,687
Computer Peripherals—1.10%		
Adaptec, Inc. ^(a)	40,900	1,421,275
CDW Computer Centers, Inc. ^(a)	23,050	1,223,091
EMC Corp. ^(a)	60,000	2,340,000
Microchip Technology, Inc. ^(a)	43,700	1,300,075
		6,284,441
Computer Software/Services—7.80%		
Affiliated Computer Services, Inc. ^(a)	22,600	632,800
America Online, Inc. ^(a)	10,000	556,250
BISYS Group, Inc. (The) ^(a)	11,200	467,600
BMC Software, Inc. ^(a)	54,000	2,990,250
Cadence Design Systems, Inc. ^(a)	57,000	1,909,500
Computer Associates International, Inc.	36,500	2,032,594
Computer Sciences Corp. ^(a)	15,000	1,081,875
Compuware Corp. ^(a)	118,000	5,634,500

	SHARES	MARKET VALUE
Computer Software/Services—(Continued)		
CSG Systems International, Inc. ^(a)	12,800	\$ 395,200
DST Systems, Inc. ^(a)	22,100	736,206
First Data Corp.	20,300	891,931
Fiserv, Inc. ^(a)	56,300	2,512,388
HBO & Co.	56,600	3,898,325
HPR, Inc. ^(a)	11,100	205,350
McAfee Associates, Inc. ^(a)	29,600	1,868,500
Microsoft Corp. ^(a)	45,300	5,724,788
National Data Corp.	32,000	1,386,000
Oracle Corp. ^(a)	37,600	1,894,100
Parametric Technology Co. ^(a)	51,300	2,183,456
Physician Computer Network, Inc. ^(a)	16,600	112,050
Security Dynamics Technologies, Inc. ^(a)	21,400	789,125
Sterling Commerce, Inc. ^(a)	113,300	3,724,737
Sterling Software, Inc. ^(a)	13,000	406,250
SunGard Data Systems Inc. ^(a)	11,800	548,700
Sybase, Inc. ^(a)	21,500	319,812
Synopsys, Inc. ^(a)	30,700	1,128,225
Transition Systems, Inc. ^(a)	400	7,275
Wind River Systems ^(a)	11,900	455,173
		44,492,960
Conglomerates—2.05%		
AlliedSignal Inc.	11,000	924,000
Corning Inc.	48,800	2,714,500
General Electric Co.	30,000	1,961,250
Loews Corp.	20,800	2,082,600
Tyco International Ltd.	39,700	2,761,631
U.S. Industries, Inc. ^(a)	35,600	1,268,250
		11,712,231
Consumer Non-Durables—0.24%		
Blyth Industries, Inc. ^(a)	11,100	374,625
Central Garden and Pet Co. ^(a)	11,300	282,500
Rexall Sundown, Inc. ^(a)	18,900	737,100
		1,394,225
Containers—0.13%		
Sealed Air Corp. ^(a)	15,600	741,000
Cosmetics & Toiletries—0.77%		
General Nutrition Companies, Inc. ^(a)	35,800	1,002,400
Kimberly-Clark Corp.	15,000	746,250
Procter & Gamble Co. (The)	10,000	1,412,500
Warner-Lambert Co.	10,000	1,242,500
		4,403,650

Electric Power—0.14%

AES Corp. ^(a)	11,400	\$ 806,550
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Electronic Components/Miscellaneous—1.72%

ASE Test Ltd. ^(a)	1,800	76,050
Berg Electronics Corp. ^(a)	11,200	402,500
BMC Industries, Inc.	10,900	373,325
Honeywell, Inc.	17,800	1,350,575
Raychem Corp.	5,800	431,375
SCI Systems, Inc. ^(a)	20,000	1,275,000
Symbol Technologies, Inc.	18,000	605,250
Tektronix, Inc.	9,500	570,000
Teradyne, Inc. ^(a)	106,800	4,191,900
Thermo Instrument Systems, Inc. ^(a)	16,800	514,500
		9,790,475

Electronic/PC Distributors—0.33%

Arrow Electronics, Inc. ^(a)	6,600	350,625
Avnet, Inc.	4,300	247,250
Ingram Micro, Inc.-Class A ^(a)	52,900	1,276,213
		1,874,088

Finance (Asset Management)—0.36%

Franklin Resources, Inc.	21,650	1,570,978
T. Rowe Price Associates	8,900	459,463
		2,030,441

Finance (Consumer Credit)—4.04%

Aames Financial Corp.	18,850	348,725
American Express Co.	19,000	1,415,500
Capital One Financial Corp.	11,200	422,800
Cityscape Financial Corp. ^(a)	4,400	87,725
Concord EFS, Inc. ^(a)	47,700	1,234,237
Federal Home Loan Mortgage Corp.	62,500	2,148,437
Federal National Mortgage Association	54,500	2,377,562
Green Tree Financial Corp.	87,500	3,117,188
Household International, Inc.	22,700	2,665,831
IMC Mortgage Co. ^(a)	30,000	498,750
Imperial Credit Industries, Inc. ^(a)	34,100	701,181
MBNA Corp.	59,500	2,179,188
Money Store, Inc. (The)	37,200	1,067,175
PMT Services, Inc. ^(a)	23,000	350,750
Student Loan Marketing Association	21,500	2,730,500
SunAmerica, Inc.	35,400	1,725,750
		23,071,299

Finance (Leasing Companies)—0.10%

Comdisco, Inc.	22,500	585,000
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	SHARES	MARKET VALUE
Finance (Savings & Loan)—0.60%		
Ahmanson (H.F.) & Co.	39,600	\$ 1,702,800
ContiFinancial Corp. ^(a)	7,500	273,750
Washington Mutual, Inc.	24,000	1,434,000
		3,410,550
Food/Processing—0.72%		
ConAgra, Inc.	29,500	1,891,687
Dean Foods Co.	39,600	1,598,850
Lancaster Colony Corp.	12,900	624,038
		4,114,575
Funeral Services—1.12%		
Equity Corp. International ^(a)	11,200	270,900
Service Corp. International	150,000	4,931,250
Stewart Enterprises, Inc.—Class A	28,650	1,203,300
		6,405,450
Furniture—0.16%		
Leggett & Platt, Inc.	21,500	924,500
Gaming—0.38%		
GTECH Holdings Corp. ^(a)	17,900	577,275
International Game Technology	59,000	1,047,250
MGM Grand, Inc. ^(a)	14,600	540,200
		2,164,725
Hotels/Motels—0.66%		
Choice Hotels International, Inc. ^(a)	20,800	352,300
Doubletree Corp. ^(a)	3,500	143,938
HFS, Inc. ^(a)	31,700	1,838,600
Host Marriott Corp. ^(a)	10,000	178,125
Marriot International, Inc.	9,000	552,375
Promus Hotel Corp. ^(a)	14,700	569,625
Sun International Hotels Ltd. ^(a)	3,200	118,200
		3,753,163
Insurance (Life & Health)—0.11%		
Conseco Inc.	17,500	647,500
Insurance (Multi-Line Property)—2.65%		
Aetna Inc.	23,100	2,364,862
Allstate Corp.	31,600	2,306,800
American International Group, Inc.	13,000	1,941,875
CapMAC Holdings, Inc.	20,500	689,313
Everest Re Holdings, Inc.	50,400	1,997,100
MGIC Investment Corp.	78,400	3,758,300
Progressive Corp.	1,500	130,500

	SHARES	MARKET VALUE
Insurance (Multi-Line Property)—(Continued)		
Providian Financial Corp. ^(a)	11,400	\$ 366,225
Travelers Group, Inc.	25,000	1,576,563
		15,131,538
Leisure & Recreation—0.93%		
Carnival Corp.—Class A	52,100	2,149,125
Harley-Davidson, Inc.	31,900	1,529,206
Regal Cinemas, Inc. ^(a)	20,000	660,000
Speedway Motorsports, Inc. ^(a)	8,100	176,175
Walt Disney Co. (The)	10,000	802,500
		5,317,006
Machinery (Heavy)—0.27%		
Deere & Co.	28,000	1,536,500
Machinery (Miscellaneous)—0.89%		
Kulicke & Soffa Industries, Inc. ^(a)	7,500	243,515
Pentair, Inc.	11,400	374,775
Thermo Electron Corp. ^(a)	131,250	4,462,500
		5,080,790
Medical (Drugs)—4.65%		
Abbott Laboratories	27,200	1,815,600
American Home Products Corp.	46,000	3,519,000
AmeriSource Health Corp.—Class A ^(a)	13,600	678,300
Bristol-Myers Squibb Co.	40,800	3,304,800
Cardinal Health, Inc.	25,050	1,434,112
Covance, Inc. ^(a)	40,050	773,466
Curative Technologies, Inc. ^(a)	5,500	158,125
Dura Pharmaceuticals, Inc. ^(a)	17,900	713,762
Express Scripts, Inc.—Class A ^(a)	17,300	722,275
Forest Laboratories, Inc. ^(a)	25,100	1,044,788
Johnson & Johnson	40,100	2,581,438
Jones Medical Industries, Inc.	25,200	1,197,000
McKesson Corp.	10,800	837,000
Merck & Co., Inc.	21,500	2,225,250
Parexel International Corp. ^(a)	10,900	346,075
Pfizer, Inc.	13,000	1,553,500
Pharmacia & Upjohn, Inc.	24,000	834,000
Schering-Plough Corp.	32,400	1,551,150
Watson Pharmaceuticals, Inc. ^(a)	29,500	1,246,375
		26,536,016
Medical (Patient Services)—6.47%		
Beverly Enterprises, Inc. ^(a)	35,000	568,750
Cerner Corp. ^(a)	15,600	327,600

	SHARES	MARKET VALUE
Medical (Patient Services)–(Continued)		
Columbia/HCA Healthcare Corp.	76,580	\$ 3,010,551
FPA Medical Management, Inc. ^(a)	28,400	672,725
Genesis Health Ventures, Inc. ^(a)	15,700	529,875
Health Care and Retirement Corp. ^(a)	52,450	1,750,519
Health Management Associates, Inc.–Class A ^(a)	74,825	2,132,512
HEALTHSOUTH Corp. ^(a)	226,700	5,653,331
Humana, Inc. ^(a)	45,500	1,052,187
Lincare Holdings, Inc. ^(a)	22,600	971,800
MedPartners, Inc. ^(a)	110,980	2,399,942
OccuSystems, Inc. ^(a)	34,700	1,006,300
Orthodontic Centers of America, Inc. ^(a)	17,800	323,738
Oxford Health Plans, Inc. ^(a)	44,000	3,157,000
PhyCor, Inc. ^(a)	16,600	571,663
Quorum Health Group, Inc. ^(a)	51,100	1,826,825
Tenet Healthcare Corp. ^(a)	165,470	4,891,707
Total Renal Care Holdings, Inc. ^(a)	12,500	502,344
United Healthcare Corp.	38,000	1,976,000
Universal Health Services, Inc.–Class B ^(a)	35,200	1,355,200
Vencor, Inc. ^(a)	37,300	1,575,925
Wellpoint Health Networks, Inc. ^(a)	15,100	692,713
		36,949,207
Medical Instruments/Products–3.17%		
Bard (C.R.), Inc.	19,900	722,619
Baxter International Inc.	55,500	2,899,875
Becton, Dickinson & Co.	35,100	1,776,937
Dentsply International, Inc.	6,700	328,300
Guidant Corp.	27,500	2,337,500
Hillbrand Industries, Inc.	16,000	760,000
Omnicare, Inc.	71,400	2,240,175
Physician Sales & Service, Inc. ^(a)	15,900	302,100
Quintiles Transnational Corp. ^(a)	16,700	1,162,737
Stryker Corp.	45,200	1,576,350
Sybron International Corp. ^(a)	63,500	2,532,063
U.S. Surgical Corp.	39,600	1,475,100
		18,113,756
Office Automation–0.62%		
Xerox Corp.	44,600	3,517,825
Office Products–0.32%		
Avery Dennison Corp.	27,400	1,099,425
Reynolds & Reynolds Co.–Class A	44,300	697,725
		1,797,150

	SHARES	MARKET VALUE
Oil & Gas (Drilling)–0.24%		
Marine Drilling Companies, Inc. ^(a)	39,900	\$ 783,038
Santa Fe International Corp. ^(a)	16,900	574,600
		1,357,638
Oil & Gas (Exploration & Production)–0.31%		
Apache Corp.	15,000	487,500
Burlington Resources, Inc.	17,500	772,187
Santa Fe Energy Resources, Inc. ^(a)	34,000	499,375
		1,759,062
Oil & Gas (Services)–1.10%		
EVI, Inc. ^(a)	12,200	512,400
Exxon Corp.	47,400	2,915,100
Global Marine, Inc. ^(a)	25,000	581,250
Halliburton Co.	28,800	2,282,400
		6,291,150
Oil Equipment & Supplies–2.60%		
Baker Hughes, Inc.	38,000	1,470,125
BJ Services Co. ^(a)	21,400	1,147,575
Coastal Corp. (The)	16,000	851,000
Cooper Cameron Corp. ^(a)	27,200	1,271,600
Diamond Offshore Drilling, Inc.	7,500	585,938
ENSCO International, Inc. ^(a)	14,200	749,050
Falcon Drilling Company, Inc. ^(a)	15,000	864,375
Nabors Industries, Inc. ^(a)	39,000	975,000
Pride Petroleum Services, Inc. ^(a)	32,900	789,600
Rowan Companies, Inc. ^(a)	60,000	1,691,250
Schlumberger Ltd.	6,800	850,000
Smith International, Inc. ^(a)	21,500	1,306,125
Tidewater, Inc.	27,200	1,196,800
Varco International, Inc. ^(a)	33,300	1,073,925
		14,822,363
Paper & Forest Products–0.34%		
Bowater, Inc.	10,200	471,750
Fort Howard Corp. ^(a)	20,200	1,022,625
Mead Corp.	7,500	466,875
		1,961,250
Pollution Control–0.60%		
United Waste Systems, Inc. ^(a)	23,900	979,900
U.S. Filter Corp. ^(a)	39,700	1,081,825
USA Waste Services, Inc. ^(a)	35,000	1,351,875
		3,413,600

	SHARES	MARKET VALUE
Publishing—0.21%		
New York Times Co.—Class A	18,000	\$ 891,000
Times Mirror Co.	6,000	331,500
		1,222,500

Restaurants—0.61%

Applebee's International, Inc.	31,700	847,975
Cracker Barrel Old Country Store, Inc.	25,000	662,500
Lone Star Steakhouse & Saloon ^(a)	23,900	621,400
Outback Steakhouse, Inc. ^(a)	5,200	125,775
Starbucks Corp. ^(a)	13,600	529,550
Wendy's International, Inc.	27,800	721,062
		3,508,262

Retail (Food & Drug)—1.77%

American Stores Co.	47,000	2,320,625
CVS Corp.	39,549	2,026,886
Kroger Co. ^(a)	55,800	1,618,200
Quality Food Centers, Inc. ^(a)	16,600	630,800
Rite Aid Corp.	42,600	2,124,675
Safeway, Inc. ^(a)	30,000	1,383,750
		10,104,936

Retail (Stores)—6.43%

Bed Bath & Beyond, Inc. ^(a)	25,200	765,450
CompUSA, Inc. ^(a)	64,300	1,382,450
Consolidated Stores Corp. ^(a)	86,594	3,009,133
Costco Companies, Inc. ^(a)	61,600	2,025,100
Dayton Hudson Corp.	85,800	4,563,487
Dollar General Corp.	16,968	636,300
Dollar Tree Stores, Inc. ^(a)	15,300	770,737
Federated Department Stores, Inc. ^(a)	22,000	764,500
Finish Line, Inc. (The)—Class A ^(a)	20,000	292,500
Hollywood Entertainment Corp. ^(a)	11,100	253,913
Home Depot, Inc.	4,400	303,325
Jones Apparel Group, Inc. ^(a)	25,100	1,198,525
Kohl's Corp. ^(a)	17,900	947,581
Lowe's Companies, Inc.	88,400	3,281,850
Men's Wearhouse, Inc. (The) ^(a)	34,500	1,086,750
Meyer (Fred), Inc. ^(a)	15,900	821,831
Nordstrom, Inc.	16,000	785,000
Pep Boys—Manny, Moe & Jack	47,100	1,604,344
Petco Animal Supplies, Inc. ^(a)	20,400	612,000
Ross Stores, Inc.	17,700	578,569
Sports Authority, Inc. (The) ^(a)	21,700	421,794
Staples, Inc. ^(a)	100,050	2,326,163

Retail (Stores)—(Continued)

Sysco Corp.	19,600	\$ 715,400
Tech Data Corp. ^(a)	39,300	1,235,494
Tiffany & Co.	11,200	517,300
TJX Companies, Inc.	65,400	1,724,925
Toys "R" Us, Inc. ^(a)	56,700	1,984,500
Viking Office Products, Inc. ^(a)	38,600	733,400
Wal-Mart Stores, Inc.	27,300	923,081
Williams-Sonoma, Inc. ^(a)	10,100	431,775
		36,697,177

Scientific Instruments—0.44%

Perkin-Elmer Corp.	31,300	2,490,306
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Security & Safety Services—0.01%

Rural/Metro Corp. ^(a)	1,200	34,837
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Semiconductors—7.43%

Altera Corp. ^(a)	78,600	3,969,300
Analog Devices, Inc. ^(a)	65,400	1,737,188
Applied Materials, Inc. ^(a)	110,600	7,831,863
Atmel Corp. ^(a)	22,500	630,000
Dallas Semiconductor Corp.	15,000	588,750
Intel Corp.	10,000	1,418,125
Kemet Corp. ^(a)	6,000	149,250
KLA—Tencor Corp. ^(a)	73,100	3,563,625
Lam Research Corp. ^(a)	30,000	1,111,875
Linear Technology Corp.	50,600	2,618,550
LSI Logic Corp. ^(a)	59,100	1,891,200
Maxim Integrated Products, Inc. ^(a)	40,000	2,275,000
Motorola, Inc.	40,200	3,055,200
National Semiconductor Corp. ^(a)	96,700	2,961,437
Novellus Systems, Inc. ^(a)	12,600	1,089,900
PMC-Sierra, Inc. ^(a)	5,000	131,250
Sanmina Corp. ^(a)	25,000	1,587,500
Solelectron Corp. ^(a)	20,000	1,400,000
Texas Instruments, Inc.	28,300	2,378,969
Vitesse Semiconductor Corp. ^(a)	8,400	274,575
Xilinx, Inc. ^(a)	35,000	1,717,188
		42,380,745

Shoes & Related Apparel—0.22%

Payless ShoeSource, Inc. ^(a)	12,000	656,250
Wolverine World Wide, Inc.	18,975	576,366
		1,232,616

	SHARES	MARKET VALUE
Telecommunications—2.92%		
ADC Telecommunications, Inc.	119,700	\$ 3,994,987
Aspect Telecommunications Corp. ^(a)	15,000	333,750
Billing Information Concepts ^(a)	18,600	648,675
DSC Communications Corp. ^(a)	77,700	1,728,825
LCI International, Inc. ^(a)	25,000	546,875
Lucent Technologies, Inc.	57,800	4,165,212
MasTec, Inc. ^(a)	3,100	146,669
PairGain Technologies, Inc. ^(a)	15,700	243,350
Tellabs, Inc. ^(a)	83,800	4,682,325
U.S. Long Distance Corp. ^(a)	9,500	163,875
		16,654,543

Telephone—0.72%

Cincinnati Bell, Inc.	59,000	1,858,500
WorldCom, Inc. ^(a)	70,000	2,240,000
		4,098,500

Textiles—0.64%

Fruit of The Loom, Inc.—Class A ^(a)	5,500	170,500
Liz Claiborne, Inc.	30,600	1,426,725
Nautica Enterprises, Inc. ^(a)	20,500	541,969
Tommy Hilfiger Corp. ^(a)	13,500	542,531
Unifi, Inc.	25,800	964,275
		3,646,000

Tobacco—2.26%

Philip Morris Companies, Inc.	200,000	8,875,000
RJR Nabisco Holdings Corp.	122,300	4,035,900
		12,910,900

Trucking—0.12%

CNF Transportation Inc.	21,800	703,050
Total Domestic Common Stocks		469,781,944

FOREIGN STOCKS & OTHER EQUITY INTERESTS—5.28%

Canada—1.22%

Newbridge Networks Corp. (Computer Networking) ^(a)	80,300	3,493,050
Northern Telecom Ltd. (Telecommunications)	26,000	2,366,000
Potash Corp. of Saskatchewan Inc. (Fertilizers)	6,700	502,918
Precision Drilling Corp. (Oil & Gas—Drilling) ^(a)	12,500	604,688
		6,966,656

Finland—0.43%

Nokia Oy A.B.—Class A—ADR (Telecommunications)	33,350	2,459,563
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Ireland—0.38%

CBT Group PLC—ADR (Computer Software/Services) ^(a)	1,800	\$ 113,625
Elan Corp. PLC—ADR (Medical—Drugs) ^(a)	45,000	2,036,250
		2,149,875

Israel—0.48%

ECI Telecommunications Ltd. Designs (Computer Networking)	15,000	446,250
Tecnomatix Technologies Ltd. (Computer Software/Services) ^(a)	10,000	325,000
Teva Pharmaceutical Industries Ltd.—ADR (Medical—Drugs)	30,000	1,942,500
		2,713,750

Mexico—0.14%

Coca-Cola Femsa S.A.—ADR (Beverages—Soft Drinks)	3,400	175,525
Panamerican Beverages, Inc.—Class A (Beverages—Soft Drinks)	19,000	624,625
		800,150

Netherlands—0.81%

Aegon N.V. (Insurance—Multi-Line Property)	4,952	346,974
Baan Co., N.V. (Computer Software/Services) ^(a)	12,200	840,275
Gucci Group N.V.—ADR—New York Shares (Textiles)	12,000	772,500
Philips Electronics N.V.—ADR—New York Shares (Electronic Components/Miscellaneous)	25,000	1,796,875
Royal Dutch Petroleum Co.—ADR—New York Shares (Oil & Gas—Services)	16,000	870,000
		4,626,624

Sweden—0.69%

Telefonaktiebolaget LM Ericsson—ADR (Telecommunications)	100,000	3,937,500
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United Kingdom—1.13%

Danka Business Systems PLC—ADR (Office Automation)	68,900	2,816,288
SmithKline Beecham PLC—ADR (Medical—Drugs)	39,500	3,619,188
		6,435,476
Total Foreign Stocks & Other Equity Interests		30,089,594

DOMESTIC CONVERTIBLE PREFERRED STOCKS—0.15%

Hotels/Motels—0.15%

Host Marriott Financial Trust—\$3.375 Conv. Pfd. (Acquired 02/12/97-02/19/97; Cost \$867,603) ^(b)	14,950	867,264
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	PRINCIPAL AMOUNT	MARKET VALUE
DOMESTIC CONVERTIBLE CORPORATE BONDS—0.06%		
Finance (Consumer Credit)—0.06%		
Cityscape Financial Corp., Conv. Sub. Deb., 6.00%, 05/01/06 (Acquired 01/23/97- 03/20/97; Cost \$360,225) ^(b)	\$ 390,000	\$ 348,563
FOREIGN CONVERTIBLE CORPORATE BONDS—0.16%		
Netherlands—0.16%		
Baan Co., N.V. (Computer Software/Services), Conv. Sub. Notes, 4.50%, 12/15/01	580,000	926,538

U.S. TREASURY SECURITIES—9.66%

U.S. Treasury Bills—9.66%^(c)

4.97%, 09/25/97	\$55,790,000 ^(d)	\$ 55,134,468
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REPURCHASE AGREEMENT—3.09%^(e)

UBS Securities, Inc., 6.10%, 07/01/97 ^(f)	17,651,264	17,651,264
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TOTAL INVESTMENTS—100.72%		574,799,635
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LIABILITIES LESS OTHER ASSETS—(0.72)%		(4,087,587)
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NET ASSETS—100.00%		\$570,712,048
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^(a) Non-income producing security.

^(b) Restricted security. May be resold to qualified institutional buyers in accordance with the provisions of Rule 144A under the Securities Act of 1933, as amended. The valuation of these securities has been determined in accordance with procedures established by the Board of Trustees. The market value of these securities at 06/30/97 was \$1,215,827 which represented 0.21% of the Fund's net assets.

^(c) U.S. Treasury bills are traded on a discount basis. In such cases the interest rate shown represents the rate of discount paid or received at the time of purchase by the Fund.

^(d) A portion of the principal balance was pledged as collateral to cover margin requirements for open futures contracts. See Note 8.

^(e) Collateral on repurchase agreements, including the Fund's pro-rata interest in joint repurchase agreements, is taken into possession by the Fund upon entering into the repurchase agreement. The collateral is marked to market daily to ensure its market value as being 102% of the sales price of the repurchase agreement. The investments in some repurchase agreements are through participation in joint accounts with other mutual funds, private accounts and certain non-registered investment companies managed by the investment advisor or its affiliates.

^(f) Joint repurchase agreement entered into 06/30/97 with a maturing value of \$300,050,833. Collateralized by \$320,816,334 U.S. Government obligations, 0% to 13.25% due 07/14/97 to 04/01/27 with an aggregate market value at 06/30/97 of \$306,003,435.

Investment Abbreviations:

ADR — American Depositary Receipt
Conv. — Convertible
Deb. — Debentures
Pfd. — Preferred
Sub. — Subordinated

See Notes to Financial Statements.

STATEMENT OF ASSETS AND LIABILITIES

June 30, 1997
(Unaudited)

Assets:

Investments, at market value (cost \$439,925,742)	\$574,799,635
Foreign currencies, at market value (cost \$46)	46
Receivables for:	
Investments sold	3,544,865
Fund shares sold	1,657,665
Dividends and interest	271,251
Investment for deferred compensation plan	55,581
Other assets	16,037
Total assets	580,345,080

Liabilities:

Payables for:

Investments purchased	7,429,985
Fund shares reacquired	692,911
Variation margin	412,300
Deferred compensation plan	55,581
Accrued advisory fees	313,054
Accrued administrative service fees	6,598
Accrued distribution fees	497,490
Accrued trustees' fees	1,995
Accrued transfer agent fees	108,369
Accrued operating expenses	114,749
Total liabilities	9,633,032
Net assets applicable to shares outstanding	\$570,712,048

Net Assets:

Class A	\$247,519,715
Class B	\$323,192,333

Shares outstanding, \$0.01 par value per share:

Class A	14,908,926
Class B	20,180,193
Class A:	
Net asset value and redemption price per share	\$ 16.60
Offering price per share:	
(Net asset value of \$16.60 ÷ 94.50%)	\$ 17.57
Class B:	
Net asset value and offering price per share	\$ 16.02

STATEMENT OF OPERATIONS

For the six months ended June 30, 1997
(Unaudited)

Investment income:

Dividends (net of \$25,893 foreign withholding tax)	\$ 1,414,329
Interest	1,971,628
Total investment income	3,385,957

Expenses:

Advisory fees	1,782,859
Custodian fees	68,783
Transfer agent fees—Class A	160,626
Transfer agent fees—Class B	380,623
Administrative service fees	39,376
Trustees' fees	4,534
Distribution fees—Class A	293,586
Distribution fees—Class B	1,469,955
Other	137,296
Total expenses	4,337,638
Less: Expenses paid indirectly	(4,866)
Net expenses	4,332,772
Net investment income (loss)	(946,815)

Realized and unrealized gain (loss) from investment securities, foreign currencies and futures contracts:

Net realized gain (loss) from:

Investment securities	6,595,150
Foreign currencies	(53,048)
Futures contracts	9,681,331
	16,223,433

Unrealized appreciation (depreciation) of:

Investment securities	47,149,575
Foreign currencies	(222)
Futures contracts	(1,611,902)
	45,537,451

Net gain from investment securities, foreign currencies and futures contracts	61,760,884
Net increase in net assets resulting from operations	\$60,814,069

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended June 30, 1997 and the year ended December 31, 1996
(Unaudited)

	June 30, 1997	December 31, 1996
Operations:		
Net investment income (loss)	\$ (946,815)	\$ 124,753
Net realized gain from investment securities, foreign currencies and futures contracts	16,223,433	25,815,431
Net unrealized appreciation of investment securities, foreign currencies and futures contracts	45,537,451	41,005,363
Net increase in net assets resulting from operations	60,814,069	66,945,547
Distributions to shareholders from net realized gains:		
Class A	—	(9,939,277)
Class B	—	(12,535,665)
Share transactions-net:		
Class A	(7,979,833)	35,293,722
Class B	9,188,273	122,675,148
Net increase in net assets	62,022,509	202,439,475
Net assets:		
Beginning of period	508,689,539	306,250,064
End of period	\$570,712,048	\$508,689,539
Net assets consist of:		
Shares of beneficial interest	\$414,140,599	\$412,932,159
Undistributed net investment income (loss)	(880,500)	66,315
Undistributed net realized gain from investment securities, foreign currencies and futures contracts	23,171,473	6,948,040
Unrealized appreciation of investment securities, foreign currencies and futures contracts	134,280,476	88,743,025
	\$570,712,048	\$508,689,539

NOTES TO FINANCIAL STATEMENTS

June 30, 1997
(Unaudited)

Note 1—Significant Accounting Policies

AIM Growth Fund (the “Fund”) is a series portfolio of AIM Funds Group (the “Trust”). The Trust is a Delaware business trust registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end series management investment company consisting of nine separate series portfolios, each having an unlimited number of shares of beneficial interest. The Fund currently offers two different classes of shares: the Class A shares and the Class B shares. Class A shares are sold with a front-end sales charge. Class B shares are sold with a contingent deferred sales charge. Matters affecting each portfolio or class are voted on exclusively by the shareholders of such portfolio or class. The assets, liabilities and operations of each portfolio are accounted for separately. Information presented in these financial statements pertains only to the Fund. The Fund’s objective is to achieve long-term growth of capital by investing primarily in the common stocks of established medium- to large-size companies with prospects for above-average, long-term earnings growth. Realization of current income is an incidental consideration.

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A. Security Valuations — A security listed or traded on an exchange (except convertible bonds) is valued at its last sales price on the exchange where the security is principally traded, or lacking any sales on a particular day, the security is valued at the mean between the closing bid and asked prices on that day. Each security traded in the over-the-counter market (but not including securities reported on the NASDAQ National Market System) is valued at the mean between the last bid and asked prices based upon quotes furnished by market makers for such securities. If a mean is not available, as is the case in some foreign markets, the closing bid will be used absent a last sales price. Each security reported on the NASDAQ National Market

System is valued at the last sales price on the valuation date or absent a last sales price, at the mean of the closing bid and asked prices. Debt obligations (including convertible bonds) are valued on the basis of prices provided by an independent pricing service. Prices provided by the pricing service may be determined without exclusive reliance on quoted prices and may reflect appropriate factors such as yield, type of issue, coupon rate and maturity date. Securities for which market prices are not provided by any of the above methods are valued at the mean between last bid and asked prices based upon quotes furnished by independent sources. Securities for which market quotations either are not readily available or are questionable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers in a manner specifically authorized by the Board of Trustees. Short-term obligations having 60 days or less to maturity are valued at amortized cost which approximates market value. Generally, trading in foreign securities is substantially completed each day at various times prior to the close of the New York Stock Exchange. The values of such securities used in computing the net asset value of the Fund's shares are determined as of such times. Foreign currency exchange rates are also generally determined prior to the close of the New York Stock Exchange. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of the New York Stock Exchange which will not be reflected in the computation of the Fund's net asset value. If events materially affecting the value of such securities occur during such period, then these securities will be valued at their fair value as determined in good faith by or under the supervision of the Board of Trustees.

- B. Securities Transactions, Investment Income and Distributions — Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income is recorded as earned from settlement date and is recorded on the accrual basis. Dividend income and distributions to shareholders are recorded on the ex-dividend date.
- C. Federal Income Taxes — The Fund intends to comply with the requirements of the Internal Revenue Code necessary to qualify as a regulated investment company and, as such, will not be subject to federal income taxes on otherwise taxable income (including net realized capital gains) which is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.
- D. Expenses — Operating expenses directly attributable to a class of shares are charged to that class' operations. Expenses which are applicable to both classes, e.g. advisory fees, are allocated between them.
- E. Stock Index Futures Contracts — The Fund may purchase or sell stock index futures contracts as a hedge against changes in market conditions. Initial margin deposits required upon entering into futures contracts are satisfied by the segregation of specific securities or cash as collateral for the account of the broker (the Fund's agent in acquiring the futures position). During the period the futures contracts are open, changes in the value of the contracts are recognized as unrealized gains or

losses by "marking to market" on a daily basis to reflect the market value of the contracts at the end of each day's trading. Variation margin payments are made or received depending upon whether unrealized gains or losses are incurred. When the contracts are closed, the Fund recognizes a realized gain or loss equal to the difference between the proceeds from, or cost of, the closing transaction and the Fund's basis in the contract. Risks include the possibility of an illiquid market and the change in the value of the contracts may not correlate with changes in the value of the Fund's portfolio being hedged.

Note 2—Advisory Fees and Other Transactions with Affiliates

The Trust has entered into a master investment advisory agreement with A I M Advisors, Inc. ("AIM"). Under the terms of the master investment advisory agreement, the Fund pays an advisory fee to AIM at an annual rate of 0.80% of the first \$150 million of the Fund's average daily net assets, plus 0.625% of the Fund's average daily net assets in excess of \$150 million.

The Fund, pursuant to a master administrative services agreement with AIM, has agreed to reimburse AIM for certain administrative costs incurred in providing accounting services to the Fund. During the six months ended June 30, 1997, AIM was reimbursed \$39,376 for such services.

The Fund, pursuant to a transfer agency and shareholder service agreement, has agreed to pay A I M Fund Services, Inc. ("AFS") a fee for providing transfer agency and shareholder services to the Fund. During the six months ended June 30, 1997, AFS was paid \$306,278 for such services.

The Trust has entered into master distribution agreements with A I M Distributors, Inc. ("AIM Distributors") to serve as the distributor for the Class A shares and the Class B shares of the Fund. The Trust has adopted Plans pursuant to Rule 12b-1 under the 1940 Act with respect to the Fund's Class A shares (the "Class A Plan") and with respect to the Fund's Class B shares (the "Class B Plan") (collectively, the "Plans"). The Fund, pursuant to the Class A Plan, pays AIM Distributors compensation at an annual rate of 0.25% of the average daily net assets attributable to the Class A shares. The Class A Plan is designed to compensate AIM Distributors for certain promotional and other sales related costs and provides for payments to selected dealers and financial institutions who furnish continuing personal shareholder services to their customers who purchase and own Class A shares of the Fund. The Fund, pursuant to the Class B Plan, pays AIM Distributors compensation at an annual rate of 1.00% of the average daily net assets attributable to the Class B shares. Of this amount, the Fund may pay a service fee of 0.25% of the average daily net assets of the Class B shares to selected dealers and financial institutions who furnish continuing personal shareholder services to their customers who purchase and own Class B shares of the Fund. Any amounts not paid as a service fee under such Plans would constitute an asset-based sales charge. The Plans also impose a cap on the total sales charges, including asset-based sales charges, that may be paid by the respective classes. AIM Distributors may, from time to time, assign, transfer or pledge to one or more assignees, its rights to all or a portion of (a) compensation received by AIM Distributors from the Fund pursuant to the Class B Plan (but not AIM Distributors' duties and obligations pursuant to Class B Plan) and (b) any contingent

deferred sales charges payable to AIM Distributors related to Class B shares. During the six months ended June 30, 1997, the Class A shares and the Class B shares paid AIM Distributors \$293,586 and \$1,469,955, respectively, as compensation under the Plans.

AIM Distributors received commissions of \$78,831 from sales of the Class A shares of the Fund during the six months ended June 30, 1997. Such commissions are not an expense of the Fund. They are deducted from, and are not included in, the proceeds from sales of Class A shares. During the six months ended June 30, 1997, AIM Distributors received \$67,790 in contingent deferred sales charges imposed on redemptions of Fund shares. Certain officers and trustees of the Trust are officers and directors of AIM, AIM Distributors and AFS.

During the six months ended June 30, 1997, the Fund paid legal fees of \$3,220 for services rendered by Kramer, Levin, Naftalis & Frankel as counsel to the Board of Trustees. A member of that firm is a trustee of the Trust.

Note 3—Indirect Expenses

AIM has directed certain portfolio trades to brokers who paid a portion of the Fund's expenses related to pricing services used by the Fund. For the six months ended June 30, 1997, the Fund's expenses were reduced by \$260 and the Fund received reductions in transfer agency fees from AFS (an affiliate of AIM) and reductions in custodian fees of \$3,470 and \$1,136, respectively, under expense offset arrangements. The effect of the above arrangements resulted in reductions of the Fund's total expenses of \$4,866 during the six months ended June 30, 1997.

Note 4—Trustees' Fees

Trustees' fees represent remuneration paid or accrued to each trustee who is not an "interested person" of AIM. The Trust may invest trustees' fees, if so elected by a trustee, in mutual fund shares in accordance with a deferred compensation plan.

Note 5—Bank Borrowings

The Fund is a participant in a committed line of credit facility with a syndicate administered by The Chase Manhattan Bank. The Fund may borrow up to the lesser of (i) \$500,000,000 or (ii) the limits set by its prospectus for borrowings. The Fund and other funds advised by AIM which are parties to the line of credit may borrow on a first come, first served basis. Interest on borrowings under the line of credit is payable on maturity or prepayment date. Prior to an amendment of the line of credit on July 15, 1997, the Fund was limited to borrowing up to the lesser of (i) \$325,000,000 or (ii) the limits set by its prospectus for borrowings. During the six months ended June 30, 1997, the Fund did not borrow under the line of credit agreement. The funds which are parties to the line of credit are charged a commitment fee of 0.05% on the unused

balance of the committed line. The commitment fee is allocated among such funds based on their respective average net assets for the period.

Note 6—Investment Securities

The aggregate amount of investment securities (other than short-term securities) purchased and sold by the Fund during the six months ended June 30, 1997 was \$262,179,573 and \$231,856,770, respectively.

The amount of unrealized appreciation (depreciation) of investment securities, on a tax basis, as of June 30, 1997 is as follows:

Aggregate unrealized appreciation of investment securities	\$136,997,800
Aggregate unrealized (depreciation) of investment securities	(2,422,894)
Net unrealized appreciation of investment securities	\$134,574,906

Cost of investments for tax purposes is \$440,224,729.

Note 7—Share Information

Changes in shares outstanding during the six months ended June 30, 1997 and year ended December 31, 1996 were as follows:

	June 30, 1997		December 31, 1996	
	Shares	Value	Shares	Value
Sold:				
Class A	7,705,156	\$ 117,496,369	10,862,824	\$ 152,766,558
Class B	3,625,519	53,592,637	12,013,218	167,088,540
Issued as reinvestment of dividends:				
Class A	—	—	657,046	9,474,936
Class B	—	—	845,350	11,809,495
Reacquired:				
Class A	(8,212,453)	(125,476,202)	(8,993,672)	(126,947,772)
Class B	(3,048,895)	(44,404,364)	(4,060,745)	(56,222,887)
	69,327	\$ 1,208,440	11,324,021	\$ 157,968,870

Note 8—Open Futures Contracts

On June 30, 1997, \$2,067,000 principal amount of U.S. Treasury bills were pledged as collateral to cover margin requirements for open futures contracts.

Open futures contracts at June 30, 1997 were as follows:

Contract	No. of Contracts	Month	Commitment	Unrealized Appreciation (Depreciation)
S&P 500 Index	124 contracts	Sept. 97	Buy	\$ (593,301)

Note 9—Financial Highlights

Shown below are the financial highlights for a Class A share outstanding during the six months ended June 30, 1997, each of the years in the nine-year period ended December 31, 1996 and for a Class B share outstanding during the six months ended June 30, 1997, each of the years in the three-year period ended December 31, 1996 and the period September 1, 1993 (date sales commenced) through December 31, 1993.

	June 30, 1997	December 31,								
Class A:		1996	1995	1994	1993	1992 ^(a)	1991	1990	1989	1988
Net asset value, beginning of period	\$ 14.78	\$ 13.05	\$ 10.32	\$ 11.32	\$ 12.28	\$ 14.73	\$ 12.35	\$ 13.92	\$ 11.93	\$ 11.04
Income from investment operations:										
Net investment income	0.02	0.07	0.02	—	—	0.06	0.11	0.21	0.25	0.23
Net gains (losses) on securities (both realized and unrealized)	1.80	2.34	3.50	(0.57)	0.41	(0.04)	4.33	(0.91)	3.16	0.87
Total from investment operations	1.82	2.41	3.52	(0.57)	0.41	0.02	4.44	(0.70)	3.41	1.12
Less distributions:										
Dividends from net investment income	—	—	—	—	—	(0.06)	(0.13)	(0.20)	(0.27)	(0.23)
Distributions from capital gains	—	(0.68)	(0.79)	(0.43)	(1.37)	(2.41)	(1.93)	(0.67)	(1.15)	—
Total distributions	—	(0.68)	(0.79)	(0.43)	(1.37)	(2.47)	(2.06)	(0.87)	(1.42)	(0.23)
Net asset value, end of period	\$ 16.60	\$ 14.78	\$ 13.05	\$ 10.32	\$ 11.32	\$ 12.28	\$ 14.73	\$ 12.35	\$ 13.92	\$ 11.93
Total return ^(b)	12.31%	18.61%	34.31%	(4.99)%	3.64%	0.19%	37.05%	(5.04)%	28.87%	10.13%
Ratios/supplemental data:										
Net assets, end of period (000s omitted)	\$ 247,520	\$ 227,882	\$ 168,217	\$ 123,271	\$ 146,723	\$ 168,395	\$ 185,461	\$ 153,245	\$ 187,805	\$ 180,793
Ratio of expenses to average net assets	1.14% ^{(c)(d)}	1.18%	1.28%	1.22%	1.17%	1.17%	1.21%	1.16%	1.00%	0.98%
Ratio of net investment income to average net assets	0.14% ^(c)	0.46%	0.20%	0.02%	0.02%	0.42%	0.73%	1.41%	1.62%	1.73%
Portfolio turnover rate	50%	97%	87%	201%	192%	133%	73%	61%	53%	38%
Average broker commission rate paid ^(e)	\$ 0.0557	\$ 0.0621	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(a) The Fund changed investment advisors on June 30, 1992.

(b) Total returns do not deduct sales charges and are not annualized for periods less than one year.

(c) Ratios are annualized and based on average net assets of \$236,815,505.

(d) Ratio includes expenses paid indirectly. Excluding expenses paid indirectly, the ratio of expenses to average net assets would have been the same.

(e) Disclosure requirement beginning with the Fund's fiscal year ended December 31, 1996.

	June 30, 1997	December 31,			
Class B:		1996	1995	1994	1993
Net asset value, beginning of period	\$ 14.32	\$ 12.77	\$ 10.21	\$ 11.31	\$ 12.83
Income from investment operations:					
Net investment income (loss)	(0.05)	(0.05)	(0.08) ^(a)	(0.06)	(0.01)
Net gains (losses) on securities (both realized and unrealized)	1.75	2.28	3.43 ^(a)	(0.61)	(0.14)
Total from investment operations	1.70	2.23	3.35	(0.67)	(0.15)
Less distributions:					
Distributions from capital gains	—	(0.68)	(0.79)	(0.43)	(1.37)
Total distributions	—	(0.68)	(0.79)	(0.43)	(1.37)
Net asset value, end of period	\$ 16.02	\$ 14.32	\$ 12.77	\$ 10.21	\$ 11.31
Total return ^(b)	11.87%	17.60%	33.00%	(5.88)%	(0.92)%
Ratios/supplemental data:					
Net assets, end of period (000s omitted)	\$323,192	\$280,807	\$138,034	\$ 38,448	\$ 11,053
Ratio of expenses to average net assets	2.04% ^{(c)(d)}	2.03%	2.13%	2.18%	1.91% ^(e)
Ratio of net investment income (loss) to average net assets	(0.76)% ^(c)	(0.39)%	(0.65)%	(0.94)%	(0.72)% ^(e)
Portfolio turnover rate	50%	97%	87%	201%	192%
Average broker commission rate paid ^(f)	\$ 0.0557	\$ 0.0621	N/A	N/A	N/A

(a) Calculated using average shares outstanding.

(b) Total returns do not reflect deduction of contingent deferred sales charges and are not annualized for periods less than one year.

(c) Ratios are annualized and based on average net assets of \$296,427,344.

(d) Ratio includes expenses paid indirectly. Excluding expenses paid indirectly, the ratio of expenses to average net assets would have been the same.

(e) Annualized.

(f) Disclosure requirement beginning with the Fund's fiscal year ended December 31, 1996.

SUPPLEMENTAL PROXY INFORMATION — SHAREHOLDER MEETING

The Annual Meeting of Shareholders of the Trust was held on February 7, 1997. The meeting was held for the following purposes:

- (1) To elect trustees as follows: Charles T. Bauer, Bruce L. Crockett, Owen Daly II, Carl Frischling, Robert H. Graham, John F. Kroeger, Lewis F. Pennock, Ian W. Robinson, and Louis S. Sklar.
- (2) To approve a new Investment Advisory Agreement between the Trust and AIM.
- (3) To approve the elimination of the fundamental investment policy prohibiting or restricting investments in other investment companies and/or the amendment of certain related fundamental investment policies.
- (4) To approve the elimination of the fundamental investment policy prohibiting or restricting investments in puts, calls, straddles and spreads. (AIM Global Utilities Fund, AIM Growth Fund, and AIM Value Fund only)
- (5) Ratification of KPMG Peat Marwick LLP as independent accountants for the Trust's fiscal year ending December 31, 1997.

The following votes were cast with respect to each item:

<u>Trustee/Matter</u>	<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>
(1) Charles T. Bauer	773,545,353	0	34,024,196
Bruce L. Crockett	774,171,487	0	33,398,063
Owen Daly II	773,623,278	0	33,946,270
Carl Frischling	773,902,641	0	33,666,910
Robert H. Graham	774,181,971	0	33,387,581
John F. Kroeger	773,713,539	0	33,856,014
Lewis F. Pennock	773,903,304	0	33,666,247
Ian W. Robinson	773,753,378	0	33,816,174
Louis S. Sklar	773,993,581	0	33,575,971
(2) Approval of new Investment Advisory Agreement	18,826,674	298,560	940,841
(3) Elimination of policy restricting investments in other investment companies (For AIM Growth Fund only)	13,954,962	693,082	1,011,593
(4) Elimination of policy prohibiting or restricting investments in puts, calls, straddles and spreads (For AIM Growth Fund only)	13,621,220	1,000,689	1,037,726
(5) KPMG Peat Marwick LLP	763,580,956	7,014,082	36,974,512

Trustees & Officers

Board of Trustees

Charles T. Bauer
Chairman

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Bruce L. Crockett
Formerly Director, President, and Chief
Executive Officer
COMSAT Corporation

Owen Daly II
Director
Cortland Trust Inc.

Jack Fields
Formerly Member of the
U.S. House of Representatives

Carl Frischling
Partner
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Robert H. Graham
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A I M Management Group Inc.

John F. Kroeger
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Lewis F. Pennock
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Ian W. Robinson
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Louis S. Sklar
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Mary J. Benson
Assistant Treasurer

Office of the Fund

11 Greenway Plaza
Suite 100
Houston, TX 77046

Investment Advisor

A I M Advisors, Inc.
11 Greenway Plaza
Suite 100
Houston, TX 77046

Transfer Agent

A I M Fund Services, Inc.
P.O. Box 4739
Houston, TX 77210-4739

Custodian

State Street Bank & Trust Company
225 Franklin Street
Boston, MA 02110

Counsel to the Fund

Ballard Spahr
Andrews & Ingersoll
1735 Market Street
Philadelphia, PA 19103

Counsel to the Trustees

Kramer, Levin, Naftalis & Frankel
919 Third Avenue
New York, NY 10022

Distributor

A I M Distributors, Inc.
11 Greenway Plaza
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Houston, TX 77046



AIM Management Group Inc. has provided leadership in the mutual fund industry since 1976 and managed approximately \$72 billion in assets for more than 3.5 million shareholders, including individual investors, corporate clients, and financial institutions as of June 30, 1997. The AIM Family of Funds® is distributed nationwide, and AIM today ranks among the nation's top 15 mutual fund companies in assets under management, according to Lipper Analytical Services, Inc.



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Growth of Capital

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AIM Global Growth Fund
AIM Growth Fund
AIM International Equity Fund
AIM Value Fund
AIM Weingarten Fund

Growth and Income or Income with Capital Growth

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AIM Advisor Large Cap Value Fund
AIM Advisor MultiFlex Fund
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AIM Balanced Fund
AIM Charter Fund
AIM Global Utilities Fund

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AIM Global Income Fund
AIM Income Fund

Current Tax-Free Income

AIM Municipal Bond Fund
AIM Tax-Exempt Bond Fund of Connecticut
AIM Tax-Free Intermediate Shares

Current Income and High Degree of Safety

AIM Intermediate Government Fund
AIM Limited Maturity Treasury Shares
AIM Money Market Fund
AIM Tax-Exempt Cash Fund

*AIM Aggressive Growth Fund was closed to new investors on June 5, 1997.

For more complete information about any AIM Fund(s), including sales charges and expenses, ask your financial consultant or securities dealer for a free prospectus(es). Please read the prospectus(es) carefully before you invest or send money.

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