

IA Clarington Investments Inc.

Annual Information Form

November 20, 2009

IA Clarington Inhance Monthly Income SRI Fund (Series A, Series F, Series I and Series V)
IA Clarington Inhance Canadian Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Global Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Conservative SRI Portfolio (Series A)
IA Clarington Inhance Balanced SRI Portfolio (Series A, Series T6 and Series I)
IA Clarington Inhance Growth SRI Portfolio (Series A, Series F and Series V)

*each a class of shares of Clarington Sector Fund Inc.

(collectively, the “Funds”)

No securities regulatory authority has expressed an opinion about the merits of the Funds’ securities and it is an offence to claim otherwise. The Funds and the securities of the Funds offered under this Annual Information Form are not registered with the United States Securities and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

IA Clarington Investments Inc. also offers the IA Clarington Target Click Funds and other IA Clarington Funds, which are described in separate simplified prospectuses and annual information forms.

Table of Contents

Formation and History of the Funds	2
Investment Restrictions and Practices of the Funds.....	3
Description of Securities.....	4
Calculation of Net Asset Value and Valuation of Portfolio Securities.....	7
Purchase of Securities	10
Switching Privileges	13
Redemption of Securities.....	15
Short-Term Trading Fees.....	17
Optional Services	17
Management of the Funds.....	19
Portfolio Advisor and Sub-Advisor	23
Brokerage Arrangements	27
Custodian	28
Auditors	28
Registrar and Transfer Agent.....	28
Principal Holders of Securities	28
Affiliated Entities.....	30
Fund Governance	31
Management Fee Distributions or Rebates	35
Income Tax Considerations	35
Material Contracts.....	40
Auditors' Consent.....	41
Certificate of the Funds, Manager and Promoter	42

Formation and History of the Funds

IA Clarington Inhance Canadian Equity SRI Class and IA Clarington Inhance Global Equity SRI Class (the “Corporate Class Funds”) are separate classes of shares of Clarington Sector Fund Inc., which is a mutual fund corporation incorporated by articles of incorporation under the laws of Ontario on July 17, 2000. By articles of amendment filed June 24, 2004, the mutual fund shares of each class of shares of Clarington Sector Fund Inc. were permitted to be divided into series. By articles of amendment filed January 19, 2009, an additional 80 classes of mutual fund shares of Clarington Sector Fund Inc. were created and authorized to be divided into series, and provisions regarding the creation of stated capital accounts for each class and series were added. The Corporate Class Funds were authorized to be issued on November 20, 2009.

All of the other mutual funds listed on the cover of this Annual Information Form are open-end mutual fund trusts (the “Trust Funds”) established under the laws of Ontario by an amended Schedule A dated November 20, 2009 to a master declaration of trust dated August 28, 2000, as amended and restated as of June 25, 2004 and June 22, 2005, which was assigned to IA Clarington Investments Inc. on June 30, 2006 and further amended and restated as of September 15, 2006, July 4, 2007, October 31, 2007, July 4, 2008, November 19, 2008 and November 20, 2009 (the “Master Declaration of Trust”).

IA Clarington Investments Inc. is the trustee of the Trust Funds (the “Trustee”) under the Master Declaration of Trust. The schedule to the Master Declaration of Trust may be amended from time to time to add or remove Trust Funds. The Master Declaration of Trust provides that the Trustee may terminate a Trust Fund as of a date not earlier than 60 days following the mailing of notice of termination to unitholders.

IA Clarington Inhance Conservative SRI Portfolio, IA Clarington Inhance Balanced SRI Portfolio and IA Clarington Inhance Growth SRI Portfolio (the “Portfolios”), IA Clarington Inhance Monthly Income SRI Fund and the Corporate Class Funds are collectively referred to as the “Funds”. Units of the Trust Funds and shares of the Corporate Class Funds may be collectively referred to as “securities”.

The manager of the Funds is IA Clarington Investments Inc. (the “Manager”, “IA Clarington”, “we” or “us”). The Manager was formed by the amalgamation of IA Clarington Investments Inc. and Sarbit Asset Management Inc. on January 1, 2009. The former IA Clarington Investments Inc. was created on November 1, 2000 and originally named BLC-Edmond de Rothschild Asset Management Inc. It changed its name to Industrial Alliance Fund Management Inc. on January 19, 2005 and to IA Clarington Investments Inc. on June 30, 2006. IA Clarington Investments Inc. is a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. (“Industrial Alliance”).

The Funds’ offices are located at 522 University Avenue, Suite 700, Toronto, Ontario, M5G 1Y7. The Manager’s head office is located at 1080 Grande Allée Ouest, Québec City, Québec G1K 7M3.

IA Clarington Target Click 2015 Fund, IA Clarington Target Click 2020 Fund, IA Clarington Target Click 2025 Fund and IA Clarington Target Click 2030 Fund (the “Target Click Funds”)

are also managed by us and are offered for sale under a separate simplified prospectus and annual information form dated July 6, 2009. The Funds, plus the Target Click Funds and the other mutual funds managed by IA Clarington that are offered under a separate simplified prospectus dated July 6, 2009 are collectively referred to as the “IA Clarington Funds”.

The Manager has entered into a purchase agreement dated October 1, 2009 (the “Purchase Agreement”) with Vancouver City Savings Credit Union (“Vancity”) and Inhance Investment Management Inc. (“Inhance”) to purchase the mutual fund management business of Inhance and certain related assets. Inhance is the manager of certain SRI funds known as the Inhance Funds, the Vancity Circadian Funds and the Vancity Perspectives Portfolios (collectively the “Inhance Funds”). Pursuant to the Purchase Agreement, Inhance has agreed to merge each Inhance Fund into its applicable Fund (as described below) (the “Mergers”), subject to obtaining unitholder and regulatory consent.

Inhance Fund	Fund
Inhance Monthly Income Fund Vancity Circadian Monthly Income Fund	IA Clarington Inhance Monthly Income SRI Fund
Inhance Canadian Equity Fund Vancity Circadian Canadian Equity Fund	IA Clarington Inhance Canadian Equity SRI Class
Inhance Global Leaders Fund Vancity Circadian Global Leaders Fund	IA Clarington Inhance Global Equity SRI Class
Vancity Perspectives Income Portfolio Vancity Perspectives Conservative Portfolio	IA Clarington Inhance Conservative SRI Portfolio
Vancity Perspectives Balanced Portfolio	IA Clarington Inhance Balanced SRI Portfolio
Inhance Balanced Fund Vancity Circadian Balanced Fund Vancity Perspectives High Growth Portfolio Vancity Perspectives Growth Portfolio	IA Clarington Inhance Growth SRI Portfolio

If approved, the Mergers are expected to take effect on or about December 4, 2009. The Mergers also require approval by the securityholders of the Funds, which will be given by the Manager, as sole securityholder of each of the Funds, on or about November 27, 2009. In addition, the Manager will enter into a Strategic Relationship Agreement dated on or about December 7, 2009 with Vancity to facilitate access to members of Vancity. Moreover, Vancity is the parent of the Sub-Advisor (as defined under “*Portfolio Advisor and Sub-Advisor*” on page 23).

Investment Restrictions and Practices of the Funds

Investment Restrictions

The Funds are subject to the standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 – Mutual Funds. This legislation is designed, in part, to ensure that the investments of the Funds are diversified and relatively liquid and to ensure the proper administration of the Funds. Except as set out below, each of the Funds

adheres to these standard investment restrictions and practices.

The Funds are exempt from the requirement to deliver a renewal prospectus (and any amendment thereto) to investors that participate in a regular investment program as described under “*Optional Services - Pre-Authorized Chequing Plan*” on page 17.

The Funds have received permission from the Canadian securities regulators to engage in short selling. None of the Funds currently engage in short selling.

The fundamental investment objectives of each of the Funds are set out in the Simplified Prospectus of the Funds. Any change in the investment objectives of a Fund requires the approval of a majority of investors at a meeting called for that purpose. The Manager may change a Fund’s investment strategies from time to time at its discretion.

Investors in any Fund that invests in other mutual funds, including the Portfolios, are not entitled to vote on a fundamental change in respect of the underlying funds (including a change of investment objectives). Where IA Clarington is the manager of both a Fund and an underlying fund held directly by that Fund, it may arrange for the securities of the underlying fund to be voted by the Fund’s securityholders.

Registered Plan Status

Each Trust Fund is expected to qualify as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”) effective from the date of its creation and is expected to continue to so qualify at all times in the future. Accordingly, units of the Trust Funds are expected to be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, “Registered Plans”).

The Corporate Class Funds are classes of shares of Clarington Sector Fund Inc., which qualifies as a mutual fund corporation within the meaning of the Tax Act and is expected to continue to so qualify at all material times in the future. Accordingly, shares of the Corporate Class Funds are qualified investments for Registered Plans.

Holders of tax-free savings accounts should consult their own tax advisors as to whether securities of the Funds would be prohibited investments in their particular circumstances.

Description of Securities

Trust Funds

Each Trust Fund is divided into units, which may be divided into an unlimited number of series. An unlimited number of units of each series may be issued. All of the Trust Funds offer Series A units and some of the Trust Funds also offer Series F, Series T6, Series I and/or Series V units.

Each Trust Fund generally derives its value from the portfolio assets held by that Trust Fund and the income earned in respect thereof. A separate net asset value is calculated daily in respect of

each series of units issued by each Trust Fund. The net asset value of each Trust Fund and of each series of units is determined as described under “*Calculation of Net Asset Value and Valuation of Portfolio Securities*” on page 7.

Each holder of a whole unit of a Trust Fund is entitled to one vote per unit at meetings of unitholders of that Trust Fund, other than meetings at which the holders of one series of units of that Trust Fund are entitled to vote separately as a series.

Subject to management fee distributions, all units of each series are treated equally with respect to distributions and on the winding-up of a Trust Fund based on the relative net asset value of each series.

All units of a Trust Fund are fully paid and non-assessable when issued. Units of any series of a Trust Fund may be switched at any time into securities of the same series of any other IA Clarington Fund. Please see “*Switching Privileges*” on page 13. Details and additional information relating to switching between: (i) purchase options; (ii) series of the same Fund; and (iii) series of a different Fund are also available in the Simplified Prospectus of the Funds. Certain restrictions may apply in connection with switches to the Target Click Funds.

Fractions of units may be issued. Fractional units carry the rights and privileges, and are subject to the restrictions and conditions, applicable to whole units in the proportions which they bear to one unit; however, the holder of a fractional unit is not entitled to vote in respect of such fractional unit.

Unitholders can redeem all or any of their units at the series net asset value of those units as described under “*Redemption of Securities*” on page 15. All units are transferable without restriction.

The rights and conditions attached to the units of each of the Trust Funds may be modified only in accordance with the provisions attached to such units and the provisions of the Master Declarations of Trust and Trust Agreement, as applicable. A description of the series of units offered by each Trust Fund and the eligibility requirements attached to each series of units is contained in the Simplified Prospectus of the Funds.

Corporate Class Funds

Clarington Sector Fund Inc. has an unlimited number of authorized common shares, of which the sole common share is held by the Manager. It also has 100 classes of special shares, of which 13 classes have been issued and are outstanding. Each class of special shares is a separate fund that has its own investment objectives. Each class may be divided into an unlimited number of series. The number of shares of each series that may be issued is unlimited. Both of the Corporate Class Funds offer Series A, Series F, Series I and Series V securities.

Each Corporate Class Fund generally derives its value from the portfolio assets attributable to that Corporate Class Fund and the income earned in respect thereof. A separate net asset value is calculated daily in respect of each series of shares issued of each Corporate Class Fund. The net asset value of each Corporate Class Fund and of each series of shares is determined as described under “*Calculation of Net Asset Value and Valuation of Portfolio Securities*” on page 7.

Dividends in respect of a Corporate Class Fund, including capital gains dividends, may be declared payable by the board of directors of Clarington Sector Fund Inc. in its sole discretion.

Each holder of a whole share of a Corporate Class Fund is entitled to one vote per share at:

- meetings of shareholders of that Corporate Class Fund, other than in respect of matters that the holders of one series of shares of that Corporate Class Fund are entitled to vote on separately as a series and
- meetings of all shareholders of Clarington Sector Fund Inc., other than in respect of matters that the holders of another class are entitled to vote on separately as a class.

Within Clarington Sector Fund Inc., no class ranks ahead of any other class when it comes to payment of declared dividends and return of capital in the event of liquidation, dissolution or winding-up. No additional class of shares of Clarington Sector Fund Inc. may be offered in the future that would rank ahead of any Corporate Class Fund.

All shares of a Corporate Class Fund are fully paid and non-assessable when issued. Shares of any series of a Corporate Class Fund may be switched at any time into securities of the same series of any other IA Clarington Fund. Please see “*Switching Privileges*” on page 13. Details and additional information relating to switching between: (i) purchase options; (ii) series of the same Corporate Class Fund; and (iii) series of a different Fund are also available in the Simplified Prospectus of the Funds. Certain restrictions may apply in connection with switches to the Target Click Funds.

Fractions of shares may be issued. Fractional shares carry the rights and privileges, and are subject to the restrictions and conditions, applicable to whole shares in the proportions which they bear to one share; however, the holder of a fractional share is not entitled to vote in respect of such fractional share.

Shareholders can redeem all or any of their shares at the series net asset value of those shares as described under “*Redemption of Securities*” on page 15. All shares are transferable without restriction.

Further details of the rights attaching to each Corporate Class Fund are contained in the articles of Clarington Sector Fund Inc. The rights and conditions attaching to each class and series of shares may be modified only in accordance with the provisions attaching to such class and series of shares and the provisions of applicable corporate legislation. A description of the series of shares offered by each Corporate Class Fund and the eligibility requirements attached to each series of shares is contained in the Simplified Prospectus of the Funds.

Meetings of Investors

Neither the Trust Funds nor the Corporate Class Funds hold regular meetings of investors. Clarington Sector Fund Inc. will hold meetings if required under applicable corporate legislation. The Manager, as the holder of all the issued common shares of Clarington Sector Fund Inc., elects the directors and appoints the auditors of this corporation. However, investors of both the Trust Funds and the Corporate Class Funds are entitled to vote on all matters that require

securityholder approval under National Instrument 81-102 – Mutual Funds or under the constating documents of the Funds. These matters are:

- a change in the basis of the calculation of a fee or expense that is charged to the Fund or its securityholders that could result in an increase in charges to the Fund or its securityholders, unless (i) the person or company charging the fee or expense is at arm's length to the Fund and (ii) the securityholders of the Fund are given at least 60 days written notice of the proposed change;
- the introduction of a fee or expense to be charged to the Fund or directly to its securityholders by the Fund or the Manager that could result in an increase in charges to the Fund or to its securityholders;
- a change of the Manager, unless the new manager is an affiliate of the Manager,
- a change in the fundamental investment objectives of the Fund,
- a decrease in the frequency of the calculation of the net asset value per each series of security of the Fund,
- a material reorganization of the Fund, other than a reorganization that may be and is approved by the independent review committee ("IRC"), and
- the appointment of a successor trustee of the Trust Funds in certain circumstances.

The IRC may only approve a reorganization or transfer with another mutual fund managed by us if it meets the criteria set out for such approval in National Instrument 81-102 – Mutual Funds and the Fund sends written notice of the change to its securityholders at least 60 days prior to making the change.

Calculation of Net Asset Value and Valuation of Portfolio Securities

Calculation of Net Asset Value

The purchase and redemption price of securities of a Fund is based on the net asset value ("NAV") per security determined after the receipt of a purchase or redemption order. We calculate a separate NAV for each series of securities of each Fund. The NAV per series and per security is calculated using the formulas set out below on each day that the Toronto Stock Exchange is open for trading:

- The NAV of each series of units of a Trust Fund is the value of the series' proportionate share of the assets of the Trust Fund less the total of the liabilities of the Trust Fund allocated to that series.
- The NAV per unit of a series of units of a Trust Fund is calculated by dividing the NAV of the applicable series by the total number of outstanding units in that series.
- The NAV of each series of shares of a Corporate Class Fund is the value of the series' proportionate share of the assets of the Corporate Class Fund less the total of the liabilities of the Corporate Class Fund allocated to that series.

- The NAV per share of a series of shares of a Corporate Class Fund is calculated by dividing the NAV of the applicable series by the total number of outstanding shares in that series.

We calculate the NAV for each security of each Fund at the close of trading on the Toronto Stock Exchange every business day (usually 4 p.m. Eastern Time). The purchase and redemption price of securities is the NAV per security of the applicable series next determined after the receipt of a purchase or redemption order.

Valuation of Portfolio Securities

In calculating the NAV of any security for the purposes of purchases and redemptions of securities of the Funds, the following valuation principles apply:

1. Short-term investments are accounted for at the bid price.
2. The value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received will be its face amount, unless the Manager determines an otherwise fair value.
3. The value of any security or interest in a security that is listed or dealt in upon a stock exchange will be determined by:
 - (a) in the case of a security traded on the day as of which the net asset value is being determined, the last sale price or official close price, where available, on the principal exchange on which it is traded;
 - (b) in the case of a security not traded on the day as of which the net asset value is being determined because such exchange is closed for business on such day, unless decided otherwise by the board of directors of the Manager, the most recent closing sale price; and
 - (c) subject to paragraph (5) below, in the case of any other security not traded on such exchange on the day as of which the net asset value is being determined, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager, such price being between the closing asked and bid prices for the security or interest therein as reported by any report in common use or authorized as official by a stock exchange.
4. The value of any security or interest therein that is not listed or dealt in upon any stock exchange will be determined as nearly as may be possible in the manner described in paragraph (3) above, except that there may be used, for the purpose of determining the sale price or the asked and bid prices, any public quotations in common use which may be available.

5. Securities and other assets for which market quotations are, in the Manager's opinion, inaccurate, unreliable, not reflective of all available material information, not readily available or not available are valued at their fair value, as determined by the Manager.
6. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof.
7. Where a clearing corporation option, option on futures or over-the-counter option is written by a Fund, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value of the Fund; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities.
8. The value of a futures contract or a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on that valuation date unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest.
9. For any securities denominated in any currency other than Canadian currency, the net asset value so determined in that currency is converted into Canadian currency at the day's exchange rate.
10. The value of any security of a mutual fund held by a Fund will be the last available net asset value per security.
11. If an asset cannot be valued under the above rules or under any valuation rules set out in securities legislation or if any of the valuation rules adopted by the Manager but not set out in securities legislation are at any time considered by the Manager to be inappropriate in the circumstances, then the Manager shall use a valuation that it considers to be fair in the circumstances.

In accordance with Part 14 of National Instrument 81-106 – Continuous Disclosure for Investment Funds, the net asset value of the Funds is calculated on the basis of the valuation principles set forth in this annual information form for purchases and redemptions by investors, which are not the same as the Canadian GAAP requirements. Canadian GAAP requires that the fair value of portfolio securities quoted on an active market be measured based on the bid price for a long position and the ask price for a short position, instead of the close price or last sale price of the security for the day. The value of portfolio securities is determined according to Canadian GAAP for annual and interim financial statement reporting purposes.

The Manager has implemented fair value pricing for all non-North American securities held by any of the Funds to avoid stale prices being used in calculating NAV. Stale values can occur in mutual fund portfolios when the prices of securities upon which a fund's price is based do not

take account of the most recently available market information. Fair value pricing potentially reduces pricing discrepancies that market timers seek to exploit, which could limit opportunities for stale price arbitrage.

In the event of any inconsistency between the valuation principles set out above and the provisions of securities legislation, the provisions of securities legislation shall prevail.

The constating documents of the Funds contain details of the liabilities to be included in calculating the price for each series of securities of the Funds. The liabilities of a Fund include, without limitation, all bills, notes and accounts payable, all administrative or operating expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. The Manager will determine in good faith whether such liabilities are series expenses or common expenses of the Funds.

Currency of Valuation

Each Fund is valued in Canadian dollars.

Purchase of Securities

Securities are offered on a continuous basis in all provinces and territories in Canada through investment dealers, mutual fund dealers and independent financial planners as permitted under the securities laws of each jurisdiction in which the securities are qualified for sale.

Minimum Purchase Amounts

The minimum initial investment in Series A or Series T6 securities of any Fund is \$500. For Series F securities of a Fund, your initial investment must be \$10,000 in each Fund. Each subsequent investment in any series of securities of a Fund must be at least \$50. We do not currently enforce the minimum investment requirements applicable to Series A, Series F or Series T6 securities but may enforce them in our discretion in the future without notice to you. We may also waive any minimum investment requirements in our discretion.

Series I and Series V securities do not have a minimum purchase threshold. Series I securities are only available to investors who enter into a Series I agreement with us. Series V securities are only available to investors who invest through an account managed by a portfolio manager that has a Series V agreement with us.

Process of Making Purchases

You may purchase securities being offered through your dealer. Your dealer must send your order to us on the same day it is received. Generally, your dealer will transmit purchase orders by courier, Priority Post or telecommunications facilities. It is the responsibility of each dealer to transmit orders to us in a timely manner and to assume all associated costs.

If we receive a completed purchase order on or before 4:00 p.m. Eastern Time on a day that the Toronto Stock Exchange is open for business or before the Toronto Stock Exchange closes for

the day, whichever is earlier, it will be processed at the NAV per security on that day. If we receive a purchase order after that time, the order will be processed at the NAV per security calculated on the next business day.

The Funds have the right to accept or reject any purchase order within one business day of receiving the order. If a Fund rejects your order, any amounts received will be returned to your dealer immediately. If your cheque for the purchase of securities is not honoured, we may reverse the purchase order and hold you responsible for any costs involved.

We must receive payment for all purchases within three business days. If the payment and all necessary documents are not received within three business days, securities regulations require us to redeem the securities on the next business day. The proceeds of the redemption will be used to reduce any amount owing to the Fund. Any excess will belong to the Fund. Any shortfall will initially be paid to the Fund by us, but we will be entitled to collect such amount, together with the charges or expenses incurred, with interest, from the dealer who placed the order. Your dealer has the right to collect these amounts from you.

If you purchase securities of a Fund during a period when the calculation of NAV is suspended, you may either withdraw your purchase order prior to the end of the suspension period or receive the securities based on the NAV per security first calculated following the end of the suspension period.

Purchase Options

Series A and Series T6 securities of a Fund may be purchased under three purchase options:

- front end option,
- low load option or
- deferred sales charge option.

These options are described below. If you do not specify an option, your purchase will be considered to be a purchase under the front end option at a 0% sales charge.

Series F, Series I and Series V securities have special attributes described in the Simplified Prospectus. They are not sold under these three purchase options. Rather, Series F, Series I and Series V securities are sold with no sales charge. Series F securities have no fees payable on redemption, while any redemption fees applicable to Series I and Series V securities will be set out in the respective Series I or Series V securities agreement relating to those securities.

Front End Option

At the time of purchase, you negotiate a sales charge with your dealer of no more than 5% of the total amount of securities purchased under this option (5.26% of the net amount invested) and the balance is invested in a Fund. Securities purchased under this option are referred to as “Front End Securities”. Additional fees may apply for short-term trades involving Front End Securities. Please see “*Short-Term Trading Fees*” on page 17 for details.

Low Load Option

At the time of purchase, the full amount of your purchase is invested in a Fund and we pay your dealer a commission equal to 2.50% of the amount of your investment. You then pay a redemption fee on a declining scale if you redeem securities within three years of purchase. Securities purchased under this option are referred to as “Low Load Securities”. Additional fees may apply for short-term trades involving Low Load Securities. Please see “*Short-Term Trading Fees*” on page 17 for details.

The low load redemption fee, expressed as a percentage of the original purchase price per security of the Fund being redeemed, declines over time as set out in the following table:

<u>If redeemed during the following periods after date of issue:</u>	<u>Low Load Sales Charge Percentage</u>
Year 1	3.00%
Year 2	2.50%
Year 3	2.25%
After Year 3	Nil

Deferred Sales Charge Option

At the time of purchase, the full amount of your purchase is invested in a Fund and we pay your dealer a commission equal to 5% of the amount of your investment. You then pay a redemption fee on a declining scale if you redeem securities within seven years of purchase. Securities purchased under this option are referred to as “DSC Securities”. Additional fees may apply for short-term trades involving DSC Securities. Please see “*Short-Term Trading Fees*” on page 17 for details.

Generally, if DSC Securities are redeemed within seven years of purchase, a deferred sales charge or redemption fee is charged based on the original purchase price of the securities.

We will redeem DSC Securities in the following order:

1. securities issued through distribution/dividend reinvestment plans,
2. securities included in Free Redemption Amount (see below) and
3. securities in the order that they were purchased.

Free Redemption Amount

The Free Redemption Amount is equal to:

- 10% of the number of eligible DSC Securities held by you at December 31 of the previous year, plus
- 10% of the number of eligible DSC Securities you have purchased during the calendar year on or prior to the date of redemption, less

- the number of securities that would have been issued for any distributions or dividends received in cash that are not reinvested in securities, less
- the number of securities previously redeemed by you during the calendar year.

Any unused portion of the Free Redemption Amount cannot be carried forward to future years. If you switch securities of a Fund for securities of another IA Clarington Fund, any Free Redemption Amount attributable to those securities exchanged will be transferred on a proportionate basis.

The deferred sales charge, expressed as a percentage of the original purchase price per security of the Fund being redeemed, declines over time as set out in the following table:

If redeemed during the following periods after <u>date of issue</u>	Deferred sales charge <u>percentage</u>
Year 1	5.75%
Year 2	5.50%
Year 3	5.00%
Year 4	4.50%
Year 5	4.00%
Year 6	3.50%
Year 7	2.00%
After Year 7	0%

If you switch your securities of one Fund for securities of another IA Clarington Fund, the deferred sales charge applicable to securities of the Fund that you originally purchased will continue to apply to a redemption or further switch of the securities of the other IA Clarington Fund.

Switching Privileges

Switching Between IA Clarington Funds

You may switch securities of a Fund for securities of another IA Clarington Fund at any time, subject to the rules and criteria listed below.

Switches from a Trust Fund to another IA Clarington Fund or from a Corporate Class Fund to another IA Clarington Fund that is not a separate class of shares of Clarington Sector Fund Inc. are accomplished by redeeming securities of one Fund and purchasing securities of the other IA Clarington Fund. These switches will constitute a disposition and may result in a capital gain or loss for income tax purposes. For more information please see “*Income Tax Considerations*” on page 35.

Switches from one Corporate Class Fund to another Corporate Class Fund or another IA Clarington Fund that is a separate class of shares of Clarington Sector Fund Inc. are

accomplished by exchanging the shares of the Corporate Class Fund for shares of the other IA Clarington Fund. If your proposed switch would constitute 1% or more of the net asset value of the Corporate Class Fund you currently hold, we may need to limit or stagger your switch request. Switches made between IA Clarington Funds that are separate classes of Clarington Sector Fund Inc. are not considered to be a disposition for income tax purposes. For more information please see “*Income Tax Considerations*” on page 35.

Certain restrictions may apply in connection with switches to the Target Click Funds. Please refer to the Simplified Prospectus of the Target Click Funds for more details.

Switching Between Purchase Options

You may switch Front End Securities of a Fund for Low Load Securities of another IA Clarington Fund and vice versa. As described below, a switch fee may apply. In addition, a redemption fee may apply if you switch Low Load Securities that are still subject to a redemption fee schedule for Front End Securities.

You may switch DSC Securities of a Fund for Front End Securities of another IA Clarington Fund and vice versa. As described below, a switch fee may apply. In addition, a redemption fee may apply if you switch DSC Securities that are still subject to a redemption fee schedule for Front End Securities.

You may not switch DSC Securities of a Fund for Low Load Securities of another IA Clarington Fund or vice versa.

All decisions regarding switching between purchase options are negotiated between you and your dealer. As described above, switches between purchase options may result in additional fees for you. In addition, these switches may result in your dealer receiving a higher trailer fee. You should understand the consequences to both you and your dealer before you switch between purchase options.

Switching Between Series

You may generally switch one series of a Fund for another series of the same or another IA Clarington Fund if you are eligible to purchase the new series.

If you switch Low Load Securities or DSC Securities that are still subject to a redemption fee schedule for Series F securities, you will have to pay a fee equal to the redemption fee you would pay if you redeemed your Low Load Securities or your DSC Securities. If you switch Series F securities for Series A or Series T6 securities, you can choose which available purchase option will apply to your new securities. If you switch to either Low Load Securities or DSC Securities, the securities you switch to will be subject to a fee upon redemption if you redeem the securities while they are still subject to a redemption fee schedule. If you switch to Series F securities, you must be eligible to buy them.

Any switch to or from Series I or Series V securities is subject to the terms of the respective Series I or Series V securities account agreement governing those securities. In connection with the wind-up or termination of a Fund that holds securities of another Fund, we may automatically

switch the Series I or Series V securities of the other Fund to Series A, Series F and/or Series T6 securities of that Fund in such proportions as we determine to be reasonable and equitable in the circumstances.

Switching securities of one series for securities of another series of the same Fund is not a disposition for tax purposes. See “*Income Tax Considerations*” on page 35 for more information.

If we determine that you are no longer eligible to hold Series F or Series V securities, we may switch you out of that series of securities to Series A securities of the same Fund. These securities will be held under the Front End Option.

Switch Fees

In addition to any applicable redemption fees, your dealer may charge you a switch fee of up to 2% of the value of the switched securities.

If we determine that you are no longer eligible to hold Series F securities and we switch you out of those securities to Series A Front End Securities of the same Fund, you will not be charged a switch fee.

You may be charged a short-term trading fee in addition to a switch fee if you switch securities within certain time periods. See “*Short-Term Trading Fees*” on page 17 for additional information.

Redemption of Securities

You may redeem your securities at the NAV per security of a Fund on any business day. A redemption fee may apply if you purchased your securities under the Low Load Option or Deferred Sales Charge Option. A short-term trading fee may also apply. See “*Short-Term Trading Fees*” on page 17 for additional information.

Redemption Process

Redemption instructions must be in writing and bear a signature guaranteed by a Canadian chartered bank, trust company or a member of a public stock exchange in Canada or be guaranteed to our satisfaction. Additional documentation may be required if the investor is a corporation, partnership, agent, a trustee acting for someone else or a surviving joint owner.

If your redemption request is received on or before 4:00 p.m. Eastern Time on a day that the Toronto Stock Exchange is open for business or before the Toronto Stock Exchange closes for the day, whichever is earlier, we will process the redemption at the NAV per security calculated on that business day. A redemption request received after that time, will receive the NAV per security calculated on the next business day.

Your dealer must forward your redemption request on the same day it is received. Whenever possible, a dealer is required to transmit redemption requests by courier, Priority Post or telecommunications facilities. It is the responsibility of your dealer to transmit orders to us in a

timely manner and to assume all associated costs. For security reasons, we may refuse to accept a redemption request sent by you directly through telecommunication facilities.

Redemption requests will be processed in the order in which they are received. A Fund will not process redemption requests specifying a forward date or specific price. Redemption requests involving transfers to or from registered plans may be delayed if the transfer documents are not completed properly.

If the right to redeem securities of a Fund is suspended and you make a redemption request during that period, you may either withdraw your redemption request prior to the end of the suspension period or your securities will be redeemed by the Fund in accordance with the redemption request at the NAV first calculated following the end of the suspension period. See “*Suspension of Redemptions*” below for more information.

Payment of Redemption Proceeds

We will pay the redemption proceeds within three business days of receiving all necessary redemption documents. If all necessary documents are not received by us within ten business days of receiving a redemption request, you will be deemed, in accordance with securities regulations, to repurchase the securities on the tenth business day at the NAV per security calculated that day. The redemption proceeds will be applied to the payment of the issue price of the securities. If the cost to repurchase the securities is less than the redemption proceeds, the difference will belong to the Fund. Any shortfall will initially be paid to the Fund by us. We will be entitled to collect such amount, together with the charges and expenses incurred, with interest, from the dealer who placed the redemption request. Your dealer has the right to collect these amounts from you.

Redemption of Small Accounts

Given the high cost of maintaining accounts of less than \$500, each Fund has the right to redeem your securities if the book value of your investment in that Fund is less than \$500. You may be notified that the book value of your investment in a Fund is less than \$500 and be given 30 days to make an additional investment to increase your investment in the Fund to \$500 or more before the redemption is processed. If a redemption is processed, a redemption fee may apply for Low Load Securities and DSC Securities. Please see “*Purchase of Securities - Purchase Options*” on page 11 for more information on the fees that apply under these purchase options.

Suspension of Redemptions

We may suspend the right to redeem securities of a Fund or postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on any exchange on which securities or specified derivatives are listed which, in the aggregate, represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative or (ii) with the prior permission of the Canadian securities regulatory authorities. During any period of suspension there will be no calculation of NAV and no securities will be issued, switched or redeemed by the Fund. The calculation of the

NAV per security will resume when trading resumes on the exchange referred to in (i) or with the permission of the Canadian securities regulatory authorities.

Short-Term Trading Fees

An investment in a Fund is intended to be a long-term investment, and the Funds are not generally appropriate for short-term investment or speculation. In order to deter short-term trading in the Funds, we have imposed short-term trading fees. These fees are payable to the Funds.

If you redeem or switch securities of IA Clarington Inhance Global Equity SRI Class within 30 days of purchase, you may be charged a short-term trading fee of 2% of the value of the securities redeemed or switched. If you redeem or switch securities of IA Clarington Inhance Global Equity SRI Class within 31 to 90 days of purchase then, subject to our policies and procedures, you may be charged a short-term trading fee of 2% of the value of the securities redeemed or switched. We may waive either of these fees at our discretion in special circumstances, generally where it would be unfair to apply the fee to a particular investment and there is no harm caused to the Fund by redemption.

If you redeem or switch securities of any other Fund within 90 days of purchase, then, subject to our policies and procedures, you may be charged a short-term trading fee of 2% of the value of the securities redeemed or switched. We may waive this fee at our discretion in special circumstances.

These fees do not apply to securities purchased under IA Clarington's systematic plans (such as Pre-Authorized Chequing Plan and Systematic Withdrawal Plan). A switch constitutes a redemption of securities of one Fund and the simultaneous purchase of securities of another Fund. Short-term trading fees are paid to the Fund affected and are in addition to any other redemption or switch fees that may be payable by you.

We have implemented systematic procedures to monitor and detect short-term trading activities. We do not charge short-term trading fees to our fund-of-fund investments or on investments by our parent company, Industrial Alliance, in connection with its segregated funds and similar investment products.

In addition to any applicable short-term trading fees, we may, in our sole discretion, refuse future purchase or switch orders if we determine that your trading activities may be detrimental to the Funds.

Optional Services

Pre-Authorized Chequing Plan

The Pre-Authorized Chequing Plan (the "PAC Plan") allows you to make periodic investments in the Funds. You may invest weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually. A PAC Plan allows you to:

- make regular investments of as little as \$50 each,
- have the payments drawn directly from your bank account,
- change the amount you invest at any time and
- change the frequency of your investments, or cancel the arrangements, at any time.

When you enrol in a PAC Plan, your dealer will send you the current Simplified Prospectus and any amendments that have been made. You will not be sent a copy of any renewal prospectus (and any amendments to that prospectus) unless you request that it be sent to you at the time you enrol in the program or subsequently request it from your dealer. You can obtain copies of these documents:

- by calling us toll free at 1-888-860-9888 or sending us an email at funds@iaclarington.com,
- from our website at www.iaclarington.com,
- from your dealer or
- from the SEDAR website at www.sedar.com.

Confirmations of investments are provided in semi-annual statements that set out details of all transactions in the PAC Plan. You may discontinue the PAC Plan or change the investment amount at any time. In the event a cheque is dishonoured under the PAC Plan for any reason, including insufficient funds, there may be a \$30 charge.

Systematic Withdrawal Plan

We have a Systematic Withdrawal Plan which enables you to redeem securities on a periodic basis. You may redeem weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually.

This program allows you to receive regular and periodic payments of at least \$50. If any of your Low Load Securities or DSC Securities are redeemed under this plan, other than those included in the Free Redemption Amount discussed earlier, you will be required to pay a redemption fee. You can terminate the plan at any time by giving us written notice. Please note that if your withdrawals are greater than the net earnings of your Fund, you will eventually use up your original investment.

Systematic Switch Plan

You can set up a systematic switch plan for automated switches between Funds. Subject to our switch rules, you may switch from one Fund to another Fund within the same account or from one Fund to the same or another Fund between accounts. You may select the frequency of your switches and may cancel the arrangements at any time. You may not switch between securities bought in Canadian dollars and securities bought in U.S. dollars. There may be tax consequences to switches. Please see “*Switching Privileges*” on page 13 for more details on switching.

Redirected Distributions and Dividends

Unless you elect to receive cash distributions or dividends from the Funds, distributions and dividends paid by a Fund are automatically reinvested in additional securities of the Fund. If you elect to receive cash, you may also direct us to invest your cash distributions or dividends from one Fund in securities of another Fund.

Registered Plans (RRSPs, RRIFs, LIFs, LRIFs, PRIFs, LIRAs, LRSPs, RESPs and TFSAs)

You may obtain an application form and a declaration of trust for the IA Clarington-sponsored Registered Plans directly from us or from your dealer. After you have completed the application form and the declaration of trust, the plan trustee will register the plan with the Canada Revenue Agency, and will hold your investment in the Registered Plan under the terms of the plan's declaration of trust. The IA Clarington RRSP and RRIF have each been accepted as a qualifying registered overseas pension scheme for United Kingdom tax purposes.

You should consult your own tax advisor for full particulars of the tax implications of establishing, amending and terminating Registered Plans under the Tax Act and applicable provincial legislation.

The minimum initial investment in any IA Clarington Registered Plan is \$500. There are no annual administration fees for these Registered Plans.

Management of the Funds

The Manager

The Manager of the Funds is IA Clarington Investments Inc., a corporation amalgamated under the laws of Canada with its head office at 1080 Grande Allée Ouest, Québec City, Québec, G1K 7M3 and an office located at 522 University Avenue, Suite 700, Toronto, Ontario, M5G 1Y7. The phone number for the Manager is (416) 860-9880 or toll-free at 1-888-860-9888, the e-mail address is funds@iaclarington.com and the website address is www.iaclarington.com. The Manager is the trustee and administrator of all the Trust Funds. The Manager is the administrator of Clarington Sector Fund Inc.

The names and municipalities of residence of the directors and officers of the Manager, and their positions and offices, are as follows:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Yvon Charest Québec City, Québec	Vice-Chairman and Director	President and Chief Executive Officer of Industrial Alliance.
Normand Pépin Québec City, Québec	Chairman, Chief Executive Officer and Director	Executive Vice-President, Life Subsidiaries and Individual Insurance & Annuities of Industrial Alliance.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Adrian Brouwers Summerland, British Columbia	Vice-Chairman and Director	Vice-Chairman and Director of the Manager; Prior to December 2007, Executive Vice-President Sales and Marketing of the Manager; Associated with ClaringtonFunds Inc. from May 1996 to December 2006.
Yvon Côté Québec City, Québec	Director	Retired; Prior to March 2008, Vice-President and General Manager, Finance & Investments of Industrial Alliance and Chief Executive Officer and Chairman of the Board of Industrial Alliance Investment Management Inc.
Michel Gauthier Québec City, Québec	Director	Retired; Prior to December 31, 2007, Vice-President and General Manager, Administration, Individual Insurance & Annuities of Industrial Alliance.
André Dubuc Montreal, Québec	Director	Retired; Senior Executive Vice-President, Treasury, Capital Markets, Wealth Management and Brokerage of Laurentian Bank of Canada from June 2003 to October 2004.
John Gill Vancouver, British Columbia	Director	Retired; Prior to July 2005, President of Industrial Alliance Pacific Life Insurance Company.
Theresa Currie Toronto, Ontario	Director	Retired; Vice-Chair of M.R.S. Inc. until December 2005; Prior thereto, President, Chief Executive Officer and Vice-Chair of M.R.S. Inc. from 2003 to June 2004.
David Scandiffio Toronto, Ontario	President and Director	President and Chief Executive Officer of Industrial Alliance Mutual Funds Inc. since November 2003 and President of ClaringtonFunds Inc. since December 29, 2005.
Nancy Cappadocia Toronto, Ontario	Vice-President, Finance and Chief Financial Officer	Vice-President, Finance and Chief Financial Officer of the Manager since May 2008; Chief Financial Officer of the Manager from April 2008 to May 2008; Prior thereto, Chief Financial Officer, Altamira Investment Services Inc.; Prior to January 2005, Vice President, Finance and Chief Financial Officer, Altamira Investment Services Inc.; Prior to July 2004, Vice President, Finance, Altamira Investment Services Inc.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Eric Frape Toronto, Ontario	Senior Vice-President, Product and Business Development	Senior Vice-President, Product and Business Development of the Manager; Associated with ClaringtonFunds Inc. from December 2001 to December 2006.
Kim Jativa Milton, Ontario	Vice-President, Operations	Vice-President, Operations of the Manager since March 2007; Assistant Vice-President, Operations of the Manager from March 2006 to March 2007; Director, Transfer Agency Services of International Financial Data Services (Canada) Limited from 2002 to 2006.
Miriam Lee Toronto, Ontario	Chief Compliance Officer	Chief Compliance Officer of the Manager since October 2007; Assistant Vice-President, Compliance from July 2006 to October 2007. Prior thereto, associated with ClaringtonFunds Inc. from October 1996 to January 2007.
Jennifer Dibblee Québec City, Québec	Corporate Secretary	Corporate Secretary of the Manager; Legal Counsel, Industrial Alliance.
Pierre Bernard Laval, Québec	Vice-President, Canadian Equities	Vice-President, Canadian Equities of the Manager.
Anthony Silvestrin Laval, Québec	Senior Vice-President, Private Wealth Management	Senior Vice-President, Private Wealth Management of the Manager.
Carl Mustos Toronto, Ontario	Senior Vice-President, National Sales Manager	Senior Vice-President and National Sales Manager of the Manager since May 2007; Prior thereto, Senior Vice President, Sales Mackenzie Financial Services Inc.
Matthew Campbell Toronto, Ontario	Vice-President and Chief Legal Counsel	Vice President and Chief Legal Counsel of the Manager since May 2008; Chief Legal Counsel of the Manager from June 2006 to May 2008. Prior thereto, General Counsel, ClaringtonFunds Inc. from May 2005 to June 2006 and prior thereto, lawyer at Borden Ladner Gervais LLP.

The Manager is the manager of the Funds pursuant to a master management agreement dated August 28, 2000, as amended and restated as of June 25, 2004, March 7, 2005, June 22, 2005 and June 30, 2006 (the “Master Management Agreement”).

The schedules to the Master Management Agreement may be amended from time to time to add or remove mutual funds and have been so amended to add the Funds.

Pursuant to the Master Management Agreement, the Funds have appointed the Manager to provide them with all necessary administrative and management services. These services include providing, or arranging for the provision of, investment advice on the purchase and sale of portfolio securities, portfolio management and the calculation of net asset values of the Funds, where necessary. The Manager may provide these services directly or it may retain service providers to perform these services.

The Master Management Agreement provides that the Manager is paid a management fee as compensation for its services to the relevant Funds. Please refer to the specific Fund information in the Simplified Prospectus for the management fees applicable to each Fund. No management fees are paid by the Funds to the Manager in respect of the Series I or Series V securities of the Funds. Instead, Series I investors and the portfolio manager using Series V securities negotiate and pay a fee directly to the Manager.

The Master Management Agreement continues in effect from year to year unless terminated by either party upon at least 60 days' written notice or as a result of the insolvency or default of either party.

The Master Management Agreement permits the Manager to appoint service providers to assist it in performing all necessary services required by the relevant Funds. The Master Management Agreement may not be assigned by the Manager without any applicable regulatory approval and the approval of at least a majority of the votes cast at a meeting of the securityholders of the Funds, unless the assignment is to an affiliate of the Manager within the meaning of the *Securities Act* (Ontario).

Clarington Sector Fund Inc.

The business of Clarington Sector Fund Inc. is managed by its board of directors, which may exercise all powers that are not required by statute, the Articles of Incorporation or its By-laws to be exercised by the shareholders. Clarington Sector Fund Inc. is administered in its day-to-day operations by the Manager.

All of the directors and officers of Clarington Sector Fund Inc. are directors and/or officers of the Manager. Other than Messrs. Bernard and Silvestrin, who are not officers of Clarington Sector Fund Inc., each of the directors and officers of the Manager holds the same position with Clarington Sector Fund Inc. The name, address and principal occupation during the past five years and other information pertaining to each of such directors and officers is provided under "*The Manager*", above.

Independent Review Committee

The Funds also have an independent review committee, comprised of three individuals, each of whom is independent from the Manager, the Portfolio Advisor and the Sub-Advisor and their respective affiliates. The members of the IRC are Stephen J. Griggs (appointed on December 19, 2008), Jean Morissette (appointed on March 31, 2009) and S. Robert Munroe (appointed on May 1, 2007). The mandate of the IRC is to review any matter that involves a conflict of interest between the Manager and any of the Funds within the meaning of National Instrument 81-107 –

Independent Review Committee for Investment Funds. Further information regarding the role of the IRC is contained under “*Fund Governance*” on page 31.

Portfolio Advisor and Sub-Advisor

The Manager has retained Industrial Alliance Investment Management Inc. (the “Portfolio Advisor”) to act as the primary portfolio advisor of the Funds. It has delegated its responsibilities for all of the Funds to a sub-advisor. Inhance will act as the sub-advisor of the Funds until on or about December 14, 2009. Effective on or about December 14, 2009, Inhance plans to assign its sub-advisory responsibilities to Vancity Investment Management Limited (“VCIM”) (Inhance and VCIM, the “Sub-Advisor”). Inhance may assign its sub-advisory responsibilities to VCIM without the consent of the Manager or the Portfolio Advisor if certain conditions are met including the following:

- (a) such assignment occurs at a time before or no later than 14 days after the Mergers;
- (b) VCIM is, at the time of such assignment, duly registered as a portfolio manager in Ontario and Quebec or the Manager has received evidence, satisfactory to it that VCIM is not required to be registered in such jurisdictions; and
- (c) immediately following such assignment, each of the individuals named in the Annual Information Form as being involved in the portfolio management of the Funds shall be employed by VCIM in the portfolio management of the Funds in substantially the same role as they were employed by Inhance prior to such assignment.

The Portfolio Advisor is responsible for providing, or causing to be provided, investment analysis for the Funds and for making, or causing to be made, investment recommendations to the Manager and investment decisions for the Funds’ portfolios. The Manager has entered into an investment advisory agreement with the Portfolio Advisor that sets out its duties as Portfolio Advisor, all as described in the following pages. Since the Portfolio Advisor has delegated its responsibilities to the Sub-Advisor, the Portfolio Advisor and the Manager have entered into a sub-advisory agreement with the Sub-Advisor. The agreement with the Sub-Advisor is also described in the following pages.

Fund	Portfolio Advisor or Sub-Advisor	Date of Agreement
IA Clarington Inhance Monthly Income SRI Fund	Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3	July 4, 2007 (effective November 20, 2009)
	Sub-Advisor: Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5	November 20, 2009 (effective November 30, 2009 and to be assigned on or about December 14, 2009)

Fund	Portfolio Advisor or Sub-Advisor	Date of Agreement
	Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5	
IA Clarington Inhance Canadian Equity SRI Class	Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3	July 4, 2007 (effective November 20, 2009)
	Sub-Advisor: Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5 Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5	November 20, 2009 (effective November 30, 2009 and to be assigned on or about December 14, 2009)
IA Clarington Inhance Global Equity SRI Class	Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3	July 4, 2007 (effective November 20, 2009)
	Sub-Advisor: Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5 Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5	November 20, 2009 (effective November 30, 2009 and to be assigned on or about December 14, 2009)
IA Clarington Inhance Conservative SRI Portfolio	Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3	July 4, 2007 (effective November 20, 2009)
	Sub-Advisor:	November 20, 2009 (effective

Fund	Portfolio Advisor or Sub-Advisor	Date of Agreement
	<p>Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p> <p>Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p>	November 30, 2009 and to be assigned on or about December 14, 2009)
IA Clarington Inhance Balanced SRI Portfolio	<p>Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3</p> <p>Sub-Advisor: Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p> <p>Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p>	July 4, 2007 (effective November 20, 2009)
IA Clarington Inhance Growth SRI Portfolio	<p>Industrial Alliance Investment Management Inc. 1080 Grande Allée Ouest P.O. Box 1907, Station Terminus Québec City, Québec G1K 7M3</p> <p>Sub-Advisor: Inhance Investment Management Inc. Suite 1200 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p> <p>Vancity Investment Management Limited Suite 300 – 900 West Hastings Street Vancouver, British Columbia V6C 1E5</p>	November 20, 2009 (effective November 30, 2009 and to be assigned on or about December 14, 2009)

The investment advisory agreement and sub-advisory agreement continue in effect until terminated. The investment advisory agreement between the Manager and Industrial Alliance Investment Management Inc. may be terminated on 90 days' written notice by the Portfolio Advisor or immediately by the Manager. The sub-advisory agreement between Industrial Alliance Investment Management Inc. and the Sub-Advisor may be terminated on 90 days' written notice by either party and can be terminated by the Manager, the Portfolio Advisor or the Sub-Advisor for cause upon the occurrence of various events.

The Portfolio Advisor or Sub-Advisor may place orders on behalf of a Fund for the purchase and sale of portfolio securities through brokers or dealers who are affiliates or subsidiaries of the Portfolio Advisor or Sub-Advisor. They may do so provided that such orders are to be executed on terms and conditions as favourable to a Fund as could be expected to be obtained from other brokers or dealers and at commission rates comparable to that which would have been charged by such other brokers or dealers and otherwise achieve best execution for the Funds.

Industrial Alliance Investment Management Inc., Québec City, Québec

The name, title and length of service by persons employed by IAIM who are principally responsible for the day-to-day management of a Fund or implementing its investment strategy are detailed below:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>	
François Lalande Lévis, Québec	Vice President of Portfolio Management, Portfolio Manager, Fixed Income	November 2006 to present:	Vice President of Portfolio Management, Portfolio Manager, Fixed Income, IAIM
		January 1998 to November 2006:	Director of Portfolio Management, Portfolio Manager, Fixed Income, IAIM
Eric Vachon Ancienne-Lorette, Québec	Fund Manager, Institutional Advisor - Québec	March 2000 to present:	Fund Manager, Institutional Advisor - Québec, IAIM

Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 and Vancity Investment Management Limited (Vancouver, British Columbia) thereafter

The name, title and length of service of the persons employed by Inhance (until on or about December 14, 2009) and VCIM (following the assignment of the sub-advisory agreement from Inhance to VCIM) who are principally responsible for the day-to-day management of a Fund or implementing its investment strategy are detailed below:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>	
Stephen H. MacInnes, CFA North Vancouver, British Columbia	Chief Investment Officer, Portfolio Manager	March 2005 to present:	Chief Investment Officer and Portfolio Manager of Inhance Investment Management Inc.
		1989 to 2004:	Chief Investment Officer and Head of Canadian Equities, HSBC Asset Management (Canada) Ltd. and M.K. Wong & Associates
Michael E. Brown, CFA Port Moody, British Columbia	Portfolio Manager	August 2005 to present:	Portfolio Manager, Inhance Investment Management Inc.
		July 1998 to May 2005:	Equity Research Assistant at Philips, Hager and North Investment Management LLP

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions, are made by each individual Portfolio Advisor or Sub-Advisor. In effecting portfolio transactions, the Portfolio Advisor or Sub-Advisor has a duty to seek best execution. To the extent that the executions and prices offered by more than one dealer or broker are comparable, the Portfolio Advisor or Sub-Advisor may, in its discretion, choose to effect portfolio transactions with dealers and brokers who provide investment decision-making services to the Funds through the Portfolio Advisor or Sub-Advisor. For this purpose, investment decision-making services means advice as to the value of securities and the advisability of effecting transactions in securities, analyses and reports concerning securities, portfolio strategy or performance, issuers, industries, or economic or political factors and trends, and databases or software to the extent they are designed mainly to support those services.

Where the investment objectives and policies of a Fund and other clients for which the Portfolio Advisor or Sub-Advisor provides its services are substantially similar and the Portfolio Advisor or Sub-Advisor has determined to buy or sell the same security for a Fund and for one or more other entities, the orders for all securities will be placed for execution by methods determined by

the Portfolio Advisor or Sub-Advisor to be impartial and fair in order to seek favourable results for all of its clients. Generally, the Portfolio Advisor or Sub-Advisor pro-rates each client's participation in an investment opportunity based upon the amount each client otherwise would have invested, taking into consideration each client's investment portfolio and other factors present at the time.

Custodian

RBC Dexia Investor Services Trust ("RBC Dexia") is the custodian of the Funds pursuant to a custodian agreement dated January 1, 2002, which was restated on June 6, 2005, amended on August 26, 2005 and assigned to RBC Dexia from The Royal Trust Company on December 31, 2005 (the "Custodian Agreement"). Under the Custodian Agreement all assets held by the Funds are held by RBC Dexia and all securities transactions take place through RBC Dexia. The Custodian Agreement may be terminated by either party on 60 days' notice to the other.

Auditors

The auditor of the Funds is PricewaterhouseCoopers LLP ("PwC") of Québec City, Québec. Any change in the auditors of a Fund may be made only with the approval of the independent review committee of the applicable Fund in accordance with securities regulatory policies.

Registrar and Transfer Agent

IA Clarington Investments Inc., the registrar and transfer agent of the Funds, maintains the register of securities of the Funds at its office in Toronto, Ontario.

Principal Holders of Securities

As of the date hereof, the only shareholder known to the Manager to own, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding voting shares of IA Clarington Investments Inc. is:

<u>Name</u>	<u>Number and Class of Shares</u>	<u>Percentage of Class</u>
Industrial Alliance	3,490,001 common	100%

As of the date hereof, the shareholders known to Clarington Sector Fund Inc. to own, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding shares of any series of any Corporate Class Fund are:

<u>Name</u>	<u>Number of Shares</u>	<u>Name and Series of Fund</u>	<u>Percentage of Series</u>
IA Clarington	15,000	IA Clarington Inhance Canadian Equity SRI Class – Series A	100%
IA Clarington	100	IA Clarington Inhance	100%

<u>Name</u>	<u>Number of Shares</u>	<u>Name and Series of Fund</u>	<u>Percentage of Series</u>
IA Clarington	100	Canadian Equity SRI Class – Series F IA Clarington Inhance Canadian Equity SRI Class – Series I	100%
IA Clarington	100	IA Clarington Inhance Canadian Equity SRI Class – Series V	100%
IA Clarington	15,000	IA Clarington Inhance Global Equity SRI Class – Series A	100%
IA Clarington	100	IA Clarington Inhance Global Equity SRI Class – Series F	100%
IA Clarington	100	IA Clarington Inhance Global Equity SRI Class – Series I	100%
IA Clarington	100	IA Clarington Inhance Global Equity SRI Class – Series V	100%

As of the date hereof, the unitholders known to the Manager to own, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding units of any series of units of a Trust Fund are:

<u>Name</u>	<u>Number of Shares</u>	<u>Name and Series of Fund</u>	<u>Percentage of Series</u>
IA Clarington	15,100	IA Clarington Inhance Monthly Income SRI Fund – Series A	100%
IA Clarington	100	IA Clarington Inhance Monthly Income SRI Fund – Series F	100%
IA Clarington	100	IA Clarington Inhance Monthly Income SRI Fund – Series I	100%
IA Clarington	100	IA Clarington Inhance Monthly Income SRI Fund – Series V	100%
IA Clarington	15,100	IA Clarington Inhance Conservative SRI Portfolio – Series A	100%

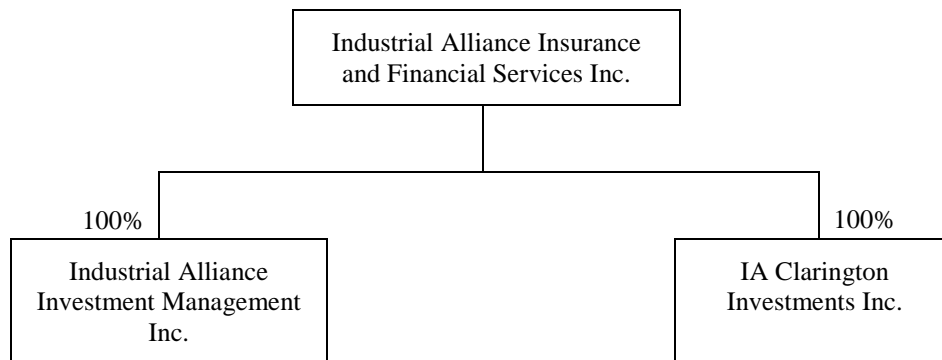
<u>Name</u>	<u>Number of Shares</u>	<u>Name and Series of Fund</u>	<u>Percentage of Series</u>
IA Clarington	15,000	IA Clarington Inhance Balanced SRI Portfolio – Series A	100%
IA Clarington	100	IA Clarington Inhance Balanced SRI Portfolio – Series T6	100%
IA Clarington	100	IA Clarington Inhance Balanced SRI Portfolio – Series I	100%
IA Clarington	15,000	IA Clarington Inhance Growth SRI Portfolio – Series A	100%
IA Clarington	100	IA Clarington Inhance Growth SRI Portfolio – Series F	100%
IA Clarington	100	IA Clarington Inhance Growth SRI Portfolio – Series V	100%

As of the date hereof, the directors and senior officers of the Manager as a group beneficially owned, directly or indirectly, none of the outstanding units of each Trust Fund and none of the outstanding shares of each Corporate Class Fund. As at that date, the independent review committee members, as a group, beneficially owned, directly or indirectly, none of the outstanding securities of any of the Funds, did not own shares of the Manager or Industrial Alliance, and owned less than 0.5% of the outstanding securities of any class of voting or equity securities issued by any other person or company that provides services to the Funds or IA Clarington.

Affiliated Entities

As of the date of this annual information form, the only persons or companies that are an “affiliated entity” of the Manager and provide services to the Funds or to the Manager in relation to the Funds are IAIM and Industrial Alliance. IAIM is the Portfolio Advisor for all of the Funds, as described under the heading “*Portfolio Advisor and Sub-Advisor*”, and receives a portion of the management fee for acting as the Portfolio Advisor for the Funds. Industrial Alliance provides fund accounting and portfolio valuation services in connection with the Funds, and provides certain back office and administration services to the Manager. The amount of fees received from a Fund by IAIM and/or Industrial Alliance in a financial year is in the applicable audited annual financial statements of the Fund. Certain of the officers and directors of the Manager are also officers and/or directors of Industrial Alliance and/or IAIM. Particulars of these relationships are shown in the table starting on page 26.

The following diagram shows the corporate relationship between the Manager, Industrial Alliance and IAIM as at the date of this annual information form:



Fund Governance

The responsibility for governance of the Funds lies with the board of directors of the Manager for the Trust Funds and the board of directors of Clarington Sector Fund Inc. for the Corporate Class Funds. All of the directors of the Manager are directors of Clarington Sector Fund Inc. A list of these directors is set out under “*Management of the Funds*” on page 19. The Manager considers that a board member is independent (an “Independent Member”) if the individual is not employed as an officer of the Manager or an affiliate of the Manager and is free from any material interest or relationship that could interfere with the director’s independent judgment. The boards of directors currently consists of nine individuals, of whom the following individuals are Independent Members: André Dubuc, John Gill, Theresa Currie, Michel Gauthier, Yvon Côté and Adrian Brouwers.

The audit committee of the board of directors of the Manager assists it in fulfilling its oversight responsibilities. The audit committee is comprised of André Dubuc, John Gill and Theresa Currie and oversees the audit process, the financial reporting process and the systems of internal control over financial reporting. The audit committee reviews on a regular basis the Manager’s compliance with all policies and procedures relating to external audits and evaluates the Manager’s monitoring of internal controls. Regular reports and recommendations are provided by the audit committee to each board of directors respecting audit activities and related issues.

The Funds also have an IRC, comprised of three individuals, each of whom is independent from the Manager, Portfolio Advisor, Sub-Advisor and their respective affiliates. The mandate of the IRC is to review any matter that involves a conflict of interest between the Manager and the Funds within the meaning of National Instrument 81-107 – Independent Review Committee for Investment Funds. The Manager has developed and implemented policies governing conflicts of interest and the referral of conflict of interest matters to the IRC. For the year ended December 31, 2008, an aggregate amount of \$61,250 was paid as compensation to the IRC members for acting as the IRC of all of the investment funds managed by the Manager.

Policies Regarding Derivatives

In order to hedge against currency exchange rate risks, any Fund may enter into forward currency exchange contracts (“currency forwards”) not exceeding one year in duration as described below. A Fund may also conduct its currency transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market.

A Fund may enter into currency forwards to attempt to minimize the risk to the Fund from adverse changes in the relationship between the Canadian dollar and other currencies. A currency forward is an obligation to purchase or sell a specific currency for an agreed price at a future date that is individually negotiated and privately traded by currency traders and their customers.

A Fund may enter into a currency forward, for example, when it enters into a contract for the purchase or sale of a security denominated in a currency other than the Canadian dollar in order to “lock in” the Canadian dollar price of the security. When the Sub-Advisor of a Fund believes that a currency may suffer a substantial decline against the Canadian dollar, it may enter into a currency forward to sell an amount of that currency or another currency that acts as a proxy for that currency approximating the market value of some or all of the Fund’s portfolio securities denominated in that currency. When the Sub-Advisor believes that the Canadian dollar may suffer a substantial decline against another currency, the Fund may also enter into a currency forward to buy that currency for a fixed Canadian dollar amount. Currency forwards may limit potential gain from a positive change in the relationship between the Canadian dollar and other currencies.

The objectives and goals for derivative trading are described in the Simplified Prospectus and risk management procedures in connection therewith are regularly reviewed by management. The Funds follow the investment restrictions and practices set out in National Instrument 81-102 – Mutual Funds with respect to the use of derivatives for hedging and non-hedging purposes. An analysis of derivative instruments is performed regularly to ensure the mark-to-market value with any one counterparty does not exceed, for a period of 30 days, 10% of the NAV of the Fund. The Manager monitors trading activities in conjunction with the Sub-Advisor and is responsible for applying trading limits, if any, and other controls, if required.

Except as described above, there are no other written policies with respect to derivative use. The Sub-Advisor of each Fund is responsible for establishing trading limits and other controls on derivative trading. The risk exposure of a Fund’s derivatives trades are not generally independently monitored.

Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions

Each Fund may enter into securities lending agreements as permitted under applicable securities laws. The Fund’s custodian or sub-custodian acts as the agent for the Fund in administering the securities lending transactions of the Fund. The risks associated with these transactions are managed by requiring that the Fund’s agent enter into such transactions for the Fund with reputable and well-established Canadian and foreign brokers, dealers and institutions. The agent

is required to maintain internal controls, procedures and records, including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party and collateral diversification standards.

The Manager, Clarington Sector Fund Inc. and RBC Dexia have established certain policies and procedures to ensure that the risks associated with securities lending agreements will be properly managed. RBC Dexia is required to ensure that all securities lending transactions are done in accordance with securities lending rules outlined in applicable securities legislation, including the requirement that the value of securities on loan will not exceed 50% of the Fund's total assets. The Manager will ensure that RBC Dexia is notified of any related parties so that securities lending agreements will not be executed with related borrowers. RBC Dexia will also be responsible for ensuring that each loan is over-collateralized to at least 102% on each business day. The Manager will monitor, on a regular basis, the Funds' securities lending activities. RBC Dexia reviews its policies and procedures relating to securities lending transactions on a regular basis. The Sub-Advisor does not oversee any securities lending transactions of the Funds other than as related to its proxy voting and shareholder engagement activities.

Currently, the Funds do not enter into repurchase or reverse repurchase transactions. However, the Funds may enter into repurchase or reverse repurchase agreements in the future as described in the Simplified Prospectus of the Funds. The Funds may enter into these transactions only as permitted under securities law. In the event the Funds commence repurchase or reverse repurchase transactions, similar controls, policies and procedures will be put in place for those transactions as described above for securities lending agreements.

Policies Regarding Proxy Voting

The Manager assigns all securities voting responsibilities in respect of the securities held by a Fund to the Sub-Advisor of the Fund and accordingly, the Sub-Advisor is responsible for establishing, applying and monitoring any proxy voting policies and procedures. The Sub-Advisor has advised the Manager that it exercises this responsibility in accordance with the Sub-Advisor's socially responsible investment principles (as described in the Simplified Prospectus of the Funds). Specifically, the Manager generally expects that the Sub-Advisor will vote for proposals that advance the Sub-Advisor's socially responsible investment principles and enhance the investment value of the relevant security and against proposals that are not in accordance with these principles and increase the risk level and reduce the overall investment value of the security. However, each vote is ultimately cast on a case-by-case basis, with the Sub-Advisor taking into consideration the relevant facts and circumstances at the time of the vote.

The Sub-Advisor has adopted written proxy voting guidelines (the "Proxy Guidelines") to assist in voting proxies received by the Funds on routine matters as well as on certain specific issues, including executive and director compensation, corporate governance issues, capital structure matters, corporate mergers and restructurings, shareholder proposals and social and environmental related resolutions. The Sub-Advisor has retained a third party service provider to provide proxy analysis, vote recommendations and vote execution services on its behalf, in accordance with the Proxy Guidelines.

Generally, the Proxy Guidelines of the Sub-Advisor provide that:

- on routine matters, such as the appointment of directors and auditors and the remuneration of the auditors, the Sub-Advisor will generally vote in accordance with management's recommendation;
- generally, the Sub-Advisor will deviate from this policy where it has a conflict of interest in voting its proxies or where it has determined that it is necessary, in the circumstances, to do so in order to further the best interests of the investors in the Fund;
- for non-routine matters (which generally includes matters such as significant corporate transactions, security-based compensation plans and corporate governance changes), the Sub-Advisor will take steps to evaluate the proposal on its merits and will vote based on its judgment of the effect of the proposal on the investment value of the relevant security and upon how the proposal relates to the Sub-Advisor's socially responsible investing principles;
- the Sub-Advisor may abstain from voting a proxy on a routine or non-routine matter if it concludes that:
 - the effect on securityholders' economic interests or the value of the Fund holdings is indeterminable or insignificant, or
 - the cost of voting is disproportionate to the economic impact the vote would have on the Fund holdings;
- any material conflict between the interest of securityholders and those of the Manager, the Sub-Advisor, any affiliate or associate of a Fund, or any affiliate or associate of the Manager or Sub-Advisor, will be referred to and voted according to the recommendation of the third party service provider mentioned above, who shall make a determination based on the Proxy Guidelines, uninfluenced by considerations other than the best interests of the Fund. Where an underlying fund held by a Fund is managed by the Manager, the Sub-Advisor or an affiliate or associate of either of them, the Sub-Advisor will not vote the securities of the underlying fund. The Manager may choose to flow-through the proxy voting rights attached to securities of the underlying fund to investors in the Fund; and
- the Sub-Advisor will take steps to ensure that the custodian of the portfolio securities held by a Fund votes the relevant securities in accordance with the instructions of the Sub-Advisor. The Manager obtains an annual report to determine how the Funds' portfolio securities were voted.

Each year, as part of its annual review process, the Manager reviews the Proxy Guidelines provided to it by the Sub-Advisor. The Sub-Advisor also reviews and revises the Proxy Guidelines on a periodic basis to ensure that they remain consistent with the Sub-Advisor's overall principles and investment philosophy.

The Manager has instructed the Sub-Advisor not to purchase securities of Industrial Alliance, which is the parent of the Manager, for any Fund's portfolio. The Manager may in the future develop procedures whereby the Funds could, with the approval of their independent review committee purchase such securities. The Sub-Advisor is required to act in the best interests of each applicable Fund in any vote that involves a conflict of interest between the Fund, on the one

hand, and the Manager, the Sub-Advisor or any of their affiliates, on the other hand. The Sub-Advisor's policies relating to conflicts of interest generally require the Sub-Advisor to take some or all of the following steps: (a) notify the Manager of any proposed proxy vote where the Sub-Advisor has a conflict of interest in voting, and, in some cases, obtain the Manager's approval prior to voting, (b) vote in accordance with the recommendations of a third-party proxy administrator and/or (c) vote in accordance with predetermined voting guidelines established by the Sub-Advisor or, alternatively, obtain the approval of an internal proxy voting committee for any deviation from such predetermined criteria.

The policies and procedures that a Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling us toll-free at 1-888-860-9888 or e-mailing us at proxyvoting@iaclarington.com. A Fund's proxy voting record for the period ended June 30, 2010 will be available free of charge to any investor of the Fund upon request at any time after August 31, 2010. The Fund's proxy voting record is available on our Internet site at www.iaclarington.com.

Management Fee Distributions or Rebates

To encourage large investments in the Funds or to accommodate special situations, we may reduce or rebate the management fees we charge. The reduction or rebate is usually based on the cumulative size of your investments in Front End Securities (or, in exceptional cases, Series F securities) of any of the IA Clarington Funds, with the exception of investments in IA Clarington Short-Term Income Class, IA Clarington Money Market Fund and the Target Click Funds. Investments in these Funds are not included in the calculation of your investments in the Funds for this purpose and do not qualify for a reduction in management fees.

If your investments qualify, we will calculate the reduction in, or rebate of the management fees according to a fixed schedule that we may change at our discretion. If we reduce our usual management fee for a Trust Fund, the Trust Fund will give you the reduction in the form of a special distribution, which is called a management fee distribution. In connection with a Corporate Class Fund, we will rebate a portion of the management fee directly to you.

We calculate management fee distributions or rebates on each calendar day. They are distributed or paid regularly to eligible investors. We will reinvest the distribution or rebate in additional securities of the Fund.

For the Trust Funds, management fee distributions are made first out of net income and net realized capital gains and then out of capital. Generally, investors in the Corporate Class Funds are required to include any management fee rebates received from the Manager in their income. See "*Income Tax Considerations*" below for information on the tax consequences of management fee distributions and management fee rebates.

Income Tax Considerations

The following summarizes fairly the principal Canadian federal income tax considerations with respect to acquiring, owning and disposing of securities of the Funds. It applies to an individual

investor (other than a trust), who, for the purposes of the Tax Act is resident in Canada, deals at arm's length with and is not affiliated with the Funds and holds the securities as capital property.

This is a general summary and is not intended to be advice to any investor. You should seek independent advice about the income tax consequences of investing in securities of the Funds, based on your own circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder ("Regulations"), specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) ("Minister") prior to the date of this Annual Information Form and the published administrative practices and assessing policies of Canada Revenue Agency. This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial or foreign income tax legislation or considerations.

Each of the Trust Funds currently qualifies, and is expected to continue to qualify at all times, as a mutual fund trust under the Tax Act. This summary assumes that each of the Trust Funds will, at all material times, qualify as a mutual fund trust under the Tax Act.

Clarington Sector Fund Inc. currently qualifies, and is expected to continue to qualify at all material times, as a mutual fund corporation under the Tax Act. This summary assumes that Clarington Sector Fund Inc. will, at all material times, qualify as a mutual fund corporation under the Tax Act.

This summary assumes that Clarington Sector Fund Inc. will elect under subsection 39(4) of the Tax Act to have all gains and losses on disposition of "Canadian securities" taxed as capital gains and losses.

On November 9, 2006, the Minister introduced revised proposals to amend the Tax Act with respect to the taxation of investments in foreign investment entities ("FIEs"). In the 2009 Federal Budget, the government announced that it is reviewing these proposals. The amendments are proposed to apply for taxation years beginning after 2006. In general, as currently proposed, these rules may require a Trust Fund or Clarington Sector Fund Inc., if it invests in a "participating interest" of a FIE, to include in income for income tax purposes each year (i) an amount equal to a prescribed percentage of its designated cost of its participating interest in the FIE, (ii) if the Trust Fund or Clarington Sector Fund Inc. so elects and certain conditions are met, any gain on such participating interest for the year on a mark-to-market basis whether or not such gain has been realized or (iii) if the Trust Fund or Clarington Sector Fund Inc. so elects and certain conditions are met, its share of the FIE's income (or loss) calculated using Canadian tax rules. In limited circumstances, the resulting gain under the mark-to-market regime may be treated on capital account. These rules will also apply to any underlying fund in which a Trust Fund or a Corporate Class Fund invests. If these rules apply to a Trust Fund, or an underlying fund in which it invests, the Trust Fund may be required to include in income amounts that the Trust Fund has not earned or received and unitholders will be taxable on the portion of such payment payable to them by the Trust Fund as described below. If these rules apply to Clarington Sector Fund Inc., or on underlying fund in which a Corporate Class Fund

invests, Clarington Sector Fund Inc. may be required to include in income, and be taxable on, amounts that it has not earned or received.

Taxation of the Trust Funds

In each taxation year, the Trust Funds are subject to tax under Part I of the Tax Act on the amount of their income for tax purposes for the taxation year, including net taxable capital gains, less the portion thereof that is paid or payable to unitholders. The Manager will ensure that each Trust Fund distributes to unitholders in each calendar year enough of its net income and net realized capital gains so that it should not be liable for tax under Part I of the Tax Act for any taxation year. Generally, gains and losses from the use of derivative securities will be realized on income account rather than on capital account. In certain circumstances, capital losses realized by the Portfolios may be suspended and, as a result, would be unavailable to shelter capital gains.

All of a Trust Fund's deductible expenses, including expenses common to all series of the Trust Fund and management fees and other expenses specific to a particular series of the Trust Fund, will be taken into account in determining the income or loss of the Trust Fund as a whole.

In connection with their investments in the Corporate Class Funds, the Portfolios may receive capital gains dividends, which will be deemed to be realized capital gains of the Portfolio. Such capital gains dividends may be received by a Portfolio as a result of the disposition of portfolio assets of Clarington Sector Fund Inc. due to shareholders of Clarington Sector Fund Inc. converting their shares from one class to another, whether or not those portfolio assets relate to the investment portfolios of the Corporate Class Funds.

Taxation of Unitholders in the Trust Funds

Unitholders, generally, will be required to include in computing their income the amount (computed in Canadian dollars) of the net income and the taxable portion of the net realized capital gains as is paid or payable to them by a Trust Fund in the year (which may include management fee distributions), even though such amounts may have been reinvested in additional units. Unitholders may be taxable on undistributed income and realized capital gains and accrued but unrealized capital gains that are in a Trust Fund at the time the units are purchased.

Provided that appropriate designations are made by the Trust Funds, the amount, if any, of foreign source income, net taxable capital gains and taxable dividends from taxable Canadian corporations of the Funds that are paid or payable to unitholders (including such amounts invested in additional units) will, effectively, retain their character for tax purposes and be treated as foreign source income, taxable capital gains and taxable dividends of the unitholders. An enhanced gross-up and dividend tax credit is available for certain eligible dividends from Canadian corporations. Foreign source income received by the Trust Funds will generally be net of any taxes withheld in the foreign jurisdiction. The taxes so withheld will be included in the determination of income under the Tax Act. To the extent that the Trust Funds so designate in accordance with the Tax Act, unitholders will, for the purpose of computing foreign tax credits, be entitled to treat their proportionate share of such taxes withheld as foreign taxes paid by the

unitholders. Generally, gains and losses realized by a Trust Fund from the use of derivative securities will result in the distribution of income rather than capital gains.

To the extent that distributions (including management fee distributions) to a unitholder by a Trust Fund in any year exceed that unitholder's share of the net income and net realized capital gains of that Fund allocated to that unitholder for that year, those distributions (except to the extent that they are proceeds of disposition of a unit as described below) will generally be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units. The Manager expects that distributions on Series T6 units from IA Clarington Inhance Balanced SRI Portfolio will include a return of capital. If the adjusted cost base of a unitholder's units would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the units and the adjusted cost base will be increased by the amount of such gain.

Management fees paid directly by the unitholder to the Manager in respect of Series I and Series V units will not be deductible by the unitholder.

Capital Gains and Alternative Minimum Tax for Unitholders of the Trust Funds

Upon the redemption or other disposition or deemed disposition by a unitholder of units of a Trust Fund (including pursuant to a switch of units for securities of another Fund and a deemed disposition on death), a capital gain (or capital loss) will be realized by the unitholder to the extent that the proceeds of disposition, net of any costs of disposition, exceed (or are exceeded by) the unitholder's adjusted cost base of the units immediately before the disposition. A redesignation of units of one series of a Trust Fund into units of another series of the same Trust Fund will not, in itself, result in a disposition for tax purposes.

Generally, one-half of a capital gain (or capital loss) is included in determining a unitholder's taxable capital gain (or allowable capital loss). Capital gains and dividends from Canadian corporations may give rise to a liability for alternative minimum tax under the Tax Act.

Taxation of Clarington Sector Fund Inc.

In each taxation year, Clarington Sector Fund Inc. is taxable at corporate tax rates applicable to a mutual fund corporation on its taxable income (which generally does not include taxable dividends from taxable Canadian corporations) and is also subject to a 33-1/3% refundable tax (the "Refundable Tax") on taxable dividends received by it from taxable Canadian corporations. The Refundable Tax is refunded when Clarington Sector Fund Inc. pays taxable dividends to its shareholders at a rate of \$1 of refund for every \$3 of taxable dividends paid. In addition, Clarington Sector Fund Inc. may receive a refund (calculated on a formula basis) of taxes paid on realized capital gains when it pays capital gains dividends or when shares are redeemed. Generally, gains and losses from the use of derivative securities and short sales will be realized on income account rather than on capital account; however, gains and losses from short sales of "Canadian securities" will be treated as capital gains and losses. In certain cases capital losses realized by Clarington Sector Fund Inc. may be suspended and, as a result, would be unavailable to shelter capital gains.

Because Clarington Sector Fund Inc. is a mutual fund corporation, its tax position will include, among other things, the revenues, deductible expenses, capital gains and capital losses of the investment portfolios attributable to all the IA Clarington Funds that are separate classes of Clarington Sector Fund Inc. and the various series of shares of such IA Clarington Funds. For example, the net losses or net capital losses in respect of the investment portfolio of a particular Corporate Class Fund may be applied to reduce the net income or net realized capital gains of Clarington Sector Fund Inc. as a whole. Generally, this will benefit the investors in the IA Clarington Funds that are separate classes of Clarington Sector Fund Inc. other than the particular Corporate Class Fund. Clarington Sector Fund Inc. will, on a discretionary basis, allocate its income or loss and the applicable taxes payable to each class and series of Clarington Sector Fund Inc. Clarington Sector Fund Inc. may pay capital gains dividends to shareholders of any series of a Corporate Class Fund (including a Portfolio) so that it can receive a refund of capital gains taxes it has paid. Capital gains taxes may arise when a shareholder of one IA Clarington Fund that is a separate class of Clarington Sector Fund Inc. switches shares to another such IA Clarington Fund.

Taxation of Shareholders in Clarington Sector Fund Inc.

Shareholders, generally, will be required to include in computing their income any dividends paid to them by Clarington Sector Fund Inc. whether or not the dividend is automatically reinvested in additional securities. An investor who purchases shares may be taxed on income, accrued but unrealized capital gains and realized but undistributed capital gains that are in the corporation at the time the shares are purchased and that are reflected in the purchase price of the shares.

To the extent that such dividends constitute capital gains dividends under the Tax Act, the dividend will be deemed to be a capital gain of the shareholder. Clarington Sector Fund Inc. may pay capital gains dividends to shareholders of any of the IA Clarington Funds that are separate classes of Clarington Sector Fund Inc. so that it can receive a refund of capital gains taxes it has paid. To the extent that any dividends paid to a shareholder do not constitute capital gains dividends, they will constitute taxable dividends and will be subject to the applicable gross-up and dividend tax credit rules. An enhanced gross-up and dividend tax credit is available for certain eligible dividends paid by Clarington Sector Fund Inc.

Generally, shareholders are required to include management fee rebates received from the Manager in their income. However, in certain circumstances, a shareholder may be able to instead elect to have the amount of the rebate reduce the cost of the related shares.

Management fees paid directly by a shareholder to the Manager in respect of Series I and Series V shares are not deductible for tax purposes.

Capital Gains and Alternative Minimum Tax for Shareholders in Clarington Sector Fund Inc.

Upon the redemption or other disposition or deemed disposition by a shareholder of a share of a Corporate Class Fund (including pursuant to a switch of shares to a Trust Fund and a deemed disposition on death), a capital gain (or capital loss) will be realized by the shareholder to the

extent that the proceeds of disposition, net of any costs of disposition, exceed (or are exceeded by) the shareholder's adjusted cost base of the shares immediately before the disposition. Generally, one-half of a capital gain (or capital loss) is included in determining a shareholder's taxable capital gain (or allowable capital loss).

If a shareholder switches shares of one Corporate Class Fund into shares of another Corporate Class Fund, the shareholder will not be considered to have disposed of the shares so switched for the purposes of the Tax Act. The cost to the shareholder of the shares received on the switch will be deemed to be the adjusted cost base to the shareholder of the shares that were switched. In certain circumstances, if a shareholder switches shares of one Corporate Class Fund into another Corporate Class Fund, Clarington Sector Fund Inc. may have to pay capital gains dividends to shareholders in order that Clarington Sector Fund Inc. can obtain a refund of capital gains taxes resulting from the switch.

Capital gains and dividends from Clarington Sector Fund Inc. may give rise to a liability for alternative minimum tax under the Tax Act.

Eligibility of the Securities for Registered Plans

Securities of the Funds are, or are expected to be at all material times, "qualified investments" under the Tax Act for Registered Plans.

Investors who choose to purchase securities of a Fund through a Registered Plan should consult their own professional advisors regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan. Holders of TFSAs should consult their own tax advisors as to whether securities of the Funds would be prohibited investments in their particular circumstances.

Material Contracts

The material contracts for the Funds are as follows:

1. Master Declaration of Trust as described under "*Formation and History of the Funds*" on page 2;
2. Master Management Agreement as described under "*Management of the Funds*" on page 19;
3. Investment advisory agreement and sub-advisory agreement as described under "*Portfolio Advisor and Sub-Advisor*" on page 23; and
4. Custodial Agreement as described under "*Custodian*" on page 28.

Copies of the material contracts mentioned above can be found at www.sedar.com and may be inspected during ordinary business hours on any business day at the office of the Funds at 522 University Avenue, Suite 700, Toronto, Ontario.

Auditors' Consent

IA Clarington Inhance Monthly Income SRI Fund (Series A, Series F, Series I and Series V)
IA Clarington Inhance Canadian Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Global Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Conservative SRI Portfolio (Series A)
IA Clarington Inhance Balanced SRI Portfolio (Series A, Series T6 and Series I)
IA Clarington Inhance Growth SRI Portfolio (Series A, Series F and Series V)

*each a class of shares of Clarington Sector Fund Inc.

(collectively, the "Funds")

We have read the Simplified Prospectus of the Funds dated November 20, 2009, and the documents specifically incorporated by reference therein relating to the sale and distribution of the above-mentioned series of securities of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Simplified Prospectus of our reports to the unitholders/shareholders of the Funds on the statement of net assets as at November 20, 2009 of each Fund. Our reports are dated November 20, 2009.

(signed) "PricewaterhouseCoopers LLP"

Chartered Accountants
Québec City, Québec, Canada
November 20, 2009

Certificate of the Funds, Manager and Promoter

IA Clarington Inhance Monthly Income SRI Fund (Series A, Series F, Series I and Series V)
IA Clarington Inhance Canadian Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Global Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Conservative SRI Portfolio (Series A)
IA Clarington Inhance Balanced SRI Portfolio (Series A, Series T6 and Series I)
IA Clarington Inhance Growth SRI Portfolio (Series A, Series F and Series V)

*each a class of shares of Clarington Sector Fund Inc.

(collectively, the “Funds”)

This Annual Information Form, together with the Simplified Prospectus required to be sent or delivered to a purchaser during the currency of this Annual Information Form and the documents incorporated by reference into the Simplified Prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the Simplified Prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

Dated: November 20, 2009.

(signed) “Normand Pépin”

Normand Pépin
Chief Executive Officer
IA Clarington Investments Inc. and
Clarington Sector Fund Inc.

(signed) “Nancy Cappadocia”

Nancy Cappadocia
Chief Financial Officer
IA Clarington Investments Inc. and
Clarington Sector Fund Inc.

**On behalf of the Board of Directors of IA Clarington Investments Inc. as
Trustee of the Funds except the classes of Clarington Sector
Fund Inc. and as Manager and Promoter of the Funds**

(signed) "David Scandiffio"

David Scandiffio
Director

(signed) "Yvon Charest"

Yvon Charest
Director

On behalf of the Board of Directors of Clarington Sector Fund Inc.

(signed) "David Scandiffio"

David Scandiffio
Director

(signed) "Yvon Charest"

Yvon Charest
Director

IA Clarington Investments Inc.

IA Clarington Inhance Monthly Income SRI Fund (Series A, Series F, Series I and Series V)
IA Clarington Inhance Canadian Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Global Equity SRI Class (Series A, Series F, Series I and Series V)*
IA Clarington Inhance Conservative SRI Portfolio (Series A)
IA Clarington Inhance Balanced SRI Portfolio (Series A, Series T6 and Series I)
IA Clarington Inhance Growth SRI Portfolio (Series A, Series F and Series V)

*each a class of shares of Clarington Sector Fund Inc.

(collectively, the “Funds”)

Additional information about the Funds is available in the Funds’ Simplified Prospectus, management reports of fund performance, once available, and financial statements.

You can get a copy of these documents at no cost by calling us toll-free at **1-888-860-9888**, from your dealer or by e-mail at **fund@iaclarington.com**.

These documents and other information about the Funds, such as information circulars and material contracts, are also available on IA Clarington Investments Inc.’s Internet site at **www.iaclarington.com** or are available at the Internet site of SEDAR (the System for Electronic Document Analysis and Retrieval) at **www.sedar.com**.

MANAGER OF THE FUNDS

IA Clarington Investments Inc.

Business Office

522 University Avenue, Suite 700
Toronto, Ontario
M5G 1Y7
1-888-860-9888

Head Office

1080 Grande Allée Ouest
P.O. Box 1907
Québec City, Québec
G1K 7M3

::ODMA\PCDOCS\TOR01\4121733\28