

# IA Clarington Canadian Balanced Fund

## Series A, F, I, L, L5, O and T5 Units

### Interim Management Report of Fund Performance

June 30, 2011

This interim management report of fund performance contains financial highlights but does not contain the complete interim financial statements of the Fund. You can get a copy of the interim financial statements at your request, and at no cost, by calling 1-888-860-9888, by writing to us at 522 University Avenue, Suite 700, Toronto, ON M5G 1Y7, or by visiting our website at [www.iaclarington.com](http://www.iaclarington.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## Management Discussion of Fund Performance

The management discussion of fund performance for IA Clarington Canadian Balanced Fund (the "Fund") represents management's view of the significant factors and developments affecting the Fund's performance and outlook. IA Clarington Investments Inc. is the manager (the "Manager") of the Fund.

In this report, "Net Assets" or "Net Assets per Unit" are references to net assets as determined in accordance with Canadian generally accepted accounting principles ("GAAP") as presented in the Fund's financial statements. All references to "Net Asset Value", "Net Asset Value per Unit" or "NAV" are referenced to the net asset value as determined in accordance with National Instrument 81-106 – Investment Fund Continuous Disclosure, which is used for transactional purposes, including fund purchases and fund redemptions.

The Fund's Portfolio Advisor is Industrial Alliance Investment Management Inc. ("IAIM") and QV Investors Inc. ("QV") is the sub-advisor (the "Portfolio Sub-Advisor") of the Fund.

## Results of Operations

The Fund's Net Assets increased by 30.8% or \$79.1 million during the period, from \$256.8 million on December 31, 2010 to \$335.9 million on June 30, 2011. This change in Net Assets resulted from an increase of \$70.5 million due to net sales and an increase of \$8.6 million due to investment operations, including market volatility, income and expense.

The average Net Assets of the Fund increased by 67.4% or \$121.4 million in comparison to the prior year, from \$180.2 million to \$301.6 million. Average Net Assets influence revenue earned and expenses incurred by the Fund during the period.

The Series A units of the Fund returned 2.9% for the six-month period ending June 30, 2011. The performance of the other series of the Fund is substantially similar, save for differences in expense structure. Refer to the "Past Performance" section for the performance information of each series.

The Fund's broad-based benchmark, the S&P/TSX Composite Index, returned 0.2% over the same six-month period. The comparison to this broad-based index has been provided to help you understand the Fund's performance relative to the general performance of the market. The Fund's blended benchmark, which is composed of the S&P/TSX Composite Index (60%) and the DEX Universe Bond Index (40%), returned 1.0% over the same six-month period. This comparison to Fund performance is a closer reflection of the asset classes in which the Fund invests. The Fund's return calculation for all series includes fees and expenses which are not applicable in generating a return for the benchmark.

The Portfolio Sub-Advisor closed the period with the following asset mix: 8% cash reserves, 39% bonds and preferred shares, and 53% common shares. The Portfolio Sub-Advisor continues to hold more equities than bonds based on measures of value as well as respective income yields. The Fund's equity exposure was reduced through market declines and through reduced exposure in select companies trading at high valuations. Ongoing supply issues caused by the earthquake and tsunami in Japan, a struggling U.S. labour market, and the ongoing debt crisis in Europe caused investors to avoid risk and move into the relative safety of bonds and defensive equities. The more defensively positioned Fund outperformed the benchmark in this environment.

To reduce the Fund's sensitivity to rising interest rates, the Portfolio Sub-Advisor lowered the average term-to-maturity of the bonds from 8.9 years to 7.5 years. Gains were realized mostly in longer-maturity bonds over the six-month period and replaced with shorter-term, high quality bonds trading at attractive market yields over Canada bonds. New issues were introduced in the period, focusing on improving the credit quality and the overall portfolio yield. The Portfolio Sub-Advisor added two 9-year AA rated bonds issued by the Provinces of Saskatchewan and British Columbia, at yields of 3.9% and 4.7%, respectively. The Portfolio Sub-Advisor also purchased a five-year AA rated Ontario bond at a yield of 3.2% and a Canada Housing Trust 2.75% 4-year issue due December 2015, and rated AAA.

The Portfolio Sub-Advisor strengthened the existing corporate bond positions by increasing its holdings in Molson Coors International LP, TELUS Corp., Royal Bank of Canada, Bell Aliant Regional Communications, LP and adding an Algoma

Central Corp. 7-year convertible debenture to the Fund. Algoma Central Corp. is an owner and operator of shipping vessels on the Great Lakes – St. Lawrence waterway. The 112 year-old company is majority owned and run by the Jackman family. The Jackman's have a long history of prudent and profitable management of their assets.

The Fund does not have exposure to the Materials sector and the weight in the Energy sector is half of the exposure in the benchmark, which accounted for the bulk of the Fund's outperformance. The worst performing sector was Consumer Discretionary.

The best and worst performers in the quarter were Information Technology stocks CGI Group Inc. and Research in Motion Ltd., respectively. CGI Group Inc.'s acquisition of Stanley Inc. in the United States has resulted in increased sales and margins due to cost synergies. After the poor earnings guidance announced by Research in Motion Ltd. in the middle of June, the Portfolio Sub-Advisor did not add to the position. The Portfolio Sub-Advisor continues to be concerned with the company's inability to meet deadlines for product launches, and the delay in launching its new QNX operating system into smartphones. However, the Portfolio Sub-Advisor continues to believe the company has a leading presence in the industry with its products, strong patent portfolio and solid balance sheet.

During the period, SNC-Lavalin Group Inc. (SNC) was introduced into the Fund. SNC is an engineering and construction company based in Canada with operations in over 100 countries around the world. SNC is one of the five largest engineering companies in the world with a focus on the following industries: mining and metallurgy, infrastructure and environment, power, and chemicals and petroleum. SNC has increased its dividend every year for the past 10 years.

The Portfolio Sub-Advisor also initiated a position in Shoppers Drug Mart Corp. The stock price of Shoppers Drug Mart Corp. was under pressure from legislation being enacted in Canada, in particular Ontario, and the resignation of its CEO. The Portfolio Sub-Advisor believes Shoppers Drug Mart Corp. is in an excellent position to benefit from the aging Canadian population, and their need for products sold in drug retailers. Although the legislation in Ontario will reduce the profitability of Shoppers Drug Mart Corp. temporarily, the Portfolio Sub-Advisor felt the sell-off in the stock provided an opportunity to buy this high quality franchise at a reasonable valuation.

After reviewing the Fund's Energy holdings, the Portfolio Sub-Advisor removed the position in Husky Energy Inc. and introduced a position in Canadian Natural Resources Ltd. The Portfolio Sub-Advisor has always been impressed by its capital discipline and its focus on profitability rather than increased production.

The Toronto-Dominion Bank and National Bank of Canada were reduced in weight due to the higher valuations in the Financials sector. The Portfolio Sub-Advisor still finds the sector attractive due to its high profitability, but increased competition due to waning demand for loans and mortgages has resulted in downward pressure on margins.

## Recent Developments

Over the past six-months the rising risk of European sovereign credit defaults, softer global economic data and the anticipated roll off of quantitative easing in the U.S. diminished equity investor enthusiasm. The bond market, which is typically considered a safer asset class, benefitted from increased investor anxiety. The strength in Canadian equities during the first quarter was reversed in the second quarter, which was primarily due to the Materials and Energy sectors.

The Portfolio Sub-Advisor maintains a mid-term positioning in the Fund's bond strategy in the expectation that the Bank of Canada will begin increasing their policy rate this year; at the same time the Portfolio Sub-Advisor is cognizant of fact that a slowdown in the global recovery may limit the degree of rate increases.

Risks remain in the commodity space as developing countries further increase their interest rates, which may put downward pressure on commodity prices. Many developed countries continue to face leveraged balance sheets, which crimp their ability to spend, and lowers global growth as witnessed in the most recent economic releases. Although, The Fund is still positioned cautiously, the Portfolio Sub-Advisor does have exposure to cyclical companies that will benefit if these risks subside. If the market continues to drift lower, the Portfolio Sub-Advisor has cash to deploy opportunistically.

Effective March 2, 2011, the Fund commenced offering Series L and Series L5 units.

Effective July 19, 2011, the Fund commenced offering Series F5 units.

# IA Clarington Canadian Balanced Fund

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## International Financial Reporting Standards (IFRS)

The Accounting Standards Board of the Canadian Institute of Chartered Accountants has announced in January 2011 that it has decided to defer the mandatory adoption of IFRS for investment funds that apply the Accounting Guideline on Investment Companies ("AcG-18") to January 1, 2013 instead of January 1, 2012, as it had been previously decided. The Fund, therefore, will adopt IFRS in the financial year beginning on January 1, 2013, and will produce its first financial statements in accordance with IAS 34, Interim Financial Reporting, for the semi-annual period ending on June 30, 2013.

In order to be ready for the changeover to IFRS, the Fund, by way of the Manager, has developed a transition plan containing three phases: 1) identification of the risks; 2) implementation of the new standards; and 3) conversion. During the next two years, the Fund will evaluate the financial consequences and impacts of the conversion to IFRS and complete the design of financial statements and the notes to the financial statements according to IFRS requirements. The Fund will also evaluate the impact of the new accounting standards on disclosure controls and procedures and internal control over financial reporting and make the necessary changes. The Manager anticipates there will be changes to the financial statements but the impact, if any, cannot be reasonably estimated at this time. Training and communication plans will continue throughout the year to prepare and assess the required information.

Given the evolution of accounting standards, the overall impact of adopting IFRS on the Fund's financial situation and future results cannot be reasonably established until the process is completed.

## Related Party Transactions

The Fund paid the Manager management fees that are calculated daily on the Net Asset Value attributable to each series. The management fees paid are disclosed in the financial statements.

Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance") is the sole parent of the Manager. During the period, the Fund paid fund accounting fees to Industrial Alliance. The amounts paid are disclosed in the financial statements.

The Fund is responsible for payment of all expenses relating to the operation of the Fund and the carrying on of its business, except for those expenses relating to Series I units. This includes, but is not limited to, legal, audit and custodial fees, taxes, brokerage fees, interest, operating and administrative fees, costs and expenses. In addition, the Fund is also responsible for the fees, costs and expenses of financial and other reports and prospectuses required to comply with all regulatory requirements in connection with the distribution of securities of the Fund, except for those expenses relating to Series I units. A certain portion of these fees (including fund accounting fees) and expenses are initially paid for by the Manager, and then recovered from the Fund.

At its sole discretion, the Manager waived management fees or absorbed expenses of the Fund. The management expense ratios of each of the series of units of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table below.

## Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series A	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	17.18	15.84	13.05	17.02	17.78	16.71
<b>Increase (decrease) from operations:</b>						
Total revenue	0.28	0.59	0.54	0.52	0.48	0.48
Total expenses	(0.21)	(0.39)	(0.37)	(0.42)	(0.49)	(0.47)
Realized gains (losses) for the period	0.12	0.39	(1.42)	0.17	1.37	1.92
Unrealized gains (losses) for the period	0.29	0.93	4.10	(3.91)	(0.99)	(0.31)
Transaction costs	-	(0.01)	(0.01)	(0.01)	(0.01)	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.48</b>	<b>1.51</b>	<b>2.84</b>	<b>(3.65)</b>	<b>0.36</b>	<b>1.62</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends <sup>4</sup>	-	(0.14)	(0.15)	(0.10)	-	-
From capital gains	-	-	-	(0.13)	(1.07)	(0.55)
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>-</b>	<b>(0.14)</b>	<b>(0.15)</b>	<b>(0.23)</b>	<b>(1.07)</b>	<b>(0.55)</b>
Net Assets, end of period	17.68	17.18	15.84	13.05	17.02	17.79

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series F	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	17.99	16.50	13.52	17.74	18.11	16.66
<b>Increase (decrease) from operations:</b>						
Total revenue	0.29	0.61	0.58	0.55	0.50	0.20
Total expenses	(0.11)	(0.19)	(0.16)	(0.18)	(0.21)	(0.19)
Realized gains (losses) for the period	0.16	0.42	(1.20)	0.14	1.43	2.22
Unrealized gains (losses) for the period	0.25	0.96	4.03	(4.11)	(1.17)	(0.36)
Transaction costs	-	(0.01)	(0.01)	(0.01)	(0.01)	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.59</b>	<b>1.79</b>	<b>3.24</b>	<b>(3.61)</b>	<b>0.54</b>	<b>1.87</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends <sup>4</sup>	-	(0.30)	(0.30)	(0.40)	-	-
From capital gains	-	-	-	(0.15)	(0.98)	(0.43)
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>-</b>	<b>(0.30)</b>	<b>(0.30)</b>	<b>(0.55)</b>	<b>(0.98)</b>	<b>(0.43)</b>
Net Assets, end of period	18.63	17.99	16.50	13.52	17.74	18.13

# IA Clarington Canadian Balanced Fund

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## Financial Highlights (continued)

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series I	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	12.13	10.93	10.00	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.21	0.42	0.27	-	-	-
Total expenses	-	-	-	-	-	-
Realized gains (losses) for the period	0.25	0.34	(0.04)	-	-	-
Unrealized gains (losses) for the period	(0.15)	0.41	0.91	-	-	-
Transaction costs	-	(0.01)	-	-	-	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.31</b>	<b>1.16</b>	<b>1.14</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends <sup>4</sup>	-	(0.11)	(0.01)	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>-</b>	<b>(0.11)</b>	<b>(0.01)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets, end of period	12.64	12.13	10.93	-	-	-

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series L	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	17.41	-	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.19	-	-	-	-	-
Total expenses	(0.15)	-	-	-	-	-
Realized gains (losses) for the period	0.21	-	-	-	-	-
Unrealized gains (losses) for the period	(0.08)	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends <sup>4</sup>	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets, end of period	17.68	-	-	-	-	-

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series L5	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	10.25	-	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.11	-	-	-	-	-
Total expenses	(0.10)	-	-	-	-	-
Realized gains (losses) for the period	0.12	-	-	-	-	-
Unrealized gains (losses) for the period	(0.05)	-	-	-	-	-
Transaction costs	-	-	-	-	-	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.08</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.04)	-	-	-	-	-
From dividends <sup>4</sup>	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.13)	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>(0.17)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets, end of period	10.19	-	-	-	-	-

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series O	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	12.15	11.42	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.20	0.19	-	-	-	-
Total expenses	(0.01)	(0.01)	-	-	-	-
Realized gains (losses) for the period	0.11	0.08	-	-	-	-
Unrealized gains (losses) for the period	0.16	0.58	-	-	-	-
Transaction costs	-	-	-	-	-	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.46</b>	<b>0.84</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	-	-	-	-	-	-
From dividends <sup>4</sup>	-	(0.09)	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>-</b>	<b>(0.09)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets, end of period	12.65	12.15	-	-	-	-

The Fund's Net Assets per Unit (\$) <sup>1</sup>						
Series T5	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	10.16	10.00	-	-	-	-
<b>Increase (decrease) from operations:</b>						
Total revenue	0.17	0.05	-	-	-	-
Total expenses	(0.12)	(0.04)	-	-	-	-
Realized gains (losses) for the period	0.09	-	-	-	-	-
Unrealized gains (losses) for the period	0.10	0.13	-	-	-	-
Transaction costs	-	-	-	-	-	-
<b>Total increase (decrease) from operations<sup>2</sup></b>	<b>0.24</b>	<b>0.14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Distributions:</b>						
From income (excluding dividends)	(0.04)	-	-	-	-	-
From dividends <sup>4</sup>	-	(0.01)	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.21)	(0.07)	-	-	-	-
<b>Total distributions<sup>3</sup></b>	<b>(0.25)</b>	<b>(0.08)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net Assets, end of period	10.20	10.16	-	-	-	-

<sup>1</sup> The per unit data is derived from the Fund's audited annual financial statements for prior periods and from the interim unaudited financial statements, for the current period ended June 30, 2011. The Net Assets per Unit presented in the financial statements can differ from the Net Asset Value per Unit calculated for fund pricing purposes. An explanation of these differences can be found in the Notes to the Financial Statements. It is not intended that the Fund's Net Assets per Unit table act as a continuity of opening and closing Net Assets per Unit.

<sup>2</sup> Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

<sup>3</sup> Distributions were paid in cash or reinvested in additional units of the Fund, or both.

<sup>4</sup> Distributions qualified for Canadian dividend tax credit.

Ratios and Supplemental Data						
Series A	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	261,460	218,738	171,743	158,047	252,547	280,259
Number of units outstanding (000's) <sup>1</sup>	14,770	12,718	10,821	12,035	14,815	15,752
Management expense ratio (%) <sup>2,3</sup>	2.42	2.39	2.58	2.68	2.68	2.69
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	2.42	2.40	2.64	2.88	2.93	3.01
Trading expense ratio (%) <sup>5</sup>	0.02	0.05	0.10	0.06	0.05	0.07
Portfolio turnover rate (%) <sup>5</sup>	12.92	28.39	95.87	56.62	62.99	120.17
NAV per unit (\$)	17.70	17.20	15.87	13.13	17.05	17.79

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## Financial Highlights (continued)

Ratios and Supplemental Data						
Series F	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	3,909	2,528	813	409	578	472
Number of units outstanding (000's) <sup>1</sup>	210	140	49	30	32	26
Management expense ratio (%) <sup>2,3</sup>	1.15	1.09	1.07	1.09	1.11	1.10
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	1.16	1.09	1.07	1.09	1.15	3.08
Trading expense ratio (%) <sup>5</sup>	0.02	0.05	0.10	0.06	0.05	0.07
Portfolio turnover rate (%) <sup>6</sup>	12.92	28.39	95.87	56.62	62.99	120.17
NAV per unit (\$)	18.65	18.01	16.54	13.60	17.77	18.13

Ratios and Supplemental Data						
Series I	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	488	1	467	-	-	-
Number of units outstanding (000's) <sup>1</sup>	39	0.1	43	-	-	-
Management expense ratio (%) <sup>2,3</sup>	-	-	-	-	-	-
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	0.02	0.02	0.27	-	-	-
Trading expense ratio (%) <sup>5</sup>	0.02	0.05	0.10	-	-	-
Portfolio turnover rate (%) <sup>6</sup>	12.92	28.39	95.87	-	-	-
NAV per unit (\$)	12.65	12.14	10.95	-	-	-

Ratios and Supplemental Data						
Series L	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	1,105	-	-	-	-	-
Number of units outstanding (000's) <sup>1</sup>	62	-	-	-	-	-
Management expense ratio (%) <sup>2,3</sup>	2.50	-	-	-	-	-
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	2.63	-	-	-	-	-
Trading expense ratio (%) <sup>5</sup>	0.02	-	-	-	-	-
Portfolio turnover rate (%) <sup>6</sup>	12.92	-	-	-	-	-
NAV per unit (\$)	17.70	-	-	-	-	-

Ratios and Supplemental Data						
Series L5	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	192	-	-	-	-	-
Number of units outstanding (000's) <sup>1</sup>	19	-	-	-	-	-
Management expense ratio (%) <sup>2,3</sup>	2.82	-	-	-	-	-
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	2.92	-	-	-	-	-
Trading expense ratio (%) <sup>5</sup>	0.02	-	-	-	-	-
Portfolio turnover rate (%) <sup>6</sup>	12.92	-	-	-	-	-
NAV per unit (\$)	10.20	-	-	-	-	-

Ratios and Supplemental Data						
Series O	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	62,447	33,241	-	-	-	-
Number of units outstanding (000's) <sup>1</sup>	4,932	2,734	-	-	-	-
Management expense ratio (%) <sup>2,3</sup>	0.11	0.11	-	-	-	-
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	0.16	0.16	-	-	-	-
Trading expense ratio (%) <sup>5</sup>	0.02	0.05	-	-	-	-
Portfolio turnover rate (%) <sup>6</sup>	12.92	28.39	-	-	-	-
NAV per unit (\$)	12.66	12.16	-	-	-	-

Ratios and Supplemental Data						
Series T5	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's) <sup>1</sup>	6,686	2,537	-	-	-	-
Number of units outstanding (000's) <sup>1</sup>	655	250	-	-	-	-
Management expense ratio (%) <sup>2,3</sup>	2.41	2.88	-	-	-	-
Management expense ratio before waivers or absorptions (%) <sup>2,3,4</sup>	2.47	4.08	-	-	-	-
Trading expense ratio (%) <sup>5</sup>	0.02	0.05	-	-	-	-
Portfolio turnover rate (%) <sup>6</sup>	12.92	28.39	-	-	-	-
NAV per unit (\$)	10.21	10.17	-	-	-	-

1 This information is provided as at each period shown.

2 Management expense ratios are based on total expenses (excluding commissions and other portfolio transaction costs) of each series for the stated period and are expressed as an annualized percentage of each series' daily average NAV during the period.

3 The annual management fee of the Fund is 2.00% for Series A, Series L, Series L5 and Series T5 units, 0.95% for Series F units and 0% for Series I and Series O units, before the application of taxes. Series O units were charged a fixed expense fee at 0.15%, but paid 0.10%, net of waivers by the Manager, before application of taxes.

4 At its sole discretion, the Manager waived management fees or absorbed expenses of the Fund. Such waivers and absorptions can be terminated at any time, but can be expected to continue for the Fund until such time as the Fund is of sufficient size to reasonably absorb all management fees and expenses incurred in its operation, although the amount of any such waiver or absorption may change from time to time.

5 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the Fund's daily average NAV during the period.

6 The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship or correlation between a high turnover rate and the performance of a Fund.

# IA Clarington Canadian Balanced Fund

June 30, 2011

## Management Fees

Management fees paid by the Fund per series are based on applying the annual management fee rate per series to the daily average NAV of each series and are recorded on an accrual basis.

Breakdown of major services received by the Fund in consideration of the management fees for the period, as a percentage of the management fee:

Management Fees (%)		
Series	Trailer commissions	Other
Series A		
FE	50	50
LL First 3 years	25	75
LL After 3 years	50	50
DSC First 7 years	25	75
DSC After 7 years	50	50
Series F	–	100
Series I	–	–
Series L and L5		
ASC First year	–	100
ASC Year 2 and 3	25	75
ASC After 3 years	50	50
Series O	–	–
Series T5		
FE	50	50
LL First 3 years	25	75
LL After 3 years	50	50
DSC First 7 years	25	75
DSC After 7 years	50	50

FE – front end; LL – low load; DSC – deferred sales charge; ASC – advisor service charge  
Other – includes general administration, investment advice and profit.

## Past Performance

The performance information shown (based on NAV) assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

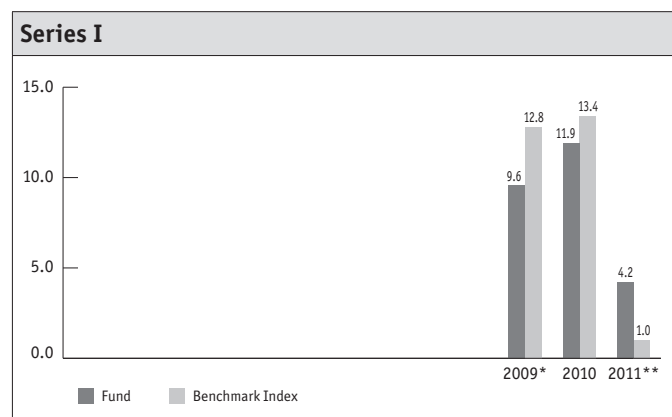
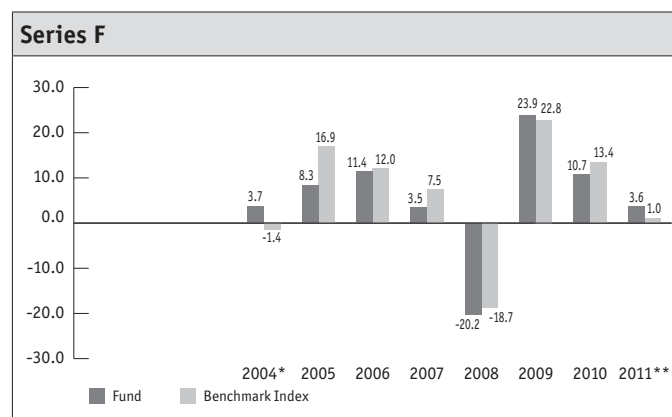
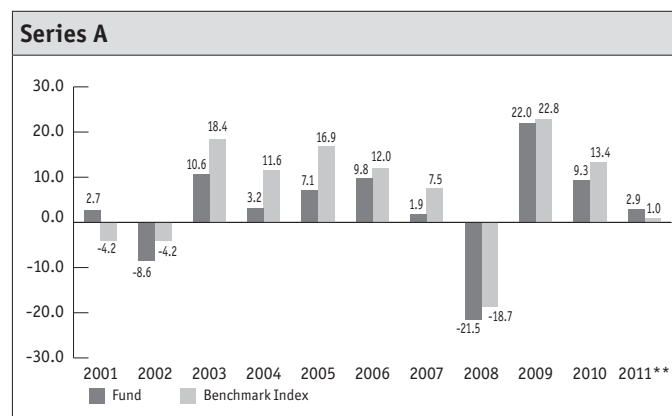
On April 1, 2006, IAIM and Howson Tattersall Investment Counsel Limited assumed Portfolio Advisory and sub-advisory responsibilities for the Fund respectively.

On June 5, 2009, the Fund changed its Portfolio Sub-Advisor from Howson Tattersall Investment Counsel Limited to QV Investors Inc. The performance of the Fund for the period prior to June 5, 2009 could have been different had the change been in effect during that period.

## Year-by-Year Returns

The bar charts show the Fund's and the benchmark index's performance for the six-month period ended June 30, 2011, and for each of the previous 12-month periods ended December 31. The charts show in percentage terms how an investment made on January 1 would have increased or decreased by the end of the period.

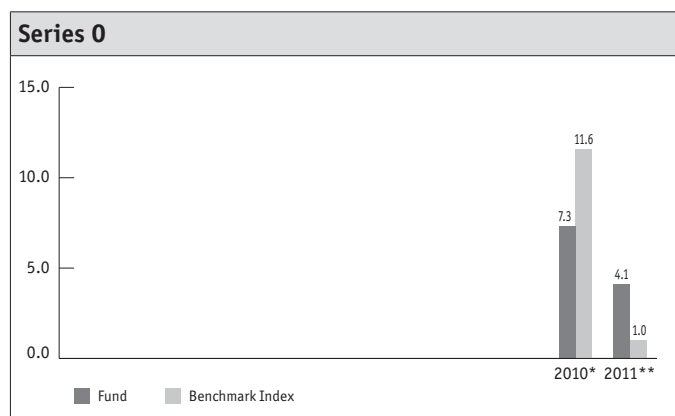
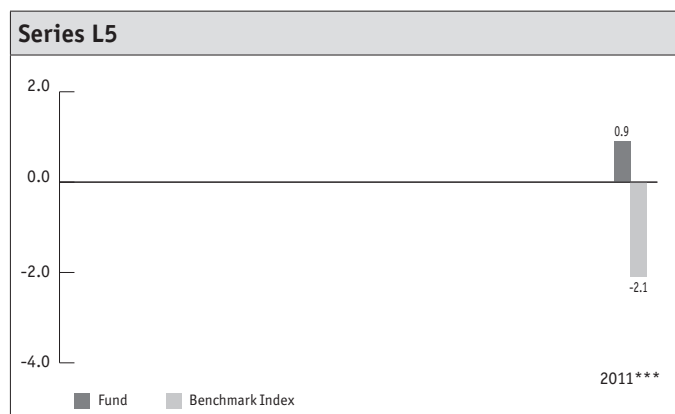
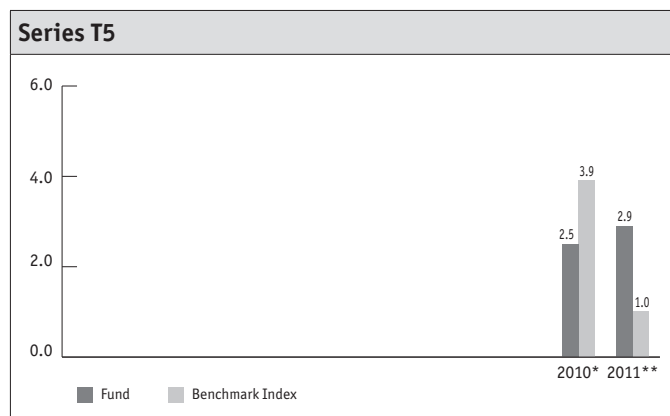
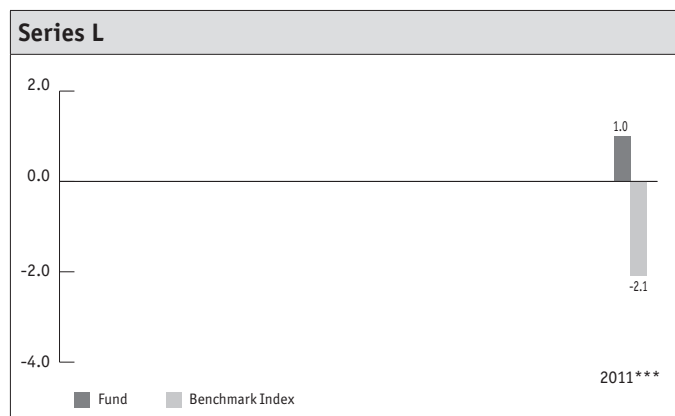
The benchmark index (the "Benchmark Index") consists of the S&P/TSX Composite Index (60%) and the DEX Universe Bond Index (40%).



# IA Clarington Canadian Balanced Fund

June 30, 2011

## Past Performance (continued)



\* Return shown is for the partial period ending December 31.

\*\* Return shown is for the six-month period ended June 30, 2011.

\*\*\* Return shown is for the partial period ending June 30, 2011.

The S&P/TSX Composite Index is the premier indicator of market activity for Canadian equity markets, with 95% coverage of Canadian-based, TSX-listed companies. The index includes common stock and income trust units and is designed to offer the representation of a broad benchmark index while maintaining the liquidity characteristics of narrower indices.

The DEX Universe Bond Index is designed to be a broad measure of the Canadian investment-grade fixed income market. Returns are calculated daily, and are weighted by market capitalization, so that the return on a bond influences the return on the index in proportion to the bond's market value.

A discussion of the performance of the Fund as compared to the Benchmark Index is found in "Results of Operations" section of this report.

## Summary of Investment Portfolio

As at June 30, 2011

The summary of investment portfolio shown, as a percentage of total NAV, may change due to ongoing portfolio transactions of the Fund and a quarterly update is available on the Manager's website.

Sector Allocation	%
Corporate Bonds	14.56
Financials	14.42
Industrials	8.64
Energy	7.96
Provincial Bonds	7.81
Telecommunication Services	7.74
Cash and Cash Equivalents	7.68
Municipal Bonds	6.51
Consumer Discretionary	5.88
Federal Guarantee	4.20
Consumer Staples	4.18
Information Technology	3.99
Utilities	3.09
Federal Government Bonds	2.70
Other Assets less Liabilities	0.64
<b>Total</b>	<b>100.00</b>

**Summary of Investment Portfolio (continued)**

The top positions held by the Fund (up to 25) are shown as a percentage of the total NAV:

<b>Top Holdings</b>	<b>%</b>
Cash and Cash Equivalents	7.68
Astral Media Inc., Class A, NV	3.23
TELUS Corp., NV	2.64
Rogers Communications Inc., Class B, NV	2.60
Canadian Utilities Ltd., Class A, NV	2.57
CGI Group Inc., Class A, SV	2.56
BCE Inc.	2.50
Metro Inc., Class A	2.48
The Toronto-Dominion Bank	2.32
EnCana Corp.	2.23
National Bank of Canada	2.22
Province of Saskatchewan, 3.900%, 2020-07-28	2.20
Province of British Columbia, 3.700%, 2020-12-18	2.11
Municipal Finance Authority of British Columbia 3.000%, 2016-06-01	2.10
Canadian National Railway Co.	1.93
Bombardier Inc., Class B, SV	1.92
TransCanada Corp.	1.91
Province of Ontario, 3.200%, 2016-09-08	1.91
Government of Canada, 1.000%, 2011-09-01	1.90
Molson Coors International LP, 3.950%, 2017-10-06	1.90
Royal Bank of Canada, 3.660%, 2017-01-25	1.90
Industrial Alliance Insurance and Financial Services Inc.	1.90
Canada Housing Trust, 2.200%, 2014-03-15	1.80
Canadian Tire Corporation Ltd., Class A, NV	1.64
Hydro One Inc., 5.180%, 2017-10-18	1.64

**Forward-Looking Statements**

This management report of fund performance may contain forward-looking statements which reflect the current expectations of the Manager (or, where indicated, the Portfolio Advisor or Portfolio Sub-Advisor) regarding the Fund's future growth, results of operations, performance and business prospects and opportunities. These statements reflect the current beliefs of the person to which the statements are attributed with respect to future events and are based on information currently available to that person. Forward-looking statements involve significant risks, uncertainties and assumptions. Many factors could cause the Fund's actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. These factors could include, among other things, general economic, political and market factors, including interest and foreign exchange rates, business competition, changes in government regulations or in tax laws. Although the forward-looking statements contained in this report are based upon what management currently believes to be reasonable assumptions, the Manager cannot assure current or prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements.







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