

IA Clarington Energy Class

Series A and F Shares

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 or SEDAR at 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 Energy Class (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 Share" 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 Share" 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 Aston Hill Investments Inc. (formerly Catapult Financial Management Inc.), a wholly owned subsidiary of Aston Hill Financial Inc., is the sub-advisor (the "Portfolio Sub-Advisor") of the Fund.

Results of Operations

The Fund's Net Assets increased by 144.4% or \$3.9 million during the period, from \$2.7 million on December 31, 2010 to \$6.6 million on June 30, 2011. This change in Net Assets resulted from an increase of \$4.0 million due to net sales and a decrease of \$0.1 million due to investment operations, including market volatility, income and expense.

The average Net Assets of the Fund during the period were \$5.4 million. Average Net Assets influence revenue earned and expenses incurred by the Fund during the period.

The Series A shares of the Fund returned 3.6% 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 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 benchmark, the S&P/TSX Non Capped Canadian Energy Total Return Index, returned -1.1% over the same six-month period. This comparison to Fund performance is a closer reflection of the sectors 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 economic optimism that carried through the first quarter has faded and there was a corresponding rotation out of risk into defensive equities in the second quarter. The S&P 500 Index stayed flat over the second quarter thus preserving its first quarter gains, however what the commodity laden S&P/TSX Composite Index gained in the first quarter it gave back in the second quarter and is now sitting flat for the year to date. Over the first half of the year, political uprising in Egypt, Libya and Syria triggered reactions from equity markets and from crude oil prices. The geopolitical events in North Africa and the Middle East caused crude oil prices in North America to reach a peak of almost \$115 by the end of April. The rise in crude oil prices rallied major oil stocks initially; however, the slowing global economy cause crude oil prices to fall below \$100 per barrel by the end of June and oil stocks ended down 1.6% year to date. Market weakness in the second quarter also stemmed from the realization that the pace of economic growth will gear down as China's Purchasing Managers Index (PMI) weakened while the authorities there continue to tighten monetary policy. The uncertainty regarding Greek debt caused equity markets to move lower in the second quarter of this year and forced European governments into austerity measures. In addition to the global macroeconomic events listed above, the Portfolio Sub-Advisor also expects that the rate of economic growth will slow due to the end of the Federal Reserve's second Quantitative Easing Program.

The Fund was able to outperform the Index as a result of strategic stock selections. Early in the second quarter, the Portfolio Sub-Advisor took profits on Advantage Oil & Gas Ltd as it hit a new post-recession high and on Pioneer Natural Resources Co. after a positive run that appeared to be ending. Daylight Energy Ltd. and NAL Energy Corp. were also sold later in the second quarter at small losses as both companies experienced production issues and guidance was revised downward. These positions were replaced by Surge Energy Inc., an oil focused company with a proven management team, and Provident Energy Ltd., which had recently transformed from an energy trust to a midstream player with a 6% yield. A position in Touchstone Exploration Inc. was also added in June. Several core positions were added onto weakness such as Suncor Energy Inc., Valero Energy Corp., and Hess Corp., while overweight positions were trimmed on Holly Corp. and GT Solar International Inc. which both had over 40% returns.

The positive returns amongst the service companies within the Energy sector were slightly dampened in the second quarter due to severe weather conditions in North America. However, the Portfolio Sub-Advisor believes that as plays shift to the more energy-intense, oil grows deeper roots, the service companies will continue to enjoy healthy demand and improving margins. The second quarter saw the increase of a shift within the Energy sector to longer-term contracts, requested by the producers, which is a compelling indicator of the expectations for stronger demand going forward. The Fund is currently 30% invested in service companies. The Portfolio Sub-Advisor took a 50% profit while trimming the position in Essential Energy Services Corp. down to equal weight after the merger with Technicoil Corp.

The Energy markets also suffered in the second quarter as commodity prices endured the conversion from prices driven by OPEC producers' supply to demand driven prices. The global economic deceleration raised concerns over decreasing energy demand, but even though current fundamentals in the sector may not be quite as favourable, they are by no means negative. Global oil demand remains robust with the International Energy Agency (IEA) increasing their global oil demand forecast in July to 89.5 millions of barrels per day ("mb/d") from their forecast of 89.1 mb/d in the January Oil Market Report. The coordinated release of 60 mb of strategic stocks by the IEA was aimed at providing a bridge between rising oil demand in the third quarter due to Chinese power shortages and extra supplies made available by major OPEC producers. The Portfolio Sub-Advisor believes this may only serve to borrow oil from the future as the strategic stocks will likely need to be replaced, thereby further increasing demand. With Libyan supply likely offline for some time due to infrastructure damage, and non-OPEC supply growth now at half of 2010 levels, the call on OPEC, and remaining spare capacity, increases. With higher than normal temperatures in North America, natural gas prices managed to stay flat over the weaker quarter. Continued strong domestic gas production offset increased industrial demand and electric power generation. The gas rig count in the U.S. and Canada continues to fall as drilling slows and uneconomic dry gas plays are replaced with oil prospects. The Portfolio Sub-Advisor's outlook for natural gas prices for the remainder of the year is not as attractive as for oil prices; however, the situation is improving.

Recent Developments

The transition from a stimulus driven economy to self-sustaining growth has begun. With the third largest economy back in recession, persistently high oil prices, and escalating problems with European banks, the transition will not be smooth. Growth in the second half of 2011 will be slower but should find support from Japan's rebuilding process, continued U.S. capex spending, and positive, albeit more muted, growth in China. Europe has never been a dynamic grower and a Greek default is already highly anticipated by the markets. Any overhang has been cleared from the market the Portfolio Sub-Advisor is ready for a slow climb back.

The Fund now has a slightly higher weighting in oil producers versus gas, with the belief that the support behind oil prices will be stronger than for gas prices for the remainder of 2011. Gas prices should remain firm as demand slowly but steadily increases and supply growth slows, but oil prices face significant and lasting structural support.

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. 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. 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 shares of the Fund with and without the waivers and absorptions are reported in the following Ratios and Supplemental Data table.

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 Share (\$) ¹						
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	10.93	10.00	-	-	-	-
Increase (decrease) from operations:						
Total revenue	0.07	0.07	-	-	-	-
Total expenses	(0.16)	(0.13)	-	-	-	-
Realized gains (losses) for the period	0.21	0.06	-	-	-	-
Unrealized gains (losses) for the period	(0.30)	1.86	-	-	-	-
Transaction costs	(0.05)	(0.07)	-	-	-	-
Total increase (decrease) from operations²	(0.23)	1.79	-	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends ⁴	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	-	-	-	-	-	-
Net Assets, end of period	11.31	10.93	-	-	-	-

The Fund's Net Assets per Share (\$) ¹						
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	10.93	10.00	-	-	-	-
Increase (decrease) from operations:						
Total revenue	0.07	0.06	-	-	-	-
Total expenses	(0.09)	(0.07)	-	-	-	-
Realized gains (losses) for the period	0.20	0.06	-	-	-	-
Unrealized gains (losses) for the period	(0.40)	1.72	-	-	-	-
Transaction costs	(0.04)	(0.08)	-	-	-	-
Total increase (decrease) from operations²	(0.26)	1.69	-	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends ⁴	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	-	-	-	-	-	-
Net Assets, end of period	11.37	10.93	-	-	-	-

¹ The per share 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 Share presented in the financial statements can differ from the Net Asset Value per Share 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 Share table act as a continuity of opening and closing Net Assets per Share.

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

³ Dividends were paid in cash or reinvested in additional shares of the Fund, or both.

⁴ Dividends qualified for Canadian dividend tax credit.

Financial Highlights (continued)

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) ¹	6,095	2,512	-	-	-	-
Number of shares outstanding (000's) ¹	536	229	-	-	-	-
Management expense ratio (%) ^{2,3}	2.69	2.73	-	-	-	-
Management expense ratio before waivers or absorptions (%) ^{2,3,4}	3.80	8.62	-	-	-	-
Trading expense ratio (%) ⁵	0.40	0.70	-	-	-	-
Portfolio turnover rate (%) ⁶	38.34	23.00	-	-	-	-
NAV per share (\$)	11.36	10.97	-	-	-	-

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) ¹	517	164	-	-	-	-
Number of shares outstanding (000's) ¹	45	15	-	-	-	-
Management expense ratio (%) ^{2,3}	1.47	1.50	-	-	-	-
Management expense ratio before waivers or absorptions (%) ^{2,3,4}	2.79	2.72	-	-	-	-
Trading expense ratio (%) ⁵	0.40	0.70	-	-	-	-
Portfolio turnover rate (%) ⁶	38.34	23.00	-	-	-	-
NAV per share (\$)	11.43	10.96	-	-	-	-

- This information is provided as at each period shown.
- 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.
- The annual management fee of the Fund is 2.25% for Series A shares and 1.15% for Series F shares, before the application of taxes.
- 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.
- 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.
- 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.

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	44	56
LL First 3 years	22	78
LL After 3 years	44	56
DSC First 7 years	22	78
DSC After 7 years	44	56
Series F	-	100

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

Past Performance

The performance information shown (based on NAV) assumes that all dividends made by the Fund in the periods shown were reinvested in additional shares of the Fund. The performance information does not take into account sales, redemptions, dividends 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.

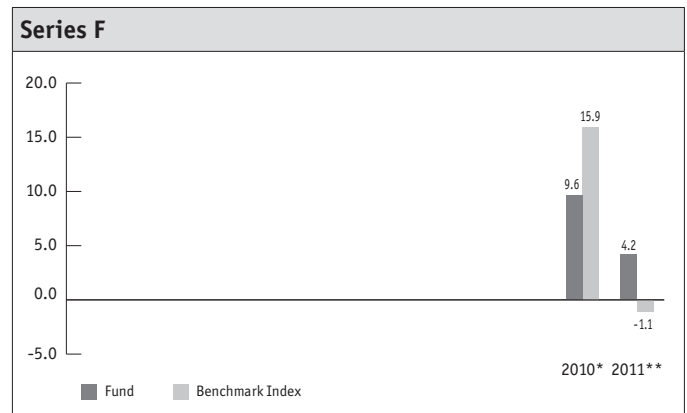
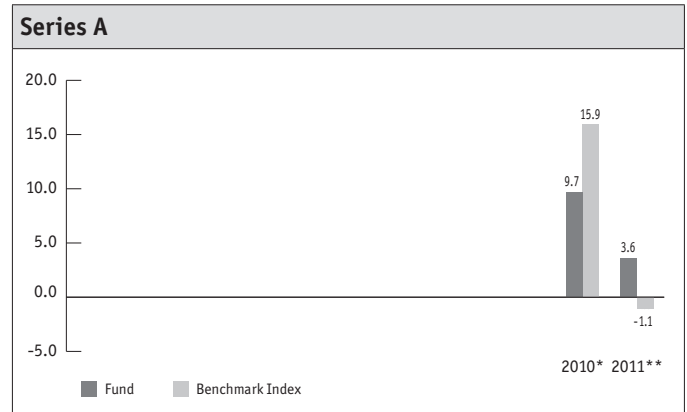
Year-by-Year Returns

The bar charts show the Fund's and the benchmark index's performance for the six-month period ended June 30, 2011, and for the period ended December 31, 2010. 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 bar charts show the year-by-year returns for the Fund compared to the benchmark index (the "Benchmark Index") which consists of the S&P/TSX Equity Energy Index for the period ended June 30, 2011.

The S&P/TSX Equity Energy Total Return Index measures the total return of the S&P/TSX Equity Energy Index. The constituents of the Energy Global Industry Classification Standard ("GICS") are a subset of the constituents of the S&P/TSX Equity Index, that have been classified according to the GICS.

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



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

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

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	%
Energy	88.43
Cash and Cash Equivalents	7.34
Utilities	2.19
Materials	1.64
Other Assets less Liabilities	0.40
Total	100.00

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

Top Holdings	%
Cash and Cash Equivalents	7.34
GT Solar International Inc.	3.02
IROC Energy Services Corp.	2.95
Touchstone Exploration Inc.	2.86
Essential Energy Services Ltd.	2.85
Peyto Exploration & Development Corp.	2.80
Patterson-UTI Energy Inc.	2.77
HollyFrontier Corp.	2.73
Surge Energy Inc.	2.65
Progress Energy Resources Corp.	2.60
Precision Drilling Corp.	2.58
Canadian Oil Sands Ltd.	2.57
Bonavista Energy Corp.	2.55
Calfrac Well Services Ltd.	2.55
Apache Corp.	2.52
Angle Energy Inc.	2.52
Fairborne Energy Ltd.	2.48
Ensign Energy Services Inc.	2.46
Cathedral Energy Services Income Trust	2.43
EnCana Corp.	2.39
Williams Cos. Inc.	2.38
ARC Resources Ltd.	2.35
Strad Energy Services Ltd.	2.30
Hess Corp.	2.29
Royal Dutch Shell PLC, Class A, ADR	2.28

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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