

IA Clarington Inhance Canadian Equity SRI Class

Series A, F, I and V 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 Inhance Canadian Equity SRI 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 Vancity Investment Management Limited ("VIML") is the sub-advisor (the "Portfolio Sub-Advisor").

Results of Operations

The Fund's Net Assets increased by 11.5% or \$3.6 million during the period, from \$31.3 million on December 31, 2010 to \$34.9 million on June 30, 2011. This change in Net Assets resulted from an increase of \$3.6 million due to net sales, a decrease of \$0.2 million due to distributions and an increase of \$0.2 million due to investment operations, including market volatility, income and expense.

The average Net Assets of the Fund increased by 27.5% or \$7.2 million in comparison to the prior year, from \$26.2 million to \$33.4 million. Average Net Assets influence revenue earned and expenses incurred by the Fund during the period.

The Series A shares of the Fund returned -0.4% 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 performance information of each series.

The Fund's benchmark and broad-based benchmark, the S&P/TSX Composite Index (the "index"), returned 0.2% over the same period. The Fund's return calculation for all series includes fees and expenses which are not applicable in generating a return for the benchmark.

The Fund takes a socially responsible investing approach to managing a multi-capitalization concentrated, but well-diversified and growth oriented portfolio of Canadian equities with the objective of outperforming the S&P/TSX Composite Index on a moving four year basis. The Fund slightly underperformed the benchmark in the first half of 2011, which saw only a very small positive return as markets were buffeted by a number of uncertainties, but particularly by the tragic Japanese earthquake/nuclear catastrophe, and concerns over the Greek sovereign debt crisis. The underperformance mainly derived from sector allocation, specifically, a relative lack of exposure to two strong performing sectors - Health Care and Telecommunication Services. Stock selection was positive in Energy and Materials but insufficient to offset the latter. In Energy, selection was notably aided by the complete absence of any uranium related stocks, which collapsed as a result of the Japanese nuclear incident. Under their ESG (environmental, social and governance) criteria, the Portfolio Sub-Advisor will not invest in either miners of uranium or nuclear power producers due to the asymmetrical risks posed by and unsustainable economics of such production. The Japan nuclear incident represents an unfortunate but clear illustration of how ESG analysis does add value by mitigating risk.

During the period, the Portfolio Sub-Advisor restructured Fund holdings in the Financials, eliminating CI Financial Corp. and trimming National Bank of Canada and Sun Life Financial Services of Canada Inc. to buy a new position in Manulife Financial Corp. The Portfolio Sub-Advisor believes Manulife has turned the corner and the virtuous combination of rising equity markets and interest rates will further lower risk, and also be additive to earnings resulting in improved valuation of the shares over time. The Portfolio Sub-Advisor also switched Yellow Media Inc. for Dollarama Inc. in the Consumer Discretionary sector. Yellow Media Inc. is experiencing increasing headwinds to growth, while Dollarama Inc. is effectively exploiting its dominant market share and competitive advantages in the fast growing

retail niche of low-priced goods. Noting in its ESG analysis that Dollarama Inc. sources a significant amount of merchandise from China, the Portfolio Sub-Advisor is fully satisfied with the company's commitment to work effectively with suppliers to minimize risks from product design and environmental impact. Within the Energy sector, the Portfolio Sub-Advisor realigned weights among producers, favouring more oil prone Cenovus Energy Inc., ARC Resources Ltd., and Penn West Petroleum Ltd. over gas prone EnCana Corp. Finally, the Portfolio Sub-Advisor added extensively to various holdings including such cyclical as Canadian Pacific Railway Co., Agnico-Eagle Mines Ltd., and Teck Resources Ltd. when disappointing news produced the opportunity to buy cheaply.

In terms of ESG engagement practice, over the first half, the Portfolio Sub-Advisor filed a resolution with Encana Corp. seeking disclosure on the costs and benefits of developing a company-wide assessment of the company's public safety program. The company provided information on regulatory training programs, communications effectiveness and practices used to share information on lessons learned across the company and industry. The Portfolio Sub-Advisor also filed a resolution with Suncor Energy Inc., encouraging the company to report on the effectiveness and quality of the company's aquatic monitoring programs. Suncor Energy Inc. provided information on point source water discharges and committed to working with stakeholders to improve area wide monitoring processes and transparency. The Portfolio Sub-Advisor also engaged Westjet Airlines Ltd. on diversity and sustainability. The company provided insight into succession planning, senior leadership commitments and employee education on the issue. Finally, the Portfolio Sub-Advisor initiated engagement with Kinross Gold Corp., and ARC Resources Ltd. on diversity policies and practices.

Recent Developments

The Portfolio Sub-Advisor believes the resilience of global stock markets throughout the first half of the year, in the face of an onslaught of bad news from a number of sources including the events noted above, is indicative of the strength of the positive fundamentals that should continue to drive markets higher. Of particular note is the health of the corporate sector which remains extremely robust with corporations enjoying near-record profitability and strengthened balance sheets. They are flush with cash to accelerate hiring, increase investment outlays, acquire, increase dividends and/or buy back stock. The Portfolio Sub-Advisor believes the multiplicity of these positive options bodes well for broad economic growth, company prospects, stock valuation and positive market returns. Furthermore, with no signs of inflation becoming embedded in labour costs, central banks remain preoccupied with unemployment issues and will not raise rates much, if at all, until job creation is more robust and the unemployment rate falls further, which is positive for financial assets. Given the prospect of reaccelerating global industrial production in the second half, and evident supply constraints for many of the resources needed to supply both the burgeoning consumer sectors and the vast infrastructure investment requirements of the developing economies, the Portfolio Sub-Advisor's strategy will be to maintain full participation in cyclical, resource, and economically-sensitive sectors, while minimizing exposure to more defensive sectors and stocks. Their expectation is that the economic and equity market cycle is far from over, with significant benefits yet to be reaped from such positioning.

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

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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 and Series V shares. 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 and Series V shares. 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	11.46	10.14	10.00	-	-	-
Increase (decrease) from operations:						
Total revenue	0.13	0.25	0.05	-	-	-
Total expenses	(0.15)	(0.27)	(0.03)	-	-	-
Realized gains (losses) for the period	-	(0.09)	-	-	-	-
Unrealized gains (losses) for the period	(0.09)	1.53	0.23	-	-	-
Transaction costs	-	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations²	(0.11)	1.41	0.23	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends ⁴	(0.06)	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	(0.06)	-	-	-	-	-
Net Assets, end of period	11.41	11.46	10.14	-	-	-

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	11.62	10.15	10.00	-	-	-
Increase (decrease) from operations:						
Total revenue	0.14	0.25	0.05	-	-	-
Total expenses	(0.08)	(0.13)	(0.01)	-	-	-
Realized gains (losses) for the period	-	(0.11)	-	-	-	-
Unrealized gains (losses) for the period	0.01	1.56	0.23	-	-	-
Transaction costs	-	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations²	0.07	1.56	0.25	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends ⁴	(0.07)	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	(0.07)	-	-	-	-	-
Net Assets, end of period	11.64	11.62	10.15	-	-	-

The Fund's Net Assets per Share (\$) ¹						
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	11.78	10.16	10.00	-	-	-
Increase (decrease) from operations:						
Total revenue	0.13	0.25	0.05	-	-	-
Total expenses	-	-	-	-	-	-
Realized gains (losses) for the period	-	(0.09)	-	-	-	-
Unrealized gains (losses) for the period	(0.07)	1.52	0.25	-	-	-
Transaction costs	-	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations²	0.06	1.67	0.28	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends ⁴	(0.07)	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	(0.07)	-	-	-	-	-
Net Assets, end of period	11.88	11.78	10.16	-	-	-

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Financial Highlights (continued)

The Fund's Net Assets per Share (\$)¹						
Series V	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Net Assets, beginning of period	11.78	10.16	10.00	-	-	-
Increase (decrease) from operations:						
Total revenue	0.14	0.25	0.05	-	-	-
Total expenses	-	-	-	-	-	-
Realized gains (losses) for the period	-	(0.10)	-	-	-	-
Unrealized gains (losses) for the period	(0.03)	1.48	0.23	-	-	-
Transaction costs	-	(0.01)	(0.02)	-	-	-
Total increase (decrease) from operations²	0.11	1.62	0.26	-	-	-
Dividends:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends⁴	(0.07)	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	-	-	-	-
Total dividends³	(0.07)	-	-	-	-	-
Net Assets, end of period	11.88	11.78	10.16	-	-	-

1 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 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.

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	7,572	6,261	4,428	-	-	-
Number of shares outstanding (000's)¹	662	545	435	-	-	-
Management expense ratio (%)²,³	2.65	2.59	4.04	-	-	-
Management expense ratio before waivers or absorptions (%)²,³,⁴	3.42	4.13	4.89	-	-	-
Trading expense ratio (%)⁵	0.03	0.08	0.16	-	-	-
Portfolio turnover rate (%)⁵	4.58	20.94	98.32	-	-	-
NAV per share (\$)	11.43	11.48	10.18	-	-	-

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	557	599	459	-	-	-
Number of shares outstanding (000's)¹	48	51	45	-	-	-
Management expense ratio (%)²,³	1.33	1.29	2.05	-	-	-
Management expense ratio before waivers or absorptions (%)²,³,⁴	1.44	1.62	3.23	-	-	-
Trading expense ratio (%)⁵	0.03	0.08	0.16	-	-	-
Portfolio turnover rate (%)⁵	4.58	20.94	98.32	-	-	-
NAV per share (\$)	11.67	11.64	10.18	-	-	-

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)¹	17,213	14,802	12,472	-	-	-
Number of shares outstanding (000's)¹	1,446	1,254	1,223	-	-	-
Management expense ratio (%)²,³	-	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)²,³,⁴	0.10	0.18	1.43	-	-	-
Trading expense ratio (%)⁵	0.03	0.08	0.16	-	-	-
Portfolio turnover rate (%)⁵	4.58	20.94	98.32	-	-	-
NAV per share (\$)	11.91	11.80	10.19	-	-	-

Ratios and Supplemental Data						
Series V	06/30 2011	12/31 2010	12/31 2009	12/31 2008	12/31 2007	12/31 2006
Total NAV (\$) (000's)¹	9,605	9,692	8,403	-	-	-
Number of shares outstanding (000's)¹	807	821	824	-	-	-
Management expense ratio (%)²,³	-	-	-	-	-	-
Management expense ratio before waivers or absorptions (%)²,³,⁴	0.11	0.19	1.43	-	-	-
Trading expense ratio (%)⁵	0.03	0.08	0.16	-	-	-
Portfolio turnover rate (%)⁵	4.58	20.94	98.32	-	-	-
NAV per share (\$)	11.91	11.80	10.19	-	-	-

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 2.05% for Series A shares, 1.05% for Series F shares and 0% for Series I and Series V shares, before the 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.

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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	49	51
LL First 3 years	24	76
LL After 3 years	49	51
DSC First 7 years	24	76
DSC After 7 years	49	51
Series F	–	100
Series I	–	–
Series V	–	–

FE – front end; LL – low load; DSC – deferred sales charge

Other – includes general administration, investment advice and profit.

Past Performance

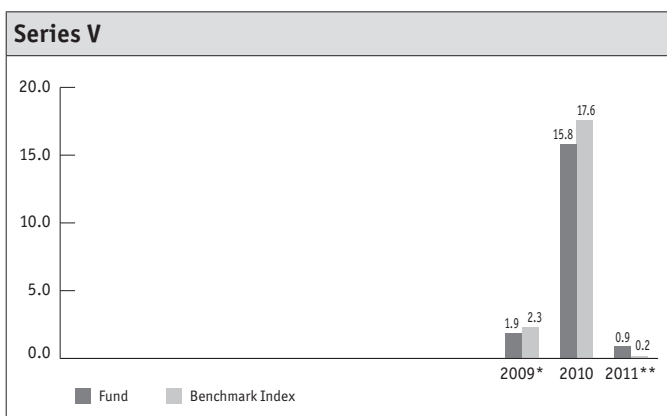
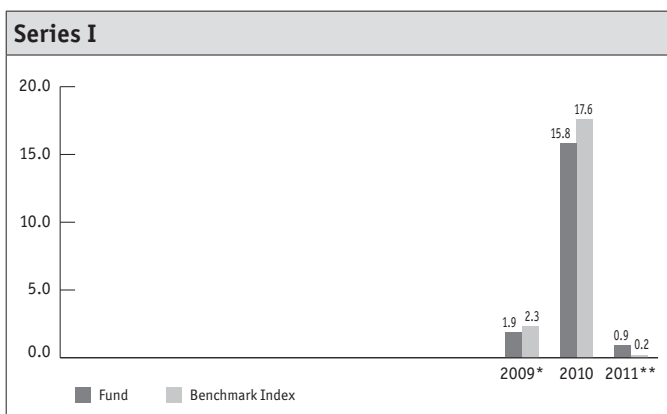
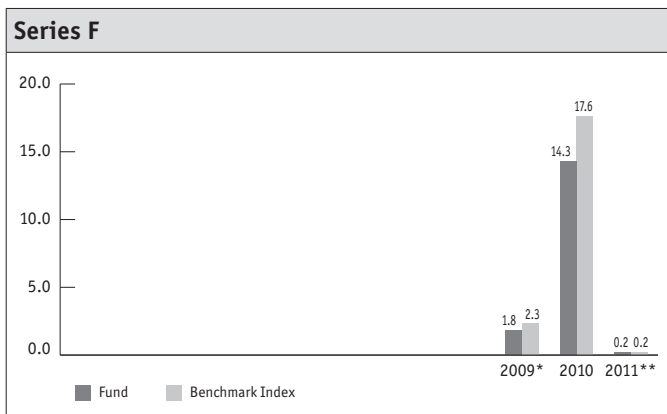
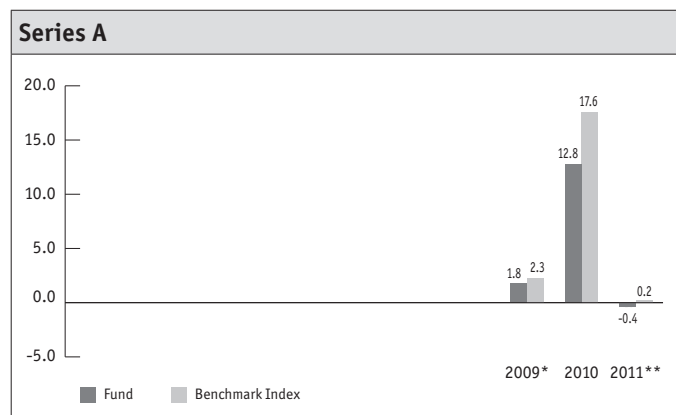
The performance information shown (based on NAV) assumes that all dividends made by the Fund in the periods shown were reinvested in additional shares of the Fund. The performance information does not take into account sales, redemptions, dividends or other optional charges that would have reduced returns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

On December 4, 2009, the Fund underwent a merger that was a material change under applicable securities laws. In accordance with such laws, only performance for periods after December 4, 2009 will be disclosed.

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.



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

** Return shown is for the six-month period ended 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.

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.

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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	%
Financials	28.74
Energy	23.81
Materials	20.30
Industrials	12.21
Consumer Discretionary	5.39
Cash and Cash Equivalents	4.62
Telecommunication Services	2.25
Information Technology	0.99
Consumer Staples	0.96
Other Assets less Liabilities	0.73
Total	100.00

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

Top Holdings	%
Royal Bank of Canada	5.77
The Toronto-Dominion Bank	5.64
Bank of Nova Scotia	5.15
Cash and Cash Equivalents	4.62
Suncor Energy Inc.	4.41
Potash Corporation of Saskatchewan Inc.	4.30
Cenovus Energy Inc.	3.29
Canadian National Railway Co.	3.18
Teck Resources Ltd., Class B, SV	3.16
Manulife Financial Corp.	3.03
Talisman Energy Inc.	2.63
Magna International Inc., Class A, SV	2.46
Enbridge Inc.	2.42
Brookfield Asset Management Inc., Class A, LV	2.37
Rogers Communications Inc., Class B, NV	2.25
Agrium Inc.	2.13
EnCana Corp.	2.13
Kinross Gold Corp.	2.07
Penn West Petroleum Ltd.	2.05
Sun Life Financial Services of Canada Inc.	1.98
Finning International Inc.	1.93
Agnico-Eagle Mines Ltd.	1.92
Trican Well Service Ltd.	1.89
Canadian Pacific Railway Co.	1.84
Labrador Iron Ore Royalty Corp.	1.82

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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