IA Clarington Inhance Conservative SRI Portfolio

Series A 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 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.

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Management Discussion of Fund Performance

The management discussion of fund performance for IA Clarington Inhance Conservative SRI Portfolio (the "Fund" or "Portfolio") 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 Vancity Investment Management Limited ("VIML") is the sub-advisor (the "Portfolio Sub-Advisor").

Results of Operations

The Fund's Net Assets increased by 38.7% or $2.9 million during the period, from $7.5 million on December 31, 2010 to $10.4 million on June 30, 2011. This change in Net Assets resulted from an increase of $3.1 million due to net sales, a decrease of $0.3 million due to distributions and an increase of $0.1 million due to investment operations, including market volatility, income and expense.

The average Net Assets of the Fund increased by 144.4% or $5.2 million in comparison to the prior year, from $3.6 million to $8.8 million. Average Net Assets influence revenue earned and expenses incurred by the Fund during the period.

The Series A units of the Fund returned 0.7% for the six-month period ending June 30, 2011.

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 blended benchmark, which is composed of the DEX Universe Bond Index (50%), the S&P/TSX Composite Index (35%), and the MSCI World Index (15%), returned 1.5% over the same six-month period. This comparison to Fund performance is more useful as it is a closer reflection of the asset classes and geographic dispersion of the securities 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 Fund takes a socially responsible investing approach to generate principally interest and dividend income, with the potential for capital growth, by investing in a diversified portfolio of IA Clarington mutual funds. As at mid-year, all of the securities in each of the underlying funds met the Portfolio Sub-Advisor's ESG (Environmental, Social and Governance) performance criteria. The Portfolio allocates a predominant weighting to IA Clarington Canadian Bond Fund and IA Clarington Inhance Monthly Income SRI Fund, with the balance in IA Clarington Inhance Canadian Equity SRI Class and IA Clarington Inhance Global Equity SRI Class. The Portfolio Sub-Advisor notes that while there was no overt change in the normal asset mix of the Portfolio, due to prior outperformance of equities over bonds, the Portfolio's investment in equity component funds is slightly above the normal 35% level, with the fixed income component slightly below the normal 65% level.

The Portfolio's return is principally determined by the mix and performance of the underlying funds. For the first half of the year, the Portfolio had a small positive return, with the largest contribution from the IA Clarington Bond Fund followed by the IA Clarington Inhance Monthly Income SRI Fund and IA Clarington Global Equity SRI Class. Only the IA Clarington Inhance Canadian Equity SRI Class detracted from the return. The Portfolio Sub-Advisor also notes that the Portfolio's return was aided by the lack of exposure in any of the component funds to uranium related stocks, which collapsed as a result of the March Japanese nuclear incident. Under their ESG 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.

A key element of the Portfolio Sub-Advisor's investment process is the identification of, and engagement on ESG risks that may impact the performance of companies held in the underlying funds. In the first half of 2011, the Portfolio Sub-Advisor undertook ESG engagement with 13 companies held in the various component funds including follow-up meetings with four companies regarding withdrawal of shareholder resolutions filed for annual meetings. Enbridge Inc. agreed to provide further disclosure on the cost estimates and expenditures to date on the Northern Gateway Pipeline project. EnCana Corp. provided information on regulatory training programs, communications effectiveness and practices used to share information on lessons learned from pipeline incidents. Suncor Energy Inc. provided information on point source water discharges and committed to working with stakeholders to improve area wide monitoring processes and transparency. Teck Resources Ltd. met with the Portfolio Sub-Advisor and provided detailed information on company efforts to obtain aboriginal consent and committed to increased disclosure on this issue.

In addition to holding meetings on shareholder resolutions, the Portfolio Sub-Advisor participated in a group engagement with Xstrata PLC., the global diversified mining group, on company human rights policies, re-settlement processes and community consent. The Portfolio Sub-Advisor also participated in a group engagement with ConocoPhillips Co. on the impact of exploration and development on indigenous people in Peru. Discussions were initiated with PetroBakken Energy Ltd., and three real estate investment trusts - H&R Real Estate Investment Trust, RioCan Real Estate Investment Trust and Chartwell Seniors Housing Real Estate Investment Trust, encouraging each company to address climate change risks through improved disclosure. The Portfolio Sub-Advisor also met with Westjet Airlines Ltd. regarding company policies and practices on diversity and sustainability. They provided positive insight into succession planning, senior leadership commitments and employee education on the issue. Finally, the Portfolio Sub-Advisor also initiated engagement with Kinross Gold Corp. and ARC Resources Ltd. on diversity.

Recent Developments

The Portfolio Sub-Advisor continues to believe the outlook for capital markets remains positive but more so for equities than bonds. In particular, they remain impressed with the relative resilience of most global stock markets in the face of a new onslaught of concerning news regarding the "soft patch" in the U.S. economy, the concern over the Greek sovereign debt crisis, on-going political upheaval in the Middle-East, and the political turmoil in raising the U.S. debt ceiling. The Portfolio Sub-Advisor believes investors are realizing the transitory nature of some of the key concerns and that overall, none of these issues are life-threatening to a sustained global economic expansion. The Portfolio Sub-Advisor notes that the health of the corporate sector 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 or increase dividends, 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. Added to this, the Portfolio Sub-Advisor believes the continuing cautious approach by central banks to monetary policy suggests a prolongation of the low interest rate environment to the benefit of financial assets.

Given this positive outlook, the Portfolio Sub-Advisor believes it is the appropriate strategy to maintain maximum equity fund exposure within the restricted limits of the Portfolio, and positioning within the component equity funds will continue to emphasize exposure to cyclical, resource and economy-sensitive stocks, which lead the way in concert with the expanding global economy relative to defensive sectors and stocks. The Portfolio Sub-Advisor believes the growth oriented/balanced nature of the portfolio remains an appropriate and attractive strategy for both maximizing return, while mitigating the inherent volatility in the present slow growth, unstable world environment in which policy-makers are increasingly constrained.

Effective July 19, 2011, Series A units will be re-designated to Series T6 units.

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 Unit ($)[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	9.94	9.94	10.00	–	–	–
Increase (decrease) from operations:						
Total revenue	0.11	0.35	0.01	–	–	–
Total expenses	(0.12)	(0.25)	(0.03)	–	–	–
Realized gains (losses) for the period	0.01	–	–	–	–	–
Unrealized gains (losses) for the period	0.06	0.59	–	–	–	–
Transaction costs	–	–	–	–	–	–
Total increase (decrease) from operations[2]	0.06	0.69	(0.02)	–	–	–
Distributions:						
From income (excluding dividends)	–	–	(0.01)	–	–	–
From dividends[4]	–	(0.11)	–	–	–	–
From capital gains	–	–	–	–	–	–
Return of capital	(0.30)	(0.49)	(0.04)	–	–	–
Total distributions[3]	(0.30)	(0.60)	(0.05)	–	–	–
Net Assets, end of period	9.71	9.94	9.94	–	–	–

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 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.

2 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.

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

4 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 ($) (000's)[1]	10,383	7,462	2,461	–	–	–
Number of units outstanding (000's)[1]	1,070	751	248	–	–	–
Management expense ratio (%)[2, 3]	2.56	2.51	3.83	–	–	–
Management expense ratio before waivers or absorptions (%)[2, 3, 4]	3.12	3.86	11.49	–	–	–
Trading expense ratio (%)[5]	n/a	n/a	n/a	–	–	–
Portfolio turnover rate (%)[6]	2.15	8.29	99.94	–	–	–
NAV per unit ($)	9.71	9.94	9.94	–	–	–

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 units, 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.

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	52	48
LL First 3 years	24	76
LL After 3 years	48	52
DSC First 7 years	24	76
DSC After 7 years	48	52

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

Other – includes general administration, investment advice and profit.

Past Performance

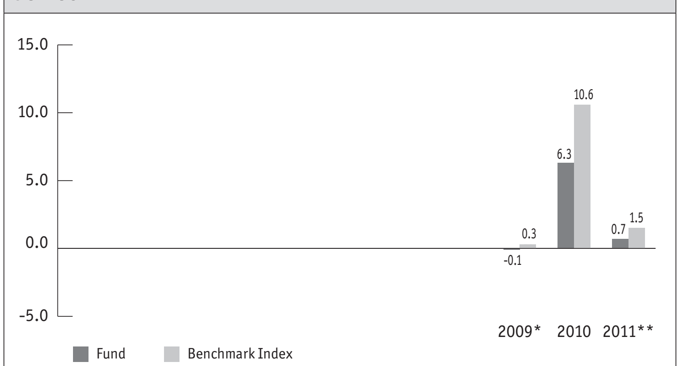
The performance information shown (based on NAV) assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not take into account sales, redemptions, distributions or other optional charges that would have reduced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

Year-by-Year Returns

The bar chart shows 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 chart shows 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 DEX Universe Bond Index (50%), the S&P/TSX Composite Index (35%) and the MSCI World Index (15%).

Series A



* Return shown is for the partial period ending December 31.
** Return shown is for the six-month period ended June 30, 2011.

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.

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 MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of 24 developed market country 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.

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	%
Investment Funds	97.10
Cash and Cash Equivalents	3.19
Other Assets less Liabilities	(0.29)
Total	**100.00**

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

Top Holdings	%
IA Clarington Bond Fund, Series I	54.24
IA Clarington Inhance Monthly Income SRI Fund, Series I	19.41
IA Clarington Inhance Canadian Equity SRI Class, Series I	11.76
IA Clarington Inhance Global Equity SRI Class, Series I	11.69
Cash and Cash Equivalents	3.19

The Fund invests in other mutual funds. The prospectus of the underlying mutual funds and other information are available on the internet at www.sedar.com.

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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