

IA Clarington Investments Inc.

Simplified Prospectus

November 20, 2009

Offering Series A, Series F, Series T6, Series I and Series V units or shares as indicated below

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

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

(collectively, the "Funds")

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

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

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Introduction

This document contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. Throughout this document:

- “Corporate Class Fund” refers to a Fund that is a separate class of Clarington Sector Fund Inc. as denoted by “Class” at the end of its name,
- “Funds” refers to the mutual funds offered by IA Clarington under this simplified prospectus,
- “IA Clarington Funds” refers to the Funds plus the Target Click Funds and the other mutual funds managed by IA Clarington that are offered under separate simplified prospectuses dated July 6, 2009,
- “Industrial Alliance” refers to Industrial Alliance Insurance and Financial Services Inc.,
- “Inhance” refers to Inhance Investment Management Inc., the sub-advisor of the Funds until on or about December 14, 2009,
- “Portfolios” refers to IA Clarington Inhance Conservative SRI Portfolio, IA Clarington Inhance Balanced SRI Portfolio and IA Clarington Inhance Growth SRI Portfolio, all mutual funds offered by IA Clarington under this simplified prospectus,
- “securities” refers to the units of the Trust Funds and the shares of the Corporate Class Funds,
- “securityholder” refers to either a unitholder or shareholder,
- “shareholder” refers to an investor in one or more Corporate Class Fund,
- “SRI” means socially responsible investing in accordance with the principles set out on page 25,
- “Sub-Advisor” refers to Inhance and VCIM, the sub-advisor of the Funds,
- “Target Click Funds” refers to IA Clarington Target Click 2015 Fund, IA Clarington Target Click 2020 Fund, IA Clarington Target Click 2025 Fund and IA Clarington Target Click 2030 Fund, all mutual funds offered by IA Clarington under a separate simplified prospectus,

- “Trust Fund” refers to a Fund that is a mutual fund trust,
- “Underlying Funds” refers to the mutual funds in which a Portfolio may invest,
- “unitholder” refers to an investor in one or more of the Trust Funds,
- “VCIM” refers to Vancity Investment Management Limited, the sub-advisor of the Funds after on or about December 14, 2009,
- “we”, “us”, “our” or “IA Clarington” refers to IA Clarington Investments Inc. and
- “you” refers to everyone who invests in our Funds.

This document is divided into two parts:

- pages 1 to 24 contain general information applicable to all of the Funds and
- pages 25 to 41 contain specific information about each Fund described in this document.

Additional information about each Fund is available in the following documents:

- the Funds’ Annual Information Form,
- the Funds’ most recently filed annual financial statements, once available,
- any interim financial statements of the Fund filed after those annual financial statements,
- the most recently filed annual management report of fund performance, once available, and
- any interim management report of fund performance filed after that annual management report of fund performance.

These documents are incorporated by reference into this document, which means that they legally form part of this document just as if they were printed as part of this document. You can get a copy of these documents, at your request and at no cost, by calling us toll free at **1-888-860-9888** or from your dealer.

These documents are also available on IA Clarington’s Internet site at **www.iaclarington.com** or by contacting the Funds at **funds@iaclarington.com**.

These documents and other information about the Funds are also available at **www.sedar.com**.

What is a Mutual Fund and What are the Risks of Investing in a Mutual Fund?

What is a Mutual Fund?

A mutual fund is a pool of money contributed by investors with similar investment objectives. Investors in the mutual fund share the income, expenses, gains and losses that the mutual fund makes on its investments according to the amount of the mutual fund they own.

There are several benefits to investing in a mutual fund as opposed to investing by yourself. An investment in a mutual fund gives you the opportunity to participate with other investors with similar investment objectives in professionally managed investment portfolios. Professional portfolio advisors make the investment decisions for the mutual fund in accordance with its investment objectives. Mutual funds also enable you to diversify your investment portfolio, which may be difficult for most individual investors to achieve.

How is a Fund Structured?

Trust or Corporation

A mutual fund may be set up as a trust or a corporation. At IA Clarington, we have both types.

Each Trust Fund is an open-ended mutual fund trust governed by a master declaration of trust or a trust agreement. The property and investments of the Trust Funds are held in trust by IA Clarington as trustee. There is no limit to the number of units of a Trust Fund you can buy.

Each Corporate Class Fund is a separate class of Clarington Sector Fund Inc. Clarington Sector Fund Inc. is a mutual fund corporation incorporated under the laws of Ontario. Corporate Class Funds are primarily suitable for taxable investors, as they offer certain tax deferral benefits. See *"Income Tax Considerations for Investors"* on page 21 for more information.

Series of Securities

Some of the Funds issue securities in more than one series. A series of securities may be viewed as a subdivision of the Fund for certain purposes (e.g. calculation of fees), but for other purposes (e.g. investment activity) the Fund remains undivided.

See *"Purchases, Switches and Redemptions — Series of Securities"* on page 9 for more information.

All of the Funds offer Series A securities. Some of the Trust Funds also offer Series F, Series T6, Series I and/or Series V units. Both of the Corporate Class Funds also offer Series F, Series I and Series V securities.

What are the General Risks of Investing in Mutual Funds?

Mutual funds own different types of investments, depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news. As a result, the value of a mutual fund's securities may go up and down and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it.

Securities held by a Fund that are traded on a public exchange are generally valued based on their most recent closing sale price. If the price is not available or if the price is not a true reflection of the value of the security, we will use another method to determine the value. This practice is called fair value pricing. It may happen for many reasons, including where the value is affected by events that occur after a market where the security is principally traded has closed or where there has been minimal or infrequent trading in a security.

We use fair value pricing for all non-North American securities held by any of the Funds to avoid stale prices being used in calculating the net asset value of the Funds.

The full amount of your investment in any of the Funds is not guaranteed. Unlike bank accounts or GICs, mutual fund securities are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. Please see *"Purchases, Switches and Redemptions"* on page 9 for more information.

Different Mutual Funds have Different Risks

All investments, including mutual funds, carry the risk that you will lose money or not make money. The degree of risk from one mutual fund to another varies considerably. Generally speaking, investments

with the highest potential return carry the greatest risk.

Money market funds are considered the least risky, but usually come with the lowest expected returns. The riskiest mutual funds tend to be aggressive growth mutual funds, but they may also provide the highest potential return. We offer a selection of mutual funds within these two extremes.

In deciding how much risk you are prepared to take, you should consider how soon you will need the money you are investing. The longer you can leave your money invested, the more time there is for short-term market declines to be reversed.

What are the Specific Risks Associated with Mutual Funds?

Below are some of the specific risks that can affect the value of your investments in a Fund. The descriptions of each Fund, provided later in this document, identify which risks apply to each Fund.

Asset-Backed and Mortgage-Backed Securities Risk

If a Fund invests in asset-backed or mortgage-backed securities and there are changes in the market's perception of the creditworthiness of the parties involved, or in the value of, or interest rate applicable to, the underlying assets or property, then the value of such securities (and the net asset value of the Fund which is invested in such securities) may be affected.

Capital Depletion Risk

Certain securities of certain Funds are designed to provide a monthly cash flow to investors. A significant portion of this cash flow will be paid as a return of capital. Returns of capital may reduce the net asset value per security of the particular series of a Fund. As well, returns of capital may reduce the total assets of the Fund available for investment, which may reduce the ability of the Fund to generate future returns.

Concentration Risk

Some Funds may have a concentrated number of investments. As a result, the securities in which they invest may not be diversified across all sectors or may be concentrated in specific regions or countries. By investing in a relatively small number of securities, the portfolio advisor may have a

significant portion of the Fund invested in a single security. This may result in higher volatility, as the value of the portfolio will vary more in response to changes in the market value of an individual security.

Corporate Class Risk

Although each class of shares of Clarington Sector Fund Inc. has its own specific investments attributable to it, liabilities accruing to Clarington Sector Fund Inc. or any of the Corporate Class Funds represent obligations of the whole corporation. If the liabilities of one Corporate Class Fund exceed the assets attributable to that Corporate Class Fund, there is the risk of encroachment upon some or all of the assets attributable to the other Corporate Class Funds to satisfy those obligations. In addition, the tax position of any Corporate Class Fund will depend on the tax position of Clarington Sector Fund Inc. as a whole and as a result the tax implications of investing in a Corporate Class Fund may differ from the tax implications of investing in a Trust Fund. Further information concerning taxation of Clarington Sector Fund Inc. and its shareholders is contained in the Annual Information Form of the Funds.

Credit Risk

This is the risk that the issuer of debt securities purchased by a Fund will not pay that obligation. This includes the risk that an issuer may suffer adverse changes in its financial condition, causing the credit rating of its security to lower and increasing the volatility of the security's price. Changes in the credit rating of a security can affect its liquidity, making it more difficult to sell. If any of these events occurs, the Fund may suffer a loss.

Currency Risk

This is the risk that changes in the value of the Canadian dollar, compared to foreign currencies, will affect the value of securities in Funds that invest outside of Canada.

Derivatives Risk

A derivative is a contract between two parties, the value of which is based on the performance of other investments, such as equities, bonds, currencies or a market index. Derivatives may be traded in the over-the-counter market or on a stock exchange. A

derivative is commonly a future or a forward contract or an option, but there are other types of derivative instruments as well. Futures or forward contracts are agreements to buy or sell a security, commodity or currency for a certain price on a certain future date. Options give the buyer the right to buy or sell a security, commodity or currency for a certain price on a certain future date. Derivatives may be used to limit, or hedge against, losses that may occur because of a Fund's investment in a security or exposure to a currency or market. This is called hedging. Derivatives may also be used to obtain exposure to financial markets, reduce transaction costs, create liquidity or increase the speed of portfolio transactions. These investments are made for non-hedging purposes. The following risks are associated with using derivatives:

- the use of derivatives for hedging may not be effective,
- a derivative contract may not be obtained when desired by a Fund because: (i) there may be a lack of parties wanting to buy or sell a derivative contract, or (ii) the exchanges on which some derivatives are traded may set daily trading limits on futures contracts, preventing the Fund from closing a contract,
- the other party to the derivative contract may not be able to meet its obligations and may default,
- if an exchange halts trading in a certain stock option, a Fund may not be able to close its position in that option,
- the cost of the derivative contract may increase,
- the price of a derivative may not accurately reflect the value of the underlying security or index,
- the Income Tax Act (Canada) (the "Tax Act"), or its interpretation, may change in respect of the tax treatment of derivatives and
- a large percentage of the assets of the Fund may be placed on deposit with one or more counterparties, which exposes the Fund to the credit risk of those counterparties.

Foreign Investment Risk

There is a risk that investments in foreign companies outside Canada and the United States will be affected by world economic factors in addition to changes in the value of the Canadian dollar. In addition, information about foreign companies may not be as complete and may not be subject to the same accounting, auditing, financial reporting standards and practices and other disclosure requirements that apply in Canada and the United States.

Different financial, political, social and environmental factors can significantly affect the value of a Fund's investment. Foreign markets may be volatile or lack liquidity, which may cause Fund prices to fluctuate more than if the Fund limited its investments to Canadian and United States securities. The costs of buying, selling and holding securities in foreign markets may be higher than those involved in domestic transactions.

Government Securities Risk

Some government agency securities may be subject to varying degrees of credit risk, particularly those not backed by the full faith and credit of the government. All government securities may be subject to price declines due to changing interest rates.

Income Trust Risk

Income trusts generally hold securities in, or are entitled to receive royalties from, an underlying active business. To the extent that an underlying business is susceptible to industry risks, interest rate fluctuations, commodity prices and other economic factors, investment returns from an income trust may be similarly affected. Although their returns are neither fixed nor guaranteed, income trusts are structured in part to provide a constant stream of income to investors. As a result, an investment in an income trust may be subject to interest rate risk. There is also a risk that where claims against an income trust are not satisfied by that trust, investors in that trust could be held liable for any outstanding obligations.

Changes relating to the taxation of certain earnings of certain publicly traded trusts (including income trusts) and partnerships (other than certain real estate investment trusts) have been enacted. Generally, the changes tax such trusts and

partnerships on the amount of these earnings beginning in 2011. Related distributions or allocations are treated as eligible dividends in the hands of investors. This new tax could affect the return on investment in respect of publicly traded income trusts or limited partnerships that may be held by a Fund.

Interest Rate Risk

A Fund that invests partially or completely in income trusts, bonds or other fixed income securities will tend to be affected by changes in interest rates. If interest rates increase, the value of the income trust, bond or other fixed income security purchased tends to fall.

Large Transaction Risk

Securities of a Fund may be purchased by another IA Clarington Fund or a third party mutual fund (as part of that mutual fund's "fund-of-funds" portfolio), by large investors or by or in respect of other investment products. For example, the Portfolios may invest in other IA Clarington Funds, and banks or other institutional investors may purchase securities of a Fund for their own investment products. This could result in large investments in a Fund. Any significant transaction made by a large investor could significantly impact a Fund's cash flow. If the investor buys large amounts of securities of a Fund, the Fund could temporarily have a high cash balance. Conversely, if the investor redeems large amounts of securities of a Fund, the Fund may be required to fund the redemption by selling securities from its portfolio at an inopportune time. This could include selling investments in a market cycle downturn when many investments have declined in value or at any other time when a particular investment may have to be sold below its anticipated worth. This can have a negative impact on the performance of the Fund.

Liquidity Risk

Some companies are not well known or have few securities outstanding. If these companies have only a few securities outstanding or relatively few persons who regularly transact in those securities, a sale or purchase of a small number of securities may have a greater impact on the price of the securities. Securities issued by these companies may be difficult to buy or sell and the value of Funds that buy these securities may experience volatility.

Market Risk

This is the risk that the market value of a Fund's investments will rise or fall based on overall stock market conditions rather than each company's performance. The value of the market can vary with changes in the general economic and financial conditions. Political, social and environmental factors can also significantly affect the value of any investment.

Repurchase and Reverse Repurchase Transactions and Securities Lending Risk

Some of the Funds may enter into repurchase and reverse repurchase transactions and/or securities lending agreements. Investors will be given 60 days' prior written notice before a Fund starts to enter into these types of transactions.

A repurchase transaction is where a Fund sells portfolio securities that it owns to a third party for cash and simultaneously agrees to buy back the securities at a later date at a specified price using the cash received by the Fund from the third party. While the Fund retains its exposure to changes in the value of the portfolio securities, it also earns fees for participating in the repurchase transaction.

A reverse repurchase transaction is where a Fund purchases securities from a third party and simultaneously agrees to sell the securities back to the third party at a later date at a specified price. The difference between the Fund's purchase price for the securities and the resale price provides the Fund with additional income.

A securities lending agreement is similar to a repurchase agreement except that instead of selling the securities and agreeing to buy them back later, the Fund loans the securities for a fee and can demand the return of the securities at any time. While the securities are on loan, the borrower provides the Fund with collateral consisting of cash and/or securities.

The risks associated with these types of transactions arise if the other party to the agreement defaults or goes bankrupt and the Fund experiences losses or delays in recovering its investment. In a repurchase or securities lending transaction, the Fund could incur a loss if the value of the securities sold or loaned has increased in value relative to the value of the cash or collateral held by the Fund. In the case of a reverse repurchase transaction, the Fund could

incur a loss if the value of the securities purchased by the Fund decreases in value relative to the value of the collateral held by the Fund.

To minimize these risks, a Fund will not enter into these types of transactions unless it is, at a minimum, fully collateralized by liquid securities with a value of at least 102% of the market value of the securities sold, purchased or loaned, as the case may be. A Fund will not enter into a repurchase or securities lending agreement if, immediately thereafter, the aggregate market value of all securities loaned by the Fund and not yet returned to it or sold by the Fund and not yet repurchased would exceed 50% of the total assets of the Fund, exclusive of cash held by the Fund. To minimize the risk of loss to the Fund, these transactions will only be entered into with parties that have adequate resources and financial strength to meet their obligations under the agreement.

Sector Risk

This is the risk that changes in a particular industrial, commercial or service sector will affect a Fund's investments that are heavily concentrated in that sector.

Series Risk

Some of the Funds are available in more than one series of units or shares. Each series has its own fees and expenses, which the Fund tracks separately. If, for any reason, a Fund cannot pay the expenses of one series using its proportionate share of the Fund's assets, the Fund will be required to pay those expenses out of the other series' proportionate share of the assets. This could lower the investment return of the other series.

Small Cap Risk

Since the value of small capitalization ("small cap") companies may be less stable than those of large capitalization ("large cap") companies, Funds that invest in small cap companies are more likely to be exposed to volatility.

Organization and Management of the Funds

IA Clarington Investments Inc. is wholly owned by Industrial Alliance, a leading financial institution in Canada and an industry leader in the insurance and financial services sectors. Industrial Alliance is listed on the Toronto Stock Exchange under the symbol "IAG".

Companies that Work with the Funds

Manager IA Clarington Investments Inc. 522 University Avenue, Suite 700 Toronto, Ontario, M5G 1Y7 1-888-860-9888 www.iaclarington.com	The manager manages the overall business of the Funds, including administration services, promoting sales of each Fund's securities, arranging for the provision of other services and hiring each Fund's portfolio advisor.
Trustee IA Clarington Investments Inc. Toronto, Ontario	The Trust Funds are organized as trusts. When you invest in a Trust Fund, you buy units of a trust. The trustee holds legal title to the property of the Trust Funds for the benefit of all of the unitholders of those Funds. The Corporate Class Funds are organized as classes of shares of a corporation and do not have a trustee.
Portfolio Advisor Industrial Alliance Investment Management Inc. (Québec City, Québec) acts as portfolio advisor to all of the Funds. It has engaged Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 and Vancity Investment Management Limited (Vancouver, British Columbia) thereafter*, to act as sub-advisor to all of the Funds.	The portfolio advisor and the sub-advisor are companies retained to manage the investment portfolio of the Funds.
Custodian RBC Dexia Investor Services Trust Montreal, Québec	The custodian is responsible for the safekeeping of the assets of the Funds. It may retain the services of subcustodians in Canada and throughout the world to hold the investments of the Funds.
Registrar and Transfer Agent IA Clarington Investments Inc. Toronto, Ontario	The registrar and transfer agent keeps track of the owners of securities of each of the Funds, processes purchase, switch and redemption orders and issues investor account statements, trade confirmations and annual tax reporting information.

Auditors

PricewaterhouseCoopers LLP
Québec City, Québec

The auditors audit the annual financial statements of the Funds.

Securityholder approval will not be required for a change of auditor of a Fund if the independent review committee of the Fund has approved the change and notice of the change is sent to securityholders of the Fund at least 60 days before the change.

Independent Review Committee

Stephen J. Griggs (Chair)
Jean Morissette
S. Robert Munroe

The independent review committee reviews matters that involve a conflict of interest within the meaning of National Instrument 81-107 — Independent Review Committee for Investment Funds. The independent review committee provides an annual report of its activities, which is available on IA Clarington's website at www.iaclarington.com or, at your request and at no cost, by contacting us at funds@iaclarington.com or calling us toll free at 1-888-860-9888. Additional information about the independent review committee is available in the Funds' annual information form.

* Inhance Investment Management Inc. plans to assign its sub-advisory responsibilities to its affiliate, Vancity Investment Management Limited, provided that certain conditions, as set out in the Annual Information Form, are met.

Fund of Funds

Each of the Funds may invest in other mutual funds, including mutual funds managed by IA Clarington or an affiliate of IA Clarington. The Portfolios invest primarily in other mutual funds, such as IA Clarington Inhance Global Equity SRI Class, IA Clarington Inhance Canadian Equity SRI Class and IA Clarington Inhance Monthly Income SRI Fund (each offered under this simplified prospectus) and IA Clarington Money Market Fund and IA Clarington Bond Fund (each offered under a separate simplified prospectus).

Where IA Clarington is the manager of both a top fund and an underlying fund, it will not vote the securities of the underlying fund held directly by the top fund. Instead, where applicable, IA Clarington may arrange for such securities to be voted by the beneficial securityholders of the applicable top fund.

Certain Changes without Securityholder Approval

A Fund may engage in a reorganization or transfer of assets with another mutual fund managed by us or an affiliate that meets certain criteria set out in National Instrument 81-102 — Mutual Funds, without securityholder approval, if the reorganization or transfer is approved by its independent review committee and the Fund sends written notice of the change to its securityholders at least 60 days prior to making the change.

Purchases, Switches and Redemptions

Securities of the Funds may be purchased, switched (transferred from one Fund to another IA Clarington Fund) or redeemed through registered dealers across Canada.

Securities are purchased, switched or redeemed at their net asset value per security. See “*Valuation of a Fund*” below for details on how to calculate the net asset value for each series of securities. If we receive a completed purchase, switch or redemption order on or before 4:00 p.m. Eastern Time on a day that the Toronto Stock Exchange is open for business or before the Toronto Stock Exchange closes for the day, whichever is earlier, it will be processed at the net asset value per security on that day. If we receive the order after that time, it will be

processed at the net asset value per security calculated on the next business day.

Valuation of a Fund

The value of a mutual fund is its net asset value (“NAV”). We calculate a separate NAV for each series of securities of the Funds. The NAV per series is calculated by adding together the total of the series’ share of a Fund’s assets and subtracting the total of the liabilities allocated to that series of securities.

The NAV of each series of securities of a Fund is calculated at the close of business on each day that the Toronto Stock Exchange is open for trading. Once the NAV of a series of securities of a Fund is determined, the NAV for each security of that series can be calculated by dividing the series NAV by the total number of securities outstanding in that series of the Fund.

Further details concerning the valuation of each Fund’s securities are included in the Annual Information Form.

Foreign Currencies

Each Fund is valued in Canadian dollars for the purposes of purchases, switches and redemptions.

Series of Securities

Each Fund is permitted to have an unlimited number of series of securities and may issue an unlimited number of securities of each series. Please refer to “*Fund Details*” in the description of each Fund to determine what series of securities each Fund offers.

Series A and Series T6 securities of the Funds are available to all investors. Other than the amount of the monthly distribution, Series T6 securities have the same features as Series A securities of the Funds.

Series F securities are available to investors who participate in fee-based programs through their dealer and whose dealer has signed a Series F agreement with us. Instead of paying sales charges, these investors pay an annual fee to their dealer for investment advice and other services. We do not pay any commission to dealers who sell Series F securities, which means that we can charge a lower management fee. Series F securities are also available to other groups of investors for whom we do not incur distribution costs.

Series I securities are special purpose securities not sold to the general public. Series I securities are used in fund of fund arrangements and are available to such investors as we may determine from time to time on a case-by-case basis. No management fees are charged to the Funds with respect to the Series I securities. Instead, each Series I investor negotiates a separate fee that is paid directly to us and enters into a Series I securities account agreement with us. Series I securities are not generally sold through dealers. There are no sales commissions payable to dealers on the sale of these securities. If a top fund managed by us purchases Series I securities of an underlying fund, no management fee is paid by the top fund in respect of those securities.

Series V securities are also special purpose securities not sold to the general public. Series V securities are only available to certain investors who have entered into a discretionary management relationship with a portfolio manager that has signed a Series V agreement with us. No management fees are charged to the Funds with respect to the Series V securities. Instead, the portfolio manager of each Series V investor negotiates a separate fee that is paid directly to us and enters into a Series V securities account agreement with us. There are no sales commissions payable to dealers on the sale of these securities.

The consideration that you and other investors pay to purchase securities of any series is tracked on a series by series basis in your Fund's administration records. However, the assets of all series of a Fund are combined in a single pool to create one portfolio for investment purposes.

How to Purchase Funds

You may purchase securities of any Fund through your dealer. For Series A and Series T6 securities of the Funds your initial investment should be at least \$500 in each Fund. Any subsequent purchase of units of a Fund should be at least \$50. For Series F securities, your initial investment must be \$10,000 in each Fund. We do not currently enforce the minimum investment requirements applicable to Series A, Series F or Series T6 securities but may enforce them in our discretion in the future without notice to you. Where we enforce a minimum investment requirement, we may waive it at our discretion. Series I and Series V securities do not have a minimum purchase threshold, but are only

available to investors who enter into either a Series I or Series V agreement, as applicable, with us.

Once you have given a purchase order to your dealer, the dealer must send your order to us on the same day it is received. Generally, your dealer will transmit purchase orders by courier, Priority Post or telecommunications facilities. It is the responsibility of your dealer to transmit orders to us in a timely manner and to assume all associated costs.

We have the right to accept or reject any purchase order within one business day of receiving the order. If an order is rejected, any amounts received will be returned to your dealer immediately. If your cheque for the purchase of securities is not honoured, we may reverse the purchase order and hold you responsible for any costs involved. If we receive a purchase order that is otherwise valid but fails to specify a Fund, it will be treated as an order to purchase units of IA Clarington Money Market Fund under the Front End Option at a 0% sales charge.

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

We may at any time suspend or cease sales of a Fund or of any series of securities of a Fund. This is commonly called a "cap" of the Fund or the series of the Fund. Even if we cap a Fund or a series of securities of a Fund, we may re-open it for investment at our discretion.

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

Purchase Options

You may purchase Series A or Series T6 securities under three options:

- Front End Option,
- Low Load Option or
- Deferred Sales Charge Option.

If you do not specify an option, your purchase will be considered to be a purchase under the Front End Option, at a 0% sales charge.

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

Front End Option

At the time of purchase, you negotiate a sales charge with your dealer of no more than 5% of the total amount of securities purchased under this option (5.26% of the net amount invested) and the balance is invested in a Fund. Securities purchased under this option are referred to as "Front End Securities". Additional fees may apply for short-term trades involving Front End Securities. Please see "*Short-Term Trading Fees*" on page 14 for details.

Low Load Option

At the time of purchase, the full amount of your purchase is invested in a Fund and we pay your dealer a commission equal to 2.50% of the amount of your investment. You then pay a redemption fee on a declining scale if you redeem securities within three years of purchase. See "*Calculating Redemption Fees*" on page 13. Securities purchased under this option are referred to as "Low Load Securities". Additional fees may apply for short-term trades involving Low Load Securities. Please see "*Short-Term Trading Fees*" on page 14 for details.

Deferred Sales Charge Option

At the time of purchase, the full amount of your purchase is invested in a Fund and we pay your dealer a commission equal to 5% of the amount of your investment. You then pay a redemption fee on a declining scale if you redeem securities within

seven years of purchase. See "*Calculating Redemption Fees*" on page 13. Securities purchased under this option are referred to as "DSC Securities". Additional fees may apply for short-term trades involving DSC Securities. Please see "*Short-Term Trading Fees*" on page 14 for details.

Switching Securities of the Funds

Switching Between IA Clarington Funds

You may switch securities of a Fund for securities of another IA Clarington Fund at any time, subject to the rules and criteria set out below. A switch from DSC Securities or Low Load Securities of a Fund to securities of another IA Clarington Fund that are held under the same purchase option will not trigger the redemption fee normally applicable to a redemption of those securities.

Switches from a Trust Fund to another IA Clarington Fund or from a Corporate Class Fund to another IA Clarington Fund that is not a separate class of shares of Clarington Sector Fund Inc. are accomplished by redeeming securities of one Fund and purchasing securities of the other IA Clarington Fund. These switches will constitute a disposition and may result in a capital gain or loss for income tax purposes. For more information please see "*Income Tax Considerations for Investors*" on page 21.

Switches from one Corporate Class Fund to another Corporate Class Fund or another IA Clarington Fund that is a separate class of Clarington Sector Fund Inc. are accomplished by exchanging the shares of the Corporate Class Fund for shares of the other IA Clarington Fund. If your proposed switch would constitute 1% or more of the net asset value of the Corporate Class Fund you currently hold, we may need to limit or stagger your switch request. Switches made between IA Clarington Funds that are separate classes of Clarington Sector Fund Inc. are not considered to be a disposition for income tax purposes. For more information please see "*Income Tax Considerations for Investors*" on page 21.

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

Switching Between Purchase Options

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

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

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

All decisions regarding switching between purchase options are negotiated between you and your dealer. As described above, switches between purchase options may result in additional fees for you. In addition, these switches may result in your dealer receiving a higher trailer fee. See *“Trailer Fees”* on page 20 for the trailer fee paid in respect of each purchase option. You should understand the consequences to both you and your dealer before you switch between purchase options.

Switching Between Series

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

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

Any switch to or from Series I or Series V securities is subject to the terms of the respective Series I or Series V securities account agreement governing those securities. In connection with the wind-up or termination of a Fund that holds securities of another Fund, we may automatically switch the Series I or Series V securities of the other Fund to Series A, Series F and/or Series T6 securities of that Fund in such proportions as we determine to be reasonable and equitable in the circumstances.

Switching securities of one series for securities of another series of the same Fund is not a disposition for tax purposes. See *“Income Tax Considerations for Investors”* on page 21 for more information.

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

Switch Fees

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

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

You may be charged a short-term trading fee in addition to a switch fee if you switch securities within certain time periods. See *“Short-Term Trading Fees”* on page 14 for additional information.

How to Redeem Funds

You may redeem your securities of a Fund at any time. The amount you will receive is the NAV of the securities redeemed less any redemption fee, short-term trading fees and/or withholding taxes that may apply. See *“Calculating Redemption Fees”* on page 13.

You must give redemption instructions in writing. The instructions must also bear a signature guaranteed by a Canadian chartered bank, trust company or a member of a public stock exchange in Canada or be guaranteed to our satisfaction. For security reasons, we may refuse to accept a redemption request sent by you directly through telecommunications facilities. Additional

documentation may be required if the investor is a corporation, partnership, agent, a trustee acting for someone else or a surviving joint owner.

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

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

Given the high cost of maintaining accounts of less than \$500, each Fund has the right to redeem your securities if the book value of your investment in that Fund is less than \$500. You may be notified that the book value of your securities in a Fund is less than \$500 and given 30 days to make an additional investment to increase your investment in the Fund to \$500 or more before the redemption is processed.

We may suspend the right to redeem securities of a Fund or postpone the date of payment upon redemption:

- during any period when normal trading is suspended on any exchange on which securities or specified derivatives are listed which represent more than 50% by value or underlying market exposure of the total assets of the Fund without allowance for liabilities and if those securities or specified derivatives are not traded on any other exchange that represents a reasonably practical alternative or

- with the prior permission of the Canadian securities regulatory authorities.

During any period of suspension there will be no calculation of NAV and no securities will be issued, switched or redeemed by the Fund. The calculation of the NAV per security will resume when trading resumes on the exchange or with the permission of the Canadian securities regulatory authorities.

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

Calculating Redemption Fees

If you purchase Low Load Securities or DSC Securities, you may have to pay a redemption fee when you redeem your securities. The redemption fee is based on the date and original purchase price of your securities. In certain circumstances (for example, redemption on death of a securityholder or transfer to the beneficiaries of a securityholder following his or her death) and with documentation satisfactory to us, we may waive or reimburse all or part of the applicable redemption fee. The Series I or Series V securities agreement pertaining to Series I or Series V securities, as applicable, may set out fees applicable to a redemption of those securities.

Low Load Option

The redemption fees payable for redeeming Low Load Securities are shown under “*Fees and Expenses*” on page 18. The fees decline over time. No redemption fee will be payable by you for:

- switching your investment to another IA Clarington Fund purchased under the Low Load Option or
- securities received through reinvestment of distributions or dividends.

Deferred Sales Charge Option

The redemption fees payable for redeeming DSC Securities are shown under “*Fees and Expenses*” on

page 16. The fees decline over time. No redemption fee will be payable by you for:

- switching your investment to another IA Clarington Fund purchased under the Deferred Sales Charge Option,
- securities received through reinvestment of distributions or dividends or
- redemptions in a calendar year that do not exceed the “Free Redemption Amount”.

The “Free Redemption Amount” is equal to:

- 10% of the number of eligible DSC Securities held by you at December 31 of the previous year, plus
- 10% of the number of eligible DSC Securities you have purchased during the calendar year on or prior to the date of redemption, less
- the number of securities that would have been issued for any distributions or dividends received in cash that are not reinvested in securities, less
- the number of securities previously redeemed by you during the calendar year.

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

Additional information on how we calculate redemption fees may be obtained in the Annual Information Form.

Short-Term Trading Fees

An investment in the Funds is intended to be a long-term investment. Short-term trading can impose costs on the Funds and their investors.

If you redeem or switch securities of IA Clarington Enhance Global Equity SRI Class within 30 days of purchase, you will be charged a short-term trading fee of 2% of the value of the securities redeemed or switched. If you redeem or switch securities of IA Clarington Enhance Global Equity SRI Class within 31 to 90 days of purchase then, subject to our policies and procedures, you may be charged a

short-term trading fee of 2% of the value of the securities redeemed or switched. We may waive either of these fees at our discretion in special circumstances, generally where it would be unfair to apply the fee to a particular investment and there is no harm caused to the Fund by redemption.

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

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

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

Optional Services

Pre-Authorized Chequing Plan

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

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

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

You can obtain copies of these documents:

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

You may exercise your statutory right to withdraw from the initial purchase under the PAC Plan. This right does not apply in respect of any subsequent purchases under the plan, but you continue to have all other statutory rights under securities law, including rights arising from any misrepresentations that may have been made, irrespective of whether you request or receive a copy of the renewal prospectus. See “*What Are Your Legal Rights*” on page 23.

Systematic Withdrawal Plan

You can set up a systematic withdrawal program to receive payments from your investments. Our plan allows you to make periodic withdrawals of at least \$100.

You can receive payments weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually.

We will automatically redeem enough securities to make the payments to you. There is no charge for this service, other than any applicable redemption fees. You may cancel the plan at any time.

If your regular withdrawals are greater than the net increase in value of your Fund, you will erode your original investment.

Systematic Switch Plan

You can set up a systematic switch plan for automated switches between Funds or from or to another IA Clarington Fund. Subject to our switch rules, you may switch from one Fund to another Fund within the same account or from one Fund to the same or another IA Clarington Fund between accounts. You may select the frequency of your switches and may cancel the arrangements at any time. You may not switch between securities bought in Canadian dollars and securities bought in U.S. dollars or vice versa. There may be tax consequences to switches. Please see “*Switching Securities of the Funds*” on page 11 for more details on switching.

Redirected Distributions and Dividends

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

Registered Plans

We can set up a:

- registered retirement savings plan (RRSP),
- registered education savings plan (RESP),
- locked-in retirement account (LIRA) or locked-in retirement savings plan (LRSP),
- prescribed retirement income fund (PRIF),
- registered retirement income fund (RRIF),
- life income fund (LIF) or locked-in retirement income fund (LRIF) and/or a
- tax-free savings account (TFSA)

for you, or you can purchase Funds for your self-directed registered plan. The IA Clarington RRSP and RRIF have each been accepted as a qualifying recognized overseas pension scheme for United Kingdom income tax purposes. We encourage you to consult your investment or tax advisor about the tax implications of registered plans. There are no administration fees for any of these plans. The minimum initial investment in any IA Clarington registered plan is \$500.

Fees and Expenses

This table lists the fees and expenses that you may have to pay if you invest in the Funds. You may have to pay some of these fees and expenses directly. Your Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. Securityholder approval is not required to effect a change to the basis of the calculation of a fee or expense that is charged to a Fund or its securityholders by an arm's length party that could result in an increase in charges to the Fund or its securityholders. However, any such change will only be made if securityholders of the applicable Fund are given at least 60 days written notice before the change takes effect.

FEES AND EXPENSES PAYABLE BY THE FUND

Management Fees

Each Fund pays us a management fee calculated as an annual percentage of NAV based upon the unique aspects of that Fund. This fee differs among Funds and among series of securities. Management fees for Series I and Series V securities are negotiated and paid directly by the investor or the portfolio manager, as the case may be, not by the Fund, and will not exceed the Series A or Series T6 management fees of the Fund. Please refer to the description of the management fees for each Fund and series of securities later in this document.

We may reduce or rebate a portion of the management fees for certain investors in a Fund who pay or incur distribution or other expenses normally paid by the Fund or the Manager or to accommodate other special situations, such as investments by pension funds, insurers or other institutional investors. If we reduce or rebate a portion of the management fee, the Fund or the Manager pays an amount equal to the reduction either as a distribution or as a direct rebate. In either case, the distribution or rebate is reinvested in additional securities of the Fund. For additional information on reduced management fees, see "*Management Fee Distributions or Rebates*" in the Funds' Annual Information Form.

In order to avoid duplication of management fees, Funds that invest directly in an underlying fund managed by IA Clarington or an affiliate may purchase Series I securities (or the equivalent) of the underlying fund and will not be charged a management fee in respect of those securities. Alternatively, if Series I securities (or the equivalent) are not purchased in these circumstances, we make sure that there is no duplication of management fees. In addition, a Fund that invests in another mutual fund does not pay duplicate sales charges or redemption fees with respect to the purchase or redemption by it of securities of the underlying fund.

Operating Expenses

Each Fund pays all expenses needed to operate and carry on its business. These expenses include:

- accounting, audit, legal, transfer agent and custodial fees,
- taxes and brokerage commissions,
- operating and administrative fees, costs and expenses,
- expenses for the issue, switch and redemption of securities,
- costs of securityholder reports and prospectuses,
- expenses payable in connection with the Fund's independent review committee, and
- other expenses.

We may, from time to time, absorb or waive expenses of a Fund. If we do so, we may cease to do so at any time.

Each series of securities of the Fund is responsible for the operating expenses that relate specifically to that series and for its proportionate share of the operating expenses that are common to all series of securities of the Fund. We pay all Series I and Series V operating expenses. We may recover all or a portion of Series I operating expenses from the investors in Series I securities. Recovery of Series V expenses is governed by the terms of the Series V agreement applicable to those securities.

The expenses of the Funds' independent review committee include the compensation payable to the members of the committee and the expenses incurred by the independent review committee in the course of its affairs, including insurance, travel costs and the cost of outside advisors. Each member of the committee is paid an annual retainer of \$15,000 and the chair is paid an additional \$5,000 for acting as a member of the independent review committee in respect of all of the investment funds managed by the Manager. The expenses of the Funds' independent review committee are divided equally among all of the investment funds managed by the Manager based on the number of funds under management. The committee may change its compensation from time to time as it sees fit.

FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

Sales Charges	Front End Option	Up to 5% of the total amount of Front End Securities purchased (or 5.26% of the net amount invested), negotiable with your dealer. Only Series A and Series T6 securities of the Funds are sold under this purchase option.							
	Low Load Option	Nil.							
	Deferred Sales Charge Option	Nil.							
Switch Fees	<p>For all switches, up to 2% of the NAV of the securities switched, as negotiated with your dealer.</p> <p>A short-term trading fee may also be payable. See “<i>Short-Term Trading Fees</i>” below.</p>								
Redemption Fees	Front End Option	None. A short-term trading fee may be charged. See “ <i>Short-Term Trading Fees</i> ” below.							
	Low Load Option	<p>You will be charged a redemption fee if you redeem within three years of the date of purchase. The redemption fee is based on the original purchase price of Low Load Securities as follows:</p> <p>If redeemed during:</p> <table style="margin-left: 20px;"> <tbody> <tr> <td>Year 1</td> <td style="text-align: right;">3.00%</td> </tr> <tr> <td>Year 2</td> <td style="text-align: right;">2.50%</td> </tr> <tr> <td>Year 3</td> <td style="text-align: right;">2.25%</td> </tr> <tr> <td>After Year 3</td> <td style="text-align: right;">0%</td> </tr> </tbody> </table> <p>Only Series A and Series T6 securities are sold under this purchase option. A short-term trading fee may also be charged. See “<i>Short-Term Trading Fees</i>” below.</p>	Year 1	3.00%	Year 2	2.50%	Year 3	2.25%	After Year 3
Year 1	3.00%								
Year 2	2.50%								
Year 3	2.25%								
After Year 3	0%								

FEES AND EXPENSES PAYABLE DIRECTLY BY YOU

Deferred Sales Charge Option	<p>The redemption fee is based on the original purchase price of DSC Securities as follows:</p> <table border="0"> <tr> <td style="padding-right: 20px;">If redeemed during:</td> <td>You pay:</td> </tr> <tr> <td>Year 1</td> <td>5.75%</td> </tr> <tr> <td>Year 2</td> <td>5.50%</td> </tr> <tr> <td>Year 3</td> <td>5.00%</td> </tr> <tr> <td>Year 4</td> <td>4.50%</td> </tr> <tr> <td>Year 5</td> <td>4.00%</td> </tr> <tr> <td>Year 6</td> <td>3.50%</td> </tr> <tr> <td>Year 7</td> <td>2.00%</td> </tr> <tr> <td>After Year 7</td> <td>0%</td> </tr> </table> <p>Only Series A and Series T6 securities are sold under this purchase option. A short-term trading fee may also be charged. See “<i>Short-Term Trading Fees</i>” below.</p>	If redeemed during:	You pay:	Year 1	5.75%	Year 2	5.50%	Year 3	5.00%	Year 4	4.50%	Year 5	4.00%	Year 6	3.50%	Year 7	2.00%	After Year 7	0%
If redeemed during:	You pay:																		
Year 1	5.75%																		
Year 2	5.50%																		
Year 3	5.00%																		
Year 4	4.50%																		
Year 5	4.00%																		
Year 6	3.50%																		
Year 7	2.00%																		
After Year 7	0%																		

Short-Term Trading Fees

IA Clarington Inhance Global Equity SRI Class charges a short-term trading fee of 2% of the value of the securities redeemed or switched within 30 days of purchase. For securities of IA Clarington Inhance Global Equity SRI Class redeemed or switched within 30 to 90 days of purchase, the Fund may charge a short-term trading fee of 2% of the value of the securities redeemed or switched.

For all other Funds, a 2% short-term trading fee may be charged on the value of the securities redeemed or switched within 90 days of purchase. Please see “*Short-Term Trading Fees*” on page 14 for additional information.

Registered Plans

No annual administration fee.

NSF Chequing Fee

We may levy a fee of \$30 per NSF cheque.

Systematic Plans

No annual administration fee. If applicable, redemption fees may apply.

Courier/Wire Charges

If you request courier delivery or wire order of your redemption proceeds, you may be charged the costs of such services.

Impact of Sales Charges

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in a Fund and if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option ¹	Up to \$50	Nil	Nil	Nil	Nil
Redemption Charge Option ^{2, 3}	Nil	\$57.50	\$50	\$40	Nil
No Load Option ³	N/A	N/A	N/A	N/A	N/A
Low Load Option ³	Nil	\$30	\$22.50	Nil	Nil

¹ Referred to as the “Front End Option” throughout this document. There are no sales charges to purchase Series F, Series I or Series V securities. However, Series F investors pay a separate fee to their dealer.

² Referred to as the “Deferred Sales Charge Option” throughout this document. Redemption charges only apply if you redeem your securities in a particular year. Redemption charges are shown under “Fees and Expenses” on page 18.

³ Securities of the Funds are not offered under a “no load option”. However, there are no redemption fees if DSC Securities are not redeemed within seven years of purchase or if Low Load Securities are not redeemed within three years of purchase.

Dealer Compensation

Sales Commissions

Front End Option

You negotiate a commission with your dealer of up to 5% on the amount that you invest (\$50 per \$1,000 investment) in Series A or Series T6 securities of the Funds. These charges are negotiable with your dealer.

Low Load Option

We pay your dealer a commission of 2.5% on the amount that you invest (\$25 per \$1,000 investment) in Series A or Series T6 securities of the Funds.

Deferred Sales Charge Option

We pay your dealer a commission of 5% of the amount you invest (\$50 per \$1,000 investment) in Series A or Series T6 securities of the Funds.

Switching

On a switch, you may be required to pay up to 2% of the value of the securities switched. This fee is negotiable with your dealer.

Trailer Fees

We pay your dealer a trailer fee relating to your investment in Series A or Series T6 securities, which is calculated as a percentage of the daily market value of those securities held by your dealer’s clients. The trailer fee will change, and may increase, if you switch from one purchase option to another. The trailer fee is paid out of management fees that are earned by IA Clarington.

Fund	Trailer Fee for Front End Option	Trailer Fee for Low Load Option ⁽¹⁾	Trailer Fee for Deferred Sales Charge Option ⁽¹⁾
IA Clarington Inhance Monthly Income SRI Fund	0.90%	0.45%	0.45%
IA Clarington Inhance Canadian Equity SRI Class	1.00%	0.50%	0.50%
IA Clarington Inhance Global Equity SRI Class	1.00%	0.50%	0.50%
IA Clarington Inhance Conservative SRI Portfolio	1.10%	0.50%	0.50%
IA Clarington Inhance Balanced SRI Portfolio	1.10%	0.50%	0.50%
IA Clarington Inhance Growth SRI Portfolio	1.10%	0.50%	0.50%

⁽¹⁾ On expiry of the redemption fee schedule applicable to Low Load Securities or Deferred Sales Charge Securities of IA Clarington Inhance Monthly Income SRI Fund, the trailer fee rate will increase to 0.90%. Upon expiry of the redemption fee schedule applicable to Low Load Securities or Deferred Sales Charge Securities of the other Funds, the trailer fee rate will increase to 1.00%.

Other Sales Incentives

We may assist dealers with marketing and educational programs by paying a portion of the cost of such programs. We may also provide promotional items of minimal value to representatives of dealers. These activities are in compliance with applicable laws and regulations and any costs incurred by them will be paid by us and not the Funds.

Equity Interests

IA Clarington Investments Inc. is wholly owned by Industrial Alliance. Industrial Alliance is a public company listed on the Toronto Stock Exchange. Industrial Alliance owns, directly or indirectly, 100% of each of FundEx Investments Inc., Investia Financial Services Inc. and Dundee Private Investors Ltd., each registered mutual fund dealers, and 100% of Industrial Alliance Securities Inc., a securities dealer.

Dealer Compensation from Management Fees

For the financial year ended December 31, 2008, IA Clarington paid total cash compensation (sales commissions, trailer fees and support of their marketing, fund promotion or educational activities) to dealers who distribute securities of the IA Clarington Funds representing approximately 51.6% of the total management fees received by IA Clarington from all of the IA Clarington Funds.

Income Tax Considerations for Investors

This summary outlines the Canadian federal income tax rules that generally apply to individuals, other than trusts, resident in Canada who hold securities of the Funds as capital property. This summary is based on the current Canadian federal income tax rules under the Tax Act and the regulations thereunder and specific proposals to amend the Tax Act and regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof. This summary is not exhaustive of all tax considerations and is not intended to constitute legal or tax advice to an investor. You should seek independent advice regarding the tax consequences of investing in

securities based on your own particular circumstances. More detailed tax information is in the Funds' Annual Information Form.

When You Earn Income

If you hold units of a Trust Fund, you earn income on your investment:

- when the Trust Fund pays a distribution out of net income or net realized capital gains and
- when you redeem or switch your units of the Trust Fund and realize a capital gain.

If you hold shares of a Corporate Class Fund, you earn income on your investment:

- when Clarington Sector Fund Inc. pays an ordinary dividend or a capital gains dividend on shares of the Corporate Class Fund and
- when you redeem your shares of the Corporate Class Fund and realize a capital gain.

Adjusted Cost Base

The adjusted cost base ("ACB") of your securities is an important concept for income tax considerations. This term is used throughout this summary and can be calculated, for a particular series of a Fund, according to the following formula in most situations:

Calculation of ACB

- The amount of your initial investment, including any sales charges paid to your dealer, plus
- additional investments, including sales charges paid to your dealer, plus
- where the securities are shares of a Corporate Class Fund, the ACB of any shares of another IA Clarington Fund that is a separate class of Clarington Sector Fund Inc. that were switched into these securities, plus
- reinvested distributions or dividends, less
- the portion of any distribution that is a return of capital, less
- where the securities are shares of a Corporate Class Fund, the ACB of any securities of that Fund were switched into shares of another IA Clarington Fund that is a separate class of Clarington Sector Fund Inc., less
- the ACB of any previous redemptions equals the aggregate ACB of your securities of a Fund

Trust Funds

Distributions

Distributions (including management fee distributions) of income from the Funds are taxable in the year they are paid or payable by the Funds. This is the case whether these amounts were paid to you in cash or through reinvestment in additional units. Distributions may include interest income, foreign source income, capital gains and taxable Canadian dividends. Generally, these are taxed as if you had received the amounts directly. An enhanced gross-up and dividend tax credit is available for certain eligible dividends from Canadian corporations. Returns of capital are not taxable to you, but will reduce the ACB of the related units. If the ACB of your units is reduced to less than zero, you will realize a capital gain. Distributions on Series T6 units from IA Clarington Inhance Monthly Income SRI Fund, IA Clarington Inhance Conservative SRI Portfolio and IA Clarington Inhance Balanced SRI Portfolio are expected to include returns of capital. We will provide detailed information about the distributions paid to you.

The price of units of a Trust Fund may include income and capital gains that it has earned and/or realized but not yet distributed. If you invest in a series of units of a Trust Fund before a distribution date for that series, you will have to pay tax on any distributions paid to you. However, the amount of the distribution reinvested in additional units will be added to your ACB. This may be particularly significant if you are purchasing units late in the year.

Redeeming or Switching Units

If you redeem units or switch units for securities of another IA Clarington Fund, you will realize a capital gain (or loss). The capital gain (loss) will be equal to the difference between the amount you receive for the redemption or switch, net of any costs (such as a deferred sales charge), and the ACB of the units. One half of such a capital gain must be included in determining your income.

You will be provided with details on the proceeds from the redemption or switch after the transaction. However, in order to calculate your gain or loss, you need to know the ACB of your units before disposition. Distributions that include a return of capital will affect the ACB of your units.

Corporate Class Funds

Dividends

Dividends from Corporate Class Funds are taxable in the year received. This is the case whether these amounts were paid to you in cash or through the reinvestment in additional shares. Dividends may include ordinary dividends and capital gains dividends.

Capital gains dividends, which will generally be paid in February, will be treated as realized capital gains, one half of which are included in determining your income.

Ordinary dividends, which will generally be paid in December, will be treated as taxable dividends in your hands and will be subject to the applicable gross-up and dividend tax credit rules. An enhanced gross-up and dividend tax credit is available for certain eligible dividends from the Corporate Class Funds.

The price of shares of a Corporate Class Fund may include income and capital gains that the corporation has earned and/or realized but not yet paid out as a dividend. If you invest in a series of shares of a Corporate Class Fund before a dividend is declared on that series, you will have to pay tax on such dividend paid to you. However, the amount of the dividend reinvested in additional shares will be added to your ACB. You will be provided with information slips containing detailed information about the dividends paid to you.

Generally, you are required to include in your income any management fee rebates received. However, in some circumstances you may instead elect to reduce the ACB of your shares by the amount of the rebate.

Switching Shares of Corporate Class Funds

Investing in a Corporate Class Fund enables investors to switch from the Corporate Class Fund to another IA Clarington Fund that is a separate class of shares of Clarington Sector Fund Inc. without the switch being a disposition for tax purposes. Accordingly, capital gains and losses will not be realized for tax purposes on such a switch. The cost of the shares received on such a switch will be equal to the ACB of the shares that were switched.

Redeeming or Switching Shares

If you (i) redeem shares of a Corporate Class Fund or (ii) switch your shares of a Corporate Class Fund for units of a Trust Fund or Target Click Fund, you will realize a capital gain (or loss). The capital gain (loss) will be equal to the difference between the amount you receive for the redemption or switch, net of any costs (such as a redemption fee), and the ACB of the shares. One half of such a capital gain must be included in determining your income.

You will be provided with details on the proceeds from the redemption or switch after the transaction. However, in order to calculate your gain or loss, you need to know the ACB of your shares before disposition.

All Funds

Switching Between Series

Switching securities of one series for securities of another series of the same Fund is not a disposition for tax purposes and no capital gain (or loss) will be

realized. The cost of the securities received on a switch between series of the same Fund will be equal to the aggregate adjusted cost base of the securities that were switched.

Series I and Series V Securities

Management fees paid by an investor to us on Series I and Series V securities will not be deductible from the income earned on those securities.

Registered Plans

Securities of the Funds are, or are expected to be at all material times, qualified investments for RRSPs, RRIFs and other registered plans. If you hold securities of the Funds in an RRSP, RRIF or other registered plan, you generally pay no tax on income earned from, or capital gains realized on the disposition of, those securities as long as they remain in the registered plan. However, withdrawals from such registered plans (other than withdrawals from TFSAs and returns of contributions from RESPs) will generally be subject to tax. Holders of TFSAs should consult their own tax advisors as to whether securities of the Funds would be prohibited investments in their particular circumstances.

Funds with a High Portfolio Turnover Rate

The higher a Fund's portfolio turnover rate, the greater the likelihood the Fund will incur capital gains or losses. In the event a Fund realizes capital gains, the gains will, in most cases, be distributed to you and must be included in computing your income for tax purposes for that year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

What Are Your Legal Rights?

Securities legislation in some provinces gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund securities and get your money back, or to make a claim for damages, if the Simplified Prospectus, Annual Information Form, management reports of fund performance or financial statements misrepresent any facts about the Funds. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

Additional Information

The Manager has entered into a purchase agreement dated October 1, 2009 (the “Purchase Agreement”)

with Vancouver City Savings Credit Union (“Vancity”) and Inhance to purchase the mutual fund management business of Inhance and certain related assets. Inhance is the manager of certain SRI funds known as the Inhance Funds, the Vancity Circadian Funds and the Vancity Perspectives Portfolios (collectively the “Inhance Funds”). Pursuant to the Purchase Agreement, Inhance has agreed to merge each Inhance Fund into its applicable Fund (as described below), subject to obtaining unitholder and regulatory consent. If approved, the mergers are expected to take effect on or about December 4, 2009. The mergers also require approval by the securityholders of the Funds, which will be given by the Manager, as sole securityholder of each of the Funds, on or about November 27, 2009.

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

Specific Information about Each of the Mutual Funds Described in this Document

General Information

Information about each Fund is summarized on the following pages. Here is an explanation of what you will find under each heading.

Fund Details

In each Fund summary you will find a chart that looks like this one. It contains the information described below.

Fund Details

<i>Type of Fund</i>
This tells you how the Fund is classified — whether money market, equity, bond, related to a geographical region or some other type. A global Fund may invest anywhere in the world, whereas an international Fund does not usually invest in Canada or the U.S.
<i>Securities Offered</i>
This tells you whether the Fund issues units or shares and the series of securities offered.
<i>Start Date</i>
This is the date that each series of securities of the Fund were first offered to the public.
<i>Eligibility for Registered Plans</i>
This tells you whether the Fund is a qualified investment under the Tax Act for registered plans.
<i>Management Fees</i>
This tells you the amount of the management fee charged to each series of securities of the Fund.
<i>Portfolio Advisor</i>
This tells you the name of the portfolio advisor and sub-advisor, where applicable, of the Fund.

What does the Fund invest in?

This section is divided into two parts:

Investment Objective

The investment objective of each Fund is described, including the kinds of securities it uses to achieve this objective. In order to change its fundamental investment objective, each Fund needs the majority approval of its securityholders at a meeting called to consider the change.

Investment Strategy

This explains how a Fund plans to achieve its investment objective. The Manager has adopted the Sub-Advisor's socially responsible investment principles as described below.

Except as described in the Annual Information Form, the Funds follow the standard investment restrictions and policies established by Canadian securities regulators.

Socially Responsible Investment Principles

When selecting investments for the Funds, attention is given to factors, other than financial factors, that are identified as critical in the overall evaluation of a company's prospects for future returns.

In this regard the Funds will typically invest in companies with progressive environmental, social and governance practices. The investment decision making process looks to insights derived from fundamental financial analysis and an assessment of an issuer's performance respecting corporate governance, employee and community relations, and environmental management.

In general, the Funds will invest in companies that articulate and follow a governance process that ensures an involved board of directors with clear accountabilities and strong risk management practices. The Funds will seek to invest in issuers that have progressive practices and comprehensive environmental management systems. Eligible companies should derive most of their revenues from products, processes or services that have minimal negative impacts on consumers and local communities. Finally, the Funds will typically invest in companies that work with their employees and communities where they operate, by pursuing diversity among their management, having

Specific Information about Each of the Mutual Funds Described in this Document (continued)

progressive employee and supplier relations and displaying competence in the management of human rights.

To be eligible for inclusion in a Fund's portfolio, a company will generally have an understandable business model and demonstrate a competitive advantage. The portfolio management team will typically examine a company's earnings, profitability growth, credit position, cash flow and long-term sustainability of its business model. In addition, the portfolio management team should look to invest in securities of companies that they feel are trading below their expected value and sell those securities when the price fully reflects that value.

The Sub-Advisor believes that this investment approach encourages positive change in a number of ways, beginning with investment selection. Once the Funds have invested in a company, the tools of corporate engagement — direct dialogue with company leaders and board of directors, shareholder proposals and proxy voting — allow the further enhancement of value by encouraging environmental, social and governance best practices.

Direct dialogue involves everything from asking simple questions of company management in order to clarify understanding of the company's environmental, social and governance policies, to expressing concern over a specific issue, to conducting a long-term, in-depth dialogue with the company.

Proxy voting is one of the most important tools in an investor's toolbox. Every year, shareholders of publicly traded companies are called upon to vote on a series of resolutions concerning issues ranging from board membership and executive compensation to social and environmental issues. When a Fund invests in securities of a public company, it will have a right to vote on these important issues. The proxy voting and selection guidelines adopted by the Funds are updated periodically to reflect the latest developments in the evolution of investing and are available on the Sub-Advisor's website.

Shareholder proposals or resolutions are formal requests for action that are voted upon at a company's annual general meeting. The purpose of these

resolutions is to focus management's attention on a particular issue and have them adopt policies or practices that shareholders believe will help them improve their performance in those areas, with a view to reducing risk and increasing shareholder value.

What are the Risks of Investing in this Fund?

This is where the specific risks of the Fund are set out. For details about the meaning of each risk, see "*What are the Specific Risks Associated with Mutual Funds?*" beginning on page 3 of this document.

Who Should Invest in this Fund?

Information is provided under this heading to help you decide whether investing in a particular Fund is right for you.

Distribution/Dividend Policy

This section tells you how and when distributions or dividends are paid by the Fund. We will automatically reinvest distributions and dividends in additional securities unless you tell us in writing to pay them in cash.

Fund Expenses Indirectly Borne by Investors

As explained in "*Fees and Expenses Payable by the Fund*" on page 17, each Fund pays us a management fee and all expenses needed to operate and carry on its business. The Fund's management expense ratio is the fees and expenses payable by the Fund divided by its average net asset value over a year.

This section typically tells you the amount of the fees and expenses passed on to a typical investor in a Fund. It will help you compare the cumulative costs of investing in each series of securities that the Fund offers with the costs of investing in other mutual funds. However, expense information will not be provided for the Funds because they are new. For more information about expenses, see "*Fees and Expenses*" on page 16.

IA Clarington Inhance Monthly Income SRI Fund

Fund Details

Type of Fund
Canadian Equity Balanced
Securities Offered
Series A, Series F, Series I and Series V units of a mutual fund trust
Start Date
Series A: November 30, 2009* Series F: November 30, 2009* Series I: November 30, 2009* Series V: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fee
Series A: 1.90% Series F: 1.00% Series I: Negotiated and paid by each Series I investor Series V: Negotiated and paid by the portfolio manager or each Series V investor
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the mergers of Inhance Monthly Income Fund and Vancity Circadian Monthly Income Fund into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are set out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objective

The Fund's objective is to provide a reasonably consistent level of monthly income by investing primarily in fixed income and high yield equity

securities of Canadian issuers which meet the manager's socially responsible investment principles.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategy

The Fund:

- invests in a diversified selection of money market instruments, government and corporate bonds, mortgage-backed securities, preferred shares, income or royalty trusts of primarily non-resource issuers, and primarily dividend paying, higher yielding common shares,
- primarily invests in securities of Canadian issuers,
- when investing in equities and income trusts, will focus on selecting high quality issuers in relatively stable industries where there is a high degree of assuredness of distributions and the potential for dividend or distribution growth,
- when investing in fixed income securities, will invest primarily in bonds, mortgage-backed securities, investment grade debentures and other fixed income securities either issued or guaranteed by the Government of Canada, a province or other governmental entity or government or domestic corporations,
- the Sub-Advisor selects investments by
 - using fundamental financial analysis to examine a company's earnings, profitability growth, credit position, cash flow and long-term sustainability of the issuer's business model,
 - assessing an issuer's performance respecting corporate governance, employee and community relations, and environmental management and
 - looking for securities that the sub-advisor feels are trading below their expected value and selling these securities when the price fully reflects that value,
- invests in accordance with the SRI principles described on page 25, by seeking companies

with progressive social, environmental and governance practices such as:

- companies that derive most of their revenues from products, processes or services that have minimal negative impacts on consumers and local communities
- companies that work with their employees and communities where they operate. These companies pursue diversity among their management, have progressive employee and supplier relations and display competence in the management of human rights, and
- companies that have an understandable business model and demonstrate a competitive advantage,
- may from time to time invest a portion of its net assets (generally no more than 10%) in units or shares of other mutual funds managed by IA Clarington or an affiliate. The criteria used for selecting mutual fund securities are the same as the criteria for selecting individual securities, as described elsewhere in the Fund's investment objectives and strategies. There will be no duplication of management fees, incentive fees or sales charges between the mutual funds,
- may hold a portion of its assets in cash or short-term money market securities while seeking investment opportunities or for defensive purposes to reflect general market or economic conditions,
- may enter into repurchase and reverse repurchase transactions and securities lending agreements in order to earn additional income and manage its portfolio. The Fund currently does not intend to enter into such transactions. For a description of these transactions and the strategies to be used by the Fund to minimize the risks associated with these transactions, please see the discussion under "*Repurchase and Reverse Repurchase Transactions and Securities Lending Risk*" on page 5 and
- may use derivatives such as options, forwards and futures for hedging and non-hedging

purposes. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. Options acquired for non-hedging purposes will not constitute more than 10% of the net assets of the Fund.

What are the Risks of Investing in this Fund?

The risks of investing in this Fund are:

- asset-backed and mortgage-backed securities risk
- capital depletion risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- government securities risk
- income trust risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk
- repurchase and reverse repurchase transactions and securities lending risk
- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under "*What are the Specific Risks Associated with Mutual Funds?*" beginning on page 3 of this document.

Who Should Invest in this Fund?

Investors:

- seeking a flow of income, with the possibility of capital appreciation,
- with below average risk tolerance and
- planning to invest for the medium to long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

For Series I and Series V units, the Fund will distribute any income and capital gains annually in December. We will automatically invest distributions in additional units of the Fund unless you tell us in writing that you would prefer to receive cash distributions. We may opt to reinvest this December distribution in additional units of the Fund, and to consolidate the units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

For Series A and Series F units, the Fund will make a monthly distribution of a fixed dollar amount per unit determined for each such series in January of each year. If the annualized monthly distribution per unit of the series at that time is between approximately 5% and 7% of the net asset value per unit of the series as of December 31 of the previous year, the monthly distribution per unit will not change. If the annualized monthly distribution per unit of the series is outside that range, the monthly distribution amount will be adjusted to be approximately one-twelfth of 6% of the net asset value per unit of the series as of December 31 of the previous year. The current monthly distribution rate is \$0.05 per Series A and Series F unit, as applicable, which rates will remain in effect until further adjusted in accordance with this distribution policy. The Fund will not pay a distribution for the month of November 2009 and will commence payment of its distribution in December 2009.

The distribution for any series of units of the Fund may be reduced in the future, if we determine that market conditions require a reduction of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred

by you because the Fund did not effect a distribution on a particular day.

A portion of the distribution for Series A and Series F units, as applicable, is expected to consist of a return of capital, which is not taxable in the year received. The distribution rate on a series of securities of the Fund may be greater than the return on the Fund's investments. If the cash distributions to you are greater than the net increase in value of your investment, the distributions will erode the value of your investment. Please see *"Income Tax Considerations For Investors"* on page 21 for more details. We will automatically invest monthly distributions in additional units of the Fund unless you tell us in writing that you would prefer to receive cash distributions.

The Fund will distribute any excess income and capital gains attributable to Series A and Series F units, as applicable, annually in December. We may opt to reinvest this December distribution in additional Series A and Series F units, as applicable, of the Fund, and to consolidate these units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Inhance Canadian Equity SRI Class

Fund Details

Type of Fund
Canadian Equity
Securities Offered
Series A, Series F, Series I and Series V shares of a mutual fund corporation
Start Date
Series A: November 30, 2009* Series F: November 30, 2009* Series I: November 30, 2009* Series V: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fees
Series A: 2.05% Series F: 1.05% Series I: Negotiated and paid by each Series I investor Series V: Negotiated and paid by the portfolio manager or each Series V investor
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the mergers of Inhance Canadian Equity Fund and Vancity Circadian Canadian Equity Fund into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are sent out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objectives

The Fund's objective is to achieve long-term growth of capital by investing primarily in a diversified portfolio of Canadian equity securities of issuers

which meet the manager's socially responsible investment principles.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategies

The Fund:

- invests primarily in a broad selection of Canadian publicly traded common shares, preferred shares and convertible securities,
- seeks to maintain a well diversified portfolio,
- may also invest in securities of non-Canadian issuers; such investments will generally be no more than 15% of the net assets of the Fund,
- the Sub-Advisor selects investments by
 - using fundamental financial analysis to examine a company's earnings, profitability growth, credit position, cash flow and long-term sustainability of the issuer's business model,
 - assessing an issuer's performance respecting corporate governance, employee and community relations, and environmental management and
 - looking for securities that the sub-advisor feels are trading below their expected value and selling these securities when the price fully reflects that value,
- invests in accordance with the SRI principles described on page 25, by seeking companies with progressive social, environmental and governance practices such as:
 - companies that derive most of their revenues from products, processes or services that have minimal negative impacts on consumers and local communities
 - companies that work with their employees and communities where they operate. These companies pursue diversity among their management, have progressive employee and supplier relations and display competence in the management of human rights, and

- companies that have an understandable business model and demonstrate a competitive advantage,
- may hold a portion of its assets in cash or short-term money market securities while seeking investment opportunities or for defensive purposes to reflect general market or economic conditions,
- may enter into repurchase and reverse repurchase transactions and securities lending agreements in order to earn additional income and manage its portfolio. The Fund currently does not intend to enter into such transactions. For a description of these transactions and the strategies to be used by the Fund to minimize the risks associated with these transactions, please see the discussion under “*Repurchase and Reverse Repurchase Transactions and Securities Lending Risk*” on page 5 and
- may use derivatives such as options, forwards and futures for hedging and non-hedging purposes. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. Options acquired for non-hedging purposes will not constitute more than 10% of the net assets of the Fund.

What are the Risks of Investing in this Fund?

The risks of investing in this Fund are:

- concentration risk
- corporate class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk
- repurchase and reverse repurchase transactions and securities lending risk

- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under “*What are the Specific Risks Associated with Mutual Funds?*” beginning on page 3 of this document.

Who Should Invest in this Fund?

Investors:

- seeking capital appreciation,
- with average risk tolerance and
- planning to invest for the long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

Clarington Sector Fund Inc. may pay to shareholders of this Fund ordinary dividends annually in December and capital gains dividends annually in February. We may opt to reinvest the December and February dividends in additional shares of the Fund, and to consolidate the shares of the Fund immediately after that dividend, so that the total number of outstanding shares immediately before the dividend is the same as the number of outstanding shares before the distribution, even if you have otherwise opted to receive cash dividends. We will automatically invest dividends in additional shares of the Fund unless you tell us in writing that you would prefer to receive cash dividends. Dividends by Clarington Sector Fund Inc. are not guaranteed to occur on a specific date and neither we nor Clarington Sector Fund Inc. is responsible for any fees or charges incurred by you because the dividend was not paid on a particular day.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Inhance Global Equity SRI Class

Fund Details

Type of Fund
Global Equity
Securities Offered
Series A, Series F, Series I and Series V shares of a mutual fund corporation
Start Date
Series A: November 30, 2009* Series F: November 30, 2009* Series I: November 30, 2009* Series V: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fees
Series A: 2.15% Series F: 1.15% Series I: Negotiated and paid by each Series I investor Series V: Negotiated and paid by the portfolio manager or each Series V investor
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the mergers of Inhance Global Leaders Fund and Vancity Circadian Global Leaders Fund into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are set out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objectives

The Fund's objective is to achieve long term capital appreciation by investing primarily in equity securities of issuers located around the world which

meet the manager's socially responsible investment principles.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategies

The Fund:

- invests primarily in a broad selection of publicly traded common and preferred shares and convertible securities of issuers located around the world,
- invests in companies that demonstrate leadership with respect to progressive practices combined with a sound business model and reasonable valuations,
- seeks to hold a diversified portfolio of generally between 25 to 100 issuers of different market capitalizations,
- the Sub-Advisor selects investments by
 - using fundamental financial analysis to examine a company's earnings, profitability growth, credit position, cash flow and long-term sustainability of the issuer's business model,
 - assessing an issuer's performance respecting corporate governance, employee and community relations, and environmental management and
 - looking for securities that the sub-advisor feels are trading below their expected value and selling these securities when the price fully reflects that value,
- invests in accordance with the SRI principles described on page 25, by seeking companies with progressive social, environmental and governance practices such as:
 - companies that derive most of their revenues from products, processes or services that have minimal negative impacts on consumers and local communities
 - companies that work with their employees and communities where they operate. These companies pursue diversity among their management, have

- progressive employee and supplier relations and display competence in the management of human rights, and
- companies that have an understandable business model and demonstrate a competitive advantage,
- may hold a portion of its assets in cash or short-term money market securities while seeking investment opportunities or for defensive purposes to reflect general market or economic conditions,
- may enter into repurchase and reverse repurchase transactions and securities lending agreements in order to earn additional income and manage its portfolio. The Fund currently does not intend to enter into such transactions. For a description of these transactions and the strategies to be used by the Fund to minimize the risks associated with these transactions, please see the discussion under “*Repurchase and Reverse Repurchase Transactions and Securities Lending Risk*” on page 5 and
- may use derivatives such as options, forwards and futures for hedging and non-hedging purposes. If used for non-hedging purposes, the derivatives acquired will be consistent with the investment objectives of the Fund and securities law. Options acquired for non-hedging purposes will not constitute more than 10% of the net assets of the Fund.

What are the Risks of Investing in this Fund?

The risks of investing in this Fund are:

- corporate class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk

- repurchase and reverse repurchase transactions and securities lending risk
- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under “*What are the Specific Risks Associated with Mutual Funds?*” beginning on page 3 of this document.

Who Should Invest in this Fund?

Investors:

- seeking capital appreciation,
- with average risk tolerance and
- planning to invest for the long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

Clarington Sector Fund Inc. may pay to shareholders of this Fund ordinary dividends annually in December and capital gains dividends annually in February. We may opt to reinvest the December and February dividends in additional shares of the Fund, and to consolidate the shares of the Fund immediately after that dividend, so that the total number of outstanding shares immediately before the dividend is the same as the number of outstanding shares before the distribution, even if you have otherwise opted to receive cash dividends. We will automatically invest dividends in additional shares of the Fund unless you tell us in writing that you would prefer to receive cash dividends. Dividends by Clarington Sector Fund Inc. are not guaranteed to occur on a specific date and neither we nor Clarington Sector Fund Inc. is responsible for any fees or charges incurred by you because the dividend was not paid on a particular day.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Inhance Conservative SRI Portfolio

Fund Details

Type of Fund
Canadian Fixed Income Balanced
Securities Offered
Series A units of a mutual fund trust
Start Date
Series A: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fee
Series A: 2.00%
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the mergers of Vancity Perspectives Income Portfolio and Vancity Perspectives Conservative Portfolio into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are set out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objective

The Fund's objective is to generate interest and dividend income with the potential for capital by investing primarily in a diversified portfolio of other mutual funds that meet the manager's socially responsible investment principles, with a bias towards Canadian income and bond mutual funds and the remainder in equity mutual funds.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategies

The Fund:

- allocates up to 100% of its assets among underlying mutual funds,
- continuously monitors its holdings and asset mix,
- re-balances its underlying assets and
- may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

Up to 100% of the Fund's assets may be invested in securities of Underlying Funds. The Underlying Funds in which the Fund invests may change from time to time, and may be managed by us or an affiliate of ours.

When selecting a mutual fund to invest in, the Sub-Advisor will consider the investment style employed by the Underlying Fund and the types of securities held within the Underlying Fund to determine whether the Underlying Fund is compatible with the Sub-Advisor's SRI principles, the performance of the Underlying Fund, whether the Manager or an affiliate offers an appropriate underlying fund and the expense, if any, to the Fund that may be associated with the investment.

The Fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations. In such event, the Fund may invest in money market instruments and investment grade debt securities. Although intended to avoid losses in adverse conditions, defensive tactics might be inconsistent with the Fund's investment objectives and might prevent the Fund from achieving its goal.

What are the Risks of Investing in this Fund?

The Fund uses strategic asset allocation in order to invest in a mix of different Underlying Funds. This strategy helps to reduce the Fund's volatility but also makes the Fund's performance dependent on the performance of the Underlying Funds in which it invests. The Fund's ability to achieve its overall investment objective is directly related to the

Underlying Funds' ability to achieve their individual investment objectives.

The Fund is subject to large transaction risk, as well as to risks relating to the Underlying Funds it holds.

The investment risks of the Underlying Funds held by the Fund may include:

- asset-backed and mortgage-backed securities risk
- concentration risk
- corporate class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- government securities risk
- income trust risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk
- repurchase and reverse repurchase transactions and securities lending risk
- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under *"What are the Specific Risks Associated with Mutual Funds?"* beginning on page 3 of this document. In addition, please refer to each Underlying Fund's prospectus for a detailed description of these risks.

Who Should Invest in this Fund?

Investors:

- seeking the potential for a combination of income and capital growth,
- with below average risk tolerance and
- planning to invest for the medium to long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

For Series A units, the Fund will make a monthly distribution of a fixed dollar amount per unit determined for each such series in January of each year. If the annualized monthly distribution per unit of the series at that time is between approximately 5% and 7% of the net asset value per unit of the series as of December 31 of the previous year, the monthly distribution per unit will not change. If the annualized monthly distribution per unit of the series is outside that range, the monthly distribution amount will be adjusted to be approximately one-twelfth of 6% of the net asset value per unit of the series as of December 31 of the previous year. The current monthly distribution rate is \$0.05 per Series A unit, which rates will remain in effect until further adjusted in accordance with this distribution policy. The Fund will not pay a distribution for the month of November 2009 and will commence payment of its distribution in December 2009.

The distribution for Series A units of the Fund may be reduced in the future, if we determine that market conditions require a reduction of distributions or that payment of a distribution would have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

A portion of the distribution for Series A units is expected to consist of a return of capital, which is not taxable in the year received. The distribution rate on Series A units of the Fund may be greater than the return on the Fund's investments. If the cash distributions to you are greater than the net increase in value of your investment, the distributions will erode the value of your investment. Please see *"Income Tax Considerations For Investors"* on page 21 for more details. We will automatically invest monthly distributions in additional units of the Fund unless you tell us in

writing that you would prefer to receive cash distributions.

The Fund will distribute any excess income and capital gains attributable to Series A units annually in December. We may opt to reinvest this December distribution in additional Series A units of the Fund, and to consolidate these units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Inhance Balanced SRI Portfolio

Fund Details

Type of Fund
Canadian Neutral Balanced
Securities Offered
Series A, Series T6 and Series I units of a mutual fund trust
Start Date
Series A: November 30, 2009* Series T6: November 30, 2009* Series I: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fees
Series A: 2.10% Series T6: 2.10% Series I: Negotiated and paid by each Series I investor
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the merger of Vancity Perspectives Balanced Portfolio into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are set out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objective

The Fund's objective is to generate interest and dividend income as well as capital appreciation by investing primarily in a diversified portfolio of other mutual funds that meet the manager's socially responsible investment principles, with a balanced holding of income, bond and equity mutual funds.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategy

The Fund:

- allocates up to 100% of its assets among underlying mutual funds,
- continuously monitors its holdings and asset mix,
- re-balances its underlying assets and
- may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

Up to 100% of the Fund's assets may be invested in securities of Underlying Funds. The Underlying Funds in which the Fund invests may change from time to time, and may be managed by us or an affiliate of ours.

When selecting a mutual fund to invest in, the Sub-Advisor will consider the investment style employed by the Underlying Fund and the types of securities held within the Underlying Fund to determine whether the Underlying Fund is compatible with the Sub-Advisor's SRI principles, the performance of the Underlying Fund, whether the Manager or an affiliate offers an appropriate underlying fund and the expense, if any, to the Fund that may be associated with the investment.

The Fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations. In such event, the Fund may invest in money market instruments and investment grade debt securities. Although intended to avoid losses in adverse conditions, defensive tactics might be inconsistent with the Fund's investment objectives and might prevent the Fund from achieving its goal.

What are the Risks of Investing in this Fund?

The Fund uses strategic asset allocation in order to invest in a mix of different Underlying Funds. This strategy helps to reduce the Fund's volatility but also makes the Fund's performance dependent on the

performance of the Underlying Funds in which it invests. The Fund's ability to achieve its overall investment objective is directly related to the Underlying Funds' ability to achieve their individual investment objectives.

The Fund is subject to large transaction risk and series risk, as well as to risks relating to the Underlying Funds it holds.

The investment risks of the Underlying Funds held by the Fund may include:

- asset-backed and mortgage-backed securities risk
- capital depletion risk
- concentration risk
- corporate class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- government securities risk
- income trust risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk
- repurchase and reverse repurchase transactions and securities lending risk
- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under *"What are the Specific Risks Associated with Mutual Funds?"* beginning on page 3 of this document. In addition, please refer to each Underlying Fund's prospectus for a detailed description of these risks.

Who Should Invest in this Fund?

Investors:

- seeking the stability and income of Canadian fixed-income investments combined with

similar exposure to the growth potential of equity securities,

- with below average risk tolerance and
- planning to invest for the medium to long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

For Series A and Series I units, the Fund will distribute any income and capital gains annually in December. We will automatically invest distributions in additional units of the Fund unless you tell us in writing that you would prefer to receive cash distributions. We may opt to reinvest this December distribution in additional units of the Fund, and to consolidate the units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

For Series T6 units, the Fund will make a monthly distribution of a fixed dollar amount per unit determined for each such series in January of each year. If the annualized monthly distribution per unit of the series at that time is between approximately 5% and 7% of the net asset value per unit of the series as of December 31 of the previous year, the monthly distribution per unit will not change. If the annualized monthly distribution per unit of the series is outside that range, the monthly distribution amount will be adjusted to be approximately one-twelfth of 6% of the net asset value per unit of the series as of December 31 of the previous year. The current monthly distribution rate is \$0.05 per Series T6 unit, which rates will remain in effect until further adjusted in accordance with this distribution policy. The Fund will not pay a distribution for the month of November 2009 and will commence payment of its distribution in December 2009.

The distribution for any series of units of the Fund may be reduced in the future, if we determine that market conditions require a reduction of distributions or that payment of a distribution would

have a negative effect on the investors in the Fund. Distributions by this Fund are not guaranteed to occur on a specific date and neither we nor the Fund is responsible for any fees or charges incurred by you because the Fund did not effect a distribution on a particular day.

A portion of the distribution for Series T6 units is expected to consist of a return of capital, which is not taxable in the year received. The distribution rate on a series of securities of the Fund may be greater than the return on the Fund's investments. If the cash distributions to you are greater than the net increase in value of your investment, the distributions will erode the value of your investment. Please see "*Income Tax Considerations For Investors*" on page 21 for more details. We will automatically invest monthly distributions in additional units of the Fund unless you tell us in writing that you would prefer to receive cash distributions.

The Fund will distribute any excess income and capital gains attributable to Series T6 units annually in December. We may opt to reinvest this December distribution in additional Series T6 units of the Fund, and to consolidate these units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Inhance Growth SRI Portfolio

Fund Details

Type of Fund
Canadian Equity Balanced
Securities Offered
Series A, Series F and Series V units of a mutual fund trust
Start Date
Series A: November 30, 2009* Series F: November 30, 2009* Series V: November 30, 2009*
Eligible for Registered Plans
Yes
Management Fees
Series A: 2.10% Series F: 1.10% Series V: Negotiated and paid by the portfolio manager or each Series V investor
Portfolio Advisor
Industrial Alliance Investment Management Inc. Québec City, Québec
Sub-Advisor
Inhance Investment Management Inc. (Vancouver, British Columbia) until on or about December 14, 2009 then Vancity Investment Management Limited** (Vancouver, British Columbia) thereafter

* Fund will be offered to the public shortly before the mergers of Inhance Balanced Fund, Vancity Circadian Balanced Fund, Vancity Perspectives High Growth Portfolio and Vancity Perspectives Growth Portfolio into this Fund, as described under "Additional Information" on page 24.

**The change of sub-advisor to Vancity Investment Management Limited is subject to its satisfaction of certain conditions, which are set out in the Annual Information Form.

What Does the Fund Invest In?

Investment Objective

The Fund's objective is to generate capital appreciation as well as some interest and dividend income by investing primarily in a diversified portfolio of other mutual funds that meet the manager's socially responsible investment principles, with a bias towards Canadian equity mutual funds

diversified with Canadian income and bond mutual fund holdings.

The fundamental investment objective may only be changed with the approval of a majority of securityholders at a meeting called for that purpose.

Investment Strategy

The Fund:

- allocates up to 100% of its assets among underlying mutual funds,
- continuously monitors its holdings and asset mix,
- re-balances its underlying assets and
- may invest in cash or other short-term money market instruments while seeking investment opportunities or for defensive purposes.

Up to 100% of the Fund's assets may be invested in securities of Underlying Funds. The Underlying Funds in which the Fund invests may change from time to time, and may be managed by us or an affiliate of ours.

When selecting a mutual fund to invest in, the Sub-Advisor will consider the investment style employed by the Underlying Fund and the types of securities held within the Underlying Fund to determine whether the Underlying Fund is compatible with the Sub-Advisor's SRI principles, the performance of the Underlying Fund, whether the Manager or an affiliate offers an appropriate underlying fund and the expense, if any, to the Fund that may be associated with the investment.

The Fund may depart temporarily from its fundamental investment objectives as a result of adverse market, economic, political or other considerations. In such event, the Fund may invest in money market instruments and investment grade debt securities. Although intended to avoid losses in adverse conditions, defensive tactics might be inconsistent with the Fund's investment objectives and might prevent the Fund from achieving its goal.

What are the Risks of Investing in this Fund?

The Fund uses strategic asset allocation in order to invest in a mix of different Underlying Funds. This

strategy helps to reduce the Fund's volatility but also makes the Fund's performance dependent on the performance of the Underlying Funds in which it invests. The Fund's ability to achieve its overall investment objective is directly related to the Underlying Funds' ability to achieve their individual investment objectives.

The Fund is subject to large transaction risk, as well as to risks relating to the Underlying Funds it holds.

The investment risks of the Underlying Funds held by the Fund may include:

- asset-backed and mortgage-backed securities risk
- concentration risk
- corporate class risk
- credit risk
- currency risk
- derivatives risk
- foreign investment risk
- government securities risk
- interest rate risk
- large transaction risk
- liquidity risk
- market risk
- repurchase and reverse repurchase transactions and securities lending risk
- sector risk
- series risk
- small cap risk

You will find an explanation of each risk under "*What are the Specific Risks Associated with Mutual Funds?*" beginning on page 3 of this document. In addition, please refer to each Underlying Fund's prospectus for a detailed description of these risks.

Who Should Invest in this Fund?

Investors:

- seeking the potential for capital growth,
- with below average risk tolerance and
- planning to invest for the medium to long term.

The description of suitability in this section is of a general nature only, and may not be applicable to the circumstances of any particular investor.

Distribution Policy

The Fund will distribute any income and capital gains annually in December. We will automatically invest distributions in additional units of the Fund unless you tell us in writing that you would prefer to receive cash distributions. We may opt to reinvest this December distribution in additional units of the Fund, and to consolidate the units of the Fund immediately after that distribution, so that the total number of outstanding units after the distribution is the same as the number of outstanding units immediately before the distribution, even if you have otherwise opted to receive cash distributions.

Fund Expenses Indirectly Borne by Investors

Not applicable since the Fund has not existed for one complete financial year.

IA Clarington Funds

Offering Series A, Series F, Series T6, Series I and Series V units or shares as indicated below

IA Clarington Inhance Monthly Income SRI Fund (Series A, Series F, Series I and Series V)

IA Clarington Inhance Canadian Equity SRI Class (Series A, Series F, Series I and Series V)*

IA Clarington Inhance Global Equity SRI Class (Series A, Series F, Series I and Series V)*

IA Clarington Inhance Conservative SRI Portfolio (Series A)

IA Clarington Inhance Balanced SRI Portfolio (Series A, Series T6 and Series D)

IA Clarington Inhance Growth SRI Portfolio (Series A, Series F and Series V)

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

Additional information about the Funds is available in the Funds' Annual Information Form, management reports of fund performance, once available, and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

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

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

Manager of the IA Clarington Funds

IA Clarington Investments Inc.

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