

IA Clarington Investments Inc.

Annual Information Form

May 25, 2011

Offering Series A and Series F units of: IA Clarington Target Click Funds

IA Clarington Target Click 2015 Fund
IA Clarington Target Click 2020 Fund
IA Clarington Target Click 2025 Fund
IA Clarington Target Click 2030 Fund

(collectively, the “Funds”)

No securities regulatory authority has expressed an opinion about the merits of the Funds’ units and it is an offence to claim otherwise. The Funds and the units of the Funds offered under this Annual Information Form 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 Funds, which are described in a separate simplified prospectus and annual information form.

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Formation and History of the Funds

Each of 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 (collectively, the “Funds”) is an open-end mutual fund trust established under the laws of Ontario by a master declaration of trust dated February 4, 2005, as assigned to IA Clarington Investments Inc. on June 30, 2006 and as amended on July 4, 2008 (the “Master Declaration of Trust”). The Master Declaration of Trust establishes IA Clarington Investments Inc. as the trustee of the Funds.

Under the Master Declaration of Trust, each Fund will automatically terminate on its scheduled maturity date (the “Maturity Date”). In certain circumstances, the Maturity Date of a Fund may be accelerated. Please see “*Redemption of Units – Guaranteed Value*” on page 14 and the Simplified Prospectus of the Funds for more detail.

The manager of the Funds is IA Clarington Investments Inc. (the “Manager”, “IA Clarington”, “we” or “us”). The Manager was formed by the amalgamation of IA Clarington Investments Inc. and Sarbit Asset Management Inc. on January 1, 2009. On January 1, 2011, IA Clarington also amalgamated with Industrial Alliance Mutual Funds Inc. The former IA Clarington Investments Inc. was created on November 1, 2000 and originally named BLC-Edmond de Rothschild Asset Management Inc. It changed its name to Industrial Alliance Fund Management Inc. on January 19, 2005 and to IA Clarington Investments Inc. on June 30, 2006.

IA Clarington Investments Inc. is a wholly owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. (“Industrial Alliance”). On June 30, 2006, we assumed management of the Funds from ClaringtonFunds Inc. (formerly called Clarington Capital Management Inc.).

The Funds’ offices are located at 522 University Avenue, Suite 700, Toronto, Ontario, M5G 1Y7. The Manager’s head office is located at 1080 Grande Allée Ouest, Québec City, Québec, G1K 7M3.

Effective September 3, 2010, the sub-advisor of the Funds changed from BNP Paribas Investment Partners Netherlands B.V. of Amsterdam, The Netherlands, to BNP Paribas Asset Management SAS of Paris, France. Both the current and former sub-advisors are affiliates of the Funds’ portfolio advisor, BNP Paribas Investment Partners Canada Ltd.

The IA Clarington Funds are additional mutual funds managed by us that are offered for sale pursuant to a simplified prospectus and annual information form. The IA Clarington Funds and the Funds are collectively referred to as the “IA Clarington Funds”.

Investment Restrictions and Practices of the Funds

Investment Restrictions

The Funds are subject to the standard investment restrictions and practices contained in securities legislation, including National Instrument 81-102 – Mutual Funds. This legislation is designed, in part, to ensure that the investments of the Funds are diversified and relatively liquid and to

ensure the proper administration of the Funds. Except as set out below, the Funds adhere to these standard investment restrictions and practices.

The Funds are exempt from the requirement to deliver a renewal prospectus (and any amendment thereto) to investors that participate in a regular investment program as described under “*Optional Services - Pre-Authorized Chequing Plan*” on page 16.

The fundamental investment objectives of each Fund are set out in the Funds’ Simplified Prospectus. Any change in the investment objectives of a Fund requires the approval of a majority of investors at a meeting called for that purpose. The Manager may change a Fund’s investment strategies from time to time at its discretion.

Registered Plan Status

Each Fund qualifies as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”) and is expected to continue to so qualify at all material times in the future. Accordingly, units of the Funds are qualified investments under the Tax Act for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, “Registered Plans”).

Annuitants of registered retirement savings plans and registered retirement income funds and holders of tax-free savings accounts should consult with their own tax advisors as to whether securities of the Funds would be a prohibited investment under the Tax Act in their particular circumstances.

Description of Units

Each Fund is divided into units, which may be divided into an unlimited number of series. An unlimited number of units of each series may be issued. Currently each Fund offers two series of units: Series A and Series F units. Additional series of units may be issued at some point in the future. Series A, Series B, Series E, Series E5, Series E6, Series F, Series F5, Series F6, Series F8, Series F10, Series I, Series L, Series L5, Series L6, Series L8, Series L10, Series LM (collectively “Series L securities”), Series M, Series M6, Series M8, Series O, Series Q, Series T, Series T4, Series T5, Series T6, Series T8, Series T10, Series V and Series X securities are offered by some of the other IA Clarington Funds. A description of these securities can be found in the disclosure documents of the other IA Clarington Funds.

Each Fund generally derives its value from the portfolio assets held by it and the income earned in respect thereof. A separate net asset value is calculated daily in respect of each series of units issued of each Fund. The net asset value of each Fund and of each series of units is determined as described under “*Calculation of Net Asset Value and Valuation of Portfolio Securities*” on page 5.

Each Fund has a scheduled Maturity Date on which the Fund will be terminated. At any time prior to the Maturity Date of a Fund, unitholders can redeem all or any of their units at the series net asset value of those units as described under “*Redemption of Units*” on page 12. Fortis Bank

S.A. / N.V. (“Fortis Bank”) has provided a guarantee (the “Guarantee”) to the Funds that, on the Maturity Date of each Fund, the Fund will have sufficient assets to pay to investors an amount for each outstanding unit equal to the greatest of the following three values: \$10.00 per unit (the series net asset value per unit of each series on the start date of the Fund), the highest month-end series net asset value per unit during the period from the start date of the Fund until the Maturity Date of the Fund or the series net asset value per unit on the Maturity Date of the Fund (the “Guaranteed Value”). As a result of the Guarantee, investors that redeem their units on the Maturity Date will receive the Guaranteed Value for each redeemed unit. All units that are not redeemed on the scheduled Maturity Date of a Fund will be automatically switched to Series A units of IA Clarington Money Market Fund based on the Guaranteed Value. Please see “*Redemption of Units – Guaranteed Value*” on page 14.

If the Maturity Date is accelerated, then unitholders can redeem their units at the greater of the series net asset value per unit on the accelerated Maturity Date of the Fund or the “Net Present Value of the Guaranteed Value” of that series of units of the Fund (the “Accelerated Guaranteed Value”), less any applicable redemption or other charges. “Net Present Value of the Guaranteed Value” in respect of a series of units of a Fund refers to the amount determined on the accelerated Maturity Date, if any, of the Fund by applying discount rates based on the internal rates of return of the fixed income securities held in the passive component of the Fund to the Guaranteed Value in effect on the date of the notice to investors advising of the accelerated Maturity Date of the Fund. All units that are not redeemed on the accelerated Maturity Date of a Fund will be automatically switched to Series A units of IA Clarington Money Market Fund based on the Accelerated Guaranteed Value. Please see “*Redemption of Units – Guaranteed Value*” on page 14.

Please see the Simplified Prospectus of the Funds for details on the risks associated with the Guarantee. If, for any reason, the Guarantee is not in effect on the scheduled Maturity Date or the accelerated Maturity Date, as the case may be, then the above redemptions and switches will be based on the applicable series net asset value per unit on the scheduled Maturity Date or the accelerated Maturity Date, as the case may be.

Each holder of a whole unit of a Fund is entitled to one vote per unit at meetings of unitholders, other than meetings at which the holders of one series of units of that Fund are entitled to vote separately as a series.

All units of each series are treated equally with respect to distributions and on the winding-up of a Fund based on the relative net asset value of each series.

All units of a Fund are fully paid and non-assessable when issued. Units of any series of a Fund may be switched at any time into securities of the same series of any other IA Clarington Fund. See “*Switching Privileges*” on page 11. However, it is not possible to switch into Series A units of a Fund under the low load purchase option during the last three years prior to the scheduled Maturity Date of the Fund or into Series A units of a Fund under the deferred sales charge purchase option during the last seven years prior to the scheduled Maturity Date of the Fund. Details and additional information relating to switching between: (i) purchase options; (ii) series of the same Fund; and (iii) series of a different IA Clarington Fund are also available in the Funds’ Simplified Prospectus.

Fractions of units may be issued. Fractional units carry the rights and privileges, and are subject to the restrictions and conditions, applicable to whole units in the proportions which they bear to one unit; however, the holder of a fractional unit is not entitled to vote in respect of such fractional unit.

All units are transferable without restriction.

The rights and conditions attached to the units of the Funds may be modified only in accordance with the provisions attached to such units and the provisions of the Master Declaration of Trust. A description of the series of units offered by each Fund and the eligibility requirements attached to each series of units is contained in the Funds' Simplified Prospectus.

Meetings of Investors

The Funds do not hold regular meetings. Investors of a Fund are permitted to vote on all matters that require unitholder approval under National Instrument 81-102 – Mutual Funds or under the Master Declaration of Trust. These matters are:

- a change in the basis of the calculation of a fee or expense that is charged to the Fund or its unitholders that could result in an increase in charges to the Fund or its unitholders, unless (i) the person or company charging the fee or expense is at arm's length to the Fund and (ii) the unitholders of the Fund are given at least 60 days written notice of the proposed change,
- the introduction of a fee or expense to be charged to the Fund or directly to its unitholders by the Fund or the Manager that could result in an increase in charges to the Fund or to its unitholders,
- a change of the Manager, unless the new manager is an affiliate of the Manager,
- a change in the fundamental investment objectives of the Fund,
- a decrease in the frequency of the calculation of the net asset value per each series of units of the Fund,
- a material reorganization of the Fund, other than a reorganization that may be and is approved by the independent review committee of the Funds in accordance with securities legislation and
- the appointment of a successor trustee of the Fund in certain circumstances.

The Independent Review Committee of the Funds may only approve a reorganization or transfer with another mutual fund managed by us if it meets the criteria set out for such approval in National Instrument 81-102 – Mutual Funds and the Fund sends written notice of the change to its securityholders at least 60 days prior to making the change.

Calculation of Net Asset Value and Valuation of Portfolio Securities

Calculation of Net Asset Value

The purchase and redemption price of units of a Fund is based on the net asset value (“NAV”) per unit determined after the receipt of a purchase or redemption order. We calculate a separate NAV for each series of units of each Fund. The NAV per series and per unit is calculated using the formulas set out below on each day that the Toronto Stock Exchange is open for trading:

- The NAV of each series of units of a Fund is the value of the series’ proportionate share of the assets of the Fund less the total of the liabilities of the Fund allocated to that series.
- The NAV per unit of a series of units of a Fund is calculated by dividing the NAV of the applicable series by the total number of outstanding units in that series.

We calculate the NAV for each unit of each Fund at the close of trading on the Toronto Stock Exchange every business day (usually 4 p.m. Eastern Time). The purchase and redemption price of units is the NAV per unit of the applicable series next determined after the receipt of a purchase or redemption order. As a result of the Guarantee, redemptions processed on the scheduled Maturity Date of a Fund will be processed at the Guaranteed Value. Redemptions processed on an accelerated Maturity Date will be processed at the Accelerated Guaranteed Value. Please see the Simplified Prospectus of the Funds for details on the risks associated with the Guarantee.

Valuation of Portfolio Securities

In calculating the NAV of any unit for the purposes of purchases and redemptions of securities of the Funds, the following valuation principles apply:

1. Short-term investments are accounted for at the bid rate calculated using a matrix system based on prices, yields and maturities of similar securities.
2. The value of any cash or its equivalent on hand, on deposit or on call, bills and demand notes and accounts receivable, prepaid expenses, cash dividends declared and interest accrued and not yet received will be its face amount, unless the Manager determines an otherwise fair value.
3. The value of any security or interest in a security that is listed or dealt in upon a stock exchange will be determined by:
 - (a) in the case of a security traded on the day as of which the net asset value is being determined, the last sale price or official close price, where available, on the principal exchange on which it is traded;
 - (b) in the case of a security not traded on the day as of which the net asset value is being determined because such exchange is closed for business on such day, unless decided otherwise by the board of directors of the Manager, the most recent closing sale price; and

- (c) subject to paragraph (5) below, in the case of any other security not traded on such exchange on the day as of which the net asset value is being determined, a price estimated to be the true value thereof by the Manager on such basis and in such manner as may be approved by the board of directors of the Manager, such price being between the closing asked and bid prices for the security or interest therein as reported by any report in common use or authorized as official by a stock exchange.
4. The value of any security or interest therein that is not listed or dealt in upon any stock exchange will be determined as nearly as may be possible in the manner described in paragraph (3) above, except that there may be used, for the purpose of determining the sale price or the asked and bid prices, any public quotations in common use which may be available.
 5. Securities and other assets for which market quotations are, in the Manager's opinion, inaccurate, unreliable, not reflective of all available material information, not readily available or not available are valued at their fair value, as determined by the Manager.
 6. Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants shall be valued at the current market value thereof.
 7. Where a clearing corporation option, option on futures or over-the-counter option is written by a Fund, the premium received by the Fund will be reflected as a deferred credit which will be valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value of the Fund; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities.
 8. The value of a futures contract or a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on that Valuation Date unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest.
 9. For any securities denominated in any currency other than Canadian currency, the net asset value so determined in that currency is converted into Canadian currency at the day's exchange rate.
 10. The value of any security of a mutual fund held by a Fund will be the last available net asset value per security.
 11. If an asset cannot be valued under the above rules or under any valuation rules set out in securities legislation or if any of the valuation rules adopted by the Manager but not set out in securities legislation are at any time considered by the Manager to be inappropriate

in the circumstances, then the Manager shall use a valuation that it considers to be fair in the circumstances.

In accordance with Part 14 of National Instrument 81-106 Continuous Disclosure for Investment Funds, the net asset value of the Funds is calculated on the basis of the valuation principles set forth in this annual information form for purchases and redemptions by investors, which are not the same as the Canadian GAAP requirements. Canadian GAAP requires that the fair value of portfolio securities quoted on an active market be measured based on the bid price for a long position and the ask price for a short position, instead of the close price or last sale price of the security for the day. The value of portfolio securities is determined according to Canadian GAAP for annual and interim financial statement reporting purposes.

The Manager has implemented fair value pricing for all non-North American equity securities held by any of the Funds to avoid stale prices being used in calculating NAV. Stale values can occur in mutual fund portfolios when the prices of securities upon which a fund's price is based do not take account of the most recently available market information. Fair value pricing potentially reduces pricing discrepancies that market timers seek to exploit, which could limit opportunities for stale pricing arbitrage.

In the event of any inconsistency between the valuation principles set out above and the provisions of securities legislation, the provisions of securities legislation shall prevail.

Neither the Manager nor its predecessor has used its discretion to deviate from the Funds' valuation practices since the inception of the Funds.

The constating documents of the Funds contain details of the liabilities to be included in calculating the price for each series of securities of the Funds. The liabilities of a Fund include, without limitation, all bills, notes and accounts payable, all administrative or operating expenses payable or accrued, all contractual obligations for the payment of money or property, all allowances authorized or approved by us for taxes (if any) or contingencies and all other liabilities of the Fund. The Manager will determine in good faith whether such liabilities are series expenses or common expenses of the Funds.

Purchase of Units

Units are offered on a continuous basis until the Maturity Date of each Fund in all provinces and territories in Canada through investment dealers, mutual fund dealers and independent financial planners as permitted under the securities laws of each jurisdiction in which the units are qualified for sale.

Minimum Purchase Amounts

We do not currently require a minimum investment, although we may require a minimum initial investment in a Fund of \$500. Each subsequent investment must be at least \$50.

Process of Making Purchases

You may purchase units being offered through your dealer. Your 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 each dealer to transmit orders to us in a timely manner and to assume all associated costs.

If we receive a completed purchase 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 NAV per unit on that day. If we receive a purchase order after that time, the order will be processed at the NAV per unit calculated on the next business day.

The Funds have the right to accept or reject any purchase order within one business day of receiving the order. If a Fund rejects your order, any amounts received will be returned to your dealer immediately. If your cheque for the purchase of units is not honoured, we may reverse the purchase order and hold you responsible for any costs involved.

We must receive payment for all purchases within three business days. If the payment and all necessary documents are not received within three business days, securities regulations require us to redeem the units 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. Any shortfall will initially be paid to the Fund by us, but we will be entitled to 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.

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

Purchase Options

Series A units of a Fund may be purchased under three purchase options:

- front end option,
- low load option or
- deferred sales charge option.

These options are described below. 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 units have special attributes described in the Simplified Prospectus. They are not sold under these three purchase options. Rather, Series F units are sold with no sales charge and no fees payable on redemption.

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 units purchased under this option (5.26% of the net amount invested) and the balance is invested in the Fund. Units 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 15 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 units within three years of purchase. Units 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 15 for details.

The low load redemption fee, expressed as a percentage of the original purchase price per unit of the Fund being redeemed, declines over time as set out in the following table:

<u>If redeemed during the following periods after date of issue:</u>	<u>Low Load Sales Charge Percentage</u>
Year 1	3.00%
Year 2	2.50%
Year 3	2.25%
After Year 3	Nil

Units purchased prior to the date of this annual information form will be subject to the redemption fee schedule in effect at the time of purchase of those units.

Low Load Securities of a Fund may not be purchased in the last three years prior to the scheduled Maturity Date of the Fund.

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 units within seven years of purchase. Units 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 15 for details.

DSC Securities of a Fund may not be purchased in the last seven years prior to the scheduled Maturity Date of the Fund. Because the scheduled Maturity Date of IA Clarington Target Click 2015 Fund is less than seven years from the date of this annual information form, DSC Securities of that Fund are not available.

Generally, if DSC Securities are redeemed within seven years of purchase, a deferred sales charge or redemption fee is charged based on the original purchase price of the units.

We will redeem DSC Securities in the following order:

1. units issued through distribution reinvestment plans,
2. units included in Free Redemption Amount (see below) and
3. units in the order that they were purchased.

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 purchased during the calendar year on or prior to the date of redemption, less
- the number of units previously redeemed by you during the calendar year.

The Free Redemption Amount is not cumulative and cannot be carried forward to future years.

If you switch units of a Fund for securities of another IA Clarington Fund, the Free Redemption Amount will be transferred on a proportionate basis.

The deferred sales charge, expressed as a percentage of the original purchase price per unit of the Fund being redeemed, declines over time as set out in the following table:

<u>If Redeemed During the Following Periods After Date of Issue</u>	<u>Deferred Sales Charge Percentage</u>
1 st year	5.75%
2 nd year	5.5%
3 rd year	5.0%
4 th year	4.5%
5 th year	4.0%
6 th year	3.5%
7 th year	2.0%
After the 7 th year	Nil

If you switch your investment in units of one Fund for securities of another IA Clarington Fund, the redemption fee rate applicable to units of the Fund that you originally purchased will continue to apply to a redemption or further switch of the securities of the IA Clarington Fund.

Switching Privileges

Switching Between IA Clarington Funds

You may switch units of a Fund for securities of another IA Clarington Fund at any time, subject to the rules and criteria listed below.

Switches from a Fund to another IA Clarington Fund are accomplished by redeeming units of the 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*” on page 27. If you switch out of a Fund prior to the Maturity Date of that Fund, the switch transaction will be based on the NAV per unit of the units being switched and not on the Guaranteed Value of such units. You may not switch to Low Load Securities of a Fund during the last three years prior to the scheduled Maturity Date of the Fund and you may not switch to DSC Securities of a Fund during the last seven years prior to the scheduled Maturity Date of the Fund.

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. However, you may not switch to Low Load Securities of a Fund during the last three years prior to the scheduled Maturity Date of the Fund.

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. However, you may not switch to DSC Securities of a Fund during the last seven years prior to the scheduled Maturity Date of the Fund.

You may not switch DSC Securities of an IA Clarington Fund for Low Load Securities or Series L securities of another IA Clarington Fund and 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. 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 Fund 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

units for Series A, Series B, Series M or Series T securities, you can choose which available purchase option will apply to your new securities. If you switch Series A or Series F securities to Series L securities of another IA Clarington Fund, we will pay your dealer a commission and your dealer will become subject to a redemption fee. 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 or Series L securities, you must be eligible to buy them.

If we determine that you are no longer eligible to hold Series F units, we may switch you out of Series F units to Series A units of the same Fund under the Front End Option.

Any switch to Series I, Series O or Series V securities of another IA Clarington Fund is subject to the terms of the Series I, Series O or Series V agreement governing those securities.

Other series of securities are offered by some of the other IA Clarington Funds. A description of these securities can be found in the disclosure documents of the other IA Clarington Funds.

Switching units of one series for units of another series of the same Fund is not a disposition for tax purposes. See "*Income Tax Considerations*" on page 27 for more information.

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 units.

If we determine that you are no longer eligible to hold Series F units and we switch you out of those units 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 units within certain time periods. See "*Short-Term Trading Fees*" on page 15 below for additional information.

Redemption of Units

You may redeem your units at the NAV per unit of a Fund on any business day other than the Maturity Date of the Fund. A redemption fee may apply if you purchased your units under the Low Load Option or Deferred Sales Charge Option. A short-term trading fee may also apply. See "*Short-Term Trading Fees*" on page 15 for additional information. If you redeem your units prior to the applicable Maturity Date, you will not receive the Guaranteed Value for those units.

Redemption Process

Redemption instructions must be in writing and 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. Additional documentation may be required if the investor is a corporation, partnership, agent, a trustee acting for someone else or a surviving joint owner.

If your redemption request is received 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, we will process the redemption at the NAV per unit calculated on that business day. A redemption request received after that time will receive the NAV per unit calculated on the next business day.

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. For security reasons, we may refuse to accept a redemption request sent by you directly through telecommunication facilities.

Redemption requests will be processed in the order in which they are received. A Fund will not process redemption requests specifying a forward date or specific price. Redemption requests involving transfers to or from registered plans may be delayed if the transfer documents are not completed properly.

If the right to redeem units 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 units will be redeemed by the Fund in accordance with the redemption request at the NAV first calculated following the end of the suspension period. See “*Suspension of Redemptions*” on page 14 for more information.

Payment of Redemption Proceeds

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, in accordance with securities regulations, to repurchase the units on the tenth business day at the NAV per unit calculated that day. The redemption proceeds will be applied to the payment of the issue price of the units. If the cost to repurchase the units is less than the redemption proceeds, the difference will belong to the applicable Fund. Any shortfall will initially be paid to the Fund by us. We will be entitled to 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.

Redemption of Small Accounts

Given the high cost of maintaining accounts of less than \$500, each Fund has the right to redeem your units if the book value of your investment in the Fund is less than \$500. You may be notified that the book value of your investment 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. If a redemption is processed, a redemption fee may apply for Low Load Securities and DSC Securities. Please see “*Purchase of Units - Purchase Options*” on page 8 for more information on the fees that apply under these purchase options.

Suspension of Redemptions

We may suspend the right to redeem units of a Fund or postpone the date of payment upon redemption: (i) during any period when normal trading is suspended on any exchange on which securities or specified derivatives are listed which, in the aggregate, 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 (ii) with the prior permission of the Canadian securities regulatory authorities. During any period of suspension there will be no calculation of NAV and no units will be issued, switched or redeemed by the Fund. The calculation of the NAV per unit will resume when trading resumes on the exchange referred to in (i) or with the permission of the Canadian securities regulatory authorities.

Guaranteed Value

Fortis Bank has provided a guarantee to the Funds that, on the Maturity Date of each such Fund, the Fund will have sufficient assets to pay to investors an amount for each outstanding unit equal to the greatest of the following three values: (i) \$10.00, (ii) the highest month-end series NAV per unit during the period from the start date of the Fund until the Maturity Date of the Fund or (iii) the series NAV per unit on the Maturity Date of the Fund. We call this amount the “Guaranteed Value”. The initial Guaranteed Value of each series of units of each Fund is \$10.00 per unit, being the NAV per unit of each series on the start date of the Fund. On the last business day of each calendar month during the term of each Fund, we compare the then current Guaranteed Value with the series NAV per unit calculated on that day. If this series NAV per unit is higher than the current Guaranteed Value for that series of units, the Guaranteed Value will be increased to equal the higher series NAV per unit. In effect, the Guaranteed Value is “clicked up” each time the month-end series NAV per unit is higher than the current Guaranteed Value. In no event will the Guaranteed Value be decreased, regardless of any subsequent decrease in the series NAV per unit. On the Maturity Date, the then current Guaranteed Value is compared with the series NAV per unit on the Maturity Date and, if applicable, is clicked up to the higher of these two values. The Guaranteed Value is the same for each investor in the same series of units of a Fund, regardless of when during the term of the Fund the investor purchased his or her units.

A separate Guaranteed Value will be calculated for each series of units of a Fund. If you hold your units until the scheduled Maturity Date of a Fund and redeem them on the Maturity Date, then, as a result of the Guarantee, you will receive the Guaranteed Value for each redeemed unit on the Fund’s Maturity Date. All units outstanding on the scheduled Maturity Date of a Fund that are not redeemed will be automatically switched to Series A units of IA Clarington Money Market Fund under the applicable purchase option based on the Guaranteed Value. Series F units of a Fund will be automatically switched to Series A units of IA Clarington Money Market Fund under the front end option. No sales charges or switch fees will be payable in respect of this switch. The switch will be treated like a redemption for tax purposes. Please see “*Income Tax Considerations*” on page 27 for a discussion of the tax consequences of a redemption of units.

If, for any reason, the Guarantee is not in effect on the Maturity Date, the above redemptions and switches will be based on the applicable series net asset value per unit on the Maturity Date.

The Maturity Date of a Fund may be accelerated to a date prior to the scheduled Maturity Date if the Manager determines that the Fund's asset size is not economically viable, if BNP Paribas Investment Partners Canada Ltd. ("BNP Paribas Canada" or the "Portfolio Advisor") resigns or is terminated and the Manager determines that a replacement portfolio advisor and/or guarantor will not be appointed or if the Manager determines that it is in the best interests of investors to accelerate the Maturity Date of the Fund. The Maturity Date of a Fund will be accelerated if all of the assets of the Fund are allocated to the passive component of the Fund. On acceleration, as a result of the Guarantee, investors will be entitled to receive the Accelerated Guaranteed Value for each unit of the Fund then held. Because the Accelerated Guaranteed Value is based on a net present value calculation that takes into account the time value of money, the amount investors receive could be less than \$10.00 per unit (the series net asset value per unit on the start date of the Fund).

Investors who redeem their units on the accelerated Maturity Date will receive the Accelerated Guaranteed Value per unit, less any redemption or other charges that apply to Low Load Securities and DSC Securities of the Fund.

All units that are not redeemed on the accelerated Maturity Date of a Fund will be automatically switched to Series A units of IA Clarington Money Market Fund under the applicable purchase option based on the Accelerated Guaranteed Value. The Low Load Securities and DSC Securities of IA Clarington Money Market Fund will have the same remaining term of any applicable redemption fee schedule as the corresponding Series A units of the Fund. Series F units of a Fund will be automatically switched to Series A units of IA Clarington Money Market Fund under the front end purchase option. No sales charges or switch fees will be payable in respect of this switch. The switch will be treated like a redemption for tax purposes. Please see "*Income Tax Considerations*" on page 27 for a discussion of the tax consequences of a redemption of units.

Investors will receive at least 60 days' prior written notice of any accelerated Maturity Date of a Fund. If an accelerated Maturity Date is declared for a Fund, that Fund will be automatically closed to new purchases, subject to such rules relating to distributions and pre-authorized chequing plans as the Manager may determine.

If, for any reason, the Guarantee is not in effect on the accelerated Maturity Date, then the above redemptions and switches will be based on the applicable series net asset value per unit on the accelerated Maturity Date.

Please see the Simplified Prospectus of the Funds for details on the risks associated with the Guarantee.

Short-Term Trading Fees

An investment in a Fund is intended to be a long-term investment, and the Funds are not generally appropriate for short-term investment or speculation. In order to deter short-term

trading in the Funds we have imposed short-term trading fees. These fees are payable to the Funds.

If you redeem or switch units of a Fund within 30 days of purchase, you will be charged a short-term trading fee of 2% of the value of the units redeemed or switched. If you redeem or switch units of a Fund between 31 and 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 units redeemed or switched. We may waive either of these fees at our discretion in special circumstances.

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

We have implemented systematic procedures to monitor and detect short-term trading activities. We do not charge short-term trading fees to our fund-of-fund investments or on investments by our parent company, Industrial Alliance, in connection with its segregated funds and similar investment products.

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

The 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.

However, a PAC Plan cannot invest in Low Load Securities of a Fund during the last three years prior to the scheduled Maturity Date of the Fund and it cannot invest in DSC Securities of a Fund during the last seven years prior to the scheduled Maturity Date of the Fund. On or prior to the Maturity Date of a Fund, you must instruct us to invest your PAC Plan in another IA Clarington Fund or your PAC Plan for that Fund will terminate.

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 the program or subsequently request it from your dealer. You can obtain copies of these documents:

- by calling us toll free at 1-800-530-0204 or sending us an email at funds@iaclarington.com,
- from our website at www.iaclarington.com,
- from your dealer or
- from the SEDAR website at www.sedar.com.

Confirmations of investments are provided in semi-annual statements that set out details of all transactions in the PAC Plan. You may discontinue the PAC Plan or change the investment amount at any time. In the event a cheque is dishonoured under the PAC Plan for any reason, including insufficient funds, there may be a \$30 charge.

Systematic Withdrawal Plan

We have a Systematic Withdrawal Plan which enables you to redeem units on a periodic basis. Any withdrawals made prior to the Maturity Date of a Fund will constitute a redemption and, therefore, you will not be entitled to receive the Guaranteed Value in respect of any units so redeemed.

You may redeem weekly, bi-weekly, semi-monthly, monthly, bi-monthly, quarterly, semi-annually or annually.

This program allows you to receive regular and periodic payments of at least \$100. If any of your Low Load Securities or DSC Securities are redeemed under this plan, other than those included in the Free Redemption Amount discussed earlier, you will be required to pay a redemption fee. You can terminate the plan at any time by giving us written notice. Please note that if your withdrawals are greater than the net earnings of your Fund, you will eventually use up 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 IA Clarington 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. There may be tax consequences to switches. Please see “*Switching Privileges*” on page 11 for more details on switching.

Registered Plans (RRSPs, RRIFs, LIFs, LRIFs, PRIFs, LIRAs, LRSPs, TFSAs and RESPs)

You may obtain an application form and a declaration of trust for the IA Clarington-sponsored registered plans directly from us or from your dealer. After you have completed the application form and the declaration of trust, the plan trustee will register the plan with the Canada Revenue Agency, and will hold your investment in the registered plan under the terms of the plan's declaration of trust. You should consult your own tax adviser for full particulars of the tax implications of establishing, amending and terminating registered plans under the Tax Act and applicable provincial legislation. The IA Clarington RRSP and RRIF have each been accepted as a qualifying registered overseas pension scheme for United Kingdom tax purposes.

The minimum initial investment in any IA Clarington registered plan is \$500. There are no annual administration fees for these retirement savings plans.

Management of the Funds

The Manager

The Manager of the Funds is IA Clarington Investments Inc., a corporation amalgamated under the laws of Canada with its head office at 1080 Grande Allée Ouest, Québec City, Québec, G1K 7M3 and an office located at 522 University Avenue, Suite 700, Toronto, Ontario, M5G 1Y7. The phone number for the Manager is (416) 860-9880 or toll-free at 1-800-530-0204, the e-mail address is funds@iaclarington.com and the website address is www.iaclarington.com. The Manager is the trustee and administrator of the Funds.

The names and municipalities of residence of the directors and officers of the Manager, and their positions and offices, are as follows:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Yvon Charest Québec City, Québec	Vice-Chairman and Director	President and Chief Executive Officer of Industrial Alliance.
Normand Pépin Québec City, Québec	Chairman, Chief Executive Officer and Director	Executive Vice-President, Life Subsidiaries and Individual Insurance & Annuities of Industrial Alliance.
Adrian Brouwers Summerland, British Columbia	Vice-Chairman and Director	Vice-Chairman and Director of the Manager; Prior to December 2007 Executive Vice-President Sales and Marketing of the Manager; Associated with ClaringtonFunds Inc., from May 1996 to December, 2006.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Yvon Côté Québec City, Québec	Director	Retired; Prior to March, 2008 Vice-President and General Manager, Finance & Investments of Industrial Alliance and Chief Executive Officer and Chairman of the Board of Industrial Alliance Investment Management Inc.
André Dubuc Montreal, Québec	Director	Retired. Senior Executive Vice-President, Treasury, Capital Markets, Wealth Management and Brokerage of Laurentian Bank of Canada from June 2003 to October 2004.
John Gill Vancouver, British Columbia	Director	Retired. Prior to July 2005, President of Industrial Alliance Pacific Life Insurance Company.
Theresa Currie Toronto, Ontario	Director	Retired. Vice-Chair of M.R.S. Inc. until December 2005.
David Scandiffio Toronto, Ontario	President and Director	Ultimate Designated Person of the Manager since January 2010; President of the Manager since December 2004.
Nancy Cappadocia Toronto, Ontario	Vice-President, Finance and Chief Financial Officer	Vice-President, Finance and Chief Financial Officer of the Manager since May 2008; Chief Financial Officer of the Manager from April 2008 to May 2008; Chief Financial Officer, Altamira Investment Services Inc. from January 2005 to March 2008.
Eric Frape Toronto, Ontario	Senior Vice-President, Product and Business Development	Senior Vice-President, Product and Business Development of the Manager; Associated with ClaringtonFunds Inc., from December 2001 to December 2006.
Kim Jativa Milton, Ontario	Vice-President, Operations	Vice-President, Operations of the Manager since March 2007; Assistant Vice-President, Operations of the Manager from March 2006 to March 2007.
Jennifer Dibblee Québec City, Québec	Corporate Secretary	Corporate Secretary of the Manager; Legal Counsel, Industrial Alliance.
Pierre Bernard Lorraine, Québec	Vice-President, Canadian Equities	Vice-President, Canadian Equities of the Manager.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Anthony Silvestrin Laval, Québec	Senior Vice-President, Private Wealth Management	Senior Vice-President, Private Wealth Management of the Manager.
Carl Mustos Toronto, Ontario	Senior Vice-President, National Sales Manager	Senior Vice-President and National Sales Manager of the Manager since May 2007. Prior thereto, Senior Vice President, Sales Mackenzie Financial Services Inc.
Matthew Campbell Toronto, Ontario	Vice-President, Chief Legal Counsel and Chief Compliance Officer	Vice-President, Chief Legal Counsel and Chief Compliance Officer of the Manager since January 2010. Vice-President and Chief Legal Counsel of the Manager since May 2008; Chief Legal Counsel of the Manager from June 2006 to May 2008. General Counsel, ClaringtonFunds Inc. from May 2005 to June 2006.
George Ho Toronto, Ontario	Vice-President, Information Systems and Technology	Vice-President, Information Systems and Technology of the Manager since May 24, 2011. Assistant Vice-President, Information Technology from July 2, 2007 to May 24, 2011. Prior thereto Assistant Vice-President, Information Technology, ClaringtonFunds Inc.

On February 4, 2005, the Funds entered into the existing master management agreement dated August 28, 2000, as amended and restated to June 25, 2004, March 7, 2005, June 22, 2005, June 30, 2006 and July 4, 2008 (the “Master Management Agreement”) with ClaringtonFunds Inc., which was assigned to the Manager on June 30, 2006. Pursuant to the Master Management Agreement, the Funds have appointed the Manager to provide them with all necessary administrative and management services in respect of the Funds. These services include providing, or arranging for the provision of, investment advice on the purchase and sale of portfolio securities, portfolio management and the calculation of net asset values of the Funds, where necessary. The Manager may provide these services directly or it may retain agents to perform these services.

The Master Management Agreement provides that the Manager is paid a management fee as compensation for its services to the Funds. Please refer to the specific Fund information in the Simplified Prospectus for the management fees applicable to each Fund.

The Master Management Agreement continues in effect from year to year unless terminated by either party upon at least 60 days’ written notice or as a result of the insolvency or default of either party.

The Master Management Agreement permits the Manager to appoint agents to assist it in performing all necessary services required by the Funds. The Master Management Agreement may not be assigned by the Manager without any applicable regulatory approval and the

approval of at least a majority of the votes cast at a meeting of the unitholders of the Funds, unless the assignment is to an affiliate of the Manager within the meaning of the *Securities Act* (Ontario).

Independent Review Committee

The Funds also have an independent review committee (“IRC”), comprised of three individuals, each of whom is independent from the Manager and its affiliates. The members of the IRC are Stephen J. Griggs, Jean Morissette and S. Robert Munroe. Mr. Munroe was appointed on May 1, 2007. Mr. Griggs was appointed on December 19, 2008. Mr. Morissette was appointed on March 31, 2009. The mandate of the IRC is to review any matter that involves a conflict of interest between the Manager and any of the Funds within the meaning of National Instrument 81-107 – Independent Review Committee for Investment Funds. Further information regarding the role of the IRC is contained under “*Fund Governance*” on page 25.

Portfolio Advisor

The Manager has retained BNP Paribas Canada of Toronto, Ontario to act as the portfolio advisor and portfolio manager of the Funds. BNP Paribas Canada is responsible for providing, or causing to be provided, investment analysis for the Funds and for making, or causing to be made, investment recommendations to the Manager and investment decisions for the Funds’ portfolios.

The Manager has entered into an investment advisory agreement dated as of December 17, 2004 with BNP Paribas Canada that sets out its duties as portfolio advisor. The investment advisory agreement continues in effect until terminated. It may be terminated by either party on 365 days’ written notice or without notice where there has been, among other things, fraudulence in the performance of the agreement by either party, failure by either party to meet its obligations under the agreement, the bankruptcy or insolvency of either party or failure by either party to obtain any necessary registration for the purposes of fulfilling the terms of the agreement. The Manager may also terminate the investment advisory agreement on the termination of the sub-advisory agreement referred to below.

BNP Paribas Canada has appointed BNP Paribas Asset Management SAS (the “Sub-Advisor”) of Paris, France to act as sub-advisor of the Funds pursuant to a sub-advisory agreement dated September 3, 2010 and to provide all investment advisory and portfolio management services to the Funds.

Notwithstanding the appointment of the Sub-Advisor, BNP Paribas Canada remains responsible for the investment advice given and the portfolio management services provided by the Sub-Advisor. The Sub-Advisor is resident outside Canada and all or a substantial portion of its assets are situated outside Canada. Accordingly, the Funds may have difficulty enforcing their legal rights against the Sub-Advisor. The name and address of an agent for service of the Sub-Advisor can be obtained from the Manager on request.

The name, title and length of service of the person employed by the Portfolio Advisor who is principally responsible for overseeing the day-to-day management of the Funds and the implementation of their investment strategy are detailed below:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Philip J. Gelsheimer Pickering, Ontario	Vice-President, Distribution Sales, Director	2003 – Present: Vice-President, Global Investments, BNP Paribas Canada.

The name, title and length of service of the persons employed by the Sub-Advisor who are principally responsible for the day-to-day management of the Funds or implementing their investment strategy are detailed below:

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
Stephane Ifrah Paris, France	Head of Actively Managed Guaranteed Funds	2007 to present: Head of Active Guaranteed Funds, Structured, Indexed & Generation Multi Alpha, BNP Paribas Asset Management, Paris 2005 – 2007: Portfolio Manager for active guaranteed funds and STEP funds, BNP Paribas Asset Management, Paris 2000 – 2005: Business Manager in Corporate Acquisition Finance, BNP Paribas, London
Clément Dupire Paris, France	Portfolio Manager	2006 to present: Portfolio Manager Indexed Funds Management, BNP Paribas Asset Management, Paris
Emmanuel Bellegarde Paris, France	Active Guaranteed Fund Manager	2007 to present: Active Guaranteed Fund Manager, BNP Paribas Asset Management, Paris 2004 to 2007: Asset Allocation Portfolio Manager, BNP Paribas Asset Management, Paris

All investments proposed by the above individuals in respect of a Fund’s portfolio are initially evaluated using a risk management system developed by the Sub-Advisor and its affiliates. These trades are then reviewed by a designated officer of the Sub-Advisor to ensure that they comply with the Fund’s investment objective and strategies. In addition, the overall portfolio of each Fund is regularly reviewed by non-trading staff of the Sub-Advisor.

Fortis Bank has provided the Guarantee to the Funds. The Guarantee may be terminated by Fortis Bank only if BNP Paribas Canada, or another affiliate of, or entity acceptable to, Fortis Bank, ceases to be the portfolio advisor of the Funds. However, under the terms of the investment advisory agreement, if BNP Paribas Canada gives notice of termination of that agreement, it is required to use all reasonable efforts to either find a suitable replacement guarantor or cause Fortis Bank to confirm in writing it will continue to provide the Guarantee. If Fortis Bank gives notice of its intention to terminate the Guarantee, the Manager expects that it will either find an acceptable replacement guarantor or the Maturity Date of the Funds will be accelerated prior to the termination of the existing Guarantee.

It is also possible that, notwithstanding the AA credit rating by Standard & Poor's and A+ credit rating by Fitch Ratings of Fortis Bank as of March 18, 2011, the financial position of Fortis Bank could deteriorate, resulting in it being unable to satisfy its obligations under the Guarantee. No entity or person, including IA Clarington, is obligated to make up any shortfall in the event that Fortis Bank defaults on its obligations and the Fund's assets are insufficient to pay out the Guaranteed Value on the scheduled Maturity Date. Further information concerning Fortis Bank is available free of charge on its Internet site at www.fortisbank.com. For further details, please refer to the Simplified Prospectus of the Funds.

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of portfolio transactions, including selection of market, dealer or broker and the negotiation, where applicable, of commissions, are made by the Sub-Advisor. In effecting portfolio transactions, the Sub-Advisor has a duty to seek best execution. In making a determination regarding best execution, the Sub-Advisor will take into account certain criteria including the commission rate offered, execution capability, trading expertise, value market depth and available liquidity, timing and size of an order, and current market conditions, amongst other things.

Where a dealer or broker offers goods and services other than order execution to the Funds through the Sub-Advisor, these must be limited to "investment decision-making services" which means investment advice, provided either directly or through publications, as to the value of securities and the advisability of effecting transactions in securities, analyses and reports concerning securities, portfolio strategy or performance, issuers, industries or economic or political factors and trends; and, databases or software to the extent they are designed mainly to support those services or effecting securities transactions and performing functions incidental thereto (such as clearance, settlement and custody).

No dealer or broker provides investment decision-making services other than order execution services in connection with the Funds.

Where the investment objectives and policies of the Funds and other clients for which the Sub-Advisor provides its services are substantially similar and, accordingly, the Sub-Advisor has determined to buy or sell the same security for a Fund and for one or more other entities, the orders for all securities will be placed for execution by methods determined by the Sub-Advisor to be impartial and fair in order to seek favourable results for all of its clients. Generally, the sub-advisor pro-rates each client's participation in an investment opportunity based upon the amount each client otherwise would have invested, taking into consideration each client's investment portfolio and other factors present at the time.

Custodian

The portfolio assets of the Funds are held under the custodianship of RBC Dexia Investor Services Trust ("RBC Dexia") pursuant to a custodian agreement dated January 1, 2002, which was restated on June 6, 2005, amended on August 26, 2005 and assigned to RBC Dexia from The Royal Trust Company on December 31, 2005 (the "Custodial Agreement"). Under the Custodial Agreement, all portfolio assets held by the Funds are held by RBC Dexia and all

securities transactions take place through RBC Dexia. The Custodial Agreement may be terminated by either party on 60 days' notice to the other.

Auditor

The auditor of the Funds is PricewaterhouseCoopers LLP of Québec City, Québec. Any change in the auditors of a Fund may be made with the approval of the independent review committee of the applicable Fund in accordance with securities regulatory policies.

Registrar and Transfer Agent

IA Clarington Investments Inc., the registrar and transfer agent of the Funds, maintains the register of units of the Funds at its principal office in Toronto, Ontario.

Principal Holders of Securities

As of the date hereof, the only shareholder known to the Manager to own, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding shares of IA Clarington Investments Inc. is:

<u>Name</u>	<u>Number and Class of Shares</u>	<u>Percentage of Class</u>
Industrial Alliance	4,357,971 common	100%

As of April 27, 2011, the unitholders known to the Manager to own, of record or beneficially, directly or indirectly, more than 10% of the issued and outstanding units of any series of units of a Fund are:

<u>Name</u>	<u>Number of Units</u>	<u>Name and Series of Fund</u>	<u>Percentage of Series</u>
Donald Conlin	604.02	IA Clarington Target Click 2030 Fund - F	36.12
Jason E. Bobee	195.31	IA Clarington Target Click 2030 Fund - F	11.68
Joan Kelly	11,774.37	IA Clarington Target Click 2025 Fund - F	14.49
Lisa Allen	10,105.87	IA Clarington Target Click 2020 Fund - F	10.28
Michael G. Martin	723.07	IA Clarington Target Click 2030 Fund - F	43.24

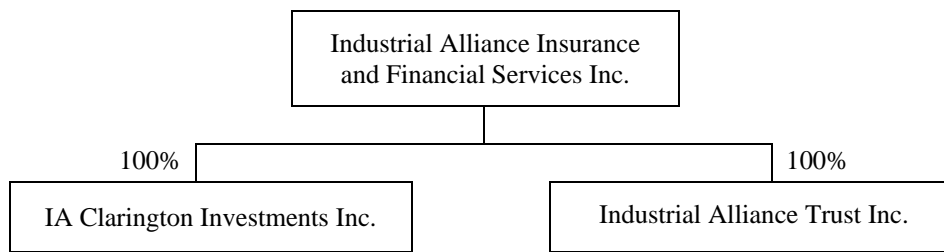
As of May 25, 2011, the directors and senior officers of the Manager as a group beneficially owned, directly or indirectly, less than 1% of the outstanding units of each IA Clarington Fund. As at that date, the independent review committee members, as a group, beneficially owned, directly or indirectly, less than 1% of the outstanding units of any of the Funds, did not own shares of the Manager or Industrial Alliance, and owned less than 0.5% of the outstanding securities of any class of voting or equity securities issued by any other person or company that provides services to the Funds or IA Clarington.

Affiliated Entities

As of the date of this annual information form, Industrial Alliance is the only person or company that is an "affiliated entity" of the Manager and provides services to the Funds or to the Manager

in relation to the Funds. The amount of fees received from a Fund by Industrial Alliance in a financial year, if any, is in the applicable audited annual financial statements of the Fund. It provides fund accounting and portfolio valuation services in connection with the Funds, and provides certain back office and administration services to the Manager. Certain of the officers and directors of the Manager are also officers and/or directors of Industrial Alliance. Particulars of these relationships are shown in the table starting on page 18.

The following diagram shows the corporate relationship between the Manager and Industrial Alliance as at the date of this Annual Information Form:



Fund Governance

The responsibility for governance of the Funds lies with the Board of Directors of the Manager. A list of these directors is set out under “*Management of the Funds*” on page 18. The Manager considers that a board member is independent (an “Independent Member”) if the individual is not employed as an officer of the Manager or an affiliate of the Manager and is free from any material interest or relationship that could interfere with any director’s independent judgment. The Boards of Directors currently consists of eight individuals, of whom the following individuals are Independent Members: André Dubuc, John Gill, Theresa Currie, Yvon Côté and Adrian Brouwers.

Committees

The Manager has established an audit committee to assist the Board of Directors in fulfilling its oversight responsibilities. The Audit Committee is comprised of André Dubuc, John Gill and Theresa Currie and oversees the audit process, the financial reporting process and the systems of internal control over financial reporting. The Audit Committee reviews on a regular basis the Manager’s compliance with all policies and procedures relating to external audits and evaluates the Manager’s monitoring of internal controls. Regular reports and recommendations are provided by the Audit Committee to the Board of Directors respecting audit activities and related issues.

The Funds also have an independent review committee, comprised of three individuals, each of whom is independent from the Manager and its affiliates. The names of the members of the independent review committee are set out under “*Independent Review Committee*” on page 21. The mandate of the independent review committee is to review any matter that involves a conflict of interest between the Manager and the Funds within the meaning of National Instrument 81-107 – Independent Review Committee for Investment Funds. The Manager has developed and implemented policies governing conflicts of interest and the referral of conflict of interest matters to the independent review committee. For the year ended December 31, 2010, an

aggregate amount of \$68,656 was paid as compensation to the independent review committee members for acting as the independent review committee of all of the investment funds managed by the Manager, of which \$5,256.66 was allocated to the Funds, and the Funds reimbursed expenses of the independent review committee members in the aggregate amount of \$4,379.34.

Policies Regarding Proxy Voting

The Manager retains all securities voting responsibilities in respect of the securities held by the Funds. The Manager will exercise that responsibility in accordance with the best economic interests of the applicable Fund and the Fund's investors. Generally, the Manager will vote for proposals that enhance the investment value of the relevant security and against proposals that increase the risk level and reduce the overall investment value.

As described in the Simplified Prospectus of the Funds, the Funds' portfolios are comprised of an active component and a passive component. The passive component consists of fixed income securities and cash equivalents, which are non-voting. The active component consists of units of the Underlying Fund and cash equivalents. The simplified prospectus of the Underlying Fund dated March 16, 2011 states that it does not hold regular meetings and that units of the Underlying Fund are permitted to vote on the matters that require unitholder approval under National Instrument 81-102 – Mutual Funds or the Underlying Fund's declaration of trust. Accordingly, the only portfolio securities that the Funds could vote would be the units of the Underlying Fund that are held by each Fund.

For routine matters, any units of the Underlying Fund that are entitled to vote shall be voted by the Manager in accordance with the recommendations of management of the Underlying Fund. A Fund will deviate from this standing procedure where the Manager has a conflict of interest in voting the relevant units.

Non-routine matters shall be evaluated on a case-by-case basis and a Fund shall vote based on the Manager's determination of the likely effect of the vote on the interests of the Fund and the likely effect of the non-routine matter on the value of the Underlying Fund's units.

Where any vote involves a conflict of interest between the Fund, on the one hand, and the Manager, the Portfolio Advisor or the Sub-Advisor, on the other hand, the Manager shall, if the vote does not involve a conflict of interest with the Manager, vote the Underlying Fund's units. Where the Manager has a conflict of interest, the Manager may refrain from voting the Underlying Fund units, may retain an independent third party to recommend how to vote the Underlying Fund's units and vote in accordance with such recommendation or may choose to flow through the voting rights of the Fund's investment in the Underlying Fund to investors of the Fund. Any decision to be made by the Manager relating to the voting of such units shall be made by the President of the Manager, with such advice and consultation as the President may deem appropriate. Where there is a conflict of interest, any exercise of voting rights shall be made in accordance with the best interests of the Fund and the Fund's investors.

The Manager shall provide voting instructions to the custodian of the Funds as required and shall review records of the votes cast to confirm that its voting instructions were followed.

The policies and procedures that a Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by calling us toll free at 1-800-530-0204 or e-mailing us at proxyvoting@iaclarington.com. A Fund's proxy voting record for the annual period beginning July 1, 2010 to June 30, 2011 will be available free of charge to any investor of the Fund upon request at any time after August 31, 2011. A Fund's proxy voting record will also be available on our Internet site at www.iaclarington.com.

Management Fee Distributions

To encourage large investments in certain IA Clarington Funds or to accommodate special situations, we may reduce the management fees we charge. The reduction is usually based on the cumulative size of your investments in Front End Securities or Series F securities of any of the IA Clarington Funds, with the exception of investments in IA Clarington Money Market Fund, IA Clarington Short-Term Bond Fund, IA Clarington Short-Term Income Class and the Funds. Investments in these IA Clarington Funds are not included in the calculation of your investments in the IA Clarington Funds for this purpose and do not qualify for a reduction in management fees. You should refer to the annual information form of the other IA Clarington Funds for more details.

Income Tax Considerations

The following summarizes fairly the principal Canadian federal income tax considerations with respect to acquiring, owning and disposing of units of the Funds. It applies to an individual investor (other than a trust), who, for the purposes of the Tax Act is resident in Canada, deals at arm's length and is not affiliated with the Funds and holds the units as capital property.

This is a general summary and is not intended to be advice to any investor. You should seek independent advice about the income tax consequences of investing in units of the Funds, based on your own circumstances.

This summary is based on the current provisions of the Tax Act, the regulations thereunder ("Regulations"), specific proposals to amend the Tax Act and Regulations publicly announced by the Minister of Finance (Canada) prior to the date of this Annual Information Form and the administrative practices and assessing policies of Canada Revenue Agency ("CRA"). This summary does not take into account or anticipate any other changes in law whether by legislative, regulatory, administrative or judicial action. Furthermore, this summary does not take into account provincial or foreign income tax legislation or considerations.

Each of the Funds currently qualifies, and is expected to continue to qualify at all material times, as a mutual fund trust under the Tax Act. This summary assumes that each Fund will, at all material times, qualify as a mutual fund trust under the Tax Act.

Taxation of the Funds

In each taxation year, the Funds are subject to tax under Part I of the Tax Act on the amount of their income for tax purposes for the taxation year, including net taxable capital gains, less the portion thereof that is paid or payable to unitholders. The Manager will ensure that each Fund

distributes to unitholders in each calendar year enough of its net income and net realized capital gains so that it should not be liable for tax under Part I of the Tax Act for any taxation year. In certain circumstances, capital losses realized by the Funds may be suspended and, as a result, would be unavailable to shelter capital gains.

The zero-coupon securities in which the Funds will invest will include federal and provincial government bonds from which the interest coupons have been stripped (“Strip Bonds”). Strip Bonds and certain other zero-coupon securities are “prescribed debt obligations” under the Tax Act. A Fund will generally be required to include in income notional interest accrued on Strip Bonds and other prescribed debt obligations from the date of purchase, notwithstanding that there is no entitlement to receive any interest from the issuer of the Strip Bond. The amount of notional interest is calculated in accordance with the Regulations. Generally, the amount of notional interest that will be deemed to accrue each year on a Strip Bond is determined by using the interest rate which, when applied to the payments that the Fund is entitled to receive on the maturity of the Strip Bond, will produce the present value for the payment under the Strip Bond equal to the cost of the particular Strip Bond, as the case may be. This interest rate is then applied to the present value of the payment that Fund is entitled to receive under the Strip Bond and the amount so determined is the amount to be accrued by the Fund as the interest on the particular Strip Bond.

The character for tax purposes of any amounts received pursuant to the Guarantee is uncertain. It is possible that any amounts received by the Funds under the Guarantee would be taxable as capital gains; however, there can be no assurance in this regard. It is possible that the CRA would take the position that such amounts should be taxed on income account.

All of a Fund’s deductible expenses, including expenses common to all series of the Fund and management fees and other expenses specific to a particular series of the Fund, will be taken into account in determining the income or loss of the Fund as a whole.

Taxation of Unitholders in the Funds

Unitholders, generally, will be required to include in computing their income the amount (computed in Canadian dollars) of the net income and the taxable portion of the net realized capital gains as is paid or payable to them by a Fund in the year (which may include management fee distributions), even though such amounts may have been reinvested in additional units. Unitholders may be taxable on undistributed income and realized capital gains and accrued but unrealized capital gains that are in a Fund at the time the units are purchased.

Provided that appropriate designations are made by the Funds, the amount, if any, of foreign source income and net taxable capital gains of the Funds that are paid or payable to unitholders (including such amounts invested in additional units) will, effectively, retain their character for tax purposes and be treated as foreign source income and taxable capital gains of the unitholders. However, most of the distributions from the Funds are expected to consist of ordinary income. Foreign source income received by the Funds will generally be net of any taxes withheld in the foreign jurisdiction. The taxes so withheld will be included in the determination of income under the Tax Act. To the extent that the Funds so designates in accordance with the Tax Act,

unitholders will, for the purpose of computing foreign tax credits, be entitled to treat their proportionate share of such taxes withheld as foreign taxes paid by the unitholders.

To the extent that distributions to a unitholder by a Fund in any year exceed that unitholder's share of the net income and net realized capital gains of that Fund allocated to that unitholder for that year, those distributions (except to the extent that they are proceeds of disposition of a unit as described below) will generally be a return of capital and will not be taxable to the unitholder but will reduce the adjusted cost base of the unitholder's units.

Capital Gains and Alternative Minimum Tax for Unitholders of the Funds

Upon the redemption or other disposition or deemed disposition by a unitholder of units of a Fund (including pursuant to a switch of units for securities of another IA Clarington Fund and a deemed disposition on death), a capital gain (or capital loss) will be realized by the unitholder to the extent that the proceeds of disposition, net of any costs of disposition, exceed (or are exceeded by) the unitholder's adjusted cost base of the units immediately before the disposition. A redesignation of units of one series of a Fund into units of another series of the same Fund will not, in itself result in a disposition for tax purposes.

Generally, one-half of a capital gain (or capital loss) is included in determining a unitholder's taxable capital gain (or allowable capital loss). Capital gains and dividends from Canadian corporations may give rise to a liability for alternative minimum tax under the Tax Act.

Eligibility of the Units for Registered Plans

Provided that the Funds qualify as mutual fund trusts under the Tax Act effective at all times, units of the Funds will be "qualified investments" under the Tax Act for Registered Plans. Annuitants of registered retirement savings plans and registered retirement income funds and holders of tax-free savings accounts should consult with their own tax advisors as to whether securities of the Funds would be a prohibited investment under the Tax Act in their particular circumstances.

Investors who choose to purchase units of a Fund through a Registered Plan should consult their own professional advisors regarding the tax treatment of contributions to and acquisitions of property by such Registered Plan.

Material Contracts

The material contracts for the Funds are as follows:

1. Master Declaration of Trust as described under "*Formation and History of the Funds*" on page 1;
2. Master Management Agreement as described under "*Management of the Funds*" on page 18;
3. Investment advisory agreement and sub-advisory agreement as described under "*Portfolio Advisor*" on page 21;

4. Custodial Agreement as described under “*Custodian*” on page 23; and
5. Guarantee Letter dated June 25, 2008 made by Fortis Bank in favour of the Funds and the Manager.

Copies of the material contracts mentioned above may be inspected during ordinary business hours on any business day at the office of the Funds at 522 University Avenue, Suite 700, Toronto, Ontario.

Independent Auditor's Consent

Series A and F units

IA Clarington Target Click 2015 Fund

IA Clarington Target Click 2020 Fund

IA Clarington Target Click 2025 Fund

IA Clarington Target Click 2030 Fund

(collectively, the "Funds")

We have read the Simplified Prospectus of the Funds dated May 25, 2011 and the documents specifically incorporated by reference therein relating to the sale and issue of the above-mentioned series of securities of the Funds. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to being named in and to the use, through incorporation by reference in the above-mentioned Simplified Prospectus, of our report mentioned below. We have reported to the unitholders of the Funds on the following financial statements of each of the Funds:

- Statement of investment portfolio as at December 31, 2010;
- Statements of net assets as at December 31, 2010 and 2009; and
- Statements of operations and changes in net assets for the years ended December 31, 2010 and 2009.

Our Independent Auditor's Report was dated March 10, 2011.

(signed) "PricewaterhouseCoopers LLP"

Québec City, Québec, Canada

May 25, 2011

¹ chartered account auditor permit No. 9614

Certificate of the Funds, Manager and Promoter

IA Clarington Target Click 2015 Fund
IA Clarington Target Click 2020 Fund
IA Clarington Target Click 2025 Fund
IA Clarington Target Click 2030 Fund

(collectively, the “Funds”)

This Annual Information Form, together with the simplified prospectus and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of each of the provinces and territories of Canada and do not contain any misrepresentations.

Dated: May 25, 2011

(signed) “Normand Pépin”

Normand Pépin
Chief Executive Officer
IA Clarington Investments Inc

(signed) “Nancy Cappadocia”

Nancy Cappadocia
Vice-President, Finance
and Chief Financial Officer
IA Clarington Investments Inc.

**On behalf of the Board of Directors of IA Clarington Investments Inc. as
Trustee, Manager and Promoter of the Funds**

(signed) “David Scandiffio”

David Scandiffio
Director

(signed) “Yvon Charest”

Yvon Charest
Director

IA Clarington Investments Inc.

Target Click Funds

IA Clarington Target Click 2015 Fund

IA Clarington Target Click 2020 Fund

IA Clarington Target Click 2025 Fund

IA Clarington Target Click 2030 Fund

(collectively, the “Funds”)

Additional information about the Funds is available in the Funds’ Fund Facts, management reports of fund performance and financial statements.

You can get a copy of these documents at no cost by calling us toll-free at **1-800-530-0204** 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 at **www.sedar.com**.

Manager of the IA Clarington Target Click Funds

IA Clarington Investments Inc.

Business Office

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