

IA Clarington Investments Inc.

Annual Information Form

September 16, 2011

Offering Series A, Series E, Series E5, Series F, Series F5, Series I, Series L, Series L5, Series O and Series T5 units of:

IA Clarington Strategic Corporate Bond Fund

(the "Fund")

No securities regulatory authority has expressed an opinion about the merits of the Fund's units and it is an offence to claim otherwise. The Fund and the units of the Fund 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 and the IA Clarington Target Click Funds, which are each described in separate simplified prospectuses and annual information forms.

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Formation and History of the Fund

IA Clarington Strategic Corporate Bond Fund (the “Fund”) is an open-end mutual fund trust established under the laws of Ontario by a master declaration of trust dated August 28, 2000, as amended and restated as of June 25, 2004 and June 22, 2005, which was assigned to IA Clarington Investments Inc. on June 30, 2006 and further amended and restated as of September 15, 2006, July 4, 2007, October 31, 2007, July 4, 2008, November 19, 2008, November 20, 2009 and August 8, 2011 (the “Master Declaration of Trust”). The Master Declaration of Trust establishes IA Clarington Investments Inc. as the trustee of the Fund (the “Trustee”). Any schedules to or regulations under the Master Declaration of Trust may be amended from time to time to add a mutual fund trust or remove the Fund. The Master Declaration of Trust provides that the Trustee may terminate the Fund as of a date not earlier than 60 days following the mailing of notice of termination to unitholders.

The manager of the Fund 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 July 27, 1999 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”).

The Fund’s office is 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.

We manage the other IA Clarington Funds and the IA Clarington Target Click Funds which are offered for sale pursuant to separate simplified prospectuses and annual information forms dated July 12, 2011 and May 25, 2011, respectively. The Fund, the other IA Clarington Funds and the IA Clarington Target Click Funds are collectively referred to as the “IA Clarington Funds”.

Investment Restrictions and Practices of the Fund

Investment Restrictions

The Fund is 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 Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. Except as set out below, the Fund adheres to these standard investment restrictions and practices.

The Fund is 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 Fund has received permission from the Canadian securities regulators to engage in short selling. The Fund may engage in short selling. The Fund will engage in short selling only within certain controls and limitations. Securities will be sold short only for cash and the Fund will receive the cash proceeds within normal trading settlement periods for the market in which the short sale is made. All short sales will be through market facilities through which those securities are normally bought and sold. Securities sold short by the Fund will be liquid securities that are either listed and posted for trading on a stock exchange and which the portfolio advisor has pre-arranged to borrow for the purpose of such sale, or will be a bond, debenture or other evidence of indebtedness of or guaranteed by the Government of Canada or any province or territory of Canada or the Government of the United States of America. At the time securities of a particular issuer are sold short, the aggregate market value of all securities of that issuer sold short by the Fund will not exceed 5% of the total net assets of the Fund. The aggregate market value of all securities sold short by the Fund will not exceed 20% of the net assets of the Fund on a daily marked-to-market basis. The Fund will place a “stop-loss” order with a dealer to immediately purchase for the Fund an equal number of the same securities if the trading price of the securities exceeds 120% (or such lesser percentage as the Manager may determine) of the price at which the securities were sold short. The Fund will deposit its assets with the borrowing agent (either the Fund’s custodian or a prescribed dealer) as security in connection with the short sale transaction. The Fund will keep proper books and records of all short sales and Fund assets deposited with borrowing agents as security. The Fund will hold “cash cover” (as defined in National Instrument 81-102 – Mutual Funds) in an amount, including the Fund assets deposited with borrowing agents as security in connection with short sale transactions, that is at least 150% of the aggregate market value of all securities sold short by the Fund on a daily marked-to-market basis.

The Fund has received exemptive relief from the Canadian securities regulatory authorities to permit it to invest in certain exchange traded funds which utilize leverage in an attempt to magnify returns by either a multiple or an inverse multiple of a specified widely-quoted market index (the “Leveraged ETFs”), certain exchange-traded funds that seek to replicate the performance of gold or the value of a specified derivative the underlying interest of which is gold on an unlevered basis (“Gold ETFs”), and certain exchange-traded funds that seek to provide daily results that replicate the daily performance of gold or the value of a specified derivative the underlying interest of which is gold on an unlevered basis, by a multiple of 200% (“Leveraged Gold ETFs”). The Fund does not currently invest in Gold ETFs or Leveraged Gold ETFs. Investments in the Leveraged ETFs, Gold ETFs and Leveraged Gold ETFs will be made only in accordance with the Fund’s investment objectives, and in no case will the aggregate investment in such ETFs surpass 10% of the Fund’s net assets at the time of purchase. The Fund will only invest in a Leveraged ETF that is rebalanced daily to ensure that its performance and exposure to its underlying index will not exceed +/-200% of the corresponding daily performance of its underlying index. If the Fund invested in Leveraged Gold ETFs, the Leveraged Gold ETFs would be rebalanced daily to ensure that their performance and exposure to their underlying gold interest will not exceed +200% of the corresponding daily performance of its underlying gold interest. If the Fund engages in short-selling, it will not short sell securities of the Leveraged ETFs, Gold ETFs or Leveraged Gold ETFs. In no case will the Fund enter into any transaction if, immediately after the transaction, more than 20% of the net assets of the Fund, taken at market value at the time of the transaction, would consist of, in aggregate, securities of the Leveraged ETFs, Gold ETFs, Leveraged Gold ETFs and all securities sold short by the Fund. The Fund may

only invest in securities of Leveraged ETFs, Gold ETFs or Leveraged Gold ETFs that are traded on a stock exchange in Canada or the United States. The Fund will not invest in a Leveraged ETF with a benchmark index that is based on (i) a physical commodity, or (ii) a specified derivative (within the meaning of National Instrument 81-102 – Mutual Funds) of which the underlying interest is a physical commodity.

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

Registered Plan Status

The Fund is expected to qualify as a mutual fund trust within the meaning of the *Income Tax Act* (Canada) (the "Tax Act") effective from the date of its creation in 2011, and is expected to continue to so qualify at all material times in the future. Accordingly, units of the Fund are expected to be 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 Fund would be a prohibited investment under the Tax Act in their particular circumstances.

Description of Units

The 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, the Fund offers ten series of units: Series A, Series E, Series E5, Series F, Series F5, Series I, Series L, Series L5, Series O and Series T5 units. All references to Series E units include Series E and Series E5 units, all references to Series F units include Series F and Series F5 units and all references to Series L units include Series L and Series L5 units. Additional series of units may be issued at some point in the future. Series B, Series E6, Series F6, Series F8, Series F10, Series L6, Series L8, Series L10, Series LM, Series M, Series M6, Series M8, Series Q, Series T6, Series T8, Series T10, Series V, Series X and Series Y 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.

Series L units are only available to investors whose dealer has entered into a Series L agreement with us. They are sold under the advisor service charge purchase option only. We pay your dealer a commission equal to 3.00% of the amount of your investment. Your dealer will pay us a redemption fee on a declining scale if you redeem units within three years of purchase. Your dealer is required to provide you with written disclosure of any conflicts of interest arising from your purchase of Series L units and to obtain your written acknowledgement of this disclosure prior to your first purchase of Series L units. Holders of Series L units may switch into Front

End Securities (as defined under “Purchase Options” below) of another series of the Fund, and vice versa. A switch fee may apply. In addition, your dealer may be required to pay us a redemption fee if you switch Series L units that are still subject to a redemption fee schedule for Front End Securities. You may not switch Series L units for DSC Securities (as defined under “Purchase Options” below) or Low Load Securities (as defined under “Purchase Options” below). If you switch into Series L units, we will pay your dealer the commission, and the dealer will become subject to a redemption fee, as described under “Advisor Service Charge Option” on page 12.

Series O units have special attributes described in the Simplified Prospectus. They are not sold under the three main purchase options. Rather, these series of units are sold with no sales charge. Any redemption fees applicable to Series O units will be set out in the Series O securities agreement relating to those units. As described in the Simplified Prospectus, since the Fund offers Series O units to investors, it will undertake to pay a monthly distribution, which is reviewed periodically, and does not necessarily target a fixed percentage of the net asset value of the Fund. Series O investors negotiate and pay a fee directly to the Manager. In addition, the Fund pays a fixed expense charge in respect of Series O units, which covers all of the operating expenses of the Fund in respect of Series O units, other than new or increased taxes to which the Fund is or might be subject (such as capital tax or sales taxes), interest and other borrowing costs (if any) and costs associated with compliance with any new governmental or regulatory requirement introduced after July 6, 2010.

The 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 by the Fund. The net asset value of the 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 holder of a whole unit of the Fund is entitled to one vote per unit at meetings of unitholders of the Fund, other than meetings at which the holders of one series of units of the Fund are entitled to vote separately as a series.

Subject to management fee distributions, all units of each series are treated equally with respect to distributions and on the winding-up of the Fund based on the relative net asset value of each series.

All units of the Fund are fully paid and non-assessable when issued. Units of any series of the Fund may be switched at any time into securities of the same series of any other IA Clarington Fund. Please see “*Switching Privileges*” on page 12. Details and additional information relating to switching between: (i) purchase options; (ii) series of the Fund; and (iii) series of a different IA Clarington Fund are also available in the Fund’s Simplified Prospectus. Certain restrictions may apply in connection with switches to the other IA Clarington Funds.

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.

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 14. All units are transferable without restriction.

The rights and conditions attached to the units of the Fund 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 the Fund and the eligibility requirements attached to each series of units is contained in the Fund’s Simplified Prospectus.

Meetings of Investors

The Fund does not hold regular meetings. Investors of the 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 Fund (“IRC”) in accordance with securities legislation; and
- the appointment of a successor trustee of the Fund in certain circumstances.

The IRC 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 unitholders 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 the 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 the 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 the 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 the 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 the 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.

Valuation of Portfolio Securities

In calculating the NAV of any unit for the purposes of purchases and redemptions of units of the Fund, 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) subject to sub-paragraph (c) below, 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, or a security for which fewer than 100 securities are traded on such exchange, in each case 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, ask 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 ask 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 the 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 the 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 Fund 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 the Fund 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.

The Manager has not used its discretion to deviate from the Fund's valuation practices since its inception.

The constating document of the Fund contains details of the liabilities to be included in calculating the price for each series of units of the Fund. The liabilities of the 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 Fund.

The Fund is valued in Canadian dollars.

Purchase of Units

Units of the Fund are offered on a continuous basis 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

The minimum initial investment in Series A, Series L or Series T5 units of the Fund is \$500. For Series E units your initial investment must be at least \$150,000 in the Fund. If you subscribe for Series E units of the Fund but do not meet the initial investment requirements for those units, we will purchase Series A or Series T5 units of the Fund. For Series F units of the Fund, your initial investment must be at least \$10,000. Each subsequent investment in any series of units of the Fund must be at least \$50. We do not currently enforce the minimum investment requirements applicable to Series A, Series F, Series L or Series T5 units, but may enforce them in our discretion in the future without notice to you. We may also waive any minimum investment requirements in our discretion.

Series I and Series O units do not have a minimum purchase threshold, but are only available to investors who enter into a Series I or Series O agreement with us.

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 if received during normal business hours, otherwise, on the next business day. 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 Fund has the right to accept or reject any purchase order within one business day of receiving the order. If the 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 the 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 and Series T5 units of the 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 E units are only available for purchase under the front end option. Series F, Series I and Series O units have special attributes described in the Simplified Prospectus. They are not sold under these three purchase options. Rather, these series of units are sold with no sales charge. Series F units have no fees payable on redemption, while any redemption fees applicable to

Series I or Series O units will be set out in the Series I or Series O securities agreement relating to those units. Series L units are only available for purchase under the advisor service charge option.

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 the 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 of the Fund purchased under the low load option on 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.

Deferred Sales Charge Option

At the time of purchase, the full amount of your purchase is invested in the 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.

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 that would have been issued for any distributions received in cash that are not reinvested in units, 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 the 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>
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 you switch your investment in units of the Fund for securities of another IA Clarington Fund, the deferred sales charge 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 other IA Clarington Fund.

Advisor Service Charge Option

At the time of purchase, the full amount of your purchase of Series L units is invested in the Fund and we pay your dealer a commission equal to 3.00% of the amount of your investment. Your dealer will pay us a redemption fee on a declining scale if you redeem units within three years of purchase. Additional fees may apply for short-term trades involving Series L units. Please see “*Short-Term Trading Fees*” on page 15 for details.

The Series L redemption fee payable by your dealer, expressed as a percentage of the original purchase price per Series L 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>Advisor Service Charge percentage</u>
Year 1	3.00%
Year 2	2.50%
Year 3	2.00%
Year 4	0.00%

Switching Privileges

Switching Between the Fund and another IA Clarington Fund

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

Switches from the Fund to another IA Clarington Fund are accomplished by redeeming units of the Fund and purchasing securities of the other IA Clarington Fund. These switches will constitute a disposition and will likely result in a capital gain or loss for income tax purposes. For more information please see “*Income Tax Considerations*” on page 28.

Certain restrictions may apply in connection with switches to the IA Clarington Target Click Funds. Please refer to the Simplified Prospectus of the IA Clarington Target Click Funds for more details.

Switching Between Purchase Options

You may switch Front End Securities of the 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 the 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 the Fund for Low Load Securities of another IA Clarington Fund or vice versa.

You may not switch Series L securities under the Advisor Service Charge Option of the Fund for Low Load Securities or DSC Securities of the Fund or 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. 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 the Fund for another series of the 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 E, Series F or Series L units for Series A or Series T5 securities, you can choose any available purchase option to 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 or Series L securities, you must be eligible to buy them.

If we determine that you are no longer eligible to hold Series E, Series F, Series I, Series L or Series O units, we may switch you out of that series of units to Series A or Series T5 units of the Fund. These units will be held under the Front End Option if you are switched out of Series E, Series F, Series I or Series O units.

If we determine that you are no longer eligible to hold Series L units or if you move your account to a dealer that has not entered into a Series L agreement with us, we will switch you to Series A or Series T5 units of the Fund. Your dealer (your former dealer if you have moved your account to a new dealer) will be required to pay a redemption charge to us.

Any switch to or from Series I or Series O units is subject to the terms of the Series I or Series O securities agreement governing those units.

Switching units of one series for units of another series of the Fund is not a disposition for tax purposes. See *"Income Tax Considerations"* on page 28 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 E, Series F, Series I or Series O units and we switch you out of those units to Series A or Series T5 units of the 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 for additional information.

Redemption of Units

You may redeem your units at the NAV per unit of the Fund on any business day. 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.

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 if received during normal business hours, otherwise, on the next business day. 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. The 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 the 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*” below 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 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, the 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 the Fund is less than \$500 and be 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 9 for more information on the fees that apply under these purchase options.

Suspension of Redemptions

We may suspend the right to redeem units of the 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.

Short-Term Trading Fees

An investment in the Fund is intended to be a long-term investment, and the Fund is not generally appropriate for short-term investment or speculation. In order to deter short-term trading in the Fund we have imposed short-term trading fees. These fees are payable to the Fund.

If you redeem or switch units of the 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 units redeemed or switched. We may waive this fee at our discretion in special circumstances.

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

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 Fund 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 Fund. 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 (\$500 for Series E units),
- 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 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.

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 the Fund and another IA Clarington Fund. Subject to our switch rules, you may switch from the Fund to another IA Clarington Fund within the same account or from the 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 12 for more details on switching.

Redirected Distributions

Unless you elect to receive cash distributions from the Fund, distributions paid by the 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 from the Fund in securities of another IA Clarington Fund.

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. The IA Clarington RRSP and RRIF have each been accepted as a qualifying registered overseas pension scheme for United Kingdom tax purposes.

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 minimum initial investment in any IA Clarington Registered Plan is \$500. There are no annual administration fees for these Registered Plans.

Management of the Fund

The Manager

The Manager of the Fund 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 Fund.

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 July 2006 Executive Vice-President Sales and Marketing of the Manager; Associated with ClaringtonFunds Inc., from May 1996 to December, 2006.
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.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
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.
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. Prior thereto General Counsel, ClaringtonFunds Inc. from May 2005 to June 2006.

<u>Name and Municipality of Residence</u>	<u>Position and Office</u>	<u>Principal Business Association During Preceding Five Years</u>
George Ho Willowdale, 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 June 30, 2006 to May 24, 2011. Prior thereto Assistant Vice-President, Information Technology, ClaringtonFunds Inc.
Daniel Bastasic Oakville, Ontario	Senior Vice- President, Investments	Senior Vice-President, Investments of the Manager since June 2011. Prior thereto Senior Vice-President, Investments, Mackenzie Financial Corporation.

The Fund entered into a master management agreement dated August 28, 2000, as amended and restated as of June 25, 2004, March 7, 2005, June 22, 2005, June 30, 2006 and July 4, 2008 (the “Master Management Agreement”). The Master Management Agreement was assigned to the Manager by ClaringtonFunds Inc. on June 30, 2006. The schedules to the Master Management Agreement have been amended to add the Fund and may be amended from time to time to add or remove mutual funds. Pursuant to the Master Management Agreement, the Fund has appointed the Manager to provide it with all necessary administrative and management services. 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 value of the Fund, where necessary. The Manager may provide these services directly or it may retain service providers to perform these services.

The Master Management Agreement provides that the Manager is paid a management fee as compensation for its services to the Fund. Please refer to the Simplified Prospectus for the management fees of the Fund. No management fees are paid by the Fund to the Manager in respect of the Series I or Series O units of the Fund. Instead, Series I and Series O investors negotiate and pay a fee directly to the Manager. In addition, the Fund pays a fixed expense charge in respect of Series O units, which covers all of the operating expenses of the Fund in respect of Series O units, other than new or increased taxes to which the Fund is or might be subject (such as capital tax or sales taxes), interest and other borrowing costs (if any) and costs associated with compliance with any new governmental or regulatory requirement introduced after July 6, 2010. The Fund is responsible for payment of these expenses.

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 service providers to assist it in performing all necessary services required by the Fund. 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 Fund, unless

the assignment is to an affiliate of the Manager within the meaning of the *Securities Act* (Ontario).

Independent Review Committee

The Fund also has an IRC, which acts as the IRC for all of the IA Clarington Funds. The IRC is 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 and 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 the Fund 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 24.

Portfolio Advisor

The Manager has retained Industrial Alliance Investment Management Inc. (the “Portfolio Advisor”) to act as the primary portfolio advisor of the Fund. The Portfolio Advisor is responsible for providing, or causing to be provided, investment analysis for the Fund and for making, or causing to be made, investment recommendations to the Manager and investment decisions for the Fund’s portfolio. The Portfolio Advisor has delegated its responsibilities for the Fund to IA Clarington Investments Inc. (the “Sub-Advisor”) to act as sub-advisor of the Fund and to provide all of the investment advisory and portfolio management services to the Fund. The Manager has entered into an investment advisory agreement dated July 4, 2007 (effective September 16, 2011 for the Fund) (the “Investment Advisory Agreement”) with the Portfolio Advisor that sets out its duties as Portfolio Advisor. The Portfolio Advisor and the Manager have entered into a sub-advisory agreement dated August 2, 2011 (effective September 16, 2011) (the “Sub-Advisory Agreement”) with the Sub-Advisor.

The Investment Advisory Agreement and Sub-Advisory Agreement continue in effect until terminated. The Investment Advisory Agreement may be terminated on 90 days’ written notice by the Portfolio Advisor or immediately by the Manager. The Sub-Advisory Agreement may be terminated on 90 days’ written notice by the Sub-Advisor or immediately by Industrial Alliance Investment Management Inc., in its capacity as primary portfolio advisor.

The Sub-Advisor may place orders on behalf of the Fund for the purchase and sale of portfolio securities through brokers or dealers who are affiliates or subsidiaries of the Sub-Advisor. It may do so provided that such orders are to be executed on terms and conditions as favourable to the Fund as could be expected to be obtained from other brokers or dealers and at commission rates comparable to that which would have been charged by such other brokers or dealers.

Industrial Alliance Investment Management Inc., Québec City, Québec

The name, title and length of service of the persons employed by the Portfolio Advisor who are principally responsible for the day-to-day management of the Fund or implementing its 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>	
François Lalande Lévis, Québec	Vice President of Portfolio Management, Portfolio Manager, Fixed Income	November 2006 to present:	Vice President, Portfolio Management, Portfolio Manager, Fixed Income, IAIM
		January 1998 to November 2006:	Director, Portfolio Management, Portfolio Manager, Fixed Income, IAIM

IA Clarington Investments Inc., Toronto, Ontario

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 Fund or implementing its 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>	
Daniel Bastasic Oakville, Ontario	Senior Vice-President, Investments	2011 to present:	Senior Vice-President, Investments of the Manager since June 2011
		2000 to 2011	Senior Vice-President, Investments and Portfolio Manager, Mackenzie Financial Corporation

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.

In some cases, where the execution and prices offered by more than one dealer, including those which may be affiliates of the Sub-Advisor, are reasonably comparable, the Sub-Advisor may, in its discretion, choose to effect portfolio transactions through dealers in return for the provision of some goods and services, other than order execution, to the Fund through the Sub-Advisor.

These goods and services must be limited to advice regarding particular securities, analyses or reports or databases or software that provide such advice or analyses. Where a dealer or broker offers to provide investment decision-making services, the Sub-Advisor must make a good faith determination that the Fund will receive reasonable benefit, taking into account a number of factors, which may include, among other things, a determination as to whether the investment decision-making services actually provide appropriate assistance that is directly beneficial to the

Fund in the performance of its own investment or trading decisions; whether the allocation of commissions paid is reasonable, justifiable and documentable in light of the value of the investment decision-making services provided; and, whether the commission relates only to the portion of the research that is actually used for the Fund.

The names of any dealers that provide investment decision-making services other than order execution services will be provided upon request by contacting IA Clarington toll free at 1-800-530-0204, or by e mail at funds@iaclarington.com.

Custodian

The portfolio assets of the Fund 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 “Custodian Agreement”). Under the Custodian Agreement, all portfolio assets held by the Fund are held by RBC Dexia and all securities transactions take place through RBC Dexia. The Custodian Agreement may be terminated by either party on 60 days’ notice to the other.

Auditor

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

Registrar and Transfer Agent

IA Clarington Investments Inc., the registrar and transfer agent of the Fund, maintains the register of units of the Fund at its 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 voting 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 September 16, 2011, IA Clarington owned 100% of the issued and outstanding units of each series of the Fund.

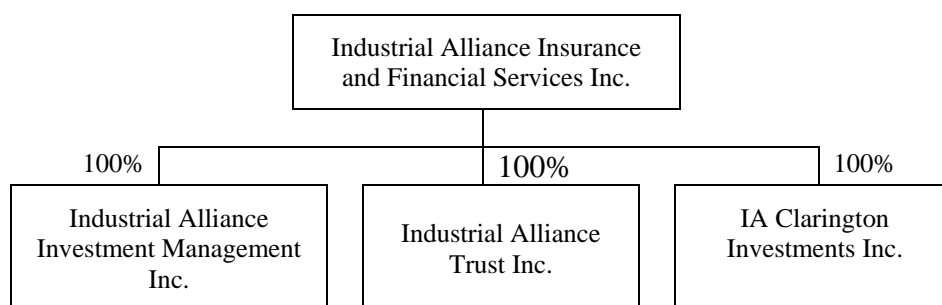
As of September 16, 2011, the directors and senior officers of the Manager as a group did not beneficially own, directly or indirectly, any of the outstanding units of the Fund. As at that date, the independent review committee members, as a group, did not beneficially own, directly or indirectly, any of the outstanding units of the Fund, 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 Fund or IA Clarington.

Affiliated Entities

As of the date of this annual information form, the only persons or companies that are an “affiliated entity” of the Manager and provide services to the Fund or to the Manager in relation to the Fund are IAIM and Industrial Alliance. IAIM is the Portfolio Advisor for the Fund as described under the heading “Portfolio Advisor”, and receives a portion of the management fee for acting as the portfolio advisor for the Fund. Industrial Alliance provides fund accounting and portfolio valuation services in connection with the Fund, and provides certain back office and administration services to the Manager. The amount of fees received from the Fund by IAIM and/or Industrial Alliance in a financial year will be reflected in the audited annual financial statements of the Fund. Certain of the officers and directors of the Manager are also officers and/or directors of Industrial Alliance and/or IAIM. Particulars of these relationships are shown in the table starting on page 18.

The following diagram shows the corporate relationship between the Manager, Industrial Alliance and IAIM as at the date of this annual information form:



Fund Governance

The responsibility for governance of the Fund lies with the board of directors of the Manager. A list of these directors is set out under “*Management of the Fund*” 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 board 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 audit committee of the board of directors of the Manager assists it 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 Manager's board of directors respecting audit activities and related issues.

The Fund also has an IRC, comprised of three individuals, each of whom is independent from the Manager and its affiliates. The names of the members of the IRC are set out under "*Independent Review Committee*" on page 21. The mandate of the IRC is to review any matter that involves a conflict of interest between the Manager and the Fund 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 IRC. For the year ended December 31, 2010, an aggregate amount of \$68,656 was paid as compensation to the IRC members for acting as the IRC of all of the investment funds managed by the Manager that were in existence on December 31, 2010.

Policies Regarding Derivatives

In order to hedge against currency exchange rate risks, the Fund may enter into forward currency exchange contracts ("currency forwards") not exceeding one year in duration as described below. The Fund may also conduct its currency transactions on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market.

The Fund may enter into currency forwards to attempt to minimize the risk to the Fund from adverse changes in the relationship between the Canadian dollar and other currencies. A currency forward is an obligation to purchase or sell a specific currency for an agreed price at a future date that is individually negotiated and privately traded by currency traders and their customers.

The Fund may enter into a currency forward, for example, when it enters into a contract for the purchase or sale of a security denominated in a currency other than the Canadian dollar in order to "lock in" the Canadian dollar price of the security. When the Sub-Advisor of the Fund believes that a currency may suffer a substantial decline against the Canadian dollar, it may enter into a currency forward to sell an amount of that currency or another currency that acts as a proxy for that currency approximating the market value of some or all of the Fund's portfolio securities denominated in that currency. When the Sub-Advisor believes that the Canadian dollar may suffer a substantial decline against another currency, the Fund may also enter into a currency forward to buy that currency for a fixed Canadian dollar amount. Currency forwards may limit potential gain from a positive change in the relationship between the Canadian dollar and other currencies.

The objectives and goals for derivative trading are described in the Simplified Prospectus and risk management procedures in connection therewith are regularly reviewed by management. The Fund follows the investment restrictions and practices set out in National Instrument 81-102 – Mutual Funds with respect to the use of derivatives for hedging and non-hedging purposes. An analysis of derivative instruments is performed regularly to ensure the mark-to-market value with any one counterparty does not exceed, for a period of 30 days, 10% of the NAV of the Fund.

The Manager monitors trading activities in conjunction with the Sub-Advisor and is responsible for applying trading limits, if any, and other controls, if required.

Except as described above, there are no other written policies with respect to derivative use. The Sub-Advisor of the Fund is responsible for establishing trading limits and other controls on derivative trading. The risk exposure of the Fund's derivatives trades are not generally independently monitored.

Policies Regarding Securities Lending and Repurchase and Reverse Repurchase Transactions

The Fund is permitted to enter into securities lending agreements. The Fund's custodian or sub-custodian acts as the agent for the Fund in administering the securities lending transactions of the Fund. The risks associated with these transactions are managed by requiring that the Fund's agent enter into such transactions for the Fund with reputable and well-established Canadian and foreign brokers, dealers and institutions. The agent is required to maintain internal controls, procedures and records, including a list of approved third parties based on generally accepted creditworthiness standards, transaction and credit limits for each third party and collateral diversification standards.

The Manager and RBC Dexia have established certain policies and procedures to ensure that the risks associated with securities lending agreements will be properly managed. RBC Dexia is required to ensure that all securities lending transactions are done in accordance with securities lending rules outlined in applicable securities legislation, including the requirement that the value of securities on loan will not exceed 50% of the Fund's total assets. The Manager will ensure that RBC Dexia is notified of any related parties so that securities lending agreements will not be executed with related borrowers. RBC Dexia will also be responsible for ensuring that each loan is over-collateralized to at least 102% on each business day. The Manager will monitor, on a regular basis, the Fund's securities lending activities. RBC Dexia reviews its policies and procedures relating to securities lending transactions on a regular basis.

Currently, the Fund does not intend to enter into repurchase or reverse repurchase transactions, although it is permitted to do so under securities legislation. The Fund may enter into repurchase and reverse repurchase agreements in the future, as described in the Simplified Prospectus. In the event the Fund commences repurchase and reverse repurchase transactions, similar controls, policies and procedures will be put in place for those transactions as described above for securities lending agreements.

Policies Regarding Proxy Voting

All voting responsibilities in respect of the securities held by the Fund is the responsibility of the Sub-Advisor. The Sub-Advisor exercises that responsibility in accordance with the best economic interests of the Fund and the Fund's investors. Generally, the Sub-Advisor expects that it 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 of the security. However, each vote is ultimately cast on a case-by-case basis, with the Sub-Advisor taking into consideration the relevant facts and circumstances at the time of the vote.

Each year, as part of its annual review process, the Sub-Advisor reviews its proxy voting policies and procedures. Generally, the proxy voting policies and procedures of the Sub-Advisor provide that:

- on routine matters, such as the appointment of directors and auditors and the remuneration of the auditors, the Sub-Advisor will generally vote in accordance with management's recommendation;
- generally, the Sub-Advisor will deviate from this policy where it has a conflict of interest in voting its proxies or where it has determined that it is necessary, in the circumstances, to do so in order to further the best interests of the investors in the Fund;
- for non-routine matters (the definition of which varies with each policy, but generally includes matters such as significant corporate transactions, security-based compensation plans and corporate governance changes), the Sub-Advisor will take steps to evaluate the proposal on its merits (which steps may include engagement of a third party advisor or legal counsel, referral of the matter to a proxy voting review committee or voting in accordance with pre-determined criteria for evaluating such proposals) and will vote based on its judgment of the effect of the proposal on the investment value of the relevant security;
- the Sub-Advisor may abstain from voting a proxy on a routine or non-routine matter if it concludes that:
 - the effect on unitholders' economic interests or the value of the Fund holdings is indeterminable or insignificant, or
 - the cost of voting is disproportionate to the economic impact the vote would have on the Fund holdings;
- any material conflict between the interest of unitholders and those of the Manager, the Sub-Advisor, any affiliate or associate of the Fund, or any affiliate or associate of the Manager or Sub-Advisor, will be resolved in the best interests of the unitholders; and
- the Sub-Advisor will take steps to ensure that the custodian of the portfolio securities held by the Fund votes the relevant securities in accordance with the instructions of the Sub-Advisor. The Manager obtains an annual report to determine how the Fund's portfolio securities were voted.

The Sub-Advisor is required to act in the best interests of the Fund in any vote that involves a conflict of interest between the Fund, on the one hand, and the Manager, the Sub-Advisor or any of their affiliates, on the other hand. The Sub-Advisor's policies relating to conflicts of interest require the Sub-Advisor to take the following steps: (a) vote in accordance with the recommendations of a third-party proxy administrator and/or (b) vote in accordance with predetermined voting guidelines established by the Sub-Advisor. To the extent that the Sub-Advisor desires to deviate from the recommendations of the third-party proxy administrator or its predetermined voting guidelines, the Sub-Advisor will obtain the approval of an internal proxy voting committee. Where such deviation represents a conflict of interest between the Fund and the Sub-Advisor or Manager, the issue will be brought to the Fund's IRC for its review and will

only proceed if the IRC provides a positive recommendation regarding the Sub-Advisor's proposed action.

The policies and procedures that the 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. The Fund's proxy voting record for the most recent period ended June 30 of each year will be available free of charge to any investor of the Fund upon request at any time after August 31 of that year. The Fund's proxy voting record is available on our Internet site at www.iaclarington.com.

Management Fee Distributions

To encourage large investments in the Fund 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, in exceptional cases, Series F units) of the Fund.

If your investments qualify, we will calculate the reduction in management fees according to a fixed schedule that we may change at our discretion. If we reduce our usual management fee for the Fund, the Fund will give you the reduction in the form of a special distribution, which is called a management fee distribution.

We calculate management fee distributions on each calendar day. They are distributed regularly to eligible investors. We will reinvest the distribution in additional units of the Fund.

Management fee distributions are made first out of net income and net realized capital gains and then out of capital. See "*Income Tax Considerations*" below for information on the tax consequences of management fee distributions.

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 Fund. 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 with and is not affiliated with the Fund 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 Fund, 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) ("Minister") prior to the date of this Annual Information Form and the published administrative practices and assessing policies of Canada Revenue Agency. 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.

The Fund is expected to qualify, and is expected to continue to qualify at all times, as a mutual fund trust under the Tax Act. This summary assumes that the Fund will, at all material times, qualify as a mutual fund trust under the Tax Act.

Taxation of the Fund

In each taxation year, the Fund is subject to tax under Part I of the Tax Act on the amount of its 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 the 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. Generally, gains and losses from the use of derivative securities and short sales will be realized on income account rather than on capital account.

All of the 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 Fund

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 the 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 the Fund at the time the units are purchased.

Provided that appropriate designations are made by the Fund, the amount, if any, of foreign source income, net taxable capital gains and taxable dividends from taxable Canadian corporations of the Fund 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, taxable capital gains and taxable dividends of the unitholders. An enhanced gross-up and dividend tax credit is available for certain eligible dividends from Canadian corporations. Foreign source income received by the Fund 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 Fund 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. Generally, gains and losses realized by the Fund from the use of derivative securities will result in the distribution of income rather than capital gains.

To the extent that distributions (including management fee distributions) to a unitholder by the Fund in any year exceed that unitholder's share of the net income and net realized capital gains of the 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. Distributions on Series E5, Series F5, Series L5 and Series T5 units of the Fund are

expected to include a return of capital. If the adjusted cost base of a unitholder's units would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the unitholder from the disposition of the units and the adjusted cost base will be increased by the amount of such gain.

Management fees paid directly by the unitholder to the Manager in respect of Series I or Series O units will not be deductible by the unitholder.

Capital Gains and Alternative Minimum Tax for Unitholders of the Fund

Upon the redemption or other disposition or deemed disposition by a unitholder of units of the 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 the Fund into units of another series of the 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

Units of the Fund are "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 units of the Fund would be prohibited investments under the Tax Act in their particular circumstances.

Investors who choose to purchase units of the 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 Fund are as follows:

1. Master Declaration of Trust as described under "*Formation and History of the Fund*" on page 1;
2. Master Management Agreement as described under "*Management of the Fund*" on page 18;
3. Investment advisory agreement and sub-advisory agreement as described under "*Portfolio Advisor*" on page 21; and
4. Custodian Agreement as described under "*Custodian*" on page 22.

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

Independent Auditor's Consent

Series A, Series E, Series E5, Series F, Series F5, Series I, Series L, Series L5, Series O and Series T5 units of IA Clarington Strategic Corporate Bond Fund (the "Fund")

We have read the Simplified Prospectus of the Fund dated September 16, 2011 and the documents specifically incorporated by reference therein relating to the sale and issue of the above-mentioned series of units of the Fund. 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 Independent Auditor's report dated September 16, 2011 to the unitholder of the Fund on the Statement of Net Assets as at September 16, 2011.

PricewaterhouseCoopers LLP¹

Québec City, Québec, Canada
September 16, 2011

¹ chartered account auditor permit No. 9614

Certificate of the Fund, Manager and Promoter

IA Clarington Strategic Corporate Bond Fund

(the “Fund”)

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: September 16, 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 Fund**

(signed) “David Scandiffio”

David Scandiffio
Director

(signed) “Yvon Charest”

Yvon Charest
Director

IA Clarington Investments Inc.

IA Clarington Strategic Corporate Bond Fund

(the “Fund”)

Additional information about the Fund is available in the Fund’s Simplified Prospectus, 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 Fund, 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 Strategic Corporate Bond Fund

IA Clarington Investments Inc.

Business Office

522 University Avenue, Suite 700
Toronto, Ontario
M5G 1Y7
1-888-860-9888

Head Office

1080 Grande Allée Ouest
P.O. Box 1907
Québec City, Québec
G1K 7M3

www.iaclarington.com