IA Clarington Inhance Canadian Equity SRI Class

Audited Annual Financial Statements

March 31, 2023

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Message to Investors

Dear Investor:

We are pleased to enclose the 2023 annual report for IA Clarington Corporate Class Funds. The accompanying financial statements contain important information about your investment for the period ended March 31, 2023.

We thank you for your ongoing trust and are committed to providing you with active management solutions that continue to serve your needs.

Should you have any questions or require further information, please contact your Financial Advisor, the IA Clarington Client Services Team at 1.800.530.0204, or visit our website at: www.iaclarington.com.

Sincerely,

Adam Elliott
Chief Executive Officer

Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by IA Clarington Investments Inc., the Manager of the Fund and approved by the board of directors of the Manager. The Manager is responsible for the information and representations contained in these financial statements and other sections of this report.

The Manager has maintained appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and include certain amounts that are based on estimates and judgements. The significant accounting policies which management believes are appropriate for the Fund are described in Generic Note 3 to the Financial Statements.

The Board is responsible for oversight of the financial reporting process and for reviewing and approving the financial statements of the Fund. The Board also reviews the adequacy of internal controls over the financial reporting process, auditing matters and financial reporting issues with management and the external auditors.

Adam Elliott
Chief Executive Officer

Nancy Cappadocia
Chief Financial Officer

June 01, 2023

Independent auditor's report

To the Shareholders of

IA Clarington Canadian Leaders Class
IA Clarington Canadian Small Cap Class
IA Clarington Dividend Growth Class
IA Clarington Inhance Canadian Equity SRI Class
IA Clarington Inhance Global Equity SRI Class
IA Clarington Loomis Global Allocation Class
IA Clarington Tactical Income Class
IA Clarington Thematic Innovation Class
IA Clarington U.S. Equity Class
IA Clarington Strategic Equity Income Class

(individually, a Fund)

Our opinion

In our opinion, the accompanying financial statements of each Fund present fairly, in all material respects, the financial position of each Fund as at March 31, 2023 and March 31, 2022 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited
The financial statements of each Fund comprise:

- the statements of financial position as at March 31, 2023 and March 31, 2022;
- the statements of comprehensive income for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable shares for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215, ca_toronto_18_york_fax@pwc.com

Independence
We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information of each Fund. The other information comprises the Annual Management Report of Fund Performance of each Fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of each Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause any Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
June 6, 2023

IA Clarington Inhance Canadian Equity SRI Class

Statements of Financial Position

As at In thousands (except per share figures)	March 31 2023 $	March 31 2022 $
ASSETS		
CURRENT ASSETS		
Investments	**420,084**	466,780
Cash	**11,190**	11,541
Subscriptions receivable	**81**	105
Interest, dividends, distributions and other receivable	**627**	669
	431,982	479,095
LIABILITIES		
CURRENT LIABILITIES		
Redemptions payable	**197**	328
Expenses payable	**124**	133
	321	461
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES	**431,661**	478,634
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES BY SERIES		
Series A	**23,811**	30,265
Series E	**9,022**	3,457
Series F	**58,323**	61,624
Series I	**339,590**	380,827
Series L	**639**	2,195
Series V	**276**	266
SHARES OUTSTANDING		
Series A	**1,299**	1,549
Series E	**655**	236
Series F	**2,682**	2,694
Series I	**13,265**	14,304
Series L	**48**	153
Series V	**11**	10
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE		
Series A	**18.33**	19.53
Series E	**13.77**	14.64
Series F	**21.75**	22.87
Series I	**25.60**	26.62
Series L	**13.42**	14.34
Series V	**25.62**	26.66

Approved on behalf of the Board of Directors of IA Clarington Investments Inc.

Adam Elliott, Chief Executive Officer

Normand Pépin, Director

The accompanying Notes to the Financial Statements are an integral part of these statements.

Statements of Comprehensive Income

For the periods ended March 31 In thousands (except per shares figures)	2023 $	2022 $
INCOME		
Interest for distribution purposes	**201**	–
Dividends	**8,555**	6,932
Securities lending	**53**	86
Foreign exchange gain (loss) on cash	**(42)**	(100)
Other changes in fair value of investments and derivative financial instruments		
Investments:		
Net realized gain (loss)	**9,339**	(5,070)
Net change in unrealized appreciation (depreciation)	**(30,834)**	15,016
Net gain (loss) in fair value of investments	**(21,495)**	9,946
Derivative financial instruments:		
Net realized gain (loss)	**(18)**	4
Net change in unrealized appreciation (depreciation)	**–**	–
Net gain (loss) in fair value of derivative financial instruments	**(18)**	4
Total other changes in fair value of investments and derivative financial instruments	**(21,513)**	9,950
	(12,746)	16,868
EXPENSES		
Management fees	**1,254**	1,284
Fixed Administration fees	**203**	213
Independent Review Committee fees	**1**	1
Transaction costs	**163**	201
Foreign withholding taxes	**53**	49
	1,674	1,748
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES	**(14,420)**	15,120
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES BY SERIES		
Series A	**(1,181)**	715
Series E	**(190)**	73
Series F	**(1,992)**	1,954
Series I	**(10,840)**	12,261
Series L	**(215)**	108
Series V	**(2)**	9
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES PER SHARE		
Series A	**(0.76)**	0.49
Series E	**(0.60)**	0.34
Series F	**(0.73)**	0.77
Series I	**(0.81)**	1.16
Series L	**(2.36)**	0.58
Series V	**(0.22)**	1.13

The accompanying Notes to the Financial Statements are an integral part of these statements.

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares

For the periods ended March 31 In thousands	2023 $	2022 $
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AT THE BEGINNING OF THE PERIOD		
Series A	**30,265**	23,691
Series E	**3,457**	2,605
Series F	**61,624**	46,738
Series I	**380,827**	220,850
Series L	**2,195**	2,976
Series V	**266**	113
INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A	**(1,181)**	715
Series E	**(190)**	73
Series F	**(1,992)**	1,954
Series I	**(10,840)**	12,261
Series L	**(215)**	108
Series V	**(2)**	9
DIVIDENDS TO HOLDERS OF REDEEMABLE SHARES		
From net investment income:		
Series A	**(564)**	(401)
Series E	**(58)**	(45)
Series F	**(1,112)**	(840)
Series I	**(6,308)**	(3,852)
Series L	**(12)**	(32)
Series V	**(6)**	(3)
	(8,060)	(5,173)
REDEEMABLE SHARES TRANSACTIONS		
Proceeds from redeemable shares issued:		
Series A	**5,737**	11,349
Series E	**7,349**	2,070
Series F	**11,467**	26,854
Series I	**6,462**	150,013
Series L	**102**	546
Series V	**42**	169
Reinvestments of dividends to holders of redeemable shares:		
Series A	**564**	401
Series E	**58**	45
Series F	**1,112**	840
Series I	**6,308**	3,852
Series L	**12**	32
Series V	**6**	3
Redemption of redeemable shares:		
Series A	**(11,010)**	(5,490)
Series E	**(1,594)**	(1,291)
Series F	**(12,777)**	(13,922)
Series I	**(36,859)**	(2,297)
Series L	**(1,442)**	(1,435)
Series V	**(30)**	(25)
	(24,493)	171,714
NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES		
Series A	**(6,454)**	6,574
Series E	**5,565**	852
Series F	**(3,301)**	14,886
Series I	**(41,237)**	159,977
Series L	**(1,556)**	(781)
Series V	**10**	153

Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares *(continued)*

For the periods ended March 31 In thousands	2023 $	2022 $
NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES AT END OF THE PERIOD		
Series A	**23,811**	30,265
Series E	**9,022**	3,457
Series F	**58,323**	61,624
Series I	**339,590**	380,827
Series L	**639**	2,195
Series V	**276**	266

The accompanying Notes to the Financial Statements are an integral part of these statements.

Statements of Cash Flows

For the periods ended March 31 In thousands	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets attributable to holders of redeemable shares	(14,420)	15,120
Adjustments		
Interest for distribution purposes	(201)	–
Dividends	(8,555)	(6,932)
Foreign withholding taxes	53	49
Foreign exchange loss (gain) on cash	42	100
Net realized loss (gain) of investments and derivative financial instruments	(9,321)	5,066
Net change in unrealized depreciation (appreciation) of investments and derivative financial instruments	30,834	(15,016)
Transaction costs	163	201
Proceeds from sale and maturity of investments	115,399	66,494
Purchases of investments	(90,379)	(246,519)
Increase / (decrease) in expenses payable	(9)	23
Interest received (paid)	201	–
Dividends received, net of withholding taxes	8,544	6,560
CASH FLOWS FROM OPERATING ACTIVITIES	32,351	(174,854)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuances of redeemable shares	31,159	191,001
Change in subscriptions receivable	24	3,194
Non-cash issuance of shares from other series	(9,016)	(2,923)
Proceeds from redemption of redeemable shares	(63,712)	(24,460)
Change in redemptions payable	(131)	(225)
Non-cash redemption of shares from other series	9,016	2,923
CASH FLOWS FROM FINANCING ACTIVITIES	(32,660)	169,510
Foreign exchange gain (loss) on cash	(42)	(100)
NET INCREASE (DECREASE) IN CASH	(351)	(5,444)
Cash (Bank Overdraft) at Beginning of the Period	11,541	16,985
CASH (BANK OVERDRAFT) AT END OF THE PERIOD	11,190	11,541

The accompanying Notes to the Financial Statements are an integral part of these statements.

IA Clarington Inhance Canadian Equity SRI Class

Schedule of Investment Portfolio

As at March 31, 2023 In thousands (except number of securities)	Number of Securities	Average Cost $	Carrying Value $
CANADIAN EQUITIES (82.57%)			
COMMUNICATION SERVICES (2.99%)			
TELUS Corp.	481,399	12,186	12,916
CONSUMER DISCRETIONARY (10.64%)			
Aritzia Inc.	348,351	11,819	15,108
Dollarama Inc.	112,972	4,339	9,125
Park Lawn Corp.	121,783	4,133	3,390
Pet Valu Holdings Ltd.	282,841	9,944	10,646
Sleep Country Canada Holdings Inc.	325,426	11,079	7,674
		41,314	45,943
CONSUMER STAPLES (3.31%)			
Jamieson Wellness Inc.	236,164	7,540	7,909
Premium Brands Holdings Corp.	63,598	7,360	6,359
		14,900	14,268
FINANCIALS (27.31%)			
Bank of Montreal	127,356	15,789	15,331
Element Fleet Management Corp.	491,034	5,997	8,716
First National Financial Corp.	69,566	3,080	2,652
Intact Financial Corp.	65,547	10,079	12,678
National Bank of Canada	67,492	6,300	6,524
Royal Bank of Canada	247,440	25,739	31,981
Sun Life Financial Inc.	129,506	7,573	8,177
The Toronto-Dominion Bank	331,486	24,133	26,834
TMX Group Ltd.	36,730	4,601	5,014
		103,291	117,907
HEALTH CARE (2.41%)			
Andlauer Healthcare Group Inc.	203,716	7,552	10,390
INDUSTRIALS (14.85%)			
ATS Corp.	211,462	9,324	11,967
Boyd Group Services Inc.	31,205	6,368	6,741
Canadian National Railway Co.	39,419	6,306	6,286
Canadian Pacific Railway Co.	151,490	10,938	15,766
Cargojet Inc.	57,531	7,840	6,334
Savaria Corp.	234,123	3,783	3,708
Toromont Industries Ltd.	47,927	3,272	5,317
WSP Global Inc.	45,083	3,756	7,981
		51,587	64,100
INFORMATION TECHNOLOGY (10.53%)			
CGI Inc., Class 'A'	39,703	4,465	5,171
Constellation Software Inc.	6,931	13,884	17,611
Converge Technology Solutions Corp.	1,383,894	10,738	5,646
Kinaxis Inc.	19,829	2,072	3,680
Lumine Group Inc.	126,949	2,022	1,867
Shopify Inc., Class 'A'	176,881	16,706	11,462
		49,887	45,437
MATERIALS (6.46%)			
Agnico-Eagle Mines Ltd.	159,717	10,266	11,005
CCL Industries Inc., Class 'B'	67,325	3,383	4,520
Nutrien Ltd.	81,295	4,724	8,114
West Fraser Timber Co. Ltd.	44,253	3,131	4,266
		21,504	27,905

As at March 31, 2023 In thousands (except number of securities)	Number of Securities	Average Cost $	Carrying Value $
REAL ESTATE (2.68%)			
Colliers International Group Inc.	40,794	4,913	5,818
FirstService Corp.	30,225	6,898	5,756
		11,811	11,574
UTILITIES (1.39%)			
Boralex Inc., Class 'A'	145,669	4,249	5,994
TOTAL CANADIAN EQUITIES		**318,281**	**356,434**
U.S. EQUITIES (11.61%)			
CONSUMER DISCRETIONARY (1.26%)			
Nike Inc., Class 'B'	32,667	4,633	5,422
FINANCIALS (3.46%)			
Mastercard Inc., Class 'A'	17,070	7,455	8,395
Moody's Corp.	15,776	6,440	6,534
		13,895	14,929
HEALTH CARE (1.99%)			
Thermo Fisher Scientific Inc.	11,037	6,090	8,609
INDUSTRIALS (3.50%)			
Waste Connections Inc.	80,369	9,652	15,118
MATERIALS (1.40%)			
Air Products and Chemicals Inc.	15,531	5,250	6,037
TOTAL U.S. EQUITIES		**39,520**	**50,115**

As at March 31, 2023 In thousands (except number of securities)	Country	Number of Securities	Average Cost $	Carrying Value $
FOREIGN EQUITIES (3.14%)				
INDUSTRIALS (1.16%)				
TELUS International CDA Inc.	Philippines	182,460	6,665	4,983
INFORMATION TECHNOLOGY (1.98%)				
Topicus.com Inc.	Netherlands	88,549	8,026	8,552
TOTAL FOREIGN EQUITIES			**14,691**	**13,535**
TRANSACTION COSTS			(327)	
TOTAL INVESTMENT PORTFOLIO (97.32%)			**372,165**	**420,084**
OTHER ASSETS LESS LIABILITIES (2.68%)				11,577
TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES (100.00%)				**431,661**

Discussion of Financial Instrument Risk Management

March 31, 2023 (Generic Notes 3 and 5, in thousands of $, except per share figures)

In the sections Discussion of Financial Instrument Risk Management and Supplementary Notes to Financial Statements - Fund Specific Information, Net Assets is defined as "Net Assets Attributable to Holders of Redeemable Shares", please refer to Generic Note 3.

Fair Value Measurements

For more information on fair value measurements and inputs, and the aggregation into the fair value hierarchy levels, please refer to Methods and Assumptions Used to Estimate Fair Values of Financial Instruments section in Generic Note 5 Management of Financial Risks.

The following tables present the hierarchy of financial instruments recorded at fair value, based on the hierarchy levels of input used at measurement date.

As at March 31, 2023

	Financial Instruments at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
ASSETS				
Investments				
Equities	420,084	–	–	420,084
Investment funds	–	–	–	–
Bonds	–	–	–	–
Short-term investments	–	–	–	–
	420,084	–	–	420,084
Derivatives				
Derivative financial instruments	–	–	–	–
LIABILITIES				
Derivatives				
Derivative financial instruments	–	–	–	–
Total	420,084	–	–	420,084

As at March 31, 2022

	Financial Instruments at Fair Value			
	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
ASSETS				
Investments				
Equities	466,780	–	–	466,780
Investment funds	–	–	–	–
Bonds	–	–	–	–
Short-term investments	–	–	–	–
	466,780	–	–	466,780
Derivatives				
Derivative financial instruments	–	–	–	–
LIABILITIES				
Derivatives				
Derivative financial instruments	–	–	–	–
Total	466,780	–	–	466,780

There were no transfers between the levels for the periods ending March 31, 2023 and March 31, 2022.

The following table provides financial instruments recognized at fair value and for which Level 3 inputs were used in determining fair value:

	Fair Value Measurements for Level 3 Securities			
	March 31, 2023		March 31, 2022	
	Bonds ($)	Equities ($)	Bonds ($)	Equities ($)
Balance - beginning of the period	**-**	**-**	**-**	**938**
Net realized gain (loss) on investments	-	-	-	-
Net realized gain (loss) on derivatives	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	-	-	-	-
Net change in unrealized appreciation (depreciation) on derivatives	-	-	-	-
Purchases	-	-	-	-
Sales	-	-	-	(938)
Transfers into Level 3	-	-	-	-
Transfers out of Level 3	-	-	-	-
Balance - end of the period	**-**	**-**	**-**	**-**
Change in unrealized gain (loss) of investments and derivatives held at end of the period	**-**	**-**	**-**	**-**

Credit Risk

As at March 31, 2023 and March 31, 2022, the Fund did not invest a significant portion of its holdings in debt instruments, therefore the Fund had no significant exposure to credit risk.

Concentration Risk

The following table summarizes the Fund's concentration risk:

Market Segments	Percentage of Net Assets As at March 31, 2023 (%)	Percentage of Net Assets As at March 31, 2022 (%)
Financials	30.77	31.77
Industrials	19.51	17.85
Information Technology	12.51	14.63
Consumer Discretionary	11.90	9.07
Materials	7.86	10.11
Health Care	4.40	4.24
Consumer Staples	3.31	2.85
Communication Services	2.99	2.91
Real Estate	2.68	2.69
Utilities	1.39	1.40
Cash and Other Net Assets	2.68	2.48

Liquidity Risk

As at March 31, 2023 and March 31, 2022, the Fund's redeemable shares are due on demand. All other financial liabilities of the Fund have maturities of less than 30 days. Refer to Generic Note 5 for further information.

The Fund may hold derivatives assets or liabilities. These assets or liabilities may have a contractual maturity date of greater than 30 days.

Discussion of Financial Instrument Risk Management *(continued)*

March 31, 2023 (Generic Notes 3 and 5, in thousands of $, except per share figures)

Interest Rate Risk

As at March 31, 2023 and March 31, 2022, the majority of the Fund's financial assets and liabilities were non-interest bearing and, accordingly, the Fund was not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

Currency Risk

The tables below summarize the Fund's exposure to currency risk, if any, based on monetary and non-monetary assets of the Fund. The table also illustrates the impact on Net Assets if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies, with all other factors remaining constant. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at March 31, 2023

Currency*	Financial Instruments ($)	Currency Contracts ($)	Total Exposure ($)	Percentage of Net Assets (%)	Impact on Net Assets ($)
USD	35,123	(13)	35,110	8.13	1,756

As at March 31, 2022

Currency*	Financial Instruments ($)	Currency Contracts ($)	Total Exposure ($)	Percentage of Net Assets (%)	Impact on Net Assets ($)
USD	39,703	(11)	39,692	8.29	1,985

* See generic note 6 for currency symbols.

Price Risk

As at March 31, 2023 and March 31, 2022, the estimated impact on the Net Assets of the Fund due to a reasonably possible change in benchmark, with all other variables held constant, is presented in the tables below. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

As at March 31, 2023

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
S&P/TSX Composite Index	10.00	100.00	9.73	42,008

As at March 31, 2022

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets ($)
S&P/TSX Composite Index	10.00	100.00	9.75	46,678

Supplemental Notes to Financial Statements – Fund Specific Information

March 31, 2023 (Generic Note 1b, in thousands of $, except per share figures)

Investment Objectives

The Fund seeks to achieve long-term capital growth by investing primarily in a diversified portfolio of equity securities of Canadian issuers which meet the manager's socially responsible investment principles. The Fund may invest up to 15% of its assets in foreign securities.

The Fund

The series of shares of the Fund were established on the following dates:

	Date of Inception (YYYY-MM-DD)
Series A	2009-11-30
Series E	2016-06-20
Series F	2009-11-30
Series I	2009-11-30
Series L	2016-06-20
Series V	2009-11-30

Series A is not available for purchase under the Low Load and Deferred Sales Charge Options. Series L is closed to purchases.

Management of Financial Risks

See Generic Note 5

Investments in Unconsolidated Structured Entities

The Fund has no significant interests in unconsolidated structured entities to disclose.

Offsetting Financial Assets and Liabilities

The following tables present offsetting of financial assets and liabilities and collateral amounts that would occur if future events, such as bankruptcy or termination of contracts were to arise. No amounts were offset in the financial statements, therefore the Gross Amount represents the amounts shown in the Statements of Financial Position.

As at March 31, 2023

		Amounts Eligible for Offset		
	Gross Amount ($)	Financial Instruments ($)	Collateral Received/Pledged ($)	Net amount ($)
Financial assets - by type				
Open Currency Contracts	–	–	–	–
Total	–	–	–	–
Financial liabilities - by type				
Open Currency Contracts	–	–	–	–
Total	–	–	–	–

As at March 31, 2022

		Amounts Eligible for Offset		
	Gross Amount ($)	Financial Instruments ($)	Collateral Received/Pledged ($)	Net amount ($)
Financial assets - by type				
Open Currency Contracts	–	–	–	–
Total	–	–	–	–
Financial liabilities - by type				
Open Currency Contracts	–	–	–	–
Total	–	–	–	–

Supplemental Notes to Financial Statements - Fund Specific Information *(continued)*

March 31, 2023 (Generic Note 1b, in thousands of $, except per share figures)

Open Currency Contracts*

The Fund entered into currency contracts to reduce its foreign currency exposure. No cash collateral was pledged for the below currency contracts, therefore no cash collateral information will be shown. The details of these currency contracts are as follows:

As at March 31, 2023

Settlement Date	Number of Contracts		To Purchase ($)		To Sell ($)	Contract Price ($)	Unrealized Gain (Loss) - CAD ($)	Counterparty	Credit Rating
2023-04-04	1	CAD	13	USD	9	0.7399	–	The Bank of New York Mellon	A
	1						–		

As at March 31, 2022

Settlement Date	Number of Contracts		To Purchase ($)		To Sell ($)	Contract Price ($)	Unrealized Gain (Loss) - CAD ($)	Counterparty	Credit Rating
2022-04-04	1	CAD	11	USD	9	0.8182	–	The Bank of New York Mellon	A
	1						–		

*See Generic Note 6 for counterparty information

Supplemental Notes to Financial Statements – Fund Specific Information *(continued)*

March 31, 2023 (Generic Note 1b, in thousands of $, except per share figures)

Related Party Transactions

See Generic Note 7

Management Fees

As at March 31, 2023 and March 31, 2022, the rate of the annual Management Fee for each series of the Fund is as follows:

Series	Management Fee as at March 31, 2023 (%)	Management Fee as at March 31, 2022 (%)
Series A	**1.90**	1.90
Series E	**1.85**	1.85
Series F	**0.85**	0.85
Series I	**-**	-
Series L	**2.05**	2.05
Series V	**-**	-

The amount of management fees incurred during the period end is included in "Management Fees" in the Statement of Comprehensive Income.

Fixed Administration Fees

As at March 31, 2023 and March 31, 2022, the rate of the annual Fixed Administration Fee for each series of the Fund is as follows:

Series	Fixed Administration Fees as at March 31, 2023 (%)	Fixed Administration Fees as at March 31, 2022 (%)
Series A	**0.32**	0.32
Series E	**0.18**	0.18
Series F	**0.18**	0.18
Series I	**-**	-
Series L	**0.32**	0.32
Series V	**-**	-

The amount of fixed administration fees incurred during the period end is included in "Fixed Administration Fees" in the Statement of Comprehensive Income.

Investments in the Fund

IA Clarington Investments Inc. and Industrial Alliance Insurance and Financial Services Inc. (Industrial Alliance) had investments in the Fund, at fair value, as at the following dates:

As at March 31, 2023	As at March 31, 2022
339,590	380,828

The preceding table includes investments from other funds, including those managed by Industrial Alliance Investment Management Inc. ("IAIM"), a wholly-owned subsidiary of Industrial Alliance and related party to IA Clarington.

Redeemable Shares

See Generic Note 8

For the periods ended March 31, 2023 and March 31, 2022, the following shares were issued/reinvested and redeemed:

	Period ended	Beginning of Period	Issued/ Reinvested during Period	Redeemed during Period	End of Period	Weighted Average Shares
Series A	**2023**	**1,549**	**351**	**601**	**1,299**	**1,542**
	2022	1,234	589	274	1,549	1,424
Series E	**2023**	**236**	**535**	**116**	**655**	**316**
	2022	181	140	85	236	212
Series F	**2023**	**2,694**	**588**	**600**	**2,682**	**2,690**
	2022	2,107	1,193	606	2,694	2,529
Series I	**2023**	**14,304**	**511**	**1,550**	**13,265**	**13,491**
	2022	8,651	5,739	86	14,304	10,581
Series L	**2023**	**153**	**8**	**113**	**48**	**91**
	2022	211	39	97	153	181
Series V	**2023**	**10**	**2**	**1**	**11**	**11**
	2022	4	7	1	10	8

Securities Lending

See Generic Note 10

For the periods ended March 31, 2023 and March 31, 2022, the Fund's securities lending income, net of withholding tax, was as follows:

	2023 ($)	2022 ($)
Gross securities lending income	65	103
Securities lending charges	(12)	(17)
Net securities lending income received by the Fund	53	86

During the period ended March 31, 2023 and March 31, 2022, securities lending charges paid to the Fund's custodian, CIBC Mellon Trust Company, represented approximately 18% of the gross securities lending income.

As at March 31, 2023 and March 31, 2022, the fair value of the loaned securities of the Fund included in the investments is as follows:

As at March 31, 2023

Aggregate Value of Securities on Loan ($)	Aggregate Value of Collateral for Loan ($)
15,817	16,612

As at March 31, 2022

Aggregate Value of Securities on Loan ($)	Aggregate Value of Collateral for Loan ($)
10,917	11,470

The collateral held for the loaned securities may consist of bonds, treasury bills, banker's acceptances and letters of credit.

1. General Information

a) The Funds

The funds (the "Funds") are comprised of classes of shares of Clarington Sector Fund Inc., a mutual fund corporation ("CSFI" or the "Corporation"). IA Clarington Investments Inc. ("IA Clarington" or the "Manager") is the manager of the Funds. The Manager is a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("iA").

CSFI is authorized to issue an unlimited number of redeemable, restricted voting, convertible shares of various designated classes, and an unlimited number of common shares. Each designated class of shares has the right to be redeemed for its proportionate share of net assets attributable to holders of redeemable shares, allocated specifically to that class of shares. Each class of shares has a right of conversion to any other class of shares of CSFI.

The Funds invest primarily in different types of securities depending on their investments policies. Refer to Schedule of Investment Portfolio specific to each fund for further details on their investments.

The Financial Statements are presented in Canadian dollars (CAD). The Canadian dollar is the Funds' functional and reporting currency.

These financial statements were authorized for issue by the Manager on June 01, 2023.

The address of the Funds' administrative office is 522 University Avenue, Suite 700, Toronto, Ontario, Canada, M5G 1Y7.

b) Financial reporting dates

The Statements of Financial Position are as at March 31, 2023 and March 31, 2022. The Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares and the Statements of Cash Flows are for the 12-month periods ended March 31, 2023 and March 31, 2022.

These financial statements only present the financial information of the Funds, which includes the shares of the Corporation as its own reporting entity. If the Corporation cannot satisfy its obligations related to other classes, it may be required to satisfy them using assets attributable to the Funds. The Manager believes that the risk of such cross-class liability is remote.

2. Basis of Presentation

These audited financial statements have been prepared in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

3. Summary of Significant Accounting Policies

The significant accounting policies are as follows:

a) Significant judgments and assumptions

The preparation of financial statements requires the Manager to use judgment in applying its accounting policies and make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting periods and complementary information. The most significant estimates and judgments include the fair value of financial instruments, the classification and measurement of investments and application of the fair value option.

The Funds hold financial instruments that are not quoted in active markets, including derivative financial instruments. Fair values of such instruments are determined using established valuation techniques. Actual results may differ from the Manager's best estimates. Estimates and assumptions are periodically reviewed according to changing facts and circumstances. Changes in assumptions could affect the reported fair values of financial instruments.

i) *Classification and Measurement of Investments*

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments in determining the most appropriate classification in accordance with IFRS 9. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (“FVOCI”), and fair value through profit and loss (“FVTPL”). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Assessment and decision on the business model approach used is an accounting judgement.

b) Financial Instruments

i) *Classification of Financial Instruments*

The Funds initially recognize financial instruments at fair value, plus transaction costs in the case of financial instruments measured at amortized cost. Ongoing purchases and sales of financial assets are recognized at their trade date.

The Funds classify their investments (equity securities, investment funds and bonds), short-term investments, and derivative financial instruments at fair value through profit or loss.

The Funds’ accounting policies for measuring the fair value of their investments and derivative financial instruments are identical to those used in measuring their Net Asset Value ("NAV") for transactions with shareholders.

The Funds’ obligation for net assets attributable to holders of redeemable shares which are classified as an “other financial liability”, is presented at the redemption amount, which approximates fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, the financial assets and liabilities reflect the amount required to be received or paid, discounted when appropriate, at the contract’s effective rates.

As at March 31, 2023 and March 31, 2022, there were no differences between the Funds' net asset value per share for transactions and their net assets attributable to holders of redeemable shares per share in accordance with IFRS.

ii) *Fair Value Measurements*

Fair value is the price that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In circumstances where the last traded price for equities and the mid price for bonds is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances, and in cases where the last traded price has a traded volume lower than 100, the mid price is used.

iii) *Impairment of Financial Assets*

At each reporting period, the Funds assess whether the credit risk of a financial asset classified at amortized cost has increased significantly since the initial recognition and whether an expected credit loss needs to be recognized. To assess this, the funds compare the impairment risk of the financial instrument on the reporting date with the impairment risk on the initial recognition date. Considering the short-term nature of financial instruments at amortized cost, the Funds apply the simplified method to recognize expected credit losses. The amount recognized as expected credit loss corresponds to the expected shortfall in discounted cash flows over the lifetime of the financial instrument.

iv) *Derecognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or the Funds have substantially transferred all risks and rewards of ownership. Financial liabilities at fair value through profit or loss are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

c) Short Term Investments

Short term investments consist of banker's acceptances, Treasury bills and bank guaranteed asset-backed commercial paper with maturities of less than one year at the acquisition date.

d) Cash & Margin

Cash is comprised of deposits with financial institutions.

A portion of the assets of a Fund which holds derivative financial instruments are held by broker as margin or collateral. Margin or collateral may be comprised of cash or securities pledged. Securities pledged as collateral or deposited to meet margin requirements follow the fair value policies outlined above and are identified in the Schedule of Investment Portfolio. In addition, these securities are included in "Investments" in the Statements of Financial Position. There is no impact on the Fund's Net Asset Value ("NAV") based on the holding.

e) Income Recognition

Dividend income is recorded on the ex-dividend date. Distributions and allocations from investment funds and income from income trusts are recognized on the distribution date. The latter income may include dividends, interest, capital gains and return of capital. The proceeds of distributions may be used to purchase additional units of the reference funds.

Interest for distribution purposes shown on the Statements of Comprehensive Income represents the coupon interest received by the fund accounted for on an accrual basis. Income represents the coupon interest received by the fund on an accrual basis and/or imputed interest on zero coupon bonds. Any premiums paid or discounts received on the purchase of zero coupon bonds are amortized.

Realized gains or losses and unrealized appreciation and depreciation on investments are calculated on an average cost basis, which does not include the amortization of premiums or discounts on fixed income and debt securities with the exception of zero coupon bonds and without giving effect to transaction costs.

Gains or losses from daily valuation of derivative financial instruments are included in Derivative financial instruments: Net change in unrealized appreciation (depreciation) until the contracts are settled or expired. Realized gains or losses from settlement or expiration are included in Derivative financial instruments: Net realized gain (loss).

f) Other Financial Assets and Liabilities

All financial assets and liabilities of each Fund, other than investments, derivative financial instruments and each Fund's obligation for net assets attributable to holders of redeemable shares, are carried at amortized cost which approximates fair value due to their short term nature. Each Fund's obligation for net assets attributable to holders of redeemable shares is presented at the redemption amount which approximates fair value.

g) Foreign Currency Translation

The fair value of portfolio investments denominated in foreign currency, foreign currency holdings and other assets and liabilities are translated into the functional currency at the exchange rate applicable on the measurement date. Investment transactions, income and expenses are translated at the exchange rates on the dates of such transactions.

Foreign exchange gains and losses relating to cash are presented as "Foreign exchange gain (loss) on cash", and those relating to other financial assets and liabilities as well as realized and unrealized foreign currency gains or losses on investments or derivative financial instruments are presented within "Total other changes in fair value of investments and derivative financial instruments", in the Statements of Comprehensive Income.

h) Foreign currency contracts

Foreign currency contracts, if purchased or sold, are valued at the current market value thereof on the valuation date. The value of these currency contracts is the gain or loss that would be realized if, on the valuation date, the positions were to be closed out. It is reported in the Statement of Comprehensive Income and in the Statements of Financial Position. For spot contracts and when currency contracts are closed out or expire, realized gains or losses are recognized and are included in the Statements of Comprehensive Income. The Canadian dollar value of currency contracts is determined using currency contracts exchange rates supplied by an independent service provider.

The Funds may enter into currency contracts primarily with the intention to offset or reduce exchange rate risks associated with the investments and also, periodically, to enhance returns to the portfolio. Losses may arise due to a change in the value of the currency contracts or if the counterparty fails to perform under the contract.

i) Expenses

All expenses are recognized in the Statements of Comprehensive Income on the accrual basis.

j) Net Assets Attributable to Holders of Redeemable Shares

Shares of the Funds are issued and redeemed at their NAV per Share. The NAV per share is determined at the end of each day the Toronto Stock Exchange is open for trading. The NAV of a particular series of Shares of a Fund is computed by calculating the value of that series' proportionate share of the assets and liabilities of the Funds common to all series, less the liabilities of the Funds attributable only to that series. Income, non-series specific expenses, realized and unrealized gains (losses) of investments, and foreign currency and transaction costs are allocated proportionately to each series based upon the relative NAV of each series of the Fund. Expenses directly attributable to a series are charged directly to that series.

Redeemable shares can be redeemed at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the share series. The redeemable shares are classified as financial liabilities and are measured at their redemption amount.

The increase (decrease) in net assets attributable to holders of redeemable shares per share reported in the Statement of Comprehensive Income represents the increase (decrease) in net assets attributable to holders of redeemable shares by series for the period, divided by the weighted average number of shares of the series outstanding during the period.

Dividends to holders of redeemable shares are recognized in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares.

k) Investments in Subsidiaries, Joint Ventures and Associates

In determining whether a Fund is an investment entity, the Manager may be required to make significant judgements about whether the Fund has the typical characteristics of an investment entity. An investment entity is an entity that may hold only one investment, an underlying fund, however, consistent with the investment entity definition, the Fund primarily obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

Each Fund has determined that it meets the definition of an investment entity and it is required to account for investments in associates, joint ventures and subsidiaries at fair value through profit and loss.

Subsidiaries are all entities, including investments in other investment entities, over which a fund has control. A fund is deemed to control an entity when it has rights to or is entitled to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The Funds are investment entities and therefore account for investments in subsidiaries, if any, at fair value through profit and loss. The Funds also designate any investments in associates and joint ventures at fair value through profit and loss.

l) Transaction Costs

The transaction costs related to investments are expensed as incurred in the Statements of Comprehensive Income in the item line "Transaction costs". Transaction costs are incremental costs that are directly attributable to the acquisition, issuance or disposal of an investment, including fees and commissions paid to agents, advisors, brokers and dealers.

4. New Accounting Policies and Accounting Policies Changes

On January 23, 2020, the IASB published an amendment to IAS-1 "Presentation of Financial Statements". The amendment concerns the classification of liabilities as current or non-current and only affects the presentation of liabilities in the statement of financial position, and not the amount or timing of recognition of any asset, liability income or expense, or the information that entities disclose about those items. The provisions of this amendment will apply retrospectively to financial statements beginning on or after January 1, 2022. Early adoption is permitted. The Manager has evaluated this amendment and has determined that there is no impact on the Funds’ financial statements.

5. Management of Financial Risks

a) Methods and Assumptions Used to Estimate Fair Values of Financial Instruments

Disclosures regarding financial instruments must be presented as a hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. The hierarchy gives the highest priority to readily available unadjusted quoted prices in active markets for identical assets or liabilities and lowest priority to unobserved inputs when market prices are not readily available or reliable. The three levels of the hierarchy are described below:

Level 1 - Valuation based on quoted prices in active markets (unadjusted) for identical assets or liabilities.

Level 2 - Valuation model based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Valuation model based on significant unobservable inputs that are supported by little or no market activity.

All fair value measurements in the Funds are recurring. The financial instruments are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Invested assets are accounted for using the methods described below and the hierarchy of financial instruments at fair value is disclosed in the Discussion of Financial Instrument Risk Management section of each Fund.

i) *Equities*

Each equity listed is valued at the close price reported on the principal securities exchange on which the issue is traded or, if no active market exists, the fair value is estimated using equity valuation methods, which analyze the fair value of the net asset, and other techniques that rely on comparisons with reference data, such as market indices. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

ii) *Investments in Reference funds*

Investments in reference funds are valued at fair value which generally corresponds to the NAV of the reference fund at the valuation date.

iii) *Bonds*

Fixed-income investments, which include primarily government bonds, corporate bonds, asset backed securities, term loans, zero coupon bonds, residue bonds and municipal bonds and may also include mortgage-backed securities, loans, debentures and other debt securities, are valued on mid prices using independent pricing services, or by dealers who trade such securities. Pricing services consider yield or price of fixed-income securities of comparable quality, coupon, maturity and type as well as dealer supplied prices. The imputed interest calculation for zero coupon bonds uses the straight line amortization method.

The par value and cost base of real return bonds are adjusted daily by the inflation adjustment. Interest is accrued on each valuation date based on the inflation adjusted to par at that time. The daily change in the inflation adjusted to par is recognized as income. At maturity, the bonds will pay their final coupon interest payment, plus the cumulative inflation compensation accrued from the original issue date.

No efficient market has been developed for certain bonds. The Manager estimates the fair value of these investments according to a valuation model that it believes is appropriate under the circumstances. The valuation is modelled on an individual basis according to the category of reference assets, including traditional or synthetic assets.

iv) *Valuation of Unlisted Securities and Other Investments*

When the valuation principles of the aforementioned investments are not appropriate, fair value is determined according to the Manager's best estimates, based on established valuation procedures. These procedures cover, among others, securities no longer traded, securities issued by private corporations and illiquid securities. The fair value of these securities established for the purpose of calculating the Funds' net assets attributable to holders of redeemable shares may differ from the securities' most recent bid or ask price.

Equity investments consist of common shares, purchase warrants and preferred shares. The equity investments are valued based on the last round of financing, third party valuations, financial statements and liquidity discounts. Fixed income investments are valued at fair value based on operating results and financial condition of the company. The manager will assess the ability of the company to meet financial covenants, including the ability to make interest and principal payments, the need for further financing and the ability to cover the amount of the Fund’s investment with the assets of the investee company. In addition to the range of valuation methods employed, a significant number of key assumptions used in the valuation of individual investments are specific to the investee company.

v) *Short-term Investments*

Short-term investments are accounted for at the mid rate using valuations based on a matrix system which considers such factors as security prices, yields and maturities of similar benchmarks.

For items 5i to 5v, the difference, if any, between the total fair value and the total cost of securities corresponds to Investments: Net change in unrealized appreciation (depreciation).

vi) *Cash*

Cash and Bank overdraft are accounted for at amortized cost.

vii) *Derivative Financial Instruments*

The fair value of currency contracts is based on a matrix of market forward quotes. The forward quotes are calculated with a linear interpolation. If the matrix is not available, current market quotes for the reference currencies are used.

Options, futures and swaps are marked-to-market on each valuation day according to the gain or loss that would be realized if the contracts were settled.

The difference between the fair value and cost of securities corresponds to Derivative financial instruments: Net change in unrealized appreciation (depreciation).

viii) *Other information*

If an investment security cannot be valued under the above criteria, or under any valuation criteria set out in securities legislation, or if any of the valuation criteria 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.

ix) *Fair Value Pricing*

For the purpose of calculating the NAV, the Funds use fair value pricing with a view to deter excessive short-term trading in the Funds and to mitigate market timing opportunities. Fair value pricing is designed to provide a more accurate NAV by making fair value factor adjustments to quoted or published prices of the non-North-American equities for significant events occurring between the earlier of close of non-North-American markets, and the time at which NAV is determined. Therefore, the fair value of equities for the purpose of calculating the NAV of the Funds may differ from the closing market price of the equities.

b) Financial Risks

A Fund's investment activities expose it to a variety of financial risks which may include: credit risk, concentration risk, liquidity risk and market risk (including interest rate risk, currency risk and price risk). The value of investments within a Fund's portfolio can fluctuate from day to day, reflecting changes in interest rates, economic conditions, market and company news related to specific securities within the Funds. The Schedule of Investment Portfolio presents securities by asset type, geographic region, and market segment. The level of risk depends on the Fund's investment objectives and strategy.

The Manager manages the potential adverse effects of financial risks on a Fund's performance by employing and overseeing professional and experienced portfolio advisors that regularly monitors the Fund's positions and market events and diversifies the investment portfolios, within the constraints of the investment guidelines.

A Fund's overall risk management practice involves oversight of investment activities and monitoring and testing of compliance with the Fund's investment strategy and securities regulations.

Reference Fund Units

Some Funds can invest in units of other investment funds ("reference funds") whose investment policies permit investments in vehicles such as bonds, stocks or other fund units. Certain risk disclosure in the Discussion of Financial Instrument Risk Management section look through to the reference funds' information, if applicable. The manager of each reference fund is responsible for ensuring investments comply with the fund's investment policy. These investments are presented in the Schedule of Investment Portfolio.

i) *Credit Risk*

Credit risk is the risk that a Fund will sustain a financial loss if a counterparty or a debtor does not meet its commitments to the Fund. The maximum credit risk associated with financial instruments corresponds to the carrying value of the financial instruments presented in the Statements of Financial Position.

Credit risk can also occur when there is a concentration of investments in entities with similar characteristics or that operate in the same sector of activity or the same geographic region, or when a substantial investment is made with a single entity. Credit Risk is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

The Fund's investment strategies aim to limit this risk by ensuring sound diversification, by limiting exposure to a same issuer and by seeking a relatively high quality of issuers. The Funds invest in financial assets, which generally have an investment grade as rated by a well known rating agency. The fair value of debt instruments includes consideration of the creditworthiness of the issuer, and represents the maximum credit risk exposure of the Fund.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

In order to monitor the credit quality of the "Unrated" underlying debt securities, the investment manager, on the basis of internal research, prepares its own shadow ratings for the various instruments for which publicly available credit ratings are not available. The investment manager reviews the key financial metrics of the issue and structural features of the instruments in order to calculate the implied ratings for each of these investments. The majority of unrated securities have been assessed by the investment manager to have credit quality consistent with BBB rated securities. A BBB rating is the lowest rating a bond can have and still be considered investment-grade. An investment grade bond is a bond considered to have a relatively low risk of default.

ii) *Concentration Risk*

Concentration risk arises as a result of the concentration of exposures within the same category, whether due to geographical location, product type, industry sector or counterparty type and are affected similarly by changes in economic or other conditions. The Fund's investment strategies aim to limit this risk by ensuring sound diversification.

iii) *Liquidity Risk*

Liquidity risk is the risk that a Fund will encounter difficulty to respect its financial obligations at the appropriate time and under reasonable conditions. The Funds' exposure to liquidity risk is concentrated in the daily cash redemption of shares. Liquidity risk is managed by investing the majority of the Funds' assets in investments that are traded in an active market and can be readily disposed of. In addition, the Funds retain sufficient cash and short-term investments to maintain liquidity for the purpose of funding redemptions. Each Fund also has the ability to borrow up to 5% of its Net Asset Value for the purpose of funding redemptions.

Redeemable shares are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed in the Discussion of Financial Instrument Risk Management's section of each Fund will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Some Funds may invest in financial instruments that are not traded in active markets and may be illiquid. Such investments include private equity and bonds and are included in the Schedule of Investment Portfolio.

The recent escalating conflict between Ukraine and the Russian Federation has resulted in military conflict, the imposition of economic sanctions, and significant volatility and uncertainty in financial markets. It is unclear how long the conflict, economic sanctions and related market volatility and uncertainty will continue, what further actions may be taken by governments, and what the resulting impact on global economies, businesses and financial markets may be. While the situation remains fluid, the Manager will continue to monitor ongoing developments and the impact to the Funds. As at March 31, 2023 and March 31, 2022, all Funds had either no exposure or an exposure of less than 1% of net assets to Russian securities.

iv) *Market Risk*

a) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of interest-bearing financial instruments. The Funds are exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is minimal sensitivity to interest rate fluctuations on any cash or short-term investments since they are invested at short-term market interest rates and usually held to maturity. Interest Rate Risk is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

The Fund's investment strategies aim to limit this risk by ensuring sound diversification, by limiting exposure to a same issuer and by seeking a relatively high quality of issuers.

b) Currency Risk

Some Funds may invest in monetary and non-monetary assets denominated in currencies other than Canadian dollar. These investments result in currency risk, which is the risk that the fair value or future cash flows of the financial instrument will fluctuate because of changes in foreign exchange rates. The Funds may enter into foreign exchange forward contracts to reduce their foreign currency exposure. The sensitivity analysis is disclosed in the Discussion of Financial Instrument Risk Management of each Fund.

c) Price Risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in a market. All investments present a risk of loss of capital. The Fund's portfolio advisor moderates this risk through a careful selection and diversification of securities and other financial instruments within the parameters of the Fund's investment objectives and strategies. Except for derivative financial instruments, the maximum risk resulting from financial instruments is equivalent to their fair value.

The Fund's overall market positions are monitored on a daily basis by the Fund's portfolio advisor.

Details of the Fund's price sensitivity is disclosed in the Discussion of Financial Instrument Risk Management's section of each Fund.

v) *LIBOR Transition Risk*

LIBOR transition risk is the risk related to the anticipated discontinuation of LIBOR. Certain instruments held by Funds rely in some fashion upon LIBOR. Although the transition process away from LIBOR has become increasingly well-defined in advance of the anticipated discontinuation date, there remains uncertainty regarding the nature of any replacement rate, and any potential effects of the transition away from LIBOR on the Funds or on certain instruments in which the Funds invest can be difficult to ascertain. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR and may result in a reduction in value of certain instruments held by the Funds. The impact of this transition, if any, will be captured in the change in fair value of these investments and is not expected to be material to the Fund.

Refer to the Discussion of Financial Instrument Risk Management for Funds specific risk disclosure.

c) Investments in Unconsolidated Structured Entities

Each Fund has determined that its investments in reference funds are investments in unconsolidated structured entities. Some Funds may invest in reference funds to achieve their investment objectives and apply various investment strategies to accomplish their objectives.

A Fund's investments in reference funds are susceptible to market price risk arising from uncertainty about future values of those reference funds.

A Fund's maximum exposure to loss from its interests in reference funds is equal to the total carrying value of its investments in reference funds.

d) Offsetting Financial Assets and Liabilities

Some Funds may invest in derivative financial instruments through an International Swaps and Derivatives Association's (ISDA) Master Agreement. This agreement requires guarantees by the counterparty or by the Funds. The amount of assets to pledge is based on changes in fair value of financial instruments. The fair value is monitored daily. The assets pledged by the Funds as collateral can consist of, but are not limited to cash, Treasury bills and Government of Canada bonds. The Funds may receive assets as collateral from the counterparty. According to the conditions set forth in the Credit Support Annex to the ISDA, the Funds may be authorized to sell or re-pledge the assets they receive. In addition, under the ISDA, the Funds have the right to offset in the event of default, insolvency, bankruptcy or other early termination.

6. Open currency contracts

The following is a list of abbreviations used in the Currency Contracts table which can be found in the Supplemental Notes to Financial Statements - Fund Specific Information and is applicable for a Fund who engages in Currency Contracts:

AUD - Australian Dollar; ARS - Argentine Peso; BMD - Bermudian Dollar; BRL - Brazilian Real; CAD - Canadian Dollar; CHF - Swiss Franc; CLP - Chile Peso; CNH - Chinese Yuan; CNY - Chinese Yuan; COP - Columbian Peso; CZK - Czech Koruna; DKK - Danish Krone; EGP - Egyptian Pound; EUR - Euro; GBP - British Pound; GHS - Ghanaian Cedi; HKD - Hong Kong Dollar; HUF - Hungarian Forint; IDR - Indonesian Rupiah; ILS - New Israeli Shekel; INR - Indian Rupee;

JPY - Japanese Yen; KES - Kenya Shilling; KRW - South Korean Won; KZT - Kazakhstani Tenge; MXN - Mexico Peso; MYR - Malaysian Ringgit; NGN - Nigeria Naira; NOK - Norwegian Krone; NZD - New Zealand Dollar; PEN - Peruvian Sol; PHP - Philippine Peso; PLN - Polish Zloty; RON - Romanian Leu; RUB - Russian Ruble; SEK - Swedish Krona; SGD - Singapore Dollar; THB - Thai Baht; TRY - Turkey Lira; TWD - New Taiwan Dollar; USD - United States Dollar; UYU - Uruguayan Peso; ZAR - South African Rand.

7. Related Party Transactions

a) Management Fees

Each series of the Funds, except Series I, Series O and Series V, pays an annual management fee to the Manager which is calculated daily based on the daily NAV of each series and payable monthly in arrears plus applicable taxes, as disclosed in the Management Fees section of the Supplemental Notes to Financial Statements - Fund Specific Information.

Management fees for Series I, Series O, and Series V shares are negotiated and paid directly by the investor or the portfolio manager, not by the Fund. These fees will not exceed the Series A or Series T management fees of the Funds.

Management fees for Series P shares are paid directly by the investor, not by the Fund, and will not exceed the Series E management fees of that Fund. The Series P management fee is paid by a redemption of Series P shares held by the investor.

The Manager may reduce the effective management fee payable by some shareholders, by causing the Funds to make management fee dividends to these shareholders so that the effective management fee will equal a target rate. If we reduce or rebate a portion of the management fee, a Fund pays an amount equal to the reduction either as a special distribution (a “management fee distribution”, in the case of trust funds) or as a direct rebate (in the case of corporate class funds). The management fee distribution or rebate is reinvested in additional Securities of a Fund and is not paid to investors in cash.

All expense payable amounts located in the Statements of Financial Position, if any, are composed of Management Fees and Fixed Administration Fees which are related party transactions.

At its sole discretion, the Manager may waive management fees or absorb expenses of the Funds. Such waivers and absorptions can be terminated at any time, but can be expected to continue until such time as the Funds are of sufficient size to reasonably absorb all management fees and expenses incurred in their operation. Even where continued, the amount of waivers and absorptions can fluctuate from time to time.

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

b) Fixed Administration Fees and Operating Expenses

The Manager pays the operating expenses of each Fund, other than the "Fund Costs" (as defined below) (the “Operating Expenses”), in exchange for the payment by each Fund of an annual fixed rate administration fee (the "Administration Fee") with respect to each series of a Fund.

The Administration Fee is equal to a specified percentage of the NAV of each series of a Fund, calculated and paid in the same manner as the management fees for such Fund. The Operating Expenses payable by the Manager include, but are not limited to, audit fees, fund accounting costs, transfer agency and recordkeeping costs, custodian costs, administration costs and trustee services relating to registered tax plans, costs of printing and disseminating prospectuses, annual information forms, fund facts and continuous disclosure materials, legal fees, investor communication costs and regulatory filing fees. The Manager is not obligated to pay any other expense, cost or fee, including those arising from new government or regulatory requirements relating to the foregoing expenses, costs and fees. Dealer compensation programs and any advertising, marketing and promotional costs are the responsibility of the Manager.

In addition to the Administration Fee, the Funds also pay certain expenses, "Fund Costs", which include fees, costs and expenses associated with all taxes, borrowing or interest, directors' fees, securityholder meetings, Independent Review Committee or other advisory committees, compliance with any governmental and regulatory requirements imposed commencing after June 20, 2013 (including relating to the Operating Expenses), and any new types of costs, expenses or fees not incurred prior to June 20, 2013, including arising from new government or regulatory requirements relating to the Operating Expenses or related to external services that were not commonly charged in the Canadian mutual fund industry as of June 20, 2013. The Manager may, in some years and in certain cases, pay a portion of a series' Administration Fee or Fund Costs. The decision to absorb the Administration Fee or Fund Costs, or a portion thereof, is reviewed annually and determined at the discretion of the Manager without notice to securityholders.

c) Brokers and Dealers

Certain of the Funds have established or may establish standard broker-dealer agreements with iA Private Wealth Inc., (formerly, Industrial Alliance Securities Inc.), a subsidiary of Industrial Alliance and related company.

d) Other Related Party Transactions

Pursuant to applicable securities legislation, the Funds may rely on the standing instructions from the Independent Review Committee ("IRC") with respect to one or more of the following transactions:

i) *trades in securities of iA Financial Corporation Inc.;*

ii) *investments in securities of issuers during, or for 60 days after, the period in which a related party dealer acts as an underwriter in the distribution of such securities;*

iii) *purchases or sales of securities of an issuer from or to another investment fund managed by IA Clarington.*

The applicable standing instructions require that the above activities be conducted in accordance with IA Clarington policy and that IA Clarington advise the IRC of a material breach of any standing instruction. IA Clarington policy requires that an investment decision represents the business judgment of the portfolio manager, uninfluenced by considerations other than the best interests of the Funds.

8. Redeemable Shares

Each Fund's redeemable shares is managed in accordance with its investment objectives, as outlined in the Fund's prospectus. Each Fund seeks to achieve its investment objectives, while managing liquidity in order to meet redemptions. The Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares identifies the changes in the Fund's redeemable share during the periods.

The authorized redeemable shares of CSFI consists of an unlimited number of redeemable shares, restricted voting, convertible shares of various designated classes, each of which is a Fund, and an unlimited number of redeemable shares which do not constitute Funds.

Holders of shares of a series of CSFI have the right under the Corporation's Articles to require the Corporation to repurchase their shares at their current NAV.

Shares of each Fund are deemed to be a financial liability because of each Fund's multiple series structure and each series has non-identical features. The Funds' outstanding shares include a contractual obligation to distribute any net income and net realized capital gains annually (in cash at the request of the shareholder). The Funds' outstanding redeemable shares are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32 Financial Instruments: Presentation.

The purchase and redemption charges to investors in Series A, Series M, Series T5, Series T6, Series T8, Series T10 and Series X shares of CSFI, differ depending on the purchase option. They can be charged either an upfront sales commission upon purchase that is payable to their dealer, or a redemption fee upon redemption that is payable to the Manager. The Manager also charges the Series a management fee.

Series E, Series E5, Series E6, Series EX, Series EX5 and Series EX6 shares are available to investors who invest at least $100,000. The Manager also charges the Series a management fee.

Investors of Series EF, Series EF5, Series EF6, Series EFX, Series EFX6, Series F, Series F5, Series F6, Series F8, Series F10, Series FX and Series FX5 shares of CSFI do not pay sales commission upon purchase, nor redemption fees upon redemption. Investors pay an annual fee, the amount of which is negotiated with their dealer, to their dealer for investment advice and other services. For investors in Series L, Series L5, Series L6, Series L8, Series L10 and Series LM shares, their dealer may pay a redemption charge to the Manager. Series L, Series L5, Series L6, Series L8 and Series L10 shares are closed to purchases and upon redemption fee schedule expiry, investors in these series will be transferred to a front-end option of another series. The Manager also charges the Series a management fee. Investors in Series I, Series O and Series V shares of CSFI do not pay sales commission upon purchase, nor redemption fees upon redemption. Investors negotiate a separate fee that is paid directly to the Manager. No management fees are charged to the Funds with respect to Series I, Series O and Series V Shares.

Series M shares are available to investors who invest at least $15,000. The Manager also charges the Series a management fee. The management fees charged by the Manager to each Fund for all shares other than Series I, Series O and Series V shares are listed in the Supplemental Notes to Financial Statements - Fund Specific Information.

Series P, Series P5 and Series P6 shares are available to investors who invest at least $100,000. Investors are charged a management fee based on the amount of their investment which are paid directly to the Manager. No management fees are charged to the Funds with respect to Series P, Series P5 and Series P6 shares.

As a result of regulatory changes, Series A, Series T5, Series T6, Series T8, Series T10, Series X and Series X5 are no longer available for purchase under the Deferred Sales Charge Option and the Low Load Option.

A Fund may offer series which distribute monthly. Monthly dividends will generally consist of return of capital. Dividends can either be reinvested in additional shares or paid in cash.

9. Soft Dollar Commissions

In addition to paying for the cost of brokerage services in respect to security transactions, commissions paid to certain brokers may also cover research services provided to the investment manager. The value of the research services included in the commissions paid by the Funds to those brokers can be found in the Supplemental Notes to Financial Statements - Fund Specific Information.

10. Securities Lending

Certain Funds may enter into securities lending transactions. These transactions will be used in conjunction with other investment strategies in order to seek enhanced returns. The credit risk related to securities lending transactions is limited by the fact that the value of cash or securities held as collateral by the Funds in connection with these transactions is at least 105% of the fair value of loaned securities, except on loans for U.S. securities or global fixed-income securities, for which the applicable percentage will be 102%. This amount is deposited by the borrower with a lending agent until the underlying security has been returned to the Funds in order to provide for the risk of counterparty default or collateral deficiency. The fair value of the loaned securities is monitored on a daily basis with additional collateral obtained or refunded as the market values fluctuate. It is the Funds' practice to obtain a guarantee from the lending agent against counterparty default, including collateral deficiency. Income from securities lending is disclosed separately in the Statements of Comprehensive Income.

11. Income Taxes

The Corporation's revenues, expenses, capital gains and capital losses, in connection with its investment portfolios and other items relevant to the Corporation, are considered when determining the income or loss of the Corporation as a whole.

The Corporation complies with the requirements of the Income Tax Act (Canada) to qualify as a mutual fund corporation. Accordingly, the corporation is subject to Part IV tax on the amount of taxable dividends received after the year 2016 from taxable Canadian corporations at a rate of 38 1/3%. The 38 1/3% tax will be refundable upon payment of the taxable dividends to shareholders at the rate of $1 for each $3 of such dividends paid. It is the intention of the Corporation to pay out all Canadian dividends it receives to its shareholders, as applicable, such that Part IV would not be paid. Interest and foreign dividends received are taxed at normal corporate rates subject to permitted deductions for expenses of the Corporation and applicable credits or deductions of foreign taxes paid.

The taxable portion of net capital gains realized by the Corporation is subject to tax at normal corporate rates, but taxes paid thereon are refundable to the Corporation. This tax is generally refundable when shares of the Corporation are redeemed or when the Corporation pays capital gains dividends within 60 days of its fiscal year end. Where redemptions in a given year are not sufficient, it is the intention of the Manager to have the Corporation pay a sufficient capital gains dividend to eliminate this tax.

Income and capital taxes (if any) are allocated to each class of shares of the Corporation, as applicable, on a reasonable basis. As at the 2022 tax year end, the Corporation did not have any non-capital loss carry forwards or capital loss carry forwards for income tax purposes.

Pursuant to proposed changes to the Tax Act announced in the March 22, 2016 Federal Budget, effective January 1, 2017, a switch of shares of one Corporate Class Fund to shares of another Corporate Class Fund will be a disposition for tax purposes. Accordingly, capital gains and losses will be realized for tax purposes on such a switch. The cost of the shares received on such a switch will be equal to the fair market value of the shares that were switched.

12. Revision of Comparative Information

Where applicable, the comparative information has been revised for the following: amounts previously recorded in the Unconsolidated Structured Entities table have been revised to show each underlying investment and the Fund's ownership value has been; amounts previously recorded in the Management Fees table as the Management Fee rate net of any waivers has been revised to the Management Fee rate before any waivers; amounts previously recorded in the Fixed Administration Fees table as the Fixed Administration Fee net of any waivers has been revised to the Fixed Administration Fee rate before any waivers.

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