

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Semi-Annual Financial Statements

September 30, 2020



The Fund's auditor has not performed a review of the interim financial statements that are included in this report.



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## Message to Unitholders

Dear Investor:

We are pleased to enclose the 2020 semi-annual report for IA Clarington Mutual Funds. The accompanying financial statements contain important information about your investment for the period ended September 30, 2020.

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](http://www.iaclarington.com).

Sincerely,



Andrew Dalglish

Chief Executive Officer

## Management's Responsibility for Financial Reporting

### 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.



Andrew Dalglish  
Chief Executive Officer



Nancy Cappadocia  
Chief Financial Officer

November 13, 2020

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Statements of Financial Position

As at	September 30	March 31
In thousands (except per unit figures)	2020 (unaudited) US\$	2020 (audited) US\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Investments	28,948	28,894
Derivative financial instruments		
Open currency contracts	117	216
Cash	157	3,682
Subscriptions receivable	75	42
Interest, dividends, distributions and other receivable	242	258
	29,539	33,092
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Derivative financial instruments		
Open currency contracts	9	79
Redemptions payable	56	502
Distributions payable	19	34
Expenses payable	30	37
	114	652
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>29,425</b>	<b>32,440</b>
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS BY SERIES</b>		
Series A	2,990	2,990
Series E	5,735	6,327
Series E5	1	1
Series F	19,866	22,206
Series F5	419	325
Series I	1	147
Series L	105	110
Series L5	1	1
Series P	-	1
Series P5	-	1
Series T5	307	331
<b>UNITS OUTSTANDING</b>		
Series A	313	334
Series E	593	699
Series E5	0.1	-
Series F	2,053	2,451
Series F5	47	38
Series I	0.1	18
Series L	11	13
Series L5	0.1	-
Series P	-	-
Series P5	-	-
Series T5	36	40
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT</b>		
Series A	9.55	8.94
Series E	9.67	9.05
Series E5	8.76	8.34
Series F	9.68	9.06
Series F5	9.01	8.54
Series I	9.13	8.37
Series L	9.13	8.57
Series L5	8.62	8.22
Series P	-	9.00
Series P5	-	8.70
Series T5	8.64	8.23

## Statements of Comprehensive Income (unaudited)

For the periods ended September 30	2020	2019
In thousands (except per unit figures)	US\$	US\$
<b>INCOME</b>		
Interest for distribution purposes	720	1,267
Dividends	-	-
Foreign exchange gain (loss) on cash	52	22
Other changes in fair value of investments and derivative financial instruments		
Investments:		
Net realized gain (loss)	(1,245)	(120)
Net change in unrealized appreciation (depreciation)	3,576	37
Net gain (loss) in fair value of investments	2,331	(83)
Derivative financial instruments:		
Net realized gain (loss)	(363)	70
Net change in unrealized appreciation (depreciation)	(27)	(4)
Net gain (loss) in fair value of derivative financial instruments	(390)	66
Total other changes in fair value of investments and derivative financial instruments	1,941	(17)
	2,713	1,272
<b>EXPENSES</b>		
Management fees	155	193
Fixed Administration fees	33	39
Transaction costs	1	-
Foreign withholding taxes	3	-
	192	232
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>	<b>2,521</b>	<b>1,040</b>
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS BY SERIES</b>		
Series A	236	77
Series E	465	205
Series E5	-	-
Series F	1,751	597
Series F5	36	5
Series I	(1)	137
Series L	9	11
Series L5	-	1
Series P	-	-
Series P5	-	-
Series T5	25	7
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS PER UNIT</b>		
Series A	0.72	0.22
Series E	0.74	0.23
Series E5	0.67	0.26
Series F	0.77	0.28
Series F5	0.73	0.26
Series I	(2.09)	0.31
Series L	0.70	0.21
Series L5	0.65	0.14
Series P	0.49	0.35
Series P5	0.46	0.30
Series T5	0.67	0.21

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

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



Andrew Dalglísh, Director



Normand Pépin, Director

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

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *(unaudited)*

For the periods ended September 30 In thousands	2020 US\$	2019 US\$	For the periods ended September 30 In thousands	2020 US\$	2019 US\$
<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AT THE BEGINNING OF THE PERIOD</b>			<b>Reinvestments of distribution to holders of redeemable units:</b>		
Series A	2,990	3,608	Series A	31	75
Series E	6,327	9,401	Series E	58	201
Series E5	1	1	Series E5	-	-
Series F	22,206	23,522	Series F	293	495
Series F5	325	189	Series F5	2	4
Series I	147	4,453	Series I	-	109
Series L	110	536	Series L	2	5
Series L5	1	1	Series L5	-	1
Series P	1	1	Series P	-	-
Series P5	1	1	Series P5	-	-
Series T5	331	370	Series T5	4	4
<b>INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>			<b>Redemption of redeemable units:</b>		
Series A	236	77	Series A	(566)	(1,086)
Series E	465	205	Series E	(1,133)	(3,070)
Series E5	-	-	Series E5	-	-
Series F	1,751	597	Series F	(6,456)	(7,609)
Series F5	36	5	Series F5	(92)	(155)
Series I	(1)	137	Series I	(145)	-
Series L	9	11	Series L	(30)	(4)
Series L5	-	1	Series L5	-	-
Series P	-	-	Series P	(1)	-
Series P5	-	-	Series P5	(1)	-
Series T5	25	7	Series T5	(50)	(192)
<b>DISTRIBUTIONS TO HOLDERS OF REDEEMABLE UNITS</b>			<b>NET INCREASE (DECREASE) IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS</b>		
From net investment income:			Series A	-	204
Series A	(38)	(90)	Series E	(592)	(1,364)
Series E	(73)	(221)	Series E5	-	116
Series E5	-	(1)	Series F	(2,340)	1,109
Series F	(353)	(635)	Series F5	94	36
Series F5	(9)	(5)	Series I	(146)	95
Series I	-	(151)	Series L	(5)	3
Series L	(2)	(12)	Series L5	-	33
Series L5	-	(1)	Series P	(1)	-
Series P	-	-	Series P5	(1)	-
Series P5	-	-	Series T5	(24)	(24)
Series T5	(5)	(7)	<b>NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS AT END OF THE PERIOD</b>		
From Return of Capital			Series A	2,990	3,812
Series A	-	-	Series E	5,735	8,037
Series E	-	-	Series E5	1	117
Series E5	-	-	Series F	19,866	24,631
Series F	-	-	Series F5	419	225
Series F5	(4)	-	Series I	1	4,548
Series I	-	-	Series L	105	539
Series L	-	(1)	Series L5	1	34
Series L5	-	-	Series P	-	1
Series P	-	-	Series P5	-	1
Series P5	-	-	Series T5	307	346
Series T5	(4)	(2)			
<b>REDEEMABLE UNITS TRANSACTIONS</b>			The accompanying Notes to the Financial Statements are an integral part of these statements.		
Proceeds from redeemable units issued:					
Series A	337	1,228			
Series E	91	1,521			
Series E5	-	117			
Series F	2,425	8,261			
Series F5	161	187			
Series I	-	-			
Series L	16	4			
Series L5	-	32			
Series P	-	-			
Series P5	-	-			
Series T5	6	166			

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Statements of Cash Flows (unaudited)

For the periods ended September 30 In thousands	2020 US\$	2019 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets attributable to holders of redeemable units	2,521	1,040
Adjustments		
Interest for distribution purposes	(720)	(1,267)
Foreign withholding taxes	3	-
Foreign exchange loss (gain) on cash	(52)	(22)
Net realized loss (gain) of investments and derivative financial instruments	1,608	50
Net change in unrealized depreciation (appreciation) of investments and derivative financial instruments	(3,549)	(33)
Proceeds from sale and maturity of investments	8,002	8,236
Purchases of investments	(6,086)	(2,824)
Increase / (decrease) in expenses payable	(7)	(2)
Interest received (paid)	733	1,250
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2,453</b>	<b>6,428</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution paid to holders of redeemable units net of reinvested distributions	(113)	(195)
Proceeds from issuances of redeemable units	3,036	11,516
Change in subscriptions receivable	(33)	7
Issuance of units from other series	(217)	(2,088)
Proceeds from redemption of redeemable units	(8,474)	(12,116)
Change in redemptions payable	(446)	60
Redemption of units from other series	217	2,088
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(6,030)</b>	<b>(728)</b>
Foreign exchange gain (loss) on cash	52	22
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(3,525)</b>	<b>5,722</b>
Cash (Bank Overdraft) at Beginning of the Period	3,682	2,029
<b>CASH (BANK OVERDRAFT) AT END OF THE PERIOD</b>	<b>157</b>	<b>7,751</b>

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





# IA Clarington U.S. Dollar Floating Rate Income Fund

## Schedule of Investment Portfolio *(unaudited - continued)*

As at September 30, 2020 In thousands	Face Value \$	Average Cost \$	Carrying Value \$
<b>CORPORATES (continued)</b>			
Sotheby's, Callable 7.375%, 2027-10-15	350	333	350
Sotheby's, Term Loan 6.500%, 2027-01-15	139	136	139
Staples Inc., Term Loan 5.251%, 2026-04-16	437	436	408
Summit Materials LLC / Summit Materials Finance Corp., Callable 5.125%, 2025-06-01	400	399	407
TGP Holdings III LLC, Term Loan 5.250%, 2024-09-25	399	397	389
Thermon Industries Inc., Term Loan 4.750%, 2024-10-30	350	348	347
TKC Holdings Inc., Term Loan 4.750%, 2023-02-01	478	480	450
T-Mobile USA Inc., Term Loan 3.156%, 2027-04-01	600	590	601
TransDigm Inc., Term Loan 2.406%, 2025-05-30	446	448	422
US Foods Inc., Term Loan 1.906%, 2023-06-27	597	598	576
VFH Parent LLC, Term Loan 3.151%, 2026-03-01	224	223	222
Virgin Media Bristol LLC, Term Loan 2.652%, 2028-01-31	250	251	243
Vistage International Inc., Term Loan 5.000%, 2025-02-10	489	494	470
Wand NewCo 3 Inc., Term Loan 4.072%, 2026-02-05	149	148	144
West Corp., Term Loan 5.000%, 2024-10-10	82	83	75
Wirepath Home Systems LLC, Term Loan 5.072%, 2024-08-05	486	484	455
WKI Holding Co. Inc., Term Loan 5.000%, 2024-05-01	375	376	365
		22,249	20,984
<b>TOTAL U.S. BONDS</b>		<b>22,249</b>	<b>20,984</b>
<b>FOREIGN BONDS (7.33%)</b>			
<b>CORPORATES (7.33%)</b>			
Altice France SA, Term Loan 3.000%, 2026-02-02	467	548	528
Amaya Inc., Term Loan 3.808%, 2025-07-10	247	247	247
Belron Finance Ltd., Term Loan 2.750%, 2024-11-07	250	289	291
Springer Nature Deutschland GmbH, Term Loan 3.750%, 2024-08-14	324	398	378
Vmed O2 UK Financing I PLC, Callable 4.250%, 2031-01-31	250	250	255
Ziggo BV, Term Loan 3.000%, 2029-01-31	400	452	459
		2,184	2,158
<b>TOTAL FOREIGN BONDS</b>		<b>2,184</b>	<b>2,158</b>
<b>TOTAL INVESTMENT PORTFOLIO (98.38%)</b>		<b>30,829</b>	<b>28,948</b>
DERIVATIVE ASSETS (0.40%)			117
DERIVATIVE LIABILITIES (-0.03%)			(9)
OTHER ASSETS LESS LIABILITIES (1.25%)			369
<b>TOTAL NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS (100.00%)</b>			<b>29,425</b>

† Denotes Level 3 financial assets

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Discussion of Financial Instrument Risk Management (unaudited)

September 30, 2020 (Generic Notes 3 and 5, in thousands of U.S. dollars, except per unit 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 Units", 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 September 30, 2020

	Financial Instruments at Fair Value			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>ASSETS</b>				
<b>Investments</b>				
Equities	-	-	-	-
Investment funds	-	-	-	-
Bonds	-	26,644	2,304	28,948
Short-term investments	-	-	-	-
	-	26,644	2,304	28,948
<b>Derivatives</b>				
Derivative financial instruments	-	117	-	117
<b>LIABILITIES</b>				
<b>Derivatives</b>				
Derivative financial instruments	-	(9)	-	(9)
<b>Total</b>	-	26,752	2,304	29,056

#### As at March 31, 2020

	Financial Instruments at Fair Value			
	Level 1 (\$)	Level 2 (\$)	Level 3 (\$)	Total (\$)
<b>ASSETS</b>				
<b>Investments</b>				
Equities	-	-	-	-
Investment funds	614	-	-	614
Bonds	-	26,200	2,080	28,280
Short-term investments	-	-	-	-
	614	26,200	2,080	28,894
<b>Derivatives</b>				
Derivative financial instruments	-	216	-	216
<b>LIABILITIES</b>				
<b>Derivatives</b>				
Derivative financial instruments	-	(79)	-	(79)
<b>Total</b>	614	26,337	2,080	29,031

There were no significant transfers between the levels for the periods ending September 30, 2020 and March 31, 2020.

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			
	September 30, 2020		March 31, 2020	
	Bonds (\$)	Equities (\$)	Bonds (\$)	Equities (\$)
<b>Balance - beginning of the period</b>	<b>2,080</b>	<b>-</b>	<b>3,542</b>	<b>-</b>
Net realized gain (loss) on investments	-	-	(38)	-
Net realized gain (loss) on derivatives	-	-	-	-
Net change in unrealized appreciation (depreciation) on investments	40	-	(629)	-
Net change in unrealized appreciation (depreciation) on derivatives	-	-	-	-
Purchases	184	-	78	-
Sales	-	-	(1,641)	-
Transfers into Level 3	-	-	768	-
Transfers out of Level 3	-	-	-	-
<b>Balance - end of the period</b>	<b>2,304</b>	<b>-</b>	<b>2,080</b>	<b>-</b>
<b>Change in unrealized gain (loss) of investments and derivatives held at end of the period</b>	<b>40</b>	<b>-</b>	<b>(629)</b>	<b>-</b>

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Discussion of Financial Instrument Risk Management (unaudited)

September 30, 2020 (Generic Notes 3 and 5, in thousands of U.S. dollars, except per unit figures)

The tables below summarize the valuation techniques and the unobservable inputs used in the fair value measurement of Level 3 financial instruments as of September 30, 2020 and March 31, 2020. The unobservable inputs used in valuation of Level 3 financial instruments can vary considerably over time depending on company specific factors and economic or market conditions. The table also illustrates the potential impact on the Fund if the unobservable inputs used in the valuation techniques had increased or decreased with all other variables held constant. Certain unobservable inputs used in the valuation techniques are not reasonably expected to shift and are indicated in the tables below as "n/a". Securities where the reasonable shift in the unobservable input did not result in a material impact on the Fund are indicated in the table below as nil.

### As at September 30, 2020

Holdings	Valuation technique	Unobservable Input	Carrying Value	Reasonable shift (+/-)	Change in Valuation (+/-)
Bonds	Fair Value at Cost	Purchase Price	1,517	n/a	n/a
CAD dollar-denominated Bonds*	Fair Value at Cost	Purchase Price	187	n/a	n/a
CAD dollar-denominated Bonds*	Internal Fundamental Model	Liquidity Discount	600	+10%/-10%	+/-214
			<b>2,304</b>		

### As at March 31, 2020

Holdings	Valuation technique	Unobservable Input	Carrying Value	Reasonable shift (+/-)	Change in Valuation (+/-)
Bonds	Fair Value at Cost	Purchase Price	1,517	n/a	n/a
CAD dollar-denominated Bonds	Internal Fundamental Model	Liquidity Discount	563	+10%/-10%	+/-228
			<b>2,080</b>		

## Credit Risk

As at September 30, 2020 and March 31, 2020, the Fund had invested in debt instruments with the following credit rating(s):

Debt Instruments* by Credit Rating	Percentage of Net Assets As at September 30, 2020 (%)	Percentage of Net Assets As at March 31, 2020 (%)
BBB	4.63	4.78
BB	25.65	25.18
B	53.26	41.47
CCC	6.14	5.41
Not rated	8.70	10.33

\* Excludes other Net Assets attributable to holders of redeemable units

Credit ratings are obtained from DBRS, Standard & Poor's or Moody's. The DBRS rating is presented and, if not available, the DBRS equivalent rating is presented.

## Concentration Risk

The following table summarizes the Fund's concentration risk:

Market Segments	Percentage of Net Assets As at September 30, 2020 (%)	Percentage of Net Assets As at March 31, 2020 (%)
Floating Rate Term Loans	71.32	72.12
Canadian High Yield Corporate Bonds	13.91	6.06
U.S. High Yield Corporate Bonds	9.90	9.00
U.S. Investment Grade Corporate Bonds	1.75	-
Cash and Other Net Assets	1.62	10.93
Other	1.50	-
Investment Funds - Bond	-	1.89

## Liquidity Risk

As at September 30, 2020 and March 31, 2020, the Fund's redeemable units 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.

As at September 30, 2020 and March 31, 2020, the highest percentage of private placement securities held between all periods made up approximately 7.83% of the Net Assets as such exposes the Fund to liquidity risk since no available market exists for these securities hence are not readily disposed of.

## Interest Rate Risk

The tables below summarize the Fund's exposure to interest rate risk by remaining terms to maturity as at September 30, 2020 and March 31, 2020. If the prevailing interest rates had been raised or lowered by 1%, assuming a parallel shift in the yield curve, with all other factors remaining constant, the Net Assets would have respectively decreased or increased by the amount presented under "Impact on Net Assets". The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the portfolio. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

### As at September 30, 2020

	< 1 year (\$)	1-5 years (\$)	6-10 years (\$)	> 10 years (\$)	Non-interest Bearing (\$)	Total (\$)	Impact on Net Assets (\$)
Investments	436	17,479	10,778	255	-	28,948	321
Cash/Margin/ (Bank overdraft)	157	-	-	-	-	157	-
Other assets	-	-	-	-	434	434	-
Liabilities	-	-	-	-	114	114	-

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Discussion of Financial Instrument Risk Management (unaudited)

September 30, 2020 (Generic Notes 3 and 5, in thousands of U.S. dollars, except per unit figures)

### As at March 31, 2020

	< 1 year (\$)	1-5 years (\$)	6-10 years (\$)	> 10 years (\$)	Non- interest Bearing (\$)	Total (\$)	Impact on Net Assets (\$)
Investments	506	14,067	13,707	-	614	28,894	215
Cash/Margin/ (Bank overdraft)	3,682	-	-	-	-	3,682	-
Other assets	-	-	-	-	516	516	-
Liabilities	-	-	-	-	652	652	-

### Currency Risk

As at September 30, 2020 and March 31, 2020, the Fund held currency contracts which mitigated its exposure to currency risk, therefore no currency risk tables are shown for the Fund. Please refer to Supplemental Notes to Financial Statements - Fund Specific Information for additional information concerning these contracts.

### Price Risk

As at September 30, 2020 and March 31, 2020, 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 September 30, 2020

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets (\$)
Credit Suisse Leveraged Loan Index USD	3.00	100.00	2.96	872

#### As at March 31, 2020

Benchmark	Change in Benchmark (%)	Exposure to Benchmark (%)	Impact on Net Assets (%)	Impact on Net Assets (\$)
Credit Suisse Leveraged Loan Index USD	3.00	100.00	2.68	871

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Supplemental Notes to Financial Statements - Fund Specific Information

September 30, 2020 (Generic Note 1b, in thousands of U.S dollars, except per unit figures)

### Investment Objectives

The Fund seeks to provide unitholders with a stream of current monthly income in U.S. dollars by investing primarily in senior floating rate loans, other floating rate securities and debt obligations of investment grade and non-investment grade North American and global corporate issuers.

### The Fund

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

	Dates of Inception MM/DD/YY
Series A	12/29/15
Series E	12/29/15
Series E5	12/29/15
Series F	12/29/15
Series F5	12/29/15
Series I	09/25/17
Series L	12/29/15
Series L5	12/29/15
Series T5	12/29/15

### Terminated Series

The following series of the Fund were terminated on the dates indicated below:

Series	Date
Series P	06/18/20
Series P5	06/18/20

## Management of Financial Risks

See Generic Note 5

### Investments in Unconsolidated Structured Entities

As at September 30, 2020 and March 31, 2020, the Fund had the following interests in unconsolidated structured entities to disclose:

Type	Carrying Value September 30, 2020	Carrying Value March 31, 2020
Mortgage/Asset-Backed Securities	187	-
Investment Funds	-	614

### 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 September 30, 2020

	Gross Amount (\$)	Amounts Eligible for Offset		Net amount (\$)
		Financial Instruments (\$)	Collateral Received/Pledged (\$)	
<b>Financial assets - by type</b>				
Open currency contracts	117	9	-	108
<b>Total</b>	117	9	-	108
<b>Financial liabilities - by type</b>				
Open currency contracts	9	9	-	-
<b>Total</b>	9	9	-	-

#### As at March 31, 2020

	Gross Amount (\$)	Amounts Eligible for Offset		Net amount (\$)
		Financial Instruments (\$)	Collateral Received/Pledged (\$)	
<b>Financial assets - by type</b>				
Open currency contracts	216	79	-	137
<b>Total</b>	216	79	-	137
<b>Financial liabilities - by type</b>				
Open currency contracts	79	79	-	-
<b>Total</b>	79	79	-	-

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Supplemental Notes to Financial Statements - Fund Specific Information

September 30, 2020 (Generic Note 1b, in thousands of U.S dollars, except per unit 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 September 30, 2020

Settlement Date	Number of Contracts	To Purchase (\$)	To Sell (\$)	Unrealized Gain (Loss) - CAD (\$)	Counterparty	Credit Rating
November 25, 2020	1 USD	2,338 EUR	1,973	23	Canadian Imperial Bank of Commerce	A
December 3, 2020	3 USD	4,741 CAD	6,206	94	RBC Dominion Securities	AA
	4			117		
November 25, 2020	1 EUR	265 USD	316	(5)	Canadian Imperial Bank of Commerce	A
December 3, 2020	1 CAD	428 USD	325	(4)	RBC Dominion Securities	AA
	2			(9)		

#### As at March 31, 2020

Settlement Date	Number of Contracts	To Purchase (\$)	To Sell (\$)	Unrealized Gain (Loss) - CAD (\$)	Counterparty	Credit Rating
May 7, 2020	1 USD	2,300 EUR	2,073	22	Canadian Imperial Bank of Commerce	A
June 2, 2020	1 USD	5,601 CAD	7,693	194	RBC Dominion Securities	AA
	2			216		
May 7, 2020	1 EUR	100 USD	114	(4)	Canadian Imperial Bank of Commerce	A
June 2, 2020	1 CAD	3,500 USD	2,536	(75)	RBC Dominion Securities	AA
	2			(79)		

\* See Generic Note 6 for counterparty information

### Related Party Transactions

See Generic Note 7

### Management Fees

As at September 30, 2020 and March 31, 2020, the annualized management fee rate applicable for each series of the Fund, net of waivers, if any, is as follows:

Series	Management Fee as at September 30, 2020 (%)	Management Fee as at March 31, 2020 (%)
Series A	1.45	1.45
Series E	1.25	1.25
Series E5	1.25	1.25
Series F	0.70	0.70
Series F5	0.70	0.70
Series I	-	-
Series L	1.45	1.45
Series L5	1.45	1.45
Series T5	1.45	1.45

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

As described in the Generic Notes, management fees were amended as part of the fixed administration fee structure.

### Fixed Administration Fees

As at September 30, 2020 and March 31, 2020, the rate of the annual Fixed Administration Fee for each series of the Fund, net of waivers, if any, is as follows:

Series	Fixed Administration Fees as at September 30, 2020 (%)	Fixed Administration Fees as at March 31, 2020 (%)
Series A	0.27	0.27
Series E	0.24	0.24
Series E5	0.24	0.24
Series F	0.19	0.19
Series F5	0.19	0.19
Series I	-	-
Series L	0.27	0.27
Series L5	0.27	0.27
Series T5	0.27	0.27

# IA Clarington U.S. Dollar Floating Rate Income Fund

## Supplemental Notes to Financial Statements - Fund Specific Information

September 30, 2020 (Generic Note 1b, in thousands of U.S dollars, except per unit figures)

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 September 30, 2020	As at March 31, 2020
5	8

The preceding table excludes 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 Units

See Generic Note 8

For the periods ended September 30, 2020 and September 30, 2019, the following units were issued/reinvested and redeemed:

	Period ended	Beginning of Period	Issued/ Reinvested during Period	Redeemed during Period	End of Period	Weighted Average Units
Series A	<b>2020</b>	334	52	73	313	326
	2019	346	123	103	366	360
Series E	<b>2020</b>	699	66	172	593	632
	2019	894	163	291	766	869
Series E5	<b>2020</b>	0.1	-	-	0.1	0.1
	2019	-	12	-	12	2
Series F	<b>2020</b>	2,451	306	704	2,053	2,268
	2019	2,240	831	720	2,351	2,166
Series F5	<b>2020</b>	38	19	10	47	49
	2019	19	19	15	23	20
Series I	<b>2020</b>	18	-	17.9	0.1	1
	2019	435	10	-	445	439
Series L	<b>2020</b>	13	1	3	11	13
	2019	52	1	-	53	52
Series L5	<b>2020</b>	0.1	-	-	0.1	0.1
	2019	0.1	3.9	-	4	2
Series P	<b>2020</b>	0.1	-	0.1	-	0.1
	2019	0.1	-	-	0.1	0.1
Series P5	<b>2020</b>	0.1	-	0.1	-	0.1
	2019	0.1	-	-	0.1	0.1
Series T5	<b>2020</b>	40	6	10	36	37
	2019	38	18	20	36	36



# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

## 1. General Information

### a) The Funds

The funds (the "Funds") are comprised of unincorporated open-end mutual fund trusts and unit trusts established under the laws of the Province of Ontario and governed by the Declaration of Trust. IA Clarington Investments Inc. ("IA Clarington" or the "Manager") is the manager and the trustee of the Funds. The Manager is a wholly-owned subsidiary of Industrial Alliance Insurance and Financial Services Inc. ("IA").

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 Funds' functional and presentation currency is Canadian dollars, except for IA Clarington U.S. Dollar Floating Rate Income Fund, whose functional and presentation currency is U.S. dollars.

These financial statements were authorized for issue by the Manager on November 13, 2020.

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

### b) Financial Reporting Dates

For Funds established before April 1, 2019, the Statements of Financial Position are as at September 30, 2020 and March 31, 2020 and the Statements of Comprehensive Income, the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and the Statements of Cash Flows are for the 6-month periods ended September 30, 2020 and September 30, 2019.

For the IA Clarington Loomis Global Equity Opportunities Fund, the Statements of Financial Position are as at September 30, 2020 and March 31, 2020. The Statement of Comprehensive Income, the Statement of Changes in Net Assets Attributable to Holders of Redeemable Units and the Statement of Cash Flows are for the 6-month period ended September 30, 2020.

## 2. Basis of Presentation

These unaudited interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB") and in accordance with IAS34, Interim Financial Reporting. The Funds' auditor has not performed a review of the interim financial statements.

## 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 unitholders.

The Funds' obligation for net assets attributable to holders of redeemable units which are classified as an "other financial liability", is presented at the redemption amount, which approximates fair value or amortized cost for the Target Click Funds. 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 September 30, 2020 and March 31, 2020, there were no differences between the Funds' net asset value per unit for transactions and their net assets attributable to holders of redeemable units per unit 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.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

## 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. For the IA Clarington Global Equity Exposure Fund, there are no restrictions on these assets other than as set out in the Special Custody Agreements between the Fund, the Custodian and the broker. For all other Funds, there are no restrictions on these assets, other than as set out in any margin or collateral agreements of the Fund. 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 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.

Income from derivative financial instruments shown on the Statements of Comprehensive Income represents the income received by the fund for those derivative financial investments which are not held for hedging purposes.

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.

Realized gains or losses and unrealized appreciation and depreciation on investments are calculated on an average cost basis, 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 units other than the Target Click Funds, 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 units 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.

# Generic Notes to the Financial Statements

September 30, 2020  
(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

## j) Net Assets Attributable to Holders of Redeemable Units

Units of the Funds are issued and redeemed at their NAV per Unit. The NAV per unit is determined at the end of each day the Toronto Stock Exchange is open for trading. The NAV of a particular series of Units 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 units can be redeemed at any time for cash equal to a proportionate share of the Fund's net asset value attributable to the unit series. The redeemable units are classified as financial liabilities and are measured at their redemption amount or at amortized cost for the Target Click Funds.

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

Distributions to holders of redeemable units are recognized in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units.

## 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

On October 31, 2018, the IASB published an amendment to IAS-1 "Presentation of Financial Statements". The amendment "Definition of Material" clarifies the definition of material in IAS-1, the explanation accompanying that definition and aligns the definitions used across IFRS standards. The provisions of this amendment will apply prospectively to financial statements beginning on or after January 1, 2020. Early adoption is permitted. The Company has evaluated this amendment and has determined that there is no impact on the Fund's financial statements.

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 Company has evaluated this amendment and has determined that there is no impact on the Fund's 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.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

## 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 and corporate bonds, 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 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.

Zero coupon bonds, residue bonds and some municipal bonds are valued using a matrix of yield curves. The yield curves are constructed using a benchmark and a spread. The benchmark is set to be based on federal and provincial bonds with the same maturity. If the maturity of the benchmark is not the same as the bond to be valued, a linear interpolation is used. A price is calculated using the bond's yield and characteristics.

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 units 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 the Money Market Fund, the cost of short-term investments together with interest accrued approximates the fair value.

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.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

## 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.

#### 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 units. 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 units 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 international spread of COVID-19 has caused volatility and decline in global financial markets, as well as significant disruptions to global business activity, which have caused losses for investors. The impact of unanticipated market disruptions, including COVID-19, may cause exchanges to suspend trading and/or investment funds to suspend dealing (which could be for an extended period of time), may exacerbate pre-existing political, social or economic risk, and may disproportionately affect certain issuers, industries or types of securities. These impacts may have an effect on the performance of the Funds, the performance of the securities in which the Funds invest and may lead to an increase in the amount of redemptions experienced by the Funds, including redemptions by large investors. Each of these effects may lead to illiquidity and losses on your investment. Such unanticipated market disruptions, including COVID-19, may be short-term or may last for an extended period of time, and could have effects that cannot necessarily be presently foreseen. Even if general economic conditions do not change or improve, the value of an investment in a Fund could decline if the particular industries, sectors, companies or types of securities in which the Fund invests do not perform well or are adversely affected by such unanticipated events.

#### 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.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

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.

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 units 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 units 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 units held by the investor.

The Manager may reduce the effective management fee payable by some unitholders, by causing the Funds to make management fee distributions to these unitholders so that the effective management fee will equal a target rate.

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.

### b) Fixed Administration Fees and Operating Expenses

#### i) *For all Funds, except for IA Clarington Global Equity Exposure Fund*

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, except for the IA Clarington Global Equity Exposure Fund.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

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.

## ii) For IA Clarington Global Equity Exposure Fund

The IA Clarington Global Equity Exposure Fund ("GEEF"), is responsible for payment of all expenses relating to its operation and the carrying on of its business. This includes, but is not limited to, legal, audit and custodial fees, taxes, brokerage fees, interest, operating and administrative fees, various costs and expenses. The GEEF is responsible for the fees, costs and expenses of financial and other reports and prospectuses required to comply with all regulatory requirements in connection with the distribution of securities. The GEEF is also responsible for its operating expenses, which are calculated and accrued daily based on its average net asset value. The Manager pays for these operating expenses on behalf of the GEEF, except for certain expenses such as interest and taxes, and is then reimbursed by the GEEF. Dealer compensation programs and any advertising, marketing and promotional costs are the responsibility of the Manager.

For the provision of Fund accounting services beginning April 1, 2016, the GEEF paid a service fee to Industrial Alliance Insurance and Financial Services Inc. ("Industrial Alliance"). As at September 30, 2020 and September 30, 2019, the total service fee paid to Industrial Alliance was approximately \$11,865 and \$11,865, respectively, and there was no accrued portion outstanding. IA Clarington is wholly owned by Industrial Alliance.

## 8. Redeemable Units

Each Fund's redeemable units are 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 Units identifies the changes in the Fund's redeemable unit during the periods.

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

The authorized redeemable units of each series of the Trusts consists of an unlimited number of units without nominal or par value.

Units of a series of a Trust are redeemable at the option of the holder in accordance with the Declaration of Trust at the current NAV of that series.

Units 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 units include a contractual obligation to distribute any net income and net realized capital gains annually (in cash at the request of the unitholder). Therefore the ongoing redemption feature is not the units' only contractual obligation. The Fund's outstanding redeemable units 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 B, Series B5, Series T5, Series T6, Series T8, Series X and Series Y units of a Trust 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 E4, Series E5, Series E6, Series EX, Series EX5 and Series EX6 units are available to investors who invest at least \$100,000. The Manager also charges the Series a management fee.

Investors in Series EF, Series EF4, Series EF5, Series EF6, Series EFX, Series EFX6, Series F, Series F4, Series F5, Series F6, Series F8, Series FX, Series FX5, Series FX6, Series FX8 and Series W units of a Trust 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. The Manager also charges the Series a management fee.

Investors in Series I, Series O and Series V units of the Trust 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 units.

For investors in Series L, Series L4, Series L5, Series L6 and Series L8 units their dealer will pay a redemption charge to the Manager. The Manager also charges the Series a management fee.

Series P, Series P4, Series P5 and Series P6 units 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 P4, Series P5 and Series P6 units.

ETF Series Securities may be redeemed on any trading day for cash proceeds at a redemption price equal to 95% of the closing price of the ETF Series Securities on the effective date of the redemption, subject to a maximum redemption price of the applicable net asset value per ETF Series Security.

The management fees charged by the Manager to each Fund for all units other than Series I, Series O and Series V units are listed in the Supplemental Notes to Financial Statements - Fund Specific Information.

# Generic Notes to the Financial Statements

September 30, 2020

(also see Supplemental Notes to the Financial Statements - Fund Specific Information)

A Fund may offer series which distribute monthly. Monthly distributions will generally consist of net income and/or return of capital. Distributions can either be reinvested in additional units 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 Funds each qualify or are expected to qualify as a mutual fund trust, under the provisions of the Canadian Income Tax Act and, accordingly, are not subject to income tax on that portion of their net investment income, including net realized gains, that is distributed to Unitholders. Such distributed income is taxable in the hands of the Unitholders. Income tax on net realized capital gains is generally recoverable, as redemptions occur, by virtue of the refunding provisions contained in the Canadian Income Tax Act. Sufficient income and net realized capital gains have been distributed to the Unitholders, therefore no provision for income taxes has been recorded in the accompanying financial statements.

The IA Clarington International Equity Fund is deemed to be a quasi-mutual fund trust.

As at the December 31, 2019 tax year end, the Funds, had capital and non-capital loss carry forwards for income tax purposes as disclosed in the Supplemental Notes to Financial Statements - Fund Specific Information. Non-capital losses expire as noted. Capital losses may be carried forward indefinitely to be applied against future capital gains.

Income from investments held by the Funds may be subject to withholding taxes in the jurisdictions other than those of the Funds as imposed by the country of origin. Withholding taxes, if any, are shown in a separate item in the Statements of Comprehensive Income.



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