

CONNOR, CLARK & LUNN CAPITAL MARKETS INC.

Annual Information Form dated November 24, 2010

Offering of Natural Resources Class Shares of Connor, Clark & Lunn Capital Class Inc.

Offering of Balanced Portfolio Class Shares, Series 1 of Connor, Clark & Lunn Capital Class Inc.

No securities regulatory authority has expressed an opinion about these shares. It is an offence to claim otherwise.

November 24, 2010

TABLE OF CONTENTS

	Page
INTRODUCTION	1
NAME AND FORMATION OF THE FUND.....	2
INVESTMENT RESTRICTIONS AND PRACTICES.....	2
DESCRIPTION OF SECURITIES OFFERED BY THE FUND.....	4
NET ASSET VALUE.....	5
PURCHASES AND REDEMPTIONS.....	8
RESPONSIBILITY FOR FUND OPERATIONS	10
CONFLICTS OF INTEREST.....	15
FUND GOVERNANCE	16
PROXY VOTING POLICIES AND PROCEDURES	17
POLICY ON THE USE OF DERIVATIVES	19
SECURITIES LENDING, REPURCHASE AND REVERSE REPURCHASE RISK MANAGEMENT.....	19
INCOME TAX CONSIDERATIONS.....	20
REMUNERATION OF DIRECTORS, OFFICERS AND THE IRC	24
MATERIAL CONTRACTS	24

INTRODUCTION

In this annual information form:

- ***We*** or ***us*** refers to Connor, Clark & Lunn Capital Markets Inc. (“CC&L Capital Markets”), the manager of the Fund.
- ***You*** refers to the registered or beneficial owner of a Share of the Fund, as the context requires.
- ***Fund*** refers to the Connor, Clark & Lunn Capital Class Inc.
- ***Natural Resources Class Shares*** refers to the Connor, Clark & Lunn Natural Resources Class Shares of the Fund.
- ***Balanced Portfolio Class Shares*** refers to the Connor, Clark & Lunn Balanced Portfolio Class Shares, Series 1 of the Fund.
- ***Share*** or ***Shares*** refer to a Natural Resources Class Share or Balanced Portfolio Class Share or Natural Resources Class Shares or Balanced Portfolio Class Shares of the Fund, as applicable.
- ***Shareholders*** refers to owners of Shares of the Fund.
- ***RBC Dexia*** refers to RBC Dexia Investor Services Trust, the custodian and record keeper of the Fund.
- ***Dealer*** refers to the company where your registered representative works.
- ***Registered representative*** refers to the representative registered in your province or territory who advises you on your investments.

The registered office and principal place of business of the Fund is 181 University Avenue, Suite 300, Toronto, Ontario, M5H 3M7.

NAME AND FORMATION OF THE FUND

The Fund is a corporation incorporated under the laws of Ontario on September 11, 2009 pursuant to articles of incorporation, as amended on March 26, 2010 and September 28, 2010.

CC&L Capital Markets is the manager of the Fund. The registered office of the Fund and CC&L Capital Markets is located at 181 University Avenue, Suite 300, Toronto, Ontario, M5H 3M7.

The Fund was created to acquire all of the assets of the Connor, Clark & Lunn 2007 Flow-Through Limited Partnership, which consisted primarily of flow-through shares of resource issuers, in exchange for Natural Resources Class Shares of the Fund, as a result of a transfer agreement dated October 3, 2007. Pursuant to a transfer agreement dated February 15, 2008 (the "Transfer Agreement"), the Fund acquired all of the assets of Connor, Clark & Lunn 2008 Flow-Through Limited Partnership, which consisted primarily of shares of resource issuers, in exchange for Balanced Portfolio Class Shares of the Fund. On September 28, 2010, the Fund changed its name from Connor, Clark & Lunn Natural Resources Fund Inc. to Connor, Clark & Lunn Capital Class Inc., and changed the name of its Class A Shares and Class B Shares to Connor, Clark & Lunn Natural Resources Class Shares and Connor, Clark & Lunn Balanced Portfolio Class Shares, respectively.

INVESTMENT RESTRICTIONS AND PRACTICES

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

The Fund has not sought approval of the IRC as defined under *Fund Governance* on page 16 to vary any of the investment restrictions and practices conducted by the Fund, nor has it sought the approval of the IRC to implement any reorganization with or transfer of assets to another mutual fund or to change the auditor of the Fund.

A change to the fundamental investment objectives relating to a class or series of shares of the Fund cannot be made without obtaining Shareholder approval. CC&L Capital Markets may change the Fund's investment strategy from time to time at its discretion.

General Investment Practices

The Fund's assets may be invested in such securities as the manager of the Fund sees fit, provided such investments do not contravene any investment restrictions or practices adopted, and the Fund may retain all or part of its assets in cash or cash equivalents. The proportion of the Fund's investment in any type or class of security or country may vary significantly.

The Fund manager may attempt to protect the net asset values and total returns of the Fund by using derivative instruments for both hedging and non-hedging purposes.

In anticipation of or in response to adverse market conditions, for cash management purposes, for defensive purposes, for rebalancing purposes or for purposes of a merger or other transaction, the Fund may temporarily hold all or a portion of its assets in cash, money market instruments, securities of affiliated money market funds, bonds or other debt securities. As a result, the Fund may not be fully invested in accordance with its fundamental investment objectives.

Derivative Instruments

The Fund may only make use of “specified derivatives” within the meaning of Canadian securities regulatory requirements, which include clearing corporation options, futures contracts, options on futures, over-the-counter options, forward contracts, debt-like securities and listed warrants. The Fund may invest in or use such specified derivatives for hedging purposes and for non-hedging purposes as permitted by Canadian securities regulators if cash and securities are set aside to cover the positions. The Fund may only invest in or use derivative instruments that are consistent with the investment objectives of a class or series of shares of the Fund.

Investing in and using derivative instruments are subject to certain risks.

The Fund may use derivatives with the intention to offset or reduce a risk associated with an investment or group of investments. These risks include stock market risks and interest rate changes. In addition, the Fund may use derivatives rather than direct investments to reduce transaction costs, achieve greater liquidity, create effective exposure to international financial markets or increase speed and flexibility in making Fund changes. The Fund may seek to enhance the returns to its portfolios through the use of derivatives, including by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return. Derivatives may be used by the Fund to position itself so that it may profit from declines in financial markets.

The Fund may also: (i) write exchange or over-the-counter put or call options if the Fund holds and continues to hold, as long as the position remains open, an equivalent quantity of the underlying interest, or a right or obligation to acquire or sell, as the case may be, such underlying interest, together with any required amount of cash or securities; and (ii) use for non-hedging purposes futures, forward contracts and debt-like securities that have a component that is a long position in a forward contract if cash and securities are set aside to cover the positions.

Derivatives will not be used:

- for speculative trading,
- to create a portfolio with leverage, or
- to purchase for non-hedging purposes options, options on futures, listed warrants and debt-like securities that have an options component if, after making the purchase, more than 10% of the net assets of the Fund (taken at market value at the time of such purchase) would consist of these instruments.

Repurchase and reverse repurchase agreements

The Fund may enter into repurchase agreements, provided that not more than 50% of the net assets of a class or series of shares of the Fund may be at risk under these repurchase agreements unless Canadian securities regulatory authorities allow the Fund to invest in a greater amount. Through a repurchase agreement, the Fund sells a security at one price and concurrently agrees to buy it back from the buyer at a fixed price. Investments in repurchase agreements may be subject to certain risks. In the event of bankruptcy of the other party to the repurchase agreement, the Fund could experience delays in receiving payment. However, we attempt to minimize the risk of loss to the Fund by observing risk management policies. See *Securities Lending, Repurchase and Reverse Repurchase Risk Management* on page 19.

Securities lending

Securities lending involves lending for a fee portfolio securities held by the Fund for a set period of time to willing, qualified borrowers who have posted collateral. The Fund intends to enter into securities lending arrangements from time to time to the extent permitted. Any such arrangement will be a “securities lending arrangement” within the meaning of the *Income Tax Act* (Canada) (the “Tax Act”). In lending its securities, the Fund is subject to the risk that the borrower may not fulfill its obligations, leaving the Fund holding collateral worth less than the securities it has lent, resulting in a loss to the Fund. In the event of bankruptcy of the other party to the repurchase agreement, the Fund could experience delays in receiving payment. However, we attempt to minimize the risk of loss to the Fund by observing risk management policies. See *Securities Lending, Repurchase and Reverse Repurchase Risk Management* on page 19.

DESCRIPTION OF SECURITIES OFFERED BY THE FUND

The Fund is authorized to issue an unlimited number of Natural Resources Class Shares and Class J Shares, and an unlimited number of Balanced Portfolio Class Shares, Class C Shares, Class D Shares, issuable in series, of which, there are 1,386,978.909 Natural Resources Class Shares, 66,015.176 Balanced Portfolio Class Shares, Series 1 and 1 Class J share issued and outstanding as of August 31, 2010.

The holders of Class J Shares are not entitled to receive distributions. The holders of the Class J Shares will be entitled to one vote per share. The Class J Shares are redeemable and retractable at a price of \$1.00 per share. Holders of Class J Shares are not entitled to distributions (other than returns of capital) on the dissolution, liquidation or winding-up of the Fund.

Distributions

All Shareholders of the Fund will participate in any dividends or distributions declared by the Fund’s board of directors on the class or series of Shares.

Liquidation Rights

Shares of the Fund will generally be entitled to a distribution in the event of dissolution of the Fund. The distribution is equal to the Shares’ portion of the net assets of the class or series of shares the Fund after adjustment for expenses relating thereto and of the Fund allocable thereto.

Redemption

All Shares of the Fund are redeemable on the basis as described under *Selling Shares* on page 9.

Conversion/Switching

The Natural Resources Class Shares are convertible into the Balanced Portfolio Class Shares and the Balanced Portfolio Class Shares are convertible into the Natural Resources Class Shares at a price based on their relative Net Asset Values per Share.

Voting Rights

Each Share of the Fund is non-voting and the Fund does not hold regular meetings. However, shareholders are permitted to vote on all matters that require shareholder approval under National Instrument 81-102 – *Mutual Funds* or under the constating documents of the Fund. These matters are:

- a change in the basis of calculation of a fee or expense that is charged to the Fund or directly to its Shareholders in a way that could result in an increase in charges to the Fund or its Shareholders,
- the introduction of a fee or expense that is charged to the Fund or directly to its Shareholders that could result in an increase in charges to the Fund or its Shareholders,
- a change in the manager, unless the new manager is an affiliate of CC&L Capital Markets,
- a change in the fundamental investment objectives of the Fund relating to a class or series of Shares of the Fund,
- a decrease in the frequency of the calculation of the net asset value per Share of the Fund, and
- in certain cases, where the Fund undertakes a reorganization with, or transfers its assets to, another mutual fund or acquires another mutual fund's assets.

The rights and conditions attaching to the Shares of the Fund may be modified only by a special resolution of holders of Shares of the class or series.

NET ASSET VALUE

Calculation of Net Asset Value

The price of a Share of the Fund is called the net asset value per Share. We calculate the price of each Share of the Fund by:

- adding up the assets relating to a class or series of Shares of the Fund,

- subtracting the aggregate amount of expenses relating to that class or series of Shares, and
- dividing by the number of held Shares of that class or series by Shareholders before giving effect to subscriptions or redemptions for that day.

When you buy or sell Shares, the price per Share is the next net asset value per Share the Investment Manager calculates after receiving your order.

We usually calculate the net asset value of Shares of a class and series of the Fund at the end of each business day. A business day is any day that The Toronto Stock Exchange (“TSX”) is open. If your buy or sell order is received before 4:00 p.m. (Toronto time) on a business day, it will be processed based on the net asset value calculated that day. If your order is received after 4:00 p.m. (Toronto time) on a business day, it will be processed on the next business day based on that day’s net asset value. If the TSX’s trading hours are shortened on a given day or for other regulatory reasons, we may change the 4:00 p.m. deadline.

Valuation of Fund Securities and Liabilities

The net asset value of a class or series of Shares of the Fund must be calculated using the fair value of the assets and liabilities of that class or series of Shares of the Fund. A summary of the valuation principles used to value the assets of the Fund are as follows:

Type of Asset	Method of Valuation
Liquid assets, including cash on hand or on deposit, bills, demand notes, accounts receivable and prepaid expenses	Valued at full face value
Stocks, bonds, time notes, shares, subscription rights and other securities listed or traded on a stock exchange or other market	<ul style="list-style-type: none"> • if a security was traded on a recognized exchange on the day that the net asset value is being determined, the closing sale price • if a security was not traded on a recognized exchange on the day that the net asset value is being determined, a price which is the average of the closing recorded bid and asked prices • if no bid or ask price is available, then the price last determined for such security for the purpose of calculating the net asset value • if the securities are listed or traded on more than one exchange, the Fund uses the closing sale price from the principal exchange

Type of Asset	Method of Valuation
Restricted securities as defined in National Instrument 81-102 – <i>Mutual Funds</i>	One of the following values, whichever is less: <ul style="list-style-type: none"> • the value based on reported quotations in common use • a percentage of the market value of unrestricted securities of the same class. This percentage is equal to the percentage of the securities’ market value when the Fund bought them. If we know the date when the restriction will be lifted, we generally take into account what the actual value of the securities will be when they are no longer restricted
Long positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities and listed warrants	Valued at the current market value
Premiums received from written clearing corporation options, options on futures or over-the-counter options	Treated as deferred credits and valued at an amount equal to the market value that would trigger closing the position. The deferred credit is deducted when calculating the net asset value. Any securities that are the subject of a written clearing corporation option or over-the-counter option will be valued as described above
Futures contracts and forward contracts	Valued according to the gain or loss the Fund would realize if the position were closed out on the day of the valuation. If daily limits are in effect, the value will be based on the current market value of the underlying interest
Money market instruments	The purchase cost of the investments, together with the amortized discounts and accrued interest receivable, represents market value
Underlying funds	Valued at the net asset value per security held by the Fund as of the end of the business day

The liabilities of a class or series of shares of the Fund include:

- all bills, notes and accounts payable,
- all administrative expenses payable or accrued (including management fees),
- all contractual obligations for the payment of money or property,
- distributions declared payable,
- all allowances authorized or approved by CC&L Capital Markets for taxes and contingencies,

- expenses of the Independent Review Committee established under National Instrument 81-107 *Independent Review Committee for Investment Funds*, and
- all other liabilities of the Fund except liabilities to investors for outstanding Shares.

We will use the fair value when securities are not traded and where they are usually traded we will deviate from these valuation principles in circumstances where the above methods do not accurately reflect the fair value of a particular security at any particular time, for example, if trading in a security was halted because of significant negative news about a company.

While National Instrument 81-106 - *Investment Fund Continuous Disclosure* requires investment funds, such as the Fund, to use fair value, it does not require investment funds to determine fair value in accordance with the Canadian Institute of Chartered Accountants Handbook (the “CICA Handbook”). The Fund calculates the net asset value of the securities of the Fund on the basis of the valuation principles set forth in this annual information form. Our valuation principles differ in some respects from the requirements of the CICA Handbook. The main difference is that we generally will determine the fair value of securities traded on a stock exchange, by using the closing price on the exchange rather than the bid price for securities traded in an active market as required under the CICA Handbook.

PURCHASES AND REDEMPTIONS

Buying Shares

You can buy Shares of the Fund through your Dealer. You can buy them any time, and there is no limit to the number of Shares you can buy. Your Dealer will forward your completed purchase order to CC&L Capital Markets for processing:

- on the same day if your order is received before 4:00 p.m. (Toronto time) on a business day, or
- on the next business day in all other cases.

The purchase price is based on the net asset value per Share next determined after your completed order is received. Your Dealer is required to forward your purchase order on the same day it receives your completed purchase order or, on the next business day if it receives the order after normal business hours or on any day that is not a business day. Whenever practicable, your Dealer is required to send your purchase order as soon as possible. It is the responsibility of your Dealer to send orders in a timely manner. Your Dealer is responsible for any costs associated with sending orders. All orders must be placed through FundServ.

When you buy Shares of the Fund, your Dealer or CC&L Capital Markets will send you a confirmation notice, which is proof of your purchase.

You can make regular additional investments bi-monthly or monthly on or about the 15th or 30th day of the month in the Fund provided each investment is at least \$100. See *Optional Services — Pre-authorized Chequing Plans* in the simplified prospectus.

The regulatory rules for buying

Here are the rules for buying Shares. These rules were established by Canadian securities regulatory authorities:

- CC&L Capital Markets must receive payment for the purchase of Shares within three business days of receiving your order.
- If CC&L Capital Markets does not receive payment within three business days, we are required to sell your Shares at the close of business on the next business day. If the proceeds are greater than the payment you owe, the Fund keeps the difference. If the proceeds are less than the payment you owe, your dealer is required to pay the Fund the difference. Your Dealer may in turn collect this amount from you.
- We have the right to refuse any order to buy Shares within one business day of receiving it. If we reject your order, we will return your money immediately, without interest.

Selling Shares

You can sell your Shares by contacting your Dealer who will forward your order for processing:

- on the same day if your sale order is received before 4:00 p.m. (Toronto time) on a business day, or
- on the next business day in all other cases.

The sale price of the Shares is based on the net asset value per Share, next determined after we receive your completed sale order. When you sell your Shares, you receive the proceeds of your sale in cash. The Fund may also charge you an investor protection fee if you sell Shares within 90 days of buying them. See *Fees and Expenses – Fees and Expenses Payable Directly by You – Short-term Trading Fee* in the simplified prospectus.

The rules for selling

Here are the rules for selling Shares:

- As directed by CC&L Capital Markets, RBC Dexia will pay the proceeds of the sale to you, or to anyone else that you choose. RBC Dexia makes payments by cheque or wire payment, within three business days of receiving a complete sale order.
- If the sale proceeds are more than \$20,000, or if you want the proceeds paid to someone else, your signature must be guaranteed by your bank, trust company or dealer. In some other cases, RBC Dexia may require other documents or proof of signing authority.

- If RBC Dexia has not received all the required documents within 10 business days of receiving your sell order, we will instruct RBC Dexia to issue the same number of Shares on the 10th business day after the redemption request. If the cost is less than the sale proceeds, the Fund will keep the difference. If the cost is more than the sale proceeds, the Fund will collect this amount and any related costs from your Dealer, who may have the right to collect it from you.

Suspension of right of redemption

The law allows us to suspend your right to sell Shares when:

- normal trading is suspended on an exchange on which shares are listed and traded, or on which permitted derivatives are traded, if those shares or derivatives represent more than 50% by value, or underlying market exposure, of the total assets of the Fund relating to the class or series of shares without allowance for liabilities and if those shares or derivatives are not traded on any other exchange that represents a reasonable practical alternative for the Fund, or
- permission from securities regulatory authorities is received.

While your right to sell Shares is suspended, we won't accept orders to buy Shares of the Fund. You may withdraw your sell order before the end of the suspension period. Otherwise, we'll sell your Shares at the next price calculated after the suspension period ends.

RESPONSIBILITY FOR FUND OPERATIONS

The officers and directors of the Fund are as follows:

Individual	Position(s) with the Fund
W. NEIL MURDOCH	Director, President and Chief Executive Officer
MICHAEL W. FREUND	Director and Chief Financial Officer

The Manager

The manager of the Fund is CC&L Capital Markets, a corporation incorporated under the laws of Ontario, with offices at 181 University Avenue, Suite 300, Toronto, Ontario, M5H 3M7.

CC&L Capital Markets oversees, manages and implements the objectives of the Fund.

CC&L Capital Markets may terminate the management agreement at any time on 90 days written notice to the Fund. A change in the manager of the Fund (other than to an affiliate of the Investment Manager) may be made only with the approval of the Shareholders of the Fund and of the securities regulatory authorities.

Officers and Directors of Connor, Clark & Lunn Capital Markets Inc.

The names, municipalities of residence and principal occupations of the directors and officers of CC&L Capital Markets during the last five years are as follows:

Name and Municipality of Residence	Position With CC&L Capital Markets	Principal Occupation
W. NEIL MURDOCH Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
MICHAEL W. FREUND Toronto, Ontario	Director, Chairman and Chief Financial Officer	Managing Partner, Connor, Clark & Lunn Financial Group
DARREN N. CABRAL Toronto, Ontario	Director, Vice President	Director, Vice President, Connor, Clark & Lunn Capital Markets Inc.

W. Neil Murdoch: *CFA; B.Comm, McGill University; LLB, University of Toronto; Master of Management, Kellogg Graduate School of Management, Northwestern University.* Mr. Murdoch joined Connor, Clark & Lunn Capital Markets Inc. in December 2003. Prior thereto, Mr. Murdoch was Executive Vice President and Portfolio Manager at AIC Group of Funds.

Michael W. Freund: *B.Bus.Sci., University of Cape Town.* Mr. Freund has held various management positions within the Connor, Clark & Lunn Financial Group of companies since 1997. Mr. Freund's current principal occupation is Managing Director of the Connor, Clark & Lunn Financial Group.

Darren N. Cabral: *CFA; BA (Hons.), York University; MBA, Schulich School of Business, York University.* Mr. Cabral joined Connor, Clark & Lunn Capital Markets Inc. in May 2007. Prior thereto, Mr. Cabral held various positions with affiliates of Middlefield Group Limited from September 2001 to April 2007, including Executive Director of Research at Middlefield Capital Corporation and Managing Director of Middlefield International Limited.

During the past five years, all of the directors and officers of CC&L Capital Markets listed above have held their present principal occupations (or similar positions with their present employer or its affiliates), except for Darren N. Cabral who joined Connor, Clark & Lunn Capital Markets Inc. in May 2007.

Investment Manager

CC&L Capital Markets has retained the services of Connor, Clark & Lunn Investment Management Ltd. (the "Investment Manager") to provide comprehensive investment management services to the Fund. The Investment Manager has a specialized area of investment expertise in Canadian equities (growth at a reasonable price), fixed income and income trusts. The Investment Manager was established in 1982 and is one of Canada's largest independent investment management companies. As of June 30, 2010, the Investment Manager had approximately \$20.1 billion in assets under management.

The individuals employed by the Investment Manager who are principally responsible for the day-to-day management of a material portion of the portfolios of the Fund, implementing a particular material strategy or managing investment assets of the Fund and such person's business experience during the last five years are as follows:

Name and Municipality of Residence	Position with the Investment Manager	Fund Managed
LARRY LUNN Vancouver, British Columbia	Director, Chairman, President and Ultimate Designated Person	Director, Chairman, President, and Ultimate Designated Person of Connor, Clark & Lunn Investment Management Ltd.
PHILLIP COTTERILL West Vancouver, British Columbia	Director and Vice President	Director and Vice President of Connor, Clark & Lunn Investment Management Ltd.
MICHAEL W. FREUND Toronto, Ontario	Director	Managing Partner, Connor, Clark & Lunn Financial Group
MARTIN L. GERBER West Vancouver, British Columbia	Director and Commodity Advising Officer	Director and Commodity Advising Officer, Clark & Lunn Investment Management Ltd.
BRIAN EBY West Vancouver, British Columbia	Director and Vice President	Director and Vice President, Connor, Clark & Lunn Investment Management Ltd.
GORDON H. MACDOUGALL West Vancouver, British Columbia	Director, Vice Chairman and Vice President	Director, Vice Chairman and Vice President, Connor, Clark & Lunn Investment Management Ltd.
J. WARREN STODDART Toronto, Ontario	Director and Vice President	Managing Partner, Connor, Clark & Lunn Financial Group
GARY BAKER West Vancouver, British Columbia	Director	Director of Connor, Clark & Lunn Investment Management Ltd.
KATHLEEN A. LEAVENS Vancouver, British Columbia	Chief Compliance Officer	Chief Compliance Officer, Connor, Clark & Lunn Investment Management Ltd.
JOHN P. NOVAK Vancouver, British Columbia	Vice President	Vice President of Connor, Clark & Lunn Investment Management Ltd.
C. STEVEN VERTES Vancouver, British Columbia	Vice President	Vice President of Connor, Clark & Lunn Investment Management Ltd.
SAMBA CHUNDURI Vancouver, British Columbia	Vice President	Vice President of Connor, Clark & Lunn Investment Management Ltd.
MARK S. BRIDGES Vancouver, British Columbia	Vice President	Vice President of Connor, Clark & Lunn Investment Management Ltd.

Each of the foregoing has held his or her current office or has held a similar office with the Investment Manager during the five years preceding the date hereof, except: Mr. Baker, who was appointed to the Board of the Investment Manager in 2006; Messrs. Novak, Vertes and Chunduri, who were named as Vice Presidents of the Investment Manager in 2009; and Mr. Bridges, who was named as a Vice President of the Investment Manager in March 2010.

The Investment Manager will be primarily responsible for investing the Fund. The team of individuals working at the Investment Manager responsible for the Fund consists of five individuals each of whom has significant experience in managing investment portfolios. The investment managers of the Fund are Gary Baker, John Novak, Steve Vertes, Samba Chunduri and Mark Bridges.

The biographies of each of the principal members of the Investment Manager that will be managing the Fund are as follows:

Gary Baker: *CFA; MBA, University of Toronto; BEng, McMaster University.* Mr. Baker is the leader of the fundamental Canadian equity team, responsible for overall portfolio strategy and fundamental research in the technology, consumer discretionary and non-bank financial sectors. He joined the Investment Manager in 2003, after spending 15 years in numerous analysis and research positions in the investment industry.

John P. Novak: *CFA; MSc, London School of Economics; MBA, University of Toronto; BA, Brock University.* Mr. Novak is the portfolio manager responsible for fundamental Canadian equity research in the precious metals, forest products, and industrial products sectors. Mr. Novak joined the Investment Manager in 2006, after having spent the previous 13 years as an equity analyst on the sell side.

Steve Vertes: *CFA, BA, University of Western Ontario.* Mr. Vertes is responsible for fundamental analysis, research and security selection of Canadian equities and income trusts. In addition to his experience with the Investment Manager, Mr. Vertes also has extensive experience in the field of investment banking.

Samba Chunduri: *MBA, University of Western Ontario; Btech, JN Technical University, India.* Mr. Chunduri is an analyst for the fundamental Canadian equity team, responsible for research in the chemicals, metals, mining and healthcare sectors. He joined the Investment Manager in 2005, after having spent the previous four years as an equity analyst in the investment industry.

Mark Bridges: *CFA; Bachelor of Commerce, University of Calgary.* Mr. Bridges is a member of the Connor Clark & Lunn Canadian Equity team, responsible for fundamental research and analysis in the energy sector. Mark joined Connor Clark & Lunn in 2009 after working as a securities analyst for over eight years.

Brokerage Arrangements

In evaluating the broker's capability to provide best execution, the Investment Manager considers the broker's financial responsibility, the broker's responsiveness, the commission rate involved and the range of services offered by the broker.

There are no ongoing contractual arrangements with any brokers with respect to securities transactions.

In addition to order execution goods and services, dealers or third parties may provide research goods and services, which include: (a) advice as to the value of securities and the advisability of effecting transactions in securities; and (b) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. Such goods and services may be provided by the executing dealer directly (known as proprietary research) or by a party other than the executing dealer (known as third party research).

In the event of the provision of a good or service that contains an element that is neither research goods and services nor order execution goods and services ("mixed-use goods and services"), brokerage commissions will only be used to pay for the portion of such goods and services which would qualify as either research goods and services or order execution goods and services. The Investment Manager would itself pay for the remainder of the costs of such mixed-use goods or services.

The Investment Manager makes a good faith determination that the portfolio, on whose behalf it directs to a dealer any brokerage transactions involving client brokerage commissions in return for research and order execution goods and services, receives reasonable benefit, considering both the use of the goods and services and the amount of brokerage commissions paid, by conducting extensive trade cost analyses.

Research and order execution goods and services may benefit not only the portfolio classes whose trades generated the brokerage commission, but may also benefit other funds and clients to whom the Investment Manager provides advice. There are policies and procedures in place to ensure that, over a reasonable period of time, all clients, including the portfolio classes, receive a fair and reasonable benefit in return for the commissions generated.

For a list of any other dealer, broker or third party which provides research goods and services and/or order execution goods and services, at no cost, contact us at 1-888-276-2258 or more_info@cclgroup.com.

Custodian

RBC Dexia Investor Services Trust, Toronto, Ontario, receives and holds all cash, portfolio securities and other assets of the Fund for safekeeping.

Auditor

The auditor of the Fund is PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario. The auditor conducts an audit of the annual financial statements of the Fund in accordance with generally accepted auditing standards.

Record Keeper

RBC Dexia Investor Services Trust is the record keeper for the Fund. As such, RBC Dexia Investor Services Trust is responsible for keeping a register of all Fund investors at its Toronto offices.

CONFLICTS OF INTEREST

Principal Holders of Securities

Connor, Clark & Lunn Natural Resources Trust owns all of the issued and outstanding Class J voting shares of the Fund.

As of the date of this annual information form, after giving effect to the Transfer Agreement referred to on page 2, the Fund is not aware of any person or company who owns beneficially, directly or indirectly, 10% or more of the Shares of the Fund (other than Connor, Clark & Lunn Financial Group, which owned 22.7% of the Balanced Portfolio Class Shares as of August 31, 2010).

As of the date of this annual information form, Connor, Clark & Lunn Capital Markets Partnership owns 100% of the issued and outstanding voting shares of CC&L Capital Markets, represented by 100 common shares. Connor, Clark & Lunn Financial Group indirectly owns and controls 47.5% of the voting shares of CC&L Capital Markets.

Neil Murdoch indirectly owns or controls 30% of the voting shares of CC&L Capital Markets and Philip Gow indirectly owns or controls 22.5% of the voting shares of CC&L Capital Markets.

The directors and officers of CC&L Capital Markets indirectly own or control 37.8% of the voting shares of CC&L Capital Markets and 4.7% of the voting shares of the Investment Manager.

Affiliated entities

Neil Murdoch is also a director or officer of the following affiliated entities:

Director:	Officer:
Canadian Financials & Utilities Split Corp.	Chief Executive Officer

Michael Freund is also a director or officer of the following affiliated entities:

Director:	Officer:
Baker Gilmore & Associates Inc.	N/A

Director:	Officer:
Connor, Clark & Lunn Arrowstreet Capital Ltd.	Vice President
Connor, Clark & Lunn Investment Management Ltd.	N/A
Connor, Clark & Lunn Private Capital Ltd.	Chairman
BIM Investment Management Ltd.	President and Secretary
Connor, Clark & Lunn Financial Group Ltd.	Co-President
Connor, Clark & Lunn Capital Markets Inc.	Chairman
PCJ Investment Counsel Ltd.	N/A
Scheer, Rowlett & Associates Investment Management Ltd.	Chairman
Connor, Clark & Lunn Financial Group Investments Inc.	Chairman and President
Global Alpha Capital Management Ltd.	N/A
Connor, Clark & Lunn Managed Fund Inc.	N/A
Banyan GP II Corporation	Secretary
Banyan Capital GP Inc.	President
Connor, Clark & Lunn Wholesale Finance Inc.	President
Connor, Clark & Lunn Infrastructure Ltd.	N/A
Connor, Clark & Lunn Traditional Infrastructure Ltd.	N/A
Banyan Management Services Ltd.	N/A
Banyan Management Services II Ltd.	N/A
Grant Simon Holdings Ltd.	N/A
Connor, Clark & Lunn Managed Portfolios Inc.	Chief Financial Officer
Gyrus Investment Management Inc.	N/A
Crestpoint Real Estate Investments Ltd.	N/A
0844979 B.C. Ltd.	President
CC&L Private Equity GP I Ltd.	N/A

FUND GOVERNANCE

An Independent Review Committee (“IRC”) has been established for all public investment funds under the management of CC&L Capital Markets or its affiliates, including the Fund. The IRC is composed of three members: Joseph Wright, Fred Lazar and Frank Santangeli, each of whom is independent from CC&L Capital Markets. The IRC functions in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds*. The IRC is required to review conflicts of interest matters brought to it by CC&L Capital Markets and, in most cases, make recommendations to CC&L Capital Markets, or in certain cases such as inter-fund trades, investing in securities of related parties and investing in securities underwritten by a related party, make a decision whether or not to approve the CC&L Capital Markets’ proposal.

As described in this document, CC&L Capital Markets is a member of the Connor, Clark & Lunn Financial Group. As such, CC&L Capital Markets adheres to the Connor, Clark & Lunn Financial Group Code of Personal Conduct (the “Code”), which establishes guidelines relating to

business practices, risk management controls, personal trading by employees, and conflicts of interest. The investment activities of the portfolio managers are monitored by or on behalf of CC&L Capital Markets. The Code also addresses confidentiality, fiduciary duty, enforcement of rules of conduct and sanctions for violations.

CC&L Capital Markets markets the Fund to dealers. In doing so, CC&L Capital Markets requires employees involved in the marketing function to become knowledgeable regarding regulatory limitations and requires marketing material to be reviewed by compliance.

PROXY VOTING POLICIES AND PROCEDURES

CC&L Capital Markets, as manager of the Fund, has established policies and procedures in relation to voting on matters for which the Fund receives, in its capacity as securityholder, proxy materials for a meeting of securityholders of an issuer. CC&L Capital Markets has delegated the responsibility to vote issuer proxy solicitations to the portfolio managers of the portfolio as part of their obligations in the general management of portfolio securities of the Fund.

The guidelines established by CC&L Capital Markets provide a framework for each portfolio manager on how to approach the voting of securities held by the Fund to create a disciplined approach to voting.

Under the guidelines, the primary responsibility of each portfolio manager in respect of proxy voting is to maximize positive economic effect on the Fund's value and to protect the Fund's rights as a shareholder in the best interests of the Fund. The guidelines include discussion regarding particular matters brought to a vote but the guidelines are not exhaustive. A portfolio manager may depart from the guidelines on specific matters addressed in the policy where the portfolio manager believes it is necessary to do so in the best interests of the Fund and its securityholders.

The Fund is considered to have received a solicitation at the time it has received notice at its offices. In the event a portfolio manager does not receive a solicitation within sufficient time to execute a vote or the proxy is not submitted to the issuer in the time required, the Fund will not be able to vote on the matters solicited.

The policies and procedures that the Fund follows when voting proxies relating to portfolio securities are available on request, at no cost, by e-mailing us at www.cclcapitalmarkets.com or by writing to us at:

Connor, Clark & Lunn Capital Markets Inc.

181 University Avenue, Suite 300
Toronto, Ontario, M5H 3M7

The following are the guidelines on commonly raised matters:

- **Elections of Directors:** Unless there is a proxy fight for seats on the board or we determine that there are other compelling reasons for withholding votes for directors, we will vote in favour of the management proposed slate of directors. We may withhold votes for directors who fail to act on key issues, who fail to

attend regularly board meetings or for any director nominee deemed to be an insider who also serves on the board's audit or compensation committees.

- **Appointment of Auditors:** We believe that the company remains in the best position to choose the auditors and will generally support management's recommendation. We may vote against the appointment of auditors if the fees for non-audit related services are disproportionate to the total audit fees paid by the company or there are other reasons to question the independence of the company's auditors.
- **Changes in Capital Structure:** Changes in a company's charter, articles of incorporation or by-laws are often technical and administrative in nature. Absent a compelling reason to the contrary, we will cast our votes in accordance with the company's management on such proposals. However, we will review and analyze on a case-by-case basis any non-routine proposals that are likely to affect the structure and operation of the company or have a material economic effect on the company.
- **Corporate Restructures, Mergers and Acquisitions:** We believe proxy votes dealing with corporate reorganizations are an extension of the investment decision. Accordingly, we will analyze such proposals on a case-by-case basis, weighing heavily the views of the research analysts that cover the company and the investment professionals managing the portfolios in which the stock is held.
- **Proposals Affecting Shareholder Rights:** We believe that certain fundamental rights of shareholders must be protected. We will generally vote in favour of proposals that give shareholders a greater voice in the affairs of the company and oppose any measure that seeks to limit those rights. However, when analyzing such proposals we will weigh the financial impact of the proposal against the impairment of shareholder rights.
- **Corporate Governance:** We recognize the importance of good corporate governance in ensuring that management and the board of directors fulfill their obligations to the shareholders. We favour proposals promoting transparency and accountability within a company.
- **Anti-Takeover Measures:** We believe that measures that impede takeovers or entrench management not only infringe on the rights of shareholders but may also have a detrimental effect on the value of the company. We will generally oppose proposals, regardless of whether they are advanced by management or shareholders, the purpose or effect of which is to entrench management or dilute shareholder ownership. Conversely, we support proposals that would restrict or otherwise eliminate anti-takeover measures that have already been adopted by corporate issuers.
- **Executive Compensation:** We believe that company management and the compensation committee of the board of directors should, within reason, be given latitude to determine the types and mix of compensation and benefit awards offered. Whether proposed by a shareholder or management, we will review

proposals relating to executive compensation plans on a case-by-case basis to ensure that the long-term interests of management and shareholders are properly aligned. We will analyze the proposed plans to ensure that shareholder equity will not be excessively diluted, the option exercise price is not below market price on the date of grant and an acceptable number of employees are eligible to participate in such programs.

- **Social and Corporate Responsibility:** We will review and analyze on a case-by-case basis proposals relating to social, political and environmental issues to determine whether they will have a financial impact on shareholder value. We will vote against proposals that are unduly burdensome or result in unnecessary and excessive costs to the company. We may abstain from voting on social proposals that do not have a readily determinable financial impact on shareholder value.
- **Fund of Fund Voting:** If the Fund invests in securities of another mutual fund, the Investment Manager will vote the securities the Fund holds in the mutual fund unless the mutual fund is managed by CC&L Capital Markets.

Proxy Voting Record

As manager, CC&L Capital Markets will compile and maintain annual proxy voting records for the Fund for the annual periods beginning July 1 in a year and ending June 30 of the following year. The proxy voting record will be made available on the CC&L Capital Markets website by August 31 in any year. CC&L Capital Markets will deliver a copy of the Fund's proxy voting policies and guidelines and/or proxy voting record free of charge to Shareholders of the Fund upon request.

POLICY ON THE USE OF DERIVATIVES

The Fund may use derivatives as permitted under securities law. See *Investment Restrictions and Practices – Derivatives Instruments* on page 2 for more details. CC&L Capital Markets will monitor compliance by the portfolio managers with securities law requirements for the use of derivatives. In addition, the portfolio managers have their own policies and procedures relating to derivatives trading.

SECURITIES LENDING, REPURCHASE AND REVERSE REPURCHASE RISK MANAGEMENT

The Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions in accordance with applicable securities legislation.

CC&L Capital Markets will appoint a Fund custodian or sub-custodian to act as the agent of the Fund to enter into securities lending transactions, repurchase transactions and reverse repurchase transactions on behalf of the Fund. The agency agreement will provide for the types of transactions that may be entered into by the Fund, types of Fund assets that may be used, collateral requirements, limits on transaction sizes, permitted counterparties to the transactions and investment of any cash collateral. The agency agreement will provide for, and the agent will develop, policies and procedures which provide that securities lending, repurchase and reverse

repurchase transactions will be entered into in accordance with the standard investment restrictions and practices set out in this annual information form. Further, the agent will:

- ensure that collateral is provided in the form of cash, qualified securities or securities that can be converted into the securities which are the subject of the securities lending, repurchase or reverse repurchase transactions,
- value the loaned or purchased securities and the collateral every day to ensure that the collateral is worth at least 102% of the value of the securities,
- invest any cash collateral in accordance with the investment restrictions specified in the agency agreement,
- invest no more than 50% of the total assets of a Fund in securities lending or repurchase agreements at any one time, and
- assess the creditworthiness of the counterparties to securities lending, repurchase and reverse repurchase transactions.

The securities lending transactions of the Fund may be terminated by the Fund at any time. Repurchase and reverse repurchase transactions of the Fund will have a maximum term of 30 days.

CC&L Capital Markets will review the agency agreement and the agent's policies and procedures on an annual basis to ensure that they comply with applicable laws.

CC&L Capital Markets is responsible for managing the risks associated with securities lending, repurchase and reverse repurchase transactions.

INCOME TAX CONSIDERATIONS

The following general summary describes the principal Canadian federal income tax considerations under the Tax Act, as of the date hereof, for the Fund and for individuals (other than trusts) who acquire Shares from the Fund and who, for the purposes of the Tax Act are resident in Canada, hold Shares as capital property and deal at arm's length with and are not affiliated with the Fund. This summary is based upon the current provisions of the Tax Act and regulations thereunder, all specific, published proposals to amend the Tax Act and such regulations publicly announced by the Minister of Finance (Canada) (the "Minister") prior to the date hereof (the "Tax Proposals") and an understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency ("CRA"). This summary does not take into account or anticipate any changes in law other than the Tax Proposals, whether by legislative, administrative or judicial action, and it does not take into account provincial or foreign income tax legislation or considerations.

This summary is based on the assumptions that the Fund qualifies at all times as a "mutual fund corporation" within the meaning of the Tax Act and that the Fund will elect under the Tax Act to be a public corporation from the date it was established. To so qualify, the Fund must be a "public corporation", the sole undertaking of the Fund must, in general, be the investing of its funds in property (other than real property or interests in real property), and the Shares must be

redeemable at the demand of the holders of those Shares. If the Fund were to fail to qualify as a mutual fund corporation, the income tax considerations described below would in some respects be materially different.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Therefore, prospective shareholders are advised to consult their own tax advisers about their individual circumstances.

Tax Treatment of the Fund

As a mutual fund corporation, the Fund is entitled in certain circumstances to a refund of tax paid by it in respect of its net realized capital gains. In certain circumstances where the Fund has recognized a capital gain in a taxation year, it may elect not to pay capital gains dividends in that taxation year in respect thereof and instead pay refundable capital gains tax, which may in the future be fully or partially refundable upon the payment of sufficient capital gains dividends and/or capital gains redemptions. Also, as a mutual fund corporation, the Fund is entitled to maintain a capital gains dividend account in respect of its realized net capital gains and from which it may elect to pay dividends (“Capital Gains Dividends”) which are treated as capital gains in the hands of the Shareholders of the Fund (see “*Tax Treatment of Shareholders*” below).

The Fund will elect in accordance with the Tax Act to have each of its “Canadian securities” treated as capital property. Such an election will ensure that gains or losses realized by the Fund on Canadian securities are treated as capital gains or capital losses.

In computing income for a taxation year, the Fund will be required to include in income all dividends received by the Fund in the year. In computing taxable income, the Fund will generally be permitted to deduct all dividends received by it from taxable Canadian corporations. The Fund is generally subject to a refundable tax of 33⅓% under Part IV of the Tax Act on taxable dividends received by the Fund during the year to the extent that such dividends were deductible in computing the Fund’s taxable income for the year. This tax is refundable upon payment by the Fund of sufficient dividends other than Capital Gains Dividends (“Ordinary Dividends”).

The Fund qualifies as a “financial intermediary corporation” (as defined in the Tax Act) and, thus, is not subject to tax under Part IV.1 of the Tax Act on dividends received by the Fund.

The Fund may experience gains or losses from derivative activities and, depending on the nature of these activities, such gains or losses may be treated on income or capital account.

To the extent that the Fund earns income other than dividends from taxable Canadian corporations and taxable capital gains, the Fund will be subject to income tax on such income and no refund will be available in respect thereof.

The Fund is required to compute its income and gains for tax purposes in Canadian dollars. Any foreign investments in the Fund’s portfolio may therefore give rise to foreign exchange gains or losses that will be taken into account in computing the Fund’s income for tax purposes.

Although the Fund has different classes of Shares, it must compute its income and net capital gains for tax purposes as a single entity. For example, net losses or net capital losses in respect

of the investment portfolio of a particular class of Shares may be applied to reduce the net income or net realized capital gains of the Fund as a whole. Generally, this will benefit the investors in classes of Shares other than the particular class of Shares. The Fund will, on a discretionary basis, allocate its income or loss and the applicable taxes payable to each class of Shares of the Fund. The Fund may pay capital gains dividends to Shareholders of any class of Shares so that it can receive a refund of capital gains taxes it has paid. Capital gains taxes may arise when a Shareholder of one class of Shares switches securities to another class of Shares. In particular, significant capital gains taxes may arise under such circumstances when the Fund is required to realize capital gains on property which accrued prior to the property being owned by the Fund. This results from tax-deferred transfers of property to the Fund from limited partnerships.

It has been proposed that the Tax Act be amended to add rules dealing with investments in certain non-resident trusts (the "NRT Proposals"). The NRT Proposals have not yet been enacted, but, if enacted in the form most recently proposed, would generally apply for trust taxation years that end after 2006. There can be no assurance that the NRT Proposals will be enacted in the form proposed, in a different form, or at all. In the event that the Fund were to invest in a non-resident trust, the NRT Proposals may be relevant and while the intended application of the NRT Proposals in particular circumstances is not clear, if they were to be applied, material adverse tax consequences could arise.

Distributions

The Fund will pay distributions to Shareholders in accordance with distribution policy relative to the class of shares, and will also pay a special year-end distribution to Shareholders where the Fund has net taxable capital gains upon which it would otherwise be subject to tax or where the Fund needs to pay a dividend in order to recover refundable tax not otherwise recoverable. In particular, special year-end capital gains dividends may be paid by the Fund where it is required to realize capital gains on property which accrued prior to the property being owned by the Fund. While the principal sources of income of the Fund are expected to include taxable capital gains as well as dividends from taxable Canadian corporations, to the extent that the Fund earns net income, after expenses, from other sources, the Fund will be subject to income tax on such income and no refund of such tax will be available.

However, due to the deductible expenses available to the Fund, it is not expected to have any material net income tax liability.

Tax Treatment of Shareholders

Shareholders must include in income Ordinary Dividends paid to them by the Fund, whether such dividends are received in cash or reinvested in additional Shares. Ordinary Dividends will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends paid by taxable Canadian corporations.

The amount of any Capital Gains Dividend received by a Shareholder from the Fund will be considered to be a capital gain of the Shareholder from the disposition of capital property in the taxation year of the Shareholder in which the capital gains dividend is received.

The amount of any payment received by a Shareholder from the Fund as a return of capital on a Share will not be required to be included in computing income. Instead, such amount will reduce the adjusted cost base of the relevant Share to the Shareholder. To the extent that the adjusted cost base to the Shareholder would otherwise be a negative amount, the Shareholder will be considered to have realized a capital gain at that time and the Shareholder's adjusted cost base will be increased by the amount of such deemed capital gain. See "*Disposition of Shares*" below.

Shareholders will be advised each year of the composition of amounts distributed to them.

An investor who purchases Shares may be taxed on income, accrued but unrealized capital gains and realized but undistributed capital gains that are in the Fund at the time Shares are purchased and that are reflected in the purchase price of the Shares. As a consequence of tax-deferred transfers of property to the Fund by certain limited partnerships, a Shareholder may receive capital gains dividends that relate to gains on the property that accrued prior to the property being owned by the Fund. Such capital gains may be realized by the Fund as a result of Shareholders switching from one class of Shares to another class of Shares, as well as in other circumstances. The Fund may declare and pay capital gains dividends to Shareholders of any class of Shares, regardless of whether the related capital gains resulted from a disposition of securities in a portfolio related to a particular class of Shares. It is anticipated that a substantial portion of the assets of the Fund will consist of property transferred to the Fund by limited partnerships on a tax-deferred basis.

Disposition of Shares

Upon the redemption, retraction or other disposition of a Share, a capital gain (or a capital loss) will be realized to the extent that the proceeds of disposition of the Share exceed (or are less than) the aggregate of the adjusted cost base of the Share and any reasonable costs of disposition. The adjusted cost base of each Share will generally be the weighted average of the cost of the Shares acquired by a Shareholder at a particular time and the aggregate adjusted cost base of any Shares held immediately before the particular time.

One-half of a capital gain (a taxable capital gain) is included in computing income and one-half of a capital loss (an allowable capital loss) is deductible against taxable capital gains in accordance with the provisions of the Tax Act.

If a Shareholder switches Shares of one class into Shares of another class, the Shareholder will not be considered to have disposed of the Shares for the purposes of the Tax Act. The aggregate cost to the Shareholder of the Shares received on the switch will be deemed to be the aggregate adjusted cost base to the Shareholder of the Shares that were switched. In certain circumstances, if a Shareholder switches Shares of one class into Shares of another class, the Fund may have to pay capital gains dividends to all Shareholders in order that the corporation can obtain a refund of capital gains taxes.

Non-Taxable Shareholders

In general, the amount of distributions paid or payable to a registered plan from the Fund will not be taxable under the Tax Act until it is withdrawn from the registered plan (other than a TFSA).

A registered plan that sells Shares will be considered to have disposed of those Shares for the purposes of the Tax Act. In general, proceeds from a sale by a registered plan will not be taxable under the Tax Act until they are withdrawn from the registered plan (other than a TFSA).

Withdrawals from a TFSA are not taxable.

Eligibility for Registered Plans

Provided that the Fund qualifies as a “mutual fund corporation” under the Tax Act, Shares will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered disability savings plans, tax free savings accounts (“TFSA”) and registered education savings plans (each a “registered plan”). Provided the holder of a TFSA deals at arm's length with the Fund, does not have a “significant interest” (within the meaning of the Tax Act) in the Fund, and does not have a “significant interest” (within the meaning of the Tax Act) in a corporation, partnership or trust that does not deal at arm's length with the Fund, Shares will not be a prohibited investment under the Tax Act for such TFSA.

REMUNERATION OF DIRECTORS, OFFICERS AND THE IRC

No remuneration, fees or reimbursement of expenses is paid by the Fund to the directors or officers of CC&L Capital Markets.

The fees and other reasonable expenses of members of the IRC, as well as premiums for insurance coverage for such members, will be paid by the Fund and approximately 20 other applicable investment funds managed by the Manager and Connor, Clark & Lunn Managed Portfolios Inc., with each fund's share based on a complexity factor approved by the IRC on a *pro rata* basis. The Fund's portion of the total fees payable annually to the IRC for services performed for the Fund will be approximately \$2,568 (including HST), plus reimbursement of expenses.

MATERIAL CONTRACTS

The material contracts that have been entered into by the Fund are as follows:

- Articles of Incorporation of the Fund dated September 11, 2009, as amended on March 26, 2010 and September 28, 2010.
- The Management Agreement, as amended from time to time, in respect of the Fund entered into between CC&L Capital Markets and the Fund, as of September 30, 2009.
- The Investment Management Agreement entered into between CC&L Capital Markets and the Investment Manager, as of September 30, 2009.
- The Custodian Agreement entered into between RBC Dexia Investor Services Trust and CC&L Capital Markets, as of September 30, 2009.

Copies of the documents described above may be inspected during regular business hours on any business day at the registered office of the Fund.

INDEPENDENT AUDITORS' CONSENT

We have read the simplified prospectus and related annual information form of Connor, Clark & Lunn Capital Class Inc. (formerly Connor, Clark & Lunn Natural Resources Fund Inc.) (the Fund) dated November 24, 2010 relating to the offerings of Natural Resources Class Shares and Balanced Portfolio Class Shares of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Shareholders of the Fund on the financial statements of the Fund for the period ending June 30, 2010. Our report is dated September 27, 2010.

(Signed) "PricewaterhouseCoopers LLP"

Toronto, Ontario
November 24, 2010

Chartered Accountants, Licensed Public Accountants

**CERTIFICATE OF THE FUND AND OF CONNOR, CLARK & LUNN CAPITAL
MARKETS INC. AS MANAGER AND PROMOTER OF**

**Connor, Clark & Lunn Capital Class Inc.
Connor, Clark & Lunn Natural Resource Class Shares
(the “Fund”)**

November 24, 2010

This annual information form dated November 24, 2010, together with the simplified prospectus dated November 24, 2010, required to be sent or delivered to a purchaser during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of all provinces and territories of Canada and do not contain any misrepresentations.

(signed) “Neil Murdoch”

Neil Murdoch
Chief Executive Officer

(signed) “Michael Freund”

Michael Freund
Chief Financial Officer

By the Board of Directors of Connor, Clark & Lunn Capital Markets Inc., as Manager of the Fund:

(signed) “Darren Cabral”

Darren Cabral
Director

**Connor, Clark & Lunn Capital Markets Inc.
(as Manager and Promoter of the Fund)**

(signed) “Neil Murdoch”

Neil Murdoch

**CERTIFICATE OF THE FUND AND OF CONNOR, CLARK & LUNN CAPITAL
MARKETS INC. AS MANAGER AND PROMOTER OF**

**Connor, Clark & Lunn Capital Class Inc.
Connor, Clark & Lunn Balanced Portfolio Class Shares
(the “Fund”)**

November 24, 2010

This annual information form dated November 24, 2010, together with the simplified prospectus dated November 24, 2010, required to be sent or delivered to a purchaser during the currency of this annual information form and the documents incorporated by reference into the simplified prospectus, constitute full, true and plain disclosure of all material facts relating to the securities offered by the simplified prospectus, as required by the securities legislation of all provinces and territories of Canada and do not contain any misrepresentations.

(signed) “Neil Murdoch”

Neil Murdoch
Chief Executive Officer

(signed) “Michael Freund”

Michael Freund
Chief Financial Officer

By the Board of Directors of Connor, Clark & Lunn Capital Markets Inc., as Manager of the Fund:

(signed) “Darren Cabral”

Darren Cabral
Director

**Connor, Clark & Lunn Capital Markets Inc.
(as Manager and Promoter of the Fund)**

(signed) “Neil Murdoch”

Neil Murdoch

Annual Information Form

Connor, Clark & Lunn Capital Class Inc. Connor, Clark & Lunn Natural Resources Class Shares Connor, Clark & Lunn Balanced Portfolio Class Shares

Additional information about the Fund will be available in the Fund's annual financial statements and annual management report of fund performance, and interim financial statements and interim management report of fund performance. You can get a copy of these documents, including a statement of Fund transactions, at no charge by contacting your registered representative. You may also find these documents and other information about the Fund at www.cclcapitalmarkets.com or at www.sedar.com. Unless otherwise indicated herein, information about the Fund which may otherwise be obtained on the CC&L Capital Markets website is not, and shall not be deemed to be, incorporated in this annual information form.

Manager of the Connor, Clark & Lunn Capital Class Inc.:

Connor, Clark & Lunn Capital Markets Inc.
181 University Avenue, Suite 300
Toronto, Ontario, M5H 3M7

Telephone: 416-364-2839