

Connor, Clark & Lunn Natural Resources Class

THIRD QUARTER 2011 UPDATE

INVESTMENT APPROACH

Connor, Clark & Lunn Natural Resources Class (the "Fund") seeks to generate long-term growth by providing investors with exposure to Canadian natural resource companies. The principal businesses of the companies that we can invest in include: (1) oil and gas exploration, development and production; (2) mineral exploration, development and production; (3) forestry-related industries; (4) alternative energy development and production; and (5) resource-related services such as service and infrastructure providers for natural resource companies.

INVESTMENT MANAGER

Connor, Clark & Lunn Investment Management Ltd. ("CC&L") is responsible for managing the Fund's portfolio. CC&L currently manages approximately \$5.4 billion in energy and materials investments and approximately \$22.0 billion in total assets on behalf of institutional investors. CC&L is part of Connor, Clark & Lunn Financial Group, a Canadian multi-boutique asset management firm responsible for approximately \$39 billion in financial assets through its affiliated investment managers.

PORTFOLIO MANAGER'S COMMENTARY

While the fund was positioned in more defensive names as compared to historical levels (with a reduction in exposure to start-up/exploration focused mining entities and a reduction to our weighting in oilfield services entities), exposure within the fund to higher beta small cap producers impacted performance. The fund's NAV declined by 22% during Q3/11, which compared to a 23% decline in the TSX Energy Index and a 9% decline in the TSX Materials Index. The fund held an approximate weighting to energy of 65%, with gold at 18%, base metals at 13% and potash/fertilizers at 4%.

The portfolio was impacted by several names that had performed well through H1/11 but were caught in the market's flight to security in Q3/11, with core positions such as Copper Mountain correcting by 45%, Wild Stream Exploration correcting by 25% and Secure Energy Services correcting by 26%. The Fund had benefitted from significant gains in each of these positions through H1/11 and all three of these positions have materially rebounded through October (in addition, all three names remain well above our cost base and all are names that we expect to hold as core positions moving forward).

TOTAL RETURNS

	3 Months	1 Year	Annualized Since Inception*
CC&L Natural Resources Class	-22.0%	-4.1%	4.3%
S&P/TSX Capped Energy Index	-23.0%	-13.1%	-9.1%
S&P/TSX Capped Materials Index	-8.8%	-6.0%	7.3%

Returns to September 30, 2011. * Inception Date: October 16/09

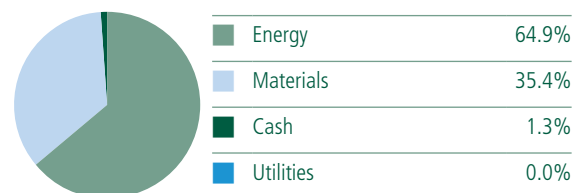
SUMMARY (SEPTEMBER 30, 2011)

Fundserv Code:	CCL100
Inception Date:	October 16, 2009
Net Asset Value at Inception:	\$10.00
Net Asset Value:	\$10.67
Assets Under Management:	\$14.3 million

TOP 10 INVESTMENTS (SEPTEMBER 30, 2011)

	% of Portfolio
Tourmaline Oil Corp.	10.0%
Surge Energy Inc.	8.0%
Wild Stream Exploration Inc.	7.0%
Alamos Gold	5.5%
Storm Resources	4.3%
Capstone Mining Corp.	4.1%
Huron Energy Corp.	3.9%
Anvil Mining	3.7%
Potash Corp. of Saskatchewan	3.7%
Progress Energy Resources Corp.	3.3%
Total	54.5%

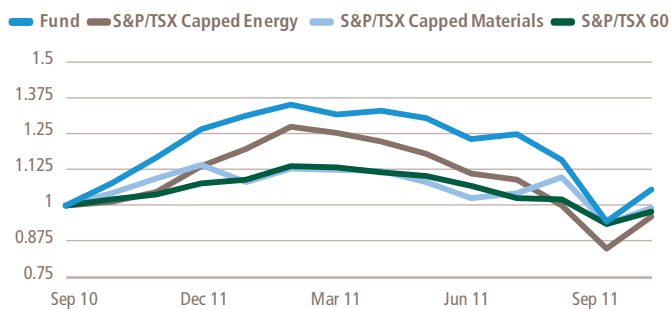
PORTFOLIO ASSET MIX (SEPTEMBER 30, 2011)



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Overall, the correction witnessed in the broader market through Q3/11 (and to larger extent in the resource sector) bottomed in to the first week of October and has since recovered to a fairly material extent through late October. We continue to remain focused on those names with strong balance sheets that can endure the underlying volatility in their respective commodity prices while focusing on producers with projects that are economic at commodity prices well below current levels. We continue to favour high quality names with producing assets (as opposed to early stage exploration focused companies) given that we can still achieve solid long-term returns while striving to minimize the risk that are associated with early stage exploration companies.

Comparative 1-Year Performance



OUTLOOK

The US is showing some modest signs of a continuing recovery, however the resource sector is challenged by the decline in demand for commodities associated with the sovereign debt crisis in Europe and the slowdown in China and other emerging markets. We believe that most resource stocks in the Canadian marketplace still discount commodity prices well below current spot levels, affording some protection in these volatile markets while also providing substantial upside potential as the global economy finds some stability (as witnessed through the first half of 2011).

INVESTMENT STRATEGY

The Investment Manager utilizes an active fundamentals-based approach which involves disciplined monitoring of the sector. Before an initial investment is made, a management interview is conducted to determine the important future drivers for shareholder value creation. In addition to the issuer's strategic corporate plan, the strength and weakness of the issuer's management, board and

technical teams are assessed. The willingness of the management team to take on different levels of risk to achieve their long-term goals and the ability of the issuer to meet its stated goals and key financial metrics are also examined. If an issuer's securities are added to the Fund, regular visits are made with its management team to monitor whether it is meeting the milestones set at the initial meeting. Target prices are set for the stocks based on the expectation for growth and value creation potential and are used to assess relative opportunity amongst the universe of investments. In support of the bottom-up stock selection process, an understanding of the macro environment is developed using a wide range of industry contacts.

When assessing a business there are a number of key characteristics that the Investment Manager looks for. These include:

- strong and experienced management team,
- demonstrated ability to create shareholder value,
- well-defined strategic plan with visibility,
- quality assets that provide organic growth potential,
- strong board and corporate governance,
- strong balance sheet and funding ability,
- diversified risk exposures, and
- defined financial metric goals.

Investors who received Class A Shares of the Fund as a result of the rollover of the 2007, 2008 and 2009 Connor, Clark & Lunn Flow-Through Limited Partnerships can continue to defer the capital gains tax liability that results from the disposition of their investment by maintaining their investment in the Fund. The Fund uses a corporate structure that enables us to create additional funds under the same structure that investors can switch between without triggering a taxable disposition.

BALANCED FUND CLASS

Investors that hold Class A shares of the Fund are able to switch into the CC&L Balanced Portfolio Class on a tax-deferred basis. The ability to switch into the balanced fund class provides taxable investors with the financial flexibility and freedom to re-adjust their portfolio to suit their needs without realizing a capital gain.