



**CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND
AND
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II**

**NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS
AND
JOINT MANAGEMENT INFORMATION CIRCULAR**

December 10, 2007

**Meetings to be held at 9:00 a.m.
January 17, 2008
1 First Canadian Place
Suite 6300
100 King Street West
Toronto, Ontario**



181 University Avenue
Suite 300
Toronto, Ontario M5H 3M7

CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND
AND
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II

December 10, 2007

Dear Unitholders:

You are invited to special meetings (collectively, the “Meetings” or, individually, a “Meeting”) of holders of units of Connor, Clark & Lunn Global Financials Fund (“GF1”) and Connor, Clark & Lunn Global Financials Fund II (“GF2”) (collectively, the “Funds”) to be held at 9:00 a.m. (Toronto time) on January 17, 2008 at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario to consider and vote upon the proposed merger of the Funds (the “Merger Proposal”).

As both Funds have similar underlying portfolios and both Funds have Connor, Clark & Lunn Capital Markets Inc. (“CC&L Capital Markets”) acting as their manager and New Star Asset Management Inc. acting as their investment manager, merging the Funds will provide unitholders of both Funds with the opportunity to continue their investment in a single fund that will have a larger market capitalization, increased liquidity for the units and reduced costs on a per unit basis. In addition, merging the Funds is expected to provide unitholders of GF1 with higher levels of monthly distributions and the opportunity to participate in GF2’s distribution reinvestment plan. If the Merger Proposal is approved and implemented, GF2 will be the continuing fund and unitholders of GF1 will become holders of common units of GF2 as a result of the merger.

In order to implement the proposal, the Funds are each seeking the approval of their unitholders for the Merger Proposal. The Merger Proposal is more fully described in the accompanying joint management information circular (the “Circular”).

The Merger Proposal, if approved, will be implemented as a “qualifying exchange” within the meaning of the *Income Tax Act* (Canada). This means that there should not be any tax payable by unitholders on completion of the merger.

In addition, whether or not the Merger Proposal is approved, GF2 proposes to issue to unitholders of GF2 warrants to subscribe for additional units of GF2. If the Merger Proposal is approved and implemented, holders of GF1 units who receive common units of GF2 on the merger and continue to hold them would likewise be issued warrants to subscribe for additional common units of GF2.

GF2 expects that the warrants will be issued in February 2008 and will be exercisable not more than two years from the date of issue at an exercise price which is expected to be at a premium to net asset value per unit at the time the warrants are priced. The warrants will be transferable and will offer investors leveraged exposure to GF2 and the opportunity to subscribe for additional units of GF2. The warrants will have immediate time value upon issuance and will provide investors with strategic flexibility. The warrants will be issued by way of a prospectus and will be subject to obtaining all necessary regulatory and stock exchange approvals.

The Board of Directors of CC&L Capital Markets has determined that the Merger Proposal is in the best interests of each of the Funds and their respective unitholders. Accordingly, the Board of Directors of CC&L Capital Markets recommends that unitholders of each of the Funds vote in favour of the Merger Proposal.

The Board of Directors of CC&L Capital Markets has determined that the proposal to issue warrants of GF2 is in the best interests of GF2 and its unitholders. Accordingly, the Board of Directors of CC&L Capital Markets recommends that GF2 unitholders vote in favour of the proposal.

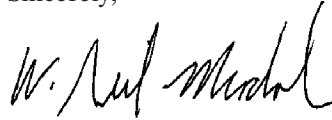
In order to become effective, the Merger Proposal must be approved by a two-thirds majority of the unitholders of each of the Funds present in person or represented by proxy at each of the Meetings and the

proposal to issue warrants must be approved by a two-thirds majority of the unitholders of GF2 present in person or represented by proxy at the GF2 Meeting. If approved, the Merger Proposal is expected to be implemented on or about January 25, 2008.

Attached is a notice of special meetings of unitholders and the Circular, which contain important information relating to the proposals. We urge you to read the Circular carefully. If you are in doubt as to how to deal with the matters described in the Circular, you should consult your advisors. All unitholders are encouraged to attend the Meetings.

If you wish to vote on the proposals, you should submit the enclosed voting instruction form voting in favour of the proposal as soon as possible, and in any event no later than 5:00 p.m. (Toronto time) on January 15, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "W. Neil Murdoch". The signature is fluid and cursive, with a prominent initial "W." and a long, sweeping tail.

W. Neil Murdoch
Chief Executive Officer and President
Connor, Clark & Lunn Capital Markets Inc.

TABLE OF CONTENTS

	<u>Page</u>
NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS	i
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND	1
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II	2
BACKGROUND TO THE MERGER PROPOSAL	3
DETAILS OF THE MERGER PROPOSAL	4
PROPOSAL TO ISSUE WARRANTS	5
MANAGEMENT OF THE FUNDS	6
The Manager	6
The Advisory Board	8
The Independent Review Committee	9
The Trustee	10
The Investment Manager	10
Investment Management Agreement	11
RECOMMENDATION OF THE BOARD OF DIRECTORS OF CC&L CAPITAL MARKETS AND THE ADVISORY BOARD	12
CONDITIONS TO IMPLEMENTING THE PROPOSALS	13
EXPENSES OF THE PROPOSALS	13
TERMINATION OF THE PROPOSALS	13
INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSALS	13
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS	13
ELIGIBILITY FOR INVESTMENT	14
UNITS AND PRINCIPAL HOLDERS	15
THE TRUSTEE	15
AUDITORS, CUSTODIAN AND TRANSFER AGENT	15
MATERIAL CONTRACTS	15
GENERAL PROXY INFORMATION	15
Circular	15
Voting Rights, Record Date, Quorum and Proxy Information	15
Appointment of Proxy Holders	16
Discretionary Authority of Proxies	16
Alternate Proxy	16
Revocation of Proxies	16
Solicitation of Proxies	17
Advice to Beneficial Holders of Units	17
DOCUMENTS INCORPORATED BY REFERENCE	18
ADDITIONAL INFORMATION	18
APPROVAL OF THE MANAGER	19
APPENDIX I	
APPENDIX II	
APPENDIX III	

**CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND
AND
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II**

NOTICE OF SPECIAL MEETINGS OF UNITHOLDERS


TAKE NOTICE that special meetings (the “Meetings” or, individually, a “Meeting”) of holders of units of Connor, Clark & Lunn Global Financials Fund (“GF1”) and common and class F units of Connor, Clark & Lunn Global Financials Fund II (“GF2”) (collectively, the “Funds”) will be held on January 17, 2008 at 9:00 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, Ontario for the following purposes:

- (i) in respect of GF1, to consider and, if thought appropriate, approve, with or without variation, an extraordinary resolution providing for the merger of the Funds, including the transfer by GF1 to GF2 of substantially all of the net assets of GF1 in consideration for common units of GF2 and the automatic redemption by GF1 of all units of GF1. GF2 will be the continuing fund;
- (ii) in respect of GF2, to consider and, if thought appropriate, approve, with or without variation, an extraordinary resolution providing for the merger of the Funds, including the acquisition by GF2 of substantially all of the net assets of GF1 in consideration for common units of GF2. GF2 will be the continuing fund; and
- (iii) in respect of GF2, to consider and, if thought appropriate, approve, with or without variation, an extraordinary resolution providing for the issuance of warrants to unitholders of GF2 as of a record date, upon such terms and at an exercise price to be determined by GF2 at or about the time of the issuance of such warrants.

These proposals are more fully described in the accompanying joint management information circular (the “Circular”). A copy of the extraordinary resolution for GF1 is attached as Appendix I to the Circular and a copy of the extraordinary resolutions for GF2 are attached as Appendix II and III to the Circular.

DATED at Toronto, Ontario as of the 10th day of December, 2007.

**By Order of the Board of Directors of
CONNOR, CLARK & LUNN CAPITAL MARKETS INC.**

By: 

W. Neil Murdoch
Chief Executive Officer and President

Note: Reference should be made to the Circular for details of the above matters. If you are unable to be present in person at the Meeting, you are requested to complete and sign the enclosed form of proxy or voting instruction form and to return it in the enclosed prepaid envelope provided for that purpose. Voting instruction forms sent by Broadridge Investor Communication Solutions may be completed by telephone or through the internet at www.proxyvote.com.

CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND

Connor, Clark & Lunn Global Financials Fund (“GF1”) is an investment trust established under the laws of the Province of Ontario on April 27, 2006.

Investment Objectives

GF1 has been designed to take advantage of the expertise of New Star Asset Management Limited (the “Investment Manager” or “New Star”) in investing in the global financial services sector.

GF1’s investment objectives are to:

- (i) provide holders of the GF1 units with a stable stream of monthly cash distributions initially targeted to be \$0.04167 per GF1 unit (representing a yield of approximately 5.0% per annum on the issue price of \$10.00 per GF1 unit);
- (ii) preserve the net asset value per GF1 unit in order to return at least the original issue price of GF1 units (\$10.00 per GF1 unit) to GF1 unitholders on or about May 31, 2016; and
- (iii) provide GF1 unitholders with an opportunity for capital appreciation above the original issue price.

Portfolio and Investment Process

GF1 seeks to generate income and long-term capital growth principally through investment in a portfolio of the securities of global financial services companies.

The GF1 portfolio is managed using the same investment approach that the Investment Manager applies to its New Star Global Financials Fund (the “UK Fund”). New Star employs a combination of top-down trend and economic analysis and bottom-up stock assessment, with individual stock selection being the principal driver of portfolio construction. The UK Fund has approximately 60 to 80 stocks in respect of which New Star implements an active strategy which often diverges substantially from benchmark weightings. New Star invests GF1 across the market capitalization scale, investing in medium sized or smaller companies when they offer better growth prospects than the big blue chips. GF1 has a greater emphasis on the generation of income than the UK Fund.

New Star follows the following four-step investment process:

- (i) identify key trends and economic themes;
- (ii) analyze fundamental factors to identify attractive stocks;
- (iii) monitor opportunity cost of holdings; and
- (iv) use risk controls to determine final portfolio composition.

Leverage

GF1 has entered into a loan facility (the “Loan Facility”) with a Canadian chartered bank. The aggregate amount of borrowing under the Loan Facility may not exceed 15% of the total assets of GF1. The Loan Facility may be used to purchase additional securities for GF1’s portfolio. In the event that the total amount borrowed or otherwise subject to leverage by GF1 exceeds the 15% limit, indebtedness will be reduced on a commercially reasonable basis as soon as practicable so that the amount borrowed or otherwise subject to leverage does not continue to exceed such limit. If the total amount borrowed or otherwise subject to leverage by GF1 exceeds 20% of the total assets of GF1, indebtedness will be reduced immediately such that the amount borrowed or otherwise subject to leverage does not constitute more than 15% of the total assets of GF1.

Other than borrowings by GF1 under the Loan Facility, GF1 will not engage in other borrowings or leverage transactions.

Currency Hedging and Use of Other Derivative Instruments

GF1 is exposed to a number of foreign currencies. The Investment Manager takes currency exposure into account in managing GF1’s portfolio and attempts to maximize GF1’s total returns in UK Pounds Sterling. In

addition, it is intended that at least 90% of the value of the GF1 portfolio's non-Canadian exposure will be hedged from UK Pounds Sterling back to the Canadian dollar.

GF1 may utilize derivatives consistent with its investment strategy and in accordance with National Instrument 81-102 of the Canadian Securities Administrators ("NI 81-102") (as if GF1 were subject to NI 81-102) or as otherwise may be permitted by Canadian securities regulators from time to time. For example, GF1 may use derivatives for the purpose of offsetting or reducing risks associated with an investment or group of investments.

Further Information

For further information on GF1, see GF1's long form prospectus dated April 27, 2006 (the "GF1 Prospectus") or the Connor, Clark & Lunn Capital Markets Inc. website at www.cclcapitalmarkets.com.

CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II

Connor, Clark & Lunn Global Financials Fund II ("GF2") is an investment trust established under the laws of the Province of Ontario on February 27, 2007. The beneficial interest in the net assets and net income of GF2 is divided into common units and class F units. All references to "units" of GF2 in both this Circular and the notice of special meetings of unitholders accompanying this Circular refer to both GF2's common units and GF2's class F units collectively unless otherwise indicated.

Investment Objectives

Like GF1, GF2 has been designed to take advantage of the expertise of New Star in investing in the global financial services sector.

GF2 investment objectives are to:

- (i) provide holders of the GF2 units with a stable stream of monthly cash distributions initially targeted to be \$0.05 per GF2 unit (representing a yield of approximately 6.0% per annum on the issue price of \$10.00 per GF2 unit); and
- (ii) preserve and enhance the net asset value per GF2 unit.

Portfolio and Investment Process

Like GF1, GF2 seeks to generate income and long-term capital growth principally through investment in a portfolio of the securities of global financial services companies.

The GF2 portfolio, like the GF1 portfolio, is managed using the same investment approach that the Investment Manager applies to its UK Fund. As described above, New Star employs a combination of top-down trend and economic analysis and bottom-up stock assessment, with individual stock selection being the principal driver of portfolio construction. The UK Fund has approximately 60 to 80 stocks in respect of which New Star implements an active strategy which often diverges substantially from benchmark weightings. New Star invests GF2 across the market capitalization scale, investing in medium sized or smaller companies when they offer better growth prospects than the big blue chips. GF2 has a greater emphasis on the generation of income than the UK Fund.

Leverage

GF2 has entered into a loan facility (the "Loan Facility") with a Canadian chartered bank. GF2 targets using leverage in an amount equal to approximately 10% of its total assets. However, the Investment Manager may, in its discretion, increase or decrease the amount of leverage GF2 employs based on its expectation of returns available in the market. The aggregate amount of borrowing under the Loan Facility may not exceed 15% of the total assets of GF2. The Loan Facility may be used to purchase additional securities for GF2's portfolio. In the event that the total amount borrowed or otherwise subject to leverage by GF2 exceeds the 15% limit, indebtedness will be reduced on a commercially reasonable basis as soon as practicable so that the amount

borrowed or otherwise subject to leverage does not continue to exceed such limit. If the total amount borrowed or otherwise subject to leverage by GF2 exceeds 20% of the total assets of GF2, indebtedness will be reduced immediately such that the amount borrowed or otherwise subject to leverage does not constitute more than 15% of the total assets of GF2.

Other than borrowings by GF2 under the Loan Facility, GF2 will not engage in other borrowings or leverage transactions.

Currency Hedging and Use of Other Derivative Instruments

GF2 is exposed to a number of foreign currencies. The Investment Manager takes currency exposure into account in managing GF2's portfolio and attempts to maximize GF2's total returns in UK Pounds Sterling. In addition, it is intended that at least 90% of the value of the GF2 portfolio's non-Canadian exposure will be hedged from UK Pounds Sterling back to the Canadian dollar.

GF2 may utilize derivatives consistent with its investment strategy and in accordance with NI 81-102 (as if GF2 were subject to NI 81-102) or as otherwise may be permitted by Canadian securities regulators from time to time. For example, GF2 may use derivatives for the purpose of offsetting or reducing risks associated with an investment or group of investments.

Further Information

For further information on GF2, see GF2's long form prospectus dated February 27, 2007 (the "GF2 Prospectus") or the Connor, Clark & Lunn Capital Markets Inc. website at www.cclcapitalmarkets.com. The GF2 Prospectus and the GF1 Prospectus are collectively referred to as the "Prospectuses" and are both specifically incorporated by reference into this Circular. See also "Documents Incorporated by Reference" in this Circular.

BACKGROUND TO THE MERGER PROPOSAL

The investment objectives, investment strategy and investment process of GF1 and GF2 are substantially similar and are both based on New Star's expertise in investing in the global financial services sector.

GF1 completed its initial public offering in May 2006 and currently has net assets of approximately \$43 million. GF2 completed its initial public offering in March 2007 and currently has net assets of approximately \$100 million.

As both Funds have similar underlying portfolios and as New Star acts as their investment manager, Connor, Clark & Lunn Capital Markets Inc. ("CC&L Capital Markets"), as their manager, believes the merger of the Funds will provide further benefits for unitholders of both Funds because GF2 as the continuing fund will have a larger market capitalization which should assist in increased liquidity for the units of the Funds and reduce costs on a per unit basis as a result of the reduction or elimination of some operating costs and expenses of the Funds. The merger of the Funds is expected to provide unitholders of GF1 with higher levels of monthly distributions and the opportunity to participate in GF2's distribution reinvestment plan.

The following chart sets out the number of units outstanding, closing trading price and net asset value per unit for GF1 and GF2 as at November 30, 2007:

Name of Fund	Number of Units Outstanding	Closing Unit Price (\$)	Net Asset Value per Unit (\$)
Connor, Clark & Lunn Global Financials Fund	4,196,974	\$9.30	\$10.43
Connor, Clark & Lunn Global Financials Fund II ⁽¹⁾			
Common Units	10,617,028	\$8.86	\$ 9.14
Class F Units	360,880	n/a	\$ 9.42

The following chart sets out the performance of GF1 and GF2 on a net asset value basis for the following periods ended November 30, 2007:

Name of Fund	NAV Performance ⁽¹⁾				
	1 Month	3 Month	6 Month	1 Year	Since Inception ⁽²⁾
Connor, Clark & Lunn Global Financials Fund	-6.10%	2.22%	-7.85%	5.65%	21.05%
Connor, Clark & Lunn Global Financials Fund II					
Common Units	-3.92%	4.59%	-4.28%	n/a	1.19%
Class F Units	-3.91%	4.65%	-4.24%	n/a	1.08%

Notes:

- (1) Performance numbers include reinvestment of distributions and are net of fees.
- (2) GF1's date of inception was May 17, 2006 and GF2's date of inception was March 22, 2007.

The merger will not change the investment objectives, investment strategy or investment process of GF2, the continuing fund. However, there are some differences between GF1 and GF2 as follows:

- The GF1 portfolio and the GF2 portfolio are very similar in that both portfolios contain the securities of global financial services companies chosen by the same investment manager using the same investment process. The Funds were established at different times and have had different sector and geographic breakdowns so that, although the holdings of the Funds are similar in nature and exposure, the underlying securities contained in the GF1 portfolio and the GF2 portfolio have been different. Currently, approximately 96% of the holdings of the Funds overlap.
- GF1 pays a monthly distribution of \$0.04167 and GF2 pays a monthly distribution of \$0.05.
- GF2 has a distribution reinvestment plan that it adopted following the closing of GF2's initial public offering which provides that all monthly cash distributions made by GF2, at the election of a unitholder, be automatically reinvested in additional GF2 units on such unitholder's behalf in accordance with the terms of the plan and the related reinvestment plan agency agreement.
- While GF1 is scheduled to terminate on or about May 31, 2016, GF2 does not have a fixed termination date.

DETAILS OF THE MERGER PROPOSAL

Unitholders of each of the Funds will be asked to consider and vote upon the proposed merger of the Funds (the "Merger Proposal"). If the Merger Proposal is implemented, holders of common units of GF2 will continue as, and unitholders of GF1 will become, holders of common units of GF2. If approved by unitholders of the Funds, it is expected that the merger will become effective on or about January 25, 2008 (the "Effective Date").

The following steps will take place to implement the Merger Proposal:

- On the Effective Date, GF1 will transfer all or substantially all of its net assets (consisting of portfolio securities and cash) to GF2 in consideration for the issuance by GF2 to GF1 of a number of common units of GF2 determined based on an exchange ratio established as the close of trading on the business day immediately preceding the Effective Date.
- The Exchange Ratio (as defined below) will be calculated based on the relative net asset value of the units of GF1 and the common units of GF2.
- Immediately following the transfer of the assets of GF1 to GF2 and the issuance of common units of GF2 to GF1, all GF1 units will be automatically redeemed and each GF1 unitholder will receive such number of common units of GF2 as is equal to the number of GF1 units held multiplied by the Exchange Ratio.

- GF1 and GF2 will jointly elect, by filing a prescribed form with the Minister of National Revenue within six months of the transfer of assets of GF1 to GF2, to have section 132.2 of the *Income Tax Act* (Canada) (the “Tax Act”) apply with respect to the merger which will ensure certain tax rollover treatment for GF1 and its unitholders.

GF1 units will be redeemed by GF1 in exchange for common units of GF2 at an exchange ratio (the “Exchange Ratio”) calculated based on the relative net asset value of the units of GF1 and the common units of GF2 as at the close of trading on the Toronto Stock Exchange (the “TSX”) on the business day prior to the Effective Date. The net asset value of the units of GF1 and the common units of GF2 will be calculated in accordance with the provisions of the trust agreements of GF1 and GF2, respectively. GF2 unitholders will continue to hold the same number of units as they held prior to the merger and, because common units of GF2 will be issued to GF1 at the Exchange Ratio, the issuance will not be dilutive. By way of an example, if, on the day prior to the Effective Date, the net asset value per common unit of GF2 was \$9.00 per unit and the net asset value per unit of GF1 was \$10.00 per unit, then on the merger, each GF1 unit would entitle the holder thereof to and the holder would receive 1.1111 common units of GF2. No fractional common units of GF2 or cash in lieu thereof will be issued or paid under the merger.

If the Merger Proposal is approved, unitholders of GF2 and GF1 will not be required to take any action in order to be recognized as unitholders of GF2 and to trade their GF2 units. GF1 units held by GF1 unitholders will automatically be exchanged for common units of GF2 calculated by reference to the Exchange Ratio. Registration of beneficial interests in GF2 as the continuing fund will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. (“CDS”). On the Effective Date, the Manager will deliver to CDS a certificate evidencing the aggregate number of common units of GF2 held by all unitholders as a result of the merger. Beneficial owners of common units of GF2 will not have the right to receive physical certificates evidencing their ownership. Following the Effective Date, GF1 units will be delisted from the TSX. After the merger, GF1 will be wound up as soon as possible.

The merger itself is expected to be implemented as a “qualifying exchange” within the meaning of the Tax Act which means that any tax payable by a unitholder on the redemption of the holder’s units under the merger may be deferred until the holder disposes of his or her GF2 units. See “Certain Canadian Federal Income Tax Considerations”.

The Merger Proposal is subject to unitholder, TSX and any other required approvals. There is no assurance that the conditions to the implementation of the merger will be satisfied on a timely basis, if at all. In such event, GF2 and GF1 will not merge but will continue as separate funds.

If the Merger Proposal is approved and implemented, unitholders of GF1 will become holders of common units of GF2. Additional information relating to GF2, including its investment objectives, investment strategy and investment process, as well as a description of the attributes of GF2 units and risk factors associated with an investment therein is available in GF2’s Prospectus which is incorporated by reference into this Circular.

PROPOSAL TO ISSUE WARRANTS

Unitholders of GF2 will be asked to consider and vote upon the extraordinary resolution providing for the issuance of warrants to unitholders of GF2 as of a record date, upon such terms and at an exercise price to be determined by GF2 at or about the time of issuance of such warrants.

Whether or not the Merger Proposal is approved, GF2 proposes to issue to unitholders of GF2 warrants to subscribe for additional units of GF2. If the Merger Proposal is approved and implemented, holders of GF1 units who receive common units of GF2 on the merger and continue to hold them would likewise be issued warrants to subscribe for additional common units of GF2.

GF2 expects that the warrants will be issued in February 2008 and will be exercisable not more than two years from the date of issue at an exercise price which is expected to be at a premium to net asset value per unit at the time the warrants are priced. The warrants will be transferable and will offer investors leveraged exposure to GF2 and the opportunity to subscribe for additional units of GF2. The warrants will have immediate time value upon issuance and will provide investors with strategic flexibility. The warrants will be issued by way of a prospectus and will be subject to obtaining all necessary regulatory and stock exchange approvals.

MANAGEMENT OF THE FUNDS

The Manager

Connor, Clark & Lunn Capital Markets Inc. (the “Manager” or “CC&L Capital Markets”), a registered investment counsel and portfolio manager, is the manager of both GF1 and GF2 and is responsible for the management and administration of both Funds. Currently, CC&L Capital Markets acts as the manager (or advisor) for the following investment funds and flow-through limited partnership:

- Connor, Clark & Lunn PRINTS Trust
- SNP Health Split Corp. (options advisor)
- Connor, Clark & Lunn Conservative Income Fund
- Connor, Clark & Lunn Conservative Income Fund II
- Clark & Lunn Real Return Income Fund
- ROC Pref Corp.
- ROC Pref II Corp.
- ROC Pref III Corp.
- Connor, Clark & Lunn ROC Pref Corp.
- Connor, Clark & Lunn Global Financials Fund
- Connor, Clark & Lunn Global Financials Fund II
- CANADIAN Financials & Utilities Split Corp.
- Focused Global Trends Fund
- Connor, Clark & Lunn 2007 Flow-Through Limited Partnership
- Faircourt Gold Income Corp. (options advisor)

CC&L Capital Markets is part of the Connor, Clark & Lunn Financial Group (the “CC&L Group”), which also includes Connor, Clark & Lunn Investment Management Ltd., Connor, Clark & Lunn Private Capital Ltd., Baker Gilmore & Associates Inc., PCJ Investment Counsel Ltd., Scheer Rowlett & Associates Investment Management Ltd., New Star Canada Inc., Connor, Clark & Lunn Arrowstreet Capital Ltd., Global Alpha Capital Management Ltd. and Banyan Capital Partners Management Partnership. The CC&L Group, with approximately \$37 billion in assets under management as at November 30, 2007, offers professional management of financial assets for pension plan sponsors, capital accumulation plans, corporations, foundations, mutual funds and individual investors. CC&L Capital Markets has over \$1.1 billion in assets under management as at November 30, 2007.

Duties and Services Provided by the Manager

Pursuant to the trust agreements of each of the Funds, the Manager has exclusive authority to manage the operations and affairs of the Funds, to make all decisions regarding the business of the Funds and to bind the Funds. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Funds to do so.

The Manager’s duties include maintaining accounting records for the Funds; authorizing the payment of operating expenses incurred on behalf of the Funds; preparing financial statements, income tax returns and financial and accounting information as required by the Funds; ensuring that unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the Funds comply with regulatory requirements, including their continuous disclosure requirements under applicable securities laws; preparing the Funds’ reports to unitholders and to the Canadian securities regulators; providing the custodian of the Funds with information and reports necessary for the custodian to fulfil its fiduciary responsibilities; currency hedging; administering the retraction and redemption of units; with regards to GF1, arranging for any payment required on or about the Termination Date; dealing and communicating with unitholders; and negotiating contracts with third party providers of services, including, but not limited to, custodians, transfer agents, auditors and printers.

Pursuant to the trust agreements of each of the Funds, the Manager shall exercise the powers and discharge the duties of its office honestly, in good faith and in the best interests of unitholders and, in connection

therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent manager would exercise in similar circumstances.

The Manager has entered into investment management agreements with the Investment Manager and each of the Funds, pursuant to which the Investment Manager acts as a sub-advisor to the Manager and the particular fund. The Manager is responsible to each of the Funds for all investment advice and portfolio management services provided by the Investment Manager to the Funds and for any loss that arises out of the failure of the Investment Manager to exercise the powers and discharge its duties honestly, in good faith and in the best interests of the Funds and the unitholders of the Funds or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances. To the extent applicable, there may be difficulty in enforcing legal rights against the Investment Manager because it is not a resident of Canada and all or a substantial portion of its assets are located outside of Canada.

The Manager is entitled to fees for its services under each of the trust agreements as described under “Fees and Expenses” of the Prospectuses and is reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the Funds. In addition, the Manager and each of its directors, officers, employees and agents is indemnified by the Funds for all liabilities, costs and expenses incurred in connection with any action, suit or proceeding that is proposed or commenced or other claim that is made against the Manager or any of its officers, directors, employees or agents in the exercise of its duties as manager, except those resulting from the Manager’s wilful misconduct, bad faith or negligence.

Officers and Directors of the Manager

The name, municipality of residence, position with the Manager and principal occupation of each of the directors and officers of the Manager are set out below:

<u>Name and Municipality</u>	<u>Position with the Manager</u>	<u>Principal Occupation</u>
W. NEIL MURDOCH Oakville, Ontario	Director, President and Chief Executive Officer	Director, President and Chief Executive Officer, Connor, Clark & Lunn Capital Markets Inc.
PHILIP K. GOW Toronto, Ontario	Director, Chief Financial Officer and Secretary and Compliance Officer	Director, Chief Financial Officer, Secretary and Compliance Officer, Connor, Clark & Lunn Capital Markets Inc.
MICHAEL W. FREUND Toronto, Ontario	Director and Chairman	Managing Partner, Connor, Clark & Lunn Financial Group
TIMOTHY E. BRADSHAW Toronto, Ontario	Senior Vice-President and National Sales Manager	Senior Vice-President and National Sales Manager, Connor, Clark & Lunn Capital Markets Inc.
DARREN N. CABRAL Toronto, Ontario	Vice-President	Vice-President, Connor, Clark & Lunn Capital Markets Inc.
JOHN COLANGELO Toronto, Ontario	Vice-President Sales, Ontario	Vice-President Sales, Ontario, Connor, Clark & Lunn Capital Markets Inc.
BONNIE L. M. CHWARTACKI Winnipeg, Manitoba	Vice-President Sales, Western Canada	Vice-President Sales, Western Canada, Connor, Clark & Lunn Capital Markets Inc.
VICTORIA L. JONAS Beaconsfield, Québec	Vice-President Sales, Québec	Vice-President Sales, Québec, 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.

Philip K. Gow: *CFA; BA, Dalhousie University; MBA, Saint Mary's University.* Mr. Gow was a Managing Director of Brenton Reef Capital Inc. (which was acquired by CC&L Capital Markets Partnership in April 2001) from 1997 to April 2001 and has been a director and Chief Financial Officer of Connor, Clark & Lunn Capital Markets Inc. since April 2001.

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

Timothy E. Bradshaw: *CFA; B.Comm. McGill University; MBA London Business School.* Mr. Bradshaw joined Connor, Clark & Lunn Capital Markets Inc. in May 2006. Prior thereto, Mr. Bradshaw was a Vice-President of TD Bank Financial Group from 2000 to October 2005.

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.

John Colangelo: *BA, University of Guelph, Ontario.* Mr. Colangelo joined Connor, Clark & Lunn Capital Markets in April 2007. Prior thereto, Mr. Colangelo was Vice-President Sales for Faircourt Asset Management Inc., Regional Sales Manager of Franklin Templeton Investments Corp., and Regional Vice-President of Spectrum Investments Inc.

Bonnie L. M. Chwartacki: *B.Comm (Hons.), University of Manitoba.* Ms. Chwartacki has been with Connor, Clark & Lunn Capital Markets Inc. since the fall of 2004. Prior thereto, Ms. Chwartacki was Regional Vice-President for Western Canada at AIC Group of Funds.

Victoria L. Jonas: *B.Ed., McGill University.* Ms. Jonas joined Connor, Clark & Lunn Capital Markets Inc. in December 2005. She was Senior Regional Sales Manager for Franklin Templeton Investments from 2002 until December 2005, Regional Vice-President at Spectrum Investments from 2001 until that company was sold to CI Funds in 2002 and, prior thereto, Regional Vice-President and Director with AGF Group of Funds from 1987.

The Advisory Board

Each of the Funds has established an advisory board (together, the "Advisory Board") each consisting of two members appointed by the Manager and independent of the Manager, the Investment Manager and each of their affiliates; and free from any interest and any business or other relationship which could, or could be reasonably perceived to, materially interfere with the exercise of an Advisory Board member's judgement. The Advisory Board provides independent advice to the Manager to assist the Manager in performing its services under each of the trust agreements, including with respect to conflicts of interest or potential conflicts of interest or related party transactions identified by the Manager. The members of the Advisory Board are required to act honestly and in good faith in the best interests of each of the Funds and their unitholders and, in connection with that duty, will exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Manager reports to the Advisory Board on the operation and performance of the applicable fund on a quarterly basis, including with respect to compliance with applicable investment restrictions and material contracts as amended from time to time.

All fees and expenses of the Advisory Board incurred in connection with its duties with respect to the Funds are paid by the Funds. The Advisory Board has the authority to retain, at the expense of the Funds, independent

counsel or other advisors if the Advisory Board deems it appropriate to do so. See “Fees and Expenses” in the Prospectuses.

The members of the Advisory Board are indemnified by the Funds except in cases of wilful misconduct, bad faith, negligence or breach of their standard of care. The Advisory Board members are not responsible for the investments made by the Funds or for the performance of the Funds. The members of the Advisory Board may serve in a similar capacity in respect of other entities managed by the Manager.

The following is a brief description of the backgrounds of the members of the Advisory Board:

Arthur Donner is a Toronto-based economic consultant. His research and consulting have ranged widely in the field of economics and public policy — macroeconomics, finance, pension issues, labour economics, environmental issues, industrial policy and communications policy. His career has moved between universities, governments and the private sector, and he continues to be a commentator in the media. Mr. Donner has been a member of the Investment Advisory Committee of the Nunavut Trust since 1993. The Nunavut Trust administers and invests the Federal Government’s land claim settlement to the Inuit of the Eastern Arctic. As well, he has been a member of the Investment Committee of the Atkinson Charitable Foundation for a number of years, and has been Chair of the Investment Committee for the past five years. Between July and October 2005, Mr. Donner was a special advisor to the Federal Minister of Housing, Joe Fontana, on the development of new aboriginal housing institutions.

Selwyn Kletz retired in 2005 from his role as President, North America of Asset Management Investment Company, PLC, a British-based company engaged in the business of investing in investment counselling companies, having served as President and CEO of AMIC Canada, Limited since its inception. He was previously a Managing Director of CIBC Wood Gundy Securities Inc. where he managed the Global Equity Research Department and served as a member of the Equity Management Committee and the Investment Committee of the merchant banking arm. Earlier in his career, Mr. Kletz founded and managed MYW Financial Management (since incorporated into Scotia Investment Management Limited), Laurim Capital Management Inc. and Laurentian Investment Management (Canada) Inc. Mr. Kletz has more than 30 years of experience in the investment business.

The Independent Review Committee

The Canadian Securities Administrators approved the final version of National Instrument 81-107 (“NI 81-107”) on September 19, 2006. NI 81-107 requires all publicly offered investment funds, including the Funds, to establish an independent review committee to whom the Manager must refer all conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the independent review committee in carrying out its functions. The independent review committee is required to be comprised of a minimum of three independent members, and is subject to requirements to conduct regular assessments and provide reports to the Funds and to unitholders in respect of its functions. As of the November 1, 2007 deadline, the Funds were fully compliant with NI 81-107 and the following individuals have been appointed as members of the independent review committee of each of the Funds: Fred Lazar, Frank Santangeli and Joseph Wright. The principal occupations and biographies of such individuals are set out below.

Fred Lazar is a Professor of Economics at York University’s Schulich School of Business. In addition to a distinguished academic career, Mr. Lazar has served as a senior advisor to the governments of Canada and Ontario and to a number of national and international companies.

Frank Santangeli has worked in the financial services industry since 1960. Positions he has held include Vice-President of Sunlife Canada, President and Chief Executive Officer of Finsco Investment Management Corporation, and Vice-President of Imasco Financial Corporation. He has also served as Chairman of The Investment Funds Institute of Canada.

Joseph Wright currently serves on the board of directors of several public companies and private organizations, including Loblaw Companies Limited and BFI Canada Income Fund. His former positions

include the Chief Executive Officer of Swiss Bank Corporation (Canada) and Vice-Chairman and Director of Burns Fry Limited.

The Trustee

RBC Dexia Investor Services Trust is the trustee (the “Trustee”) of each of the Funds under their respective trust agreements and, as such, is responsible for certain aspects of the day-to-day administration of the Funds as described in the trust agreements, including calculating NAV, net income and net realized capital gains of the Funds.

Each of the trust agreements provide that the Trustee shall not be liable in carrying out its duties under the trust agreement except where it is in breach of its obligations under the trust agreement or where the Trustee fails to act honestly and in good faith, and in the best interests of unitholders to the extent required by laws applicable to corporate trustees, or to exercise the degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances. In addition, each of the trust agreements contain other customary provisions limiting the liability of the Trustee and indemnifying the Trustee, or any of its officers, directors, employees or agents, in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee is entitled to receive fees from the Funds as described under “Fees and Expenses” in the Prospectuses. The Trustee is entitled to be reimbursed for all expenses and liabilities which are properly incurred by the Trustee in connection with the activities of each of the Funds.

The Investment Manager

The Investment Manager provides investment advisory and portfolio management advice to each of the Funds and actively manages the portfolios of the Funds in a manner consistent with the investment restrictions of the Funds pursuant to each Fund’s investment management agreement between the Manager, as manager of the particular fund and in its own capacity, and the Investment Manager. The investment management agreement related to GF1 and the investment management agreement related to GF2 are collectively referred to as the “Investment Management Agreement”.

The Investment Manager is responsible for execution of the Funds’ investment strategy. Decisions as to the purchase and sale of securities and as to the execution of all portfolio and other transactions in connection with the portfolios of the Funds are made by the Investment Manager. The Investment Manager was established in June 2000 and had approximately £24.4 billion directly under its management as at September 29, 2007. The principal office of the Investment Manager is located in London, England and it and certain other companies in the New Star Group are authorized and regulated in the UK by the Financial Services Authority.

The name, municipality of residence, position with the Investment Manager and principal occupation of the relevant directors and officers of the Investment Manager are set out below.

<u>Name and Municipality</u>	<u>Position with the Investment Manager</u>	<u>Principal Occupation</u>
JOHN DUFFIELD London, UK	Executive Chairman	Executive Chairman, New Star Asset Management Group
HOWARD COVINGTON London, UK	Chief Executive Officer	Chief Executive Officer, New Star Asset Management Group
RUPERT RUVIGNY London, UK	Finance Director and Group Chief Operating Officer	Finance Director and Group Chief Operating Officer, New Star Asset Management Group
RAVI ANAND London, UK	Corporate Finance Director and Head of Structured Products	Corporate Finance Director and Head of Structured Products, New Star Asset Management Limited
PHILIP GOLDSMITH London, UK	Managing Director, International Sales and Marketing	Managing Director, International Sales and Marketing, New Star Asset Management Limited

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.

John Duffield: Mr. Duffield founded New Star in June 2000. Until 2000, Mr. Duffield was chief executive officer of Jupiter International Group, which he founded in 1985.

Howard Covington: Mr. Covington joined New Star as a non-executive director in August 2000, becoming chief executive officer in January 2001. Previously, Mr. Covington was chief executive officer of the European investment banking firm of Wasserstein Perella from 1996 to 2001. Prior to such time, Mr. Covington was a director of SG Warburg, where he was a corporate financier for ten years.

Rupert Ruvigny: Mr. Ruvigny joined New Star in October 2000. Prior to joining New Star, Mr. Ruvigny was deputy chairman of PricewaterhouseCoopers' financial services regulatory practice. He qualified as a chartered accountant with Price Waterhouse in 1984. Mr. Ruvigny was made a partner in 1992 and specialized in asset management and regulation. He was seconded to IMRO initially as head of investigations and subsequently as director of monitoring.

Ravi Anand: Mr. Anand joined New Star in June 2001. Prior to joining New Star, Mr. Anand was a director in HSBC's equity capital markets business. He worked for HSBC for five years after working in business development at Robert Fleming & Co. and qualifying as a chartered accountant at KPMG.

Philip Goldsmith: Mr. Goldsmith joined New Star in 2001. Prior to joining New Star, Mr. Goldsmith was head of international sales and marketing at Kenmar, a leading alternative investment manager. Mr. Goldsmith worked for a City-based financial adviser before founding Finexco International, the multinational financial adviser, which subsequently became part of Old Mutual. He became a director of Old Mutual's international business in 1986 and remained there until 1992. He was a founding director of Greystone International, part of ConAgra.

The team of investment professionals responsible for investment management at the Investment Manager all have significant experience in managing investment portfolios. The employees of the Investment Manager who are primarily responsible for managing the Portfolio are Guy de Blonay supported by Nick Brind.

Guy de Blonay: *Law, University of Geneva.* Mr. de Blonay joined the Investment Manager from Jupiter Asset Management, where he was co-manager of the highly successful Jupiter Ecology Fund. Mr. de Blonay has managed the New Star Global Financials Fund since its launch in December 2001, the New Star Financials Hedge Fund since its launch in April 2002, and the New Star Global British Lion Fund from 2002 to 2004. Mr. de Blonay has demonstrated his skills as a portfolio manager in global financial equities and also has extensive experience in Asian and Latin American markets. Mr. de Blonay was AAA rated by Citywire as at the end of December, 2006.

Nick Brind: *BSc, University of Southampton; Securities Institute Diploma.* Mr. Brind joined the Investment Manager from Exeter Asset Management in April 2005. He is the lead fund manager of the New Star Financial Opportunities Fund (formerly Exeter Financials Fund). At Exeter Asset Management, Mr. Brind was a fund manager with responsibility for a number of funds including, Exeter Financials Fund and Exeter Capital Growth Fund. These funds have since been acquired by the Investment Manager, with the latter renamed the New Star UK Strategic Capital Unit Trust. Prior to joining Exeter Asset Management in 1997, Mr. Brind worked for three years at Capel-Cure Myers as a portfolio manager.

Investment Management Agreement

Under the Investment Management Agreement, the Investment Manager is required to act honestly, in good faith and in the best interests of unitholders of each of the Funds and, in connection therewith, to exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in comparable circumstances. The Investment Management Agreement provides that the Investment Manager shall not be liable in any way for the making, retention or sale of any investment or for any loss to or diminution of, the assets of the Funds if it has satisfied the duties and standard of care, diligence and skill set forth above. The Investment Manager will incur liability in cases of wilful misconduct, bad faith, negligence or breach of its standard of care. Pursuant to the investment management agreement related to GF2, any investment by GF2 in an affiliate of the Investment Manager will be subject to review and approval by the Manager.

The Investment Management Agreement, unless terminated as described below, will continue in effect until the termination of the Funds. If the Manager is terminated, the Investment Management Agreement will terminate at such time. The Manager may terminate the Investment Management Agreement if the Investment Manager has committed certain events of bankruptcy or insolvency, has lost any registration, license or other authorization required to perform its services thereunder or is in material breach or default of the provisions thereof and such material breach or default has not been cured within twenty business days after notice thereof has been given to the Investment Manager and the Trustee by the Manager. Except as described above, the Investment Manager cannot be terminated as investment manager of the Funds.

The Investment Manager may terminate the Investment Management Agreement upon twenty business days' notice in the event that the Manager is in material breach or default of the provisions thereof and such material breach or default has not been cured within twenty business days' notice of same to the Manager and to the Trustee, or in the event that there is a material change in the investment restrictions of the Fund.

If the Investment Management Agreement is terminated, the Manager will promptly appoint a successor investment manager to carry out the activities of the Investment Manager until a meeting of unitholders of the applicable fund is held to confirm such appointment.

The Investment Manager is entitled to fees for its services under the Investment Management Agreement and will be reimbursed for all reasonable costs and expenses incurred by the Investment Manager on behalf of the Funds. In addition, the Investment Manager and each of its directors, officers, employees and agents will be indemnified by the Funds for all claims whatsoever brought against the Investment Manager for any act or omission, except those resulting from the Investment Manager's wilful misconduct, bad faith, negligence or breach of its standard of care.

RECOMMENDATION OF THE BOARD OF DIRECTORS OF CC&L CAPITAL MARKETS AND THE ADVISORY BOARD

The Board of Directors of CC&L Capital Markets and the Advisory Board of the Funds determined that the extraordinary resolutions attached to the Circular as Appendix I, II and III relating to the proposals are in the best interests of the Funds and their unitholders and unanimously recommend that unitholders of the Funds vote in favour of their extraordinary resolutions.

In arriving at this determination, consideration was given to the following factors:

- The investment objectives, investment strategy, investment process and underlying portfolios of GF1 and GF2 are similar.
- GF2 as the continuing fund will have a larger market capitalization and a greater number of common units outstanding which is expected to increase trading liquidity of the common units on the TSX.
- The merger is expected to result in administrative cost savings by eliminating the duplication of certain third party costs. As a result, GF2, as the continuing fund, is expected to have reduced costs on a per unit basis when compared to the current costs on a per unit basis of either GF1 or GF2.
- The merger is expected to result in higher levels of monthly distributions for unitholders of GF1.
- Following the merger, unitholders of GF1 will have the opportunity to participate in GF2's distribution reinvestment plan.
- With respect to the warrant proposal, GF2 will have the ability to provide unitholders with the opportunity to subscribe for additional units of GF2 by receiving warrants to acquire additional units of GF2 and if successful should position GF2 to increase its market capitalization, increase the liquidity of its units and lower fixed costs on a per unit basis.

As required by NI 81-107 of the Canadian Securities Administrators, CC&L Capital Markets presented the terms of the proposals to the independent review committee of the Funds for a recommendation as required by NI 81-107.

Each of the Funds' independent review committees reviewed the Merger Proposal and recommended that the Merger Proposal be put to unitholders of the Funds for their consideration on the basis that the Merger Proposal achieves a fair and reasonable result for each of the Funds.

GF2's independent review committee reviewed the proposal for the issuance of warrants to unitholders of GF2 and recommended that such proposal be put to unitholders of GF2 for their consideration on the basis that such proposal achieves a fair and reasonable result for unitholders of GF2.

CONDITIONS TO IMPLEMENTING THE PROPOSALS

The Merger Proposal will not be implemented unless it is approved by the unitholders of each of the Funds, and all required securities regulatory and stock exchange approvals are obtained.

The proposal for the issuance of warrants to unitholders of GF2 will not be implemented unless it is approved by the unitholders of GF2, and all required securities regulatory and stock exchange approvals are obtained.

The extraordinary resolutions of each of the Funds must be approved by a two-thirds majority of the votes cast by unitholders of each of the Funds.

There can be no assurance that the conditions precedent to implementing the proposals will be satisfied on a timely basis, if at all. If the requisite unitholder approval for the proposals is not obtained or if any other required approval is not obtained, the proposals will not be implemented.

EXPENSES OF THE PROPOSALS

Whether or not the extraordinary resolutions are approved, all costs and expenses incurred in connection with the calling and holding of the special meetings will be borne by the Funds. Such costs and expenses are estimated to be approximately \$120,000.

TERMINATION OF THE PROPOSALS

The extraordinary resolutions may, at any time before or after the holding of the special meetings of unitholders of the Funds (but prior to the entering into of any amendment to the Funds' trust agreements giving effect to the extraordinary resolutions) be terminated by the board of directors of CC&L Capital Markets without further notice to, or action on the part of, unitholders of the Funds if such board determines in its sole judgement that it would be inadvisable for the Funds to proceed.

INTEREST OF MANAGEMENT AND OTHERS IN THE PROPOSALS

CC&L Capital Markets is the manager of GF1 and GF2 and receives a fee from each of GF1 and GF2 as described in the Prospectuses, which are specifically incorporated by reference into, and form an integral part, of this Circular. See "Documents Incorporated by Reference".

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to the Funds, the following is a summary of the principal Canadian federal income tax considerations relating to the Merger Proposal that are generally applicable to individuals (other than trusts) who at all relevant times for purposes of the Tax Act are resident in Canada, hold units of GF1 as capital property, will hold common units of GF2 as capital property, and deal at arm's length with and are not affiliated with GF1 or GF2 ("Holders"). Certain Holders to whom such securities might not otherwise qualify as capital property may be entitled to make the irrevocable election in the circumstances permitted by subsection 39(4) of the Tax Act to deem such securities (and all other Canadian securities owned by the Holder) to be capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Tax Regulations"), all specific proposals to amend the Tax Act and the Tax Regulations that have been publicly announced by the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency (the "CRA"). This summary is not exhaustive of all possible Canadian federal income tax considerations and, excepting the Tax Proposals, does not otherwise take into account or anticipate any changes to the Tax Act or Tax Regulations whether by judicial, governmental or legislative action or decision, nor any changes in the

administrative policies or assessing practices of the CRA, nor does it consider provincial, territorial or foreign income tax consequences, which may differ significantly from those discussed herein.

This summary is based on the facts set out in this Circular and relies as to certain factual matters on a certificate of an officer of the Manager. This summary is based on the assumption that each of GF1 and GF2 will, at all relevant times, qualify as a “unit trust” and “mutual fund trust” within the meaning of the Tax Act. This summary is also based on the assumption that GF1 and GF2 are not “affiliated persons” within the meaning of the Tax Act.

Pursuant to special rules in the Tax Act governing specified investment flow through trusts and partnerships (the “SIFT Rules”), certain trusts or partnerships (defined as “SIFT trusts” and “SIFT partnerships”, respectively) the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more “non-portfolio properties” (as defined) are taxed on income and capital gains in respect of such non-portfolio properties at combined rates effectively comparable to the rates that apply to income earned and distributed by taxable Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation. This summary assumes that GF1 and GF2 will at no time be subject to tax under the SIFT Rules.

This summary is of a general nature only and is not intended to be, nor should it be treated as, legal or tax advice to any particular Holder. Holders should consult their own tax advisors for advice about their specific circumstances.

Transfer of GF1's Assets to GF2 Pursuant to the Merger

The merger will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act, thereby allowing GF1 assets to be transferred to GF2 without GF1 realizing any gain or loss on such assets so that there should be no taxable income to GF1 arising from the transfer. The Manager has advised counsel that the transfer of assets from GF1 to GF2 will be implemented so that it occurs on this basis.

For the purpose of determining the adjusted cost base of capital property to GF2 when “identical property” (as defined in the Tax Act) is acquired from GF1 on the merger, the cost of such newly acquired property will be averaged with the adjusted cost base of all identical property owned by GF2 as capital property immediately before that time.

Disposition of GF1 Units by Holders Pursuant to the Merger

As noted above, the merger will constitute a “qualifying exchange” as defined in section 132.2 of the Tax Act. Accordingly, where a Holder disposes of GF1 units to GF1 pursuant to the merger in exchange for common units of GF2, the Holder's proceeds of disposition for GF1 units disposed of, and the cost to the Holder of the common units of GF2 received in exchange therefor, will be deemed to be equal to the adjusted cost base to the Holder of GF1 units immediately prior to their disposition. Accordingly, a Holder will not realize any gain or loss for tax purposes upon the exchange of the Holder's GF1 units for common units of GF2. For the purpose of determining the adjusted cost base of the common units of GF2 acquired by a Holder on such exchange, the cost of such common units of GF2 will be determined by averaging their cost with the adjusted cost base of any other common units of GF2 held as capital property by such Holder immediately before the exchange.

GF1 will not realize a gain or loss on the transfer of the common units of GF2 to Holders on the redemption of GF1 units.

ELIGIBILITY FOR INVESTMENT

In the opinion of Osler, Hoskin & Harcourt LLP, counsel to CC&L Capital Markets, GF1 and GF2, provided that GF2 qualifies as a “mutual fund trust” for the purposes of the Tax Act and the Regulations, or common units of GF2 are listed on a prescribed stock exchange, units of GF2 will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans.

UNITS AND PRINCIPAL HOLDERS

The number of units outstanding of each of GF1 and GF2 as at November 30, 2007 is set forth under the heading “Background to the Merger Proposal”.

As at November 30, 2007, to the knowledge of CC&L Capital Markets and its officers, no person owns of record more than 10% of the outstanding units of GF1 or GF2 other than CDS & Co., the nominee of CDS, which holds all of the units of each of GF1 and GF2 as registered owner for various brokers and other persons on behalf of their clients and others and the names of the beneficial owners of such units are not known to GF1 or GF2.

THE TRUSTEE

The Trustee of the Funds is RBC Dexia Investor Services Trust. The Trustee’s principal office is located at 77 King Street West, Royal Trust Tower, 12th Floor, P.O. Box 7500, Station “A”, Toronto Dominion Centre, Toronto, Ontario M5W 1P9.

AUDITORS, CUSTODIAN AND TRANSFER AGENT

The auditor of the Funds is PricewaterhouseCoopers LLP, Chartered Accountants, 77 King Street West, Royal Trust Tower, Suite 3000, P.O. Box 82, Toronto Dominion Centre, Toronto, Ontario M5K 1G8.

Computershare Investor Services Inc. is the registrar and transfer agent for the Funds at its principal office in Toronto, Ontario.

RBC Dexia Investor Services Trust serves as custodian of each of the Funds.

MATERIAL CONTRACTS

For descriptions of the material contracts relating to GF1 and GF2, see the Prospectuses, which are specifically incorporated by reference into, and form an integral part of, this Circular. See “Documents Incorporated by Reference”.

GENERAL PROXY INFORMATION

Circular

This Circular is furnished in connection with the solicitation of proxies by management of the Funds to be used at the special meetings of unitholders of the Funds or at any adjournment thereof. The meetings will be held concurrently with separate votes for each fund on January 17, 2008 at 9:00 a.m. (Toronto time) at 1 First Canadian Place, Suite 6300, 100 King Street West, Toronto, for the purposes set forth in the notice of special meetings of unitholders accompanying this Circular (the “Notice”). Solicitation of proxies will be by mail, and may be supplemented by telephone or other personal contact by representatives or agents of the Funds.

The information set out below applies to the meeting of GF1 and the meeting of GF2.

Voting Rights, Record Date, Quorum and Proxy Information

To be used at the meeting, a proxy must be deposited with Computershare Investor Services Inc. (“Computershare”) by delivery to its principal offices in Toronto at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Attention: Proxy Department at any time up to 5:00 p.m. (Toronto time) on January 15, 2008.

Only holders of record of whole units at the close of business on December 13, 2007 will be entitled to receive notice of the meeting and to vote in respect of the matters to be voted at the meeting, or any adjournment thereof.

With respect to each matter properly before the meetings, a unitholder shall be entitled to one vote for each unit registered in the name of such unitholder. In order to become effective, the extraordinary resolutions must be approved by 66⅔% of unitholders of each of GF1 and GF2 voting on such matters.

Pursuant to the trust agreements for each of the Funds, a quorum at the meeting will consist of one unitholder present in person or by proxy representing not less than 10% of the outstanding units of each of the Funds. If a quorum of unitholders is not constituted within 30 minutes from the time fixed for holding the meeting, the meeting will be adjourned by the Chairman of the meeting. If adjourned, the meeting will be rescheduled for 9:00 a.m. (Toronto time) on January 28, 2008 without further notice. The unitholders present at any such adjourned meeting will constitute a quorum.

Appointment of Proxy Holders

Unitholders who are unable to be present at the meeting may still vote through the use of proxies. If you are a unitholder, you should complete, execute and return the enclosed proxy form. By completing and returning the enclosed proxy form, you can participate in the meeting through the person or persons named on the form. Please indicate the way you wish to vote and your vote will be cast accordingly. **If you do not indicate a preference, the units represented by the enclosed proxy form, if the same is executed in favour of the management appointees named in the proxy form and deposited as provided in the Notice, will be voted in favour of all matters identified in such Notice.**

Discretionary Authority of Proxies

The proxy form confers discretionary authority upon the management appointees named therein with respect to such matters, including without limitation, amendment or variation to the extraordinary resolutions, as, though not specifically set forth in the Notice, may properly come before the meeting. Management does not know of any such matter which may be presented for consideration at the meeting. However, if such a matter is presented, the proxy will be voted on the matter in accordance with the best judgment of the management appointees named in the proxy form.

On any ballot that may be called for at the meeting, all units in respect of which the management appointees named in the accompanying proxy form have been appointed to act will be voted in accordance with the specification of the unitholder signing the proxy form. If no specification is made, the units will be voted in favour of all matters identified in the Notice.

Alternate Proxy

A unitholder has the right to appoint a person or company to represent them at the meeting other than the management appointees designated on the accompanying proxy form by crossing out the printed names and inserting the name of the person he or she wishes to act as proxy in the blank space provided, or by completing another proxy form. Proxy forms which appoint persons other than the management appointees whose names are printed on the form should be submitted to the Fund and the person so appointed should be notified. A person acting as proxy need not be a unitholder.

The securities represented by the proxy will be voted or withheld from voting in accordance with the instructions of the unitholder on any ballot that may be called for. If the unitholder specifies a choice with respect to any matter to be acted upon, the units will be voted accordingly. If no specification is made, the units may be voted in accordance with the best judgment of the person named in the proxy form. Furthermore, the person named in the proxy form will have discretionary authority with respect to any amendments to the matters set forth in the Notice and with respect to any other matters that may properly come before the meeting, and units will be voted on such amendments and other matters in accordance with the best judgment of the person named in the proxy form.

Revocation of Proxies

If the accompanying form of proxy is executed and returned, the proxy may nevertheless be revoked by an instrument in writing executed by the unitholder or his or her attorney authorized in writing, as well as in any other manner permitted by law. Any instrument revoking a proxy must either be deposited (i) at the registered office of Computershare no later than 5:00 p.m. (Toronto time) on the day before the day of the meeting or (ii) with the Chairman of the meeting on the day of the meeting or any adjournment thereof. If the instrument of

revocation is deposited with the Chairman on the day of the meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote has already been cast pursuant to that proxy.

Solicitation of Proxies

The cost of this solicitation of proxies will be borne by the Funds. The Funds will reimburse brokers, custodians, nominees and fiduciaries for the proper charges and expenses incurred in forwarding this Circular and related materials to beneficial owners of units. In addition to solicitation by mail, officers and directors of CC&L Capital Markets may, without additional compensation, solicit proxies personally or by telephone.

Advice to Beneficial Holders of Units

The information set forth in this section is of significant importance to beneficial unitholders (“Beneficial Unitholders”). The units of each of the Funds are held in book-entry form in the name of CDS & Co., the nominee of CDS, and not in the name of Beneficial Unitholders. CDS is a limited purpose corporation organized as a “clearing corporation” under the applicable provincial securities regulatory authorities. CDS is owned or controlled by its participants (“CDS Participants”) and was created to hold securities for CDS Participants and to facilitate the clearance and settlement of securities transactions between CDS Participants through electronic book entries, thereby eliminating the need for physical movement of certificates. CDS Participants include securities brokers and dealers, banks, trust companies, and clearing corporations. Indirect access to the CDS system is also available to others such as bankers, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a CDS Participant, either directly or indirectly.

As a result of GF1 and GF2 issuing their units in book-entry form only, CDS is the sole registered unitholder of each of the Funds. Only registered unitholders or the persons they appoint as proxies are permitted to vote at the respective meetings. All of the Beneficial Unitholders of each of the Funds hold their units through either CDS Participants or intermediaries. Units held by brokers, dealers or their nominees through CDS & Co. can only be voted upon the instructions of the Beneficial Unitholder. Without specific instructions, CDS & Co. and brokers, dealers and their nominees are prohibited from voting units for their clients. The Funds do not know for whose benefit the units registered in the names of CDS & Co. are held. Therefore, Beneficial Unitholders cannot be recognized at the meeting for purposes of voting their units in person or proxy unless they comply with the procedures described in the Notice and Circular.

Applicable regulatory policy requires brokers, dealers and other intermediaries to seek voting instructions from Beneficial Unitholders in advance of unitholder meetings. Every intermediary has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Unitholders in order to ensure that their units are voted at the meeting. Often, the form of proxy supplied to a Beneficial Unitholder by its intermediary is identical to that provided to registered unitholders. However, its purpose is limited to instructing the registered unitholders how to vote on behalf of the Beneficial Unitholders. The majority of intermediaries now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communication Solutions (“Broadridge”). Broadridge typically prepares a voting instruction form which it mails to the Beneficial Unitholders and asks Beneficial Unitholders to complete and return directly to Broadridge. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of units to be represented at the meeting. **A Beneficial Unitholder receiving a voting instruction form cannot use that form to vote units directly at the meeting. Rather, the voting instruction form must be returned to Broadridge well in advance of the meeting in order to have the units voted.**

If you are a Beneficial Unitholder and wish to vote in person at the meeting, please contact your broker, dealer or other intermediary well in advance of the meeting to determine how you can do so.

If you are a unitholder and wish to vote in favour of the extraordinary resolutions, you should submit a voting instruction form voting in favour of the extraordinary resolutions well in advance of the 5:00 p.m. (Toronto time) deadline on January 15, 2008 for the deposit of proxies.

Voting instruction forms sent by Broadridge may be completed by telephone or through the internet at www.proxyvote.com.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into the Circular from documents filed with securities commissions or similar authorities in Canada. The long form prospectuses of each of GF1 and GF2 are specifically incorporated by reference into, and form an integral part of, this Circular.

The documents incorporated by reference are available on SEDAR at www.sedar.com. Upon request, CC&L Capital Markets will promptly provide a copy of any such document free of charge to unitholders of GF1 or GF2. See “Additional Information”.

ADDITIONAL INFORMATION

Additional information on each of GF1 and GF2 is provided in the financial statements and the management reports of fund performance for each of the Funds. Copies of all of these documents may be obtained from CC&L Capital Markets upon sending a request stating the Fund for which information is being requested to 181 University Avenue, Suite 300, Toronto, Ontario M5H 3M7.

Copies of these documents and other information about each of the Funds are also available on CC&L Capital Market’s website at www.cclcapitalmarkets.com or on SEDAR at www.sedar.com.

APPROVAL OF THE MANAGER

The Board of Directors of CC&L Capital Markets has approved the contents and the sending of this Circular to unitholders of the Funds.

DATED at Toronto, Ontario this 10th day of December, 2007.

Connor, Clark & Lunn Capital Markets Inc.,
as manager of
Connor, Clark & Lunn Global Financials Fund
Connor, Clark & Lunn Global Financials Fund II

A handwritten signature in black ink, appearing to read "W. Neil Murdoch". The signature is written in a cursive style with a large, sweeping initial "W".

W. Neil Murdoch
Chief Executive Officer and President

APPENDIX I
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND
EXTRAORDINARY RESOLUTION

BE IT RESOLVED THAT:

1. The merger (the “Merger”) of Connor, Clark & Lunn Global Financials Fund (“GF1”) with Connor, Clark & Lunn Global Financials Fund II (“GF2”) (collectively, the “Funds”), with GF2 as the continuing fund, substantially as described in the joint management information circular of the Funds dated December 10, 2007 (the “Circular”) including, without limitation, the transfer by GF1 to GF2 of substantially all of the assets of GF1, and the automatic redemption by GF1 of all of the units of GF1, in exchange for common units of GF2 held by GF1, such that unitholders of GF1 will become holders of common units of GF2, is authorized and approved.
2. The entering into of an amended trust agreement amending the terms of GF1’s trust agreement between Connor, Clark & Lunn Capital Markets Inc. (“CC&L Capital Markets”) as manager of GF1 and RBC Dexia Investor Services Trust (the “Trustee”) as trustee of GF1 in order to implement the Merger, including without limitation, to permit the transfer by GF1 to GF2 of substantially all of the assets of GF1 and the automatic redemption by GF1 of all units of GF1, as more particularly described in the Circular, is authorized and approved.
3. CC&L Capital Markets and the Trustee are hereby authorized and directed to make such additional amendments to GF1’s trust agreement as CC&L Capital Markets considers necessary or desirable in connection with or to implement the matters contemplated in this extraordinary resolution.
4. CC&L Capital Markets is hereby authorized and directed, as manager of GF1, to take such action and negotiate, approve, execute and deliver all such certificates, documents, authorizations, agreements and instruments or other documentation and to take any and all such further action as may be necessary or desirable in connection with or to implement the matters contemplated in this extraordinary resolution.
5. Notwithstanding the provisions hereof, the board of directors of CC&L Capital Markets, as manager of GF1, may revoke this extraordinary resolution at any time prior to its implementation without further approval of unitholders of GF1.

APPENDIX II
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II
EXTRAORDINARY RESOLUTION

BE IT RESOLVED THAT:

1. The merger (the “Merger”) of Connor, Clark & Lunn Global Financials Fund (“GF1”) with Connor, Clark & Lunn Global Financials Fund II (“GF2”) (collectively, the “Funds”), with GF2 as the continuing fund, substantially as described in the joint management information circular of the Funds dated December 10, 2007 (the “Circular”) including, without limitation, the transfer by GF1 to GF2 of substantially all of the assets of GF1 in exchange for common units of GF2 held by GF1, such that unitholders of GF1 will become holders of common units of GF2, is authorized and approved.
2. Connor, Clark & Lunn Capital Markets Inc. (“CC&L Capital Markets”) is hereby authorized and directed, as manager of GF2, to take such action and negotiate, approve, execute and deliver all such certificates, documents, authorizations, agreements and instruments or other documentation and to take any and all such further action as may be necessary or desirable in connection with or to implement the matters contemplated in this extraordinary resolution.
3. Notwithstanding the provisions hereof, the board of directors of CC&L Capital Markets, as manager of GF2, may revoke this extraordinary resolution at any time prior to its implementation without further approval of unitholders of GF2.

APPENDIX III
CONNOR, CLARK & LUNN GLOBAL FINANCIALS FUND II
EXTRAORDINARY RESOLUTION

BE IT RESOLVED THAT:

1. The entering into of an amended trust agreement amending the terms of the trust agreement of Connor, Clark & Lunn Global Financials Fund II (“GF2”) between Connor, Clark & Lunn Capital Markets Inc. (“CC&L Capital Markets”) as manager of GF2 and RBC Dexia Investor Services Trust (the “Trustee”) as trustee of GF2 in order to provide for the issuance of warrants to unitholders of GF2 as of a record date, upon such terms and at an exercise price to be determined by GF2 at or about the time of issuance of such warrants, is authorized and approved.
2. CC&L Capital Markets and the Trustee are hereby authorized and directed to make such additional amendments to GF2’s trust agreement as CC&L Capital Markets considers necessary or desirable in connection with or to implement the matters contemplated in this extraordinary resolution.
3. CC&L Capital Markets is hereby authorized and directed, as manager of GF2, to take such action and negotiate, approve, execute and deliver all such certificates, documents, authorizations, agreements and instruments or other documentation and to take any and all such further action as may be necessary or desirable in connection with or to implement the matters contemplated in this extraordinary resolution.
4. Notwithstanding the provisions hereof, the board of directors of CC&L Capital Markets, as manager of GF2, may revoke this extraordinary resolution at any time prior to its implementation without further approval of unitholders of GF2.

