

CC&L Global Financials Fund & CC&L Global Financials Fund II

Question & Answer

December 14, 2007

On December 11, 2007, Connor, Clark & Lunn Global Financials Fund (“GF1”) and Connor, Clark & Lunn Global Financials Fund II (“GF2” and collectively, the “Funds”) announced a proposal that would result in the merger of the Funds with GF2 as the continuing fund. A proposal permitting GF2 to issue warrants to purchase GF2 units to its unitholders was also announced.

Why Merge GF1 and GF2?

The investment objectives, investment strategy and investment process of GF1 and GF2 are substantially similar and are both based on New Star Asset Management Limited’s expertise in investing in the global financial services sector. Currently, approximately 96% of the holdings of the Funds overlap. With these similarities, there are several advantages to merging the Funds to create a larger fund. These advantages include:

- **Lower Costs:** Both Funds have fixed costs such as TSX listing fees, custodian and audit fees. By combining the Funds into one fund, fixed costs are reduced on a per unit basis which may potentially result in lower Management Expense Ratios (“MERs”).
- **Greater Liquidity:** Both Funds trade separately on the TSX. Combining the Funds will create a larger fund with a larger market capitalization which is expected to result increased liquidity.
- **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.**

Will the merger be a taxable event?

No. 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.

Will my distribution income be affected?

GF2 unitholders will continue to receive the same level of monthly distributions and, based on the exchange ratio, the merger is expected to result in higher levels of monthly distributions for unitholders of GF1.

Will the merger result in any dilution?

No. GF1 units will be redeemed by GF2 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 TSX on the business day prior to the effective date of the merger. 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 \$10.00 per unit and the net asset value per unit of GF1 was \$11.00 per unit, then on the merger, each GF1 unit would entitle the holder thereof to and the holder would receive 1.1 common units of GF2. No fractional common units of GF2 or cash in lieu thereof will be issued or paid under the merger.

Question – Will redemption date change for GF2?

No, the redemption date will not change. It will remain the same with monthly redemptions available and annual redemption in September of each year. Given that GF2 will be the surviving fund, all the terms and conditions described in the prospectus will remain.

When will the merger take place?

If approved, the merger is expected to be implemented on or about January 25, 2008.

What are the benefits of the warrant?

The warrants 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.

Question – Will F Class Holders of GF2 receive warrants?

Yes. The terms of the warrants will be set in the future based on the filing of a prospectus. For the GF2 holders, the warrants will have a 2 year term and will be set at a premium to the NAV.

On the same basis, the GF2 F Class holders will have warrants on a 2 year basis and will be set at the same premium to NAV (strike price will be higher based on the higher NAV for the F Class).

What is needed for the proposals to be approved?

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. Both of the proposals are also subject to the receipt of all necessary regulatory and stock exchange approvals.

When will the meetings take place?

The special meetings of unitholders of the Funds will 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 and the proposal permitting GF2 to issue warrants to unitholders.

How do I vote?

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 permit the completion of the voting instruction form by telephone or through the internet at www.proxyvotecanada.com and www.investorvote.com, respectively.