CONNOR, CLARK & LUNN

CAPITAL MARKETS

2007

Connor, Clark & Lunn Global Financials Fund

Semi-Annual Report

September 30, 2007

Connor, Clark & Lunn Global Financials Fund Message to Unitholders

November 29, 2007

Dear Investor,

These semi-annual financial statements are in respect of the six-months ended September 30, 2007.

Since inception on May 17, 2006, the Fund's Net Asset Value ("NAV") has increased from $9.39 per unit to $10.58 per unit as at September 30, 2007. In addition, the Fund has continued to meet its monthly distribution target and has declared distributions totalling $0.25 per unit over the past six months and approximately $0.83 per unit from inception to the end of September 2007 for an annualized yield of 5.00% based on the original issue price of $10.00. From inception to September 30, 2007, the Fund has generated an annualized total return of 15.6% compared to 8.0% the FTSE Global Financials Index. For the six months ended September 30, 2007, the Fund modestly underperformed its benchmark, generating a total return of -2.39% compared to 0.9% for the FTSE Global Financials Index.

Over the past few months, the financial services sector has come under pressure caused by escalating concerns in the credit market stemming from the U.S. sub-prime mortgage lending market and securities related to these loans which has resulted in a credit squeeze. By steering clear of investment banks, U.S. regional banks and British mortgage banks in favour of emerging markets, Europe and Asia, the Fund was well-positioned during the turmoil of the summer months. New Star Asset Management Ltd. (the "Investment Manager") continues to trade opportunistically among securities of the financial services sector that it has identified as attractive investment opportunities.

The Investment Manager believes the historically low relative and absolute valuations at the end of September reflected the negative sentiment in the market and that there were significant opportunities to be found. Banks with international businesses should be cushioned from any U.S. economic slowdown. Particularly attractive are those with businesses in countries where there is stronger underlying growth in capital markets activity, such as China and India, and where domestic economies are supported by strong oil prices, such as Russia and the Middle East.

Yours truly,

W. Neil Murdoch

W. Neil Murdoch
Chief Executive Officer
Connor, Clark & Lunn Global Financials Fund

Management Report of Fund Performance

This semi-annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. **The semi-annual financial statements and accompanying notes are attached to this report.**

Investment Objectives and Strategy

The Connor, Clark & Lunn Global Financials Fund (the "Fund") is a closed-end investment fund that is listed on the Toronto Stock Exchange under the symbol GFF.UN. It was established under the laws of the Province of Ontario pursuant to a trust agreement dated as of April 27, 2006.

The Fund's investment objectives are to:

(i) provide holders of the Units (''Unitholders'') with a stable stream of monthly cash distributions initially targeted to be $0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of $10.00 per Unit);

(ii) preserve the net asset value per Unit in order to return at least the original issue price of Units ($10.00 per Unit) to Unitholders on or about May 31, 2016; and

(iii) provide Unitholders with an opportunity for capital appreciation above the original issue price.

In order to achieve the Fund's investment objectives, New Star Asset Management Limited (the "Investment Manager" or "New Star"), the Fund's investment manager, invested the net proceeds of the Offering, in a portfolio (the "Portfolio") consisting of securities of global financial services businesses. In addition, from time to time, the Portfolio may include significant cash and cash equivalents.

Risk

The Fund's leverage facility was undrawn at September 30, 2007. The Fund has employed leverage of between nil% and 14.3% since October 2006. The leverage facility and the Fund's investment restrictions contemplate leverage of up to 15.0% of total net asset value. Leverage increases the exposure of the fund to market fluctuations. The Fund pays interest on the amount borrowed and such interest payments may exceed the total return on the leveraged portion of the Fund's portfolio. For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated April 27, 2006.

Results of Operations

Portfolio Manager Commentary

The Fund fell 2.39% over the last six months to the end of September 2007 bringing the return since launch to 22.12% to the end of September 2007.

The period from April through to mid July was characterised by strong global markets with high levels of takeover activity and a better-than-expected corporate earnings season. Positive economic data boosted investor confidence and markets reach new highs. There was much consolidation activity among European banks. Barclays' bid for ABN Amro was followed by a counter-offer from the consortium led by the Royal Bank of Scotland. In May, Unicredito Italiano announced the merger with Capitalia after some rumours circulated about a potential link with Société Générale.

By mid July, however, the financial sector was constrained by escalating credit concerns and news that investment banks were unable to sell debt for two large private equity deals highlighted that demand had gone and was a pre-cursor to the fight to quality. The summer months were overshadowed by the credit squeeze, which arose from the spreading contagion from the crisis in the US sub-prime lending market and the derivatives related to these loans. High volatility caused by the de-leveraging process and lack of visibility on direct sub-prime or indirect exposure led to a sell-off in banks and investment banks. Funding costs rose in both the interbank and debt markets and, with the resultant fall in margins, wholesale-funded banks suffered a seemingly indiscriminate sell-off. Northern Rock was the main headline in September after it approached the Bank of England for emergency funding, which led to the run on the UK bank. Additionally, retail banks exposed to the 'hot' property markets, such as Ireland and Spain, suffered on concerns that earnings growth had peaked.

By the end of August, valuations were becoming attractive to those willing to take a longer-term view. The US Federal Reserve's half-point fed funds target rate cut in the middle of September, however, triggered a relief rally in the financial services sector.

Throughout the summer's turmoil the Fund's emerging market holdings fared much better and the market rebound after the Fed's rate cut pushed some stocks to new highs.

In Greece, the fundamentally attractive economic backdrop remained in place. The Greek banking stocks within the portfolio, such as National Bank of Greece and Bank of Cyprus, were showing strong domestic loan growth, resilient lending margins and stronger-than-anticipated volume growth in their high-yielding emerging markets operations.

Turkish stocks performed positively for the portfolio throughout the third quarter of 2007. The re-election of Recep Tayyip Erdogan as Prime Minister in July provided the long-term stability for which international investors had been hoping. In addition, a surprise early interest rate cut in September provided encouraged investors. One of the Fund's holdings, Halkbank, significantly outperformed the Turkish market. The bank is well positioned to achieve significantly strong volume growth from its market-leading position in lending to small companies. Additionally, it is one of the few remaining big Turkish companies that could be acquired by a foreign bank planning a strong entry to Turkey's thriving and profitable banking sector.

The Fund's holdings in Asia, notably Hong Kong, reached new highs at the end of the period. Hong Kong banks and property stocks advanced after China relaxed the rules on domestic institutions investing abroad.

The Fund was well positioned during most of the summer's volatility because it had no holdings in UK mortgage banks, little exposure to 'hot' property markets and had sharply reduced its exposure to investment banks in the second quarter. As a result, by the height of the turmoil the Fund was defensively positioned. The portfolio also continued to avoid US regional banks, which are threatened by a potential economic growth slowdown.

Current investment themes

The Fund is focusing on highly cash generative diversified financial stocks geared to structural growth in their local markets. Since the UBS transaction, Julius Baer has made progress in becoming more efficient and generating fund inflows. All cost targets have been achieved and the company has the potential to increase its revenues through fund inflows and through cross-selling higher margin products to existing customers. Strong action is being taken on capital management and share buybacks are likely.

The asset management industry has witnessed accelerating inflows into hedge funds as institutional investors and private banks have joined wealthy individuals and foundations in investing in alternative assets. Man Group has been a large holding because it encompasses the opportunities available within the sector. Strong trends in asset gathering, good underlying performance, especially in periods of high market volatility and uncertainty, and the company's ability to leverage its balance sheet have provided a strong basis for investment.

Exposure to emerging markets has remained significant, with the portfolio having a large exposure to South Eastern Europe, with a particular focus on Greece and Turkey. In Asia, the portfolio has focused on opportunities in China and Hong Kong. The Chinese life insurance industry is showing strong growth because the market has been largely untapped yet affluence is rising. Companies are providing a diversified product mix, steady growth in premium income and rising investment income boosted by the recent interest rate rises.

Outlook

US sub-prime lending market problems and the banking liquidity crisis drove financial stocks lower in absolute and relative terms over the quarter. The crisis also hit 2007-08 earnings estimates, a trend that will continue in coming months. The historically low relative and absolute valuations at the quarter end reflected the negative news and there were significant opportunities to be found.

Banks with international businesses should be cushioned from any US economic slowdown. Particularly attractive are those with businesses in countries where there is stronger underlying growth in capital market activity, such as China or India, and where the domestic economies are buoyed by strong oil prices, such as Russia and the Middle Eastern states.

Investment Income and Capital Gains

During the six-month period ended September 30, 2007, the Fund had net investment income of $94,644 and realized $458,172 in losses on investments sold. In addition, the portfolio had a $640,925 in unrealized losses. Investment income and realized and unrealized losses combined for a total decrease in net assets from operations of $1,004,453, or $0.19 per Unit. Distributions to unitholders during same period totalled $1,317,526 or $0.25 per Unit.

Leverage

The Investment Manager employs leverage in the Portfolio to enhance returns when it considers market conditions appropriate. The Fund has entered into a Revolving Term Credit Facility Agreement with Bank of Montreal (“BMO”). The aggregate amount of borrowings under the loan facility and other leverage transactions may not exceed 15% of the net asset value of the Fund.

The Fund employed leverage in the range of 0% to 14.3% since commencement of operations. The Fund had $nil borrowings as at September 30, 2007.

Liquidity and Capital Resources

As at September 30, 2007, the Fund had current assets excluding investments of $4,249,612. Current liabilities, including distributions accrued but not yet paid, totalled $807,938.

Capital transactions

On May 17, 2006, the Fund completed an initial public offering pursuant to the prospectus dated April 27, 2006. $51,500,000 was raised through the issue of 5,150,000 Units at $10.00 per Unit. On May 23, 2006, the Agents exercised an over-allotment option in respect of 130,000 Units, raising a further $1,300,000. Total proceeds from these two transactions after Agents’ fees and issue expense was $49,554,803.

Market repurchases

As set out in the Prospectus, the Fund is obligated, under certain conditions, to purchase Units in the market for cancellation. If, on any day, the Units closing price is less than 95% of the net asset value per unit determined on the most recent valuation date, the Fund must purchase any units offered in the market the following day at 95% of net asset value per unit or less. Pursuant to this obligation, the Fund purchased 17,900 Units for a total cost of $189,091 during the six-month period ended September 30, 2007.

Distributions

The Fund has made all its scheduled distributions during the six-month period ended September 30, 2007 paying regular monthly distributions of $0.04167 to holders of record on the last business day of each month totalling $0.25002 per unit.

Related Party Transactions

Investment Portfolio Activity

The Investment Manager is a subsidiary of New Star Asset Management Group PLC, a LSE listed company. The fund has an investment in New Star Asset Management Group PLC and the Fund's holding in the company closely mirrors the holding by New Star's UK mutual fund, which follows the same strategy as the Fund. These shares are held in accordance with New Star's investment policies and procedures and as such are subject to the same criteria and restrictions as all other portfolio holdings as well as an additional senior management approval prior to any trading in them. The holding in New Star offers the fund exposure to a fast growing, leading fund manager with a diversified client base. New Star was listed on the London market in November 2005 and has generated a total return of 76% since then. The Manager and New Star believe that neither New Star nor any of its directors, officers or employees derive any measurable benefit from the Fund's holding New Star shares and are confident that the shares were acquired solely based on investment considerations and in the best interests of unitholders.

Management Fees

Pursuant to a trust agreement ("the Trust Agreement") the Fund retained Connor, Clark & Lunn Capital Markets Inc. ("the Manager") to act as manager. As compensation for coordinating the organization of and managing the ongoing business and administrative affairs of the Fund, the Manager is entitled to an annual management fee in an amount equal to 1.10% per annum of the net asset value of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund during the six-month period ended September 30, 2007 were $341,892.

The Manager pays the Investment Manager out of the above management fees.

New Accounting Standards

National Instrument 81-106 "Investment Fund Continuous Disclosure" requires the net asset value of the Fund be calculated in accordance with Canadian generally accepted accounting principles (''GAAP'').

The Canadian Institute of Chartered Accountants ("CICA") has issued Section 3855, Financial Instruments: Recognition and Measurement, effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. The adoption of this section will impact the valuation and disclosure of the net asset value ("NAV") of the Fund, and the way transaction costs are recorded for financial reporting purposes.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for securities held short. Prior to this new section, the fair value was based on the last traded price for the day, when available. The impact of adopting the amended policy is not material to the financial statements.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale. Adoption of this policy is not expected to have a material impact to the financial statements and does not impact the daily price of the Fund.

On April 1, 2007, the Fund adopted Section 3855 on a prospective basis for financial reporting purposes ("GAAP NAV").

The Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of NAV ("Trading NAV") (other than for financial reporting purposes) until September 30, 2008, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to aid in understanding the Fund's financial performance since inception. This information is derived from the Fund's audited annual and unaudited semi-annual financial statements:

The Fund's Net Asset Value per share:

	September 30, 2007 (2)	March 31, 2007 (1)
Net Asset Value, beginning of period	**11.11**	**10.00**
Increase (decrease) from operations:		
Total revenues	0.23	0.19
Total expenses	(0.22)	(0.23)
Share issue expense (3)	–	(0.62)
Realized gains (losses) for the period	(0.09)	0.97
Unrealized gains (losses) for the period	(0.11)	1.37
Total increase (decrease) from operations (4)	**(0.19)**	**1.68**
Distributions:		
From income (excluding dividends)	–	–
From dividends	(0.06)	(0.14)
From capital gains	(0.19)	(0.44)
Return of capital	–	–
Total Distributions (5)	**(0.25)**	**(0.58)**
Net Asset Value, end of period (6) (7)	**10.58**	**11.11**

(1) Results for the period from May 17, 2006 (commencement of operations) to March 31, 2007.
(2) Results for the six-month period ended September 30, 2007.
(3) Issue expense of $3,245,197 incurred in connection with the share issuance. The full amount of issue expenses was deducted from the retained earnings for accounting purposes and is amortized over a period of five years for tax purposes.
(4) Net asset value and distributions are based on the actual number of shares outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of shares outstanding over the financial period.
(5) The percentages used to allocate distributions among income, dividends, capital gain and return on capital are based on estimates.
(6) This is not reconciliation between the opening and the closing net asset values per unit.
(7) The NAV as of September 30, 2007 represents the GAAP NAV. The Trading NAV net of section 3855 adjustment was $10.60. (See: New Accounting Standards)

Ratios and Supplemental Data:

	September 30, 2007 (2)	March 31, 2007 (1)
Net assets (000's)	55,671	58,642
Number of units outstanding	5,261,100	5,279,000
Base Management expense ratio (3) (4)	2.25%	2.15%
Issue expenses ratio (3) (4)	–	6.04%
Interest expense ratio (3) (4)	0.84%	0.45%
Broker commission charges (3) (4)	0.84%	–
Management expense ratio (annualized) (4)	3.93%	8.64%
Management expense ratio before waivers or absorptions (annualized) (4)	3.93%	8.64%
Portfolio turnover rate (5)	96.54%	215.41%
Trading expense ratio (6)	0.83%	1.45%
Closing market price (TSX)	9.64	10.45

(1) Results for the period from May 17, 2006 (commencement of operations) to March 31, 2007.
(2) Results for the six-month period ended September 30, 2007.
(3) A separate base management expense ratio has been presented to include the normal operating expenses and exclude the Issue expense ratio: representing all agents' fees and unit issue expenses, Interest expense ratio: representing cost of leverage and Broker commission charges: representing the brokerage commissions included in the income statement as per section 3855 requirements.
(4) Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Unit issue expenses, representing all Agents' fees and other offering expenses, which are one-time expenses, are not annualized.
(5) The Fund's turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Fund.
(6) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period.

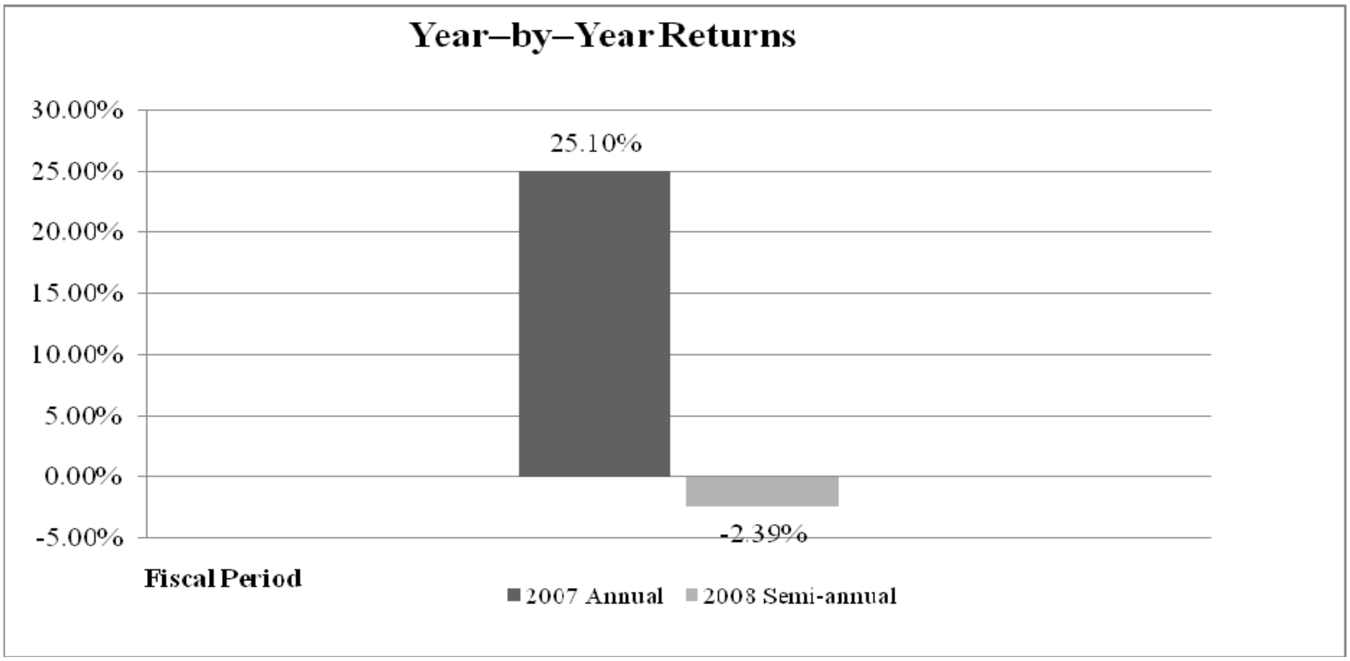
Summary of Investment Portfolio as of September 30, 2007

The summary of investment portfolio may change due to ongoing portfolio transactions of the fund. A quarterly update is available at www.cclcapitalmarkets.com and at www.sedar.com .

Portfolio by Category	Market Value	% of NAV
Greece	11,667,549	21.0%
Britain	10,266,308	18.5%
Switzerland	7,400,177	13.5%
France	4,601,141	8.3%
Cash & Cash Equivalents	4,122,630	7.4%
Turkey	3,416,643	6.1%
Hong Kong	2,837,509	5.1%
Germany	2,123,327	3.8%
Foreign currency forward contracts	2,115,862	3.8%
Hungary	1,536,492	2.8%
Netherlands	1,490,088	2.7%
China	1,468,415	2.6%
Belgium	937,261	1.7%
India	887,604	1.6%
USA	494,748	0.9%
Austria	365,610	0.7%
Russia	341,822	0.6%
Bermuda	279,172	0.5%
Top 25 Holdings		
Cash & Cash Equivalents	4,122,630	7.4%
Marfin Popular Bank	2,827,483	5.1%
Man Group PLC	2,494,059	4.5%
Foreign currency forward contracts	2,115,862	3.8%
Tour Eiffel	1,900,764	3.4%
Banque Cantonale Vaudoise	1,764,354	3.2%
National Bank Of Greece	1,725,290	3.1%
Bank Of Cyprus Ltd	1,692,593	3.0%
Hellenic Exchanges SA	1,650,727	3.0%
OTP Bank (GDR)	1,536,492	2.8%
Julius Baer Holding AG	1,503,491	2.7%
Kardan NV	1,490,088	2.7%
New Star Asset Management Group PLC	1,469,294	2.6%
Turkiye Halk Bankasi	1,407,502	2.5%
Temenos Group Ag	1,405,168	2.5%
Marfin Financial Group Holdings SA	1,223,653	2.2%
Resolution PLC	1,223,097	2.2%
Hang Lung Properties Ltd	1,183,380	2.1%
Piraeus Bank SA	1,155,397	2.1%
Turkiye Garanti Bankasi	1,148,343	2.1%
Muenchener Rueckver Ag-Reg	1,124,639	2.0%
Schroders PLC	1,046,791	1.9%
REXCAPTIAL Financial Holdings Limited	1,045,718	1.9%
Deutsche Boerse AG	998,688	1.8%
China Life Insurance Company ADR	961,252	1.7%
Net asset value (NAV)	**$ 55,671,402**	

Past Performance

The following bar chart shows the Fund's performance for the period from May 17, 2006 (commencement of operations) to March 31, 2007. It also shows the semi-annual performance for the six-month period ended September 30, 2007 assuming all the distributions made by the Fund during the period shown were reinvested. This bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Connor, Clark & Lunn Global Financials Fund

Financial Statements (Unaudited)
September 30, 2007

Notice to Reader:

These interim financial statements and related notes for the six-month period ending September 30, 2007 have been prepared by Management of Connor, Clark & Lunn Capital Markets Inc. The auditors of the Fund have not audited or reviewed these interim financial statements.

Connor, Clark & Lunn Global Financials Fund

Statement of Net Assets

As at September 30 and March 31, 2007

	September 30, 2007 (Unaudited)	March 31, 2007 (Audited)
	$	$
Assets		
Cash	4,122,630	1,685,023
Investments at market value (cost - $46,039,053; Mar. 31, 2007 - $58,639,774)	50,113,866	66,595,717
Unrealized gain on forward currency contracts	2,115,862	-
Dividends receivable	122,790	123,073
Receivable from investment sales	-	57,790
Prepaid expenses	4,192	12,295
	56,479,340	68,473,898
Liabilities		
Bank indebtedness (note 6)	-	8,483,395
Payable for investment purchases	393,113	-
Distributions payable	219,438	219,976
Accounts payable and accrued liabilities	144,112	131,853
Management fees payable	51,275	54,765
Unrealized loss on foreign currency forward contracts	-	942,152
	807,938	9,832,141
Net Assets and Unitholders' Equity	55,671,402	58,641,757
Units issued and outstanding (note 5)	5,261,100	5,279,000
Net asset value per unit	10.58	11.11
Unitholders' Equity		
Unit capital (note 5)	49,365,803	49,544,803
Surplus (deficit)	6,305,599	9,096,954
Total Unitholders' Equity	55,671,402	58,641,757

Approved by the Manager

Director

Director

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund

Statement of Operations (Unaudited)

For the six-month periods ended September 30, 2007 and period from May 17, 2006 (commencement of operations) to September 30, 2006

	2007	2006
	$	$
Income		
Dividends, net of withholding taxes	1,224,799	445,340
Interest	12,178	63,428
	1,236,977	508,768
Expenses		
Management fees (note 9)	341,892	208,986
Interest expenses (note 6)	244,811	1,900
Broker commission charges (note 11)	242,151	-
Custodial and other unitholders' fees	118,049	34,504
Service fees (note 9)	116,944	74,946
Legal fees	25,645	4,889
Audit fees	13,410	10,040
Board of Advisors fees	10,643	8,032
Listing fees	9,555	4,654
Transfer agent fees	6,317	3,855
Administration fees	6,151	3,981
Printing fees	5,364	4,016
Filing fees	855	-
Other	546	576
	1,142,333	360,379
Investment income (loss) for the period	94,644	148,389
Net realized gain (loss) on investments		
Net realized gain (loss) on investments	(1,373,595)	(960,294)
Net realized gain (loss) on foreign exchange	915,423	(10,073)
	(458,172)	(970,367)
Net unrealized gain (loss) on investments		
Change in unrealized gain (loss) on investments	(3,421,845)	4,025,948
Change in unrealized gain (loss) on foreign exchange forward contracts	3,058,014	686,891
Change in unrealized gain (loss) on foreign exchange	(277,094)	12,322
	(640,925)	4,725,161
Net gain (loss) on investments	(1,099,097)	3,754,794
Increase (decrease) in net assets from operations	(1,004,453)	3,903,183
Increase (decrease) in net assets from operations per unit *	(0.19)	0.74
Distributions paid per unit	0.25	0.19

* (based on average number of units outstanding during the period)

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund

Statement of Changes in Net Assets and Surplus (Unaudited)

For the six-month periods ended September 30, 2007 and period from May 17, 2006 (commencement of operations) to September 30, 2006

	2007	2006
	$	**$**
Increase (decrease) in net assets from operations	(1,004,453)	3,903,183
Distributions to unitholders from:		
Net investment income	(321,396)	(988,574)
Net realized gain on investments	(996,130)	-
	(1,317,526)	(988,574)
Unitholders' transactions:		
Proceeds from issue of units (note 5)	-	52,800,000
Agents' fees and issue expenses	-	(3,225,000)
Payments on redemption/cancellation of units (note 4 & 5)	(189,091)	-
	(189,091)	49,575,000
Change in net assets during the period	(2,511,070)	52,489,609
Net assets - Beginning of period (note 3)	58,182,472	-
Net assets - End of period	55,671,402	52,489,609
Surplus (deficit), beginning of period	8,637,669	-
Increase (decrease) in net assets from operations	(1,004,453)	3,903,183
Distributions to unitholders	(1,317,526)	(988,574)
Agents' fees and issue expenses	-	(3,225,000)
Cost of shares repurchased in excess of original issue price	(10,091)	-
Surplus (deficit), end of period	6,305,599	(310,391)

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund

Statement of Cash Flow (Unaudited)

For the six-month periods ended September 30, 2007 and period from May 17, 2006 (commencement of operations) to September 30, 2006

	2007	2006
	$	$
Operating Activities		
Increase (decrease) in net assets from operations	(1,004,453)	3,903,183
Items not affecting cash:		
Net realized (gain) loss on investments	1,373,595	960,294
Change in unrealized (gain) loss on investments	3,421,845	(4,025,948)
Change in unrealized (gain) loss on foreign exchange forward contracts	(3,058,014)	(686,891)
Changes in non-cash working capital		
(Increase) decrease in interest and dividends receivable	283	(152,561)
(Increase) decrease in prepaid expenses	8,103	(23,811)
Increase (decrease) in accounts payable and accrued liabilities	12,259	94,926
Increase (decrease) in management fees payable	(3,490)	42,435
Net cash flow provided by (used in) operating activities	750,128	111,627
Investing Activities		
Cost of investments purchased	(59,716,166)	(90,376,047)
Proceeds from investments sold	71,394,195	40,512,630
Net cash provided by (used in) investing activities	11,678,029	(49,863,417)
Financing Activities		
Proceeds from issuance of units	-	52,800,000
Distributions to unitholders	(1,318,064)	(768,556)
Payments on redemption/cancellation of units	(189,091)	-
Unit issue costs	-	(3,225,000)
Repayment of bank indebtedness	(8,483,395)	-
Net cash flow provided by (used in) financing activities	(9,990,550)	48,806,444
Net increase (decrease) in cash and short-term investments	2,437,607	(945,346)
Cash and short-term investments - beginning of period	1,685,023	-
Cash and short-term investments - end of period	4,122,630	(945,346)

Supplementary information

Interest paid	118,049	34,504

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund

Statement of Investment Portfolio (Unaudited)

As at September 30, 2007

Investments	Par Value / Quantity	Average Cost $	Market Value $	% of NAV
Global Equities				
Austria				
Raiffeisen Intl	2,526	377,419	365,610	0.7%
Raiffeisen Intl Rights	2,526	-	-	0.0%
		377,419	365,610	0.7%
Belgium				
Groupe Bruxelles Lambert	7,797	1,015,988	937,244	1.7%
Groupe Bruxelles Lambert Rights	592	-	17	0.0%
		1,015,988	937,261	1.7%
Bermuda				
MF Global Ltd.	9,691	272,435	279,172	0.5%
Britain				
Aberdeen Asset Mgmt PLC	127,652	458,947	472,412	0.8%
Ashmore Group PLC	41,754	211,898	244,294	0.4%
Barclays	31,559	406,929	380,152	0.7%
Bluebay Asset Management	106,320	861,178	937,390	1.7%
Halyk Savings Bank-Gdr Reg S	9,203	241,209	181,163	0.3%
Investcorp Bank (GDR)	23,703	749,117	641,838	1.2%
International Personal Finance Plc	37,535	170,513	149,699	0.3%
Man Group PLC	222,774	2,524,907	2,494,059	4.5%
New Star Asset Management Group PLC	199,384	1,465,379	1,469,294	2.6%
Resolution PLC	88,520	1,192,363	1,223,097	2.2%
Schroders PLC	37,360	1,059,029	1,046,791	1.9%
Speymill Macau Property Company	354,250	548,320	485,785	0.9%
Standard Chartered Plc	16,702	551,896	540,334	1.0%
		10,441,684	10,266,308	18.5%
China				
China Life Insurance Company	89,000	362,514	507,163	0.9%
China Life Insurance Company ADR	11,260	666,526	961,252	1.7%
		1,029,040	1,468,415	2.6%
France				
Banque BNP Paribas	2,408	275,087	261,075	0.5%
Eurazeo	1,896	269,818	275,684	0.5%
Fonciere Des Murs	10,241	448,605	335,761	0.6%
Les Nx Constructeurs	30,233	1,011,034	686,162	1.2%
Societe Generale	3,207	542,423	533,246	1.0%
Tour Eiffel	10,969	1,675,210	1,900,764	3.4%
Wendel Investissement	3,612	635,050	608,449	1.1%
		4,857,227	4,601,141	8.3%

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund

Statement of Investment Portfolio (Unaudited) …. Continued

As at September 30, 2007

	Par Value / Quantity	Average Cost $	Market Value $	% of NAV
Germany				
Deutsche Boerse AG	7,410	892,964	998,688	1.8%
Muenchener Rueckver Ag-Reg	5,898	1,157,092	1,124,639	2.0%
		2,050,056	2,123,327	3.8%
Greece				
Alpha Bank	23,349	819,478	811,714	1.5%
Bank Of Cyprus Ltd	97,375	1,710,305	1,692,593	3.0%
Efg Eurobank Ergasias	16,663	605,417	580,692	1.0%
Hellenic Exchanges SA	51,915	1,021,062	1,650,727	3.0%
Marfin Financial Group Holdings SA	129,236	1,248,153	1,223,653	2.2%
Marfin Popular Bank	208,850	1,837,585	2,827,483	5.1%
National Bank Of Greece	27,130	1,606,348	1,725,290	3.1%
Piraeus Bank SA	32,573	1,036,394	1,155,397	2.1%
		9,884,741	11,667,549	21.0%
Hong Kong				
Hang Lung Properties Ltd	267,000	1,012,898	1,183,380	2.1%
Shenzhen Investment LTD	3,775,000	534,226	608,411	1.1%
REXCAPTIAL Financial Holdings Limited	1,178,000	600,206	1,045,718	1.9%
		2,147,330	2,837,509	5.1%
Hungary				
OTP Bank (GDR)	14,251	1,460,801	1,536,492	2.8%
India				
State Bank Of India (GDR)	8,783	749,905	887,604	1.6%
Netherlands				
Kardan NV	87,868	1,097,415	1,490,088	2.7%
Russia				
Sberbank Of Russia	82,989	304,024	341,822	0.6%
Switzerland				
Baloise Holding	5,875	585,525	586,695	1.1%
Banque Cantonale Vaudoise	3,985	1,694,237	1,764,354	3.2%
Banq Privee Edmond Rothschild B	8	231,880	255,187	0.5%
Bank Sarasin Ag Reg B	187	832,221	810,443	1.5%
Eastern Property Holding	2,477	292,475	258,446	0.5%
Julius Baer Holding AG	20,328	1,452,176	1,503,491	2.7%
Partners Group AG	6,665	598,038	816,393	1.5%
Temenos Group Ag	61,870	1,511,093	1,405,168	2.5%
		7,197,645	7,400,177	13.5%

Connor, Clark & Lunn Global Financials Fund

Statement of Investment Portfolio (Unaudited) …. Continued

As at September 30, 2007

	Par Value / Quantity	Average Cost $	Market Value $	% of NAV
Turkey				
Asya Katilim Bankasi	107,071	672,176	860,798	1.5%
Turkiye Garanti Bankasi	144,310	983,511	1,148,343	2.1%
Turkiye Halk Bankasi	186,491	1,051,252	1,407,502	2.5%
		2,706,940	3,416,643	6.1%
USA				
Goldman Sachs Group Inc	2,298	446,403	494,748	0.9%
Total investments		46,039,053	50,113,866	90.4%

	Maturity date	Number of contracts	Contract price / rate $	Market value $	Unrealized gain (loss) $	% of NAV
Foreign currency forward contracts						
Bought CAD 54,000,000, sold GBP 26,248,598	05/31/16	1	2.05725	56,115,862	2,115,862	3.8%
Other assets less other liabilites					3,441,674	6.2%
Net asst value (NAV)					55,671,402	100.4%

(See accompanying notes to financial statements)

1 Formation of Fund

Connor, Clark & Lunn Global Financials Fund (the "Fund") is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of April 27, 2006 (the "Trust Agreement") between Connor, Clark & Lunn Capital Markets Inc. (the "Manager") in its capacity as manager and RBC Dexia Investor Services Trust (the "Trustee") as trustee. The Manager was incorporated under the Business Corporations Act (Ontario) on January 15, 2001 and is wholly owned by CC&L Capital Markets Partnership.

2 Investment objectives

The Fund's investment objectives as set out in the Prospectus dated April 27, 2006 are to (i) provide holders of the Units (''Unitholders'') with a stable stream of monthly cash distributions initially targeted to be $0.04167 per Unit (representing a yield of approximately 5.0% per annum on the issue price of $10.00 per Unit); (ii) preserve the net asset value per Unit in order to return at least the original issue price of Units ($10.00 per Unit) to Unitholders on or about May 31, 2016; and (iii) provide Unitholders with an opportunity for capital appreciation above the original issue price.

In order to achieve the Fund's investment objectives, New Star Asset Management Limited (the "Investment Manager"), the Fund's investment manager, invested the net proceeds of the Offering, in a portfolio (the "Portfolio") consisting of securities of global financial services businesses. In addition, from time to time, the Portfolio may include significant cash and cash equivalents.

3 Summary of significant accounting policies

Basis of presentation
These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates.

New Accounting Standards
National Instrument 81-106 "Investment Fund Continuous Disclosure" requires the net asset value of the Fund be calculated in accordance with Canadian generally accepted accounting principles (''GAAP'').

The Canadian Institute of Chartered Accountants ("CICA") has issued Section 3855, Financial Instruments: Recognition and Measurement, effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2006. The adoption of this section will impact the valuation and disclosure of the net asset value ("NAV") of the Fund, and the way transaction costs are recorded for financial reporting purposes.

Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for securities held short. Prior to this new section, the fair value was based on the last traded price for the day, when available. The impact of adopting the amended policy is not material to the financial statements.

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale. Adoption of this policy is not expected to have a material impact to the financial statements and does not impact the daily price of the Fund.

The Canadian Securities Administrators have granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of NAV ("Trading NAV")(other than for financial reporting purposes) until September 30, 2008, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund.

On April 1, 2007, the Fund adopted Section 3855 on a prospective basis for financial reporting purposes ("GAAP NAV"). The provisions of Section 3855 have been also applied to the opening NAV on March 31, 2007 without restating prior period financial statements. The reconciliation between the Trading NAV and the GAAP NAV as a result of the adoption of Section 3855 is as follows:

	Trading NAV	Section 3855 Adjustment	GAAP NAV
Net Asset Value			
Opening NAV – March 31, 2007	58,641,757	(459,285)	58,182,472
Closing NAV – September 30,2007	55,769,901	(98,499)	55,671,402
Net Asset Value Per Unit			
Opening NAV – March 31, 2007	11.11	(0.09)	11.02
Closing NAV – September 30, 2007	10.60	(0.02)	10.58

Valuation of investments
Short-term investments are carried at cost, which together with interest receivable approximates market value. Other investments are recorded at their quoted market value, being the bid price recorded by the securities exchanges on which such investments are principally traded.

Investment transactions
Investment transactions are recorded on the trade date. Realized gains or losses on sales of investments are determined based on the average cost of investments.

Income recognition
Interest income is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date.

Foreign currency translation
Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the end of the period. Purchases and sales of investments and income and expenses are translated into Canadian dollars at the exchange rate prevailing on the transaction dates.

Foreign currency forward contracts
The Fund may enter into foreign currency forward contracts to hedge against exposure to foreign currency fluctuations. The carrying value of these contracts is the gain or loss that would be realized if the position were closed out on the valuation date, and is recorded as an unrealized gain or loss. Upon closing of a contract, the gain or loss is recorded as a net realized gain or loss on foreign currency forward contracts.

Unit valuation
Units of the Fund are valued at the net asset value per unit of the Fund. The net asset value per unit is determined by dividing the aggregate market value of net assets of the Fund by the total number of units of the Fund outstanding before giving effect to redemptions or subscriptions for units on that day.

4 Market Purchase Program

In accordance with the Fund's prospectus, and to enhance liquidity and to provide support to the units, the Fund has a mandatory market purchase program under which the Fund, subject to exceptions contained in the Trust Agreement and in compliance with any regulatory requirements, is obligated to purchase its own units for cancellation. If, on any business day, the closing price of the units is less than 95% of the net asset value per unit determined by the trustee as at the most recent valuation date, the Fund will offer to purchase for cancellation any units offered in the market at or below 95% of the net asset value per unit on the following business day. The maximum number of units to be purchased in any quarterly period will not be over 1.25% of the number of units outstanding at the beginning of such period.

Pursuant to this obligation, the Fund purchased 17,900 Units during the period for a total cost of $189,091 during the six-month period ended September 30, 2007.

5 Units of the Fund

Units of the Fund were offered to the public by way of prospectus. The Fund is authorized to issue an unlimited number of transferable, redeemable Fund units of one class (subject to restrictions set forth in the Prospectus), each of which represents an equal, undivided interest in the net assets of the Fund.

Units may be surrendered for redemption in any month. Units properly surrendered for redemption by a Unitholder by 5:00 p.m. (Toronto time) on the 10th business day before the last business day of a month will be redeemed on the last day of that month ("Monthly Redemption Date") and the Unitholder will receive payment on or before the 15th business day following such Monthly Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

A Unitholder who properly surrenders a Unit for redemption will receive the amount, if any, equal to the lesser of (A) 96% of the weighted average trading price of the Units on the TSX during the 15 trading days preceding the applicable Monthly Redemption Date, and (B) the "closing market price" of the Units on the principal market on which the Units are quoted for trading in the applicable Monthly Redemption Date. The "closing market price" shall be an amount equal to (i) the closing price of the Units if there was a trade on the applicable Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of the Units if there was trading on the applicable Monthly Redemption Date and the market provides only the highest and lowest prices of the Units traded on a particular day; or (iii) the average of the last bid and last asking prices of the Units if there was no trading on the applicable Monthly Redemption Date.

Commencing in 2007, Units may be redeemed on the last business day of October in each year (the "Redemption Date"), subject to the Fund's right to suspend redemptions, for a redemption price per Unit (the "Annual Redemption Amount") based on the NAV per Unit less any costs of funding the redemption and the Unitholder will receive payment on or before the 15th day following the Redemption Date. Notice of Redemption must be provided between 45 days and the 20th business day before the Redemption Date (the "Notice Period").

Redeeming Unitholders will be entitled to receive a redemption price per Unit based on the NAV per Unit determined as of the Redemption Date. Any unpaid distribution payable on or before the Redemption Date in respect of Units tendered for redemption on such Redemption Date will also be paid on the same day as the redemption proceeds are paid. The NAV per Unit will vary depending on a number of market factors, including interest rates and volatility in the equity markets. If the Fund is extended beyond the Termination Date, Unitholders may redeem their Units on May 31, 2016 (the "Termination Date") for the NAV as of that date.

Changes in outstanding units are summarized as follows:

	September 30, 2007	**March 31, 2007**
Balance – Beginning of period	5,279,000	–
Units issued	–	5,280,000
Units redeemed under the Market Purchase Program (note 4)	(17,900)	(1,000)
Units redeemed	–	–
Balance – End of period	5,261,100	5,279,000

6 Bank indebtedness

As part of its strategy, the Investment Manager employs leverage in the Portfolio to enhance returns when market conditions are considered appropriate. The Investment Manager intends to reduce or eliminate leverage and may increase the allocation to cash when the Investment Manager believes the outlook for market performance is unfavourable.

On September 22, 2006, the Fund entered into a Revolving Term Credit Facility Agreement (the "Credit Facility") with the Bank of Montreal ('BMO") with a revolving period maturity date on September 21, 2007. Under the terms of this agreement, the maximum allowable borrowing limit is the lesser of (i) the amount $17,600,000 or (ii) 15% of the net asset value of the Fund; and (iii) 33% of the Total Asset Value minus the Out-of-the-Money Derivative Exposure of the Borrower, if any.

During the six-month period ending September 30, 2007, the Credit Facility outstanding had a minimum balance of $0 and maximum balance of $8.54 million. The related total interest expense was $244,811.

As of September 30, 2007, the Credit Facility had an outstanding balance of $nil.

7 Fund administration

Pursuant to a Trust Agreement, the Fund has retained RBC Dexia Investor Services Trust to act as custodian (the "Custodian") of the assets of the Fund. The Custodian carries out certain aspects of the day-to-day administration of the Fund, including calculating NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

8 Distributions

Targeted monthly distribution rate is $0.04167. During the six-month period ended September 30, 2007, the Fund met its targeted monthly distributions and paid total distributions of $1,317,526, or $0.25002 per Unit ($988,574 or $0.18723 per unit for the period from May 17, 2006 (commencement of operations) to September 30, 2006).

9 Management fees and other expenses

Pursuant to a management agreement ("the Management Agreement") the Fund has retained Connor, Clark & Lunn Capital Markets Inc. ("the Manager") to act as manager. As compensation for management services rendered to the Fund, the Manager receives an annual management fee in an amount equal to 1.1% of the net asset value of the Fund, calculated and paid monthly in arrears, plus applicable taxes. The Fund also pays a service fee to dealers whose clients hold Units in the Fund. The service fee is calculated and payable each calendar quarter in arrears and is equal to 0.40% annually of the net asset value of the Units held by clients of the dealers. The Fund is also responsible for all expenses incurred in connection with its operation and administration.

10 Income taxes

The Fund qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) and, accordingly, is subject to tax on its investment income, including net realized capital gains, for any calendar year in which its net investment income or sufficient net realized capital gains are not paid or payable to its unitholders as at the end of the calendar year. It is the intention of the Manager that all annual net investment income and sufficient net taxable capital gains will be distributed to unitholders on a calendar year basis such that Canadian income taxes payable by the Fund under present legislation will be minimized. As a result thereof, and of the deduction of expenses in computing its taxable income, no provisions for income taxes are made in the financial statements.

11 Broker commission charges and soft dollar services

There were $242,151 broker commissions paid during the six-month period ended September 30, 2007 ($327,094 for the period from May 17, 2006 to September 30, 2006) in connection with portfolio transactions. No contractual arrangements for soft dollar services exist in the broker commission charges.

12 Foreign currency forward contracts

The Fund employs derivatives for the purpose of hedging foreign currency exposure, with between 87% and 115% of NAV having been hedged to the Canadian dollar at any time. The counterparty to the foreign currency forward contract is BMO Capital Markets which is part of Bank of Montreal whose credit rating is AA– as of September 30, 2007.