2009

CONNOR, CLARK & LUNN
CAPITAL MARKETS

Connor, Clark & Lunn Global Financials Fund II

Semi-Annual Report

June 30, 2009

Connor, Clark & Lunn Global Financials Fund II Message to Unitholders

August 28, 2009

Dear Investor,

The financial services sector has been at the epicentre of one of the most challenging economic periods that we have faced in many years. While these challenges continued in the first half of 2009, we are pleased with the relative performance of the Fund which had a positive total return of 0.3% for the period under review, significantly outperforming it's benchmark index, the FTSE Global Financials Index (GBP), which recorded a total return of -8.3% over the same period.

In April 2009, Henderson Group PLC completed the acquisition of New Star Asset Management Limited. Henderson is one of Europe's largest and most established investment companies with a 75-year history and £49.5 billion in assets under management. Henderson Group PLC. We are very pleased that Guy de Blonay, the Fund's portfolio manager, has committed to continue with Henderson and the Fund.

In the first quarter of 2009, the share prices of many of the world's leading financial institutions hit new multi-year lows. In anticipation of continued weakness within the financials sector along with the possibility of further capital raising by banks facing asset deterioration, the Fund's portfolio manager wisely continued to position the Fund in a very cautious manner. This was accomplished by: (i) selectively investing in well-capitalized companies with strong cash flows, a sustainable dividend policy and a stable management with a decent long track record; and (ii) by defensively holding high levels of cash and AAA-rated bonds. At the end of the first quarter, AAA-rated bonds and cash together represented approximately 65% of the Fund's portfolio. As a result of this positioning, the Fund significantly outperformed its benchmark index by 11.7%.

As the second quarter progressed, the cash position was eliminated and the portfolio was fully invested in equities enabling the Fund to benefit from the significant rally in financials that began in March resulting in the strong relative performance of the Fund for the first half of 2009. The rally in financials was driven by the shift in sentiment from a doomsday "nationalization of the banking sector" scenario to a more rational outlook. It began to look as though policymakers had managed to avoid a systemic collapse of the banking system and a deflationary depression through their monetary, fiscal and financial policies. These helped to create a floor for credit and equity markets. Supportive factors were the results of the US banking stress tests and similar FSA stress tests on UK banks, as well as more asset protection plans for ailing banking systems around Europe. Investors were reassured that the majority of the large banking institutions had enough capital to survive the bad-debt provisioning cycle.

Investors will closely follow the reporting season to evaluate if the sector is sufficiently re-capitalized to absorb additional credit hits and take advantage of the growth opportunities. Guy de Blonay is bullish about the prospects for the sector and has recently added a modest amount of leverage to the portfolio. We look forward to, hopefully, having the opportunity to report some strong positive results at fiscal year end.

Yours truly,

W. Neil Murdoch

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

Management Report of Fund Performance

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

Note that any reference to “Net Assets” or “Net Assets per Unit” or “GAAP Net Assets” means that the value was determined in accordance with the Canadian Generally Accepted Accounting Principles “GAAP” for financial statements purposes. Also any reference to “Net Asset Value” or “Net Asset Value per Unit” or “Transactional NAV” means that the value was determined for valuation and transactional purposes. An explanation of the difference between both values can be found in note 3 to the financial statements.

Investment Objectives and Strategy

The Connor, Clark & Lunn Global Financials Fund II (the “Fund”) is a closed-end investment fund that is listed on the Toronto Stock Exchange under the symbol GFT.UN. It was established under the laws of the Province of Ontario pursuant to a trust agreement dated as of February 27, 2007.

Beneficial interest in the net assets and net income of the Fund is divided between the common units (“the Common Units”) and class F units (the “Class F Units”). The principal differences between the Common Units and the Class F Units are that the agents’ fees payable with respect to the original issuance of the units were lower for the Class F Units, and that the service fee component of the manager’s fee and the TSX listing fees are not paid by Class F Units.

The Fund’s investment objectives are to:

(i) provide holders of the Common Units and the Class F Units (‘‘Unitholders’’) with a stable stream of monthly cash distributions initially targeted to be $0.05 per unit (representing a yield of approximately 6.0% per annum on the issue price of $10.00 per Unit);

(ii) preserve and enhance the Transactional NAV per Unit of the Fund.

In order to achieve the Fund’s investment objectives, Henderson Group plc (the “Investment Manager” or “Henderson”) (Formerly: New Star Asset Management Limited), 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.

On October 22, 2008, the Fund announced a change to the monthly distribution rate as a result of ongoing difficult market conditions. The monthly distribution level was changed from $0.05 to $0.0375 per unit for both the Common and Class F Units (or from $0.60 to $0.45 per annum).

Risk

Leverage

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. As at June 30, 2009, the Fund had no leverage.

Warrants

The issuance of warrants in May 2008 could result in a risk of dilution to existing unitholders. As disclosed in the prospectus of the warrant offering, if unitholders wish to retain their current percentage ownership in the Fund, and assuming that all warrants are exercised, then the unitholders should purchase all of the units for which they may subscribe pursuant to the warrants delivered under the offering. If a unitholder does not do so, and other holders of warrants exercise any of their warrants, that unitholder's current percentage in the Fund will be diluted by the issue of units under the offering.

For full disclosure of risks associated with an investment in the Fund's units, please refer to the Prospectus dated February 27, 2007.

Results of Operations

Portfolio Manager Commentary

Overview

The Fund rose 0.3% over the six months to the end of June 2009 bringing the return since launch to -15.35% to the end of June 2009. The fund outperformed its respective benchmark over the review period; the FTSE Global Financials Index (GBP) dropped 8.2% over the six months and has declined by 23.2% since the launch of the Fund.

The six months under review have been a tale of two halves. The first half contained the worst elements of the financial crisis with banks taking centre-stage over worries about capital, large write-downs, nationalisations and the end of the ban on short-selling the sector. Concerns about Western European bank exposure to Eastern Europe increased as rating agencies downgraded the outlook for some countries and this triggered further steep declines in share prices by mid-February. Pessimism about further credit losses and lack of capital for financial institutions persisted, with markets hitting a nadir in early March. Insurance companies suffered steep share price declines as investors began to question their valuations if all assets were marked to the prevailing market prices.

The second half began in early March. Sentiment began to turn as comments from large financial companies such as Citigroup and Barclays indicated that they had been profitable in the first two months of the year. Subsequently, financials embarked on a strong rally from early March to the end of the period under review, driven by the shift in sentiment from a doomsday scenario – nationalisation of the banking sector – to a more rational outlook. Confidence grew that policymakers had managed to avoid a systemic collapse of the banking system and a deflationary depression through their monetary, fiscal and financial policies. These factors helped to create a floor for credit and equity markets.

Since March 2009 bank fundamentals have improved: the interbank market has began to work more efficiently, primarily due to the liquidity provided by central banks and governments, which has brought down borrowing costs significantly for banks. For example, 3-month sterling LIBOR has come down from 120 basis points to around 40 basis points in the last six months. Whilst short term rates have reduced costs, banks have also been re-pricing assets – loans to their customers – to reflect the higher credit risk environment arising from increasing unemployment, falling collateral values and the global economic downturn. For many banks the higher asset yields have offset deposit spread compression. So it is reasonable to assume that the favourable increases in net interest margins will continue for the medium term.

By late April capital markets had begun to reopen and the calendar second quarter was a particularly active period for capital raising both to strengthen balance sheets and to repay government support money. In the US alone, the financial sector raised $89 billion in 95 deals in the second quarter of 2009. Importantly, this capital was raised without the vast discounts to market share prices that some analysts were expecting.

Performance

The Fund outperformed the benchmark during the period under review. Having started the year defensively positioned with a high weighting in financial bonds, there was a strategic decision taken in April to be more optimistic on equities and sold all the financial bonds. Initially the fund positioned itself thematically with baskets of companies to determine which companies had better longer term fundamentals. In Asia, strong performance has come from the Chinese Banks, in particular Industrial and Commercial Bank of China which has benefited from the improvement in risk appetite. A few key holdings were nevertheless established back in April. Barclays for example has been a strong performer for the portfolio since it passed the FSA stress test and has recapitalised via private capital raising and through the divestment of the Barclays Global Investors franchise. The Fund has reduced its exposure to the reinsurance sector which while still offering a good stable business model with some areas of growth, the companies have less potential for re-rating.

Investment themes

On a longer term view strategic value remains for the sector despite the lingering risks of credit quality, capitalisation, politics and regulation. Global diversification is key within the portfolio.

The risk reward trade-off of holding banks has improved considerably as the extreme volatility of 2008 has faded. In our view banks can potentially return to profitability sooner than expected. The key area of opportunity for banks in the near term would appear to be the high revenue potential from capital markets as companies seek capital, trading intensifies and mergers and acquisitions activity recovers. In particular, those companies that opportunistically purchased key investment banking franchises around the time of Lehman's collapse are favourably positioned to profit from strong market share growth and integration synergies.

Emerging markets are also providing an interesting opportunity for stock-picking. The investment rationale follows from the favourable macroeconomic backdrop and the large fiscal stimulus packages within the region. Banks in Hong Kong, China and Singapore did not suffer from the financial crisis to the same extent as their western peers: they were less exposed to structured products are generally better capitalised and their domestic markets are not stymied by an over-indebted consumer. Chinese banks continue to enjoy positive loan growth and are gradually improving their business mix to higher margin products.

Outlook

Investors are closely following the second quarter earnings season and monitoring management guidance to establish any long-term trends. This should reveal if the sector is sufficiently re-capitalised to absorb expected loan impairments and take advantage of the growth opportunities. In developed markets, profitability will depend on the ability of banks to grow their margins in a more favourable yield curve environment and their level of exposure to capital markets. Across all countries there remain considerable opportunities to expand simple banking products although this opportunity is strongest in emerging markets. A genuine bull market in emerging markets is possible and there is a realistic chance of earnings upgrades if the global macroeconomic environment continues to heal.

An area to watch closely will be regulation. Potentially, it could lead to banks taking much less risk, further de-leveraging and a structural shift away from the global banking model. Forecasts for normalised profits will depend strongly on levels of capital and permitted leverage. On the other hand, the potential for a change in accounting policy could provide a boost to many banks' balance sheets if there is a system-wide acknowledgement that some "available for sale" assets should be accounted for at amortised costs rather than via mark to market accounting.

Whilst the sector has strong fundamental opportunities, the key factor to a sustainable recovery will come from the macroeconomic environment. Provided the 'stressed' scenarios – as used in the various government stress tests of banking systems – are not exceeded there are many companies currently trading on attractive valuation multiples. The risk, however, is that the US consumer remains troubled by rising unemployment and a stagnant housing market or that corporate confidence recovers only slowly. In such an environment the road to improving profitability may prove slower than recent optimism has suggested.

Investment Income and Capital Gains

During the six month period ended June 30, 2009, the Fund had net investment loss of $248,834 and realized $634,801 in losses on investments sold and foreign currency movements. In addition, the portfolio had a $1,196,064 increase in unrealized gains on its investments and foreign currency positions. Income, realized and unrealized losses combined for a total increase in net assets from operations of $312,429. Distributions to unitholders during same period totalled $2,630,990 for the Common Units or $0.23 per unit and $75,956 for Class F Units or $0.23 per unit.

Leverage

Leverage has not been used since late September 2007. The Investment Manager may employ leverage in the Portfolio to enhance returns when it considers market conditions appropriate. The Fund has entered into a credit agreement (the "Credit 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 Transactional NAV of the Fund.

Liquidity and Capital Resources

As at June 30, 2009, the Fund had current assets excluding investments of $3,821,443. Current liabilities, including distributions accrued but not yet paid, totalled $2,602,324.

Capital transactions

On March 22, 2007, the Fund completed an initial public offering pursuant to the prospectus dated February 27, 2007. $108,133,800 was raised through the issue of 10,500,000 Common Units and over 313,380 Class F Units at a price of $10.00 per Unit. On April 12, 2007, the Agents exercised an over-allotment option in respect of 185,000 Common Units, and 47,500 Class F Units raising a further $2,325,000. Total proceeds from these two transactions after Agents' fees and issue expense were $104,385,406. The Common Units were issued at $10 per unit and incurred agents fees and issue expenses of $0.56 per unit, for an opening Transactional NAV of $9.44 per unit. The Class F Units were issued at $10 per unit and incurred agents fees and issue expenses of $0.27 per unit, for an opening Transactional NAV of $9.73 per unit.

On February 1, 2008, upon following the merger of Connor, Clark & Lunn Global Financials Fund and Connor, Clark & Lunn Global Financials Fund II, Connor, Clark & Lunn Global Financials Fund II received 4,750,154 Common Units for an equivalent value of $40,366,371.

The Fund has issued to holders of its common units warrants (the "Warrants") to subscribe for Units pursuant to a final prospectus dated May 23, 2008 and to holders of its Class F units Class F warrants (the "Class F Warrants") to subscribe for Class F Units on a private placement basis.

Under the warrant offerings, the Fund issued one-half of a Warrant for each Unit of the Fund held by holders of record on June 9, 2008 (the "Record Date"). Each whole Warrant entitles the holder thereof to purchase one Unit at a price of $8.20 per Unit on the second business day after the last day of each month, commencing on July 3, 2008 and ending on July 5, 2010. This means that the Warrants may be exercised on any of 24 specific dates. The Warrants started trading on June 5, 2008 under the ticker symbol "GFT.WT" and will continue trading until July 5, 2010.

The Fund also issued on a private placement basis one-half of a Class F Warrant for each Class F Unit held by holders of record of the Class F Units on the Record Date. Each whole Class F Warrant entitles the holder thereof to purchase one Class F Unit on the second business day after the last day of each month, commencing on July 3, 2008 and ending on July 5, 2010. This means that the Class F Warrants may be exercised on any of 24 specific dates. The exercise price for the Class F Warrants will be an amount equal to the Transactional NAV per Class F Unit determined as of the valuation date immediately preceding the relevant exercise date.

Market repurchases

As set out in the Prospectus, the Fund is obligated, under certain conditions, to purchase Common Units in the market for cancellation. If, on any day, the Common Units weighted average trading price is less than 95% of the Transactional NAV per Common Unit determined on the most recent valuation date, the Fund must purchase any Common Units offered in the market the following day at 95% of Transactional NAV per unit or less.

Pursuant to this obligation, the Fund purchased 12,800 Common Units during the six month period ended June 30, 2009 for a total cost of $54,141 (26,300 Units were purchased for a total cost of $204,226 during the six month period ended June 30, 2008).

Distributions

The Fund has made all its scheduled distributions during the six month period ended June 30, 2009 paying, $0.23 per Common Unit and $0.23 per Class F Unit ($0.30 per Common Unit and $0.30 per Class F Unit during the six month period ended June 30, 2008).

Related Party Transactions

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 Transactional NAV of the Fund to be calculated and payable monthly in arrears, plus applicable taxes.

The total management fees charged to the Fund were $350,110 during the six month period ended June 30, 2009 ($652,297during the six month period ended June 30, 2008).

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

Recommendations or Reports by the Independent Review Committee

The Independent Review Committee tabled no special reports and made no extraordinary material recommendations to management of the Fund during the year ended June 30, 2009.

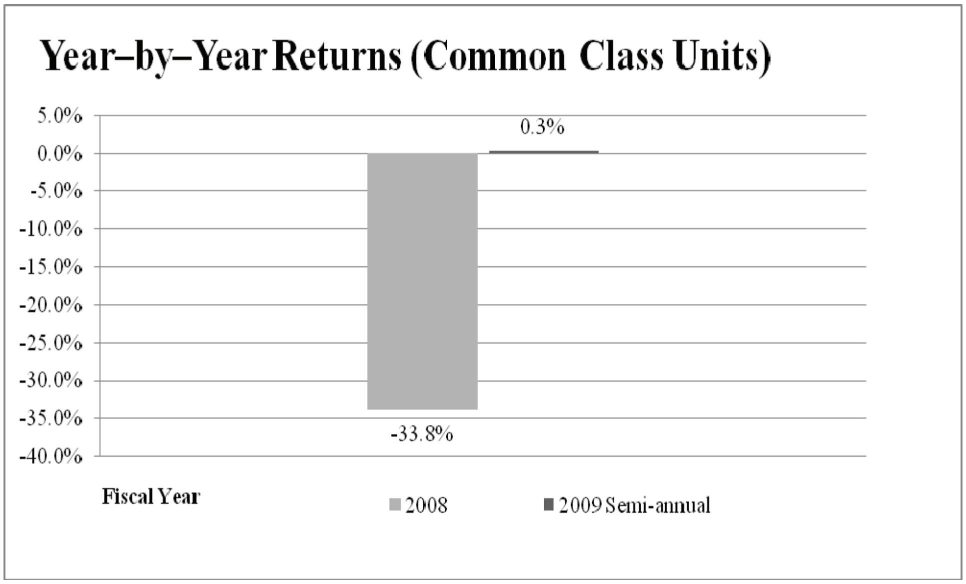
Future Accounting Changes

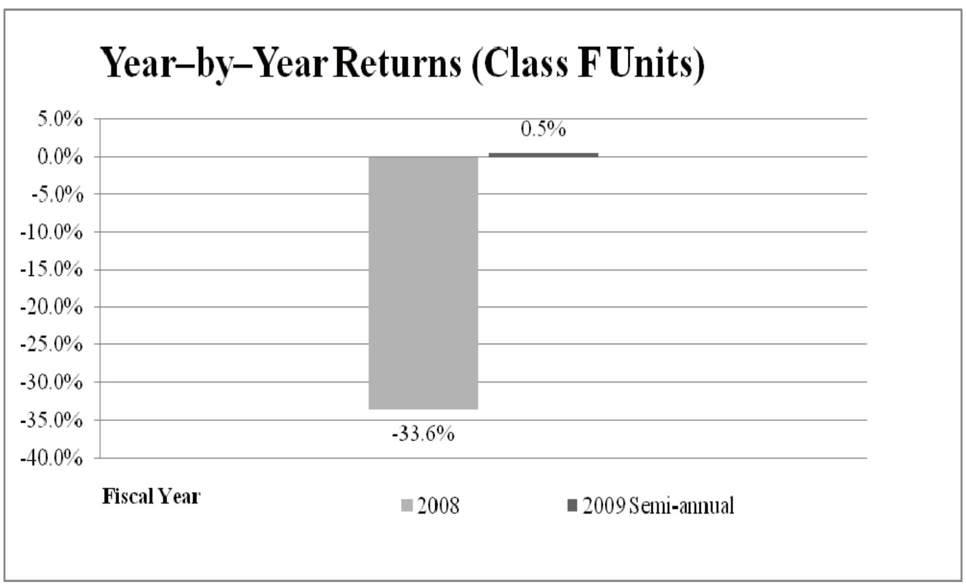
The Canadian Accounting Standards Board ("AcSB") confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. IFRS will apply to fiscal years beginning on or after January 1, 2011. As of June 30, 2009 the manager has not developed a changeover plan to IFRS nor has it assessed the impact of IFRS on business arrangements, Transactional NAV per unit and accounting policies. The Manager will develop a plan prior to the January 1, 2011 deadline and will disclose this plan in either the Fund’s 2009 or 2010 annual reports.

In March 2009, the Canadian Accounting Standards Board announced it has agreed to adopt recent amendments to IFRS 7, “Financial Instruments: Disclosures”, into Section 3862, “Financial Instruments – Disclosures”. The final amended version to IFRS 7 will also be subsequently incorporated into Canadian GAAP. The amendments to Section 3862 will apply to annual financial statements for years ending after September 30, 2009. The amendments require that an entity disclose the classification, for each class of financial instrument, of fair value measurements within a fair value hierarchy. The hierarchy includes three levels: Level 1 – quoted prices in active markets, Level 2 – measurements determined using valuation models that employ observable inputs and Level 3 – measurements determined using valuation models that employ unobservable inputs.

Past Performance

The following bar charts show the Fund's annual performance of the Common Class and the F Class Units for the year ended December 31, 2008. It also shows the semi-annual performance for the six-month period ended June 30, 2009 assuming all the distributions mad by the Fund during the period shown were reinvested. These bar chart show, 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.





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:

Common Units:

The Fund's Net Assets per Common Unit:

	June 30, 2009[(1)]	December 31, 2008	December 31, 2007 [(2)]
Net Assets, beginning of period	**5.61**	**9.22**	**10.00**
Increase (decrease) from operations:			
Total revenues	0.08	0.27	0.24
Total expenses	(0.11)	(0.27)	(0.30)
Share issue expense [(3)]	–	–	(0.56)
Realized gains (losses) for the period	(0.05)	(2.56)	(0.71)
Unrealized gains (losses) for the period	0.10	(0.48)	1.01
Total increase (decrease) from operations [(4)]	**0.02**	**(3.04)**	**(0.32)**
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	–	–	–
From capital gains	–	–	–
Return of capital	(0.23)	(0.56)	(0.47)
Total Distributions [(5)]	**(0.23)**	**(0.56)**	**(0.47)**
Net Assets, end of period [(6)]	**5.42**	**5.61**	**9.22**

(1) Results for the six month period ended June 30, 2009.
(2) Results for the period from March 22, 2007 (commencement of operations) to December 31, 2007.
(3) Issue expense of $5,977,500 incurred in connection with the Common Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(4) Net assets 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 units 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 assets per unit.

Ratios and Supplemental Data (Common Units):

	June 30, 2009[(1)]	December 31, 2008	December 31, 2007 [(2)]
Net asset value (000's)	63,447	66,145	98,209
Number of units outstanding	11,692,776	11,705,576	10,606,228
Base Management expense ratio (annualized) [(3) (4)]	2.31%	2.47%	2.24%
Issue expenses ratio [(3) (4)]	0.00%	0.00%	5.97%
Interest expense ratio [(3) (4)]	0.00%	0.00%	0.53%
Management expense ratio (annualized) [(4)]	2.31%	2.47%	8.74%
Management expense ratio before waivers or absorptions (annualized) [(4)]	2.31%	2.47%	8.74%
Portfolio turnover rate [(5)]	388.49%	674.04%	205.64%
Trading expense ratio [(6)]	1.89%	1.39%	1.29%
Net asset value per unit	5.43	5.65	9.26
Closing market price (TSX) - units	5.19	4.74	8.63
Closing market price (TSX) - warrants	0.02	0.02	N/A

(1) Results for the six month period ended June 30, 2009.
(2) Results for the period from March 22, 2007 (commencement of operations) to December 31, 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, and Interest expense ratio: representing cost of leverage.
(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 (including fixed income) 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.

Class F Units:

The Fund's Net Assets per Class F Unit:

	June 30, 2009[(1)]	December 31, 2008	December 31, 2007 [(2)]
Net Asses, beginning of period	**5.82**	**9.51**	**10.00**
Increase (decrease) from operations:			
Total revenues	0.16	0.29	0.25
Total expenses	(0.15)	(0.25)	(0.28)
Share issue expense [(3)]	–	–	(0.27)
Realized gains (losses) for the period	(0.10)	(2.71)	(0.74)
Unrealized gains (losses) for the period	0.18	(0.51)	1.01
Total increase (decrease) from operations [(4)]	**0.09**	**(3.18)**	**(0.03)**
Distributions:			
From income (excluding dividends)	–	–	–
From dividends	–	–	(0.02)
From capital gains	–	–	–
Return of capital	(0.23)	(0.56)	(0.45)
Total Distributions [(5)]	**(0.23)**	**(0.56)**	**(0.47)**
Net Assets, end of period [(6)]	**5.64**	**5.82**	**9.51**

(1) Results for the six month period ended June 30, 2009.
(2) Results for the period from March 22, 2007 (commencement of operations) to December 31, 2007.
(3) Issue expense of $95,894 incurred in connection with the Class F Units issuance. The full amount of issue expenses was deducted from the unit capital for accounting purposes and is amortized over a period of five years for tax purposes.
(4) Net assets 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 assets per unit.

Ratios and Supplemental Data (Common Units):

	June 30, 2009[(1)]	December 31, 2008	December 31, 2007 [(2)]
Net asset value (000's)	1,908	1,979	3,446
Number of units outstanding	337,630	337,630	360,880
Base Management expense ratio (annualized) [(3)] [(4)]	1.86%	2.05%	1.93%
Issue expenses ratio [(3)] [(4)]	0.00%	0.00%	2.77%
Interest expense ratio [(3)] [(4)]	0.00%	0.00%	0.51%
Management expense ratio (annualized) [(4)]	1.86%	2.05%	5.21%
Management expense ratio before waivers or absorptions (annualized) [(4)]	1.86%	2.05%	5.21%
Portfolio turnover rate [(5)]	388.49%	674.04%	205.64%
Trading expense ratio [(6)]	1.89%	1.39%	1.29%
Net asset value per unit	5.65	5.86	9.55

(1) Results for the six month period ended June 30, 2009.
(2) Results for the period from March 22, 2007 (commencement of operations) to December 31, 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, and Interest expense ratio: representing cost of leverage.
(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 (including fixed income) 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 June 30, 2009

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
Britain	13,418,618	20.5%
Switzerland	11,359,641	17.4%
Hong Kong	7,355,532	11.3%
China	6,373,727	9.8%
USA	5,490,876	8.4%
Brazil	4,284,375	6.5%
Foreign currency forward contracts	3,106,713	4.8%
Germany	2,341,330	3.6%
France	2,191,117	3.4%
Ireland	1,752,172	2.7%
Singapore	1,480,678	2.3%
Japan	1,442,760	2.2%
Russia	1,290,205	2.0%
Italy	836,496	1.3%
Mexico	574,068	0.9%
India	514,034	0.8%
Norway	322,646	0.5%
Bermuda	289,951	0.4%
Foreign bonds	474	0.0%
Cash and cash equivalents	(212,549)	-0.4%
Top 25 Holdings		
Barclays PLC	6,066,151	9.3%
Banque Cantonale Vaudoise	4,625,584	7.1%
Foreign currency forward contracts	3,106,713	4.8%
Bank of America Corp.	2,857,529	4.4%
Templeton Emerging Market Investment Trust PLC	2,395,188	3.7%
Partners Group Holding AG	2,032,230	3.1%
Industrial & Commercial Bank of China	2,021,357	3.1%
Banque Privee Edmond de Rothschild SA	1,758,751	2.7%
Hongkong Land Holdings Ltd.	1,681,466	2.6%
Deutsche Bank AG	1,680,879	2.5%
Itau Unibanco Banco Multiplo SA	1,601,311	2.5%
BNP Paribas	1,505,579	2.3%
Sumitomo Mitsui Financial Group Inc.	1,442,760	2.2%
Lloyds Banking Group PLC	1,335,444	2.0%
Sberbank	1,290,205	2.0%
HSBC Holdings PLC	1,212,012	1.9%
Citigroup Inc.	1,179,625	1.8%
UBS AB	987,036	1.5%
Bank of Ireland	984,817	1.5%
Jardine Strategic Holdings Ltd.	975,739	1.5%
Bank of Communications Limited	954,510	1.5%
JP Morgan Chase & Co.	918,241	1.4%
China Construction Bank, Class H	827,650	1.3%
Bank of China Ltd.	716,619	1.1%
Agile Property Holdings Ltd.	699,449	1.1%
Net asset value (NAV)	**$65,354,581**	

Connor, Clark & Lunn Global Financials Fund II

Financial Statements (Unaudited)
June 30, 2009

Notice to Reader:

These interim financial statements and related notes for the six month period ended June 30, 2009 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 II

Statements of Net Assets (Unaudited)

As at June 30, 2009 and December 31, 2008

	June 30, 2009	December 31, 2008
	$	$
Assets		
Cash	-	15,053,364
Investments at market value (cost - $56,034,004; 2008 - $45,947,435)	60,904,220	44,473,745
Unrealized gain on forward currency contracts	3,106,713	8,185,611
Dividends and interest receivable	587,892	760,825
Receivable from investment sales	3,439,969	-
Prepaid expenses	6,131	-
	68,044,925	68,473,545
Liabilities		
Cash overdraft	212,549	-
Payable for investment purchases	1,851,402	61,504
Distributions payable	451,140	452,108
Accounts payable and accrued liabilities	199,759	218,480
Management fees payable	100,023	62,743
	2,814,873	794,835
Net Assets and Unitholders' Equity	65,230,052	67,678,710
Net Assets		
Common Units	63,332,669	65,712,190
Class F Units	1,897,383	1,966,520
	65,230,052	67,678,710
Units issued and outstanding (note 5)		
Common Units	11,692,776	11,705,576
Class F Units	337,630	337,630
Net assets per unit - basic		
Common Units	5.42	5.61
Class F Units	5.62	5.82
Net assets per unit - diluted		
Common Units	5.42	5.61
Class F Units	5.62	5.82
Unitholders' Equity		
Unit capital (note 5)	95,343,833	98,260,881
Contributed surplus	10,730,032	10,574,071
Surplus (deficit)	(40,843,813)	(41,156,242)
Total Unitholders' Equity	65,230,052	67,678,710

Approved by the Manager

W. Neil Murdoch

Director

Director

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund II

Statements of Operations (Unaudited)

For the six month periods ended June 30, 2009 and June 30, 2008

	2009 $	2008 $
Income		
Dividends	1,009,899	2,558,499
Interest	215,479	351,066
Less: Withholding taxes	(180,362)	(304,881)
	1,045,016	2,604,684
Expenses		
Transaction costs	586,075	951,205
Management fees (note 9)	350,110	652,297
Service fees (note 9)	126,751	229,856
Custodial and other unitholders' fees	112,238	130,894
Transfer agent fees	21,528	23,570
Printing fees	17,377	55,122
TSX listing fees	15,707	10,273
Interest expenses	15,397	42,536
Audit fees	12,893	12,964
Board of Advisors fees	10,386	11,858
Administration fees	8,803	20,337
Legal fees	8,545	160,933
Filing fees	4,628	6,388
Other fees	2,235	2,035
IRC fees	1,177	-
	1,293,850	2,310,268
Investment income (loss) for the period	(248,834)	294,416
Net realized gain (loss) on investments		
Net realized gain (loss) on investments	(590,345)	(15,048,169)
Net realized gain (loss) on foreign exchange	(426,294)	(33,486)
Net realized gain (loss) on foreign currency forward contracts	381,838	9,276,382
	(634,801)	(5,805,273)
Net unrealized gain (loss) on investments		
Change in unrealized gain (loss) on investments	6,343,906	(7,861,611)
Change in unrealized gain (loss) on foreign exchange	(68,944)	67,934
Change in unrealized gain (loss) on foreign currency forward contracts	(5,078,898)	(11,146,605)
	1,196,064	(18,940,282)
Net gain (loss) on investments	561,263	(24,745,555)
Increase (decrease) in net assets from operations	312,429	(24,451,139)
Increase (decrease) in net assets from operations for		
Common Units	305,610	(23,801,688)
Class F Units	6,819	(649,451)
Increase (decrease) in net assets from operations per unit - basic *		
Common Units	0.03	(1.65)
Class F Units	0.04	(1.74)
Increase (decrease) in net assets from operations per unit - diluted *		
Common Units	0.03	(1.65)
Class F Units	0.04	(1.74)
Distributions paid per		
Common Units	0.23	0.30
Class F Units	0.23	0.30

* (based on average number of units outstanding during the period)
(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund II

Statements of Changes in Net Assets, Surplus (Deficit) and Contributed Surplus (Unaudited)

For the six month periods ended June 30, 2009 and June 30, 2008

	Common Units		Class F Units		Total	
	2009	2008	2009	2008	2009	2008
	$	$	$	$	$	$
Increase (decrease) in net assets from operations	305,610	(23,801,688)	6,819	(649,451)	312,429	(24,451,139)
Distributions to unitholders from:						
Net investment income	-	(1,207,033)	-	(38,586)	-	(1,245,619)
Return of capital	(2,630,990)	(3,157,956)	(75,956)	(69,678)	(2,706,946)	(3,227,634)
	(2,630,990)	(4,364,989)	(75,956)	(108,264)	(2,706,946)	(4,473,253)
Unitholders' transactions:						
Proceeds from issue of units (note 5)	-	40,366,371	-	-	-	40,366,371
Agents' fees and issue expenses	-	-	-	-	-	-
Distributions reinvested	-	-	-	-	-	-
Payments on redemption/cancellation of units (note 4 & 5)	(54,141)	(204,226)	-	-	(54,141)	(204,226)
	(54,141)	40,162,145	-	-	(54,141)	40,162,145
Change in net assets during the period	(2,379,521)	11,995,468	(69,137)	(757,715)	(2,448,658)	11,237,753
Net assets - Beginning of period	65,712,190	97,798,143	1,966,520	3,430,848	67,678,710	101,228,991
Net assets - End of period	63,332,669	109,793,611	1,897,383	2,673,133	65,230,052	112,466,744
Surplus (deficit), beginning of period	(40,113,885)	2,573,387	(1,042,357)	77,892	(41,156,242)	2,651,279
Increase (decrease) in net assets from operations	305,610	(23,801,688)	6,819	(649,451)	312,429	(24,451,139)
Distributions to unitholders	-	(1,207,033)	-	(38,586)	-	(1,245,619)
Surplus (deficit), end of period	(39,808,275)	(22,435,334)	(1,035,538)	(610,145)	(40,843,813)	(23,045,479)
Contributed surplus , beginning of period	10,501,796	66,701	72,275	-	10,574,071	66,701
Cost of shares repurchased at less than original issue price	155,961	10,435,095	-	72,275	155,961	10,507,370
Contributed surplus , end of period	10,657,757	10,501,796	72,275	72,275	10,730,032	10,574,071

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund II

Statements of Cash Flow (Unaudited)

For the six month periods ended June 30, 2009 and June 30, 2008

	2009 $	2008 $
Operating Activities		
Increase (decrease) in net assets from operations	312,429	(24,451,139)
Items not affecting cash:		
Net realized (gain) loss on investments	590,345	15,048,169
Unrealized (gain) loss on investments	(6,343,906)	7,861,611
Unrealized (gain) loss on foreign exchange forward contracts	5,078,898	11,146,605
Changes in non-cash working capital		
(Increase) decrease in interest and dividends receivable	172,933	(458,330)
(Increase) decrease in prepaid expenses	(6,131)	(15,554)
Increase (decrease) in accounts payable and accrued liabilities	(18,721)	(7,701)
Increase (decrease) in management fees payable	37,280	(87,771)
Cost of investments purchased	(201,540,649)	(353,343,350)
Proceeds from investments sold	189,213,664	328,492,745
Net cash flow provided by (used in) operating activities	(12,503,858)	(15,814,715)
Financing Activities		
Proceeds from issuance of units	-	40,366,371
Distributions to unitholders	(2,707,914)	(4,237,055)
Payments on redemption/cancellation of units	(54,141)	(204,226)
Net cash flow provided by (used in) financing activities	(2,762,055)	35,925,090
Net increase (decrease) in cash and short-term investments	(15,265,913)	20,110,375
Cash - beginning of period	15,053,364	746,560
Cash - end of period	(212,549)	20,856,935

Supplementary information		
Interest paid	15,707	42,536

(See accompanying notes to financial statements)

Connor, Clark & Lunn Global Financials Fund II

Statement of Investment Portfolio (Unaudited)

As at June 30, 2009

			Quantity	Average Cost $	Fair Value $	% of net assets
Investments						
Foreign Bonds						
United States Treasury Note (US Dollar)	2.63%	5/31/10	400	419	474	0.0%
Total Foreign Bonds				419	474	0.0%
Foreign Equities						
Agra Empreendimentos Imobiliarios SA			85,889	116,080	141,493	0.2%
Banco Bradesco SA			28,166	415,096	482,610	0.7%
Banco do Brasil SA			27,015	259,690	337,784	0.5%
Brascan Residential Properties SA			27,800	61,101	70,179	0.1%
Companhia Brasileira de Meios de Pagamento			8,000	70,925	79,881	0.1%
Cyrela Brazil Realty SA			52,313	422,921	460,349	0.7%
Gafisa SA			44,727	484,990	427,519	0.7%
Itau Unibanco Banco Multiplo SA			87,103	1,395,117	1,595,241	2.4%
Rodobens Negocios Imobiliarios SA			6,793	66,175	70,445	0.1%
Rossi Residencial SA			111,012	491,631	539,430	0.8%
Tecnisa SA			20,678	62,340	65,311	0.1%
				3,846,066	4,270,242	6.4%
Switzerland (Swiss Franc)						
Banque Cantonale Vaudoise			12,638	4,662,197	4,591,845	7.0%
Banque Privee Edmond de Rothschild SA			54	1,691,211	1,758,751	2.7%
Credit Suisse Group			8,341	424,142	441,606	0.7%
Helvetia Holding AG			1,253	402,185	384,680	0.6%
Partners Group Holding AG			18,056	1,511,591	2,032,230	3.1%
St. Galler Kantonalbank, Registered Shares			731	310,662	295,067	0.5%
Swiss Reinsurance AG, Registered Shares			17,834	452,469	684,444	1.0%
Swissquote Group Holding SA			2,217	106,380	123,225	0.2%
UBS AB			69,550	956,499	987,036	1.5%
Verwalt & Privat-Bank AG			236	21,241	26,839	0.0%
				10,538,577	11,325,723	17.3%
China (Hong Kong Dollar)						
Bank of China Ltd.			1,296,000	606,296	714,677	1.1%
Bank of Communications Limited			733,000	770,405	954,510	1.5%
Beijing Cap Land Co Ltd.			454,000	181,323	227,907	0.3%
China Construction Bank, Class H			919,000	679,684	826,273	1.3%
China Merchants Bank Co Ltd.			171,650	303,790	454,761	0.7%
China Citic Bank			171,000	127,450	128,122	0.2%
Guangzhou R&F Properties Company Limitec			131,000	301,994	341,175	0.5%
Industrial & Commercial Bank of China			2,498,000	1,743,272	2,021,357	3.1%
New World China Land Ltd.			411,800	248,816	264,728	0.4%
Ping An Insurance Group Co. of China Ltd.			55,000	421,934	431,868	0.7%
				5,384,964	6,365,378	9.8%
Germany (European Union Euro)						
Deutsche Bank AG			23,719	1,677,808	1,680,879	2.5%
Deutsche Boerse AG			3,336	318,534	301,000	0.5%
Muenchener Rueckversicherungs AG, Registered Shares			829	127,056	130,112	0.2%
Banco Santander Central Hispano SA			17,000	191,714	238,889	0.4%
				2,315,112	2,350,880	3.6%

Connor, Clark & Lunn Global Financials Fund II

Statement of Investment Portfolio (Unaudited)…. Continued

As at June 30, 2009

	Quantity	Average Cost $	Fair Value $	% of net assets
France (European Union Euro)				
BNP Paribas	19,984	1,508,295	1,505,416	2.3%
Gecina SA	4,363	382,288	312,714	0.5%
Societe de la Tour Eiffel	9,558	553,694	372,113	0.6%
		2,444,277	2,190,243	3.4%
Britain (British Pound)				
Aberteen Asset Management PLC	118,922	280,797	280,326	0.4%
Barclays PLC	1,120,759	4,513,841	6,060,793	9.3%
Chaucer Holdings PLC	191,582	138,592	157,557	0.2%
Evolution Group PLC	47,739	131,443	131,477	0.2%
HSBC Holdings PLC	126,112	1,228,561	1,212,012	1.9%
Investcorp Bank BSC	78,227	2,180,239	449,701	0.7%
Lloyds Banking Group PLC	998,499	1,271,216	1,335,062	2.0%
MAN Group PLC	90,995	378,048	482,942	0.7%
Resolution Ltd.	212,828	393,008	362,271	0.6%
Standard Chartered PLC	24,693	445,380	537,913	0.8%
Templeton Emerging Market Investment Trust PLC	340,312	2,310,024	2,395,188	3.7%
		13,271,149	13,405,242	20.5%
Hong Kong (Hong Kong Dollar)				
Agile Property Holdings Ltd.	419,000	343,426	701,960	1.1%
BOC Hong Kong Holdings Ltd.	129,500	224,986	263,140	0.4%
China Insurance International Holdings Co Ltd.	54,000	125,066	132,383	0.2%
China Overseas Land & Investment Ltd.	102,000	230,310	272,985	0.4%
Great Eagle Holdings Ltd.	119,000	264,107	291,734	0.4%
Hang Lung Properties Ltd.	139,000	479,143	523,853	0.8%
Hang Seng Bank Ltd.	15,100	249,032	245,733	0.4%
Hong Kong Exchanges and Clearing Ltd.	23,300	358,680	421,774	0.6%
Hongkong Land Holdings Ltd.	409,000	1,258,445	1,681,466	2.6%
Kerry Properties Ltd.	58,500	264,654	298,052	0.5%
New World Development Ltd.	102,000	203,623	213,374	0.3%
Shenzhen International Holdings	3,052,500	237,883	233,283	0.4%
Shenzhen Investment Ltd.	1,248,000	444,995	604,051	0.9%
Shun TAK Holdings Ltd.	326,000	200,547	236,928	0.4%
Sino Land Co.	64,000	129,439	122,757	0.2%
Standard Chartered PLC	10,250	235,978	229,319	0.4%
Swire Pacific Ltd., Class A	37,000	390,234	428,863	0.7%
The Link REIT	57,000	123,648	141,105	0.2%
Wharf Holdings Ltd.	59,000	255,286	290,432	0.4%
		6,019,482	7,333,192	11.3%
Ireland (European Union Euro)				
Allied Irish Banks PLC	119,064	172,923	333,594	0.5%
Allied Irish Banks PLC	154,815	279,995	433,761	0.7%
Bank of Ireland	358,795	662,034	986,808	1.5%
		1,114,952	1,754,163	2.7%
India (US Dollar)				
ICICI Bank Ltd.	7,182	254,936	245,469	0.4%
State Bank of India Ltd., GDR	3,250	211,503	267,981	0.4%
		466,439	513,450	0.8%
Italy (European Union Euro)				
Banca Generali SpA	32,699	309,889	316,928	0.5%
Azimut Holding SpA	47,218	486,622	519,183	0.8%
		796,511	836,111	1.3%

Connor, Clark & Lunn Global Financials Fund II

Statement of Investment Portfolio (Unaudited)…. Continued

As at June 30, 2009

	Quantity	Average Cost $	Market Value $	% of NAV
Japan (Japanese Yen)				
Sumitomo Mitsui Financial Group Inc.	30,500	1,452,979	1,439,089	2.2%
Mexico (Mexican Peso)				
Corporacion Geo S.A.B. de C.V.	255,403	510,550	571,140	0.9%
Norway (Norwegian Krona)				
DnB NOR ASA	36,944	279,234	321,000	0.5%
Russia (US Dollar)				
Sberbank	878,227	1,099,699	1,280,006	2.0%
Singapore (Singapore Dollar)				
CapitaLand Ltd.	43,000	124,754	128,006	0.2%
Jardine Strategic Holdings Ltd.	57,000	811,517	973,092	1.5%
United Overseas Bank Ltd.	32,000	371,951	375,906	0.6%
		1,308,222	1,477,004	2.3%
United States (US Dollar)				
Bank of America Corp	186,404	2,755,547	2,842,376	4.4%
Citigroup Inc	342,000	1,198,339	1,175,654	1.8%
Goldman Sachs Group, Inc./The	1,900	306,899	324,739	0.5%
JPMorgan Chase & Co.	23,180	907,468	917,968	1.4%
SunTrust Banks Inc.	11,000	183,831	210,146	0.3%
		5,352,084	5,470,883	8.4%
Total Foreign Equities		56,200,297	60,903,746	93.4%
Transaction costs - Section 3855 adjustment (note 3)		(166,712)	-	0.0%
Total investments		56,034,004	60,904,220	93.4%

Foreign currency forward contracts	Maturity date	Number of contracts	Contract price / rate $	Fair value $	Unrealized gain (loss) $	% of net assets
Bought CAD 14,000,000 sold GBP 7,422,800	9/24/2009	1	1.88608	13,810,626	(189,374)	-0.3%
Bought GBP 19,929,770 sold CAD 41,000,000	5/31/2016	1	2.05722	37,703,913	3,296,087	5.1%
Total foreign currency forward contracts					3,106,713	4.8%
Other assets, net of liabilities					1,219,119	1.8%
Net assets					65,230,052	100.0%

1 Formation of Fund

Connor, Clark & Lunn Global Financials Fund II (the “Fund”) is an investment trust established under the laws of the Province of Ontario pursuant to a trust agreement dated as of February 27, 2007 (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 and commenced operating on March 22, 2007. The Manager was incorporated under the Business Corporations Act (Ontario) on January 15, 2001 and is wholly owned by Connor, Clark & Lunn Capital Markets Partnership.

At the close of business on February 4, 2008, the Fund issued 4,750,154 units to unitholders of the Connor, Clark & Lunn Global Financials Fund in exchange for $40,366,371 in investments and other assets (net of liabilities)

2 Investment objectives

The Fund’s investment objectives as set out in the Prospectus dated February 27, 2007 are to (i) provide holders of the Units (‘‘Unitholders’’) with a stable stream of monthly cash distributions initially targeted to be $0.05 per Unit (representing a yield of approximately 6.0% per annum on the issue price of $10.00 per Unit); (ii) preserve and enhance the Transactional NAV per Unit of the Fund.

In order to achieve the Fund’s investment objectives, Henderson Group plc (the “Investment Manager”) (Formerly: New star Asset Management Limited), 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.

Future accounting changes

The Canadian Accounting Standards Board ("AcSB") confirmed that effective January 1, 2011, International Financial Reporting Standards ("IFRS") will replace Canadian GAAP for publicly accountable enterprises, which includes investment funds. IFRS will apply to fiscal years beginning on or after January 1, 2011. As of June 30, 2009 the manager has not developed a changeover plan to IFRS nor has it assessed the impact of IFRS on business arrangements, Transactional NAV per unit and accounting policies. The Manager will develop a plan prior to the January 1, 2011 deadline and will disclose this plan in either the Fund’s 2009 or 2010 annual reports.

In March 2009, the Canadian Accounting Standards Board announced it has agreed to adopt recent amendments to IFRS 7, “Financial Instruments: Disclosures”, into Section 3862, “Financial Instruments – Disclosures”. The final amended version to IFRS 7 will also be subsequently incorporated into Canadian GAAP. The amendments to Section 3862 will apply to annual financial statements for years ending after September 30, 2009. The amendments require that an entity disclose the classification, for each class of financial instrument, of fair value measurements within a fair value hierarchy. The hierarchy includes three levels: Level 1 – quoted prices in active markets, Level 2 – measurements determined using valuation models that employ observable inputs and Level 3 – measurements determined using valuation models that employ unobservable inputs.

Valuation of investments

Investments are deemed to be categorized as “held for trading” in accordance with CICA 3855, Financial Instruments – Recognition and Measurement (“Section 3855”) and therefore are recorded at fair value, established by the closing bid price for a security on the recognized exchange on which it is principally traded. Should the quoted value for a security, in the opinion of the Managers, be inaccurate, unreliable or not readily available, the fair value of the security is estimated based on valuation techniques. Fair value is determined by the Managers on the basis of the most recently reported information for the security, similar securities and the markets in which the security is active. Investment purchase and sale transactions are recorded as of the trade date and realized and unrealized gains and losses on investments are determined using average cost. Brokers’ commissions and other transaction charges are immediately charged to net income in the period incurred.

On March 22, 2007, the Fund adopted Section 3855 for financial reporting purposes (“GAAP Net Assets”). Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for the security. In addition, Section 3855 requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities by the Fund be charged to net income in the period.

On September 8, 2008, the Canadian Securities Administration issued the amended National Instrument 81-106 ("NI 81-106"), Section 14.2 of this amended NI 81-106 requires an investment fund to calculate its daily for the purchase and redemption of units (“Transactional NAV”) based on the fair value of the investment fund's assets and liabilities (being the last traded price for the day). The Fund did not change its methodology in this respect.

The reconciliation between the Transactional NAV and the GAAP Net Assets as of June 30, 2009 as a result of the adoption of Section 3855 is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Per Unit Closing Value as of June 30, 2009			
Common Unit	5.43	(0.01)	5.42
Class F Unit	5.65	(0.01)	5.64

The reconciliation between the Transactional NAV and the GAAP Net Assets as of December 31, 2008 as a result of the adoption of Section 3855 is as follows:

	Transactional NAV	Section 3855 Adjustment	GAAP Net Assets
Per Unit Closing Value as of December 31, 2008			
Common Unit	5.65	(0.04)	5.61
Class F Unit	5.86	(0.04)	5.82

Cash

Cash is deemed to be held for trading and therefore is carried at fair value.

Income recognition

Income from investments is recognized on an accrual basis. Dividend income is recognized at the time a security trades on an ex-dividend basis. Interest income is based on the number of days the investment is held during the period. All income, realized and unrealized net gains (losses) and transaction costs (apart from an insignificant amount of income arising from cash and cash equivalents) are attributable to investments and derivatives which are deemed held for trading.

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 assets per unit of the Fund. The Transactional NAV per unit is determined by dividing the aggregate fair 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.

Allocation of expenses

The Common Class is charged with the full amount of the Service fees (see note 9) and the TSX listing fees. All the other expenses are allocated on a prorated basis between the Common Class and the Class F units.

4 Market Purchase Program

As set out in the Prospectus, the Fund is obligated, under certain conditions, to purchase Common Units in the market for cancellation. If, on any day, the Common Units weighted average trading price is less than 95% of the Transactional NAV per Common Unit determined on the most recent valuation date, the Fund must purchase any Common Units offered in the market the following day at 95% of Transactional NAV per unit or less.

Pursuant to this obligation, the Fund purchased 12,800 Common Units during the six month period ended June 30, 2009 for a total cost of $54,141 (26,300 Units were purchased for a total cost of $204,226 during the six month period ended June 30, 2008).

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 Common Units and Class F (subject to restrictions set forth in the Prospectus). The principal differences between the Common Units and the Class F Units are that the agents' fees payable with respect to the original issuance of the units were lower for the Class F Units, and that the service fee component of the manager's fee and the TSX listing fees are not paid by Class F Units.

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 2008, Units of a class may be redeemed on the last business day of September 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 Transactional 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 Transactional 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 Transactional 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 the Termination Date for the Transactional NAV per unit of a class as of that date.

On February 1, 2008, upon following the merger of Connor, Clark & Lunn Global Financials Fund and Connor, Clark & Lunn Global Financials Fund II, Connor, Clark & Lunn Global Financials Fund II received 4,750,154 Common Units for an equivalent value of $40,366,371. This transaction was accounted for as a business acquisition for accounting purposes.

The Fund has issued to holders of its common units warrants (the "Warrants") to subscribe for Units pursuant to a final prospectus dated May 23, 2008 and to holders of its Class F units Class F warrants (the "Class F Warrants") to subscribe for Class F Units on a private placement basis.

Under the warrant offerings, the Fund issued one-half of a Warrant for each Unit of the Fund held by holders of record on June 9, 2008 (the "Record Date"). Each whole Warrant entitles the holder thereof to purchase one Unit at a price of $8.20 per Unit on the second business day after the last day of each month, commencing on July 3, 2008 and ending on July 5, 2010. This means that the Warrants may be exercised on any of 24 specific dates. The Warrants started trading on June 5, 2008 under the ticker symbol "GFT.WT" and will continue trading until July 5, 2010.

The basic calculation of changes in the outstanding units is summarized as follows:

	Common Units		F Units	
	June 30, 2009	December 31, 2008	June 30, 2009	December 31, 2008
Balance – beginning of period/year	11,705,576	10,606,228	337,630	360,880
Units issued	–	–	–	–
Units received issued on merger	–	4,750,154	–	–
Units reinvested	–	–	–	–
Units redeemed	–	(3,558,776)	–	(23,250)
Units redeemed under the Market Purchase Program (note 4)	(12,800)	(92,030)	–	–
Balance – end of period/year	11,692,776	11,705,576	337,630	337,630

Due to the warrants offering, the unitholders are exposed to the risk of dilution, but since the exercise price of ($8.20) is higher than the current Transactional NAV, the diluted weighted average number of units outstanding during the year is the same as what is shown in the above basic calculation. The Fund considers capital to include all units issued and outstanding. The Fund manages their capital in accordance with the objectives outlined in Note 2.

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. The Fund entered into a credit agreement with the Bank of Montreal ("BMO") denominated in British pounds.

Leverage has not been used since late September 2007, therefore, the Credit Facility had an outstanding balance of $nil as of June 30, 2009 and June 30, 2008.

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 Transactional NAV, net income and net realized capital gains of the Fund and maintaining the books and records of the Fund.

8 Distributions

The Fund has made all its scheduled distributions during the six month period ended June 30, 2009 paying, $0.23 per Common Unit and $0.23 per Class F Unit ($0.30 per Common Unit and $0.30 per class F unit during the six month period ended June 30, 2008).

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 Transactional NAV 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 Transactional NAV per Unit 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 $586,075 broker commissions paid during the six month period ended June 30, 2009 ($951,205 during the six month period ended June 30, 2009) in connection with portfolio transactions. No soft dollar services were included in the broker commission charges.

12 Financial instruments

<u>Assets</u>	**$**
Held for trading	64,010,933
Loans and receivables	4,033,991
Total assets	**68,044,925**
<u>Liabilities</u>	
Held for trading	-
Financial liabilities at amortized cost	2,814,873
Total liabilities	**2,814,873**

For the purposes of categorization in accordance with Section 3862, amounts due from brokers, interest and dividends receivable, and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, amounts due to brokers, distributions payable, accounts payable and accrued liabilities and other liabilities are deemed to be financial liabilities and reported at amortized cost.

13 Financial instrument risk

The Fund's activities expose it to a variety of financial risks. The Investment Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by employing professional, experienced portfolio advisors, by daily monitoring of the Fund's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective, and periodically through the use of derivatives to hedge certain risk exposures.

Interest rate risk

Interest rate risk is the risk that the fair value of the Fund's interest-bearing investments will fluctuate due to changes in prevailing interest rates. The Fund's exposure to interest rate risk is concentrated in its investment in debt securities and interest rate derivative instruments (if any). Other assets and liabilities are short-term in nature and non-interest bearing. As at June 30, 2009, interest rate risk was negligible as the Fund had no significant exposure to interest-bearing investments.

Currency risk

Currency risk arises from financial instruments that are denominated in a currency other than the Canadian dollar, which is the Fund's functional currency. The Fund is exposed to the risk that the value of securities denominated in other currencies will fluctuate due to changes in exchange rates. The Statement of Investments identifies all bonds denominated in foreign currencies. Bonds from other countries are presumed to be denominated in that country's currency unless otherwise noted.

The table below summarizes the Fund's exposure to foreign currencies as at June 30, 2009. Amounts shown are based on the carrying values of monetary and non-monetary assets as well as the underlying principal amounts of foreign currency derivatives such as forward contracts. Other financial assets such as dividends and interest receivable, and receivable from investment sales and liabilities such as accounts payable and accrued liabilities and management fees payable denominated in foreign currencies do not expose the Fund to significant currency risk. The table below summarizes the Fund's exposure to foreign currencies and the approximate impact on net assets had the Canadian Dollar ("CAD") weakened by 5% in relation to these currencies. If the Canadian dollar were to strengthen relative to these currencies, the opposite would occur. In practice, actual results may differ from this sensitivity analysis and the difference could be material.

	Monetary instruments $	Non-monetary instruments $	Foreign Currency Contracts $	Total $	% of Net Assets	Sensitivity (based on devaluation of CAD) $
Swiss Franc	(125,505)	11,325,723	–	11,200,218	17.2%	560,000
European Union Euro	238,871	7,131,397	–	7,370,268	11.3%	369,000
British Pound Sterling	(161,996)	40,405,242	23,920,304	64,163,550	98.4%	3,208,000
Hong Kong Dollar	23,112	13,698,570	–	13,721,682	21.0%	686,000
Japanese Yen	–	1,439,089	–	1,439,089	2.2%	72,000
Mexican Peso	–	571,140	–	571,140	0.9%	29,000
Norwegian Krone	–	321,000	–	321,000	0.5%	16,000
Russian Rouble	7,202	–	–	7,202	0.0%	–
Singapore Dollar	–	1,477,004	–	1,477,004	2.3%	74,000
US Dollar	(436,234)	7,264,339	–	6,828,105	10.5%	341,000
Brazil Real	28,199	4,270,242	–	4,298,441	6.6%	215,000

Other market risk

Other market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer, or all factors affecting all instruments traded in a market or market segment. All securities present a risk of loss of capital. The Investment Manager moderates this risk through a careful selection of securities and other financial instruments within the parameters of the investment strategy. The maximum risk resulting from financial instruments is equivalent to their fair value. The Fund's equity instruments are susceptible to market price risk arising from uncertainties about future prices of the instruments.

If equity prices had increased or decreased by 10% on June 30, 2009, all other variables held constant, the net assets of the Fund would have increased or decreased, respectively, by approximately $6,090,000. In practise, actual results may differ from this sensitivity analysis and the difference could be material.

Credit risk

The Fund is exposed to the risk that a security issuer will be unable to pay amounts when due. The fair value of debt securities includes consideration of the credit worthiness of the debt issuer. The carrying amount of debt investments and unrealized gain on derivative instruments outstanding with counterparties represents the maximum exposure to credit risk. As at June 30, 2009, $3,296,561 or 5.1% of the Fund's net assets are exposed to credit risk, arising almost entirely from the unrealized gain on a foreign currency forward contract. The counterparty to this contract has an A+ credit rating.

Liquidity risk

The Fund is exposed to daily cash redemptions due to its market purchase program which are limited to certain conditions (see note 4). The Fund is also exposed to unlimited annual anniversary redemptions on September 30 of every year (see note 5). Therefore, the Fund invests the majority of its assets in investments that are traded in an active market and can be readily disposed. In addition, the Fund retains sufficient cash and/or cash equivalent positions to maintain liquidity.