

Connor, Clark & Lunn



CAPITAL MARKETS INC.

2020

Connor, Clark & Lunn TIGERS Trust
Connor, Clark & Lunn PRINTS Trust
Annual Report

Connor, Clark & Lunn Capital Markets Message to Shareholders

April 11th, 2003

Dear Investor,

The year 2002 was an extraordinarily harsh period for stock market investors. A tide of corporate wrongdoing swamped investor confidence, as did a wave of geopolitical tension that was set in motion with the US President's declaration that an "axis of evil" threatened America. Within this environment the investment community became anxious about the economic recovery that was taking place. These events all had a direct impact on the performance of your unit trust investments which posted negative returns for 2002.

I want to assure you that our management team is taking every step within our control to preserve and grow unit holder value. With this in mind, we have decided to distribute the Connor, Clark & Lunn Prints Trust and the Connor, Clark & Lunn Tigers Trust 2002 financial statements under the same cover. The Trusts share the same equity, option and currency hedging strategies, so I will provide general discussion about those items before making specific comments concerning each Trust. The key difference between the two Trusts is the principal protection feature of the Prints Trust which I will discuss towards the end of this letter.

Equity portfolio performance

2002 was an unprecedented year of stress for the equity markets, resulting in the third calendar year of negative returns for US stocks. As the year began, our team was optimistic about the prospects for stocks. There were a wide set of factors that set the stage for a stock market recovery ranging from the Fed Stock Valuation Model registering historically undervalued levels to equity risk premiums being at historical highs. Meanwhile, bonds looked expensive as their readings were at the other extreme of the valuation spectrum. Early in the year, however, it appeared that the pace of economic recovery from the shallow recession experienced in 2001 was disappointingly modest. A gradual corporate earnings rebound was not enough to support a sustained market recovery. A number of shocks hit investor psyche. Incidents of public company malfeasance were brought to light at an increasing rate through early 2002, hinting that 2001's top-billed scandals at Enron and WorldCom had only scratched the surface of systemic flaws in the way securities markets operate. Geopolitical radar was tuned in as the US administration unveiled a new set of terror alert codes early in the year. Later, a war in Iraq appeared to loom, and finally attention turned to North Korea as an ominous new phrase, "weapons of mass destruction", entered the general lexicon. To add to investor fears, a number of prominent analysts were forecasting double-dip recession, deflation and stagflation. As a result, equity investors commanded higher risk premiums, dramatically shrinking PE ratios, and stocks sagged to record the worst year of the longest, deepest bear market since the 1930s.

Connor, Clark & Lunn Investment Management Ltd. manages the active portfolio of U.S. equity securities using a quantitative approach. The portfolio is invested in a group of 50 to 100 stocks selected primarily from the S&P 500 Index using a ranking system based on the fundamentals of companies and industry groups vis-à-vis their peers. The object is to build a portfolio that is financially more stable, has better growth prospects and is cheaper to acquire than the market average. The strategy has performed well over time but tends to lag in market bottoms, when lower quality stocks that have been beaten down often recover more rapidly than the broader market. Market bottoms have formed over an average period of 1.3 months in the past 40 years; the process we have experienced since last July has been very drawn out in comparison. There were two tests of the lows last year, and the process of finding a bottom continued to play out in the first quarter of 2003. The equity strategies employed for both trusts outperformed the market up until mid year, but subsequently under-performed from July's market lows to year-end. I expect the trend of out-performance by lower quality companies to reverse in 2003, and your portfolio managers remain committed to holding equities with strong growth and value characteristics. As Jeremy Siegel points out in the most recent edition of his book *Stocks for the Long Run*, stocks have returned just over 10% per year during the 75 years preceding 2002. That time frame includes wars, inflation, deflation, booms, bubbles and busts.

Option strategy

Covered option writing is employed by the Trusts in order to generate distributions to investors. A written covered call option gives the option seller the obligation to sell, and the option buyer the right to buy, if the underlying stock's price exceeds the option's exercise price within a given period of time. A cash-covered put option has exactly the same return profile as a covered call option (written at the same strike price) but may receive better pricing or lower trading costs under some circumstances.

Call option writing is much like providing insurance to investors who do not want to miss a stock market rally. In exchange for writing options, the Trusts receive a cash premium analogous to an insurance premium. During the year, the effects of the Trusts' option strategies have been positive, though sharp directional market moves have limited their impact. While our portfolio managers continued to write options throughout the year for the Tigers Trust, they suspended the option strategy in July for the Prints Trust pending a recovery in equity prices. The decision to stop Prints' call writing strategy was driven by the principal protection feature, discussed below.

We continue to expect that option writing will deliver the same performance as the underlying portfolio over time, but with less volatility of returns. The strategy will also continue to provide the portfolio manager with an additional tool for adjusting exposure in your portfolio, which has the potential to help reduce transaction costs.

Currency hedging

Because the objectives of both Trusts are denominated in Canadian dollars, the Trusts have employed currency-hedging strategies. The net effect of hedging has been positive for the performance of both portfolios in the face of a strengthening Canadian dollar.

Tigers Trust Performance

The Tigers Trust sustained a net investment loss in 2002 of \$4.6 million, a per Unit loss of \$4.63. The Trust distributed \$1.5 million, or \$1.51 per Unit, during the year. Performance was driven primarily by a 17% decline from inception on May 24, 2002 to year-end (in Canadian dollar terms) in the value of the broad large cap US equities market as measured by the Standard & Poor's 500 Index ("S&P 500"). Members of this group made up the vast majority of the Trust's assets. Other significant impacts on performance came from currency fluctuations, sector and company weightings within the Trust's portfolio, the option writing program and the amount and timing of distributions to investors.

The Trust is an equity investment vehicle whose objectives are to make regular, monthly distributions to investors at an annualized rate of 10% and, if possible, to return investors' principal on termination of the Trust on December 15th, 2009. We endeavour to conduct its operations in a way that reflects a balanced commitment to these objectives.

The Tigers Trust's distributions were maintained at 10% of the original investment amount throughout 2002 but have since been reduced to 10% of net asset value per Unit. The Trust is fully invested in US equities and a significant recovery in equity prices will enable the resumption of distributions at the original level. The Trust's management fee was reduced to 0.68% per year commencing in April, 2003.

Prints Trust Performance

The Prints Trust sustained a net investment loss in 2002 of \$22.2 million; a per Unit loss of \$5.48. The Trust distributed a total of \$5.9 million, or \$1.58 per Unit, during the year. Performance was driven primarily by a 23% decline (in Canadian dollars) in the value of the S&P 500. Members of this group made up the majority of the Trust's assets during the year. Other significant impacts on performance came from currency fluctuations, the effect of the principal protection forward agreement with TD Global Finance (a subsidiary of the Toronto Dominion Bank), sector and company weightings within the Prints Trust's portfolio, and the amount and timing of distributions to investors.

The Prints Trust was conceived as an equity investment vehicle that would initially provide managed exposure of 100% of the assets of the Trust to companies in the S&P 500. The Trust's objectives are to return investors' principal on termination and to pay regular, quarterly distributions. As with Tigers, we endeavour to conduct Prints' operations in a way that reflects a balanced commitment to these objectives.

The Trust's distribution was reduced to \$0.10 per Unit for the fourth quarter of 2002 and we found it necessary, for reasons described in the next few paragraphs, to eliminate the first quarter distribution in 2003. The Trust retains all of its assets in the active portfolio and will endeavour to resume distributions when market conditions improve. The Trust's management fee has been reduced from 1.1% to 0.50%.

Effect of the Prints Principal Protection Strategy

It's worth taking a minute to consider how Prints' principal protection strategy works. The strategy is a simple form of dynamic asset allocation, whereby the Trust invests entirely in equities unless the value of its portfolio drops to a level that triggers the forward agreement with TD Global Finance. The trigger is related to the price of a zero coupon bond that would deliver the full principal amount to investors on termination. Of course, the price of a 10-year zero is driven by bond yields. When the value of assets goes below the triggering level, the dynamic asset allocation investor must begin investing in less risky assets – which in the case of Prints is cash or the TD Global Finance forward sale, which is effectively a zero coupon bond.

During the distribution period of the Trust's securities, our team pointed to three factors that would negatively impact the success of the dynamic asset allocation principal protection strategy should they happen in the extreme during the first two years of the Trust's life:

1. negative stock market performance
2. high stock volatility
3. falling bond yields

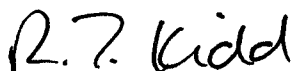
Well, with the worst bear market in stocks since the 1930s, the highest month-to-month equity volatility since the 1930s and the lowest bond yields since the early 1960s, 2002 delivered the perfect storm for the dynamic asset allocation strategy. Unfortunately, the storm has not abated in early 2003, as geopolitical events have conspired to keep the economy crawling and battered the nerves of investors.

The good news for Prints investors through all of this is that the Trust's forward sale has not been triggered. We have not had to do the equivalent of buying a zero-coupon bond at a half-century top in the bond market. The Trust's assets have been preserved for active management in the future. To avoid triggering the forward sale which would limit the growth prospects for the Trust, our team has had to make some tough decisions. It has been necessary to retain a significant portion of the assets of the Trust in cash and to cut distributions in the last two quarters. Nevertheless, Prints' portfolio remains available for active management in the future and we expect a recovery of its net asset value and the re-instatement of distributions once equity markets in the US regain their footing.

Conclusion

I would like to thank Prints and Tigers investors for their patience during a very trying year. While 2003 has also started out to be challenging, I believe it will be a year of recovery for both Prints and Tigers. Regaining lost ground will happen once investors start focusing on the opportunity that is available to those who are willing to take on risk and ride out any short term volatility that may be left ahead.

Yours truly,



Robert Kidd
CEO Connor, Clark & Lunn Capital Markets

Connor, Clark & Lunn Tigers Trust

Financial Statements
December 31, 2002

February 14, 2003

Auditors' Report

**To the Unitholders of
Connor, Clark & Lunn Tigers Trust**

We have audited the statements of net assets and investment portfolio of **Connor, Clark & Lunn Tigers Trust** as at December 31, 2002 and the statements of operations, changes in net assets and changes in investments for the period from May 24, 2002 (inception date) to December 31, 2002. These financial statements are the responsibility of the Trustee and the Manager of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2002 and the results of its operations and the changes in its net assets for the period from May 24, 2002 (inception date) to December 31, 2002 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Connor, Clark & Lunn Tigers Trust

Statement of Net Assets

As at December 31, 2002

Assets

Cash	\$	104,630
Short-term investments		157,857
Investments at market value (average cost - \$18,515,899)		17,505,709
Interest and dividends receivable		21,027
		<hr/>
		17,789,223

Liabilities

Accounts payable and accrued liabilities		131,707
Distribution payable		207,787
Unrealized loss on foreign exchange contracts (note 5)		177,781
Unrealized loss on options (premium received - \$72,075)		114,197
		<hr/>
		631,472

Net Assets and Unitholders' Equity \$ 17,157,751

Units outstanding (note 4) 997,378

Net asset value per unit \$ 17.20

Approved by the Manager

R. T. Kidd

Paul G.

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Statement of Operations

For the period from May 24, 2002 (inception date) to December 31, 2002

	\$
Income	
Dividends, net of withholding taxes	196,604
Interest	20,905
	<u>217,509</u>
Expenses (note 6)	
Management fees	136,453
Custodial and other unitholder fees	106,720
Interest	310
Professional fees	18,206
Service fees	69,123
	<u>330,812</u>
Investment loss for the period	<u>(113,303)</u>
Realized and unrealized loss on investments	
Change in unrealized depreciation of investments	(1,052,312)
Change in unrealized loss on foreign exchange contracts	(177,781)
Net realized loss on investments	(3,020,379)
Net realized loss on foreign exchange contracts	(269,843)
Net realized loss on foreign exchange	(66,729)
	<u>(4,587,044)</u>
Net loss on investments	<u>(4,587,044)</u>
Decrease in net assets from operations	<u>(4,700,347)</u>
Investment loss per unit*	<u>(0.11)</u>
Net loss on investments per unit*	<u>(4.63)</u>

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

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Statement of Changes in Net Assets

For the period from May 24, 2002 (inception date) to December 31, 2002

	\$
Decrease in net assets from operations	<u>(4,700,347)</u>
Distributions to unitholders	<u>(1,502,339)</u>
Unitholders' transactions (note 4)	
Proceeds from issue of units	24,955,450
Payments on redemption of units	(14,852)
Agents' fees and issue expenses	<u>(1,580,161)</u>
	<u>23,360,437</u>
Change in net assets during the period	17,157,751
Net assets - Beginning of period	<u>-</u>
Net assets - End of period	<u>17,157,751</u>

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Statement of Changes in Investments

For the period from May 24, 2002 (inception date) to December 31, 2002

	\$
Investments at average cost - Beginning of period	-
Cost of investments purchased	58,335,338
Cost of investments sold	<u>(39,891,514)</u>
Investments at average cost - End of period	18,443,824
Unrealized depreciation of investments	<u>(1,052,312)</u>
Investments at market value	<u>17,391,512</u>
Proceeds from investments sold	35,823,319
Cost of investments sold	<u>(39,891,514)</u>
Realized loss on investments	(4,068,195)
Realized gain on options	<u>1,047,816</u>
Net realized loss on investments	<u>(3,020,379)</u>

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio

As at December 31, 2002

	Maturity date	Number of shares or par value	Average cost \$	Market value \$
Short-term investments				
Treasury bills				
Government of the United States	09/01/03	100,000	157,857	157,857
Total short-term investments			<u>157,857</u>	<u>157,857</u>
Foreign common stocks - USA				
Energy sources				
Exxon Mobil Corp.		11,800	667,886	651,340
Occidental Petroleum Corp.		4,400	167,380	161,804
			<u>835,266</u>	<u>813,144</u>
Utilities - electrical and gas				
Southern Co.		2,200	94,660	98,671
Exelon Corp.		2,500	202,931	208,416
			<u>297,591</u>	<u>307,087</u>
Building materials and components				
Masco Corp.		4,500	149,515	149,647
Chemicals				
PPG Chemicals		1,800	138,275	142,609
Metals - steel				
Worthington Industrials		5,700	169,717	137,234
Aerospace and military technology				
Boeing Co.		3,300	167,725	171,989
General Dynamics Corp.		1,300	158,910	163,006
Lockheed Martin Co.		1,600	147,523	145,974
Northrop Grumman		1,400	212,579	214,537
			<u>686,737</u>	<u>695,506</u>
Construction and housing				
Centex Corp.		1,600	118,778	126,890
KB Home		1,900	150,986	128,620
Pulte Homes Inc.		1,700	136,170	128,563
			<u>405,934</u>	<u>384,073</u>

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Data processing and reproduction			
Automatic Data Processing Inc.	3,700	253,022	229,427
Computer Science	1,600	76,961	87,079
Cisco Systems Inc.	15,000	353,308	310,431
Dell Computer Corp.	6,000	251,679	253,464
Hewlett Packard	7,800	186,631	213,918
Honeywell International	5,700	201,496	216,117
IBM Corp.	3,200	395,352	391,791
Microsoft Corp.	6,200	508,438	506,390
Oracle Corporation	1,800	28,361	30,711
		<u>2,255,248</u>	<u>2,239,328</u>
Electrical and electronics			
General Electric Co.	9,400	435,165	361,601
Electrical components and instruments			
Intel Corp.	5,400	214,270	132,827
Industrial components			
Lowe's Companies Inc.	3,900	288,804	231,046
Machinery and engineering			
Cummins Engine Co.	2,900	128,338	128,876
Automobiles			
General Motors Corp.	3,900	327,757	227,103
Harley Davidson Co.	1,400	118,199	102,182
		<u>445,956</u>	<u>329,285</u>
Beverages and tobacco			
Coca-Cola Co.	700	56,856	48,459
Coca-Cola Enterprises	5,100	193,248	174,998
Coors	1,500	134,561	145,144
Philip Morris Company Inc.	5,700	438,324	364,968
		<u>822,989</u>	<u>733,569</u>
Food and household products			
Clorox Co.	2,600	173,881	169,434
Conagra Inc.	900	35,510	35,560
McDonald's Corp.	12,300	434,565	312,460
Proctor & Gamble	1,000	142,184	135,768
		<u>786,140</u>	<u>653,222</u>

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Health and personal care			
Abbott Labs Inc.	3,700	253,195	233,811
Forest Labs Inc.	1,500	231,388	232,752
Humana Inc.	7,100	141,158	112,166
Johnson & Johnson	6,300	582,677	534,563
Merck & Co., Inc.	5,200	442,015	465,050
Pfizer Inc.	6,100	305,849	294,597
UTD Healthcare Co.	1,200	175,305	158,296
		<u>2,131,587</u>	<u>2,031,235</u>
Recreation and other consumer goods			
Eastman Kodak Co.	800	45,147	44,285
Electronic Arts	1,100	110,999	86,490
		<u>156,146</u>	<u>130,775</u>
Textiles and apparel			
VF Corp.	100	5,524	5,695
Broadcasting and publishing			
Gannett Co. Inc.	1,400	165,687	158,802
Viacom Inc.	4,700	333,896	302,646
		<u>499,583</u>	<u>461,448</u>
Business and public services			
H&R Block Inc.	1,800	118,189	114,315
Cendant Corp.	8,700	224,429	144,040
Compuware Corp.	11,200	77,328	84,930
Deluxe Corp.	2,000	137,604	133,019
Wellpoint Health Network Inc.	1,200	134,585	134,903
		<u>692,135</u>	<u>611,207</u>
Leisure and tourism			
Harrah's Entertainment	700	43,591	43,792
Wendy's International Inc.	1,400	61,366	59,871
		<u>104,957</u>	<u>103,663</u>
Merchandising			
Dillard Department Stores	4,200	131,178	105,234
Home Depot Inc.	300	13,762	11,356
JC Penny Co. Inc.	3,100	111,726	112,689
Limited Brands	5,400	115,773	118,836
Sherwin Williams	2,500	95,280	111,574

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Merchandising ...continued			
Staples Inc.	4,100	117,308	118,533
Target Corporation	4,800	212,362	227,492
Wal-Mart Stores Inc.	3,900	337,547	311,204
		<u>1,134,936</u>	<u>1,116,918</u>
Telecommunications			
Motorola Inc.	9,200	137,098	125,721
SBC Communications Inc.	6,500	281,947	278,385
Sprint Corp.	5,600	88,697	128,103
		<u>507,742</u>	<u>532,209</u>
Transportation - road and rail			
Burlington North	4,100	164,997	168,472
Ryder Systems Inc.	500	18,433	17,725
Union Pacific Corp.	1,900	179,317	179,707
		<u>362,747</u>	<u>365,904</u>
Transportation - shipping			
FedEx Corporation	2,100	176,119	179,880
Banking			
Bank of America Corp.	3,900	437,426	428,637
Financial services			
AMBAC Inc.	1,700	150,397	151,042
Bear Stearns Cos.	1,200	114,453	112,608
Capital One Financial	3,100	146,049	145,550
Citigroup Inc.	6,700	393,586	372,475
Countrywide Financial Corp.	1,800	141,342	146,874
Equity Office Properties Trust	1,500	63,815	59,195
Fannie Mae	2,800	308,717	284,561
Freddie Mac	2,600	235,384	242,547
MBNA Corp.	6,650	233,642	199,818
US Bancorp	8,600	282,645	288,302
Wachovia Corp.	2,100	115,545	120,893
Washington Mutual Inc.	5,000	283,819	272,753
Wells Fargo Company	5,100	410,093	377,632
		<u>2,879,487</u>	<u>2,774,250</u>

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Insurance			
Allstate Corp.	4,900	294,288	286,341
American International Group Inc.	1,000	103,234	91,392
Metlife Inc.	6,400	273,623	273,395
Progressive Corp.	600	53,297	47,043
Travelers Property	1	27	23
		<hr/>	<hr/>
		724,469	698,194
Multi-industry			
United Technologies Corp.	2,400	249,800	234,847
Internet software			
Verizon Communications	6,400	393,296	391,793
Total foreign common stocks - USA		<hr/>	<hr/>
		18,515,899	17,505,709

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of contracts	Average cost/ (premium received) \$	Market value \$
Call option contracts			
Abbot Labs Inc., January 2003, @ 40.00	21	(4,313)	(2,090)
Adolph Coors, January 2003, @ 65.00	10	(553)	(679)
Allstate Corp., January 2003, @ 40.00	25	(296)	(711)
American International Group Inc., January 2003, @ 65.00	8	(126)	(417)
Automatic Data Processing Inc., January 2003, @ 40.00	18	(2,488)	(2,758)
Bank of America, January 2003, @ 75.00	14	(442)	(840)
Burlington North, January 2003, @ 27.50	23	(454)	(145)
Capital One Financial, January 2003, @ 35.00	17	(873)	(2,605)
Cendant Corp., January 2003, @ 12.50	46	(545)	(945)
Centex Corp., January 2003, @ 55.00	7	(359)	(1,028)
Cisco Systems Inc., January 2003, @ 15.00	81	(960)	(1,663)
Citigroup Inc., January 2003, @ 40.00	20	(316)	(1,201)
Coca-Cola Co., January 2003, @ 45.00	4	(332)	(588)
Coca-Cola Enterprises, January 2003, @ 22.50	26	(1,130)	(1,150)
Computer Science, January 2003, @ 40.00	9	(178)	(185)
Countrywide Financial Corp., January 2003, @ 55.00	10	(513)	(1,074)
Dell Computer Corp., January 2003, @ 30.00	32	(379)	(910)
Dillard Department Stores, January 2003, @ 17.50	21	(912)	(763)
Electronic Arts, January 2003, @ 55.00	5	(375)	(1,280)
Equity Office Properties Trust, January 2003, @ 25.00	8	(727)	(670)
Exxon Mobil Corp., January 2003, @ 37.50	23	(363)	(1,017)
Fannie Mae, January 2003, @ 70.00	7	(194)	(531)
FDX Corp., January 2003, @ 55.00	12	(1,327)	(2,123)
Freddie Mac, January 2003, @ 60.00	14	(2,156)	(3,251)
Gannet Co. Inc., January 2003, @ 75.00	9	(746)	(1,450)
General Electric Co., January 2003, @ 27.50	42	(498)	(1,194)
General Motors Corp., January 2003, @ 37.50	23	(3,815)	(4,614)
H&R Block Inc., January 2003, @ 45.00	10	(276)	(758)
Harley Davidson Co., January 2003, @ 50.00	7	(387)	(697)
Hewlett Packard, January 2003, @ 20.00	29	(344)	(1,512)
Home Depot Inc., January 2003, @ 25.00	2	(158)	(246)
Humana Inc., January 2003, @ 12.50	36	(427)	(455)
IBM Corp., January 2003, @ 85.00	17	(1,410)	(3,142)
Intel Corp., January 2003, @ 17.50	31	(1,224)	(3,820)
JC Penny Co. Inc., January 2003, @ 25.00	18	(711)	(512)
Johnson & Johnson, January 2003, @ 55.00	34	(3,357)	(6,284)
KB Home, January 2003, @ 45.00	10	(1,856)	(2,401)
Lockheed Martin Co., January 2003, @ 60.00	9	(822)	(924)
Lowe's Companies Inc., January 2003, @ 40.00	20	(1,027)	(1,517)
Masco Corp., January 2003, @ 22.50	13	(257)	(678)
MBNA Corp., January 2003, @ 20.00	35	(1,797)	(3,760)
McDonald's Corp., January 2003, @ 17.50	62	(1,224)	(784)
Merck & Co. Inc., January 2003, @ 60.00	29	(1,031)	(2,199)
Microsoft Corp., January 2003, @ 55.00	40	(3,950)	(8,025)

Connor, Clark & Lunn Tigers Trust

Statement of Investment Portfolio ...continued

As at December 31, 2002

	Number of contracts	Average cost/ (premium received) \$	Market value \$
Call option contracts ...continued			
Motorola Inc., January 2003, @ 10.00	59	(1,631)	(2,144)
Occidental Petroleum Corp., January 2003, @ 30.00	21	(249)	(1,095)
Oracle Corporation, January 2003, @ 12.50	9	(107)	(185)
Pfizer Inc., January 2003, @ 35.00	25	(99)	(158)
Philip Morris Company Inc., January 2003, @ 45.00	21	(249)	(597)
Proctor & Gamble, January 2003, @ 90.00	6	(237)	(834)
Progressive Corp., January 2003, @ 50.00	3	(640)	(839)
Pulte Homes Inc., January 2003, @ 50.00	10	(1,303)	(2,401)
Ryder Systems Inc., January 2003, @ 22.50	3	(273)	(204)
SBC Communications Inc., January 2003, @ 30.00	48	(758)	(2,123)
Sherwin Williams, January 2003, @ 30.00	14	(608)	(619)
Southern Co., January 2003, @ 30.00	12	(190)	(341)
Sprint Corp., January 2003, @ 15.00	40	(2,844)	(4,297)
Union Pacific Corp., January 2003, @ 60.00	7	(1,355)	(1,460)
United Technologies Corp., January 2003, @ 65.00	14	(1,548)	(1,836)
UTD Healthcare Co., January 2003, @ 85.00	6	(1,327)	(1,962)
US Bancorp, January 2003, @ 22.50	48	(1,137)	(1,744)
Verizon Communications, January 2003, @ 40.00	35	(2,765)	(6,469)
Viacom Inc. Class B, January 2003, @ 45.00	25	(790)	(2,291)
Wachovia Corp., January 2003, @ 37.50	13	(821)	(1,705)
Wal-Mart Stores Inc., January 2003, @ 50.00	22	(5,735)	(5,109)
Washington Mutual Inc., January 2003, @ 37.50	18	(213)	(370)
Wells Fargo Company, January 2003, @ 50.00	28	(774)	(1,237)
Wendy's International Inc., January 2003, @ 30.00	14	(221)	(398)
Worthington Industrials., January 2003, @ 17.50	29	(573)	(183)
Total call options written		<u>(72,075)</u>	<u>(114,197)</u>
Total investments		<u>18,601,681</u>	<u>17,549,369</u>
Liabilities, net of other assets			<u>(391,618)</u>
Net assets			<u>17,157,751</u>

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Notes to Financial Statements

As at December 31, 2002

1 Establishment of Trust

The Connor, Clark & Lunn Tigers Trust (the Trust) is an investment trust established under the laws of the Province of Ontario by a trust agreement dated April 29, 2002. The Manager of the Trust is Connor, Clark & Lunn Capital Markets Inc. and the investment manager is Connor, Clark & Lunn Investment Management Ltd., an affiliated company. The Royal Trust Company is the Trustee and acts as custodian of the Trust. The Trust commenced operations on May 24, 2002 and will terminate on or about December 15, 2009 (the termination date) when the net assets will be distributed to the unitholders unless the unitholders determine to continue the Trust by majority vote at a meeting called for such purpose.

2 Investment objectives

The Trust's investment objectives are (i) to provide unitholders with a stable stream of monthly distributions targeted to be \$0.2083 per unit (\$2.50 per annum to yield 10% on the subscription price); and (ii) to preserve and potentially enhance the value of the Trust's portfolio in order to return at least the original issue price of the units to unitholders upon the termination of the Trust on December 15, 2009.

The assets of the Trust are invested primarily in a diversified portfolio of the equity securities of companies selected from the S&P 500 Index (the managed portfolio). In order to generate a 10% annual capital gains distribution from this portfolio, covered call options and cash covered put options may be written with respect to a portion of the securities in the portfolio (or, in the case of cash covered put options, securities eligible to be included in the portfolio).

3 Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies of the Trust.

Valuation of investments

Common shares or other securities are valued at the last board lot sale price on the principal stock exchange on which they are traded or, if no sale price is available, at the average bid and ask price.

Short-term investments are valued at cost, which together with accrued interest approximates market value.

Listed options are valued at market values reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

Investment transactions, income and expenses

Investment transactions are accounted for on the trade date. Realized and unrealized gains and losses on investments are determined using the average cost basis.

Interest income and expenses are recognized on an accrual basis. Dividend income is recorded on the ex-dividend date.

Deferred gains and losses on options are recognized in investments and as a component of net unrealized depreciation of investments in unitholders' equity.

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 exchange contracts

The Trust may enter into foreign exchange 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 investments.

Forward contracts

Forward contracts entered into by the Trust are valued at an amount that is equal to the gain or loss that would be realized if the position were to be closed out, and is equivalent to the present value of the notional amount based on the rate to maturity applicable to that forward contract, less the market value of any assets deliverable under the contract. Any difference resulting from revaluation of a forward contract or the assets deliverable under such a contract is included as an unrealized gain or loss on investments.

Options

Option premiums paid or received by the Trust, as long as the options are outstanding, reflect an asset or liability, respectively in the statement of investment portfolio and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation is treated as an unrealized gain or loss on investments. Gains or losses realized upon exercise or expiration of options are included in net realized gain or loss on investments.

4 Unitholders' equity

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

Units may be surrendered at any time for redemption but will be redeemed only on a monthly basis on the third Friday of a month (the valuation date). Units redeemed on the December valuation date will be redeemed at a price per unit equal to the net asset value on that date. On any other monthly valuation date, units will be redeemed at a redemption price per unit equal to the net asset value less the lesser of: (i) 4% of such net asset value per unit; and (ii) \$1.00.

Connor, Clark & Lunn Tigers Trust

Notes to Financial Statements ...continued

As at December 31, 2002

On May 24, 2002, the Trust issued 940,000 units at \$25.00 per unit for total gross proceeds of \$23,500,000, less agency fees of \$1,233,750 and issue expenses of \$270,000, resulting in net proceeds of \$21,996,250. On

June 18, 2002, the Trust exercised the over-allotment option for 58,218 units at \$25.00 per unit for total gross proceeds of \$1,445,450, less agency fees of \$76,411, resulting in net proceeds of \$1,379,039. These expenses have been charged to unitholders' equity in the accompanying financial statements. On December 23, 2002, 840 units were redeemed at \$17.68 per unit for total proceeds of \$14,852.

Changes in outstanding units are summarized as follows:

	Number of units
Balance - Beginning of period	-
Units sold	998,218
Units redeemed	(840)
	<u>997,378</u>
Balance - End of period	<u>997,378</u>

5 Foreign exchange contracts

The Trust has entered into foreign exchange contracts as a hedge against fluctuations in foreign exchange rates. These contracts are limited to the market value of foreign securities owned by the Trust and quoted in that currency. Contracts do not exceed one year in duration.

As at December 31, 2002, the outstanding contracts to sell and realize the following currencies are with the Royal Bank of Canada, whose credit rating as at December 31, 2002 is AA-.

Settlement date		March 27, 2003
Currency to be delivered		US dollars
Notional amount/Canadian value	\$	16,703,886
Currency to be received		CAN dollars
Canadian value as at December 31, 2002	\$	16,881,667
Unrealized loss on foreign exchange contracts	\$	177,781

6 Management fees and other expenses

The Manager is entitled to a fee payable from the Trust at an annual rate equal to 1.10% of the net asset value of the Trust calculated and payable monthly, plus applicable taxes.

The Manager pays and recovers from the Trust a service fee to dealers equal to 0.40% of the net asset value, calculated and paid at the end of each calendar quarter.

The Trust will pay for all expenses incurred in connection with the operation and administration of the Trust, including but not limited to mailing and printing expenses, transfer agent fees, legal fees, audit fees and regulatory filing and licensing fees.

7 Income taxes

The Trust is a mutual fund trust as defined by the Income Tax Act (Canada). No provisions for income taxes are made in the financial statements as all investment income and net realized capital gains for income tax purposes are distributed to unitholders.

As at December 31, 2002, the Trust has net capital losses of \$2,158,524, which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$309,637, which expire in 2009.

8 Broker commission charges

Total broker commissions paid in 2002 in connection with portfolio transactions were \$50,629.

9 Statement of portfolio transactions

In accordance with regulations under the Securities Act of Ontario, an unaudited statement of portfolio transactions for the period ended December 31, 2002 will be provided without charge upon written request by the unitholders to the Trust at: Connor, Clark & Lunn Capital Markets Inc., 49 Front Street East, 3rd Floor, Toronto, Ontario, M5E 1B3.

Connor, Clark & Lunn Prints Trust

Financial Statements
December 31, 2002 and 2001

February 14, 2003

Auditors' Report

To the Unitholders of Connor, Clark & Lunn Prints Trust

We have audited the statements of investment portfolio of **Connor, Clark & Lunn Prints Trust** as at December 31, 2002, the statement of net assets as at December 31, 2002 and 2001 and the statements of operations, changes in net assets and changes in investments for the year ended December 31, 2002 and the period from December 12, 2001 (inception date) to December 31, 2001. These financial statements are the responsibility of the Trustee and the Manager of the Trust. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust as at December 31, 2002 and 2001 and the results of its operations and the changes in its net assets for the year ended December 31, 2002 and the period from December 12, 2001 (inception date) to December 31, 2001 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Connor, Clark & Lunn Prints Trust

Statements of Net Assets

As at December 31, 2002 and 2001

	2002	2001
Assets		
Cash	\$ 19,699,517	\$ 1,377,862
Investments at market value (average cost - \$47,632,228; 2001 - \$83,860,559)	45,712,078	88,074,068
Dividends receivable	63,372	45,114
	<u>65,474,967</u>	<u>89,497,044</u>
Liabilities		
Accounts payable and accrued liabilities	200,095	805,024
Distributions payable	375,429	-
Unrealized loss on foreign exchange contracts (note 5)	717,786	1,480,278
	<u>1,293,310</u>	<u>2,285,302</u>
Net Assets and Unitholders' Equity	\$ 64,181,657	\$ 87,211,742
Units outstanding (note 4)	<u>3,754,291</u>	<u>3,600,001</u>
Net asset value per unit	<u>\$ 17.10</u>	<u>\$ 24.23</u>

Approved by the Manager

R. T. Kidd

Paul G.

Connor, Clark & Lunn Prints Trust

Statements of Operations

	Year ended December 31, 2002 \$	Period from December 12, 2001 (inception date) to December 31, 2001 \$
Income		
Dividends, net of withholding taxes	1,174,731	45,114
Interest	273,029	26,077
Other	472	-
	<hr/> 1,448,232	<hr/> 71,191
Expenses (note 7)		
Management fees	890,769	53,148
Custodial and other unitholder fees	283,364	29,307
Forward agreement fees	689,787	33,243
Interest	10,688	-
Professional fees	58,220	-
Service fees	254,980	19,326
	<hr/> 2,187,808	<hr/> 135,024
Investment loss for the period	<hr/> (739,576)	<hr/> (63,833)
Realized and unrealized gain (loss) on investments		
Change in unrealized appreciation (depreciation) of investments	(6,133,659)	4,213,509
Change in unrealized loss on foreign exchange contracts	762,492	(1,480,278)
Change in unrealized appreciation on foreign exchange	170,434	-
Net realized loss on investments	(17,721,253)	-
Net realized gain on foreign exchange contracts	1,243,399	-
Realized loss on foreign exchange	(560,329)	(62,681)
	<hr/> (22,238,916)	<hr/> 2,670,550
Net gain (loss) on investments	<hr/> (22,238,916)	<hr/> 2,670,550
Increase (decrease) in net assets from operations	<hr/> (22,978,492)	<hr/> 2,606,717
Investment loss per unit*	<hr/> (0.18)	<hr/> (0.01)
Net gain (loss) on investments per unit*	<hr/> (5.48)	<hr/> 0.74

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

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Tigers Trust

Statements of Changes in Net Assets

	Year ended December 31, 2002 \$	Period from December 12, 2001 (inception date) to December 31, 2001 \$
Increase (decrease) in net assets from operations	(22,978,492)	2,606,717
Distributions to unitholders	(5,938,465)	-
Unitholders' transactions (note 4)		
Proceeds from issue of units	13,290,000	90,000,025
Payments on redemption of units	(6,619,336)	-
Agents' fees and issue expenses	(783,792)	(5,395,000)
	5,886,872	84,605,025
Change in net assets during the period	(23,030,085)	87,211,742
Net assets - Beginning of period	87,211,742	-
Net assets - End of period	64,181,657	87,211,742

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statements of Changes in Investments

	Year ended December 31, 2002 \$	Period from December 12, 2001 (inception date) to December 31, 2001 \$
Investments at average cost - Beginning of period	83,860,559	-
Cost of investments purchased	277,454,881	83,860,559
Cost of investments sold	(313,683,212)	-
Investments at average cost - End of period	47,632,228	83,860,559
Unrealized appreciation (depreciation) of investments	(1,920,150)	4,213,509
Investments at market value	45,712,078	88,074,068
Proceeds from investments sold	291,472,445	-
Cost of investments sold	(313,683,212)	-
Realized loss on investments	(22,210,767)	-
Realized gain on options	4,489,514	-
Net realized loss on investments	(17,721,253)	-

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statement of Investment Portfolio

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Foreign common stocks - USA			
Energy sources			
Exxon Mobil Corp.	30,900	1,744,340	1,705,629
Occidental Petroleum	9,500	438,927	426,981
		<u>2,183,267</u>	<u>2,132,610</u>
Utilities - electrical and gas			
Exelon Corp.	6,700	543,855	558,554
Southern Company	5,900	255,431	264,619
		<u>799,286</u>	<u>823,173</u>
Building materials and components			
Masco Corp.	11,800	393,963	392,407
Chemicals			
PPG Industries Inc.	4,800	368,733	380,290
Metals - steel			
Worthington Industries	14,900	444,228	358,736
Aerospace and military technology			
Boeing Co.	8,600	437,101	448,212
General Dynamics Corp.	3,400	415,612	426,323
Lockheed Martin Co.	4,100	377,832	374,058
Northrop Grumman	3,600	546,631	551,667
		<u>1,777,176</u>	<u>1,800,260</u>
Construction and housing			
Centex Corp.	4,200	302,619	333,086
KB Home	4,900	330,841	331,704
Pulte Homes Inc.	4,400	330,996	332,751
		<u>964,456</u>	<u>997,541</u>
Data processing and reproduction			
Automatic Data Processing Inc.	9,500	654,642	589,069
Cisco Systems Inc.	39,100	844,327	809,191
Computer Science Corp.	4,200	201,422	228,582
Dell Computer Corp.	15,700	683,058	663,230
Hewlett Packard Co.	20,300	425,594	556,735
Honeywell International Inc.	14,900	526,719	564,938
IBM Corp.	8,300	1,162,562	1,016,209
Microsoft Corp.	16,100	1,389,657	1,314,981

Connor, Clark & Lunn Prints Trust

Statements of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Data processing and reproduction			
...continued			
Oracle Corp.	4,700	74,178	80,191
		<u>5,962,159</u>	<u>5,823,126</u>
Electrical and electronics			
General Electric Co.	24,700	1,186,286	950,165
Electrical components and instruments			
Intel Corp.	14,000	535,234	344,366
Industrial components			
Lowe's Companies Inc.	10,100	684,046	598,351
Machinery and engineering			
Cummins Engine Co.	7,500	331,908	333,299
Automobiles			
General Motors Corp.	10,300	727,663	599,785
Harley Davidson Co.	3,600	305,937	262,753
		<u>1,033,600</u>	<u>862,538</u>
Beverages and tobacco			
Coca-Cola Co.	1,900	147,575	131,531
Coca-Cola Enterprises	13,300	482,354	456,367
Coors	4,000	358,918	387,052
Philip Morris Cos. Inc.	14,800	1,051,274	947,636
		<u>2,040,121</u>	<u>1,922,586</u>
Food and household products			
Clorox Co.	6,800	444,677	443,135
Conagra Inc.	2,300	90,747	90,875
McDonald's Corp.	32,100	1,053,258	815,444
Proctor & Gamble	2,500	354,534	339,421
		<u>1,943,216</u>	<u>1,688,875</u>
Health and personal care			
Abbott Labs Inc.	9,600	644,845	606,645
Forest Labs Inc.	3,900	601,608	605,156
Humana Inc.	18,500	375,694	292,264
Johnson & Johnson	16,500	1,502,349	1,400,046
Merck & Co., Inc.	13,700	1,151,974	1,225,228
Pfizer Inc.	15,900	805,948	767,884

Connor, Clark & Lunn Prints Trust

Statements of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Health and personal care ...continued			
UTD Healthcare Co.	3,100	455,855	408,932
		<u>5,538,273</u>	<u>5,306,155</u>
Recreation and other consumer goods			
Eastman Kodak Co.	2,000	112,867	110,713
Electronic Arts	2,900	278,235	228,018
		<u>391,102</u>	<u>338,731</u>
Textiles and apparel			
VF Corp.	300	16,572	17,086
Broadcasting and publishing			
Gannett Co. Inc.	3,600	422,869	408,348
Viacom Inc.	12,200	870,182	785,592
		<u>1,293,051</u>	<u>1,193,940</u>
Business and public services			
H&R Block Inc.	4,900	306,121	311,190
Cendant Corp.	22,800	547,380	377,485
Compuware Corp.	29,300	202,296	222,184
Deluxe Corp.	5,200	344,111	345,851
Wellpoint Health Network Inc.	3,100	349,653	348,498
		<u>1,749,561</u>	<u>1,605,208</u>
Leisure and tourism			
Harrah's Entertainment	2,000	124,547	125,120
Wendy's International Inc.	3,600	157,799	153,955
		<u>282,346</u>	<u>279,075</u>
Merchandising			
Dillard Department Stores	10,900	286,767	273,107
Home Depot Inc.	900	41,214	34,067
JC Penny Co. Inc.	8,100	291,930	294,445
Limited Brands	14,000	300,152	308,093
Sherwin Williams	6,600	250,212	294,554
Staples Inc.	10,800	309,006	312,232
Target Corporation	12,600	557,450	597,166
Wal-Mart Stores Inc.	10,200	885,768	813,918
		<u>2,922,499</u>	<u>2,927,582</u>

Connor, Clark & Lunn Prints Trust

Statements of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Telecommunications			
Motorola Inc.	23,900	356,156	326,601
SBC Communications Inc.	16,900	702,345	723,801
Sprint Corp.	14,800	285,980	338,558
		<u>1,344,481</u>	<u>1,388,960</u>
Transportation - road and rail			
Burlington North	10,600	426,433	435,561
Ryder Systems Inc.	1,400	51,612	49,631
Union Pacific Corp.	4,900	452,936	463,456
		<u>930,981</u>	<u>948,648</u>
Transportation - shipping			
FedEx Corporation	5,500	459,047	471,113
Banking			
Bank of America Corp.	10,300	1,085,104	1,132,042
Financial services			
AMBAC Inc.	4,300	380,415	382,047
Bear Stearns Cos.	3,100	295,670	290,905
Capital One Financial	8,000	378,307	375,614
Citigroup Inc.	17,500	1,041,766	972,883
Countrywide Financial Corp.	4,800	336,738	391,665
Equity Office Properties Trust	3,900	167,649	153,909
Fannie Mae	7,400	831,893	752,053
Freddie Mac	6,800	615,797	634,354
MBNA Corp.	17,500	541,428	525,838
US Bancorp	22,500	740,237	754,277
Wachovia Corp.	5,500	302,616	316,625
Washington Mutual Inc.	13,100	697,282	714,613
Wells Fargo Company	13,300	1,061,520	984,804
		<u>7,391,318</u>	<u>7,249,587</u>
Insurance			
Allstate Corp.	12,800	772,865	747,993
American International Group Inc.	2,600	280,656	237,618
Metlife Inc.	16,700	715,933	713,389
Progressive Corp.	1,500	126,354	117,608
		<u>1,895,808</u>	<u>1,816,608</u>

Connor, Clark & Lunn Prints Trust

Statements of Investment Portfolio ...continued

As at December 31, 2002

	Number of shares	Average cost \$	Market value \$
Multi-industry			
United Technologies Corp.	6,200	<u>594,587</u>	<u>606,689</u>
Internet software			
Verizon Communications	16,700	<u>1,089,819</u>	<u>1,022,331</u>
Total foreign common stocks - USA		<u>47,632,228</u>	<u>45,712,078</u>
Total investments		<u>47,632,228</u>	<u>45,712,078</u>
Other assets, net of liabilities			<u>18,469,579</u>
Net assets			<u>64,181,657</u>

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements

As at December 31, 2002

1 Establishment of Trust

The Connor, Clark & Lunn Prints Trust (the Trust) is an investment trust established under the laws of the Province of Ontario by a trust agreement dated November 29, 2001. The Manager of the Trust is Connor, Clark & Lunn Capital Markets Inc. and the investment manager is Connor, Clark & Lunn Investment Management Inc., an affiliated company. The Royal Trust Company is the Trustee and acts as custodian of the Trust. The Trust commenced operations on December 12, 2001 and will terminate on or about December 2, 2013 (the termination date) when the net assets will be distributed to unitholders unless unitholders determine to continue the Trust by majority vote at a meeting called for such purpose.

2 Investment objectives

The Trust's investment objectives are to (i) provide unitholders with a stable stream of quarterly distributions; (ii) to return at least the original subscription price paid for units to holders upon termination of the Trust; and (iii) to return to unitholders any value in excess of the original subscription price.

The assets of the Trust are invested primarily in a diversified portfolio of the equity securities of companies selected from the S&P 500 Index (the managed portfolio). In order to generate income in excess of the dividend income earned on this portfolio, covered call options and cash covered put options may be written with respect to a portion of the securities in the portfolio (or, in the case of cash covered put options, securities eligible to be included in the portfolio). There are no options outstanding as at December 31, 2002.

To assist in the objective of returning at least the original subscription price to unitholders, the Trust has entered into a forward purchase and sale agreement with TD Global Finance, a member of the TD Bank Financial Group. The Trust has agreed that it will identify and purchase a portfolio of equity securities (the Capital Portfolio) for sale to TD Global Finance (the counterparty) at the termination of the Trust. Under the forward agreement, on the termination date, the counterparty will agree to pay the gross aggregate subscription price of all the units then outstanding (the original investment amount) to the Trust in exchange for the Capital Portfolio securities owned by the Trust (note 6).

In determining the amount of quarterly unitholder distributions, the Trust will take into consideration the effect of a deterioration in U.S. equity prices, high market volatility and bond prices might have on its ability to continue to defer the forward sale of equities under its forward agreement with the counterparty. While the forward sale is deferred, the Trust's assets are largely available for active management. Implementation of part or all of the forward sale would require the commitment of a substantial proportion of the Trust's assets, reducing the assets available for active management and thus increasing the rate of return the Trust must earn on its actively managed assets in order to achieve distribution targets in the long-term.

3 Summary of significant accounting policies

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Actual results could differ from these estimates. The following is a summary of the significant accounting policies of the Trust.

Valuation of investments

Common shares or other securities are valued at the last board lot sale price on the principal stock exchange on which they are traded or, if no sale price is available, at the average of the bid and the ask price.

Short-term investments are valued at cost, which together with accrued interest approximates market value.

Listed options are valued at market values reported on recognized exchanges. Over the counter options are valued using an appropriate valuation model.

Investment transactions, income and expenses

Investment transactions are accounted for on the trade date. Realized and unrealized gains and losses on investments are determined using the average cost basis.

Interest income and expenses are recognized on an accrual basis. Dividend income is recorded on the ex-dividend date.

Deferred gains and losses on options are recognized in investments and as a component of net unrealized depreciation of investment in unitholders' equity.

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 exchange contracts

The Trust may enter into foreign exchange 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 exchange contracts.

Forward contracts

Forward contracts entered into by the Trust are valued at an amount that is equal to the gain or loss that would be realized if the position were to be closed out, and is equivalent to the present value of the notional amount based on the rate to maturity applicable to that forward contract, less the market value of any assets deliverable under the contract. Any difference resulting from revaluation of a forward contract or the assets deliverable under such a contract is included as an unrealized gain or loss in the value of the investments.

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements ...continued

As at December 31, 2002

Options

Option premiums paid or received by the Trust, as long as the options are outstanding, reflect an asset or liability, respectively in the statement of investment portfolio and are valued at an amount equal to the current market value of an option that would have the effect of closing the position. Any difference resulting from revaluation is treated as an unrealized gain or loss on investments. Gains or losses realized upon exercise or expiration of options are included in net realized gain or loss on investments.

4 Unitholders' equity

The Trust is authorized to issue an unlimited number of transferable, redeemable trust units of one class, each of which represents an equal, undivided interest in the net assets of the Trust.

Units may be surrendered at any time for redemption but will be redeemed only on a monthly basis on the third Friday of a month (the valuation date). Units redeemed on the December valuation date will be redeemed at a price per unit equal to the net asset value on that date. On any other monthly valuation date, units will be redeemed at a redemption price per unit equal to the net asset value less the lesser of: (i) 4% of such net asset value per unit, and (ii) \$1.00.

During 2002, the Trust issued 531,600 units at \$25.00 per unit for total gross proceeds of \$13,290,000 (2001 - 3,600,001 units at \$25.00 per unit for gross proceeds of \$90,000,025) and redeemed 19,500 units at \$20.55 per unit, 9,900 units at \$16.96 per unit, 12,120 units at \$16.93 per unit, and 335,790 units at \$17.41 per unit, for total payments of \$6.6 million (2001 - \$nil). Total costs of \$783,792 (2001 - \$5,395,000) were incurred in connection with the issuance of units and establishment of the Trust. These expenses have been charged to unitholders' equity in the accompanying financial statements.

Changes in outstanding units are summarized as follows:

	Year ended December 31, 2002	Number of units Period from December 12, 2001 (inception date) to December 31, 2001
Balance - Beginning of period	3,600,001	-
Units sold	531,600	3,600,001
Units redeemed	(377,310)	-
	154,290	3,600,001
Balance - End of period	3,754,291	3,600,001

5 Foreign exchange contracts

The Trust has entered into foreign exchange contracts as a hedge against fluctuations in foreign exchange rates. These contracts are limited to the market value of foreign securities owned by the Trust and quoted in that currency. Contracts do not exceed one year in duration.

As at December 31, 2002, the outstanding contracts to sell and realize the following currencies are with the Royal Bank of Canada, whose credit rating as at December 31, 2002 is AA-

Settlement date	March 27, 2003
Currency to be delivered	US dollars
Notional amount/Canadian value	\$ 67,213,760
Currency to be received	CAN dollars
Canadian value as at December 31, 2002	\$ 67,931,546
Unrealized loss on foreign exchange contracts	\$ 717,786

6 Forward contracts and Capital Portfolio

To provide the Trust with the means to meet its objective to return the original issue price, the Trust has entered into a forward agreement with the counterparty, a member of the TD Bank Financial Group, in connection with which the Trust has agreed to identify and purchase the Capital Portfolio for sale to the counterparty on or about December 2, 2013 (the Termination Date). The Capital Portfolio is to be acquired on the earlier of (i) December 13, 2004 (or such later date as may be agreed upon by the Trust and the counterparty), and (ii) the occurrence of certain specified events (the Determination Date), as disclosed in the prospectus dated November 29, 2001. The Capital Portfolio securities will be acquired by the Trust out of its existing assets, primarily from the proceeds of the sale of managed portfolio securities.

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements ...continued

As at December 31, 2002

Under the forward contract agreement, the counterparty will be required to pay the original investment amount to the Trust on the termination date in exchange for the Capital Portfolio securities even if, on the Determination Date, the net asset value of the Trust is insufficient to enable the Trust to acquire Capital Portfolio securities with a value at least equal to the forward value. The obligations of the counterparty pursuant to the forward agreement are guaranteed by The Toronto-Dominion Bank, whose credit rating is AA- as at December 31, 2002. There is no forward contract as at December 31, 2002.

Until the determination date, the Trust will pledge to the counterparty a portion of the managed portfolio securities (the Initial Securities) having an aggregate value which will vary and will be equal to the sum of

(i) an amount determined by the counterparty which will be sufficient to provide for payment by the counterparty of the original investment amount on the termination date if the determination date occurred on that day, and (ii) an additional amount based on the volatility of the Initial Securities representing overcollateralization required under the forward agreement. The Trust is permitted to actively manage the Initial Securities in the same manner as the other managed portfolio securities, provided, however, that (i) the value of the Initial Securities shall be not less than the amount that would be required to purchase the Capital Portfolio, (ii) the composition of the Initial Securities shall be as set forth in the forward agreement, (iii) no options may be written by the Trust in respect of the Initial Securities, and (iv) the Initial Securities will be segregated from the remainder of the managed portfolio.

During 2002, the value of equity securities held by the Trust decreased and the volatility of those securities increased. At the same time, falling interest rates caused the amount required to provide for payment by the counterparty of the original investment amount on the termination date to increase. In order to maintain the overcollateralization required under the forward contract agreement, and thus postpone the need to acquire the Capital Portfolio, it was necessary for the Trust to decrease the overall volatility of its assets. A reduction in volatility was achieved by increasing the proportion of cash in the portfolio. Cash made up 1.6% of the Trust's net assets on December 31, 2001 and 30.7% on December 31, 2002. As at December 31, 2002, the Trust's assets were predominantly pledged to the counterparty and were being managed according to the restrictions that apply to the Initial Securities.

7 Management fees and other expenses

The Manager is entitled to a fee payable from the Trust at an annual rate equal to 1.10% of the net asset value of the Trust calculated and payable monthly, plus applicable taxes.

In the event that the Trust does not distribute at least \$0.50 per unit in respect of any quarter, the fee payable to the Manager in respect of each month in the subsequent quarter is reduced pro rata based on the amount by which the distribution in respect of the previous quarter is less than \$0.50 per unit, subject to a minimum monthly fee of 1/12 of 0.50% of the net asset value. The fee was reduced to 1/12 of 0.55% of net asset value commencing in October 2002.

Under the forward agreement, the Trust will pay to the counterparty an annual fee of 0.70% of the gross proceeds of the offering until the determination date and 0.45% of the gross proceeds of the offering after such date, payable quarterly.

The Manager pays and recovers from the Trust a service fee to dealers equal to 0.40% of the net asset value, calculated and paid at the end of each calendar quarter.

The Trust will pay for all expenses incurred in connection with the operation and administration of the Trust, including but not limited to mailing and printing expenses, transfer agent fees, legal fees, audit fees and regulatory filing and licensing fees.

8 Income taxes

The Trust is a mutual Fund trust as defined by the Income Tax Act (Canada). No provisions for income taxes are made in the financial statements as all investment income and net realized capital gains for income tax purposes are distributed to unitholders.

As at December 31, 2002, the Trust has net capital losses of \$10,816,085 (2001 - \$72,606), which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$2,349,679 (2001 - \$165,115), which expire within the next seven years.

9 Broker commission charges

Total broker commissions paid in 2002 in connection with portfolio transactions were \$146,340 (2001 - \$51,735).

10 Statement of portfolio transactions

In accordance with Regulations under the Securities Act of Ontario, an unaudited statement of portfolio transactions for the year ended December 31, 2002 will be provided without charge upon written request by the unitholders to the Trust at: Connor, Clark & Lunn Capital Markets Inc., 49 Front Street East, 3 Floor, Toronto, Ontario, M5E 1B3.

11 Distributions

Distributions were reduced from the targeted distribution of \$0.50 per unit to \$0.25 and \$0.10, respectively for the third and fourth quarters of 2002.

12 Issuer bid

The Trust currently has an issuer bid expiring June 2, 2003 under which the Trust may purchase up to 412,960 units on the Toronto Stock Exchange. The price which the Trust will pay will be the market price at the time of acquisition.

13 Subsequent event

The management fees paid by the Trust were reduced to 1/12 of 0.50% of net asset value per month commencing in January 2003. The level of the management fees charged in any month is determined as described in note 7.

