

Connor, Clark & Lunn

CAPITAL MARKETS INC.

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Connor, Clark & Lunn PRINTS Trust

Semi-Annual Report

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Connor, Clark & Lunn PRINTS Trust Message to Shareholders

August 18th, 2003

Dear Investor,

The first half of 2003 staged continued difficulties for the Prints Trust. The Trust was originally structured as an all-equity vehicle, with equity option writing employed to generate distributions and reduce the volatility of the portfolio. Principal protection was achieved through a deferred equity forward sale, which allowed the Trust to offer protection while remaining entirely in equities. This mechanism kept the return the portfolio had to generate in order to pay distributions at a reasonable level relative to long-term expectations for the return on US equities. The principal risk to the fulfillment of Prints' investment objectives, as was stressed in marketing the Trust, would come from a sharp drop in equity prices or a sharp rise in bond prices, with the risk being greatest if such events occurred in the first two years of the Trust's life.

The fall of 2002 marked one of the most volatile periods in history for equities as the deepest and most prolonged bear market in decades ran its course. The opening months of 2003 saw no relent in the whipsaw of equity prices as the S&P 500 index rose 2.4% to the middle of January, then dropped 14% to mid-March, just a few points off its bear market low, and embarked from there a steady upward path to end June 8.4% up on the year. By June, however, prices appeared to have stabilized and equity volatility quickly dropped to long-term normal levels.

While March and April, which pitted indifferent economic news against the conclusion of major hostilities in Iraq, delivered an important turning point for equities, the bond market's spring run-up progressed with extraordinary conviction. The 10-year Government of Canada benchmark (5.25% coupon with a duration of about 7 years) staged a dramatic rally over 9% from the beginning of April to mid-June. Most of those gains had evaporated by mid-July. Nevertheless, bond yields had been pushed to their lowest level since the 1950s.

The interplay of equity prices hovering near their six-year lows and the dramatic extension of the bond rally pushed the Prints trust to the point that there was no choice but to execute the forward sale of equities. The S&P 500 index had fallen 26% (in Canadian dollar terms) from the Trust's inception to the end of May and the cost of executing the forward, which is linked to the price of a zero-coupon bond maturing at termination, had increased by over 25%. The cushion between the cost of executing the forward and the net assets of the Trust had shrunk to an unacceptable level. The forward sale was executed in support of the commitment to return to Unitholders their original subscription price of \$25.00 on December 2, 2013.

On June 4th 2003, Prints acquired a portfolio of Canadian equity securities and agreed to sell these to TD Global Finance, a guaranteed subsidiary of the TD Bank, in December, 2013 for the equivalent of \$25 per unit. The cost of this portfolio was CAD\$15.35 per unit, or 89% of the Trust's net assets. In association with the forward sale execution, TD Global finance was paid a fee of \$4.1 million, or about \$1.21 per unit. This fee was deducted from the trading net asset value of the Trust Units, reducing the redemption value by almost 7%.

Although the forward fee paid to TD Global Finance is an extrapolation of an amount that would usually be built into the initial pricing of a forward sale, financial reporting precedent in Canada dictates that the fee could not be expensed in the statement of operations except as an accrual. Prints has thus had to assume the antithetical stance of carrying two net assets values, one reflecting the real redemption value of the Units and the other derived from a balance sheet that values the fee as an asset although it has no realisable value and makes no ongoing contribution to the returns earned by Unit Holders. The net asset value for financial reporting purposes carries the fee as an asset at face value and amortises it over the life of the Trust. The net asset value calculated by the Trustee, and used for redemption purposes, ascribes no value to the fee.

The assets of the Trust not invested in equities subject to the forward sale agreement are sufficient to pay foreseeable ongoing expenses but not to fund regular distributions to Unitholders. The Trust does not, therefore, expect to pay distributions going forward.

The Prints trust should be evaluated as a tax-efficient zero-coupon bond maturing in December, 2013. The following formula can be used to estimate the expected annual rate of return to termination on a unit:

$$\left(\frac{\text{market price per unit}}{\$25} \right)^{-1/\text{years to maturity}} - 1.$$

For instance, today's closing price was \$14.58 and there are 10.29 years to maturity. The yield calculation gives:

$$\left(\frac{14.58}{25} \right)^{-1/10.29} - 1 = 5.38\%$$

We are extremely disappointed with the results of the Prints Trust but in the final analysis, the structure worked exactly as it was designed to work. To earn an 8% coupon from an equity portfolio, 100% exposure to equities was the only reasonable solution. To do that and provide principal protection engendered a structure that would react to steep, early market declines by diverting assets to assure the return of principal. The Trust's management fee, at 20 basis points, has been reduced to far below the minimum level set out in the prospectus and other expenses are being contained to ensure that the greatest amount possible is preserved for distribution to Unitholders in 2013.

Yours truly,

Robert Kidd
CEO Connor, Clark & Lunn Capital Markets

Connor, Clark & Lunn Prints Trust

Financial Statements
(Unaudited)
June 30, 2003

PricewaterhouseCoopers LLP
Chartered Accountants
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July 25, 2003

Review Engagement Report

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

We have reviewed the statements of net assets and investment portfolio of **Connor, Clark & Lunn Prints Trust** as at June 30, 2003 and the statements of operations, changes in net assets and changes in investments for the six-month period then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by the manager.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Connor, Clark & Lunn Prints Trust

Statement of Net Assets

(Unaudited)

	June 30, 2003	December 31, 2002
Assets		
Cash	\$ 14,499	\$ 19,699,517
Short-term investments	2,941,915	-
Investments at market value (average cost - \$49,638,085; 2002 - \$47,632,228)	49,936,596	45,712,078
Dividends receivable	8,578	63,372
Prepaid forward agreement fees (note 6)	4,067,460	-
	<u>56,969,048</u>	<u>65,474,967</u>
Liabilities		
Accounts payable and accrued liabilities	70,172	200,095
Due to investment dealer	1,179,628	-
Distribution payable	-	375,429
Unrealized loss on foreign exchange contracts	-	717,786
	<u>1,249,800</u>	<u>1,293,310</u>
Net Assets and Unitholders' Equity	<u>\$ 55,719,248</u>	<u>\$ 64,181,657</u>
Units outstanding (note 4)	<u>3,233,979</u>	<u>3,754,291</u>
Net asset value per unit	<u>\$ 17.23</u>	<u>\$ 17.10</u>

Approved by the Manager

R. T. Kidd

Paul G.

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statement of Operations

(Unaudited)

For the six-month period ended June 30, 2003

	2003	2002
	\$	\$
Income		
Dividends, net of withholding taxes	190,967	636,675
Interest	181,179	4,335
Other	-	473
	<hr/>	<hr/>
	372,146	641,483
	<hr/>	<hr/>
Expenses (note 7)		
Management fees	146,375	548,497
Custodial and other unitholder fees	57,166	115,064
Forward agreement fees	176,572	323,320
Interest	364	10,750
Professional fee	32,573	38,015
Service fees	91,096	173,989
	<hr/>	<hr/>
	504,146	1,209,635
	<hr/>	<hr/>
Investment loss for the period	(132,000)	(568,152)
	<hr/>	<hr/>
Realized and unrealized gain (loss) on investments		
Change in unrealized appreciation (depreciation) of investments	2,218,661	(12,683,022)
Change in unrealized appreciation (depreciation) on foreign exchange contracts	717,786	1,617,465
Change in unrealized appreciation (depreciation) on foreign exchange	(170,494)	(9,368)
Net realized loss on investments	(5,687,073)	(1,141,728)
Net realized gain on foreign exchange contracts	7,549,737	3,073,084
Net realized gain (loss) on foreign exchange	(3,429,925)	5,282
Net realized loss on futures contract	(1,179,628)	-
	<hr/>	<hr/>
Net gain (loss) on investments	19,064	(9,138,287)
	<hr/>	<hr/>
Decrease in net assets from operations	(112,936)	(9,706,439)
	<hr/>	<hr/>
Investment loss per unit*	(0.03)	(0.14)
	<hr/>	<hr/>
Net gain (loss) on investments per unit*	0.01	(2.23)
	<hr/>	<hr/>

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

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statement of Changes in Net Assets

(Unaudited)

For the six-month period ended June 30, 2003

	2003 \$	2002 \$
Decrease in net assets from operations	(112,936)	(9,706,439)
Distributions to unitholders	-	(4,535,011)
Unitholders' transactions (note 4)		
Proceeds from issue of units	-	13,290,000
Payment on redemption of units	(8,349,473)	(400,739)
Agents' fees and issue expenses	-	(783,791)
	(8,349,473)	12,105,470
Change in net assets during the period	(8,462,409)	(2,135,980)
Net assets - Beginning of period	64,181,657	87,211,742
Net assets - End of period	55,719,248	85,075,762

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statement of Changes in Investments

(Unaudited)

For the six-month period ended June 30, 2003

	2003	2002
	\$	\$
Investments at average cost - Beginning of period	47,632,228	83,860,559
Cost of investments purchased	79,450,839	175,267,880
Cost of investments sold	(77,444,982)	(166,727,876)
Investments at average cost - End of period	49,638,085	92,400,563
Unrealized appreciation (depreciation) of investments	298,511	(8,469,513)
Market value of investments	49,936,596	83,931,050
Proceeds from investments sold	71,757,909	161,629,969
Cost of investments sold	(77,444,982)	(166,727,876)
Realized loss on investments	(5,687,073)	(5,097,907)
Realized gain on options	-	3,956,179
Net realized loss on investments	(5,687,073)	(1,141,728)

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Statement of Investment Portfolio

(Unaudited)

As at June 30, 2003

	Maturity date	Number of shares or par value	Average cost \$	Market value \$
Short-term investments				
Bankers' acceptance				
Bank of Nova Scotia	24/07/03	2,350,000	2,343,679	2,343,679
Toronto Dominion Bank	29/07/03	600,000	598,236	598,236
			<hr/>	<hr/>
			2,941,915	2,941,915
			<hr/>	<hr/>
Total short-term investments				
			2,941,915	2,941,915
			<hr/>	<hr/>
Canadian common stocks				
Energy				
Penn West Petroleum Ltd.		98,233	4,332,075	4,273,136
Precision Drilling Corp.		82,218	4,332,066	4,178,319
			<hr/>	<hr/>
			8,664,141	8,451,455
			<hr/>	<hr/>
Materials				
Inco Ltd.		156,562	4,332,071	4,466,714
Kinross Gold Corp.		474,488	4,332,075	4,313,096
			<hr/>	<hr/>
			8,664,146	8,779,810
			<hr/>	<hr/>
Capital goods				
Royal Group Technologies Ltd.		221,819	1,985,280	2,136,115
			<hr/>	<hr/>
Food, beverages and tobacco				
Cott Corp.		151,736	4,332,062	4,228,883
			<hr/>	<hr/>
Pharmaceuticals and biotechnology				
Biovail Corp.		64,803	4,332,081	4,078,701
QLT Inc.		237,374	4,332,076	4,054,348
			<hr/>	<hr/>
			8,664,157	8,133,049
			<hr/>	<hr/>
Information technology software and services				
CGI Group Inc.		543,548	4,332,078	4,348,384
Cognos Inc.		114,002	4,332,076	4,157,653
			<hr/>	<hr/>
			8,664,154	8,506,037
			<hr/>	<hr/>

Connor, Clark & Lunn Prints Trust

Statement of Investment Portfolio ...continued

(Unaudited)

As at June 30, 2003

	Number of shares or par value	Average cost \$	Market value \$
Technology hardware and equipment			
ATI Technologies Inc.	397,438	4,332,074	5,325,669
Celestica Inc.	207,177	4,332,071	4,375,578
		<u>8,664,145</u>	<u>9,701,247</u>
Total Canadian common stocks		49,638,085	49,936,596
Total investments		<u>52,580,000</u>	52,878,511
Other assets, net of liabilities			<u>2,840,737</u>
Net assets			<u>55,719,248</u>

(See accompanying notes to the financial statements.)

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements

(Unaudited)

June 30, 2003

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 Ltd., 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 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 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 were initially 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 were 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). Between July 2002 and June 2003, as equity markets declined and in support of the Trust's objective to return the original subscription price to unitholders, the Trust ceased writing options and gradually liquidated its U.S. equity portfolio. There are no options outstanding and no U.S. equities held as at June 30, 2003.

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).

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 in the value 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 date.

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.

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements

(Unaudited)

June 30, 2003

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 unrealized gain (loss) in value of the 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 (loss) in value of investments. Gains or losses realized upon exercise or expiration of options are included in net realized gain (loss) on investments.

Prepaid forward agreement fees

Forward agreement fees prepaid by the Trust are deferred and amortized over the life of the forward contract to which they relate (note 6).

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 2003, the Trust redeemed 67,220 units at \$16.61 per unit, 26,700 units at \$16.02 per unit, 63,600 units at \$16.16 per unit, 118,700 units at \$16.14 per unit, 91,192 units at \$16.42 per unit and 152,900 units at \$15.46 per unit, for total payments of \$8,349,474.

Changes in outstanding units are summarized as follows:

	Number of units	
	June 30, 2003	December 31, 2002
Balance - Beginning of period	3,754,291	3,600,001
Units sold	-	531,600
Units redeemed	(520,312)	(377,310)
	(520,312)	154,290
Balance - End of period	3,233,979	3,754,291

5 Foreign exchange contracts

The Trust may enter 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 those currencies. Contracts do not exceed one year in duration. There are no outstanding foreign exchange contracts as at June 30, 2003.

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 TD Global Finance (the counterparty), a member of the TD Bank Financial Group, in connection with which the Trust has agreed to identify and purchase a portfolio of equity securities (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

Connor, Clark & Lunn Prints Trust

Notes to Financial Statements

(Unaudited)

June 30, 2003

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.

Under the forward 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 June 30, 2003.

On June 4, 2003, the Trust purchased and then sold forward a portfolio of Canadian equity securities in accordance with the forward sale agreement with TD Global Finance. The execution of the forward sale supports the commitment of the Trust to return to unitholders their original subscription price of \$25.00 on the termination date. On the termination date, unitholders are also entitled to any residual value of the Trust. Approximately 89% of the Trust's net assets were used to purchase the portfolio of equities subject to the forward sale.

In connection with the execution of the forward sale agreement, the Trust has delivered the present value of the fixed price forward fee that is payable to TD Global Finance over the term of the agreement. This provides unitholders with greater assurance of recovery of the original subscription amount of \$25.00 on the termination date. The full amount of the present value of the prepaid forward agreement fee was \$4,119,089, or 6.9% of the Trust's net assets at the time of purchase.

For the purposes of establishing the financial reporting net asset value of the Trust, this amount has been deferred and will be amortized over the life of the contract. For the purposes of establishing the trading net asset value of the Trust, this amount has been expensed in the current period. As at June 30, 2003, the trading net asset value of the Trust is \$51,651,788 and the trading net asset value per unit is \$15.97.

7 Management fees and other expenses

Effective June 4, 2003, the manager reduced its fee payable from the Trust from an annual rate of 1.10% to an annual rate equal to 0.20% of the net asset value of the Trust calculated and payable monthly, plus applicable taxes.

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 had net capital losses of \$72,606, which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$nil, which expire within the next seven years.

9 Broker commission charges

Total broker commissions paid in the first six months of 2003 in connection with portfolio transactions were \$19,974 (2002 - \$128,909).

10 Statement of portfolio transactions

In accordance with Regulations under the Securities Act of Ontario, a statement of portfolio transactions for the period ended June 30, 2002 will be provided without charge upon written request by any unitholder to the Trust at: Connor, Clark & Lunn Capital Markets Inc., 49 Front Street East, 3rd Floor, Toronto, Ontario, M5E 1B3.

