



CONNOR, CLARK & LUNN

CAPITAL MARKETS

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**Connor, Clark & Lunn
Prints Trust**

Semi-Annual Report

June 30, 2008

Connor, Clark & Lunn PRINTS Trust Message to Unitholders

August 29, 2008

Dear Investor,

The following report presents the financial results of Connor, Clark & Lunn Prints Trust for the six month period ended June 30, 2008. As a reminder, Prints Trust is effectively a tax efficient zero-coupon bond maturing on December 2, 2013. The transactional net asset value started the period at \$19.51 and stood at \$21.01 on June 30, 2008.

This increase was driven by passage of time as interest rates used to value Forward agreement held fairly constant. The swap rate used by the Toronto-Dominion Global Finance (TDGF) in valuing the forward agreement rose from 4.30% at the end of 2007 to 4.44% on June 30th 2008.

Of the 4,131,600 units of the Trust originally issued, 3,575,912, or 86.6%, have been retracted to date. As units are retracted, the fixed components of the Trust's operating expenses must be borne by an ever-smaller pool of investments. While we have worked hard at reducing the Trust's management expense ratio ("MER"), including by deferring any fee due to the manager on currently outstanding units until after the original investment amount \$25.00 per unit has been paid in full on termination, it is inevitable that MER will rise as total assets shrink. The annualized MER for the six months period ended June 30, 2008 was 1.44%.

Also as a result of retractions, the Trust's tax loss carry forwards available per unit have increased substantially. As at December 31, 2007, the Trust had net capital losses of \$18,939,735, which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$16,767,558, which expire within the next twenty years.

On December 5, 2007 we announced that, as a result of its ongoing review of the Trust's financial position and operations it intends to ask unitholders for approval to change the investment objectives and strategy of the Trust. This initiative is intended to reposition the Trust and enable it to continue on a sustainable basis as well as to provide the Trust with the ability to increase in value and utilize its significant accumulated capital and non-capital losses. During the first six months of 2008 equity markets were challenging and, in our view, not very receptive to new issues. We expect to deliver an information circular to unitholders in the coming month.

This initiative should be attractive to the Trust's unitholders as it will amortize the cost of running the Trust over a larger asset base and enhance the Trust's opportunity to take advantage of the unrecognized and unrealizable tax losses in the Trust. The Trust believes that this initiative provides a reasonable alternative to a possible wind-up of the Trust. Because the Trust's management expense ratio (MER) largely consists of fixed costs of operation, the MER increases quickly as retractions cause the Trust's total assets to decrease. Unless the Trust is able to raise new capital as described above, management will undertake to wind up the Trust if retractions reduce total net assets such that high fixed costs of operation per unit make the return of \$25 per unit at maturity impossible.

We would like to thank you for your continued support.

Yours truly,



W. Neil Murdoch
Chief Executive Officer
Connor, Clark & Lunn Capital Markets

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. You can get a copy of the semi-annual financial statements at your request, and at no cost, by calling 416 862-2020, by writing to us at 181 University Avenue, Suite 300, Toronto, ON, M5H 3M7 or by visiting our website at www.cclcapitalmarkets.com or SEDAR at www.sedar.com.

Investment Objectives and Strategy

The Connor, Clark & Lunn PRINTS Trust's (the "Trust") investment objectives as set out in the prospectus dated November 29, 2001 are:

- (i) Distributions: to provide holders of Units ("Holders") with a stable stream of quarterly distributions targeted to be \$0.50 per Unit (\$2.00 per annum to yield 8.0% on the subscription price);
- (ii) Capital Repayment: to pay to Holders on or about December 2, 2013 (the "Termination Date") an amount per Unit equal to the subscription price paid for Units offered hereby (the "Original Investment Amount"); and
- (iii) Capital Appreciation: to pay to Holders, on the Termination Date, in addition to the Original Investment Amount, the value per Unit, if any, in excess of the Original Investment Amount.

On June 4, 2003, the Trust completed the forward sale of a portfolio of Canadian equity securities in accordance with a forward sale agreement with TD Global Finance (TDGF), the counterparty to the forward agreement, the terms of which are described in the Trust's prospectus dated November 29, 2001. The execution of the forward sale, which came about as the result of prolonged deterioration in the US equity market and falling bond yields, was in support of the capital repayment objective of the Trust. The Trust does not expect to pay distributions or to realize significant capital appreciation in excess of the original investment. As a result, the Trust's sole objective is to pay at least \$25.00 per unit to holders on or about December 2, 2013.

Risk

The value of the Trust should behave like the value of a zero coupon bond maturing on December 2, 2013, and will change as the Canadian dollar swap rate to maturity changes. The principal risks to the Trust include:

- a. The risk that if the size of the Trust is further reduced as a result of retractions, the fixed costs of operation will have to be shared among a smaller number of units. Over time, this would impair the Trust's ability to return \$25.00 per unit;
- b. The risk that rising interest rates will depress net asset value and trading price. The level of interest rates will have no impact, however, on the payment by the Trust of \$25.00 per unit at maturity; and
- c. The credit risk of TDGF. TDGF is a guaranteed subsidiary of Toronto-Dominion Bank, whose long-term debt is currently rated A+ by Standard and Poor's and Aa3 by Moody's.

For a full analysis of risks, please see the prospectus dated November 29, 2001 or the Trust's most recent annual information form. Both are available at www.sedar.com or www.cclcapitalmarkets.com.

Unitholder Redemptions

During the six-month period ended June 30, 2008, units redeemed by unitholders were 3,200, representing 0.6% of units outstanding at the beginning of the period. Since inception in December 2001, 86.6% of the 4,131,600 units originally issued have been redeemed.

Recent Developments

During May 2008 and as a result of the Nortel II Securities Litigation, the Trust has been awarded 19,050 Nortel Networks Corp shares and \$211,204 in cash from the Nortel II Securities Litigation Settlement Fund. Nortel shares were sold for proceeds of \$195,988 resulting in a total value of the settlement proceeds of \$407,192.

Results of Operations

Following the execution of the forward sale agreement in June 2003, the Trust should be evaluated as a tax-efficient zero-coupon bond maturing on December 2, 2013. The Trust's principal asset is a portfolio of Canadian equity securities, which it has agreed to sell to TDGF for \$25.00 per unit outstanding at maturity. At any time prior to maturity, the forward can be settled or partially settled in exchange for the discounted value, or present value, of \$25.00 per unit delivered on December 2, 2013. This present value is calculated using the Canadian dollar swap rate to maturity as provided by TDGF. As a result of the forward agreement, the returns earned by the Trust are expected to be taxed as capital gains at maturity or the time of sale, whichever comes first.

The assets of the Trust not invested in equities subject to the forward sale agreement are not sufficient to fund regular distributions to unitholders. The Trust does not, therefore, expect to pay distributions going forward. In order to provide unitholders with greater assurance of recovery of the original subscription amount of \$25.00 on the termination date, the Manager of the Trust has elected to defer payment of all management fees. The Manager accrues the management fee daily at the minimum rate set out in the prospectus (0.50%). The management fee will be payable only after, and to the extent that, the Trust has redeemed all its remaining units at \$25.00 per unit on the termination date. Where units are retracted prior to maturity, the management fee accrued on those units will be paid on or subsequent to their retraction date.

As at June 30, 2008, net asset value per unit was \$21.01. This compares to a net asset value for the purpose of retractions of \$19.51 on December 31, 2007. The increase in net asset value over the period was caused by the passage of time.

The following yield formula can be used to estimate the expected annual rate of return to termination on a unit. The calculation assumes a market price of \$19.92 on June 30, 2008, with 5.43 years remaining to maturity.

$$[19.92 \div 25]^{- (1 \div 5.43)} - 1 = 4.27\%$$

To a unitholder at recent prices the Trust offers a tax advantaged yield to maturity of 4.27%.

Distributions

Targeted quarterly distributions were \$0.50 per unit. The Trust distributed \$1.45 during 2002. In 2003, the Manager announced a reduction in the distribution rate to \$nil. There were no distributions paid in 2004, 2005, 2006, 2007 and 2008.

Recommendations or Reports by the Independent Review Committee

The Independent Review Committee of the Board of Advisors tabled no special reports and made no material recommendations to management of the Trust during the year ended June 30, 2008.

Related Party Transactions

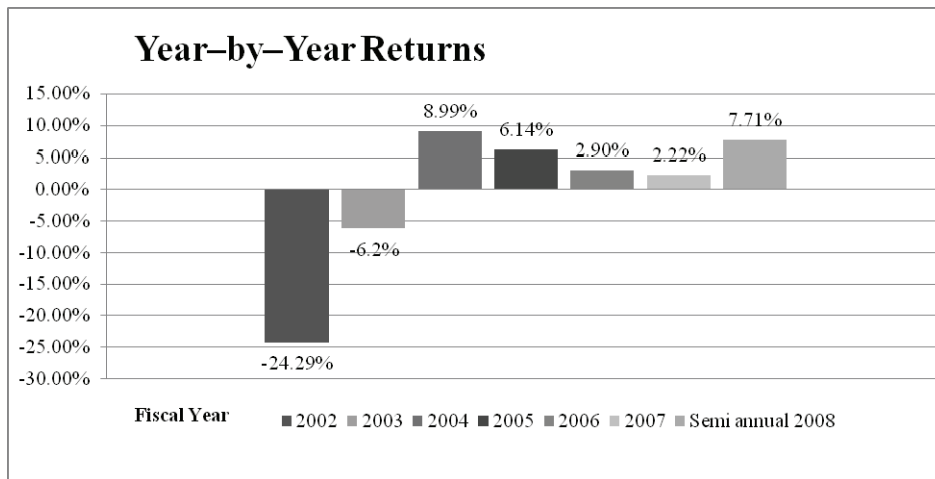
Management Fees

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 and calculated and payable monthly, plus applicable taxes. In the event 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 fee of 0.50% of the net asset value of the Trust, calculated and payable monthly, plus applicable taxes.

Effective January 1, 2004 the Manager has elected that all future management fees payable to it will be deferred and will accrue daily at the minimum level set out in the prospectus (a rate of 0.50% of the net asset value of the Trust). Such fees will be payable only after and to the extent that the Trust has redeemed all remaining units at \$25.00 per unit on the termination date, or on units that have been retracted, prior to the termination date.

Past Performance

The following bar chart shows the Trust's annual performance for the years ended December 31, 2002, 2003, 2004, 2005, 2006 and 2007. It also shows the semi-annual performance for the six-month period ended June 30, 2008 assuming all the distributions made by the Trust during the period shown were reinvested. This bar chart shows, in percentage terms, how much an investment made on the first day of the period would have grown or decreased by the last day of the period. Past performance is not necessarily indicative of future performance.



Financial Highlights

The following tables show selected key financial information about the Trust and are intended to assist in understanding the Trust's financial performance since inception. This information is derived from the Trust's past five year audited annual financial statements:

The Trust's Net Asset Value per unit:	2008 ⁽¹⁾	2007 ⁽²⁾	2006 ⁽²⁾	2005 ⁽²⁾	2004 ⁽²⁾
Net Asset Value, beginning of period⁽⁵⁾	19.51	19.08	21.55	20.22	17.92
Increase (decrease) from operations:					
Total revenues	0.02	0.08	0.04	0.03	0.02
Total expenses	(0.15)	(0.30)	(0.65)	(0.54)	(0.39)
Realized gains (losses) for the period	0.75	0.47	0.93	0.73	0.96
Unrealized gains (losses) for the period	0.88	0.15	(0.26)	0.54	0.53
Total increase (decrease) from operations⁽³⁾	1.50	0.40	0.06	0.76	1.12
Distributions:					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions⁽⁴⁾	—	—	—	—	—
Net Asset Value, end of period⁽⁵⁾	21.01	19.51	22.62	21.55	20.22

(1) Results for the six month period ended June 30, 2008.

(2) Results for the year ended December 31 for the years shown

(3) Net asset value and distributions are based on the actual number of units outstanding at the relevant time. The increase / decrease from operations is based on the weighted average number of units outstanding over the financial period.

(4) Distributions were paid in cash.

(5) This is not a reconciliation between the opening and the closing net asset values per unit.

Ratios and Supplemental Data:	2008 ⁽¹⁾	2007 ⁽²⁾	2006 ⁽²⁾	2005 ⁽²⁾	2004 ⁽²⁾
Net assets (000's)	11,677	10,904	15,383	19,782	22,834
Number of units outstanding	555,688	558,888	679,968	918,183	1,129,263
Base Management expense ratio ⁽³⁾	0.92%	1.04%	3.00%	2.44%	1.99%
Management expense ratio					
including issue expenses and deferred management fees ⁽³⁾⁽⁴⁾	1.44%	1.60%	3.53%	2.96%	2.32%
before waivers or absorptions ⁽³⁾⁽⁴⁾	1.44%	1.60%	3.53%	2.96%	2.32%
Portfolio turnover rate ⁽⁵⁾	35.43%	8.51%	25.05%	73.72%	59.62%
Trading expense ratio ⁽⁶⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Closing market price	19.92	18.75	18.53	17.29	16.61

(1) Results for the six month period ended June 30, 2008.

(2) Results for the year ended December 31 for the years shown

(3) A separate base management expense ratio has been presented to include the normal ongoing operating expenses and excluding the one-time initial share offering issue expenses and the deferred Management fees portion in the years 2004, 2005, 2006, 2007 and 2008.

(4) Management expense ratio is based on the total expenses for the stated period and is expressed as an annualized percentage of daily average net assets during the period. The Management expense ratio is based on all the ongoing expenses, deferred management fees and any initial share offering issue expenses.

(5) The trust's turnover rate indicates how actively the Trust's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Trust's buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between turnover rate and the performance of the Trust.

(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, 2008

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.

	Market Value \$	% of NAV
Portfolio by Category		
Information Technology	7,148,651	61.1%
Industrials	3,016,790	25.9%
Materials	1,379,420	11.9%
Health Care	926,800	7.9%
Consumer Discretionary	923,666	7.9%
Cash & Cash Equivalents	803,758	6.9%
Energy	470,101	4.0%
Unrealized gain (loss) on forward agreement	(2,688,150)	-23.0%
Top 25 Holdings		
Research In Motion Ltd.	5,879,779	50.2%
Bombardier Inc. Class B	2,146,686	18.4%
CGI Group Class A	1,268,872	10.9%
MDS Inc.	926,800	7.9%
Uranium One Inc.	893,860	7.7%
Westjet Airlines Ltd.	870,104	7.5%
Cash & Cash Equivalents	803,758	6.9%
Gildan Activewear Class A	647,250	5.5%
Lundin Mining Corp.	485,560	4.2%
OPTI Canada Inc.	470,101	4.0%
CanWest Global Communications Corp. Sub Voting	276,416	2.4%
Unrealized gain (loss) on forward agreement	(2,688,150)	-23.0%
Net asset value (NAV)	11,676,548	

Connor, Clark & Lunn PRINTS Trust

Financial Statements (Unaudited)

June 30, 2008

Notice to Reader:

These interim financial statements and related notes for the six month period ended June 30, 2008 have been prepared by Management of Connor, Clark & Lunn Capital Markets Inc. The auditors of the Company have not audited or reviewed these interim financial statements.

Connor, Clark & Lunn PRINTS Trust

Statements of Net Assets

As at June 30, 2008 and December 31, 2007

	2008 (Unaudited)	2007 (Audited)
	\$	\$
Assets		
Cash	56,936	56,211
Short-term investments	744,045	2,771,114
Investments at market value (average cost - \$9,610,862; 2007 - \$9,666,204)	13,865,428	14,038,939
Interest receivable	2,777	1,618
	<u>14,669,186</u>	<u>16,867,882</u>
Liabilities		
Accounts payable and accrued liabilities	55,925	80,565
Redemptions payable	-	2,319,392
Deferred management fees payable	248,563	265,364
Unrealized loss on forward agreement	2,688,150	3,299,058
	<u>2,992,638</u>	<u>5,964,379</u>
Net Assets and Unitholders' Equity	<u>11,676,548</u>	<u>10,903,503</u>
Units outstanding (note 4)	<u>555,688</u>	<u>558,888</u>
Net asset value per unit (note 3 and 5)	<u>21.01</u>	<u>19.51</u>
Unitholders' Equity		
Unit Capital	13,892,200	13,972,200
Contributed surplus	28,993,903	28,978,540
Deficit	<u>(31,209,555)</u>	<u>(32,047,237)</u>
Unitholders' Equity	<u>11,676,548</u>	<u>10,903,503</u>

Approved by the Manager
Connor, Clark & Lunn Capital Markets Inc.



Director



Director

Connor, Clark & Lunn PRINTS Trust

Statements of Operations (Unaudited)

For the periods ended June 30, 2008 and 2007

	2008	2007
	\$	\$
Income		
Interest	<u>9,541</u>	<u>13,074</u>
Expenses (note 7)		
Deferred management fees	29,669	34,214
Custodial and other unitholder fees	25,903	35,418
Directors fees	10,534	10,171
Professional fees	8,215	14,528
Administration fees	7,286	9,571
Interest fees	10	-
Amortization of prepaid forward agreement fees	<u>-</u>	<u>172,416</u>
	<u>81,617</u>	<u>276,318</u>
Investment gain (loss) for the period	<u>(72,076)</u>	<u>(263,244)</u>
Realized and unrealized gain (loss) on investments		
Change in unrealized gain (loss) on investments	(145,862)	2,156,975
Change in unrealized gain (loss) on foreign exchange	819	(490)
Change in unrealized gain (loss) on forward agreement	638,602	(2,448,242)
Net realized gain (loss) on investments	<u>416,199</u>	<u>1,569</u>
Net gain (loss) on investments	<u>909,758</u>	<u>(290,188)</u>
Increase (decrease) in net assets from operations	<u>837,682</u>	<u>(553,432)</u>
Increase (decrease) in net assets from operations per unit*	<u>1.50</u>	<u>0.81</u>

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

Connor, Clark & Lunn PRINTS Trust

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

For the periods ended June 30, 2008 and 2007

	2008	2007
	\$	\$
Increase (decrease) in net assets from operations	<u>837,682</u>	<u>(553,432)</u>
Payments on redemption of units (note 4)	<u>(64,637)</u>	<u>(27,229)</u>
Change in net assets during the period	773,045	(580,661)
Net assets - Beginning of period	<u>10,903,503</u>	<u>15,382,570</u>
Net assets - End of period	<u>11,676,548</u>	<u>14,801,909</u>
Deficit, beginning of period	(32,047,237)	(29,914,792)
Increase (decrease) in net assets from operations	<u>837,682</u>	<u>(553,432)</u>
Deficit, end of period	<u>(31,209,555)</u>	<u>(30,468,224)</u>
Contributed surplus, beginning of period	28,978,540	28,298,162
Cost of shares redeemed at less than (in excess of) original issue price	<u>15,363</u>	<u>10,771</u>
Contributed surplus, end of period	<u>28,993,903</u>	<u>28,308,933</u>

Connor, Clark & Lunn PRINTS Trust

Statement of Investment Portfolio (Unaudited)

As at June 30, 2008

	Maturity date	Number of shares or par value	Average cost \$	Market value \$	% of NAV
Short-term investments					
Bearer Deposit Notes					
National Bank of Canada	07/31/08	350,000	347,207	347,207	3.0%
Royal Bank of Canada	08/15/08	200,000	198,454	198,454	1.7%
Royal Bank of Canada	09/25/08	200,000	198,384	198,384	1.7%
			<u>744,045</u>	<u>744,045</u>	<u>6.4%</u>
Canadian common stocks (pledged to the Counterparty under the Forward Agreement)					
Energy					
OPTI Canada Inc.		20,386	<u>352,678</u>	<u>470,101</u>	<u>4.0%</u>
Materials					
Lundin Mining Corp.		78,190	1,077,458	485,560	4.2%
Uranium One Inc.		187,000	<u>918,170</u>	<u>893,860</u>	<u>7.7%</u>
			<u>1,995,628</u>	<u>1,379,420</u>	<u>11.9%</u>
Industrials					
Bombardier Inc. Class B		292,863	978,162	2,146,686	18.4%
Westjet Airlines Ltd.		69,331	<u>1,272,224</u>	<u>870,104</u>	<u>7.5%</u>
			<u>2,250,386</u>	<u>3,016,790</u>	<u>25.9%</u>
Consumer Discretionary					
Gildan Activewear Class A		24,923	912,182	647,250	5.5%
CanWest Global Communications Corp.		100,515	<u>852,367</u>	<u>276,416</u>	<u>2.4%</u>
			<u>1,764,549</u>	<u>923,666</u>	<u>7.9%</u>
Health Care					
MDS Inc.		56,000	<u>922,880</u>	<u>926,800</u>	<u>7.9%</u>
Information Technology					
CGI Group Class A		124,889	1,017,654	1,268,872	10.9%
Research In Motion Ltd.		49,327	<u>1,307,087</u>	<u>5,879,779</u>	<u>50.2%</u>
			<u>2,324,741</u>	<u>7,148,651</u>	<u>61.1%</u>
Total Canadian common stocks			<u>9,610,862</u>	<u>13,865,428</u>	<u>118.7%</u>
Liabilities, net of other assets				<u>(2,932,925)</u>	<u>-25.1%</u>
Net assets				<u>11,676,548</u>	<u>100.0%</u>

(See accompanying notes to financial statements)

Connor, Clark & Lunn PRINTS Trust

Notes to Financial Statements (Unaudited)

June 30, 2008

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. RBC Dexia Investor Services Trust ("RBC Dexia") 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 as set out in the Prospectus dated November 28, 2001 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). During 2002 and 2003, as equity markets declined and bond prices increased, 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, 2008.

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 purchased 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 has agreed 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 5).

3 Summary of significant accounting policies

Basis of presentation

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.

Future accounting changes

As of June 30, 2008 the manager has not developed a changeover plan to IFRS nor has it assessed the impact of IFRS on business arrangements, net asset value per unit and accounting policies. The manager will develop a plan prior to the 2008 year end and will disclose this plan in the 2008 annual financial statements.

Recent accounting pronouncements

On January 1, 2008, the Trust adopted Section 1506 of the CICA Handbook Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This standard did not affect the Trust's financial position or results of operations.

On January 1, 2008, the Trust adopted the new Section 1535, Capital Disclosures, which requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. This standard impacted the Trust's disclosures provided but it did not affect the Trust's results or financial position.

On January 1, 2008, the Trust adopted the new CICA Sections 3862, Financial Instruments – Disclosures ("Section 3862"), and 3863, Financial Instruments – Presentation ("Section 3863"), which replaced Handbook Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. These standards impacted the Fund's disclosures provided but they did not affect the Trust's results or financial position.

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 January 1, 2007, the Trust adopted Section 3855 on a prospective basis for financial reporting purposes ("GAAP NAV"). Section 3855 requires that the fair value of financial instruments which are actively traded be measured based on the bid price for the security. Until September 30, 2006, fair value for GAAP was based on the last traded price for the day, when available. 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. Until September 30, 2006, the Fund's policy has been to add these expenses to the cost of the securities purchased or deduct from the proceeds of sale.

Connor, Clark & Lunn PRINTS Trust

Notes to Financial Statements (Unaudited)

June 30, 2008

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

There were no differences between the Transactional NAV and the GAAP NAV as a result of the adoption of Section 3855.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash on deposit with terms to maturity of less than 90 days at acquisition. Cash and cash equivalents are deemed to be held for trading and therefore are 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. Distributions received from income trusts are recorded as income, capital gains or a return on capital based on the best information available to the trustee. 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.

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, which is equivalent to the difference between the deliverable asset and the value of the asset to be received. Changes in the value of a forward contract or the assets deliverable under such a contract are included as unrealized gains or losses 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.

Changes in outstanding units are summarized as follows:

	<u>Number of units</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>2008</u>	<u>2007</u>
Balance - Beginning of year	558,888	679,968
Units redeemed	<u>(3,200)</u>	<u>(1,520)</u>
Balance - End of year	<u>555,688</u>	<u>678,448</u>

5 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 TD Global Finance (TDGF), a member of the TD Bank Financial Group.

Under the forward agreement, the counterparty will be required to pay the original investment amount per unit then outstanding to the Trust on the termination date in exchange for the Capital Portfolio securities even if, on the termination 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 A+ as at June 30, 2008.

On June 4, 2003, the Trust purchased and then pledged forward a portfolio of Canadian equity securities in accordance with the forward sale agreement with TDGF. 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.

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 TDGF over the term of the agreement. 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 in 2001.

As a result of discussions with TDGF initiated by the Manager, TDGF agreed to reimburse a portion of the forward fee equating to approximately \$0.07 per unit, net of fees payable to TDGF, based on the number of units outstanding on June 4, 2003. The gross value of the reimbursement of approximately \$300,000 reduced the carrying amount of prepaid forward agreement fees. An amount of approximately \$101,000 was distributed by the Trust to those unitholders who had redeemed units between June

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2003 and April 2004, equating to approximately \$0.07 per unit redeemed. The remainder has been added to the property of the Trust for the benefit of those who continue to hold units.

For the purposes of establishing financial reporting of net asset value of the Trust in 2006, the amount of the forward agreement has been deferred and amortized over the life of the contract. As a result of the implementation of section 3855 on January 1, 2007 and following fair value measurement guidance in section 3855, prepaid forward fees have been included as a component of contractual cash flows in the determination of the fair value of the forward agreement based on a discounted cash flow model. Under this basis, it was determined that the value of the forward agreement as at January 1, 2007 was \$1,289,144. As such, the entire balance of unamortized fees of \$2,405,592 was netted against the value of the forward agreement and presented as an opening adjustment under Section 3855 in the Statement of Changes in Net Assets.

6 Distributions

Targeted monthly distributions are \$0.50 per unit. In 2003, the Manager announced a reduction in the distribution rate to \$nil. There were no distributions in 2004, 2005, 2006, 2007 and 2008.

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 and calculated and payable monthly, plus applicable taxes. In the event 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 fee of 0.50% of the net asset value of the Trust, calculated and payable monthly, plus applicable taxes.

Effective January 1, 2004 the Manager has elected that all future management fees payable to it will be deferred and will accrue daily at the minimum level set out in the prospectus (a rate of 0.50% of the net asset value of the Trust). Such fees will be payable only after and to the extent that the Trust has redeemed all remaining units at \$25.00 per unit on the termination date, or on units that have been retracted, prior to the termination date.

8 Income taxes

The Trust is a mutual fund trust as defined by the Income Tax Act (Canada). No provision 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, 2007, the Trust had net capital losses of \$18,939,735 (2006 - \$18,939,735), which may be carried forward indefinitely to reduce future realized capital gains and non-capital losses of \$16,767,558 (2006 -\$16,682,990), which expire within the next twenty years.

9 Broker commission charges and soft dollar services

There were \$nil broker commissions paid during the period ended June 30, 2008 in connection with portfolio transactions (2007 - \$nil). No soft dollar services were included in the broker commission charges.

10 Financial instruments

<u>Assets</u>	\$
Held for trading	14,666,409
Loans and receivables	2,777
Total assets	14,669,186
<u>Liabilities</u>	
Held for trading	2,688,150
Financial liabilities at amortized cost	304,488
Total liabilities	2,992,638

For the purposes of categorization in accordance with section 3862, interest receivable and other assets are deemed to be loans and receivables and recorded at cost or amortized cost. Similarly, accounts payable and accrued liabilities, redemptions payable, deferred management fees payable and other liabilities are deemed to be financial liabilities and reported at amortized cost.

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11 Financial instrument risk

The Trust may be exposed to a variety of financial risks. The Investment Manager seeks to minimize potential adverse effects of these risks on the Trust's performance by daily monitoring of the Trust's positions and market events, by diversifying the investment portfolio within the constraints of the investment objective. The investment portfolio is comprised of Canadian equity securities that are pledged under the forward sale agreement.

Interest rate risk

Interest rate risk usually arises on interest-bearing financial instruments held in the investment portfolio. The Trust did not hold any interest-bearing financial instruments as of June 30, 2008 but following the execution of the forward sale agreement in June 2003, the Trust itself is being evaluated as a zero-coupon bond maturing on December 2, 2013. There is a risk that rising interest rates will depress trading price. The level of interest rates will have no impact, however, on the payment by the Trust of \$25.00 per unit at maturity.

As at June 30, 2008, had prevailing interest rates raised or lowered by 1.0%, with all other variables held constant, trading price would have decreased or increased, respectively, by approximately \$1.36. In practise, actual results may differ from this sensitivity analysis and the difference could be material.

Concentration Risk

If TDGF, as the counterparty of the forward agreement, were to default on its senior debt (refer to note 5), the Trust would have, assuming no recovery, little or no assets to meet its obligations to the unitholders.

TDGF is a guaranteed subsidiary of Toronto-Dominion Bank, whose long-term debt is currently rated A+ by Standard and Poor's and Aa3 by Moody's

Liquidity risk

The risk that if the size of the Trust is further reduced as a result of retractions, the fixed costs of operation will have to be shared among a smaller number of units. Over time, this would impair the Trust's ability to return \$25.00 per unit