



CONNOR, CLARK & LUNN

CAPITAL MARKETS

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**Connor, Clark & Lunn
Prints Trust**

Annual Report

December 31, 2007

Connor, Clark & Lunn PRINTS Trust Message to Unitholders

March 13, 2008

Dear Investor,

The following report presents the financial results of Connor, Clark & Lunn Prints Trust for the year ended December 31, 2007. Prints Trust is effectively a tax efficient zero-coupon bond maturing on December 2, 2013. The transactional net asset value started the period at \$19.08 and stood at \$19.51 on December 31, 2007.

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 2006 to 4.44% by December 31, 2007.

Of the 4,131,600 units of the Trust originally issued, 3,572,712, or 86.5%, have been retracted to date.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 year ended December 31, 2007 was 3.77%.

It is important to note the net asset value as of December 31, 2006 in the financial statements includes a pre-paid forward fee which was being amortized over the life of the Trust in accordance with GAAP. 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 has been 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. This adjustment has resulted in Transaction NAV and GAAP NAV being equal.

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. These equate to \$33.89 and \$30.00 per unit respectively.

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 and to issue new units during the first half of 2008. 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.

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, 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 annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the 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

For the period ended December 31, 2007, 121,080 Units were redeemed by Unitholders, representing 17.8% of Units outstanding at the beginning of the period. Since inception in December 2001, 86.5% of the 4,131,600 units originally issued have been redeemed.

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.

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 has been 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. This adjustment has resulted in Transaction NAV and GAAP NAV being equal.

As at December 31, 2007, net asset value per unit was \$19.51. This compares to a net asset value for the purpose of retractions of \$19.08 on December 31, 2006. The increase in net asset value over the period was caused by the passage of time. The swap rate to maturity applicable to the units, as indicated by TDGF, rose from 4.30% to 4.44% over the period.

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 \$18.75 on December 31, 2007, with 5.93 years remaining to maturity.

$$[18.75 \div 25]^{-(1 \div 5.93)} - 1 = 4.97\%$$

To a unitholder at recent prices the Trust offers a tax advantaged yield to maturity of 4.97%.

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 2003, 2004, 2005, 2006 and 2007.

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 December 31, 2007.

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.

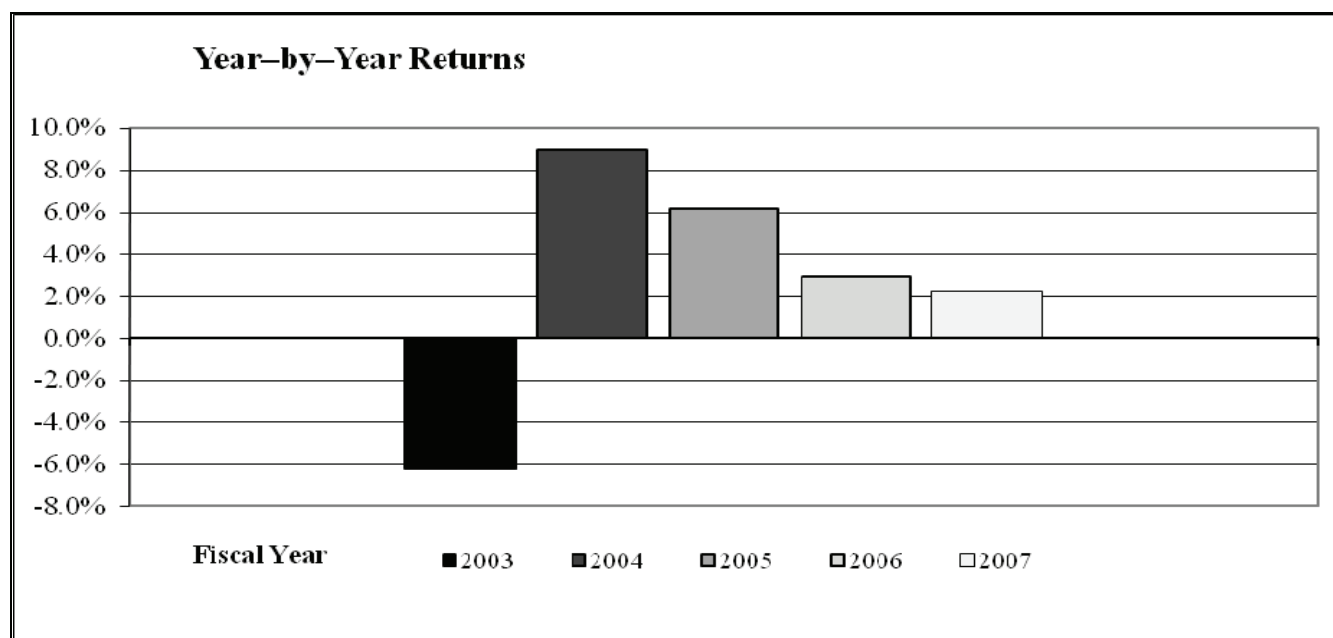
Effective January 1, 2004 the Manager has elected that all future management fees payable to it will be deferred and will accrue daily at the minimum level set out in the prospectus (a rate of 0.50% of the net asset value of the Trust). Such fees will be payable only after and to the extent that the 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 and table indicate the performance of the Units by showing both annual returns by fiscal year and annualized compound returns from inception assuming all the distributions made by the Trust in the periods shown were reinvested. Past performance is not necessarily indicative of future performance.

Year – by –Year Returns

The following bar chart shows the Trust’s annual performance for the past years shown. This bar chart shows, in percentage terms, how much an investment made on the first day of the financial year would have grown or decreased by the last day of the financial year.



Annual Compound Returns

	Past Year	Three Years ⁽¹⁾	Five Years ⁽¹⁾	Since Inception ⁽¹⁾
Based on NAV ⁽²⁾	2.22%	3.74%	2.68%	-1.89%
Bloomberg / EFFAS Government of Canada 5-7 year ⁽³⁾	5.19%	4.44%	5.12%	5.94%

⁽¹⁾ Annualized for the periods January 1, 2005, January 1, 2003 and December 12, 2001 (commencement of operations date) to December 31, 2007 respectively.

⁽²⁾ Calculated from December 31, 2006 transactional net asset value of \$19.08, December 31, 2004 transactional net asset value of \$17.47, December 31, 2002 transactional net asset value of \$17.10 and the initial net asset value of \$23.50, respectively, assuming all distributions reinvested.

⁽³⁾ Index of Canadian Government bonds with 3 to 5 years to maturity. EFFAS: European Federation of Financial Analyst Societies.

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: ⁽¹⁾	2007 ⁽¹⁾	2006 ⁽²⁾	2005 ⁽²⁾	2004 ⁽²⁾	2003 ⁽²⁾
Net Asset Value, beginning of period⁽⁵⁾	19.08	21.55	20.22	17.92	17.10
Increase (decrease) from operations:					
Total revenues	0.08	0.04	0.03	0.02	0.12
Total expenses	(0.30)	(0.65)	(0.54)	(0.39)	(0.28)
Realized gains (losses) for the period	0.47	0.93	0.73	0.96	(0.57)
Unrealized gains (losses) for the period	0.15	(0.26)	0.54	0.53	0.63
Total increase (decrease) from operations ⁽³⁾	0.40	0.06	0.76	1.12	(0.10)
Distributions:					
From income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	—	—	—	—	—
Return of capital	—	—	—	—	—
Total Annual Distributions ⁽⁴⁾	—	—	—	—	—
Net Asset Value, end of period ⁽⁵⁾	19.51	22.62	21.55	20.22	17.92

⁽¹⁾ Results for the year ended December 31 for the years shown.

⁽²⁾ 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.

⁽³⁾ Distributions were paid in cash.

⁽⁴⁾ This is not reconciliation between the opening and the closing net asset values per unit.

⁽⁵⁾ The end of period net asset values include the prepaid forward agreement fees. The adoption of section 3855 as of January 1, 2007 required that any transactional costs, such as forward agreement fees, be charged to net income, therefore, the unamortized portion of the forward fees has been expensed through opening net assets without restatement of prior periods (refer to note 3 to the Financial Statements).

Ratios and Supplemental Data:	2007	2006	2005	2004	2003
Net assets (000's) ⁽¹⁾	10,904	15,383	19,782	22,834	35,856
Number of units outstanding ⁽¹⁾	558,888	679,968	918,183	1,129,263	2,001,207
Base Management expense ratio ⁽²⁾	1.04%	3.00%	2.44%	1.99%	1.73%
Management expense ratio including issue expenses and deferred management fees ⁽³⁾	1.60%	3.53%	2.96%	2.32%	1.73%
Portfolio turnover rate ⁽⁴⁾	1.60%	25.05%	73.72%	59.62%	193.16%
Trading expense ratio ⁽⁵⁾	0.00%	0.00%	0.00%	0.00%	0.01%
Closing market price	18.75	18.53	17.29	16.61	15.39

⁽¹⁾ This information is provided as at December 31 for the years shown.

⁽²⁾ 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 and 2007.

⁽³⁾ 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.

⁽⁴⁾ 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.

⁽⁵⁾ 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 December 31, 2007

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

	Market Value \$	% of NAV
Portfolio by Category		
Information Technology	8,508,045	78.1%
Cash & Cash Equivalents	2,828,943	25.9%
Materials	2,454,375	22.5%
Industrials	1,745,463	16.0%
Consumer Discretionary	821,071	7.5%
Energy	338,408	3.1%
Consumer Staples	171,577	1.6%
Unrealized gain (loss) on forward agreement	(3,299,058)	-30.3%
Top 25 Holdings		
Research In Motion Ltd.	5,552,246	51.0%
Cash & Cash Equivalents	2,828,943	25.9%
Bombardier Inc. Class B	1,745,463	16.0%
Kinross Gold Corp.	1,711,570	15.7%
CGI Group Class A	1,436,224	13.2%
Cognos Inc.	1,209,744	11.1%
CanWest Global Communications Corp. Sub Voting	821,071	7.5%
Lundin Mining Corp.	742,805	6.8%
OPTI Canada Inc.	338,408	3.1%
Celestica Inc.	185,392	1.7%
Cott Corp.	171,577	1.6%
Nortel Networks Corp.	124,439	1.1%
Unrealized gain (loss) on forward agreement	(3,299,058)	-30.3%
Net asset value (NAV)	10,903,503	

Management's Responsibility for Financial Reporting

The accompanying financial statements of Connor, Clark & Lunn PRINTS Trust (the "Trust") and all the information have been prepared by Connor, Clark & Lunn Capital Markets Inc. in its capacity as Manager of the Trust and have been approved by the Board of Directors of the Manager. The Trust's Manager is responsible for all the information and representations contained in these financial statements and other sections of the Annual Report

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. The Manager has determined such amounts on a reasonable basis in order to ensure that the financial statements are presented fairly, in all material respects. Management has ensured that the other financial information presented in this annual report is consistent with the financial statements.

The financial statements have been audited by PricewaterhouseCoopers LLP on behalf of the unitholders. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the unitholders their opinion on the financial statements.



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



Philip Gow
Chief Financial Officer
Connor, Clark & Lunn Capital Markets Inc.

Toronto, Canada
March 13, 2008

March 13, 2008

Auditors' Report

To the Unitholders of Connor, Clark & Lunn PRINTS Trust

We have audited the statement of investment portfolio of **Connor, Clark & Lunn PRINTS Trust** as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006 and the statements of operations and changes in net assets and deficit for the years then ended. 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, 2007 and 2006 and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Connor, Clark & Lunn PRINTS Trust

Statements of Net Assets

As at December 31, 2007 and 2006

	2007	2006
	\$	\$
Assets		
Cash	56,211	27,536
Short-term investments	2,772,732	644,597
Investments at market value (average cost - \$9,666,204; 2006 - \$11,664,583)	14,038,939	13,740,680
Prepaid forward agreement fees (note 5)	<u>-</u>	<u>2,405,592</u>
	<u>16,867,882</u>	<u>16,818,405</u>
Liabilities		
Accounts payable and accrued liabilities	80,565	73,823
Redemptions payable	2,319,392	-
Deferred management fees payable	265,364	245,564
Unrealized loss on forward agreement	<u>3,299,058</u>	<u>1,116,448</u>
	<u>5,964,379</u>	<u>1,435,835</u>
Net Assets and Unitholders' Equity	<u>10,903,503</u>	<u>15,382,570</u>
Units outstanding (note 4)	<u>558,888</u>	<u>679,968</u>
Net asset value per unit (note 3 and 5)	<u>19.51</u>	<u>22.62</u>
Unitholders' Equity		
Unit Capital	13,972,200	16,999,200
Contributed surplus	28,978,540	28,298,162
Deficit	<u>(32,047,237)</u>	<u>(29,914,792)</u>
Unitholders' Equity	<u>10,903,503</u>	<u>15,382,570</u>

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



Director



Director

Connor, Clark & Lunn PRINTS Trust

Statements of Operations

For the periods ended December 31, 2007 and 2006

	2007	2006
	\$	\$
Income		
Interest	26,803	39,353
Other income	25,393	-
	<u>52,196</u>	<u>39,353</u>
Expenses (note 7)		
Amortization of prepaid forward agreement fees	-	347,688
Custodial and other unitholder fees	71,597	79,873
Deferred management fees	68,819	86,603
Professional fees	25,967	30,553
Directors fees	20,416	20,157
Administration fees	19,076	15,606
Forward agreement fees (recovery)	-	(7,854)
	<u>205,875</u>	<u>572,626</u>
Investment gain (loss) for the period	<u>(153,679)</u>	<u>(533,273)</u>
Realized and unrealized gain (loss) on investments		
Change in unrealized gain (loss) on investments	2,296,638	3,741,290
Change in unrealized gain (loss) on foreign exchange	(2,573)	244
Change in unrealized gain (loss) on forward agreement	(2,182,610)	(3,968,462)
Net realized gain (loss) on investments	<u>315,371</u>	<u>816,596</u>
Net gain (loss) on investments	<u>426,826</u>	<u>589,668</u>
Increase (decrease) in net assets from operations	<u>273,147</u>	<u>56,395</u>
Increase (decrease) in net assets from operations per unit*	<u>0.40</u>	<u>0.06</u>

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

Connor, Clark & Lunn PRINTS Trust
Statements of Changes in Net Assets and Deficit
For the periods ended December 31, 2007 and 2006

	2007	2006
	\$	\$
Increase (decrease) in net assets from operations	<u>273,147</u>	<u>56,395</u>
Payments on redemption of units (note 4)	<u>(2,346,622)</u>	<u>(4,456,212)</u>
Change in net assets during the period	(2,073,475)	(4,399,817)
Net assets - Beginning of period (Transactional NAV)	<u>15,382,570</u>	<u>19,782,387</u>
Section 3855 adjustment (note 3)	(2,405,592)	-
Net assets - Beginning of period (GAAP NAV)	<u>12,976,978</u>	<u>19,782,387</u>
Net assets - End of period	<u>10,903,503</u>	<u>15,382,570</u>
Surplus (deficit), beginning of period	(29,914,792)	(29,971,187)
Section 3855 adjustment (note 3)	<u>(2,405,592)</u>	<u>-</u>
Surplus (deficit), beginning of period	(32,320,384)	-
Increase (decrease) in net assets from operations	<u>273,147</u>	<u>56,395</u>
Deficit, end of period	<u>(32,047,237)</u>	<u>(29,914,792)</u>
Contributed surplus, beginning of period	28,298,162	26,798,999
Cost of shares redeemed at less than (in excess of) original issue price	<u>680,378</u>	<u>1,499,163</u>
Contributed surplus, end of period	<u>28,978,540</u>	<u>28,298,162</u>

(See accompanying notes to financial statements)

Connor, Clark & Lunn PRINTS Trust

Statement of Investment Portfolio

As at December 31, 2007

	Maturity date	Number of shares or par value	Average cost \$	Market value \$	% of NAV
Short-term investments					
Bearer Deposit Notes					
Bank of Nova Scotia	03/31/08	250,000	247,140	247,140	2.3%
Canadian Imperial Bank of Commerce	03/10/08	500,000	494,200	494,200	4.5%
First Bank	03/31/08	250,000	247,118	247,118	2.3%
Province of Ontario	03/24/08	1,300,000	1,288,404	1,288,404	11.9%
Royal Bank of Canada	03/31/08	250,000	247,105	247,105	2.3%
Toronto Dominion Bank	03/31/08	250,000	247,148	247,148	2.3%
			<u>2,771,115</u>	<u>2,771,115</u>	<u>25.6%</u>
Canadian common stocks (pledged to the Counterparty under the Forward Agreement)					
Energy					
OPTI Canada Inc.		20,386	<u>352,678</u>	<u>338,408</u>	<u>3.1%</u>
Materials					
Kinross Gold Corp.		93,682	780,601	1,711,570	15.7%
Lundin Mining Corp.		78,190	<u>1,077,458</u>	<u>742,805</u>	<u>6.8%</u>
			<u>1,858,059</u>	<u>2,454,375</u>	<u>22.5%</u>
Industrials					
Bombardier Inc. Class B		292,863	<u>978,162</u>	<u>1,745,463</u>	<u>16.0%</u>
Consumer Discretionary					
CanWest Global Communications Corp. Sub Voting		115,319	<u>977,905</u>	<u>821,071</u>	<u>7.5%</u>
Consumer Staples					
Cott Corp.		26,195	<u>971,080</u>	<u>171,577</u>	<u>1.6%</u>
Information Technology					
CGI Group Class A		124,889	1,017,654	1,436,224	13.2%
Cognos Inc.		21,179	929,943	1,209,744	11.1%
Celestica Inc.		32,242	674,180	185,392	1.7%
Nortel Networks Corp.		8,307	599,456	124,439	1.1%
Research In Motion Ltd.		49,327	<u>1,307,087</u>	<u>5,552,246</u>	<u>51.0%</u>
			<u>4,528,320</u>	<u>8,508,045</u>	<u>78.1%</u>
Total Canadian common stocks			<u>9,666,204</u>	<u>14,038,939</u>	<u>128.8%</u>
Other assets, net of liabilities				<u>(5,906,551)</u>	<u>-54.2%</u>
Net assets				<u>10,903,503</u>	<u>100.2%</u>

(See accompanying notes to financial statements)

Connor, Clark & Lunn PRINTS Trust

Notes to Financial Statements

December 31, 2007

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 December 31, 2007.

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.

Recent accounting pronouncements

On January 1, 2007, the Company 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 Company's financial position or results of operations.

The new Section 1535, Capital Disclosures, 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. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company.

This standard will impact the Company's disclosures provided but will not affect the Company's results or financial position.

The new Sections 3862 and 3863 replace 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. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company.

This standard will impact the Company's disclosures provided but will not affect the Company's results or financial position.

Section 3855

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

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

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

Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new section, these costs have been added to the cost of the securities purchased or deducted from the proceeds of sale.

Connor, Clark & Lunn PRINTS Trust

Notes to Financial Statements

December 31, 2007

3 Summary of significant accounting policies (cont'd)

Section 3855 (cont'd)

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

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

	Transactional NAV	Section 3855 Adjustment	GAAP NAV
Net Asset Value			
Opening NAV – January 1, 2007	15,382,570	(2,405,592)	12,976,978
Closing NAV – December 31, 2007	10,903,503	–	10,903,503
Net Asset Value Per Unit			
Opening NAV – January 1, 2007	22.62	(3.54)	19.08
Closing NAV – December 31, 2007	19.51	–	19.51

Valuation of investments

Common shares or other securities are valued at the bid 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.

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, after deducting transaction costs.

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

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 using market based rates, 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 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 PRINTS Trust

Notes to Financial Statements

December 31, 2007

4 Unitholders' equity (cont'd)

Changes in outstanding units are summarized as follows:

	<u>Number of units</u>	
	<u>December 31,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
Balance - Beginning of year	679,968	918,183
Units redeemed	<u>(121,080)</u>	<u>(238,215)</u>
Balance - End of year	<u>558,888</u>	<u>679,968</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 December 31, 2007.

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 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 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 has been 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 2003, 2004, 2005, 2006 and 2007.

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.

Connor, Clark & Lunn PRINTS Trust

Notes to Financial Statements

December 31, 2007

7 Management fees and other expenses (cont'd)

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. In the event that the Trust does not distribute at least \$0.50 per unit in respect of any quarter, the service fee payable for that calendar quarter shall be reduced pro rata based on the amount by which the distribution in respect of such quarter is less than \$0.50 per unit. Service fees were reduced to nil in 2004, 2005, 2006 and 2007.

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 December 31, 2007 in connection with portfolio transactions (2006 - \$nil). No soft dollar services were included in the broker commission charges.

10 Reclassification

Certain of the 2006 comparative figures have been reclassified from the statements previously presented to conform to the presentation of the 2007 annual financial statements.