



Clarica Bond Index Fund

2002 Annual Report *as at December 31*



CLARICA

distributed by Clarica Financial Services Inc.



managed by CI Mutual Funds Inc.

A Message from the President

Last year afforded an exciting opportunity for CI Funds as we acquired the mutual fund and segregated fund operations of both Clarica and Sun Life Financial, combining them with our own products to create one of the largest and most diverse fund families in Canada.

We believe that with the integration of these operations now complete, in conjunction with your Clarica adviser, we will be able to offer you the greatest choice of investment products, cost-efficient management and unparalleled client service.

At CI Funds, our promise to you is clear: We provide innovative thinking, a broad selection of investments, outstanding service, and access to many of the world's leading fund managers. We firmly believe that now is always the best time to invest wisely, and we intend to provide the most effective tools to help you achieve your financial goals.

- **Investment Experience** – CI has been providing investment products and services since 1965. We manage well over \$30 billion in assets on behalf of more than 1.4 million Canadians. CI offers a wide range of investment solutions that can meet the needs of any investor.

- **Investment Choice** – Whether you're looking for Canadian or global equity funds, fixed-income or balanced funds, they are all available to you through your Clarica adviser. No other company can offer you as many investment product options including mutual funds, segregated funds, tax-advantaged funds, RSP-eligible funds and the CI Portfolio Series – providing asset allocation in a single fund.

- **Investment Expertise** – Our wide range of investment funds and products is combined with world-class money managers like

Gerry Coleman, manager of Harbour Fund, named the Best Canadian Equity Fund at the 2002 Canadian Investment Awards; Eric Bushell, manager of Signature Dividend Fund; the best Dividend Fund, and Bill Miller, named Fund Manager of the Decade for the 1990s by Morningstar in the U.S.

- **Customer Care** – CI's industry-leading Client Services team can be reached toll-free at 1-888-771-2999 or by e-mail at service@cifunds.com. You can also access your account through CI's state-of-the-art website at www.cifunds.com by clicking on My Account. In addition, our site has a great deal of information about our funds and about investing in general.

We look forward to continuing the high level of service and support you've come to expect from Clarica and CI Funds.

Yours truly,



Peter W. Anderson
President,
CI Mutual Funds Inc.

February 1, 2003

A Message from TD Asset Management Inc.

In spite of the ongoing struggle of the U.S. economy to pull itself out of the doldrums, Canada's economy ended 2002 in remarkably good shape. After powering ahead at a screeching 5% annualized pace in the first half of the year, growth still came in at a respectable 3.1% clip in the third quarter. More important still is that growth is well balanced – the recovery in business investment is being supported by growing corporate profits and rising rates of capacity use. As well, growth in consumer spending is underpinned by growth in jobs and incomes, and high levels of confidence. In a nutshell, the expansion on this side of the border is as self-sustaining as they get. Even the export sector has been holding its own, despite weakness in the global environment.

Looking ahead, we expect that the kick from durable goods and housing – both of which have been exceptionally strong – will start to dissipate. Add to that the strains that are likely to emerge on the export front, and the Canadian economy will likely cool off to a 2% to 3% average pace over the next few quarters. This will keep employment growing, albeit more modestly, and reinforce the Bank of Canada's go-slow approach to interest-rate hikes.

As a result, we are expecting Canadian stocks to grow 2.5% to 3% in the first half of 2003, and to post a somewhat better performance in the second half of the year. With the Canadian economy operating close to full capacity, it is poised to slow to a growth rate slightly below its long-term trend of about 3% in the first half of 2003.

In the U.S., the S&P 500 Index rose 13% from the October 9 low for the year, finishing the quarter up 8%. The gains were broad-based, led by information technology and telecom sectors.

The most important roadblock to economic recovery in the U.S., however, is still the business sector. U.S. businesses may be aggressively cutting costs, but profits have not yet turned the corner. Capacity utilization rates are running at low levels, and they have been falling over the past few months. Eventually, cost control will allow corporate profitability to return, and it may be sooner rather than later. Most notably, unit labour costs have declined over the past year owing to ongoing productivity gains. This is good news for corporate profit margins, as companies have been unable to raise prices.

International equity markets, meanwhile, rebounded during the last quarter of 2002, with the MSCI EAFE Index up about 6%. Cyclical stocks and sectors (software, computers and technology) led the global rally, while defensive stocks (electricity, beverages and tobacco) lagged. Late quarterly earnings reports from technology and telecom stocks were stronger than expected, suggesting the worst of the earnings downgrades may have passed. Currency gains by the euro and the yen versus the U.S. dollar resulted in even better returns for foreign markets when stated in Canadian dollar terms.

TD ASSET MANAGEMENT INC.

February 1, 2003

Clarica Bond Index Fund

Fund Objective:

To maximize total return through both interest income and capital appreciation by tracking the performance of the Scotia Capital Universe Bond Index™ or, in the event the Scotia Capital Universe Bond Index™ is modified or discontinued, a replacement for that index or an index that is substantially similar to that index. The fund will invest mainly in bonds, debentures or other debt securities that are included in the index. The securities of the fund will be held in substantially the same proportion to the securities of the index.

Adviser:

TD Asset Management Inc.

Management Style:

Track the performance of the Scotia Capital Universe Bond Index.

Fund Assets: \$14.1 million

NAV per Unit:

Cdn \$10.43

Inception: November 2000

RSP/RIF Eligible: 100%

Distribution: Net income paid monthly; net capital gains paid annually

Management Expense Ratio: 2.08%

Fund Code: CIG

Front End Cdn 9031

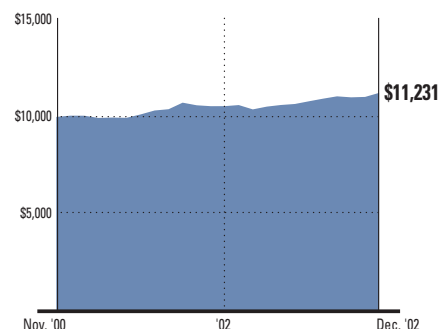
AT A GLANCE

PERFORMANCE

Compound Annual Returns [%]

1 year	6.5
Since Inception	6.0

Current Value of \$10,000 Investment in Front End units



HOLDINGS & ALLOCATION

Top 10 Holdings [%]

Canadian Gov't 6% 06/01/11	[Canada, Government Bonds]	4.5
Canadian Gov't 8% 06/01/23	[Canada, Government Bonds]	3.0
Canadian Gov't 5.75% 06/01/29	[Canada, Government Bonds]	2.7
Canadian Gov't 3.5% 06/01/04	[Canada, Government Bonds]	2.4
Canadian Gov't 7.25% 06/01/07	[Canada, Government Bonds]	2.3
Canadian Gov't 6% 06/01/08	[Canada, Government Bonds]	2.2
Canadian Gov't 5.5% 06/01/09	[Canada, Government Bonds]	2.1
Canadian Gov't 8% 06/01/27	[Canada, Government Bonds]	2.0
Canadian Gov't 5% 09/01/04	[Canada, Government Bonds]	1.9
Province of British Columbia 9.5% 01/09/12	[Canada, Government Bonds]	1.9

Sector Allocation [%]

Canadian Govt. Bonds	43.3
Corporate Bonds	30.9
Provincial Bonds	23.2
Municipal Bonds	0.6
Cash & Equivalents	2.0

Clarica Bond Index Fund

Statements of Financial Highlights (for the years ended December 31)

	2002 \$	2001 \$	2000 \$
Net asset value per unit, beginning of year	10.21	10.06	10.00
Distribution per unit:			
From net income	(0.42)	(0.43)	(0.02)
From net realized gain	(0.01)	(0.02)	-
	(0.43)	(0.45)	(0.02)
Net income (loss) per unit	0.40	0.45	0.04
Net realized and unrealized appreciation (depreciation) of investments per unit	0.25	0.15	0.04
	0.65	0.60	0.08
Surplus (deficiency) of capital transactions over original cost per unit (g)	-	-	-
Net asset value per unit, end of year	10.43	10.21	10.06

Ratios & Supplemental Data

Total return (%) (a)	6.46	6.18	0.80
Average net assets (\$000's) (b)	13,088	11,401	10,043
Management expense information (c)			
<i>Management expense ratio before absorption of operating expenses (%)</i>	2.22	2.28	2.42
<i>Management and operating expenses (%)</i>	1.95	1.71	1.83
<i>Goods and services tax expenses (%)</i>	0.13	0.12	0.13
Total management expense ratio (%)	2.08	1.83	1.96
Portfolio turnover rate (d)	0.45	0.34	-

Units Issued and Outstanding (for the years ended December 31, 2002 and 2001)

Balance beginning of year	1,218,678	1,000,000
Units issued for cash including re-invested distributions	258,241	267,530
Units redeemed	(124,998)	(48,852)
Balance end of year	1,351,921	1,218,678

Additional Fund Notes (in 000's)

Brokerage Commissions	-	-
Net capital loss carried forward	-	-
Non-capital loss carried forward (e)	-	-
Amount of Fund owned by related party (f)	10,430	10,210

- (a) Total return is the historical rate of return of an investment for the year, assuming reinvestment of all distributions at net asset value.
 (b) Average net assets are calculated based on the daily net assets outstanding.
 (c) Management expense information is calculated based on total amount of respective expenses and expressed as an annualized percentage of average net assets during the year.
 (d) Portfolio turnover rate equals the lesser of purchases or sales divided by the average value of the portfolio securities of the fund, excluding short term securities.
 (e) Losses will expire within seven years.
 (f) Sun Life Financial Services of Canada Inc. ("Sun Life") owns a significant interest in CI Mutual Funds Inc. and is therefore considered a related party to the Fund. As such we have shown the amount of the Fund owned by Sun Life as at year end.
 (g) For the years prior to 2002, the amount is included in Net realized and unrealized appreciation (depreciation) of investments per unit.

Inception dates for all classes, please refer to note 1 in the Notes to the Financial Statements.

The accompanying notes are an integral part of these financial statements.

Clarica Bond Index Fund

Investment Portfolio as at December 31, 2002

No. of Shares/ Face Amount		Average Cost (\$)	Market Value (\$)	No. of Shares/ Face Amount		Average Cost (\$)	Market Value (\$)
PROVINCIAL BONDS (cont'd)				CORPORATE BONDS (cont'd)			
31,000	Province of Ontario 6.1% 12/02/11	31,972	33,446	5,000	Clarica Life Insurance Co., 6.65% 10/12/15	5,246	5,452
20,000	Province of Ontario 6.25% 03/08/05	20,849	21,223	20,000	Great-West Lifeco Inc., 6.74% 11/24/31	20,170	20,939
160,000	Province of Ontario 6.5% 03/28/29	169,120	176,325	10,000	Great-West Lifeco Inc., 6.75% 08/10/15	10,396	10,938
110,000	Province of Ontario 7.5% 01/19/06	117,458	122,144	6,000	Household Financial Corp. Ltd., 6% 04/11/05	5,993	6,172
50,000	Province of Quebec 8.5% 04/01/26	61,915	66,399	5,000	Inverstors Group 7.45% 05/09/31	5,202	5,368
10,000	Province of Saskatchewan 5% 9/06/07	9,963	10,361	5,000	Laurentian Bank 6% 10/02/06	5,201	5,220
6,000	Province of Saskatchewan 5.25% 12/03/12	5,983	6,062	35,000	Mutual Life Assurance Co., 6.3% 05/15/28	33,112	34,081
7,000	Province of Saskatchewan 6.15% 9/01/10	7,136	7,574	5,000	National Bank of Canada 6.25% 10/31/02	4,988	5,338
6,000	Province of Saskatchewan 6.4% 9/05/31	6,181	6,510	70,000	National Bank of Canada 7.5% 12/30/03	72,730	72,824
		3,129,537	3,276,032	100,000	Royal Bank of Canada 5.6% 04/22/08	99,750	104,636
CORPORATE BONDS (28.2%)				50,000	RBC Capital Trust Capital Securities 7.288% 12/29/49 Series 2010	51,120	55,599
15,000	Export Development Canada 5.8% 12/03/12	14,974	15,945	50,000	RBC Capital Trust Capital Securities 7.183% Series 2010	54,481	55,240
24,000	Export Development Canada 5.75% 06/01/11	23,632	25,442	110,000	Royal Bank of Canada 5.4% 04/12/09	112,395	112,936
10,000	Export Development Canada 6.2% 06/22/10	10,050	10,924	9,000	Royal Bank of Canada 6.1% 01/22/13	8,971	9,643
5,000	GAZ Metropolitan & Co., 6.95% 11/02/09	5,075	5,504	8,000	Royal Bank of Canada 6.3% 04/12/16	7,989	8,531
10,000	Ontario Hydro Bond 8.9% 8/18/2022 Series Fv6	12,806	13,781	195,000	Royal Bank of Canada 6.4% 08/15/10	197,204	207,932
12,000	Alberta Municipal Finance Corp. 5.85% 06/01/12	12,200	12,733	30,000	Scotiabank Capital Trust 6.626% 12/29/49	30,545	31,714
50,000	Associates First Capital Corp. 3.7% 11/15/04	49,954	50,169	30,000	Sun Life Capital Trust 6.865% 12/31/49	31,077	32,243
20,000	Bank of Nova Scotia 7.4% 02/08/11	21,795	22,014	5,000	Teranet Land Information Services Inc., 6.48% 09/08/09	5,064	5,369
150,000	Bank of Montreal 5.75% 02/04/13	150,870	158,152	6,000	Textron Financial Canada Funding Corp., 5.8% 02/01/05	5,880	6,124
125,000	Bank of Montreal 8.15% 05/09/11	136,250	140,998	50,000	Trillium Credit 5.35% 2/23/04	51,192	51,191
5,000	Bank of Nova Scotia 5.19% 02/19/07	4,996	5,172	10,000	BC Gas Utility Ltd., 11.8% 09/30/15	14,144	14,374
20,000	Bank of Nova Scotia 8.9% 06/20/25	24,300	25,536	45,000	Canadian Utilities Ltd., 11.4% 08/15/10	60,642	62,289
8,000	BMO Capital Trust 6.647% 12/31/49	8,000	8,578	60,000	Consumer Gas Ltd., 7.2% 02/23/04	62,010	62,562
20,000	BMO Capital Trust 6.685% 12/29/49	20,400	21,390	55,000	Enbridge Inc. 5.8% 07/29/08	53,268	57,269
10,000	BNS Capital Trust 7.31% 12/29/49	10,442	11,119	50,000	Enbridge Inc. 7.2% 06/18/32	50,525	51,034
97,000	Canada Housing Trust 5.1% 09/15/07	96,384	101,194	20,000	Enbridge Inc. 7.22% 07/24/30	20,094	20,357
100,000	Canada Housing Trust No 1 4.75% 15/03/07	99,318	103,054	5,000	Enbridge Pipelines Inc., 8.2% 02/15/24	5,700	5,922
73,000	Canada Housing Trust 4.4% 03/15/08	72,842	73,653	5,000	EPCOR Utilities Inc., 6.95% 06/28/10	5,140	5,192
79,000	Canada Housing Trust 5.1% 9/15/07	81,715	82,416	55,000	Hydro One Inc 7.15% 06/03/10	58,839	61,071
58,000	Canada Housing Trust 5.527% 06/15/06	58,000	61,347	20,000	Hydro One Inc., 5.77% 11/15/12	19,861	20,260
14,000	Canada Mortgage & Housing Corp. 6.25% 12/01/05	14,438	15,040	5,000	Hydro One Inc., 6.93% 06/01/32	5,195	5,272
50,000	Canada Mortgage & Housing Corp. 5% 06/01/04	50,704	51,366	12,000	Hydro Quebec 6.5% 02/15/11	12,425	13,214
20,000	Canada Life Assurance/Toronto 5.8% 12/11/13	19,753	20,961	27,000	Hydro Quebec 6.5% 02/15/35	28,593	29,530
20,000	Canada Life Capital Trust 6.679% 06/30/12	19,910	21,203	20,000	Hydro-quebec 11% 08/15/20	28,972	31,535
20,000	Canada Life Capital Trust 7.529% 06/30/32 Ser B Clics	21,202	21,992	4,000	Newfoundland & Labrador Hydro 6.65% 08/27/31	4,269	4,393
7,000	Canada Mortgage & Housing Corp. 5.5% 06/01/12	6,934	7,288	5,000	Nova Scotia Power 5.65% 7/14/2008	4,734	5,090
37,000	Canada Mortgage & Housing Corp. 5.3% 12/03/07	37,255	38,888	20,000	Nova Scotia Power 7.3% 02/09/04	21,099	20,777
31,000	Canada Mortgage & Housing Corp. 5.25% 12/01/06	31,545	32,537	65,000	TransCanada Pipeline 11.8% 11/20/2020	96,362	93,320
65,000	Canadian Imperial Bank of Commerce 6.5% 10/21/09	66,008	68,403	40,000	TransCanada Pipeline 5.84% 06/27/08	38,400	41,452
5,000	Canadian Imperial Bank of Commerce 9.65% 10/31/14	6,478	6,630	20,000	Trans-Canada Pipelines Ltd., 9.45% 03/20/18	25,070	25,000
7,000	Capital Desjardins Inc. Var% 06/01/17	7,000	7,390				
12,000	Capital Desjardins Inc. 5.552% 06/01/12	12,000	12,523				
15,000	Clarica Life Insurance Co., 5.8% 05/15/13	14,856	15,768				

The accompanying notes are an integral part of these financial statements. All common shares unless otherwise noted. Percentages shown in brackets relate investments at market value to total net assets of the fund.

Clarica Bond Index Fund

Investment Portfolio as at December 31, 2002

No. of Shares/ Face Amount	Average Cost (\$)	Market Value (\$)	No. of Shares/ Face Amount	Average Cost (\$)	Market Value (\$)			
CORPORATE BONDS (cont'd)			MUNICIPAL BONDS (0.6%)					
30,000	Union Gas Ltd., 11.5% 08/28/15	43,792	43,634	4,000	Durham District School Board 6.75% 11/19/19	4,214	4,397	
90,000	Union Gas Ltd., 8.75% 08/03/18	108,637	109,647	15,000	Edmonton Alberta Canada 9% 03/25/13	18,722	19,348	
15,000	Westcoast Energy 12.55% 11/15/10	20,889	21,237	30,000	Toronto Ontario CDA Sinking Fund			
25,000	Westcoast Energy 6.34% 12/15/27	24,968	24,089		6.25% 08/03/10	30,625	32,532	
5,000	Westcoast Energy 7.15% 03/20/31	5,006	5,053	16,000	Winnipeg Manitoba 9.375% 02/11/13	20,186	21,162	
20,000	Westcoast Energy 7.2% 01/26/10	20,968	21,993	3,000	York Region District School Board 6.55% 04/12/23	2,988	3,204	
60,000	407 International Inc. 6.05% 07/27/09	58,590	63,670			76,735	80,643	
50,000	Bell Canada 6.7% 06/28/07	52,548	54,100	ASSET-BACKED SECURITIES (2.7%)				
4,000	Bell Canada 7.85% 04/02/31	3,990	4,445	50,000	Genesis Trust 6.869% 02/15/05	51,360	53,458	
17,000	Bombardier Ltd 6.35% 7/19/06	17,082	15,127	50,000	Gloucester Credit Card Trust 5.59% 06/15/07	51,390	52,665	
5,000	Epcor Utilities 6.2% 06/02/08	4,826	5,093	20,000	Golden Credit Card Trust 6.19% 07/15/09	20,066	21,568	
55,000	Greater Toronto Airport Authority 6.45% 12/03/27	52,250	53,133	50,000	Golden Credit Card Trust 5.7% 08/15/06	51,742	52,876	
5,000	Greater Toronto Airport Authority 6.7% 07/19/10	5,029	5,412	50,000	Hollis Receivables Term Trust 6.775% 02/21/05	51,195	53,367	
4,000	Greater Toronto Airport Authority 7.05% 06/12/30	4,036	4,171	9,000	Hollis Receivables Term Trust 5.348% 04/26/04	9,000	9,249	
50,000	NAV Canada 6.45% 06/01/04	50,875	52,212	13,000	Hollis Receivables Term Trust 5.672% 04/26/06	13,000	13,718	
20,000	NAV Canada 6.6% 12/01/06	21,173	21,762	20,000	Hollis Receivables Term Trust 6.205% 09/21/04	20,696	20,953	
5,000	NAV Canada 7.4% 06/01/27	5,398	5,811	50,000	Master Credit Card Trust 6.15% 12/21/04	50,075	52,610	
75,000	Bell Canada 10.35% 12/15/09	92,752	96,367	50,000	Canadian Tire Receivables Trust			
75,000	Bell Canada 6.55% 05/01/29	67,685	71,420		6.665% 06/20/05	53,240	53,446	
10,000	Bell Canada 7.65% 12/31/30	9,168	10,006			371,764	383,910	
85,000	Bell Canada 8.8% 08/17/05	93,432	94,843	Total Investments (98.0%)			13,347,172	13,826,522
5,000	Canadian Tire Corp. 6.25% 12/01/04	4,958	5,215	Other Assets (net) (2.0%)				269,168
5,000	Canadian Tire Corp. 5.7% 06/09/08	4,494	5,134	Total Net Assets (100.0%)				14,095,690
4,000	Canadian Tire Corp. 7.05% 05/18/06	3,991	4,329					
22,000	DaimlerChrysler Canada Finance Inc., 6.6% 06/21/04	22,037	22,678					
3,000	Household Financial Corp., 6.44% 06/01/07	2,999	3,133					
15,000	Sears Canada Inc 7.45% 05/10/10	14,926	15,331					
55,000	Thomson Corp., 6.55% 07/17/07	55,724	59,168					
10,000	Loblaw Cos. Ltd., 6.45% 02/09/28	9,286	10,046					
2,000	Loblaw Cos. Ltd., 6% 06/02/08	1,994	2,137					
8,000	Loblaw Cos. Ltd., 6.5% 01/19/11	8,029	8,652					
50,000	Loblaw Cos. Ltd., 7.1% 05/11/10	52,050	56,296					
30,000	Loblaw Cos. Ltd., 7.1% 06/01/16	31,866	33,747					
50,000	Molson Breweries 6% 06/02/08	48,725	52,664					
10,000	Pancanadian Petroleum 8.4% 12/15/04	10,921	10,854					
10,000	Precision Drilling Corp., 6.85% 06/26/07	10,190	10,529					
30,000	Suncor Energy Inc., 6.8% 03/05/07	30,090	32,601					
15,000	Investors Group Inc. 6.75% 05/09/11	15,350	16,171					
10,000	Borealis Infrastructure Trust 6.27% 05/03/11	10,134	10,478					
6,000	ERAC Canada Finance Ltd., 7.125% 03/01/06	6,024	6,303					
30,000	George Weston 6.45% 10/24/11	30,077	32,145					
7,000	Thomson Corp., 6.85% 06/01/11	6,992	7,475					
40,000	Alberta Energy 7.3% 09/02/14	39,597	43,436					
		3,839,682	3,978,260					

The accompanying notes are an integral part of these financial statements. All common shares unless otherwise noted. Percentages shown in brackets relate investments at market value to total net assets of the fund.

Clarica Bond Index Fund

Financial Statements

Statements of Net Assets

as at December 31 (in 000's except for per unit amounts and units outstanding)

	2002 \$	2001 \$
Assets		
Investments at market value (Note 2)	13,827	12,283
Cash	154	32
Receivable for unit subscriptions	4	-
Dividends and accrued interest receivable	141	145
	14,126	12,460
Liabilities		
Payable for securities purchased	25	-
Payable for unit redemptions	4	-
Distributions payable	1	-
Accrued expenses	-	15
	30	15
Net assets and unitholders' equity	14,096	12,445
Net asset value per unit	10.43	10.21
Number of units outstanding	1,351,921	1,218,678
Securities Lending (Note 5)		
Loaned	9	-
Collateral	10	-
Income	1	-

Approved on behalf of the Board of Directors:


G. Raymond Chang
Director


William T. Holland
Director

Statements of Operations

for the years ended December 31 (000's)

	2002 \$	2001 \$
Income		
Interest	785	702
	785	702
Expenses		
Management fees (Note 4)	196	172
Administrative (Note 4)	54	12
Custody	3	3
Legal	1	5
Audit	1	3
Goods and services tax	17	13
	272	208
Net income (loss) for the year	513	494
Realized and unrealized gain (loss) on investments		
Realized gain (loss) on investments (a)	40	35
Change in unrealized appreciation (depreciation) of investments	277	162
Net gain (loss) on investments	317	197
Increase (decrease) in net assets from operations	830	691
(a) Realized gain (loss) on investments		
Proceeds from sale of investments including foreign exchange gain (loss) (b) (c)	5,812	3,767
Investments at cost, beginning of year	12,080	9,938
Investments purchased	7,039	5,874
Change in cost of short-term notes held	-	-
	19,119	15,812
Investments at cost, end of year	13,347	12,080
Cost of investments sold	5,772	3,732
Realized gain (loss) on investments	40	35
(b) Proceeds on sales of short-term notes sold during the year not included above	100	550
(c) Foreign exchange gain (loss) included above	-	-

Statements of Changes in Net Assets

for the years ended December 31 (000's)

	2002 \$	2001 \$
Net assets, beginning of year	12,445	10,056
Capital Transactions		
Proceeds from units issued (including reinvested distributions)	2,639	2,708
Amounts paid for units redeemed	(1,274)	(494)
	1,365	2,214
Distributions to investors		
Distribution from realized gains	(10)	(30)
Distribution from net income	(534)	(486)
	(544)	(516)
Increase (decrease) in net assets from operations	830	691
Net assets, end of year	14,096	12,445

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

1. THE FUND

The following Clarica Mutual Funds are open-ended mutual fund trusts created under the laws of Ontario by declarations of trust:

<i>Fund Names</i>	<i>Dated</i>
Clarica Alpine Asian Fund	May 1, 1997
Clarica Alpine Canadian Resources Fund	May 1, 1997
Clarica Alpine Growth Equity Fund	May 1, 1997
Clarica Amerifund	January 2, 1986
Clarica Asia and Pacific Rim Equity Fund	November 27, 2000
Clarica Balanced Fund	December 17, 2001
Clarica Bond Fund	October 1, 1990
Clarica Bond Index Fund	November 27, 2000
Clarica Canadian Blue Chip Fund	November 1, 1992
Clarica Canadian Diversified Fund	May 1, 1994
Clarica Canadian Equity Fund	November 17, 1999
Clarica Canadian Equity Index Fund	November 27, 2000
Clarica Canadian Large Cap Value Fund	December 17, 2001
Clarica Canadian Small/Mid Cap Fund	November 1, 1992
Clarica Conservative Balanced Fund	December 17, 2001
Clarica Diversifund 40	January 2, 1985
Clarica Equifund	January 2, 1985
Clarica European Equity Fund	November 17, 1999
Clarica Global Bond Fund	November 17, 1999
Clarica Global Large Cap Value Fund	December 17, 2001
Clarica Global Science & Technology Fund	December 17, 2001
Clarica Growth Fund	November 27, 2000
Clarica High Yield Bond Fund	December 17, 2001
Clarica Income Fund	November 17, 1999
Clarica Money Market Fund	January 2, 1985
Clarica Premier American Fund	May 1, 1993
Clarica Premier Bond Fund	November 1, 1992
Clarica Premier Emerging Markets Fund	July 1, 1995
Clarica Premier International Fund	May 1, 1993
Clarica Premier Mortgage Fund	May 1, 1993
Clarica RSP European Index Fund	November 27, 2000
Clarica RSP International Index Fund	November 27, 2000
Clarica RSP Japanese Index Fund	November 27, 2000
Clarica RSP U.S. Equity Index Fund	November 27, 2000
Clarica RSP U.S. Technology Index Fund	November 27, 2000
Clarica Short Term Bond Fund	November 17, 1999
Clarica Summit Canadian Equity Fund	May 1, 1997
Clarica Summit Dividend Growth Fund	May 1, 1997
Clarica Summit Foreign Equity Fund	May 1, 1997
Clarica Summit Growth and Income Fund	May 1, 1997
Clarica US Growth Equity Fund	November 17, 1999
Clarica US Small Cap Fund	November 17, 1999

Sometimes referred to herein individually as "Fund", and collectively as the "Funds".

CI Mutual Funds Inc. is the manager of each Fund. Prior to July 25, 2002, Clarica Diversico Ltd. was the manager of each Fund. On July 25, 2002, Clarica Diversico Ltd. was amalgamated with CI Mutual Funds Inc.

Front End class units were offered to investors on the date of the formation of the Funds.

DSC class units were offered to investors for the following Funds:

<i>Fund Names</i>	<i>Dated</i>
Clarica Alpine Asian Fund	December 13, 1999
Clarica Alpine Canadian Resources Fund	December 13, 1999
Clarica Alpine Growth Equity Fund	December 13, 1999
Clarica Asia and Pacific Rim Equity Fund	December 19, 2000
Clarica Canadian Blue Chip Fund	December 13, 1999
Clarica Canadian Diversified Fund	December 13, 1999
Clarica Canadian Equity Fund	December 13, 1999
Clarica Canadian Small/Mid Cap Fund	December 13, 1999
Clarica European Equity Fund	December 13, 1999
Clarica Global Bond Fund	December 13, 1999
Clarica Growth Fund	December 19, 2000
Clarica Income Fund	December 13, 1999
Clarica Premier American Fund	December 13, 1999
Clarica Premier Bond Fund	December 13, 1999
Clarica Premier Emerging Markets Fund	December 13, 1999
Clarica Premier International Fund	December 13, 1999
Clarica Premier Mortgage Fund	December 13, 1999
Clarica Short Term Bond Fund	December 13, 1999
Clarica Summit Canadian Equity Fund	December 13, 1999
Clarica Summit Dividend Growth Fund	December 13, 1999
Clarica Summit Foreign Equity Fund	December 13, 1999
Clarica Summit Growth and Income Fund	December 13, 1999
Clarica US Growth Equity Fund	December 13, 1999
Clarica US Small Cap Fund	December 13, 1999

Both Front End and DSC class units are available to all investors.

Information for the years ended or as at December 31 has been reclassified in accordance with the current year basis.

The Investment Portfolios for each of the Funds are as at December 31, 2002 and the Statements of Net Assets are as at December 31, 2002 and 2001, if the Fund was in existence at that time. The Statements of Operations and Changes in Net Assets for each Fund are for the years ended December 31, 2002 and 2001, except for Funds established during either period, in which case the information provided is for the period from inception to December 31. The Statements of Financial Highlights for each Fund are for each of the most recent five years ended December 31, except where the inception date of a Fund, or date of first sale of a Class of a Fund, was after January 1, 1998, in

Notes to the Financial Statements

which case the information is provided for the period from inception or date of first sale, as applicable, to December 31 of that period, if applicable, and for each year ended December 31 thereafter. The date of inception of each Fund is shown above.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies of the Fund:

(a) Valuation of Investments

Listed securities are valued on each business day at their latest available sale price. In the absence of recorded sales on that day, they are valued at the average of the last recorded bid and ask prices where appropriate. Unlisted securities are valued on each business day based on price quotations from recognized investment dealers, or failing that, management's best estimate. Short-term fixed income securities are valued at cost which, together with accrued interest, approximates market value.

(b) Foreign Exchange

Foreign currency amounts are translated into Canadian dollars as follows: market value of investments, forward currency contracts, other assets and liabilities at the closing rate of exchange on each business day; income, expenses and, purchases, sales and settlements of investments at the rate of exchange prevailing on the respective dates of such transactions.

(c) Investment Transactions and Income Recognition

Investment transactions are accounted for on trade date and any realized gains and losses from such transactions are calculated on an average cost basis. Dividend income is recognized on the ex-dividend date and interest income on the accrual basis. Stock dividends are recorded as dividend income determined by reference to market value.

(d) Net Asset Value Per Unit

Net asset value per unit for each class is calculated at the end of each day on which the Fund's manager is open for business by dividing the net assets of each class by its outstanding units.

The net asset value of each class is computed by calculating the value of that class's proportionate share of the Fund's assets less that class's proportionate share of the Fund's common liabilities and less class specific liabilities. Expenses directly attributable to a class are charged to that class. Other income and expenses are allocated to each class proportionately based upon the relative net asset value of each class.

(e) Futures, Forward and Option Contracts

Futures, forward and option contracts are valued on each business day according to the gain or loss that would be realized if the contracts were closed out, unless daily limits are in effect in which case they are valued based on the current market value of the underlying interest. Any payments made to satisfy initial and variation margin are reflected as a receivable balance in daily variation margin on the Statement of Net Assets. Margin

consisting of assets other than cash is noted in the Statement of Investment Portfolio. Gains or losses arising from futures, forward and option contracts which are held as hedges for capital investments are recorded as unrealized gains (losses) on investments until the contracts are closed or expire. Gains or losses arising from futures, forward and option contracts not held as hedges for capital investments are recorded as income (loss) on a daily basis.

3. INCOME TAXES

The Funds qualify as mutual fund trusts under the provisions of the Income Tax Act (Canada) and, accordingly, are not subject to tax on net income, including net realized capital gains for the taxation year, which is paid or payable to unitholders at the end of the taxation year. However, such part of each Fund's taxable income and net realized capital gains that is not so paid or payable will be taxable to that Fund. Income tax on net realized capital gains not paid or payable will be generally recoverable by virtue of refunding provisions contained in the Income Tax Act (Canada) and provincial income tax legislation, as redemptions occur. It is the intention of each Fund to pay all net taxable income and sufficient net realized capital gains so that the Fund will not be subject to income tax. Occasionally, a Fund may distribute more than it earns. This excess distribution is a return of capital and is not taxable to unitholders. Derivative investments are recorded in the same manner for tax purposes as for accounting purposes.

Net capital losses may be carried forward indefinitely to reduce future net realized capital gains. Net capital loss amounts appear under "Additional Fund Notes" on the Statements of Financial Highlights.

4. MANAGEMENT FEES AND OTHER EXPENSES

CI Mutual Funds Inc. is the manager of each Fund and, in consideration of management fees received, provides management services required in the day-to-day operations of the Funds including management of the investment portfolio of the Funds.

The management fee is calculated on the net assets of each Fund at the end of each business day and is paid daily.

Each Fund also bears all operating and administrative expenses including audit and legal fees, registry and transfer agency fees, custody fees, expenses relating to reporting and making distributions to unitholders, all other costs and fees imposed by statute or regulation and expenses of all communications with unitholders.

To encourage large purchases in the Funds, the manager may reduce the management fee that it would otherwise be entitled to receive from a Fund with respect to an investment in a Fund provided that the amount of the management fee reduction is distributed to the investor for whose benefit the fees were reduced.

In order to reduce the effective MER's of certain funds, some or all of the management fees and/or operating expenses may have been waived by the Manager.

Notes to the Financial Statements

5. SECURITIES LENDING

Certain Funds have entered into a securities lending program with their custodian, Royal Trust Company of Canada ("Royal Trust"). The aggregate market value of all securities loaned by a Fund cannot exceed 50% of the assets of the Fund. A Fund will receive collateral of at least 102% of the value of securities on loan. Collateral will generally be comprised of cash and obligations of or guaranteed by the Government of Canada or a province thereof, or by the United States government or its agencies, but may include obligations of other governments with appropriate credit ratings. Royal Trust has indemnified the Funds against the credit risk of the borrowers. For those Funds participating in the program, amounts for securities loaned, the collateral received, and the income collected appear on the Statement of Net Assets and income from securities lending is included in "Interest Income" in the Statement of Operations.

6. RELATED PARTY TRANSACTIONS

Sun Life Financial Services of Canada Inc. ("Sun Life") owns a significant interest in CI Mutual Funds Inc. and is therefore considered a related party to the Funds. Investments by Sun Life in each of the Funds, if applicable, are disclosed in the Statement of Financial Highlights.

7. PORTFOLIO TRANSACTIONS

A copy of the Statement of Portfolio Transactions (unaudited) for any Fund for the year ended December 31, 2002 is available without charge upon written request to the manager, CI Mutual Funds Inc., CI Place, 151 Yonge Street, Eleventh Floor, Toronto, Ontario M5C 2W7.

Management and Audit Reports

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements have been prepared by CI Mutual Funds Inc., the manager of the Funds, and approved by the Board of Directors of the manager. The Funds' manager is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

CI Mutual Funds Inc. maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Funds are described in Note 2 to the financial statements.

Ernst & Young LLP are the external auditors of the Funds, appointed by 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. Their report is set out at the right.



President
CI MUTUAL FUNDS INC.



Chief Financial Officer
CI MUTUAL FUNDS INC.

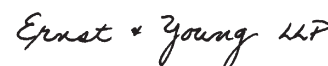
AUDITORS' REPORTS

To the unitholders of Clarica Mutual Funds (as defined in note 1) (the "Funds"):

We have audited the Investment Portfolio of each of the Funds as at December 31, 2002, their Statements of Net Assets as at December 31, 2002 and 2001, their Statements of Operations and Changes in Net Assets for the years then ended and their Statements of Financial Highlights for each of the years in the five-year period ended December 31, 2002. These financial statements are the responsibility of the Funds' management. 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 from 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 investment portfolio of each of the Funds as at December 31, 2002, the financial position of each of the Funds as at December 31, 2002 and 2001, the results of their operations and changes in their net assets for the years then ended and their financial highlights for each of the years in the five-year period ended December 31, 2002 in accordance with Canadian generally accepted accounting principles.



Toronto, Ontario
March 14, 2003

ERNST & YOUNG LLP
Chartered Accountants

Trustees' Letter

Your Clarica Funds' Trustees are pleased to report on their activities in respect of the year ended December 31, 2002. The Trustees are appointed pursuant to the Declarations of Trust governing the Funds that are trusts.

The Trustees' mandate is to consult with CI Mutual Funds Inc. (the "Manager") and any investment advisers (referred to as "Subadvisers") in matters pertaining to investment policy; receive and review periodic reports concerning the investment of the Funds' assets, the issue and redemption of securities and distributions to securityholders; and to review and advise or consent, if appropriate, with respect to any other matter required by the Declarations of Trust and by applicable securities laws, regulations and rules. The Trustees met quarterly.

The Trustees have reviewed, commented on and approved the CI Code of Ethics and Conduct, which establishes rules of conduct designed to ensure fair treatment of the Funds' securityholders and that, at all times, the interests of the Funds and their securityholders are placed above personal interests of employees, officers and directors of the Manager and each of its subsidiaries and affiliates, the Subadvisers, and the Trustees, through the application of the highest standards of integrity and ethical business conduct. The objective is not only to remove any potential for real conflict of interest but to avoid any perception of conflict.

The independent Trustees report that management has been open and cooperative, permitting the Trustees to meet with Subadvisers, to meet with individual department heads and personnel to review control mechanisms and compliance procedures, including those relating to the personal securities trading activity of employees, and to consider other matters that affect the Funds, such as customer complaints. The personal trading rules under the

CI Code of Ethics and Conduct require prior clearance of personal trades and restrict the ability of staff to trade any securities held by the Funds. The three independent Trustees comprise the Audit Committee of the Trustees. The Audit Committee independently reviewed, with the Fund's auditors, the planning, scope and results of the audit of the financial statements of the Funds for the year 2002, and reported to the Trustees. The Trustees have received and accepted the 2002 Annual Reports of the Funds.

The Manager's year 2002 report on compliance with the CI Code of Ethics and Conduct has been provided to the Trustees in a timely and satisfactory manner.

Stephen T. Moore
CHAIR, CLARICA FUNDS TRUSTEES

March 6, 2003

Trustees

Stephen T. Moore, Chair
Jasmine Herlt
Thomas L. Jarmai
Peter W. Anderson, President, CI Mutual Funds Inc. (commencing February 2003)

Legal Notice

NOTICE: Should you require additional copies of this Annual Report or have received more than one copy, please contact CI Mutual Funds Inc. (the "Manager") or your financial adviser.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise indicated and except for returns for periods less than one year, the indicated rates of return are the historical annual compounded total returns including changes in security value. All performance data assume reinvestment of all distributions or dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Mutual fund securities are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer.

The commentaries contained herein are provided as a general source of information and should not be considered personal investment advice or an offer or solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in these commentaries is accurate at the time of publication. However, the Manager cannot guarantee its accuracy or completeness and accepts no responsibility for any loss arising from any use of or reliance on the information contained herein.

SIMPLIFIED PROSPECTUS: The Simplified Prospectus and Annual Information Form of a Fund are renewed annually. The Manager would be pleased to provide, without charge, the most recent Simplified Prospectus upon request to its Toronto office.

DISTRIBUTION OR DIVIDEND REINVESTMENT: Distributions or dividends from the Funds are automatically reinvested, free of any sales commissions or charges, in additional securities of the relevant Fund, unless you otherwise direct. You may withdraw from participation in the reinvestment plan at any time by delivering a written request to your financial adviser or to the Manager.

REDEMPTION OF SECURITIES: Securities may be redeemed by securityholders on any business day by delivering to your financial adviser or the Manager a redemption request in writing, or in such other form as permitted by your financial adviser. If your redemption request is received by the Manager on any Valuation Date prior to 4:00 p.m. (Eastern time), then your securities being redeemed will be priced at the next valuation time following receipt by the Manager of the redemption request. If the proceeds of redemption exceed \$10,000 or are to be paid to someone other than the registered owner, your signature must be guaranteed by a bank, trust company, investment dealer, or broker. If certificates representing the securities to be redeemed have been issued, the redemption request must be accompanied by the certificates, properly endorsed for redemption with the signature guaranteed in the manner described above. If the registered owner is a corporation, partnership, agent, fiduciary or surviving joint owner, additional documentation may be required.

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Montreal Tel: 514-875-0090 Toll Free: 1-800-268-1602
Vancouver Tel: 604-681-3346 Toll Free: 1-800-665-6994
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