

CF Canlife High Income Unit Trust
Manager's Interim Unaudited Short Report
for the half year ended 15 March 2010

Investment Objective and Policy

The CF Canlife High Income Unit Trust ('the Trust') aims to provide a half-yearly income and some capital growth mainly from investment in shares, quoted on UK markets, providing an above-average yield. The Trust will not invest in companies which manufacture products containing tobacco. It is not intended that the Trust will have an interest in any immovable property or tangible movable property.

Risk Profile

The Trust has little exposure to credit or cash flow risk. There are no borrowings or unlisted securities of a material nature and so there is little exposure to liquidity risk. The main risks it faces from its financial instruments are market price, foreign currency and interest rate risk. The Manager reviews the policies for managing these risks in order to follow and achieve the Investment Objective as summarised above.

Accounting and Distribution Dates

	Accounting	Distribution
Interim	15 March	15 May
Final	15 September	15 November

Total Expense Ratio

Expense Type	15.03.10 %	15.09.09 %
Manager's periodic charge	1.50	1.50
Other expenses	0.16	0.16
Total expense ratio	1.66	1.66

Portfolio Turnover Rate

	15.03.10 %	15.09.09 %
Portfolio turnover rate	31.28	56.41

Distributions

Unit Class	Interim 15.03.10 pence per unit
Income	6.3039

Performance Record

Income units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2005	411.05	325.37	13.1231
2006	464.91	371.51	13.3461
2007	485.70	410.75	14.7607
2008	453.69	266.92	15.8617
2009	349.43	262.51	14.4887
2010*	358.14	315.88	6.3039

* To 15 March 2010.

Net Asset Value

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.09.07	74,288,281	17,420,908	426.43
15.09.08	64,283,634	18,383,668	349.68
15.09.09	64,527,871	20,783,554	310.48
15.03.10	69,687,096	20,879,511	333.76

Net Asset Value Performance to 15 March 2010 (%)

	6 months	1 year	3 years	5 years
CF Canlife High Income Unit Trust	9.53	31.41	-10.70	20.72
FTSE All-Share Index	12.22	57.18	1.85	39.22

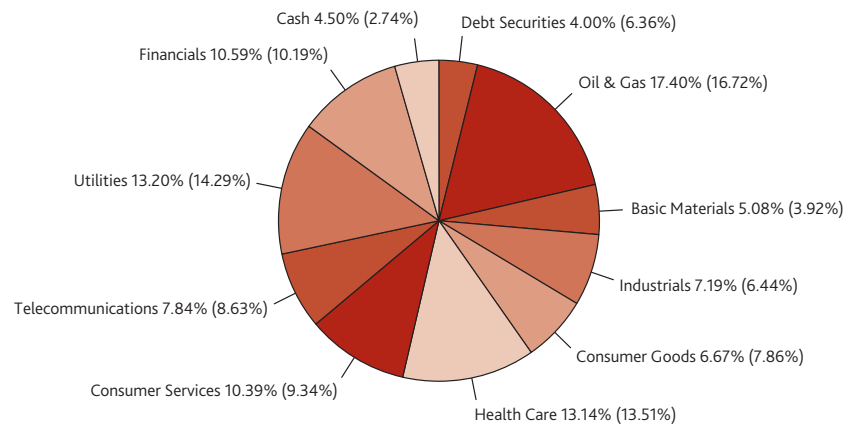
The performance of the Trust is based on the net asset value per Income unit which includes income reinvested.

Risk Warning

Please remember that past performance should not be seen as a guide to future performance and that the value of an investment and the income from it can fall as well as rise and may be affected by exchange rate variations.

INVESTMENT MANAGER'S REPORT

Sector Spread of Investments



The figures in brackets show allocations at 15 September 2009.

Major Holdings

The top ten holdings at the end of each period are shown below.

Holding	% of Fund as at 15.03.09	Holding	% of Fund as at 15.09.09
Vodafone Group	7.84	BP	7.85
Royal Dutch Shell 'B'	7.59	Vodafone Group	7.82
BP	6.96	Royal Dutch Shell 'B'	7.61
GlaxoSmithKline	6.61	GlaxoSmithKline	6.73
AstraZeneca	6.47	AstraZeneca	6.55
HSBC Holdings	4.17	HSBC Holdings	4.43
BHP Billiton	3.68	RBS 4.125% 2011	3.25
RBS 4.125% 2011	3.00	BHP Billiton	3.13
Centrica	2.94	National Grid	2.99
National Grid	2.92	Centrica	2.89

Economy

The UK economy has edged out of recession, although the future does not look great. More relevant to FTSE All-Share returns, however, is US economic growth, which is stronger and has a better outlook. Consumer confidence is improving. Unemployment growth is slowing – the first sign that it may soon be declining.

Governments are withdrawing their stimulus now. However, tax breaks are coming to an end and quantitative easing has also stopped for the time being. Hopefully this will be a smooth process.

Inflation remains becalmed for the time being. There seems little pressure for base rates to increase in any major western economies, which is helpful for asset valuations everywhere.

Many western Government finances are in a poor state. Sorting out the mess will take a long time and will probably be a painful process. Weak economic growth is a real possibility. Greece is leading the way in demonstrating how tricky the problem is. Although it is the most obvious country in difficulty it is certainly not the only one.

Markets

The FTSE All-Share has rallied around 60% from the lows of March 2009. It continued to rally throughout the reporting period, led by mining and industrial companies. Banks were generally weak after astonishing returns in the prior six months.

Initial public offering activity picked up. Corporate activity also increased – for example, Prudential made an accepted offer for AIG Asia, which will be a mammoth acquisition if successful. The US food company Kraft finally purchased Cadbury. The portfolio benefited from a bid by Babcock for VTC, the support services company. In the weak growth environment we expect bid activity is likely to increase as management seek ways of improving earnings.

Appetite for risk generally increased – a positive for all asset classes, particularly equities.

Activity

We sold our stake in Marks and Spencer after a strong rally and also our stake in BT, after disappointing results. We purchased a new position in British Land – we believe the net asset valuation now represents a good entry point. We also added G4S, the security and cash solutions support services company.

Outlook

The UK equity market looks inexpensive on some long-term measures. However, given the size of UK and US Government debt which needs addressing and the weak growth outlook, we remain concerned that volatility lies ahead.

Canada Life Asset Management Limited

Investment Manager

16 April 2010

Buying and Selling Units

The Manager will accept orders to deal in the units on normal business days between 8.30am and 5.30pm. Instructions to buy or sell units may be either in writing to: 2 The Boulevard, City West One Office Park, Gelderd Road, Leeds LS12 6NT or by telephone on 0845 922 0044. A contract note will be issued by close of business on the next business day after the dealing date to confirm the transaction.

Reports and Accounts

This document is a short report of the CF Canlife High Income Unit Trust for the half year ended 15 March 2010. The full Report and Accounts for the Trust is available free of charge upon written request to Capita Financial Managers Limited, Ibex House, 42 – 47 Minories, London EC3N 1DX.

Other Information

The information in this report is designed to enable you to make an informed judgement on the activities of the Fund during the half year it covers and the results of those activities at the end of the half year.

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