

CF Canlife Balanced Unit Trust
Manager's Interim Unaudited Short Report
for the half year ended 15 July 2009

Investment Objective and Policy

The CF Canlife Balanced Unit Trust ('the Trust') aims to provide capital growth from a balanced portfolio of units in other collective investment schemes, covering markets throughout the world. Investment will be across a range of unit trusts, both UK and international, the weighting in each sector being dependent on our views of the market. The Trust may invest in the following categories of schemes; securities and money market schemes. However, the Trust will not invest in money market funds while it remains part of an ISA. Investment may include units in unit trusts of other managers. It is not intended that the Trust will have an interest in any immovable property or tangible movable property.

Risk Profile

The Fund 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 July	–
Final	15 January	15 March

Total Expense Ratio

Expense Type	15.07.09 %	15.01.09 %
Manager's periodic charge	0.25	0.25
Other expenses	0.11	0.11
	<u>0.36</u>	<u>0.36</u>
Collective investment scheme costs	1.41	1.23
Total expense ratio	<u>1.77</u>	<u>1.59</u>

Portfolio Turnover Rate

	15.07.09 %	15.01.09 %
Portfolio turnover rate	(2.78)	(2.62)

Distributions

Distributions are allocated annually on 15 January.

Performance Record

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2004	90.96	77.96	1.1339
2005	106.57	85.17	1.2600
2006	114.95	97.99	1.2723
2007	120.44	103.15	1.2473
2008	116.64	77.09	1.5305
2009*	95.01	77.72	1.8452

* To 15 July 2009.

Net Asset Value Per Unit

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.01.07	73,537,362	68,706,284	107.03
15.01.08	73,607,140	69,072,703	106.56
15.01.09	58,074,228	68,866,764	84.33
15.07.09	60,211,394	69,362,762	86.81

Net Asset Value Performance to 15 July 2009 (%)

	6 months	1 year	3 years	5 years
CF Canlife Balanced Unit Trust	2.94	(8.19)	(12.88)	9.94

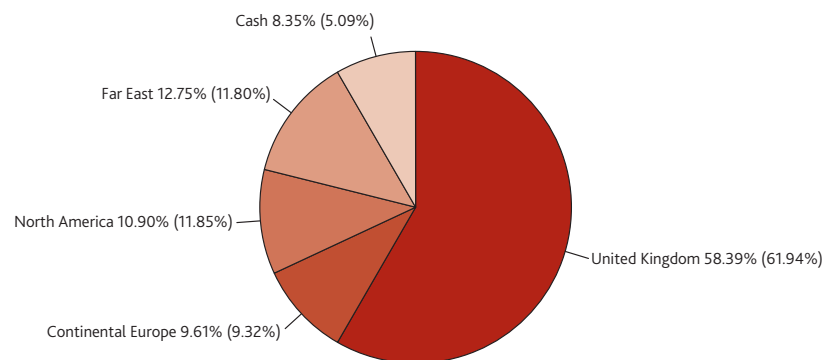
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

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 January 2009.

Holdings

All the holdings at the end of each half year are shown below.

Holding	% of Trust as at 15.07.09	Holding	% of Trust as at 15.01.09
CF Canlife Growth	16.99	CF Canlife Bond	18.87
CF Canlife Bond	16.46	CF Canlife High Income	17.24
CF Canlife High Income	16.10	CF Canlife Growth	17.19
CF Canlife North American	10.90	CF Canlife North American	11.85
CF Canlife European	9.61	CF Canlife European	9.32
CF Canlife UK Smaller Companies	6.74	CF Canlife UK Smaller Companies	8.64
CF Canlife Far East	6.73	CF Canlife Japanese	6.40
CF Canlife Japanese	6.02	CF Canlife Far East	5.40
CF Canlife Income	2.10		

Investment Review

During the period of review, of 16 January 2009 to 15 July 2009, world stock markets recovered some of their previous losses. This is reflected in the unit price of the Trust increasing by 1.4% (bid to bid net income reinvested) over the period.

Market Review

UK – The UK economy shrank by 1.9% in the first three months of the year. Although some indicators are pointing to the rate of decline easing, many commentators expect the economy, as measured by Gross Domestic Product (GDP), to decline by 3.8% in 2009.

Unemployment is still rising as demand for labour remains weak. There are also concerns that the high and increasing levels of government debt will make a prolonged period of high taxes inevitable, which will be a drag on consumer spending. On the positive side there are signs that the housing market is stabilising.

Despite the poor economic backdrop, the UK stockmarket posted good returns over the period. For the six months to 15 July 2009 the FTSE All-Share Index was up 6.8%.

UK Corporate Bonds did well during the review period and the price of the CF Canlife Bond Unit Trust increased by 5.3%. Corporate bonds were supported by low interest rates and an increase in investors' appetite for risk.

OVERSEAS – Overseas stock markets also recovered over the period. The pound strengthened against the major currencies such as the U.S. Dollar, Euro and Yen, which eroded much of the gains for this Trust which is priced in sterling. For example over the period the U.S. stockmarket was up 9.71%. However once this is converted back into sterling it results in a loss of 0.85%.

The U.S. stockmarket has risen substantially since the lows in early March. The market may find it difficult to sustain this rally and corrections are likely. We expect gradual economic recovery to continue. The benefits of the massive government spending programmes are still to be seen in the real economy.

The economic environment in Europe has been particularly poor. Growth during the first six months has been negative, in the range of -3% to -5%. However, government intervention has finally started to raise confidence, both in the stability of the financial system and that a very deep and prolonged economic slump has been avoided. Valuations in the stockmarket remain low and attractive. The big question is will economic growth resume as expected?

In line with other markets the Japanese stockmarket recovered substantially from the March lows. Nevertheless, Japan is suffering from very weak economic data. During the first quarter the economy contracted by 14.2% on an annualised rate. This represents the worst reading since records began in 1955. There are some recent signs of improvement and the government is in the process of implementing its largest ever fiscal stimulus. The stimulus package should help improve business and consumer sentiment and support economic conditions in what is still the world's second largest economy.

The economies of Asia as a whole suffered a massive slowdown during the first three months of 2009. Industrial production for North Asia has recently turned up and this has led to a view that this was possibly the low point in the economic cycle for the region. China is regaining its growth momentum and Indonesia is another economy that may have seen the bottom. Asian stockmarkets recovered substantially over the period of review. The CF Canlife Far East Unit Trust was up over 30%. Still, this level of growth does make markets vulnerable to short term corrections.

Trust Activity

There were only small changes to the portfolio over the period. The target for UK smaller companies was reduced from 9% to 7% of the portfolio and the 2% was invested in the CF Canlife Income Unit Trust. The holdings with the highest returns over the period were the CF Canlife Far East Unit Trust with +30.15% followed by the CF Canlife Bond Unit Trust with +5.35%.

Outlook

With many stockmarkets having posted good returns from the low point in March there are risks of short term corrections.

There are signs of better economic news and the general view is that a long and deep depression has been avoided by the action taken by governments around the world. However we expect the economic environment to remain tough for sometime and this will make it difficult for many companies to maintain or increase their earnings.

While there is cause for cautious optimism for world stockmarkets we expect large swings in markets to continue until the future of the economic landscape is more certain.

Canada Life Investment Management Limited

Investment Manager
24 July 2009

Buying and Selling Units

The Manager will accept orders to deal in the units on normal business days between 9.00am 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 Balanced Unit Trust for the half year ended 15 July 2009. 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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