

**CF Canlife European Unit Trust**  
**Manager's Interim Unaudited Short Report**  
for the half year ended 15 December 2009

**Investment Objective and Policy**

The CF Canlife European Unit Trust ('the Trust') aims to provide capital growth mainly from investment in shares quoted on European markets (usually this will exclude the United Kingdom). 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**

	<b>Accounting</b>	<b>Distribution</b>
Interim	15 December	–
Final	15 June	15 August

**Total Expense Ratio**

<b>Expense Type</b>	<b>15.12.09</b> %	<b>15.06.09</b> %
Manager's periodic charge	1.50	1.50
Other expenses	0.10	0.10
Total expense ratio	1.60	1.60

### Portfolio Turnover Rate

	15.12.09 %	15.06.09 %
Portfolio turnover rate	212.94	230.96

### Distributions

Surplus income is allocated annually to unitholders in accordance with the Prospectus.

### Performance Record

*Accumulation units*

Calendar Year	Highest Buying Price P	Lowest Selling Price P	Distribution per unit P
2004	141.73	112.00	1.0211
2005	177.54	127.54	1.0685
2006	216.02	167.03	0.2701
2007	247.03	199.13	0.7310
2008	235.13	124.97	2.1354
2009*	205.64	118.81	2.5355

\* To 15 December 2009.

### Net Asset Value Per Unit

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.06.07	285,553,692	123,421,705	231.36
15.06.08	205,205,872	99,739,426	205.74
15.06.09	134,522,379	93,233,034	144.29
15.12.09	168,848,678	92,029,807	183.47

### Net Asset Value Performance to 15 December 2009 (%)

	6 months	1 year	3 years	5 years
CF Canlife European Unit Trust	27.15	31.09	-9.60	42.06

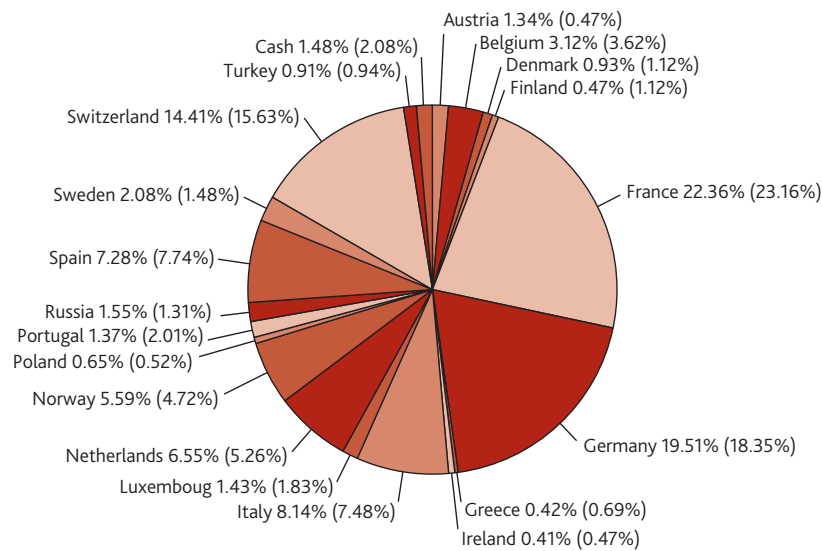
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

### 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 June 2009.

## Major Holdings

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

Holding	% of Trust as at 15.12.09	Holding	% of Trust as at 15.06.09
Total	2.79	Total	2.95
Novartis	2.51	Nestlé	2.58
Telefonica	2.45	Roche Holding	2.51
France Telecom	2.33	Telefonica	2.30
Allianz	2.04	ENI	1.98
ENI	2.03	Novartis	1.95
Électricité dé France	1.99	E.ON	1.91
Nestlé	1.94	Bayer	1.90
Enel	1.79	Électricité dé France	1.81
Swedbank	1.76	Deutsche Telekom	1.69

## Investment Review

The last six months have been very positive for global stock markets. The co-ordinated response by governments around the world to support the financial system and to step in with huge public spending plans to kick start economic activity has been a huge success. Whilst we may all shudder at the vast sums of money pumped into the economy, policy makers have averted a collapse of the modern financial system. In turn, the markets have continued to rebound from extremely over sold levels.

All European economies have suffered during the recession, but some countries have particular problems which will take sometime to solve. Ireland and Spain are experiencing huge problems from the bursting of their property and construction bubbles. Sweden and Finland have large exposures to the Baltic states of Latvia, Estonia and Lithuania. These states have also suffered from a dramatic downturn in their property markets and banks will spend many years sorting out these problems.

In contrast, the major European economies of Germany, France and Italy have good prospects and these countries emerged from the recession quickly and have continued to respond positively as the global economy regains its footing. Export demand has come back and in particular, demand for cars in Asia has been very strong. European corporate exposure to emerging economies has on balance, been a very positive feature. The Spanish banks have enjoyed great support from their Latin American operations. Likewise, Fiat has benefited from very strong markets in Brazil and this has given them the financial muscle to acquire Chrysler in the US. Indirectly, the major chemical and oil companies have benefited from very strong demand for commodities from China. As industrial activity recovers in Western economies, commodity prices have started to firm, which is good for basic material manufacturers.

Having seen such a rebound in the market, it would be wrong to assume the investment environment is without risks. When the monetary authorities of Dubai stood back from guaranteeing loans to major property developers and the Greek government debt rating was downgraded, we were all reminded that the strength of the market belies the underlying weakness of the economic environment.

## Trust Activity

In response to the vigour of the markets recovery, the activity of the Trust has also been bold. Having started the year in a very defensive posture, the Trust was re-structured in the second half to take full advantage of the markets recovery.

## Outlook

The market has come a long way in a short time, but it remains well below previous highs. We are still in the early phases of the recovery process so we still have reasons to be optimistic, but the hard work of rebuilding the economy has also only just begun and the next phase in this process will need time and patience.

## Canada Life Asset Management Limited

Investment Manager  
13 January 2010

**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 European Unit Trust for the half year ended 15 December 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 Trust during the half year it covers and the results of those activities at the end of the half year.

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