

CF Canlife Growth Units
Manager's Interim Unaudited Short Report
for the half year ended 15 February 2010

Investment Objective and Policy

The CF Canlife Growth Units ('the Trust') aims to provide capital growth mainly from investment in shares quoted on UK markets. 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 February	-
Final	15 August	15 October

Total Expense Ratio

Expense Type	15.02.10 %	15.08.09 %
Manager's periodic charge	1.50	1.50
Other expenses	0.03	0.03
Total expense ratio	1.53	1.53

Portfolio Turnover Rate

	15.02.10 %	15.08.09 %
Portfolio turnover rate	34.41	50.11

Distributions

Distributions are allocated annually on 15 August.

Performance Record

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2005	398.06	311.39	4.7645
2006	447.04	368.06	5.5050
2007	486.22	401.80	6.7291
2008	469.48	270.10	7.7789
2009	403.74	270.10	9.7896
2010*	409.51	360.99	–

* To 15 February 2010.

Net Asset Value

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.08.07	511,185,223	121,579,708	420.45
15.08.08	466,181,824	119,814,370	389.09
15.08.09	396,162,079	119,114,917	332.59
15.02.10	400,376,187	108,260,829	369.83

Net Asset Value Performance to 15 February 2010 (%)

	6 months	1 year	3 years	5 years
CF Canlife Growth Units	11.20	18.33	-15.08	12.65

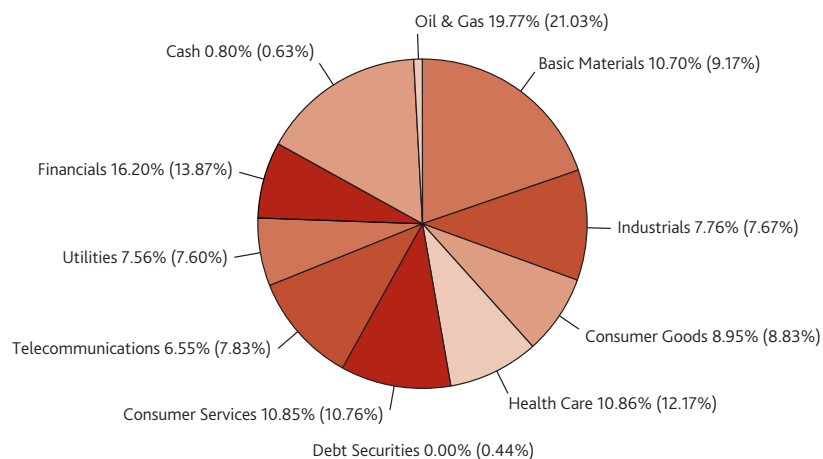
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

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 August 2009.

Major Holdings

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

Holding	% of Trust as at 15.02.10	Holding	% of Trust as at 15.08.09
Royal Dutch Shell 'B'	7.43	BP	8.27
BP	7.16	Royal Dutch Shell 'B'	7.47
GlaxoSmithKline	6.11	Vodafone Group	6.26
HSBC Holdings	5.30	GlaxoSmithKline	6.16
Vodafone Group	5.25	AstraZeneca	4.63
BG Group	4.10	HSBC Holdings	4.37
AstraZeneca	3.87	BlackRock Institutional Sterling Liquidity Fund	4.04
BlackRock Institutional Sterling Liquidity Fund	3.75	BG Group	3.90
BHP Billiton	3.41	Tesco	3.22
Anglo American	2.94	BHP Billiton	2.98

Investment Review

This is the semi annual review up to 15 February 2010, during which time the FTSE All-Share Index rose by 9.2%. The total return (net income reinvested) from the Trust's units was 11.2%. Mid-sized and small companies underperformed, rising by 6.3% and 7.8% respectively.

Enormous levels of government stimulus helped the global economy to recover in the second half of 2009. Interest rates remain at the lowest they have ever been in most of the developed western economies and governments continue to add liquidity into some of these economies. The balance of world growth has shifted to the emerging markets with China growing at close to 10%. This is helping to keep demand for commodities and therefore their prices high.

In the UK, the picture remains bleak. We managed to break out of recession with GDP growing by 0.2% in the final quarter of 2009. The vehicle scrappage scheme would have helped this figure. In addition, some consumption would have been in advance of the rise in VAT. Consensus expects the economy to grow at 1.4% this year; however, we would not be surprised if we return to a slowing economy in Q1 2010. The adverse weather will affect output and consumer confidence has again started to wane. Individuals' savings ratio rose to 8.6% of disposable income as people sought to reduce debt ahead of uncertain times.

Inflation is also rising. The Consumer Price Index (CPI) rose to 3.4% in January, above the Bank of England's 2% target. Further upwards pressure will result from the VAT reversion and weakening pound. It is hard to envisage that interest rates will increase to combat this, as the economy remains fragile. Finally, the government remains highly indebted and as a result, the UK's credit rating is under threat. The government needs to cut back spending, which will prove unpopular and could derail the weak recovery that we are currently experiencing. We will need to keep a close eye on the political situation in the run up to the next general election. Current polls suggest a close race that could end in a hung parliament. A hung parliament may lead to policy inactivity. Debt agencies would then consider downgrading our debt. In the unlikely event that this occurs then we could see heavy selling of government bonds accompanied by weak sterling.

The Stock Market

The UK market has continued to rise and is now over 50% higher than the trough reached in March last year. The downturn forced companies to cut costs and focus on efficiency. The benefits of this enhanced efficiency, along with the expected economic recovery, have enabled analysts to upgrade their expectations. Most companies remain cautious about their own prospects. The more cyclical segments of the market have risen strongly and are now no longer looking such good value. We are starting to see better relative valuations in the larger, more defensive and global companies.

During the period, we have continued to see companies rebuilding their balance sheets by making rights issues and refinancing their debt. We have also started to see corporate activity; BA is merging with Iberia and is hoping for a transatlantic tie up with American Airlines. Recently Cadburys surrendered to a take over approach from the US food company Kraft. In addition, Babcock is bidding for VT Group, who in turn is bidding for Mouchel Group. Many people think there will be more takeovers this year as sterling has fallen in value, making UK companies relatively more attractive.

The Stock Market (continued)

There are many Initial Public Offerings (IPO) trying to come to the market as venture capitalists look to realise some of their previous investments. However, these are being met with a great deal of scepticism by the investing community, leading to some IPO's being postponed or even cancelled.

On a sector basis, we are starting to see some rollover in sector leadership and no clear evidence of cyclical or defensive out performance. The healthcare sector has been the best performing, rising by 25.6% relative, closely followed by Technology (23.2%), Mining (23%) and Personal Goods (22.7%). Poor performing sectors have been Autos and Parts (-18.4%), Construction (-18.1%), Fixed line Telecoms (-17.2%) and Banks (-16.3%).

Trust Activity

Given our cautious view on economic recovery, we continue to favour large defensive companies, but have added to cyclicity over the period.

We added financial exposure with further purchases of Barclays and HSBC and have reinvested in Man Group. We will continue adding to our positions selectively. We also bought back into the life assurance company Prudential, and support services companies, Serco Group and G4S. We cut our exposure to retailers by selling Marks and Spencer. We lowered our weight in some other defensive sectors by selling United Utilities.

Outlook

The market has rebounded and now looks fair value in historical terms. It remains attractive compared to bonds, as these have seen strong purchases due to the quantitative easing policies. We continue to believe that the economic recovery in the UK will be weaker and take longer than currently expected and hence the market could be due for some short-term profit taking.

Canada Life Asset Management Limited

Investment Manager
4 March 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 Growth Units for the half year ended 15 February 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 Minorities, 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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