

CF Canlife Growth Units
Manager's Annual Short Report
for the year ended 15 August 2009

Investment Objective and Policy

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	15.08.09 %	15.08.08 %
Manager's periodic charge	1.50	1.50
Other expenses	0.03	0.01
Total expense ratio	1.53	1.51

Distributions

Unit Class	Annual 15.08.09 pence per unit
Accumulation	9.7896

Price and Income History

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2004	330.50	282.30	5.3915
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*	354.07	270.10	9.7896

* To 15 August 2009.

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

Net Asset Value Performance to 15 August 2009 (%)

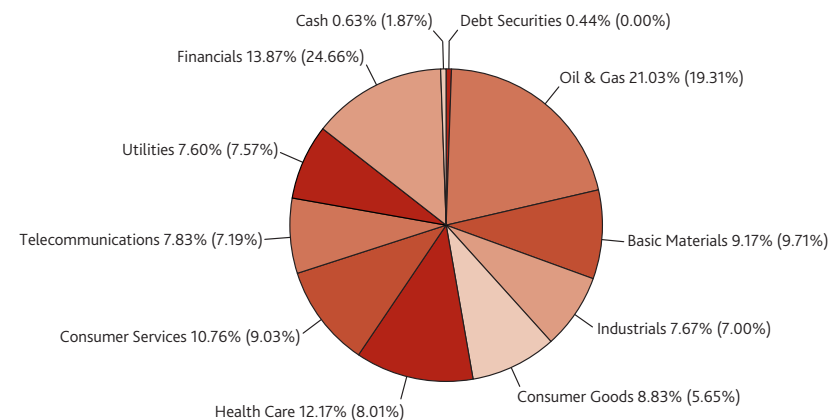
	1 year	3 years	5 years
CF Canlife Growth Units	(14.52)	(15.29)	18.04

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.

Sector Spread of Investments



The figures in brackets show allocations at 15 August 2008.

Major Holdings

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

Holding	% of Trust as at 15.08.09	Holding	% of Trust as at 15.08.08
BP	8.27	BP	7.28
Royal Dutch Shell 'B'	7.47	BlackRock institutional Sterling Liquidity Fund	6.44
Vodafone Group	6.26	Royal Dutch Shell 'B'	6.38
GlaxoSmithKline	6.16	HSBC Holdings	5.70
AstraZeneca	4.63	Vodafone Group	5.46
HSBC Holdings	4.37	BlackRock Institutional Sterling Liquidity Fund	3.83
BlackRock Institutional Sterling Liquidity Fund	4.04	BG Group	3.82
BG Group	3.90	AstraZeneca	3.32
Tesco	3.22	BHP Billiton	3.26
BHP Billiton	2.98	Anglo American	2.91

INVESTMENT MANAGER'S REPORT

Investment Review

This is the annual review up to 15 August 2009, during which time the FTSE All-Share Index has fallen by 13%. The total return (net income reinvested) from the Trust's units is down by 14.3%. Mid and small cap companies have outperformed, falling by only 7.4% and 9% respectively. We have seen a large reversal in performance during the interim period from 16 February. The Trust's units rose by 6.9%, the All-Share Index rose by 14.9%, mid caps rose by 30.5% and small companies rose by 40%.

The global economy slowed sharply in 2008. The stresses in the financial system intensified, leading to the failure of some major global financial organisations, and the Government bailing out several others. The crisis has led to aggressive government intervention. Interest rates are now the lowest they have ever been at 0.5%. Governments have also pumped liquidity into the system. This bail out of the financial system has put an effective safety net under the economy. World stock markets have staged a remarkable turnaround as belief in a sustained economic recovery has increased.

Unfortunately, we believe the risks are if anything towards a more drawn out recovery. We still need to see the unwinding of leverage in the banking system, corporate sector and even with individuals. The stabilization of house prices could be short lived, long-term fundamentals point to valuations still being 10% too high. High levels of unemployment will serve to cap increases in earnings. Taxes will increase to finance the bailouts; indeed, VAT will increase back to 17.5% in January and some commentators believe that it will increase further to 20% soon after. Interest rates will also rise once the economic situation stabilises. With this backdrop, we will all feel a little bit poorer and the consumer will eventually become a drag on the economy.

The Stock Market

Sentiment has changed in the market. Last year, defensive larger companies with little debt outperformed a falling market. Analysts were overly optimistic and we experienced many profit warnings. In March, sustained government intervention stabilized the situation and since then smaller indebted cyclical companies have outperformed a rising market. Companies are now managing to beat downgraded expectations.

Many of the more indebted companies have also recapitalised their balance sheets by issuing new shares. As the chance of bankruptcy has reduced, these shares have performed extremely strongly.

In retrospect, cyclical companies offered value and defensive companies had risen to relatively expensive levels. Given our negative view on the economy, we continued to favour safety. Unfortunately, large cap defensive companies have been a source of funds for investment into the rights issues and more cyclical sectors in general.

Currencies have also been extremely volatile. Sterling has fallen by almost 20% against the US\$. It has also fallen against the Euro and the Yen, making it the weakest major currency. This provides some relief in the UK for our exporters, accounting for over 60% of the markets earnings. In addition, some of our major companies actually report in US\$ and therefore gain when currency is converted back into sterling.

On a sector basis, we have seen a great deal of rotation between defensive and cyclical sectors. For example, Pharmaceuticals have managed to return 9.9% over the year, but have actually fallen by 16.3% over the last six months. Mining on the other hand has fallen by 13.8% over the year but has risen by 32.9% over the past few months. The banking sector has also seen a remarkable turnaround, falling by 16.2% over the year but managing to rise by 62.1% over the last six months.

Trust Activity

We continue to be over-weight in larger defensive companies. This will continue in the near future given the unfavourable economic backdrop that we expect.

During the year, we switched out of banks, selling our holdings in RBS, HBOS, Barclays, Lloyds TSB and Standard Chartered. We also sold the property company Land Securities and the Life Assurance companies Aviva, Legal and General and Prudential. We switched these holdings into more defensive companies such as food retailers Morrisons and Sainsbury's and food and beverage producers Unilever and Diageo. General retailers have managed to perform well despite the slowdown and we have added to our exposure by buying Next. We switched some of our life assurance into general insurance by buying RSA and Amlin. Finally, more recently we have added a bit of cyclicity by increasing our holdings in the mining companies Rio Tinto and Antofagasta, and the engineering company Cookson. We have also recently started to rebuild stakes in the banking sector by buying some more HSBC and adding Barclays and RBS back into the Trust.

Outlook

The market has rebounded and no longer looks compellingly cheap. It has done this during the summer months, when traditionally, volumes are lower and the market is quiet. The valuation of cyclical companies in particular has risen. The recovery now needs to broaden out into the more defensive sectors of the market. We 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. If as we expect, the market does fall again, we will reassess our position and gradually build our cyclical exposure back to more normal levels.

Canada Life Asset Management Limited

Investment Manager

28 August 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 CF Canlife Growth Units for the year ended 15 August 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 year it covers and the results of those activities at the end of the year.

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