

CF Canlife High Income Unit Trust
Manager's Annual Short Report
for the year ended 15 September 2009

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	15.09.09 %	15.09.08 %
Manager's periodic charge	1.50	1.50
Other expenses	0.16	0.11
Total expense ratio	1.66	1.61

Distributions

Unit Class	Interim 15.03.09 pence per unit	Final 15.09.09 pence per unit
Income	6.5165	7.9722

Price and Income History

Income units

Calendar Year	Highest Buying Price P	Lowest Selling Price P	Distribution per unit P
2004	345.68	219.30	13.2279
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*	338.24	262.51	14.4887

* To 15 September 2009.

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

Net Asset Value Performance to 15 September 2009 (%)

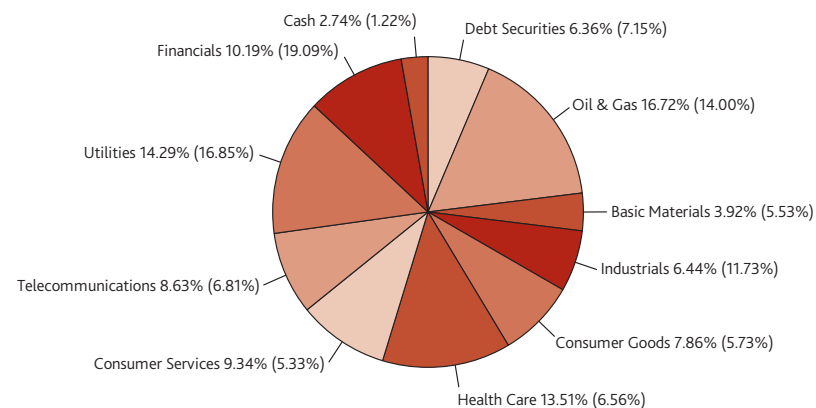
	1 year	3 years	5 years
CF Canlife High Income Unit Trust	-7.07	-11.39	26.82
FTSE All-Share Index	-2.24	-13.65	14.70

The performance of the Trust is based on the net asset value per Income unit with 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 September 2008.

Major Holdings

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

Holding	% of Trust as at 15.09.09	Holding	% of Trust as at 15.09.08
BP	7.85	HSBC Holdings	6.49
Vodafone Group	7.82	BP	6.03
Royal Dutch Shell 'B'	7.61	Royal Dutch Shell 'B'	5.84
GlaxoSmithKline	6.73	Vodafone Group	4.72
AstraZeneca	6.55	GlaxoSmithKline	4.48
HSBC Holdings	4.43	Scottish & Southern Energy	3.70
RBS 4.125% 2011	3.25	National Grid	3.68
BHP Billiton	3.13	Centrica	3.54
National Grid	2.99	Treasury 5.75% 2009	3.16
Centrica	2.89	Europäische Hypothekenbank 5% 2008	3.10

INVESTMENT MANAGER'S REPORT

Economy

Unemployment climbed over 5% during the year, while average earnings growth forecasts are around -2%.

The economy will probably shrink by more than 4% in 2009. The gross domestic production consensus forecast for 2010 is now, perhaps optimistically, higher than 1%. Inflation was flat in 2009. Given the return of 17.5% value added tax in January 2010, combined with poor 2008 figures dropping from comparisons, inflation could easily reach 3% next year.

The Bank of England cut interest rates to 0.5% during the year, and we forecast they may stay there throughout 2010 as growth will be so weak.

House prices have been firm though, and have now rallied up to levels of a year ago. This is helpful for consumer sentiment and spending.

We remain concerned about the exit strategy for the UK and the US governments following their financial stimulus packages. The national debt to GDP ratio is going to reach multi-decade highs over the next year or so. This will need repaying, through taxation, spending cuts, inflation, or a combination of these. The future is likely to be turbulent.

Market

The equity market improved substantially from the March lows. Heavily indebted companies did best, along with cyclical and consumer-exposed businesses such as house-builders, retailers and engineers. Following their bail-outs the banks have also performed exceptionally well. Defensive companies with strong balance sheets were amongst the lowest-returning stocks since March.

Corporate bonds have performed well as expectations of defaults have improved. Property appears to have bottomed, as rental yields now compare very attractively to the cost of funding.

Activity

The portfolio has reduced its cash balances through the purchase of defensive stocks such as Vodafone, Diageo, Tesco and Reed Elsevier. The market appears to be valuing more secure earnings streams at a discount rather than the usual premium given to such stability. Centrica successfully bid for the position in Venture Production. Similarly, we trimmed Premier Oil after strong performance.

The defensive portfolio struggled to keep up with the market. We traded in some lower quality names during the period to enhance returns, including Kazakhmys and Cookson, both sold at substantial profits.

Outlook

After such a strong bounce, the market looks to be pricing an average outlook. We are less optimistic. Base rate is likely to remain low as an inflationary outlook is probably more appealing than economic contraction. Government spending cuts and tax hikes could easily stifle growth. It will take time for the outcome to become clearer, and markets are likely to remain turbulent for a while.

Canada Life Asset Management Limited

Investment Manager

6 October 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 High Income Unit Trust for the year ended 15 September 2009. The full Report and Accounts for the Trust is available free of charge upon written request to Capita Financial Managers Limited, Ibox 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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