

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

Investment Objective and Policy

The CF Canlife Income Unit Trust ('the Trust') aims to secure an above average income consistent with moderate long term capital growth. The Trust aims to achieve this objective by investing in a mixture of high yield UK equities and fixed-interest securities. 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 October	15 December
Final	15 April	15 June

Total Expense Ratio

Expense Type	15.10.09 %	15.04.09 %
Manager's periodic charge	1.50	1.50
Other expenses	0.04	0.04
Total expense ratio	1.54	1.54

Portfolio Turnover Rate

	15.10.09 %	15.04.09 %
Portfolio turnover rate	15.84	79.79

Distributions

Unit Class	Interim 15.10.09 pence per unit
Income Accumulation	4.5094 23.2722

Performance Record

Income units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2004	187.70	165.80	7.5623
2005	227.03	184.42	7.9291
2006	254.30	209.12	8.2436
2007	262.47	225.41	9.0200
2008	245.66	155.32	8.6691
2009*	195.37	151.34	8.2000

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2004	770.90	692.90	31.3881
2005	1,011.93	796.80	34.3031
2006	1,117.78	948.03	37.0773
2007	1,232.44	1,069.33	42.6398
2008	1,179.99	783.40	42.6041
2009*	1,008.28	762.86	41.8743

* To 15 October 2009.

Net Asset Value Per Unit

Date	Unit Class	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.04.07	Income	104,446,949	43,010,196	242.84
	Accumulation	183,086,539	16,056,684	1,140.25
15.04.08	Income	89,325,466	41,711,098	214.15
	Accumulation	176,962,338	16,947,486	1,044.18
15.04.09	Income	62,614,179	40,795,232	153.48
	Accumulation	125,635,216	15,861,219	792.09
15.10.09	Income	72,305,669	40,097,423	180.32
	Accumulation	136,788,938	14,340,232	953.88

Net Asset Value Performance to 15 October 2009 (%)

	6 months	1 year	3 years	5 years
CF Canlife Income Unit Trust	20.43	16.88	-10.08	29.44

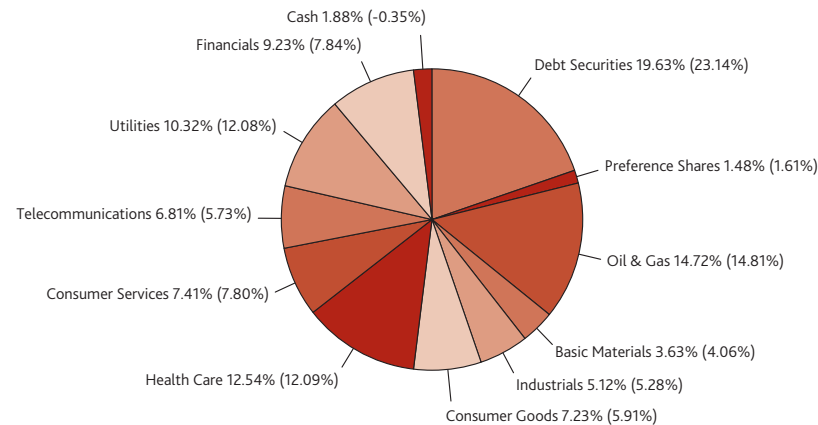
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

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 April 2009.

Major Holdings

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

Holding	% of Trust as at 15.10.09	Holding	% of Trust as at 15.04.09
Royal Dutch Shell 'B'	6.73	BP	6.97
BP	6.49	Royal Dutch Shell 'B'	6.66
GlaxoSmithKline	6.34	GlaxoSmithKline	5.89
Vodafone Group	6.08	AstraZeneca	5.86
AstraZeneca	5.93	Vodafone Group	5.24
HSBC Holdings	3.81	Treasury 5.75% 2009	4.39
BHP Billiton	2.96	BHP Billiton	2.97
Sainsbury (J)	2.55	Sainsbury (J)	2.73
Unilever	2.52	Centrica	2.51
National Grid	2.44	National Grid	2.48

Economy

Unemployment climbed to nearly 5% during the year, while average earnings growth forecasts are around 1.5%.

The economy will probably shrink by more than 4% in 2009. Economic growth forecasts for 2010 are now higher than 1% but we think this is optimistic. Inflation will be flat in 2009. With the return of 17.5% value added tax in January and poor figures dropping from comparisons, inflation might reach 3% next year.

The Bank of England cut interest rates to 0.5% this year and, due to weak growth, we forecast they will stay there for some time.

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

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

Markets

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

Corporate bonds 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 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 relative discount, rather than the usual premium given to such stability. Centrica successfully bid for the position in Venture Production. We trimmed our position in 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 growth outlook. We are less optimistic. Government spending cuts and tax hikes could easily stifle growth. However, interest rates will probably remain low, as an inflationary outlook is perhaps more appealing than economic contraction. It will take time for the outcome to become clearer, and markets are likely to remain volatile for a while.

Canada Life Asset Management Limited

Investment Manager
12 November 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 Income Unit Trust for the half year ended 15 October 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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