

CF Canlife Income Unit Trust
Manager's Annual Short Report
for the year ended 15 April 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	15.04.09 %	15.04.08 %
Manager's periodic charge	1.50	1.50
Other expenses	0.04	0.04
Total expense ratio	<u>1.54</u>	<u>1.54</u>

Distributions

Unit Class	Interim 15.10.08 pence per unit	Final 15.04.09 pence per unit
Income	5.4871	3.6906
Accumulation	26.7544	18.6021

Price and Income History

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*	190.56	151.34	3.6906

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*	960.52	762.86	18.6021

* To 15 April 2009.

Net Asset Value

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

Net Asset Value Performance to 15 April 2009 (%)

	1 year	3 years	5 years
CF Canlife Income Unit Trust	-24.14	-22.32	9.68

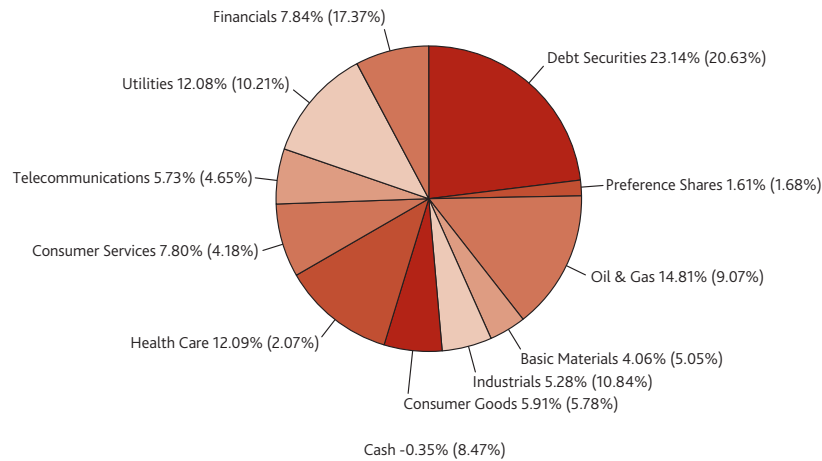
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

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 2008.

Major Holdings

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

Holding	% of Trust as at 15.04.09	Holding	% of Trust as at 15.04.08
BP	6.97	HSBC Holdings	4.38
Royal Dutch Shell 'B'	6.66	BP	3.73
GlaxoSmithKline	5.89	Royal Dutch Shell 'B'	3.73
AstraZeneca	5.86	Treasury 5.75% 2009	3.13
Vodafone Group	5.24	Vodafone Group	2.97
Treasury 5.75% 2009	4.39	National Grid	2.68
BHP Billiton	2.97	BHP Billiton	2.50
Sainsbury (J)	2.73	Scottish & Newcastle	2.28
Centrica	2.51	United Utilities	2.17
National Grid	2.48	Scottish & Southern Energy	2.05

Investment Review

Economy

Production continued to fall over the past six months, both in the UK and globally. Gross domestic product (GDP) growth forecasts have now fallen to -3.3% for 2009 followed by a very weak recovery in 2010.

Although inflation is forecast to remain below 2% in the short term, government actions taken are potentially inflationary. Meanwhile, unemployment has continued to rise and looks set to keep rising. The consensus estimates that the UK unemployment rate will reach 6.7% in 2010, up from 2.8% in 2008.

To combat these problems, interest rates globally have been slashed to nearly zero; the UK recently cut to 0.5%; US rates are 0.25%, and the European Central Bank (ECB) recently cut to 1.0%.

Government bailouts of banks around the world have become common. The UK has been leading this process. Large government stakes have been taken in the vulnerable banks, raising equity cushions against bad debts, and heavily diluting existing shareholders. The government has also agreed to take on a reasonable chunk of expected bad debts from the banks through an insurance contract. Individuals are likely to have to pay out for some of these rescue packages in due course through increased tax rates.

Home prices continue to fall in both the UK and the United States, although in the US they have at least now reached fair value using long-term metrics. Very recent data suggest a small rise in prices in the last month or so. A bottoming out of house prices would be very helpful in stabilising the economy and would provide support to equity and bond markets.

Market

UK equities fell sharply in September 2008 and have moved broadly sideways since then. Volatility has been high. Most sectors fared poorly, in particular the banks, life insurers, and real estate companies. General insurance did much better, as did the integrated oil companies, and defensive stocks such as tobacco manufacturers and food retailers.

Many UK quoted companies were on the verge of defaulting on their debt by the end of 2008. Government action combined with rising sentiment has allowed many of these businesses to refinance themselves at not too damaging rates. Such companies have seen tremendous share price appreciation from their lows.

UK real estate companies have been very active in raising fresh equity to protect against default of bank covenants.

Bonds were the best asset class to be invested in, aided by government buying of bonds. High quality corporate bonds were also strong performers. Commercial property continued to steadily devalue.

Activity

The portfolio continued to reduce its exposure to the banking sector, eliminating Royal Bank of Scotland, and reducing HSBC. It is likely that bad debts and increasing regulation will weigh heavily on future returns for many years.

The portfolio took a new position in Sainsbury. The company has been improving its operations recently, and its earnings should prove resilient through the difficult times ahead. The two UK pharmaceutical majors, AstraZeneca and GlaxoSmithKline, were also added to, along with Vodafone.

Outlook

The future is particularly unclear at the moment. The shrinking of the global economy and the huge debt repayments that will follow are being offset by unprecedented large-scale government actions. It is likely that volatility is set to continue until the outcome becomes clearer. Equity valuations on long-term metrics remain attractive, however.

Canada Life Asset Management Limited

Investment Manager
13 May 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 year ended 15 April 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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