CAPITA FINANCIAL GROUP

Canada Life™

CF Canlife North American Unit Trust

Manager's Interim Short Report

for the half year ended 15 January 2009

Investment Objective and Policy

The CF Canlife North American Unit Trust ('the Trust') aims to provide capital growth mainly from investment in shares quoted on North American 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 January	–
Final	15 July	15 September

Total Expense Ratio

Expense Type	15.01.09 %	15.07.08 %
Manager's periodic charge	1.50	1.50
Other expenses	0.05	0.05
Total expense ratio	1.55	1.55

Distributions

Any surplus income is allocated annually to unitholders in accordance with the Regulations.

Price and Income History

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2004	401.00	340.00	–
2005	440.86	340.29	–
2006	447.72	369.24	–
2007	453.33	390.24	–
2008	459.79	304.41	–
2009*	426.22	364.09	–

* To 15 January 2009.

Net Asset Value

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.07.06	117,326,958	31,075,666	377.55
15.07.07	125,822,713	30,471,788	412.92
15.07.08	97,837,467	26,895,393	363.77
15.01.09	96,304,083	26,377,004	365.11

Net Asset Value Performance to 15 January 2009 (%)

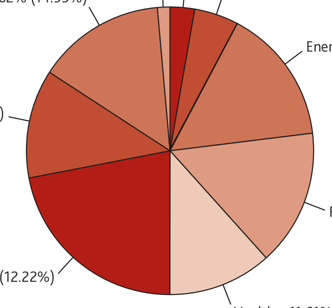
	6 Months	1 year	3 years	5 years
CF Canlife North American Unit Trust	0.37	(10.86)	(10.55)	(1.06)
S&P 500 Index	(30.55)	(38.90)	(34.47)	(25.47)

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

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 July 2008.

Major Holdings

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

Holding	% of Trust as at 15.01.09	Holding	% of Trust as at 15.07.08
Exxon Mobil	6.56	TiVo	4.63
TiVo	6.45	Microsoft Corporation	4.47
Financial Select Sector SPDR	4.87	Energy Select Sector SPDR	3.86
Life Technologies Corporation	3.27	Covidien	3.11
Amdocs	3.04	Amdocs	2.93
Hess Corporation	2.81	Pall Corporation	2.75
Marsh & McLennan	2.22	Automatic Data Processing	2.54
Salesforce.com	2.21	Exxon Mobil	2.51
Itron	2.11	Beckman Coulter	2.51
Clean Harbors	2.10	Duke Energy Corporation	2.50

INVESTMENT MANAGER'S REPORT

Investment Report

The review period once again saw dramatic falls in markets and a global economic backdrop that was rapidly deteriorating. In addition the financial sector witnessed relentless write offs and subsequent capital raises which dampened sentiment still further. The benchmark S&P500 Index fell a dramatic 30.5% in US dollars but, because of the almost equally large decline in the pound, fell a rather more moderate 4.8% once translated into sterling. Once again, because of a highly defensive posture, the Trust performed much better than both the index and the average of its peers.

Investment Review

The two most notable features of the last six months, in our view, have been the sharp fall off in economic activity and the continuation of the global credit crisis. The problems faced by the banks have been well documented in the media and the write offs and subsequent capital raises have continued at a truly staggering rate. We are still not at the end of this process although most Government's are taking aggressive action to free up the financial system and allow credit to start flowing again.

The economy probably held up for longer than it might have given the extreme problems in the financial sector. Prior to September it was deteriorating gradually but thereafter most indicators lurched downward as activity slowed quite dramatically. It is hard to identify a particular catalyst but it was certainly the point from which there was no dispute the US was heading for recession. Perhaps the best indicator to illustrate this was the widely followed ISM Index, a diffusion index of manufacturing conditions, which could technically range from a reading of 0 to 100 with 50 representing the boom/bust line. In August this series was just below 50, a weak but not concerning level, but then lurched down for the next four months to a reading of 32.4 which is nearly at record lows and well below a level that signals a recession. Consensus economic forecasts are still catching up with this sharp deterioration but are suggesting a decline of 1.8% in 2009 followed by growth of 2.3% in 2010. We think that the former may be too pessimistic due to the potential for a second half recovery but the 2010 number is probably a little high as the recovery is likely to be muted, in our view.

Policy in the US has been extremely aggressive without which this crisis would likely have become much worse still. Interest rates have been slashed to zero and the Central Bank will undertake a policy of quantitative easing to further stimulate the economy. A vast rescue plan to free up the financial markets was instigated by the Treasury representing some $700bn and the Government, slightly delayed by the change in President, is in the final stages of an equally vast fiscal stimulus to try and turn the economy. Clearly we are in unprecedented times and these measures are dramatic. Whether they are enough will become clear in coming months.

The Stock Market

The market was actually fairly stable for the first three months of the review period but fell sharply from late September onward as it became clear the economy was rapidly deteriorating. Given a succession of poor economic data releases it was easy to draw the obvious conclusion that we were heading for recession. As a consequence corporate earnings forecasts were (and are) still much too high and would therefore have to fall sharply. Given this backdrop the equity markets saw dramatic falls with the leading S&P500 Index 30.5% lower than at the start. However, because of a significant weakness in the pound the return for sterling based investors was a somewhat less uncomfortable but still negative 4.8%.

The Stock Market *(continued)*

All industry subgroups fell with the financial sector declining a noteworthy 42.3% because of the ongoing credit crisis, continually poor news flow, large write offs and subsequent capital raises. In addition this phase saw dramatic collapses in formerly leading companies such as AIG and Fannie Mae both of which were 80% nationalised as a result. Worse still was the basic materials sector which fell following the collapse in underlying commodity prices (-44.9%). Even the best performing sectors, the traditional defensives areas of healthcare and consumer staples, were still significantly lower (-17.3% and -15.9% respectively) underlining quite how difficult market conditions were.

Despite this unrelenting gloom it should be noted that markets generally bottom well before the end of a recession and certainly before news flow improves. Are we at that point yet? We are loathe to say that we are near or indeed at the lows yet but that point may not be far away.

Trust Activity

This turned out to be a period of higher turnover for the Trust due to the extreme volatility in underlying markets. For the majority of the review we adopted a highly defensive posture which allowed the Trust to perform much better than both the overall market and the average of its peers. Later on we somewhat backed away from this stance to a more neutral view which will in turn allow the Trust to fully benefit should markets rise. This translated into a significant reduction of the healthcare sector with sales of some former favourites such as AmerisourceBergen, Covidien, Beckman Coulter and Omrix Biopharmaceuticals (following a takeover). Similarly we sold many of our consumer staples names including Proctor & Gamble and Kellogg.

Our purchases have been concentrated in industrials and more particularly those involved in the likely infrastructural spending as a result of the upcoming fiscal package. Names here include United Technology (aircraft parts, lifts & air conditioning) Badger Meter and Itron (water & electrical metering, smart grid applications) and Mueller Water (water infrastructure).

Finally it should be noted that we moved from a position where we were running elevated cash positions (due to the poor backdrop and lack of opportunities) to one of being fully invested again as markets have begun to look more attractive to us.

Outlook

We are in the midst of extremely difficult times characterised by high levels of market volatility, very weak economic data and a problematic financial system. Against this backdrop it should be noted that the policy response has been extremely aggressive encompassing significant interest rate cuts, a large fiscal package and a $700bn financial rescue package. Undoubtedly we are in the midst of a recession so the most important question is whether the policies implemented thus far are enough to turn the economy and rescue the financial system. We think it will probably take a little longer yet to get policy traction but it should be remembered that financial markets generally turn well before the economy and so we are slightly more minded to be positive than negative.

Canada Life Asset Management
Investment Manager
21 January 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 North American Trust for the half year ended 15 January 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 period it covers and the results of those activities at the end of the period.

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