

CF Canlife Japanese Growth Unit Trust
Manager's Annual Short Report
 for the year ended 15 March 2010

Investment Objective and Policy

The CF Canlife Japanese Growth Unit Trust ('the Trust') aims to provide capital growth mainly from investment in shares quoted on Japanese 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 September	–
Final	15 March	15 May

Total Expense Ratio

Expense Type	15.03.10 %	15.03.09 %
Manager's periodic charge	1.50	1.50
Other expenses	0.09	0.10
Total expense ratio	<u>1.59</u>	<u>1.60</u>

Portfolio Turnover Rate

	15.03.10 %	15.03.09 %
Portfolio turnover rate	83.18	106.12

Distributions

Unit Class	Final 31.03.10 pence per unit
Accumulation	0.0749

Price and Income History

Accumulation units

Calendar Year	Highest Buying Price p	Lowest Selling Price p	Distribution per unit p
2005	49.67	30.14	-
2006	50.50	37.00	-
2007	43.01	32.64	-
2008	38.49	26.05	-
2009	40.25	28.68	0.1161
2010*	42.15	35.74	0.0749

* To 15 March 2010.

Net Asset Value

Date	Net Asset Value £	Units in Issue	Net Asset Value pence per unit
15.03.08	37,785,506	125,302,386	30.16
15.03.09	37,231,526	126,240,954	29.49
15.03.10	35,773,458	88,715,022	40.32

Net Asset Value Performance to 15 March 2010 (%)

	1 year	3 years	5 years
CF Canlife Japanese Growth Unit Trust	36.72	4.08	21.92

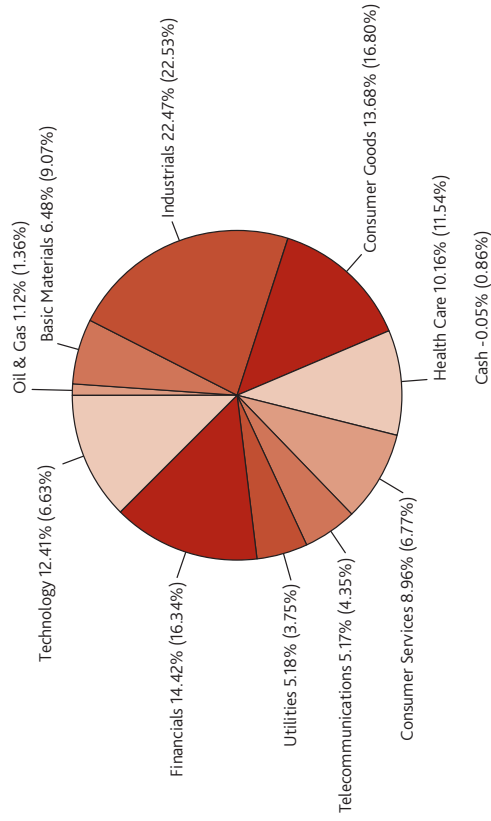
The performance of the Trust is based on the net asset value per Accumulation unit which includes income reinvested.

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 March 2009.

Major Holdings

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

Holding	% of Trust as at 15.03.10	Holding	% of Trust as at 15.03.09
Mitsubishi UFJ Financial Group	3.48	Toyota Motor Corporation	3.76
Nippon Telegraph & Telephone	2.65	Mitsubishi UFJ Financial Group	3.34
Fujifilm Holdings Corporation	2.64	Tokio Marine Holdings	3.17
Tokyo Gas	2.61	Mizuho Financial Group	2.96
Tokyo Electric Power Company (The)	2.57	Nippon Telegraph & Telephone	2.48
Rohm	2.53	Symtex Corporation	2.33
Sharp Corporation	2.52	Sumitomo Mitsui Financial Group	2.27
NTT DoCoMo	2.52	Miura	2.21
Sumitomo Mitsui Financial Group	2.46	Oiles Corporation	2.15
Kao Corporation	2.28	Sharp Corporation	2.08

Japanese Growth Report 15/03/09 to 15/03/10

World markets rallied over the review period. After collapsing at the end of 2008, global growth recovered strongly in 2009. Markets bounced from previous low valuations. In Japan, the Topix performed well, climbing 30% higher.

Investment Review

The market rallied as economic conditions vastly improved over the review period. Following severe economic weakness in 2008, global trade began to recover early in 2009 on the back of large government spending packages around the world. An export led recovery drove Japan out of recession in the second quarter of the year, with the economy achieving 6% quarter-on-quarter growth. Recent data has shown that the economy then contracted by 0.6% in the third quarter, as weakness in domestic demand offset continued strength in exports. However, as sales at exporters increased, their earnings improved. Exporter's wealth started to get recycled around the domestic economy as they began to raise wages and hire more workers. As a result, by the fourth quarter both domestic demand and net exports were positively contributing to growth. The economy expanded by 3.8%. We feel that Japanese growth can continue to recover in 2010 as the domestic economy gathers momentum, supported by economic conditions overseas.

Japan saw a change in government in 2009. On 30 August, the historically dominant Liberal Democrat Party (LDP) lost power to the Democratic Party of Japan (DPJ). After the election, the DPJ stemmed some of the fiscal spending projects that the LDP had undertaken. The DPJ have recently started to implement their own fiscal stimulus policies, including subsidies designed to support families and consumption. Government spending is set to support the economy in 2010.

We have also seen the Bank of Japan take a more accommodative position on monetary policy. On 1 December 2009, in an emergency meeting, the Central Bank announced it would undertake further monetary policy easing. It also publicly denounced deflation. This sparked a rally in the market. Deflation continues to be a problem in Japan and whether policy makers carry out further efforts to fight it remains to be seen. If they do, it should be favourable for Japanese markets.

The Stock Market

Although Japanese equities moved higher over the period, gains were not in a straight line. The market rose through to August, but then fell until the end of November. However, it then jumped in December and ended the period strongly.

By the end of August, the Topix had risen almost 35%. Leveraged sectors led the market higher, benefiting from improved economic conditions and a rise in risk appetite. Cyclical and economically sensitive sectors also did well, whilst defensive sectors lagged.

Between September and December, the market lost some of these gains and fell over 15%. A number of factors hurt sentiment. There was uncertainty over what policy measures the newly elected DPJ government would undertake. Concerns over a double dip in economic growth, along with the possibility of stricter capital regulations for financial companies, resulted in considerable capital raising efforts by corporate Japan. Deflationary pressure and media focus on the large amount of Japanese government debt also hurt the outlook.

The Stock Market (continued)

However, at the end of November, the Japanese Central Bank emergency meeting in which they eased monetary policy proved to be a catalyst for a strong bounce in the market. Improving economic conditions, both in Japan and around the world, supported the move. By March, the market was heading back towards its August highs.

Overall, the Topix gained 30% between March 2009 and March 2010. Sectors leading the market higher were the consumer finance sector shooting up 69% and the real estate sector rising 60%. Cyclical sectors also performed very strongly, with trading companies gaining over 60%, and machinery and non-ferrous metals both rising more than 50%. The electric appliance and automobile sectors rose 50% and 40% respectively as global consumers bought more Japanese goods. In contrast, the air transport sector fell by 50% as Japan Airlines, Japan's largest airline, went bankrupt in January 2010. Defensives also underperformed the rising market, with the utility sector gaining just 3% over the twelve months.

Trust Activity

Having adopted a highly defensive position in 2008, we gave the Trust a more pro-cyclical structure at the start of the review period. Sells included steady earners, such as utility company Kyushu Electric Power and food producer Ajinomoto. Companies with more economically sensitive earnings structures, such as electronic materials and synthetic rubber maker JSR and steel producer Yamato Kogyo, replaced them.

More recently, we have started to take a more market neutral portfolio as the rate of improvement in the global economy slows. We have taken profits out of strong performing cyclical stocks and invested into companies with more stable earnings structures. We have sold speciality metals company Hitachi Metals and electric components company Nidec. Purchases include waste disposal and recycling company Daiseki, and pharmaceutical clinical testing company EPS.

Outlook

Japan has historically been a big beneficiary of global economic growth and we feel this is set to continue. Higher earnings at exporters have led to better domestic labour market conditions. This can drive improvements in domestic demand. Fiscal and monetary stimuli are currently supportive and deflationary pressure could ease going forward. Since valuations remain low relative to historic averages, we believe that the Japanese market can move higher from its current level. However, we continue to pay close attention to overseas economic developments when determining strategy.

Canada Life Asset Management Limited

Investment Manager

16 April 2010

Buying and Selling Units

The Manager will accept orders to deal in the units on normal business days between 8.30am 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 Japanese Growth Unit Trust for the year ended 15 March 2010. 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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