



UTC North American Fund Investor Report

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Economic Overview & 2012 Market Outlook

Global Economic Themes

- The year 2011 was one of extreme uncertainty in financial markets. The historical downgrade of U.S. sovereign debt by Standard & Poor's, the precarious debt situation in Europe and the slowing of global economic growth did little to inspire confidence among investors. These global economic problems could very well continue into 2012 causing above average volatility in financial markets that was experienced in 2011.
- A sovereign debt crisis and worry over insufficient bank capital continue to have adverse consequences for economies in the Euro Area region. As for the U.S., the economy is slowly beginning to improve. Economic indicators such as industrial production, consumer confidence and initial jobless claims continue to show respectable improvements. U.S. real Gross Domestic Product (GDP) stood at 2.80% in Q4 2011 (the fourth quarter of 2011), an improvement when compared to real GDP of 1.80% in Q3 2011.
- Canadian economic data released in January 2012 has been unexpectedly encouraging. Real GDP grew by an annualised 3.5% in the third quarter of 2011, a turnaround from a 0.5% contraction in the previous quarter. A 14.4% increase in exports was by far the most important driver, helped by the reasonable performance of the U.S. economy in those months.

Equity & Fixed Income Market Outlook & Strategy 2012

- Uncertainty in the financial markets is usually accompanied by a cautious approach to investing. Investors typically move toward safer assets such as bonds, rather than more risky assets such as equity, thus pushing up bond prices and causing equity prices to fall.
- The ongoing debt crisis in the Euro Area and the slowing of global economic growth requires a conservative investment approach. Whilst the U.S. economy is doing relatively better than other developed economies around the globe, they may still experience slow economic growth going forward. The main reason for this can be attributed to the still high unemployment rate in the U.S., which currently stands at 8.30% in January 2012, down from 8.50% in December 2011. Against this backdrop, management will place more emphasis on being invested in bonds and holding cash, rather than being too overly invested in equities.

- Investments in equities would comprise of companies that are 'defensive' in nature, that is, those that perform relatively well in times of slow economic growth. In terms of bonds, management will continue to invest in high quality bonds that perform well in a slow-growth economic environment. Companies with strong balance sheets and cash flows will be targeted for investment. For Q1 2012, the Fund Manager's main objective is to generate income on assets invested and the preservation of unitholders' capital.

Review of Fund Performance & Strategy

For the year 2011, the net return on UTC North American Fund fell by -3.47% as weak economic data coming out of the U.S., fears of a debt crisis in Europe and the downgrade of U.S. sovereign debt by Standard & Poor's in August, caused equity markets to decline significantly over the period in review. The Fund was shielded from the full impact of the equity market decline during this period due to its holdings in high quality bonds.

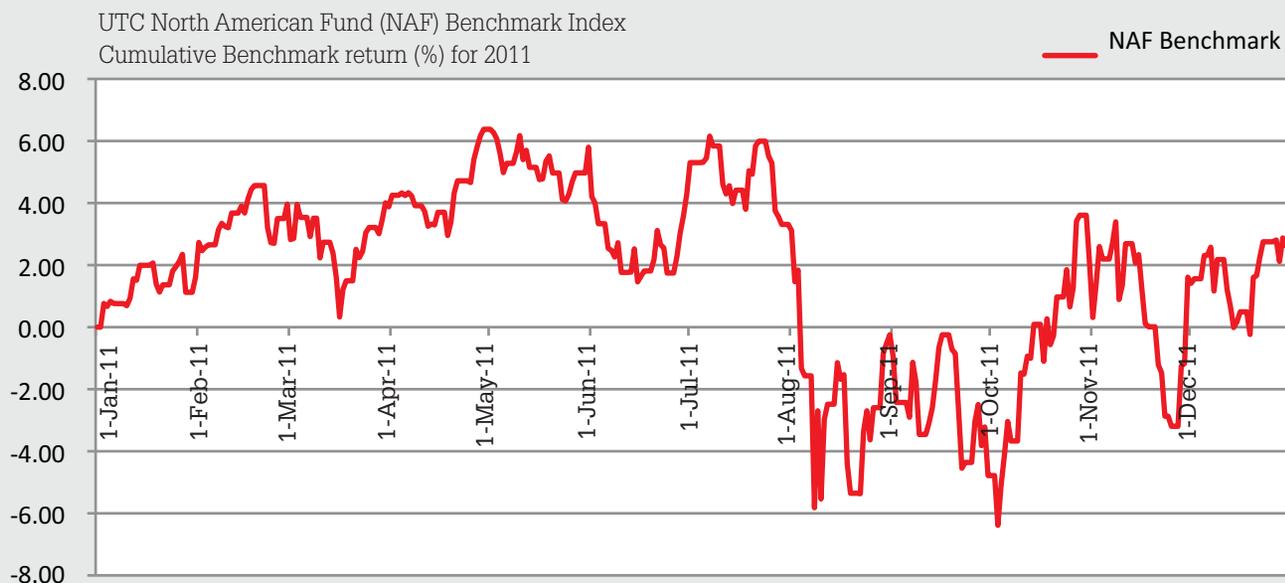
With intensifying strains in the Euro Area weighting on the global outlook, the International Monetary Fund (IMF) has sharply cut its forecast for world growth for 2012 from a previous forecast of 4.00% made in September 2011 to a revised forecast of 3.30% made in January 2012. Given the aforementioned, more emphasis will be placed on being invested in high quality bonds and equities that perform relatively well in a slow-growth economic environment. We are also of the view that holding a certain level of cash is prudent in this slow-growth economic environment.

Performance Summary (as at December 31st 2011)

Cumulative Returns (%)			Annualised Returns (%)		
3-Month	Year-to-Date (YTD)	Since Inception	1 Year	3 Years	5 Years
8.57	-3.47	60.94	-3.47	6.08	-3.72

Returns are average annualised total returns, except those for periods of less than one year, which are cumulative.

UTC North American Fund (NAF) Benchmark Return (%)



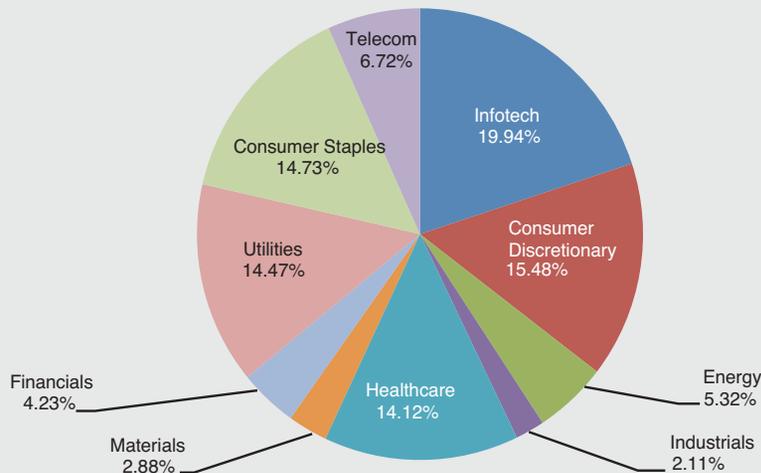
*The UTC North American Fund's benchmark comprises the S&P 500 Equity Index (70% weighting) and the Barclays Capital U.S. Aggregate Government/Credit Bond Index (30% weighting)

Top Ten Holdings (as at December 31st 2011)

Top Ten Holdings	% of Portfolio Net Assets
iShares iBoxx Investment Grade	4.80
U.S. Treasury Bill 08/23/12	3.96
Pfizer Inc.	3.70
McDonald's Corp.	3.64
Southern Company	3.49
Altria Group Inc.	3.46
Duke Energy Corp.	3.41
Kraft Foods Inc.	3.20
Starbucks Corp.	3.13
Procter & Gamble Co.	3.03
Total Top 10 Holdings	35.81

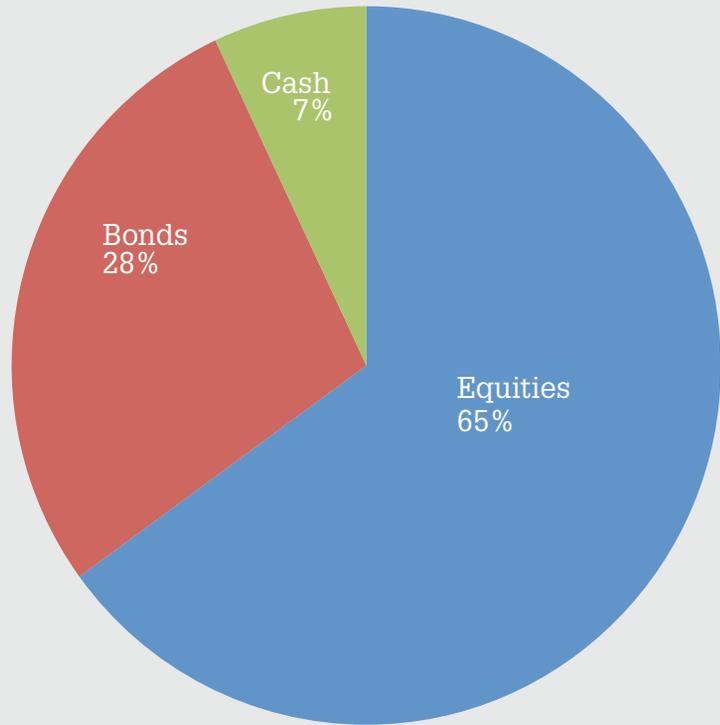
Sector Mix (as at December 31st 2011)

Sector	% of MV
Infotech	19.94%
Consumer Discretionary	15.48%
Energy	5.32%
Industrials	2.11%
Healthcare	14.12%
Materials	2.88%
Financials	4.23%
Utilities	14.47%
Consumer Staples	14.73%
Telecom	6.72%



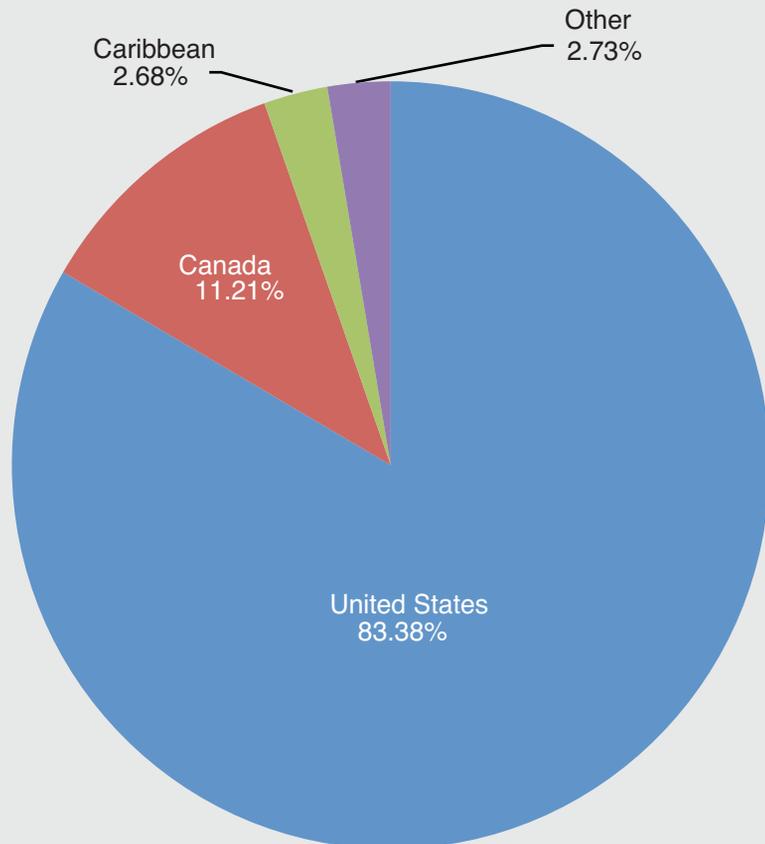
Asset Allocation (as at December 31st 2011)

Equities	Bonds	Cash
65%	28%	7%



Country Mix (as at December 31st 2011)

Countries/ Regions	% of MV
United States	83.38%
Canada	11.21%
Caribbean	2.68%
Other	2.73%
Total	100.00%



Glossary of Terms

Asset Allocation – The process of dividing investments among different kinds of assets, such as stocks, bonds, real estate and cash, to optimise the risk/reward tradeoff based on an individual's or institution's specific situation and goals.

Benchmark – A standard against which the performance of a security, mutual fund or investment manager can be measured. Generally, broad market and market-segment stock and bond indexes are used for this purpose.

Commodity – A physical substance, such as food, grains and metals, which is interchangeable with another product of the same type, and which investors buy or sell, usually through futures contracts on an exchange. The price of the commodity is subject to supply and demand.

Core Inflation – A measure of inflation that excludes certain items such as food and energy prices, which face volatile price movements. Core inflation eliminates products that can have temporary price shocks because these shocks can diverge from the overall trend of inflation and give a false measure of inflation.

Credit downgrade – A negative change in the rating of a security or country by a recognised Rating Agency. This situation occurs when analysts feel that the future prospects for a financial asset or country have weakened from the original recommendation, usually due to a material and fundamental change in the financial asset's or country's future outlook.

Economy – Encompasses everything related to production and consumption of goods and services in a particular geographic region.

Economic growth – An increase in the level of production of goods and services by a country over a certain period of time. Economic growth is usually brought about by technological innovation and positive external forces.

Economic slowdown – A decrease in economic growth, especially one that follows a period of robust growth.

Equity or stock – Ownership interest in a corporation in the form of common stock or preferred stock.

Equity or stock market – General term for the organised trading of stocks through exchanges and over the counter.

Fixed Income security – A security that pays a specific interest rate, such as a bond or money market instrument.

Fixed Income market – Financial market where securities that yield fixed income (bonds and treasury bills) are bought and sold.

Fiscal Deficit – When a government's total expenditure exceeds the revenue that it generates.

Gross Domestic Product – The monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Headline Inflation – The raw inflation figure as reported through the Consumer Price Index (CPI) that is released monthly by the Bureau of Labor Statistics. The CPI calculates the cost to purchase a fixed basket of goods as a way of determining how much inflation is occurring in the broad economy.

Industrial Production – This economic indicator measures the amount of output from the manufacturing, mining, electric and gas industries.

Inflation - The rate at which the general level of prices for goods and services are rising, and, subsequently, purchasing power is falling.

Leading Economic Indicators – Economic data, usually of macroeconomic scale, that is used by investors to interpret current or future investment possibilities and judge the overall health of an economy.

Mining sector – Comprises companies involved in mining.

Mining – The extraction of valuable minerals or other geological materials from the earth from an ore body, vein or (coal) seam.

Sovereign Debt – Bonds issued by a national government in a foreign currency.