

ISSUE 15
June 2015

Investor Report

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**North
American
Fund**

SAFETY ■ STRENGTH ■ STABILITY

UTC North American Fund Investor Report

An investor should consider a fund's investment objectives, risks, charges and expenses carefully before investing. This and other important information can be found in the Fund's Prospectus. Obtain a Prospectus from our website or at any of



UNIT TRUST
CORPORATION

Q2 2015 ECONOMIC OVERVIEW & OUTLOOK

UTC North American Fund Investor Report

Global Economic Themes

- Global Gross Domestic Product (GDP) is expected to increase by 3.2% this year after having grown 3.4% in 2014. During the first half of the year, geopolitical issues; particularly in Europe, contributed to market volatility. The effects of the Russian–Ukraine impasse, Greece’s potential default, China’s margin-fueled bear market and volatility in the price of oil have provided no shortage of challenges to worldwide economic performance.
- The advanced economies such as the U.S. and UK performed better during the first quarter than previously estimated and are expected to drive global growth for the remainder of the year. Emerging market territories are expected to struggle given the lower price for oil and expected slower economic growth.
- After contracting by 0.2% during the first quarter, the U.S. is expected to recover significantly in 2Q 15, with estimated growth of 2.5% quarter-on-quarter (q-o-q). The U.S. consumer has returned to pull the economy into positive growth this year from recent data. During May, auto-sales rose to its highest level in nearly 10 years and in June, the Consumer Sentiment Index rose to 96.1 up from 90.7 recorded a month earlier. In addition to increased new home sales, the month of May also saw a 5.1% increase in the sales of existing home – indicating that the U.S. is on track for their best year for housing since 2007. The U.S. is expected to grow by 2.4% this year.
- Continued accommodative monetary policy stances by the world’s central banks, easing of geopolitical tensions in Europe and continued consumer confidence in the world’s leading economies can drive positive economic performance and fulfill analysts’ expectations for growth this year. Notably, the market situation in China and the debt-repayment issue in Greece must be monitored for possible contagion effects.

Q2 2015 ECONOMIC OVERVIEW & OUTLOOK

UTC North American Fund Investor Report

Equity and Fixed Income Market Outlook and Strategy Q3 2015

- The outlook for 3Q15 remains cautiously optimistic. Whilst positive employment growth and investor sentiment persists the effects of a stronger U.S. Dollar is having a negative impact on external demand for U.S. manufactured goods.
- According to the Institute for Supply Management (ISM), the non-manufacturing sector index decreased marginally over the quarter to 56 in June 2015 from 56.5 in March. According to the US Bureau of Labour Statistics, non-farm employment gained 223,000 new jobs in June, compared to 126,000 in March whilst the overall unemployment rate remained declined over the quarter from 5.5% to 5.3%
- Management expects stocks to continue to be influenced by corporate earnings growth versus the expansion in price/earnings multiples seen last year. It is expected that corporate earnings growth will continue at a moderate pace through the rest of the year. Thus far, of 354 companies that have reported earnings to date for Q2 2015, 73% have reported earnings above the mean estimate and 52% have reported sales above the mean estimate.
- The Fed continues to signal a rise in Fed Funds rate. The analysis would suggest that this could happen in the not-too-distant future (late 2015 to early 2016). As such the outlook for U.S. fixed income prices remains neutral with a chance of negativity and the maturity profile/duration of portfolios should be kept short (relative to the benchmark) to minimise interest rate risk.
- Following the acquisition of high credit quality, liquid, corporate bonds management believes the Fund is now well positioned to perform in the short to medium term. The strategy through 3Q15, will involve holding the Fund's current positions whilst utilising a sub-advisor for the equity holding.

NORTH AMERICAN FUND INVESTOR REPORT

Review of Fund Performance and Strategy

For the half year ended June 30th 2015, the UTC North American Fund posted a net return of 1.61%, compared to the blended index benchmark return of 0.77%. The Fund's equity component benchmark, the S&P 500 Total Return Index, generated a return of 1.23 % while the fixed income component's benchmark, the Barclays U.S. Aggregate Government/Credit Bond Index, returned -0.30%.

The outperformance during 2014 was mainly attributable to the Fund's equity component. The Fund's equity component has yielded a noteworthy 2.43 % over the year-to-date (YTD) period versus the S&P 500 Total Return Index return of 1.23 %. The equity component's performance was primarily driven by positions in the health care and consumer discretionary sectors which outperformed the S&P 500 index with YTD returns of 8.74% and 6.02% respectively. The rebalancing of the equity component has been consistent with Management's expectations and continues to appreciate over 2015, with the allocation currently being slightly below the proposed strategic asset allocation.

The fixed income component returned -0.25%, marginally above its benchmark's return of -0.30% by 5bps. In 2015 Management expanded its selection pool for fixed income assets, allowing for the investment in bonds with higher yields. However, a persistent low interest rate environment exerted downward pressure on the overall fixed income portfolio returns.

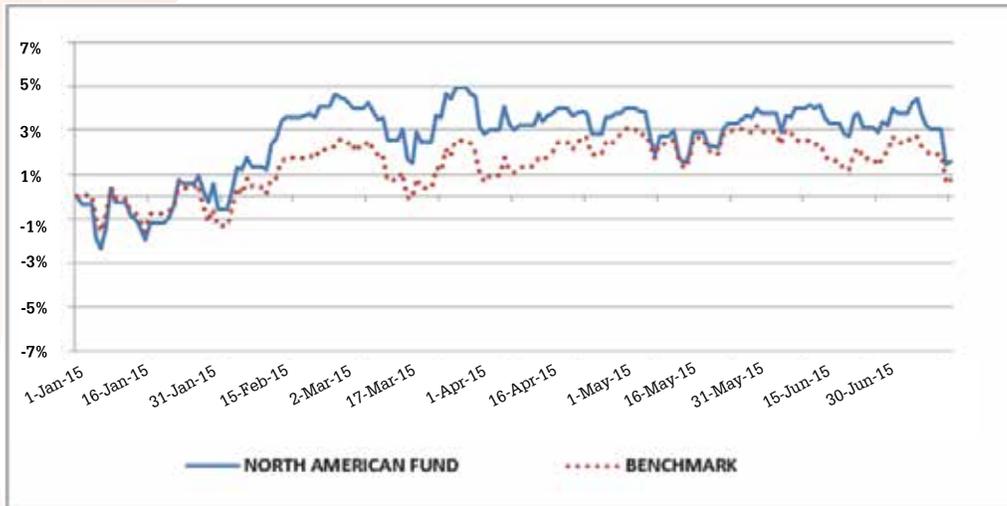
The strategy for the second half of 2015, will involve a balanced approach with a heavier weighting in equities versus fixed income securities.

**UTC NORTH
AMERICAN FUND**
Performance Summary
as at June 30th, 2015

Cumulative Returns (%)			Annualised Returns (%)		
3-Month	Year to Date (YTD)	Since Inception	1 Year	3 Years	5 Years
-1.64	1.61	120.04	6.54	9.69	8.20

NORTH AMERICAN FUND INVESTOR REPORT

UTC North American Fund (NAF) Benchmark Index and UTC North American Fund cumulative returns for the year to date period ended June 30th, 2015



* The UTC NORTH AMERICAN FUND Benchmark comprises the S&P 500 Equity Index (70% weighting) and the Barclays Capital U.S. Aggregate Government/Credit Bond Index (30% weighting)

UTC NORTH AMERICAN FUND

Top 10 Holdings
as at June 30th, 2015

Top 10 Holdings

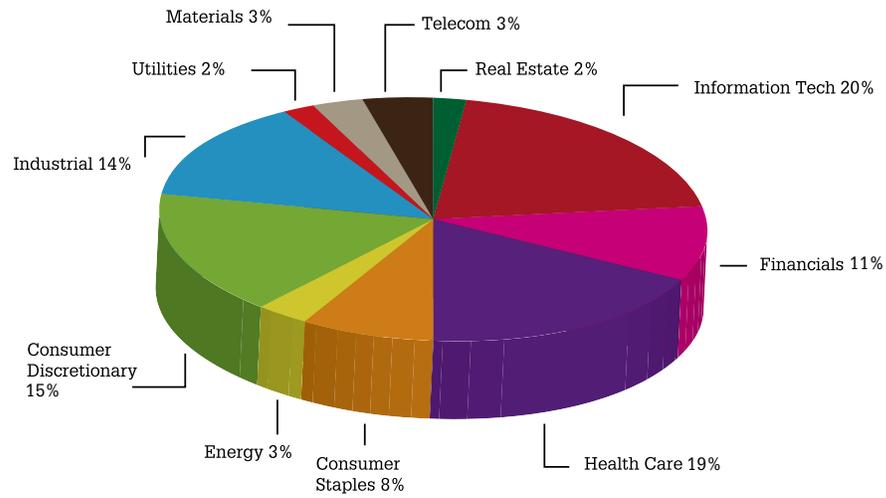
% of Portfolio Net Assets

ISHARES CORE US CREDIT BOND (CRED)	4.42%
GENERAL ELECTRIC CO	3.96%
ISHARES TR IBOXX INV CP ETF	3.88%
EXXON MOBIL CORP	3.33%
JPMORGAN CHASE & CO.	3.15%
BANK AMER CORP	2.87%
PRUDENTIAL FINL INC	2.49%
AMERICAN INTL GROUP INC	2.37%
JOHNSON & JOHNSON	2.16%
TRUSTEES OF PRINCETON UNIV	2.14%

NORTH AMERICAN FUND INVESTOR REPORT

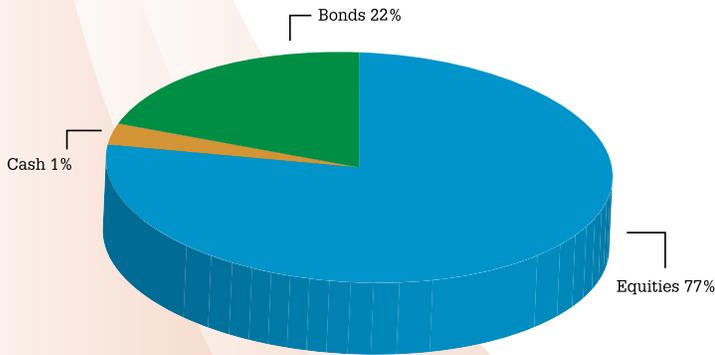
UTC NORTH AMERICAN FUND

Equity Sector Mix
as at June 30th, 2015



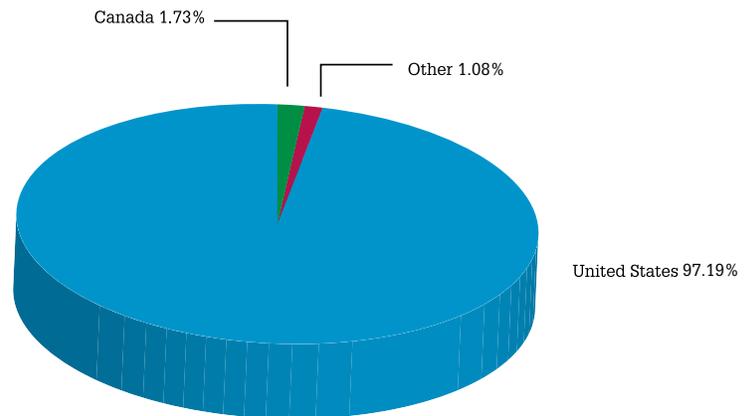
UTC NORTH AMERICAN FUND

Asset Allocation
as at June 30th, 2015



UTC NORTH AMERICAN FUND

Country Mix
as at June 30th, 2015



NORTH AMERICAN FUND INVESTOR REPORT

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 trade-off 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.

Duration – The measurement of how long, in years, it takes for the price of a bond to be repaid by its internal cash flows.

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.

Gross Domestic Product (GDP) – The monetary value of all the finished goods and services produced within a country's borders in a specific time period, though GDP is usually calculated on an annual basis. It includes all of private and public consumption, government outlays, investments and exports less imports that occur within a defined territory.

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

ISM Non-Manufacturing Index – An index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the United States by the Institute of Supply Management (ISM). The ISM Non-Manufacturing Index tracks economic data.

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.

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.

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

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.

Sources: Investopedia.com, Investorwords.com, Business Dictionary.com, Thefreedictionary.com

