



# UTC North American Fund Investor Report

ISSUE 1  
JUNE 2011

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## Economic Overview & Market Outlook

### Global Economic Themes

- With regard to the global economy, the IMF stated that the slowdown experienced in the period January to June 2011 should be “*temporary*.” It trimmed its forecast for global economic growth this year only slightly, to 4.30% from 4.40%, and maintained its estimate for robust Chinese growth of 9.60% despite recent signs of an economic slowdown there.
- The adverse effects of the Japanese earthquake may be receding. In May, US auto production fell just 1.5%, after dropping 6.5% in April. If supply disruptions end in June, as most analysts predict, then US industrial production should expand favourably going forward.
- The Canadian economy has benefited from high commodity prices, which have created a windfall for the country’s commodity exporters and supported investment in the mining sector. These factors contributed to a robust expansion of 3.9% (in annualised terms) in real GDP in Q1 2011. It is expected that the Canadian economy will grow by an average 2.7% for 2011. Headline year-on-year consumer price inflation was 3.4% in April 2011, well above the Bank of Canada’s target of 2%. However, much of the recent increase has been a result of rising commodity prices and recent changes in sales tax regimes.

### Equity & Fixed Income Market Outlook & Strategy 2011

- For the year to date period ended June 2011, the equity markets performed better than bond markets. The S&P 500 Index posted gains of 5.01%, while the Barclays Capital Government/Credit Bond Index rose by 2.61%.
- The Fund managers anticipate that this trend will continue for the remainder of 2011 as the US economy continues on a path of moderate growth. Moreover, the Federal Reserve has reiterated that it remains committed to fostering economic growth.
- Against this backdrop, management will continue to focus more on equity and less on fixed income, in keeping with the Fund’s benchmark.

## Review of Fund Performance as at June 30, 2011

In the second quarter of 2011, the net return on UTC North American Fund fell by 0.85% as economic data for the US raised concerns of a possible soft patch and fears of a debt crisis in Europe. However, for the year to date period ended June 30, 2011, the UTC North American Fund generated returns of 2.36%. Over the year to date period, management increased the Fund's position in equities from 83% to 87%, while the Fund's fixed income component was reduced from 17% to 12%. Overall economic conditions in the US continued to improve and the majority of S&P 500 companies have reported positive results, which was supportive of the equity markets. It is anticipated that US economic growth will continue in 2011 as monetary policy is expected to further support the economic recovery. Federal Reserve chairman Ben Bernanke has stated that the US economy has improved since last August and the Fed remains committed to fostering economic growth. For Q3'11 the Fund will continue to focus more on equities and less on fixed income, in keeping with the Fund's benchmark. This strategy is expected to position the portfolio to benefit from an overall global economic recovery.

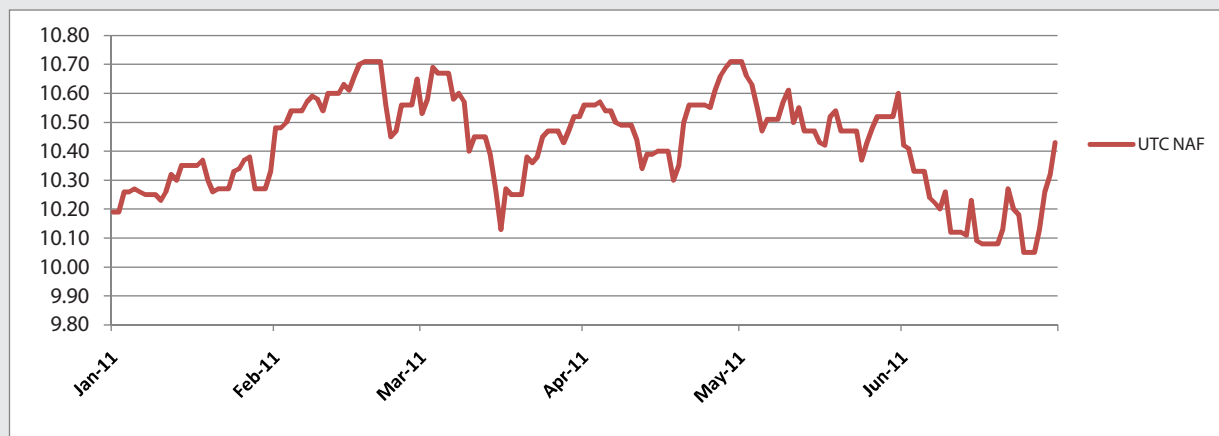
## Performance Summary

### Net Returns to Unitholders (%)

Details	3-MTH	YTD	1 YR	3 YR	5 YR	Since Inception
North American Fund	-0.86	2.36	14.99	-1.19	-0.93	2.99

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

## Year-to-Date Price Movement



\*Current B'mark: S&P 500 Index (70%), Barclays Capital US Government / Credit Bond Index (30%)

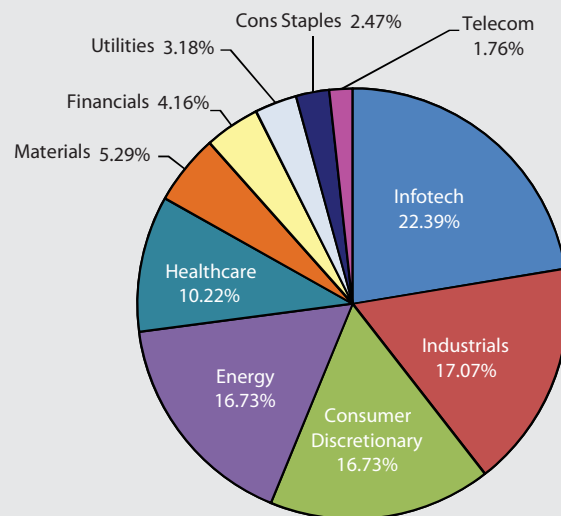
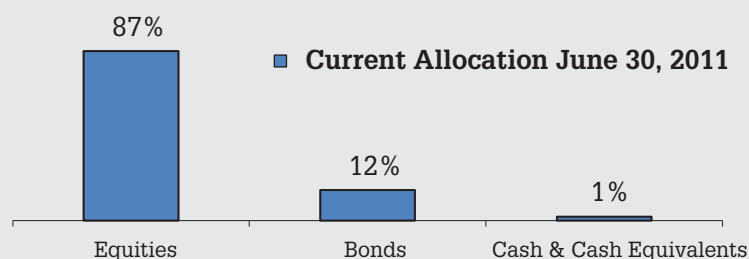
## Top Ten Holdings

Top Ten Holdings	% of Portfolio Net Assets
Exxon Mobil Corp	4.24
EMC Corp.	4.07
Cliffs Natural Resources Inc.	4.04
Apple Inc.	3.97
Caterpillar Inc	3.75
Chevron Corp.	3.67
Union Pacific	3.52
3M Co.	3.35
Sagcor Finance 7.50% Bond due 2016	3.35
Google Inc.	3.33
<b>Total Top 10 Holdings</b>	<b>37.29</b>

## Sector Mix

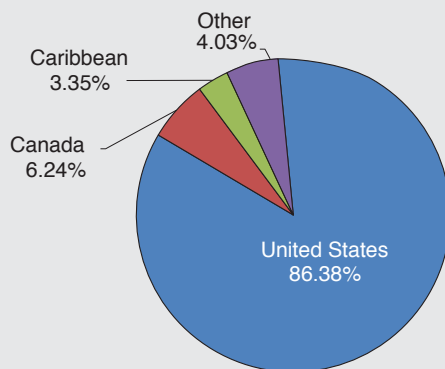
Sector	% of MV
Infotech	22.39%
Industrials	17.07%
Consumer Discretionary	16.73%
Energy	16.73%
Healthcare	10.22%
Materials	5.29%
Financials	4.16%
Utilities	3.18%
Consumer Staples	2.47%
Telecom	1.76%

## Asset Allocation



## Country Mix

Countries/Regions	% of MV
United States	86.38%
Canada	6.24%
Caribbean	3.35%
Other	4.03%
<b>Total</b>	<b>100.00%</b>



## A 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.

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

**Economic growth** – A positive change 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 period of slow 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, money market instrument, or preferred stock.

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

**Headline Consumer Price Inflation** – A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

**Industrial Production** – Total output of U.S. factories and mines; a key economic indicator released monthly by the Federal Reserve Board.

**Mining sector** – Comprises companies involved in mining.

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

### Sources:

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