

ISSUE 6
MARCH 2013

Investor Report

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**North
American
Fund**

SAFETY ■ STRENGTH ■ STABILITY



UNIT TRUST
CORPORATION

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 our UTC Investment Centres and read carefully before investing.

Q1 2013 ECONOMIC OVERVIEW & OUTLOOK

UTC North American Fund Investor Report

Global Economic Themes

- The US economy improved in Q1 2013 as GDP came in at 2.5% year-on-year, after 0.40% in Q4 2012. This was mainly due to strong gains in residential investment, private consumption and a rebound in exports. Over the 1st quarter 2013, residential investment rose 12.3% year-on-year following a 1.3% gain in Q4 2012 while private consumption accelerated for a third consecutive quarter as it increased 3.2% year-on-year vs 1.8% in the prior quarter. The US is projected to grow 2% for 2013.
- Canada's economy expanded for a second consecutive month as GDP rose 0.30% in February, the same rate as in the prior month. Canada's unemployment rate rose in March from 7% to 7.2% as the number of jobs created fell by 54,500, offsetting a gain of 50,700 in February. The Bank of Canada projects potential output growth at about 2.1% in 2013.
- Notably over the past six months, in the developed world policymakers have successfully neutralised two major short-term threats to the global recovery. The threat of a euro area breakup and a sharp fiscal contraction in the United States related to the debt ceiling and mandatory spending cuts. In response, financial markets have rallied on a broad level and financial stability has improved. Notwithstanding, growth prospects appear broadly unchanged.
- Global economic prospects are improving slowly but the road to recovery in advanced economies will remain challenged. According to the IMF World Economic Outlook (WEO) April 2013 report, world output growth is forecasted to reach 3.25% in 2013 and 4% in 2014. In advanced economies, activity is expected to accelerate modestly, commencing in the 2nd half of 2013. However, the recovery still remains very sluggish in the euro area, although economic activity in emerging markets and developing economies, have begun to show notable progress.
- Overall, the annual growth forecast for advanced economies in 2013 is projected at a modest 1.25%, which is not that much improved from the 1.2% for 2012. However, the IMF's WEO projects that continued easing in these economies could derive real GDP growth of approximately 2% - 2.25% in 2014.
- There was a noticeable slowdown in the emerging market and developing economies during 2012 with GDP growth of 5.1% from 5.8% in 2011. The foregoing reflected the sharp deceleration in demand from key advanced economies, domestic policy tightening, and the end of investment booms in some of the major emerging market economies. But with consumer demand remaining resilient and exports reviving, GDP growth is estimated at 5.3% in 2013 and 5.7% in 2014.

Q1 2013 ECONOMIC OVERVIEW & OUTLOOK

UTC North American Fund Investor Report

Equity & Fixed Income Market Outlook & Strategy Q2 2013

- In the near to medium term the economic recovery in the US will be supported by the Fed's open-ended bond purchases (QE3) and its pledge to keep interest rates exceptionally low to "at least mid-2015". The Fed's action is positive for the financial markets as it provides support for the equity markets.
- In light of the more positive economic data during 1Q, the strategy through Q2 13 will involve a more positive view on equities, whereby the Fund will increase its exposure to equities and reduce the fixed-income securities. This should serve to allow investors to benefit from any capital appreciation. The overweight position in equities will allow the Fund to extract more value from this asset class.
- With regard to fixed-income securities, the Fund will focus on shorter tenor, high quality investment grade securities.

Review of Fund Performance and Strategy

- For the year to date period ended March 31st 2013, the net portfolio return was 5.82%. The Fund's performance was positively impacted by its holdings in Plains All America, Church & Dwight and Mondelez International Inc., which returned 24.85%, 20.65% and 20.28% respectively. The Fund currently has 72% of its assets invested in equities versus a benchmark weighting of 70%.
- The Fund's bonds component, which comprises 25% of the Fund's assets versus a benchmark weighting of 30%, produced a negative return of -0.18% over the period. Concerns among investors have increased surrounding the reversal of the Fed's accommodative policy stance and as a consequence fixed-income assets have been impacted negatively in light of an impending rising interest rate environment. The tactical strategy to under-weight fixed income will serve to manage the downside risk of this asset class.

NORTH AMERICAN FUND INVESTOR REPORT

The following graphs and charts provide additional details on the charter and performance of the fund.

UTC NORTH AMERICAN FUND
Performance Summary
as at March 31st, 2013

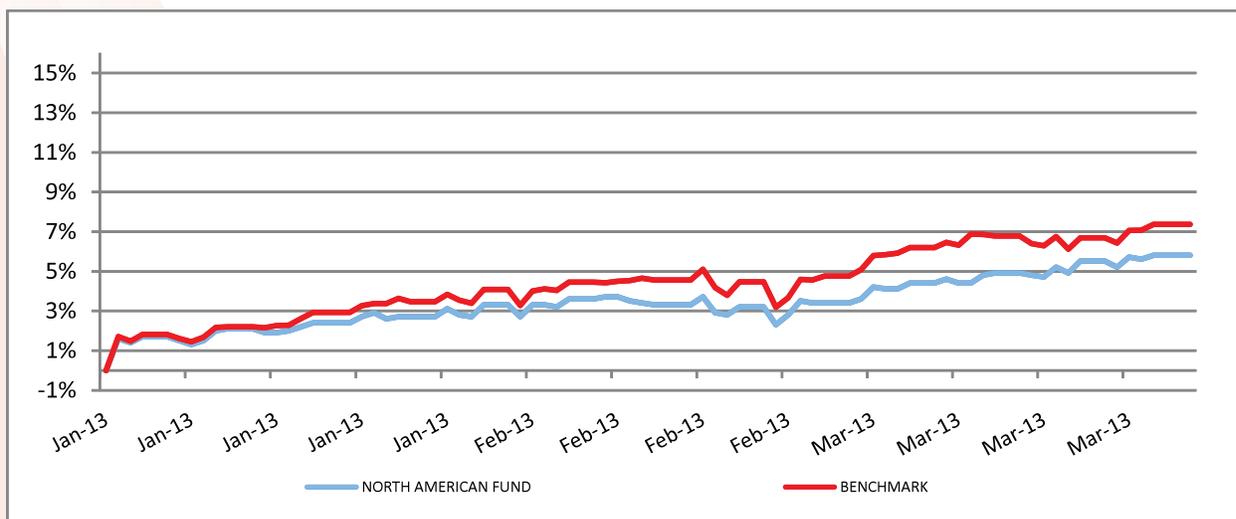
Cumulative Returns (%)			Annualised Returns (%)		
3-Month	Year to Date (YTD)	Since Inception	1 Year	3 Years	5 Years
5.82	5.82	80.59	7.00	3.38	-0.22

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

UTC NORTH AMERICAN FUND (NAF)
Benchmark Index
and cumulative returns
for the year to date
period ended
March 31st 2013

UTC NORTH AMERICAN FUND (NAF) Benchmark Index return - Red Line

UTC NORTH AMERICAN FUND return - Blue Line



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

NORTH AMERICAN FUND

INVESTOR REPORT

UTC NORTH AMERICAN FUND

Top 10 Holdings

as at March 31st, 2013

Top 10 Holdings

% of Portfolio Net Assets

iShares iBoxx Inv. Grade Corporate Bond Fund (LQD)	4.55
Apple Inc. (AAPL)	4.22
Plains All American Pipeline (PAA)	4.09
Pfizer Inc. (PFE)	3.85
Royal Bk. Cda. Montreal Que	3.68
Union Pacific Corp. (UNP)	3.67
Johnson & Johnson (JNJ)	3.22
Altria Group Inc. (MO)	3.04
Wells Fargo & Co (WFC)	2.89
Energy Transfer Prtnrs L P (ETP)	2.78

Total Top 10 Holdings

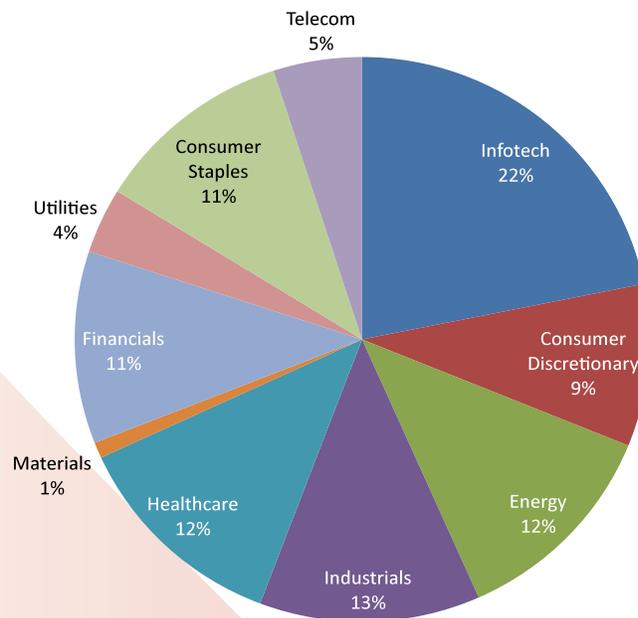
33.20

UTC NORTH AMERICAN FUND

Equity Sector Mix

as at March 31st, 2013

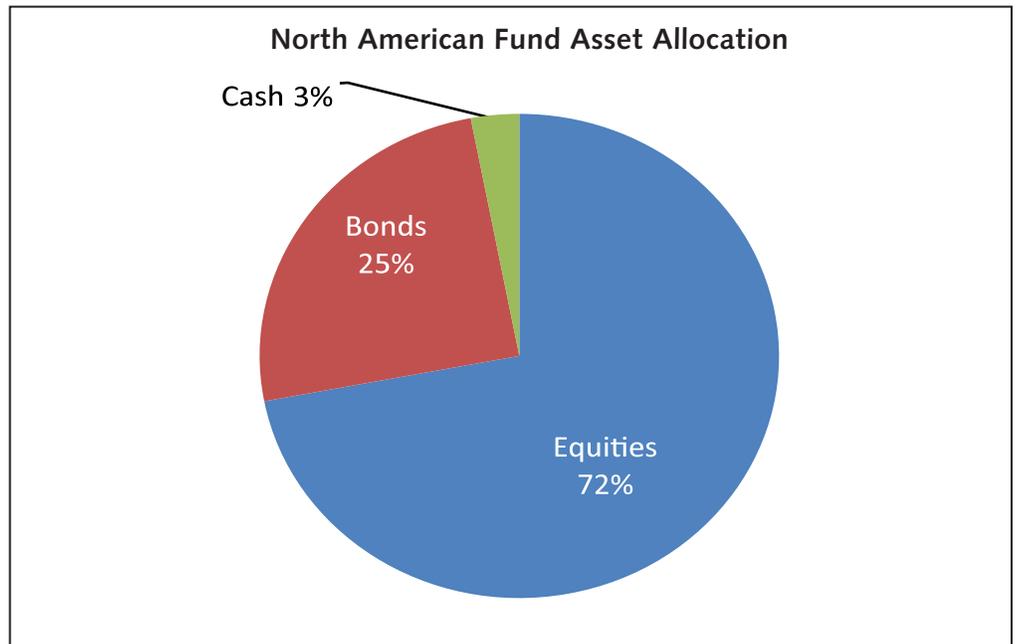
North American Fund Equity Sector Weighting



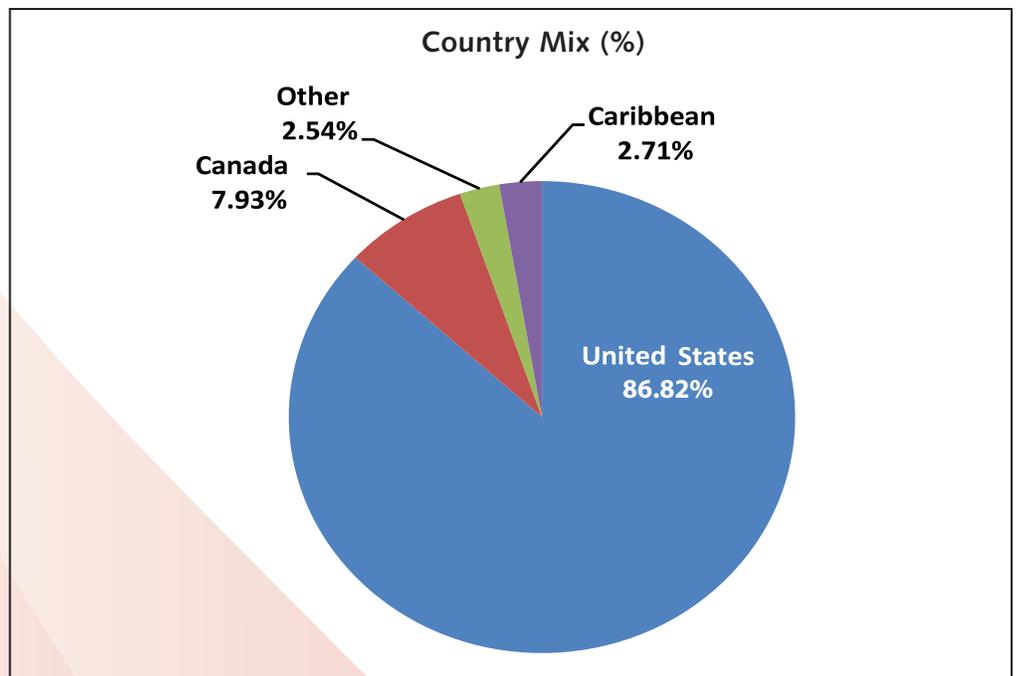
NORTH AMERICAN FUND

INVESTOR REPORT

UTC NORTH AMERICAN FUND
Asset Allocation
as at December 31st, 2012



UTC NORTH AMERICAN FUND
Country Mix
as at December 31st, 2012



Glossary of Terms

Asset Allocation – The process of dividing investments among different kinds of assets, such as stocks and bonds 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.

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 internal or external forces.

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

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

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.

Glossary of Terms

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

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

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

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

Mining sector – Comprises companies involved in mining.

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

Sources:

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