UIT Alternative Health Fund

Type of Fund: North American Equity Growth
Date Started: March 2017
Series A & F units of UIT Funds, a mutual fund trust
Eligible Plans: Eligible as an investment for RRSP's, RRIF's, RESP's, RDSP's & TFSA's

Fund Details
Series A RAM 420
Series F RAM 421
Management Fee 1.00%

Why Invest in this Fund:

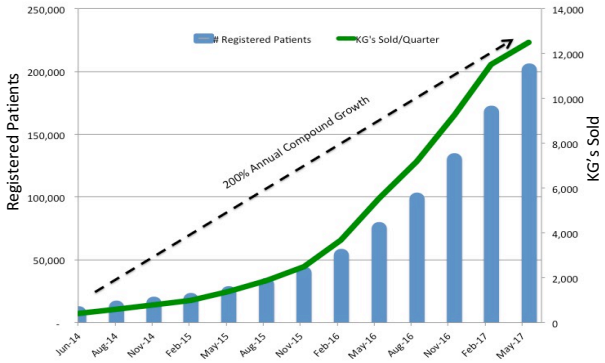
We believe there is an investment opportunity in the alternative health area at a time when traditional healthcare has been challenged by government cost constraints and insurance limitations and more people are adopting new treatments and health regimens outside the traditional medical market to enhance health and wellness. Studies from medical journals like the Lancet, a well-known UK medical journal, show that alternative health treatments are increasing in adoption as people are dealing with nutritional issues. We believe that the federal government's plan to legalize the recreational cannabis market is a prime example of alternative health that represents a significant investment opportunity. As a result, we believe that Canadian Licensed Producers of medical cannabis are best positioned to benefit from these regulatory changes.

The UIT Alternative Health Fund Is Canada's first and only actively managed mutual fund that focuses in the cannabis sector. We believe that it's important to reduce risk by owning an actively managed portfolio that has the necessary liquidity and is able to take advantage of the changing dynamics in this early stage sector.

Key Drivers of Demand For Alternative Health:

- ✓ Healthcare coverage reductions leading people to seek alternatives
- ✓ Desire for preventative health and lifestyle choices
- ✓ Baby boomer generation desires quality active lifestyle
- ✓ Greater interest in a holistic approach to medicine
- ✓ Awareness of Cannabis as an alternative to traditional medicines

Canadian Medical Marijuana Patient Enrolment & Kgs Sold



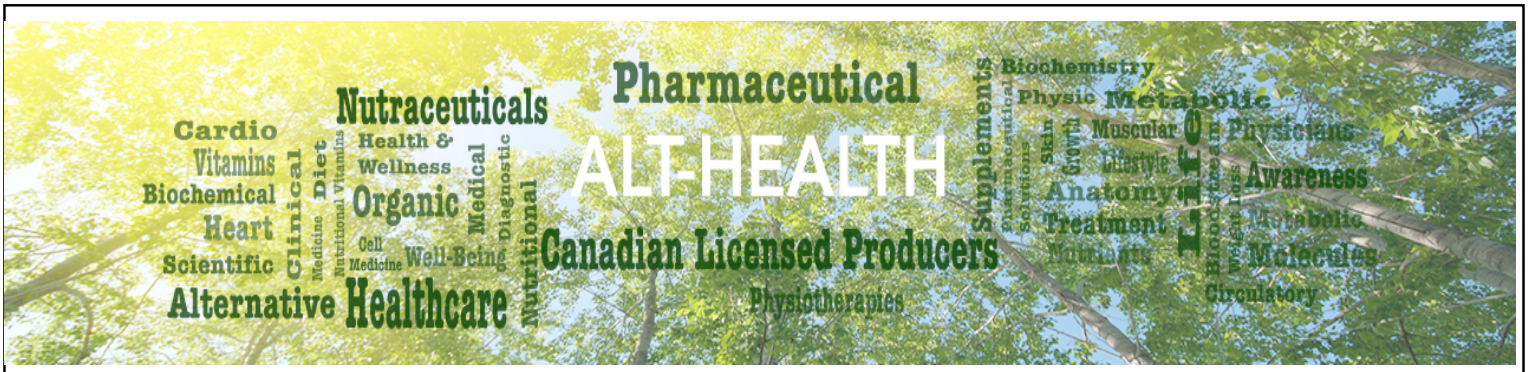
Source: Health Canada

During December, several of Canada's largest pharmacy chains announced supply and distribution agreements with cannabis LP's. These arrangements include pharmacy chains obtaining licenses to cultivate and sell cannabis. This is a significant development in our opinion, with companies such as Shoppers Drug Mart (Aphria/MedReleaf) and PharamaChoice (Cannimed), joining McKesson's Canadian pharmacy brands Guardian/IDA (Maricann) that will be able to have doctors write prescriptions in the same way they would write prescriptions for other medicines can, in our opinion, lead to further adoption by medical practitioners, reducing the historical stigmas attached to medical cannabis and further legitimizing the sector.

We believe that the January 1st opening of the California legal adult use market is also legitimizing the sector. The state currently generates annual sales of $2 billion from the medical cannabis market that has been legal for two decades. California's legal adult-use cannabis market could have a larger impact on the global market than Canada's anticipated recreational market, as the state actually has more residents than Canada, and California is the most populous state in America, further adding to the sector's growth.

Other developments in the sector included a major two year agreement between Canada's Federal government and the provinces agreeing to split the tax revenues earned from cannabis sales, 75% for the provinces. With excise taxes anticipated to generate $400 million annually, this will provide significant benefits to the provinces, assisting them in the roll out of the legal recreational market.

We believe that the Canadian cannabis industry is witnessing significant growth as the July 2018 opening of the adult usage recreational market approaches. We believe that over the medium and longer term, those LP's that are growing profitably will provide investors with sound returns.



Investment Objective

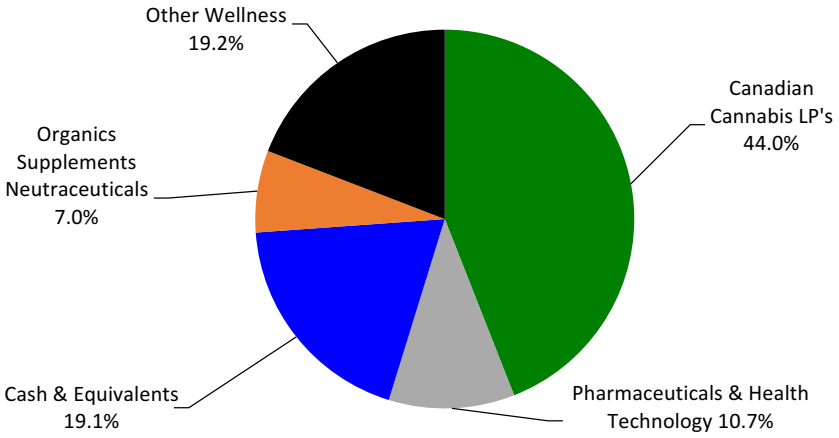
The objective of the UIT Alternative Health Fund is to achieve growth by investing primarily in equity securities of companies engaged in nutrition, nutraceuticals and new forms of medicines and pharmaceutical solutions.

The Fund will invest in companies that are listed on North American exchanges that have a business strategy focused on alternative health and wellness related themes that are growing in acceptance and importance in North America. This includes Canadian licensed producers of marijuana and related service providers; pharmaceutical companies; nutritional vitamins and supplement companies, health and wellness service providers; businesses engaged in providing diet and weight loss programs; alternative healthcare service providers, as well as companies involved in the processing, marketing and distribution of organic food and beverage products.

Top Ten Holdings
as of December 29, 2017

APHRIA INC
CANNIMED THERAPEUTICS INC
CANNTRUST HOLDINGS INC
CANOPY GROWTH CORP
CRONOS GROUP INC
HYDROPOTHECARY CORP
JAMIESON WELLNESS INC
MARICANN GROUP INC
MEDRELEAF CORP
ORGANIGRAM HOLDINGS INC

Sector Breakdown
as of December 29, 2017



Portfolio Advisor:

The Portfolio Advisor to the fund is Faircourt Asset Management Inc., an employee owned company widely recognized as an innovator in the Canadian fund industry. Faircourt was founded in 2002 and has established a reputation for innovative investment solutions. UIT Funds offer unique investment themes with defined portfolios of securities designed to meet a stated investment objective.

The fund is designed for an investor who views an investment in the cannabis sector as a timely investment and who has a relatively short investment horizon of 18 to 24 months. This is because within 18 to 24 months, depending on the outlook of the Portfolio Advisor, the manager, Redwood Asset Management Inc., may propose a re-organization or transfer of assets of the fund to another fund managed by Redwood and advised by the Portfolio Advisor or a change to the fundamental investment objectives of the fund, subject to applicable law.

This fund is suitable for investors who:

- Have a tolerance for high risk
- Own, or plan to own, other types of investments to diversify their portfolio
- Want exposure to the Canadian and U.S. equity markets

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.