

UNITED CORPORATIONS LIMITED

ANNUAL REPORT

**2021**





### THE FISCAL YEAR AT A GLANCE

Year ended March 31	2021	2020
Net equity value per Common Share <sup>1</sup>	\$ <b>170.66</b>	\$ 137.95
Net investment income per Common Share <sup>1</sup>	\$ <b>2.31</b>	\$ 2.29
Net income (loss) per Common Share	\$ <b>34.88</b>	\$ (7.15)
Cash dividends paid per Common Share		
Quarterly	\$ <b>1.20</b>	\$ 1.20
Additional <sup>2</sup>	\$ <b>1.09</b>	\$ 1.05
Net assets <sup>3</sup>	\$ <b>2,072,040</b>	\$ 1,680,040
Net investment income <sup>1,3</sup>	\$ <b>28,349</b>	\$ 28,272
Number of Common Shares outstanding at year end	<b>12,096,093</b>	12,122,893

<sup>1</sup> See Management's Discussion and Analysis for Use of Non-GAAP measures.

<sup>2</sup> This additional dividend represents the annual distribution of the prior year's annual net investment income after payment of Preferred Share dividends and quarterly dividends.

<sup>3</sup> In thousands of Canadian dollars.

### ANNUAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting of Shareholders ("AGM") will be held Wednesday, June 16, 2021 at 11:30 a.m (Toronto time). The AGM will be held as a virtual-only meeting in order to comply with legal requirements and social distancing best practices in light of the COVID-19 pandemic. All shareholders are invited to attend.

# UNITED CORPORATIONS LIMITED

## **BOARD OF DIRECTORS**

---

DUNCAN N. R. JACKMAN  
Chairman and President  
United Corporations Limited

CHRISTOPER A. ALEXANDER  
Chairman and CEO  
Globestage Partners Inc.

DAVID J. DAWSON  
Managing Director  
Protiviti

FAHAD KHAN  
Vice-President, Investments  
E-L Financial Corporation Limited

KIM SHANNON  
President and Co-Chief Investment Officer  
Sionna Investment Managers Inc.

MARK M. TAYLOR  
Treasurer  
Canadian Northern Prairie Lands Company Inc.

MICHAEL J. WHITE  
Chairman of the Board  
Addenda Capital Inc.

DAVID R. WINGFIELD  
Partner  
Strosberg Sasso Sutts LLP

---

## **HONORARY DIRECTOR**

THE HONOURABLE HENRY N. R. JACKMAN  
Honorary Chairman  
The Empire Life Insurance Company

---

## **OFFICERS**

DUNCAN N. R. JACKMAN  
Chairman and President

SCOTT F. EWERT  
Vice-President

RICHARD B. CARTY  
Corporate Secretary

FRANK J. GLOSNEK  
Treasurer

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This document has been prepared for the purpose of providing Management's Discussion and Analysis ("MD&A") of the financial performance and financial condition for the years ended March 31, 2021 and 2020. This MD&A should be read in conjunction with the March 31, 2021 year-end financial statements of United Corporations Limited ("United" or the "Company") which form part of this Annual Report dated May 4, 2021. These financial statements have been prepared in compliance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS"). The reporting currency for the Company is the Canadian dollar, and all amounts in the following discussion are in Canadian dollars.

This MD&A may contain certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievement expressed in, or implied by, any forward-looking statements within this disclosure will occur, or if they do, that any benefits may be derived from them.

### The Company

United is a closed-end investment corporation that trades on the Toronto Stock Exchange. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The Company has been a closed-end investment corporation since 1929. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately a 40% discount to a 20% discount over the past 10 years. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value. On March 4, 2020, the Company announced its intention to commence a normal course issuer bid ("NCIB") and has renewed its NCIB effective March 9, 2021. Further information is included on page 9 of this annual report.

Closed-end investment corporations have the following benefits: they often allow investors the opportunity to purchase assets at a discounted price; they have management expense ratios which are generally much lower than those for actively-managed open-ended funds; and the management of a closed-end investment corporation's portfolio is not impacted by shareholder subscription or redemption activities.

United has no plans to become an open-ended investment fund.

The majority of the Company's investment portfolio is actively managed by Comgest Asset Management International Limited ("CAMIL"), Harding Loevner LP ("Harding Loevner") and Causeway Capital Management LLC ("Causeway"). Each of these managers has a global equity mandate. As of March 31, 2021, \$770,341,000 (2020 - \$nil), \$785,480,000 (2020 - \$510,802,000) and \$427,880,000 (2020 - \$181,151,000) of equity investments were managed by CAMIL, Harding Loevner, and Causeway, respectively.

CAMIL is part of the Comgest group which is an independent, international asset management group, with headquarters in Paris and offices in Amsterdam, Boston, Brussels, Dublin, Düsseldorf, Hong Kong, Milan, Singapore, Tokyo and a representative office in London. Since inception in 1985, CAMIL has pursued a long-term 'Quality Growth' investment style with the objective of selecting quality companies with solid prospects for sustainable growth. With more than 180 employees of 30 different nationalities, CAMIL serves a diverse global client base and manages assets of over \$46 billion USD (estimated data as of December 31, 2020). The portfolio will generally hold between 30 - 40 companies.

Harding Loevner is a global investment manager and is based out of Bridgewater, New Jersey, USA. The investment philosophy emphasizes the merits of long-term investment in high-quality, growing businesses, and the investment approach relies on in-depth fundamental research including analysis of the competitive structure of global industries and the competitive position of individual companies. The portfolio will generally hold between 35 – 75 companies.

Causeway Capital is a global investment manager and is based out of Los Angeles, California, USA. The investment philosophy emphasizes the merits of value investing and combines both fundamental and quantitative research to identify investment opportunities in equity markets around the world. The portfolio will generally hold between 40 – 60 companies.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company also has a long-term investment in Algoma Central Corporation ("Algoma"), a public shipping company. Algoma is a related party and is a reporting issuer which trades on the Toronto Stock Exchange with a profile on SEDAR. The investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company.

### Investment Management Change

During January 2021, the Company announced that it appointed CAMIL, to provide portfolio management services for a portion of its assets in its Comgest Global Equity Strategy. The investment portfolio managed by Macquarie Investment Management Europe S.A. ("Macquarie") was allocated to CAMIL, Harding Loevner, and Causeway. Additionally, during January of 2021, United's investments in the Burgundy Emerging Markets Equity Fund and the LSV Emerging Markets Small Cap Equity Fund were redeemed.

### Investment Strategy

The objective of the Company is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term.

The investment portfolio of the Company comprises primarily foreign equities. Net equity value and net investment income may vary significantly from period to period depending on the economic environment and market conditions.

### Use of Non-GAAP Measures

This MD&A contains references to "net equity value per Common Share" and "net investment income per Common Share". These terms do not have any standardized meanings in GAAP and therefore may not be comparable to similar measures presented by other companies. The Company believes that these measures provide information useful to our shareholders in evaluating the Company's financial results.

Net equity value per Common Share is used by investors and management as a comparison to the market price of its Common Shares to determine the discount or premium at which the Company's Common Shares are trading, relative to the net equity value per Common Share. In order to determine its net equity value per Common Share, the Company deducts the cost of redemption of its Preferred Shares from its net assets.

Net investment income per Common Share is used by investors and management to assess the approximate amount of dividends to be distributed on Common Shares. In order to determine its net investment income per Common Share, the Company deducts the dividends paid and accrued on its Preferred Shares from net investment income.

Net equity value per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	<b>March 31 2021</b>	March 31 2020
Net assets	<b>\$ 2,072,040</b>	\$ 1,680,040
Deduct:		
Cost of redemption		
First Preferred Shares	<b>1,567</b>	1,567
1959 and 1963 Series Second Preferred Shares	<b>6,180</b>	6,180
	<b>7,747</b>	7,747
Net equity value	<b>\$ 2,064,293</b>	\$ 1,672,293
Common Shares outstanding	<b>12,096,093</b>	12,122,893
Net equity value per Common Share	<b>\$ 170.66</b>	\$ 137.95

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Use of Non-GAAP Measures (continued)

Net investment income per Common Share is calculated as follows (in thousands of dollars, except number of Common Shares and per Common Share amounts):

	Three months ended March 31		Year ended March 31	
	2021	2020	2021	2020
Net income (loss)	\$ 11,595	\$ (199,189)	\$ 422,620	\$ (86,750)
Add (deduct):				
Other net fair value changes in investments	(7,724)	235,864	(456,154)	130,386
Tax on other net fair value changes in investments	1,016	(31,294)	60,245	(17,726)
Net investment income of a limited partnership <sup>1</sup>	66	346	1,638	2,362
Net investment income <sup>2</sup>	4,953	5,727	28,349	28,272
Dividends paid on Preferred Shares	94	94	378	378
Net investment income, net of dividends paid on Preferred Shares <sup>2</sup>	\$ 4,859	\$ 5,633	\$ 27,971	\$ 27,894
Weighted average Common Shares outstanding	12,098,216	12,183,152	12,105,593	12,191,448
Net investment income per Common Share <sup>2</sup>	\$ 0.40	\$ 0.46	\$ 2.31	\$ 2.29

<sup>1</sup> Represents allocation of dividends net of expenses of a limited partnership.

<sup>2</sup> On an after-tax basis.

### Net Equity Value per Common Share

The international emergence and spread of the novel coronavirus (or COVID-19) have impacted global stock markets, which affected the valuation of the Company's investment portfolio and consequently the net equity value of United as of March 31, 2020.

The Company's net equity value per Common Share increased to \$170.66 at March 31, 2021 from \$137.95 at the prior year end.

With dividends reinvested at month-end net equity values, the net equity value return was 25.5% in fiscal 2021, compared to a return of negative 4.7% in fiscal 2020.

Investments managed by Harding Loevner and Causeway, had a pre-tax fiscal year total returns of 42.0% (2020 – 1.2%) and 62.1% (2020 – negative 23.5%), respectively. CAMIL had a return of negative 5.2% since appointment in January of 2021. The investments previously managed by Macquarie had a fiscal year-to-date total return of 14.0% to December 31, 2020. The investment portfolio managed by Macquarie was re-allocated to the aforementioned investment managers during January of 2021.

As the Company is a taxable Canadian corporation, the Company's net equity value is net of a current income tax provision on net investment income and net realized gains on investments, and net of a deferred income tax provision on its unrealized appreciation of investments.

In Canadian dollar terms, total returns (capital gains plus dividends) for stock market indices, were as follows:

	Year ended March 31, 2021	Year ended March 31, 2020
	(%)	
MSCI World Index	37.2	(4.3)
S&P 500 Index	38.6	(1.3)
S&P/TSX Composite Index	44.3	(14.2)
MSCI Emerging Markets	40.9	(12.3)

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Growth in Net Equity Value ("NAV")

Set out below is a table that shows annual growth in NAV in each of the past 10 fiscal years:

Annual growth in NAV*	NAV per Common Share	Annual Growth %
2012	\$ 72.32	1.9
2013	82.03	15.7
2014	99.50	23.2
2015	117.86	20.2
2016	120.66	4.0
2017	132.32	11.6
2018	138.40	6.4
2019	146.99	7.7
2020	137.95	(4.7)
2021	170.66	25.5
<b>Compound annual growth*</b>		
2012 - 2021 - 10 years		10.8

\*This chart was drawn from the individual annual reports and any NAV amounts prior to 2014 have not been restated for any subsequent changes in accounting policies.

### Operating Results - Fiscal 2021

#### Net Income

The Company's net income for fiscal 2021 was \$422,620,000 compared to a loss of \$86,750,000 in the prior year. On a per Common Share basis, net income increased to \$34.88 from a net loss of \$7.15 in the prior year.

During the prior fiscal year, United was significantly impacted by the global stock market losses occurring during March of 2020. Other net fair value changes in investments for the portfolio increased to a net gain of \$456,154,000 for the current fiscal year compared to a net loss of \$130,386,000 for the prior year. Other net fair value gains in North America of \$280,016,000, Europe of \$102,634,000, emerging markets of \$37,653,000 and \$36,445,000 in the United Kingdom were offset by other net fair value losses of \$594,000 in Japan.

Significant contributors to the other net fair value investment gains for the current fiscal year included Algoma Central Corporation, Paypal Holdings, Inc., and G4S plc with other net fair value investment gains of \$29,477,000, \$23,132,000 and \$22,661,000 respectively. The three largest detractors to the investment performance included CD Projekt S.A., Roche Holdings S.A., and Hoya Corporation with other net fair value investment losses of \$7,724,000, \$5,621,000 and \$5,212,000 respectively.

The net realized gain was \$363,997,000 for the current fiscal year compared to \$76,690,000 for the prior year. The changes made to the investment managers during January of 2021 contributed to the significant increase in the investment portfolio turnover, resulting in higher net realized gains for this fiscal year. The largest contributors to the net realized gains in fiscal 2021 were from sales of Koninklijke Ahold Delhaize N.V., Air Liquide S.A., Nestle S.A. with realized gains of \$25,789,000, \$21,009,000, and \$20,739,000 respectively.

#### Net investment income

The Company's net investment income for fiscal 2021 increased to \$28,349,000 compared to \$28,272,000 for the prior year. On a per Common Share basis, net investment income increased to \$2.31 in 2021 compared to \$2.29 in 2020.

During the year, foreign dividend income decreased to \$32,091,000 from \$42,398,000 in fiscal 2020. Foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields. Net investment income includes \$1,638,000 (2020 - \$2,362,000) of net investment income of a limited partnership. During the current fiscal year, certain companies within the global investment portfolio temporarily suspended or reduced dividends contributing to the decline in foreign dividend income.

Canadian dividend income increased to \$11,602,000 from \$4,343,000 in fiscal 2020. The increase resulted primarily from the Company's receipt of a special dividend from its investment in Algoma totaling \$9,608,000.

Interest and securities lending income decreased to \$675,000 compared to \$1,151,000 in the prior year. The decrease occurred primarily as a result of a decrease in interest rates paid on cash balances.



# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses of the Company for the year increased to \$14,171,000 compared to \$13,587,000 in the prior year. The majority of the increase relates to an higher investment management and administrative costs resulting from a higher average value in the investment portfolio throughout fiscal 2021. The Company's management expense ratio ("MER") decreased in fiscal 2021 to 0.73% of average net assets versus 0.75% in the prior year.

The Company's effective income tax rate increased during the year by 3.4% due primarily to the impact of other net fair value changes in investments in the current year compared to the prior year.

### Operating Results - Fourth Quarter, Fiscal 2021

The Company's net equity value per Common Share increased to \$170.66 at March 31, 2021 from \$169.99 at December 31, 2020. With dividends reinvested at month-end net equity values, the Company's net equity value return was 0.6% in the fourth quarter of fiscal 2021.

Investments managed by Harding Loevner and Causeway, had a pre-tax total return of 0.5% (2020 – negative 8.9%) and 9.5% (2020 – negative 28.8%), respectively for the fourth quarter of fiscal 2021. The new investment manager, CAMIL had a return of negative 5.2% since its appointment in January of 2021. During the fourth quarter of fiscal 2021 the top three contributors to the investment performance included Algoma Central Corporation with other net fair value investment gains of \$11,892,000, Alphabet Inc. Class A of \$7,414,000, and Deere & Company of \$5,750,000. The three largest detractors to the investment performance included Hoya Corporation, Inner Mongolia Yili Industrial Co., Ltd., and Keyence Corporation with other net fair value investment losses of \$5,212,000, \$5,011,000, and \$4,601,000 respectively.

In Canadian dollar terms, in the fourth quarter of fiscal 2021 total returns for stock market indices were MSCI World Index 3.7%, S&P 500 Index 4.9%, S&P/TSX Composite Index 8.1% and MSCI Emerging Markets 1.1%.

### Three-Year Results

A summary of various financial data for each of the last three fiscal years is as follows (in thousands of dollars, except per share amounts):

	2021	2020	2019
Other net fair value changes in investments <sup>1</sup>	\$ 394,271	\$ (115,022)	\$ 101,398
Other net fair value changes in investments per Common Share <sup>1</sup>	32.57	(9.44)	8.32
Total assets	2,152,756	1,709,455	1,886,706
Net investment income <sup>1,2</sup>	28,349	28,272	27,840
Net investment income per Common Share <sup>2</sup>	2.31	2.29	2.25
Cash dividends paid per Common Share:			
Quarterly	1.20	1.20	1.20
Additional	1.09	1.05	0.78
Cash dividends paid per Preferred Share	1.50	1.50	1.50

<sup>1</sup> On an after-tax basis and after reallocation of net investment income of a limited partnership to net investment income.

<sup>2</sup> See Use of Non-GAAP Measures.

United's investment portfolio is affected by equity markets, stock selection and currency movements. In fiscal year 2021, United benefited from strong equity market returns which followed the global stock market losses experienced towards the end of fiscal 2020.

In fiscal year 2019, the performance of United was favourably affected by strong investment returns in global equity markets.

The fluctuations in net investment income are due primarily to changes in dividend income that is earned by the Company, net of management fees, and due to the receipt of special dividends that occur from time to time. Dividend income is determined by the dividend policies of the corporations that are held as investments in the Company's total investment portfolio.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Quarterly Review - Fiscal 2021 and 2020

The following tables summarize various financial results on a quarterly basis for the current and prior fiscal years:

	2021 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
<b>Investments</b>	<b>\$ 1,852,730</b>	<b>\$ 1,905,299</b>	<b>\$ 2,060,823</b>	<b>\$ 2,046,063</b>
<b>Net investment income <sup>1,2</sup></b>	<b>6,531</b>	<b>4,493</b>	<b>12,372</b>	<b>4,953</b>
<b>Other net fair value changes in investments <sup>1</sup></b>	<b>175,977</b>	<b>61,063</b>	<b>150,589</b>	<b>6,642</b>
<b>Per Common Share:</b>				
<b>Net investment income <sup>1,2</sup></b>	<b>\$ 0.53</b>	<b>\$ 0.36</b>	<b>\$ 1.02</b>	<b>\$ 0.40</b>
<b>Other net fair value changes in investments <sup>1</sup></b>	<b>14.52</b>	<b>5.05</b>	<b>12.44</b>	<b>0.56</b>
<b>Net income</b>	<b>\$ 15.05</b>	<b>\$ 5.41</b>	<b>\$ 13.46</b>	<b>\$ 0.96</b>
	2020 Fiscal Year			
	Quarter ended			
	June 30	Sept. 30	Dec. 31	Mar. 31
	(in thousands of dollars, except per share amounts)			
<b>Investments</b>	<b>\$ 1,792,192</b>	<b>\$ 1,815,851</b>	<b>\$ 1,898,439</b>	<b>\$ 1,647,646</b>
<b>Net investment income <sup>1,2</sup></b>	<b>14,571</b>	<b>5,525</b>	<b>2,449</b>	<b>5,727</b>
<b>Other net fair value changes in investments <sup>1</sup></b>	<b>(6,708)</b>	<b>14,199</b>	<b>82,403</b>	<b>(204,916)</b>
<b>Per Common Share:</b>				
<b>Net investment income <sup>1,2</sup></b>	<b>\$ 1.19</b>	<b>\$ 0.44</b>	<b>\$ 0.20</b>	<b>\$ 0.46</b>
<b>Other net fair value changes in investments <sup>1</sup></b>	<b>(0.55)</b>	<b>1.17</b>	<b>6.75</b>	<b>(16.81)</b>
<b>Net income (loss)</b>	<b>\$ 0.64</b>	<b>\$ 1.61</b>	<b>\$ 6.95</b>	<b>\$ (16.35)</b>

<sup>1</sup> On an after-tax basis.

<sup>2</sup> See Use of Non-GAAP Measures.

Investment income is derived primarily from dividend income that is earned by the Company. While North American investments usually pay regular quarterly dividends, investments outside of North America often pay less frequently. In general, dividends earned on investments outside of North America peak in the first quarter of the fiscal year. From time to time, the Company receives additional one-time dividends arising from significant corporate transactions. There is no guarantee that the Company will receive dividend income on its investments at current dividend payout levels.

Overall returns are determined by the performance of the investment managers of the portfolio and may fluctuate significantly as illustrated by the past eight quarters. The returns generated by the investment managers may not correlate with benchmark returns.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Disclosure Controls and Procedures

The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company under Canadian securities laws is recorded, processed, summarized and reported within the specified time periods, and include controls and procedures that are designed to ensure that information is accumulated and communicated to management on a timely basis to allow appropriate decisions regarding public disclosure. Under the supervision of management, an evaluation was carried out on the effectiveness of the Company's disclosure controls and procedures as of March 31, 2021. Based on that evaluation, management concluded that the Company's disclosure controls and procedures were effective as at March 31, 2021.

### Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. Under the supervision of management, an evaluation of the Company's internal control over financial reporting was carried out as at March 31, 2021. Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as at March 31, 2021. No changes were made in the Company's internal control over financial reporting during the year ended March 31, 2021, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

### Risks

As the Company is a closed-end investment corporation, United faces various risks arising from its investments. Under the supervision of the Board of Directors, management has developed policies to identify and monitor these risks. Note 4 to the March 31, 2021 financial statements provides disclosures surrounding risks arising from its financial instruments. These risks include market, liquidity, and credit risks.

#### *Market risk*

The most significant risk that is faced by United is market risk which represents exposures to changes in the fair value of its investment portfolio. As the Company's investment portfolio is represented primarily by global equities, the value of its investments will vary from day to day depending on a number of market factors including economic conditions, global events, market news, and the performance of the issuers of the securities in which the Company invests. Changes in foreign currency exchange rates will also affect the value of investments of non-Canadian dollar securities.

As of March 31, 2021, 57.5% (2020 – 43.8%) of the investment portfolio and cash and cash equivalents was denominated in U.S. dollars, 9.9% (2020 – 19.0%) in euros, 7.8% (2020 – 1.1%) in Hong Kong dollars, and 6.6% (2020 – 11.7%) in Japanese yen. The risks of foreign investments are generally higher in emerging markets. As of March 31, 2021, \$395,849,000 (2020 - \$170,915,000) of investments were included emerging markets.

#### *Liquidity risk*

Sufficient liquidity is maintained by regular monitoring of cash flow requirements. All liabilities, other than deferred tax liabilities, settle within three months of the year end.

#### *Credit risk*

United participates in securities lending which could expose the Company to the risk of counterparty failure. RBC Investor & Treasury Services ("RBCITS"), the Company's custodian, acts as lending agent. RBCITS is responsible to return the borrowed securities to the Company when required, and RBCITS indemnifies the Company in the event of borrower default. The Company has recourse to the Royal Bank of Canada in the event of a failure by RBCITS to discharge its obligations to the Company.

The Company's exposure to risks is also addressed in the Company's Annual Information Form.

### Share Data

As at March 31, 2021, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 1959 Series Second Preferred Shares, 119,710 1963 Series Second Preferred Shares and 12,096,093 (2020 - 12,122,893) Common Shares.

### Normal Course Issuer Bid

On March 9, 2020, the Company commenced its first Normal Course Issuer Bid ("NCIB"). The NCIB provided that the Company may, during the 12-month period commencing March 9, 2020 and ending March 8, 2021, purchase up to 609,709 Common Shares. On March 9, 2021, the Company obtained approval from the TSX to renew its NCIB to purchase up to 604,924 Common Shares between March 9, 2021 and March 8, 2022. The price which the Company will pay for any such Common Shares will be the prevailing market price at the time of acquisition. During the year ended March 31, 2021, the Company purchased 26,800 (2020 - 71,300) Common Shares.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Liquidity and Capital Resources

The Company's dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends, in the form of Common Share dividends.

The Company pays quarterly dividends on its Common and Preferred Shares together with an additional Common Share dividend representing the balance of net investment income for the previous fiscal year. The quarterly dividend is \$0.30 per Common Share and \$0.375 per Preferred Share.

On June 30, 2020, the Company paid an additional cash dividend of \$1.09 per Common Share. An additional dividend of \$1.11 per Common Share payable in the first quarter of fiscal 2022 was declared by the Board of Directors on May 4, 2021.

The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

### Related Party Information

Included in the Company's Schedule of Investment Portfolio is Algoma, a related party, with a fair value at March 31, 2021 of \$62,362,000 (2020 - \$32,885,000). Dividend income from Algoma for the fiscal year ended March 31, 2021 amounted to \$11,602,000 (2020 - \$4,278,000).

E-L Financial holds a 52.7% (2020 - 52.6%) interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment managers and are paid monthly. The total fees for the year ended March 31, 2021 amounted to \$2,172,000 (2020 - \$2,041,000).

The ultimate controlling party of the Company and these related parties is The Honourable Henry N. R. Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

### Critical Accounting Estimates

The preparation of the financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities and earnings. Note 2 to the financial statements describes the significant accounting policies and note 3 contains critical accounting estimates and judgments.

### Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. This has created increased uncertainty and volatility which will impact the performance and expected returns of the investment portfolios.

The Company continues to adjust operations as government restrictions and measures evolve. As the impacts of the COVID-19 pandemic continue to materialize, management is monitoring the developments in equity markets generally, and in connection with the Company's investment portfolios in particular.

To date, the Company has taken proactive measures through business continuity plans, carefully planning the return to premises for some employees. Processes supporting ongoing systems availability, stability and security are operating effectively and the Company continues to monitor the threat landscape.

The duration and impacts of the COVID-19 outbreak cannot currently be determined. If the COVID-19 pandemic is prolonged, or further diseases emerge that give rise to similar effects, there may be further negative effects on economies as well as increased volatility in equity markets. Unexpected developments in financial markets, regulatory environments, may also have adverse impacts on the Company's financial results.

### Additional Information

Additional information relating to United, including the Company's Annual Information Form, is available at [www.sedar.com](http://www.sedar.com).

United's website, [www.ucorp.ca](http://www.ucorp.ca), also provides further information on the Company, including historical information on the net equity value per Common Share which is updated weekly.

# UNITED CORPORATIONS LIMITED

## FINANCIAL HIGHLIGHTS

For each of the years in the five-year period ended March 31, 2021:

	2021	2020	2019	2018	2017
	(Per Common Share)				
NET EQUITY VALUE, beginning of year <sup>1</sup>	<u>\$ 137.95</u>	<u>\$ 146.99</u>	<u>\$ 138.40</u>	<u>\$ 132.32</u>	<u>\$ 120.66</u>
NET INCOME (LOSS) AVAILABLE TO COMMON SHAREHOLDERS					
Net investment income <sup>1</sup>	2.31	2.29	2.25	1.98	1.92
Other net fair value changes in investments <sup>2</sup>	<u>32.57</u>	<u>(9.44)</u>	<u>8.32</u>	<u>6.42</u>	<u>12.17</u>
	<u>34.88</u>	<u>(7.15)</u>	<u>10.57</u>	<u>8.40</u>	<u>14.09</u>
CASH DIVIDENDS TO COMMON SHAREHOLDERS					
Quarterly	(1.20)	(1.20)	(1.20)	(1.20)	(1.10)
Additional	<u>(1.09)</u>	<u>(1.05)</u>	<u>(0.78)</u>	<u>(1.12)</u>	<u>(1.33)</u>
	<u>(2.29)</u>	<u>(2.25)</u>	<u>(1.98)</u>	<u>(2.32)</u>	<u>(2.43)</u>
ACQUISITION OF COMMON SHARES	<u>0.12</u>	<u>0.36</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET EQUITY VALUE, end of year <sup>1</sup>	<u>\$ 170.66</u>	<u>\$ 137.95</u>	<u>\$ 146.99</u>	<u>\$ 138.40</u>	<u>\$ 132.32</u>

<sup>1</sup> Net equity value and net investment income per Common Share are Non-GAAP measures. See Management's Discussion and Analysis on page 4.

<sup>2</sup> After reallocation of net investment income of a limited partnership to net investment income.

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S REPORT

The accompanying financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these financial statements and other sections of the Annual Report.

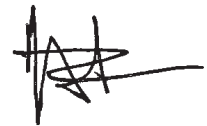
The Company maintains appropriate processes to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IFRS") and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Company are described in Note 2 to the financial statements. Financial information disclosed elsewhere in the Annual Report is consistent with the financial statements.

The Board of Directors is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities. The Board of Directors carries out its responsibilities principally through its Audit Committee. The Audit Committee reviews the financial statements, the adequacy of internal controls, the audit process and financial reporting with management and the external auditor prior to recommending the audited financial statements and related disclosure for approval by the Board of Directors.

The shareholders of the Company appointed the external auditor, PricewaterhouseCoopers LLP. The external auditor audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on the following page.



Duncan N.R. Jackman  
Chairman and President  
May 4, 2021



Frank J. Glosnek  
Treasurer

# UNITED CORPORATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of United Corporations Limited

---

### **Our opinion**

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of United Corporations Limited (the Company) as at March 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

#### *What we have audited*

The Company's financial statements comprise:

- the statements of financial position as at March 31, 2021 and 2020;
  - the statements of comprehensive income (loss) for the years then ended;
  - the statements of changes in shareholders' equity for the years then ended;
  - the statements of cash flows for the years then ended; and
  - the notes to the financial statements, which include significant accounting policies and other explanatory information.
- 

### **Basis for opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence*

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### **Key audit matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# UNITED CORPORATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of investments</b></p> <p><i>Refer to Note 2 – summary of significant accounting policies, financial instruments and note 5 – financial instruments to the financial statements.</i></p> <p>The Company's investment portfolio included \$2,046 million of publicly listed investments as at March 31, 2021.</p> <p>The Company measures its investments at fair value through profit or loss.</p> <p>The fair value of publicly listed investments is measured by the last traded market price where this price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.</p> <p>We considered this a key audit matter due to the significance of the investments, and the high degree of audit effort required in performing audit procedures related to the investments</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <p>Tested how management determined the fair value of publicly listed investments and assessed the reasonableness of the fair value by independently obtaining prices from external sources.</p>



# UNITED CORPORATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT (Continued)

---

### Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

---

### Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

---

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

# UNITED CORPORATIONS LIMITED

## INDEPENDENT AUDITOR'S REPORT (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert D'Arolfi.

*PricewaterhouseCoopers LLP*

May 4, 2021  
Toronto, Ontario

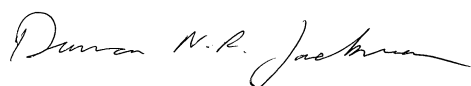
Chartered Professional Accountants, Licensed Public Accountants

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF FINANCIAL POSITION

	<b>March 31</b>	March 31
	<b>2021</b>	2020
	(000's)	
<b>ASSETS</b>		
Cash and cash equivalents (Note 6)	\$ 99,271	\$ 43,904
Investments (Notes 4 and 11)	2,046,063	1,647,646
Receivable in respect of investments sold	2,082	6,980
Dividends and interest receivable	1,593	3,574
Income taxes receivable	—	3,760
Other assets	3,787	3,591
	<u>2,152,796</u>	<u>1,709,455</u>
<b>LIABILITIES</b>		
Accrued expenses	2,685	2,042
Payable in respect of investments purchased	5,663	3,782
Income taxes payable	36,010	—
Dividends payable (Note 10)	3,723	3,731
Deferred tax liabilities (Note 7)	32,675	19,860
	<u>80,756</u>	<u>29,415</u>
<b>NET ASSETS</b>	<u>\$ 2,072,040</u>	<u>\$ 1,680,040</u>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 10)	\$ 536,697	\$ 537,873
Retained earnings	1,535,343	1,142,167
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<u>\$ 2,072,040</u>	<u>\$ 1,680,040</u>

APPROVED BY THE BOARD



DUNCAN N.R. JACKMAN  
Director



MICHAEL J. WHITE  
Director

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	<u>Year ended March 31</u>	
	<u>2021</u>	<u>2020</u>
	(000's)	
<b>INCOME</b>		
Dividends		
Foreign	\$ 32,091	\$ 42,398
Canadian (Note 11)	11,602	4,343
	<u>43,693</u>	<u>46,741</u>
Interest and securities lending income	675	1,151
Other net fair value changes in investments (Note 8)	456,154	(130,386)
	<u>500,522</u>	<u>(82,494)</u>
<b>EXPENSES</b>		
Investment management and administrative costs (Note 11)	12,314	11,948
Transfer, registrar and custody fees	869	796
Directors' and officer's remuneration (Note 11)	552	436
Office and miscellaneous	340	332
Professional fees	96	75
	<u>14,171</u>	<u>13,587</u>
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<u>486,351</u>	<u>(96,081)</u>
Provision for (recovery of) income taxes (Note 7)	63,731	(9,331)
<b>NET INCOME (LOSS)</b>	<u>\$ 422,620</u>	<u>\$ (86,750)</u>
<b>EARNINGS (LOSS) PER COMMON SHARE</b>		
- BASIC AND DILUTED (Note 12)	<u>\$ 34.88</u>	<u>\$ (7.15)</u>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

	Share Capital	Retained Earnings	Total
	(000's)		
<b>At April 1, 2020</b>	<b>\$ 537,873</b>	<b>\$1,142,167</b>	<b>\$1,680,040</b>
<b>Net income for the year</b>	<b>—</b>	<b>422,620</b>	<b>422,620</b>
<b>Dividends (Note 10)</b>	<b>—</b>	<b>(28,104)</b>	<b>(28,104)</b>
<b>Repurchase and cancellation of Common Shares (Note 10)</b>	<b>(1,176)</b>	<b>(1,340)</b>	<b>(2,516)</b>
<b>At March 31, 2021</b>	<b><u>\$ 536,697</u></b>	<b><u>\$1,535,343</u></b>	<b><u>\$2,072,040</u></b>
At April 1, 2019	\$ 541,000	\$1,259,185	\$1,800,185
Net loss for the year	—	(86,750)	(86,750)
Dividends (Note 10)	—	(27,794)	(27,794)
Repurchase and cancellation of Common Shares (Note 10)	(3,127)	(2,474)	(5,601)
At March 31, 2020	<u>\$ 537,873</u>	<u>\$1,142,167</u>	<u>\$1,680,040</u>

## STATEMENTS OF CASH FLOWS

	Year ended March 31	
	2021	2020
	(000's)	
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net income (loss)	\$ 422,620	\$ (86,750)
Adjustments for:		
Other net fair value changes in investments	(456,154)	130,386
Purchases of investments	(1,844,410)	(429,685)
Proceeds from sale of investments	1,908,925	473,795
Dividends and interest receivable	1,981	300
Deferred taxes	12,815	(28,217)
Net change in other assets and liabilities	40,218	(26,316)
	<u>85,995</u>	<u>33,513</u>
<b>Financing</b>		
Dividends paid to shareholders	(28,112)	(27,815)
Repurchase of Common Shares	(2,516)	(5,601)
	<u>(30,628)</u>	<u>(33,416)</u>
<b>Net increase in cash and cash equivalents</b>	<b>55,367</b>	<b>97</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>43,904</b>	<b>43,807</b>
<b>Cash and cash equivalents at end of the year (Note 6)</b>	<b><u>\$ 99,271</u></b>	<b><u>\$ 43,904</u></b>
Additional information for operating activities:		
Interest received	\$ 36	\$ 410
Dividends received, net of withholding taxes	40,510	42,142
Income taxes paid, net of refunds	6,174	40,215

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 1. Description of business

United Corporations Limited ("United" or the "Company") is a closed-end investment corporation. The head office, principal address and registered office of the Company is located at 165 University Avenue, Toronto, Ontario, M5H 3B8.

United trades on the Toronto Stock Exchange under the symbols UNC, UNC.PR.A, UNC.PR.B and UNC.PR.C. United is an investment vehicle for long-term growth through investments in common equities, as management believes that over long periods of time, common equities, as an asset class, will outperform fixed-income instruments or balanced funds. From time to time, however, assets of the Company may be invested in interest-bearing short-term securities pending the selection of suitable equity investments.

The financial statements are presented in Canadian dollars which is the functional and presentation currency. These financial statements were approved by the Company's Board of Directors on May 4, 2021.

### 2. Summary of significant accounting policies

#### *Basis of presentation*

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss ("FVTPL").

#### *Investment entity*

The Company has determined that it meets the definition of investment entity. An investment entity is an entity that (i) obtains funds from one or more investors for the purposes of providing them with investment management services; (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis.

#### *Financial instruments*

The Company classifies its investments based on both the Company's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The collection of contractual cash flows is only incidental to achieving the Company's business model objective. Consequently, all investments are classified and measured at FVPTL.

All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The cost of each investment and realized and unrealized gains and losses from investment transactions are determined on an average cost basis. Realized and unrealized gains and losses from investments are presented in the Statement of Comprehensive Income (Loss) within Other net fair value changes in investments in the period in which they arise.

The Company had invested in units of a pooled fund trust and limited partnership which had investment objectives to gain exposure to emerging markets or developing countries. These investments were considered structured entities as defined by IFRS, given that decision making about these investments' activities was not governed by voting or similar rights held by the Company, but through contractual arrangements. The fair value of these investments were determined based on the net asset values provided by the administrators. These investments were redeemed during the year ended March 31, 2021.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or the Company has transferred substantially all risks and rewards of ownership.

Interest income from short-term investments is recognized at the effective interest rate. Dividends are recognized as income on the ex-dividend date.

Purchases and sales of financial assets are recognized at their trade date. Receivables in respect to investments sold and payables in respect to investments purchased represent unsettled investment transactions.

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 2. Summary of significant accounting policies (continued)

#### *Fair value measurement*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

For publicly listed investments, the Company uses the last traded market price where this price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Company determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

#### *Foreign currency translation*

Foreign currency transactions are translated into Canadian dollars using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses relating to financial assets and liabilities are included as a component of the "Other net fair value changes in investments" in the Statement of Comprehensive Income (Loss).

#### *Cash and cash equivalents*

Cash and cash equivalents includes cash on hand and short term, highly liquid instruments with maturities of three months or less from the date of acquisition.

#### *Securities lending income*

Securities lending income is recognized as earned.

#### *Comprehensive income (loss)*

The Company does not have any other comprehensive income (loss) and therefore comprehensive income (loss) equals net income (loss) which it reports in its Statement of Comprehensive Income (Loss).

#### *Earnings per Common share ("EPS")*

Basic and diluted EPS is calculated by dividing the net income (loss), less preferred dividends, by the weighted average number of Common Shares outstanding for the period. Refer to Note 12 for the calculation.

#### *Income taxes*

Income tax comprises both current and deferred tax. Income tax is recognized in the Statement of Comprehensive Income (Loss).

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute these amounts are those that are enacted or substantively enacted at the end of each reporting period.

Deferred income tax assets and liabilities are recorded for the expected future income tax consequences of events that have been reflected in the statements or income tax returns.

Deferred income taxes are provided for using the liability method. Under the liability method, deferred income taxes are recognized for all significant temporary differences between the tax and financial statement bases for assets and liabilities and for certain carry-forward items.

Deferred income tax assets are recognized only to the extent that, in the opinion of management, it is probable that the deferred income tax assets will be realized. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates, on the date of the enactment or substantive enactment.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

The Company currently incurs withholding taxes imposed by certain countries on investment income. Such income is recorded on a gross basis and the related withholding taxes are reflected within the provision for (recovery of) income taxes in the Statement of Comprehensive Income (Loss).

#### *Future accounting changes*

Certain new standards, amendments to standards and interpretations are effective for annual periods beginning after April 1, 2021, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements.

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 3. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Company has made in preparing the financial statements:

#### *Deferred taxes*

Estimates and assumptions are used primarily in the determination of the Company's deferred tax liabilities, as the income tax rates used in determining the liability is dependent on an assumption as to when a deferred tax liability is expected to be realized.

### 4. Risks associated with financial instruments

The Company faces various risks arising from its financial instruments. Under the supervision of the Board of Directors, management has developed policies to identify, measure and monitor these risks. These risks and their management are described below:

#### *Credit risk*

Credit risk is the risk of financial loss resulting from a counterparty's failure to discharge an obligation. The Company has a securities lending agreement with its custodian, RBC Investor & Treasury Services ("RBCITS"), whereby RBCITS lends securities to borrowers for a fee, which is shared with the Company. RBCITS receives fixed income securities and equities as collateral from borrowers, of at least 105% of the value of the securities loaned. In the event that the loaned securities are not returned to the Company by the borrower, RBCITS is responsible to restore the securities or pay to the Company the market value of the loaned securities. If the collateral is not adequate to pay the market value to the Company, RBCITS indemnifies the Company for the difference. The Company has recourse to the Royal Bank of Canada should RBCITS fail to discharge its obligations to the Company. At March 31, 2021 the Company had loaned securities with a fair value of approximately \$188,100,000 (2020 - \$576,318,000) and RBCITS received approximately \$197,506,000 (2020 - \$605,134,000) in collateral. There was no significant exposure to credit risk to other receivable balances because of their short-term nature.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. Sufficient liquidity is maintained by regular monitoring of cash flow requirements. All liabilities, other than deferred tax liabilities, settle within three months of the year end.

#### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices which includes interest rate risk, foreign currency risk and other price risk.

The Company is not subject to significant interest rate risk, as its only fixed-interest investments are short term in nature.

Currency risk arises from financial instruments denominated in foreign currencies. IFRS 7 - "Financial Instrument Disclosures" considers the foreign exchange exposures relating to non-monetary financial instruments to be a component of other price risk. The Company's distribution of underlying currency exposure of investments is as follows:

	<u>2021</u>	<u>2020</u>
	(000's)	
U.S. dollar	<b>\$ 1,214,729</b>	\$ 740,104
European Union euro	<b>212,211</b>	322,173
Hong Kong	<b>167,186</b>	18,473
Japanese yen	<b>141,137</b>	197,372
Swiss franc	<b>81,180</b>	142,348
Canadian dollar	<b>70,178</b>	72,531
British pound sterling	<b>49,797</b>	74,856
Other	<b>109,645</b>	79,789
	<u><b>\$ 2,046,063</b></u>	<u><b>\$ 1,647,646</b></u>

The Company has a Canadian equivalent of \$17,949,000 US dollars held as cash as of the year end.



# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 4. Risks associated with financial instruments (continued)

The Company is exposed to other price risk through its investment in equity securities. These risks are mitigated by investing in a diversified portfolio of securities. The following is a summary of the concentrations of investments by geographic region:

	2021	2020
United States	50.1%	38.0%
Emerging markets	19.3%	10.4%
Europe, excluding United Kingdom	18.1%	33.1%
Japan	6.9%	12.0%
Canada	3.4%	2.0%
United Kingdom	2.2%	4.5%
	<u>100.0%</u>	<u>100.0%</u>

Investments are categorized by geographic location of headquarters.

A 10% fluctuation in market risk, assuming all other factors are constant, would have an after-tax impact of approximately \$177,496,000 (2020 - \$142,933,000) on net income.

### 5. Financial instruments

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted unadjusted prices in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At March 31, 2021, the Company had \$2,046,063,000 (2020 - \$1,569,805,000) of Level 1 and \$nil (2020 - \$77,841,000) of Level 2 equity investments. There were no year-to-date transfers between Level 1, 2 or 3 equity investments.

The Company's Level 2 equity investments held as of March 31, 2020 are represented by units in the Burgundy Emerging Markets Equity Fund ("Fund") and the LSV Emerging Markets Small Cap Fund, LP ("Partnership").

The other net fair value changes in financial instruments at FVTPL by category for the year end March 31, 2021 was a net gain of \$456,154,000 (2020 - a net loss of \$130,386,000) on financial assets at FVTPL.

Cash equivalents are Level 2 financial instruments. The carrying values of cash and cash equivalents, receivable in respect of investments sold, dividends and interest receivable, accrued expenses, payable in respect of investments purchased, income taxes payable, and dividends payable approximate their fair values due to their short-term nature.

### 6. Cash and cash equivalents

Components of cash and cash equivalents for purposes of the statements of cash flows are as follows:

	2021	2020
	(000's)	
Cash	\$ 74,258	\$ 43,904
Cash equivalents	25,013	—
	<u>\$ 99,271</u>	<u>\$ 43,904</u>

The following table presents cash and cash equivalents classified by the fair value hierarchy:

	Level 1	Level 2	Level 3	Total fair value
	(000's)			
March 31, 2021	\$ 74,258	\$ 25,013	\$ —	\$ 99,271
March 31, 2020	\$ 43,904	\$ —	\$ —	\$ 43,904

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS March 31, 2021

### 7. Income taxes

The Company is a public corporation under the Income Tax Act and is subject to tax at normal corporate rates on its taxable net realized gains (Note 9) and on investment income other than taxable dividends received from corporations resident in Canada. Income taxes are assessed on income before income taxes. The current enacted corporate tax rates as they impact the Company in fiscal 2021 stand at 26.5%. The effective tax rate varies from the combined statutory rate as follows:

	<u>2021</u>	<u>2020</u>
	(000's)	
Income taxes at statutory rate	\$ 128,883	\$ (25,461)
Variance as a result of:		
Non-taxable portion of other net fair value changes in investments	(60,440)	17,276
Tax-paid dividends	(3,075)	(1,151)
Other	(1,637)	5
Provision for income taxes	<u>\$ 63,731</u>	<u>\$ (9,331)</u>

The Company's provision for (recovery of) income taxes includes provisions (recoveries) for current and deferred income taxes as follows:

	<u>2021</u>	<u>2020</u>
	(000's)	
Current	\$ 50,916	\$ 18,886
Deferred	12,815	(28,217)
Provision for income taxes	<u>\$ 63,731</u>	<u>\$ (9,331)</u>

Deferred tax liabilities arise primarily from differences between the carrying value and the tax cost of the investments as well as from the timing of the inclusion of accrued dividends for income tax purposes. Details of the deferred tax liabilities as at March 31 are as follows:

	<u>2021</u>	<u>2020</u>
	(000's)	
Unrealized appreciation of investments	\$ 32,253	\$ 18,913
Accrued dividends	422	947
Deferred tax liabilities	<u>\$ 32,675</u>	<u>\$ 19,860</u>

Deferred tax expense included in net income represents movements related to the following items:

	<u>2021</u>	<u>2020</u>
	(000's)	
Investments	\$ 13,340	\$ (28,146)
Accrued dividends	(525)	(71)
Deferred tax liabilities	<u>\$ 12,815</u>	<u>\$ (28,217)</u>

During the year ended March 31, 2021, the Company paid tax instalments and assessments totaling \$11,694,000 (2020 - \$40,225,000) and received income tax refunds totaling \$5,520,000 (2020 - \$10,000). These items are classified as cash flows from operating activities in the cash flow statement.

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS March 31, 2021

### 8. Other net fair value changes in investments

The other net fair value changes in investments is comprised as follows:

	<u>2021</u>	<u>2020</u>
	(000's)	
Net realized gains	\$ 363,997	\$ 76,690
Net change in unrealized appreciation	92,157	(207,076)
	<u>\$ 456,154</u>	<u>\$ (130,386)</u>

### 9. Net realized gain

The following are the details of the net realized gain for the years ended March 31:

	<u>2021</u>	<u>2020</u>
	(000's)	
Proceeds on sales of investments	\$ 1,904,027	\$ 471,415
Cost of investments, beginning of the year	1,497,106	1,467,917
Cost of investments purchased during the year	1,846,291	423,914
	<u>3,343,397</u>	<u>1,891,831</u>
Cost of investments, end of the year	1,803,367	1,497,106
Cost of investments sold during the year	1,540,030	394,725
Net realized gain	<u>\$ 363,997</u>	<u>\$ 76,690</u>

### 10. Share capital

The classes of shares and, where applicable, the maximum number of shares that the Company is authorized to issue are as follows:

- (a) 52,237 First Preferred Shares without nominal or par value redeemable at the option of the Company at \$30.00 each;
- (b) 200,000 Second Preferred Shares without nominal or par value, issuable in series, of which: 80,290 shares are designated 1959 Series Second Preferred Shares, redeemable at the option of the Company at \$30.00 each and 119,710 shares are designated 1963 Series Second Preferred Shares, redeemable at the option of the Company at \$31.50 each;
- (c) Third Preferred Shares without nominal or par value, issuable in series. The maximum number of Third Preferred Shares that may be outstanding at any time shall be that number for which the aggregate stated value does not exceed \$15,000,000; and
- (d) an unlimited number of Common Shares.

The capital stock of the Company is as follows:

	<u>Authorized</u>	<u>Issued and outstanding</u>	<u>2021</u>	<u>2020</u>
	(000's)			
First Preferred Shares	52,237	52,237	\$ 119	\$ 119
Second Preferred Shares	200,000	200,000	6,000	6,000
Common Shares	unlimited	12,096,093 (2020 - 12,122,893)	<u>530,578</u>	<u>531,754</u>
			<u>\$ 536,697</u>	<u>\$ 537,873</u>

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS March 31, 2021

### 10. Share capital (Continued)

The changes in share capital are comprised as follows:

	Number of Common Shares	Common Share Capital
		(000's)
At April 1, 2020	<b>12,122,893</b>	<b>\$ 531,754</b>
Repurchase and cancellation of Common Shares	<b>(26,800)</b>	<b>(1,176)</b>
At March 31, 2021	<b>12,096,093</b>	<b>\$ 530,578</b>
At April 1, 2019	12,194,193	\$ 534,881
Repurchase and cancellation of Common Shares	(71,300)	(3,127)
At March 31, 2020	12,122,893	\$ 531,754

On March 9, 2020, the Company commenced its first Normal Course Issuer Bid ("NCIB"). The NCIB provided that the Company may, during the 12-month period commencing March 9, 2020 and ending March 8, 2021, purchase up to 609,709 Common Shares. On March 9, 2021, the Company obtained approval from the TSX to renew its NCIB to purchase up to 604,924 Common Shares between March 9, 2021 and March 8, 2022. The price which the Company will pay for any such Common Shares will be the prevailing market price at the time of acquisition. During the year ended March 31, 2021, the Company purchased 26,800 (2020 - 71,300) Common Shares.

Cash dividends paid during the year were as follows:

	2021	2020
		(000's)
On Preferred Shares:		
52,237 First Preferred Shares - \$1.50 per share	<b>\$ 78</b>	\$ 78
200,000 Second Preferred Shares - \$1.50 per share	<b>300</b>	300
	<b>378</b>	378
On Common Shares:		
Quarterly - \$0.30 quarterly per share	<b>14,528</b>	14,633
Additional - \$1.09 (2020 - \$1.05) per share	<b>13,206</b>	12,804
	<b>27,734</b>	27,437
	<b>\$ 28,112</b>	\$ 27,815

The Company's current dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends. The fiscal 2021 distributions are composed of quarterly dividends of \$0.30 (2020 - \$0.30) together with an additional dividend representing the balance of net investment income for the previous fiscal year, subject to the Board of Directors approval. This additional dividend is paid in the first quarter following the fiscal year end.

Common Share dividends of \$1.11 per Common Share were declared by the Board of Directors at its meeting on May 4, 2021, with a record and payable date of June 15, 2021 and June 30, 2021, respectively.

The Company's dividend policy is established by the Board of Directors at its discretion and is subject to change.

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

March 31, 2021

### 11. Related party information

Included in the Company's Schedule of Investment Portfolio is Algoma Central Corporation ("Algoma"), a related party, with a fair value at March 31, 2021 of \$62,362,000 (2020 - \$32,885,000). Dividend income from Algoma for the fiscal year ended March 31, 2021 amounted to \$11,602,000 (2020 - \$4,278,000).

E-L Financial holds a 52.7% (2020 - 52.6%) interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment managers and are paid monthly. The total fees for the year ended March 31, 2021 amounted to \$2,172,000 (2020 - \$2,041,000).

The ultimate controlling party of the Company and these related parties is The Honourable Henry N. R. Jackman together with a trust created in 1969 by his father, Henry R. Jackman.

#### *Compensation of key management personnel*

Key management personnel comprise the Chairman and President and directors of the Company and their remuneration is as follows:

	2021	2020
	(000's)	
Chairman and President's and directors' compensation	\$ 552	\$ 436

### 12. Earnings per Common Share ("EPS")

#### *Basic and diluted EPS*

EPS is calculated by dividing the net income (loss), less preferred dividends, by the weighted average number of Common Shares outstanding for the period.

EPS is calculated as follows (in thousands of dollars, except for weighted average number of Common Shares outstanding and per Common Share amounts):

	2021	2020
Net income (loss)	\$ 422,620	\$ (86,750)
Less: Preferred dividends	378	378
Net income attributed to common shareholders	\$ 422,242	\$ (87,128)
Weighted average number of Common shares outstanding	12,105,593	12,191,448
Basic and diluted earnings (loss) per Common Share	\$ 34.88	\$ (7.15)

### 13. Capital

The Company's capital comprises shareholders' equity, which is invested primarily in managed diversified portfolios of common shares of publicly-traded global companies. The Company's strategy is to earn an above-average rate of return, primarily through long-term capital appreciation and dividend income. Short-term volatility is expected and tolerated. Management remains confident that the Company's investment strategy will reward shareholders over the long term. The Company monitors its capital via its assessment of shareholders' equity.

### 14. Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts. This has created increased uncertainty and volatility which will impact the performance and expected returns of the portfolio and the Company in the near term.

# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021

Number of Shares		Cost	Carrying value	% of Carrying value
	<b>United States</b>		(000's)	
24,552	Adobe Inc. ....	\$ 14,724	\$ 14,677	
67,729	Aflac Inc. ....	3,453	4,359	
26,174	Alexandria Real Estate Equities, Inc. ....	5,587	5,408	
19,949	Align Technology, Inc. ....	6,568	13,585	
22,992	Alphabet Inc. Class A.....	45,326	59,632	
6,230	Alphabet Inc. Class C.....	13,623	16,206	
6,263	Amazon.com, Inc. ....	22,636	24,368	
50,973	Ametek, Inc. ....	7,554	8,187	
52,901	Apple Inc. ....	4,242	8,126	
117,992	Ashland Global Holdings Inc. ....	11,953	13,171	
53,133	Becton, Dickinson & Company.....	17,460	16,246	
4,029	Booking Holdings Inc. ....	10,218	11,804	
19,686	Broadcom Inc. ....	9,040	11,478	
147,622	Carrier Global Corporation.....	7,217	7,837	
157,725	Church & Dwight Co., Inc.....	16,761	17,325	
83,152	Citigroup Inc. ....	6,429	7,607	
78,963	CME Group Inc. ....	18,554	20,279	
61,564	Concentrix Corporation.....	6,092	11,591	
106,119	ConocoPhillips ....	5,421	7,068	
25,187	Danaher Corporation.....	7,612	7,129	
49,908	Deere & Company.....	14,127	23,481	
86,766	Disney (Walt) Company.....	14,843	20,133	
166,234	eBay Inc. ....	8,506	12,801	
53,117	Ecolab Inc. ....	14,989	14,299	
72,214	Edwards Lifesciences Corporation.....	7,989	7,595	
130,666	Eli Lilly and Company.....	31,026	30,697	
22,122	EPAM Systems, Inc.....	6,376	11,035	
215,354	Essent Group Ltd. ....	11,811	12,861	
25,538	Estée Lauder Companies Inc. (The).....	5,792	9,340	
45,728	Etsy, Inc.....	8,005	11,597	
167,710	Exelon Corporation.....	8,812	9,225	
127,763	Facebook, Inc. Class A.....	37,101	47,320	
136,665	First Republic Bank.....	20,045	28,657	
72,560	Fiserv, Inc. ....	10,624	10,862	
183,303	Genpact Ltd.....	9,306	9,870	
32,069	Hill-Rom Holdings, Inc.....	4,066	4,455	
45,604	Illumina, Inc. ....	18,014	22,025	
41,971	Intuit Inc.....	20,029	20,217	
7,825	Intuitive Surgical, Inc.....	7,652	7,271	
26,722	IQVIA Holdings Inc. ....	6,201	6,490	
108,447	Johnson & Johnson.....	22,297	22,413	
25,608	Jones Lang LaSalle Incorporated.....	3,949	5,765	
105,615	Las Vegas Sands Corporation.....	6,911	8,070	
85,887	Leidos Holdings, Inc.....	9,281	10,398	
16,431	MasterCard, Inc. Class A.....	2,184	7,357	
191,224	Microsoft Corporation.....	45,029	56,694	
76,356	Mondelez International Inc. Class A.....	5,508	5,620	
94,969	Nike Inc. Class B.....	10,434	15,870	
13,825	Nvidia Corporation.....	3,563	9,282	
76,020	Oracle Corporation.....	4,299	6,708	
104,131	Paypal Holdings, Inc. ....	13,077	31,799	
26,051	Quest Diagnostics Incorporated.....	4,162	4,204	
26,539	Reinsurance Group of America, Incorporated.....	3,736	4,207	
13,065	Roper Technologies, Inc.....	5,163	6,627	
663,648	Sabre Corporation.....	14,774	12,359	
28,837	Salesforce.com, Inc.....	6,057	7,683	
293,986	Schlumberger Limited.....	9,517	10,052	
33,722	Sempra Energy.....	5,297	5,622	
46,513	Spirit AeroSystems Holdings, Inc. ....	2,087	2,845	
45,009	SVB Financial Group.....	20,267	27,941	
32,699	Synopsys, Inc.....	6,548	10,188	
18,858	Thermo Fisher Scientific.....	9,258	10,823	
96,720	Tradeweb Markets Inc.....	7,075	9,000	
19,434	UnitedHealth Group Incorporated.....	8,308	9,093	
106,883	Verisk Analytics Inc. Class A.....	17,952	23,748	
63,914	Vertex Pharmaceuticals, Inc.....	15,718	17,271	
72,111	VF Corporation.....	6,567	7,247	
130,441	Visa Inc. ....	35,376	34,730	
111,884	Walmart Inc. ....	21,087	19,110	
9,942	Waste Management, Inc. ....	1,585	1,613	
86,507	WestRock Company.....	5,539	5,662	
26,817	Workday, Inc. ....	6,116	8,378	
		<u>844,505</u>	<u>1,024,693</u>	

50.1

# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021

Number of Shares		Cost	Carrying value	% of Carrying value
		(000's)		
<b>Emerging Markets</b>				
2,331,400	AIA Group Limited .....	\$ 32,713	\$ 35,572	
1,162,768	Alibaba Group Holding Limited .....	43,229	41,390	
145,021	Autohome Inc. ADR.....	20,001	17,009	
127,398	CD Projekt S.A. ....	15,444	7,725	
516,000	Country Garden Service Holdings Co. Ltd.....	6,196	6,579	
350,453	DBS Group Holdings Ltd.....	8,358	9,437	
205,000	ENN Energy Holdings Limited.....	4,025	4,136	
119,919	HDFC Bank Ltd. ADR.....	7,755	11,715	
701,065	Housing Development Finance Corporation Limited.....	30,723	30,102	
4,132,779	Inner Mongolia Yili Industrial Co., Ltd.....	36,758	31,747	
1,331,655	Itau Unibanco Holding S.A. (Pref) ADR.....	9,112	8,306	
17,522	Kweichow Moutai Co., Ltd. ....	8,253	6,755	
1,430,050	NetEase, Inc. ADR .....	37,531	36,605	
3,264,400	PT Bank Central Asia Tbk .....	8,092	8,825	
170,319	Samsung Electronics Co., Ltd.....	12,187	15,458	
4,243	Samsung Electronics Co., Ltd. (Voting) GDR .....	10,789	9,732	
74,000	SK hynix Inc. ....	8,945	10,933	
338,029	Taiwan Semiconductor Manufacturing Company Limited ADR .....	53,462	50,277	
373,500	Tencent Holdings Limited .....	34,924	36,864	
182,775	Trip.com Group Ltd. ADR.....	8,563	9,109	
383,500	Wuxi Biologics (Cayman) Inc. ....	6,116	6,041	
12,650	Xero Limited.....	1,532	1,532	
		<u>404,708</u>	<u>395,849</u>	19.3
<b>Europe, excluding United Kingdom</b>				
112,327	ABB Limited .....	3,356	4,278	
24,812	Accenture plc Class A .....	8,261	8,619	
2,934	Adyen N.V. ....	8,500	8,243	
69,941	Airbus SE .....	7,743	9,965	
103,854	Alcon Inc. ....	8,228	9,165	
179,238	Amadeus IT Group, S.A. ....	15,771	15,973	
13,729	ASML Holding N.V.....	9,637	10,658	
114,542	Atlas Copco AB Class A .....	8,319	8,780	
254,348	Axa S.A. ....	7,233	8,591	
465,671	Banco Bilbao Vizcaya Argentaria, S.A. ....	2,889	3,042	
93,747	BASF SE .....	9,061	9,801	
41,250	Bayer AG.....	3,509	3,283	
56,519	Compagnie Financière Richemont SA .....	5,724	6,838	
54,319	Credit Suisse Group AG.....	895	717	
184,383	Enel S.p.A. ....	2,205	2,311	
82,290	Epiroc Aktiebolag .....	2,235	2,347	
14,692	Genmab A/S.....	7,167	6,105	
42,129	Infineon Technologies AG .....	1,446	2,256	
279,461	Ing Groep N.V. ....	3,217	4,303	
1,549,849	International Consolidated Airlines Group S.A.....	3,956	5,328	
9,574	Lonza Group AG .....	4,480	6,746	
69,494	L'Oréal S.A. ....	30,657	33,519	
17,743	LVMH Moët Hennessy Louis Vuitton SA.....	14,465	14,877	
170,595	Medtronic plc.....	25,837	25,342	
27,543	MTU Aero Engines AG.....	8,857	8,159	
103,099	Neste Oyj .....	8,112	6,887	
128,562	Novartis AG .....	14,630	13,846	
107,073	Roche Holding AG.....	37,363	43,609	
107,729	RWE AG .....	5,766	5,287	
98,670	Sanofi S.A. ....	12,329	12,269	
102,457	SAP AG .....	15,930	15,775	
48,404	Schneider Electric SE .....	7,527	9,305	
35,182	Siemens AG .....	5,677	7,270	
183,235	TeamViewer AG .....	12,369	9,971	
91,919	Total SE.....	5,005	5,396	
815,696	UniCredit S.p.A. ....	11,606	10,851	
14,575	VAT Group AG.....	5,106	5,146	
13,855	Volkswagen AG.....	3,069	4,879	
		<u>348,137</u>	<u>369,737</u>	18.1

# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT MARCH 31, 2021

Number of Shares		Cost	Carrying value	% of Carrying value
		(000's)		
<b>Japan</b>				
131,200	Chugai Pharmaceutical Co., Ltd. ....	\$ 8,521	\$ 6,691	
59,000	Daikin Industries, Ltd. ....	17,263	14,960	
18,100	Fanuc Corporation ....	4,195	5,384	
15,000	Fast Retailing Co., Ltd. ....	16,785	15,017	
166,000	Hoya Corporation ....	28,840	24,524	
3,350	Kakaku.com, Inc. ....	122	115	
32,300	Keyence Corporation ....	15,936	18,445	
90,600	MISUMI Group Inc. ....	3,674	3,309	
59,700	Murata Manufacturing Co., Ltd. ....	5,963	5,997	
115,500	Shin-Etsu Chemical Co., Ltd. ....	27,568	24,418	
79,800	Sysmex Corporation ....	6,127	10,810	
253,300	Takeda Pharmaceutical Company Ltd. ....	12,138	11,467	
		<u>147,132</u>	<u>141,137</u>	6.9
<b>Canada</b>				
298,900	Air Canada ....	5,961	7,816	
3,625,680	Algoma Central Corporation <sup>1</sup> ....	6,201	62,362	
		<u>12,162</u>	<u>70,178</u>	3.4
<b>United Kingdom</b>				
384,201	Abcam plc ....	7,348	9,265	
403,991	Experian plc ....	18,297	17,489	
7,654,211	Rolls-Royce Holdings plc ....	17,246	13,974	
18,929	Spirax-Sarco Engineering plc. ....	3,832	3,741	
		<u>46,723</u>	<u>44,469</u>	2.2
	<b>Total investments</b> .....	<u>\$ 1,803,367</u>	<u>\$ 2,046,063</u>	<u>100.0</u>

<sup>1</sup> This company and United are related parties.



# UNITED CORPORATIONS LIMITED

## **COMPANY BACKGROUND (Unaudited)**

Consolidated Investment Corporation of Canada was incorporated in February 1929 and its bonds and preferred shares were offered for sale to the public. The Company was capitalized with \$15,000,000 4½% First Collateral Trust Gold Bonds due 1959, and \$10,000,000 (\$100 par) of 5% Cumulative Preferred Shares. 1,375,000 Common Shares (no par value) were issued of which 375,000 were deposited in trust or reserved for sale to the Company's senior security holders. The Company's securities were sold for \$32,000,000 plus accrued interest and organizational expenses.

The trust deed securing the First Collateral Trust Gold Bonds covenanted that assets pledged with the trustee should at all times be equal to 125% of the principal amount of bonds outstanding. With the decline in security values beginning in late 1929, the Company attempted to satisfy this covenant by purchasing the Company's bonds for cancellation at discount prices. The continued deterioration of security markets into 1932 made the continuation of this policy impracticable. The Company therefore defaulted under its covenants and the Company was reorganized.

Under the February 13, 1933 arrangement, the Company's remaining \$6,427,000 4½% Gold Bonds (\$8,573,000 out of the original \$15,000,000 had been purchased for cancellation) received 70% of their face value in a new issue of 5% "Income" Bonds due 1953, and 30% of their face value in Class "A" 5% "Preferred" Shares. The bondholders were also given 53.61% of the common equity (Class "B" Shares) with the old preferred shareholders and common shareholders receiving 41.70% and 4.69% of the new equity respectively.

Under the February 13, 1933 reorganization, the Company's name was changed to United Corporations Limited.

On December 23, 1959, United Corporations Limited acquired all of the assets of London Canadian Investment Corporation for \$7,925,483. Consideration was satisfied by issuing \$2,408,700 par value of 5% Preferred Shares (1959 Series) and Common (Class B) Shares equal to 15.7% of the total Common Shares to be outstanding after the completion of this transaction.

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD: 1929 - 2021 (Unaudited)

Year	Total Net Assets * (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Investment Income Available for Common Shares (000's)	Net Investment Income per Common Share**
Consolidated Investment Corporation of Canada							
Feb 1929	\$ 32,000	\$ 15,000	\$ 10,000	\$ 7,000	\$ N/A	\$ N/A	\$ N/A
Dec 1931	9,616	7,161	10,000	(7,545)	N/A	N/A	N/A
1932	4,726	6,427	10,000	(11,701)	N/A	N/A	N/A
United Corporations Limited							
1933	6,120	4,499	2,000	(379)	(0.04)	—	—
1934	8,147	4,499	2,097	1,551	0.16	(95)	(0.01)
1935	9,378	4,499	2,161	2,718	0.28	(13)	—
1936	12,892	4,499	2,097	6,296	0.64	49	0.01
1937	9,542	4,499	1,928	3,115	0.32	109	0.01
1938	9,485	3,779	1,620	4,087	0.41	44	0.01
1939	9,844	3,705	1,588	4,550	0.46	58	0.01
1940	8,676	3,705	1,588	3,383	0.34	48	0.01
1941	8,175	3,599	1,588	2,988	0.30	82	0.01
1942	8,712	3,499	1,580	3,633	0.37	108	0.01
1943	9,746	3,000	1,580	5,166	0.52	78	0.01
1944	11,298	2,900	1,580	6,818	0.69	155	0.02
1945	14,444	2,800	1,580	10,064	1.02	173	0.02
1946	14,059	2,700	1,580	9,779	0.99	243	0.03
1947	13,668	2,600	1,580	9,489	0.96	339	0.03
1948	13,443	2,500	1,567	9,376	0.95	370	0.04
1949	14,772	2,400	1,567	10,805	1.10	385	0.04
1950	17,410	2,300	1,567	13,543	1.37	564	0.06
1951	20,392	2,200	1,567	16,625	1.69	578	0.06
1952	19,360	2,000	1,567	15,793	1.60	614	0.06
1953	19,130	1,900	1,567	15,663	1.59	639	0.07
1954	25,101	1,800	1,567	21,734	2.21	699	0.07
1955	29,015	1,700	1,567	25,748	2.62	732	0.07
1956	28,054	1,316	1,567	25,171	2.56	779	0.08
1957	24,447	879	1,567	22,001	2.24	834	0.09
1958	30,381	—	1,567	28,814	2.93	898	0.09
1959	38,197	—	3,976	34,221	2.93	900	0.08
1960	37,600	—	3,976	33,624	2.88	1,110	0.10
1961	44,352	—	3,976	40,376	3.44	1,117	0.10
1962	41,868	—	3,976	37,893	3.22	1,141	0.10
1963	52,321	—	7,747	44,574	3.75	1,179	0.10
1964	62,861	—	7,747	55,114	4.64	1,348	0.11
1965	66,117	—	7,747	58,370	4.91	1,503	0.13
1966	63,156	—	7,747	55,409	4.66	1,583	0.13
1967	74,757	—	7,747	67,010	5.59	1,741	0.15
1968	84,930	—	7,747	77,174	6.43	1,714	0.14
1969	78,769	—	7,747	71,022	5.90	1,866	0.16
1970	71,202	—	7,747	63,456	5.28	1,981	0.17
1971	73,401	—	7,747	65,655	5.46	1,669	0.14
1972	86,757	—	7,747	79,010	6.57	1,724	0.14
1973(a)	83,758	—	7,747	76,012	6.32	374	0.03
1974	82,457	—	7,747	74,711	6.21	1,996	0.17
1975	71,674	—	7,747	63,928	5.31	2,791	0.23
1976	80,075	8,000	7,747	64,544	5.36	2,522	0.21

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD: 1929 - 2021 (Unaudited)

Year	Total Net Assets * (000's)	Funded Debt (000's)	Preferred Shares = (000's)	Net Equity Value (000's)	Net Equity Value per Common Share**	Net Investment Income Available for Common Shares (000's)	Net Investment Income per Common Share**
1977	\$ 78,614	\$ 8,000	\$ 7,747	\$ 63,083	\$ 5.24	\$ 2,116	\$ 0.18
1978	82,829	8,000	7,747	67,298	5.59	2,335	0.19
1979	116,793	9,506	7,747	100,285	8.32	1,478	0.12
1980	141,700	9,657	7,747	129,232	10.60	3,703	0.30
1981	197,143	8,000	7,747	194,350	15.94	4,808	0.39
1982	127,643	8,000	7,747	121,412	9.95	4,437	0.36
1983	182,227	8,000	7,747	174,692	14.31	4,468	0.37
1984	201,172	8,000	7,747	191,984	15.73	3,934	0.32
1985	247,596	8,000	7,747	234,514	19.22	4,788	0.39
1986	327,327	8,000	7,747	319,783	26.21	4,816	0.40
1987	370,718	—	7,747	371,437	30.44	4,841	0.40
1988	316,009	—	7,747	322,434	26.43	6,785	0.56
1989	329,082	—	7,747	321,668	26.37	8,778	0.72
1990	340,980	—	7,747	343,482	28.16	16,989	1.39
1991	311,586	—	7,747	304,079	24.93	9,339	0.77
1992	308,237	—	7,747	300,992	24.68	7,880	0.65
1993	314,603	—	7,747	308,617	25.30	7,617	0.63
1994	359,673	—	7,747	363,496	29.80	7,192	0.59
1995	355,050	—	7,747	352,874	28.94	7,963	0.65
1996	396,725	—	7,747	399,853	32.79	7,969	0.65
1997	478,172	—	7,747	475,416	38.99	8,960	0.74
1998	649,802	—	7,747	667,137	54.71	9,174	0.75
1999	612,872	—	7,747	620,107	50.85	9,635	0.79
2000	774,519	—	7,747	784,932	64.37	8,403	0.69
2001	723,950	—	7,747	718,712	58.94	10,640	0.87
2002	758,055	—	7,747	750,308	61.53	11,606	0.95
2003	609,269	—	7,747	601,522	49.33	11,772	0.97
2004	755,491	—	7,747	747,744	61.32	11,041	0.91
2005	826,344	—	7,747	818,597	67.13	12,462	1.02
2006	940,068	—	7,747	932,321	76.46	12,676	1.04
2007	1,056,872	—	7,747	1,049,125	86.03	15,121	1.24
2008	948,929	—	7,747	941,182	77.18	15,909	1.30
2009	676,149	—	7,747	668,402	54.81	15,420	1.26
2010	828,840	—	7,747	821,093	67.33	14,155	1.16
2011	883,576	—	7,747	875,829	71.82	14,987	1.23
2012	889,646	—	7,747	881,899	72.32	17,412	1.43
2013	1,008,012	—	7,747	1,000,265	82.03	17,414	1.43
2014	1,220,612	—	7,747	1,212,865	99.46	18,686	1.53
2015	1,444,951	—	7,747	1,437,204	117.86	21,971	1.80
2016	1,479,121	—	7,747	1,471,374	120.66	25,967	2.13
2017	1,621,302	—	7,747	1,613,555	132.32	23,463	1.92
2018	1,695,470	—	7,747	1,687,723	138.40	24,124	1.98
2019	1,800,185	—	7,747	1,792,438	146.99	27,462	2.25
2020	1,680,040	—	7,747	1,672,293	137.95	27,894	2.29
2021	2,072,040	—	7,747	2,064,293	170.66	27,971	2.31

This chart is drawn from the individual annual reports and has not been restated for any subsequent changes in accounting policies.

= Preferred Shares at the cost of redemption, including dividend arrears in 1933 - 1936.

\* Total assets less liabilities exclusive of short-term debt.

\*\* Includes the impact of historical stock dividends.

(a) For three months ended March 31, 1973. Figures in this table are for fiscal years ended December 31 prior to 1973 and March 31 thereafter.

# UNITED CORPORATIONS LIMITED

## FINANCIAL RECORD: 1929 - 2021 (Unaudited)

### Historical Stock Dividends

<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>	<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>	<u>Date</u>	<u>Stock dividend rate</u>	<u>Issue price</u>
1953	4 for 1	Split	1988	1 for 15	\$ 65.46	1998	1 for 33.1645	\$ 76.61
1964	3 for 1	Split	1989	1 for 8	54.53	1999	1 for 13.5404	78.67
1982	1 for 6.4725	\$ 38.81	1989	1 for 55	48.30	2000	1 for 20.9744	69.74
1984	1 for 10	40.41	1991	1 for 16	50.72	2001	1 for 20.94286	80.63
1985	1 for 10	40.93	1993	1 for 38	42.18	2001	1 for 7.9472	76.77
1986	1 for 30	46.53	1995	1 for 16.42525	49.44	2002	1 for 15.3238	64.36
1987	1 for 13	60.52	1997	1 for 14.47926	62.84			

# UNITED CORPORATIONS LIMITED

## CORPORATE INFORMATION

### HEAD OFFICE

Tenth Floor, 165 University Avenue  
Toronto, Ontario, M5H 3B8  
Tel: 416-947-2578  
Fax: 416-362-2592

### EXTERNAL INVESTMENT MANAGERS

Causeway Capital Management LLC, Los Angeles  
Comgest Asset Management International Limited, Dublin  
Harding Loevner LP, Bridgewater, New Jersey

### AUDITOR

PricewaterhouseCoopers LLP, Toronto

### CUSTODIAN

RBC Investor & Treasury Services

### TRANSFER AGENT AND REGISTRAR

Computershare Investor Services Inc.  
100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1  
Toll Free: 1-800-564-6253  
[www.computershare.com](http://www.computershare.com)

### TORONTO STOCK EXCHANGE LISTINGS

	<u>Ticker Symbol</u>
Common	UNC
First Preferred	UNC.PR.A
Second Preferred, 1959 Series	UNC.PR.B
Second Preferred, 1963 Series	UNC.PR.C

### NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Company's website.

### REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

Mr. Michael J. White  
Chairman of the Audit Committee  
United Corporations Limited  
165 University Avenue, 10th Floor  
Toronto, Ontario  
M5H 3B8  
Email: [michaeljwhite@sympatico.ca](mailto:michaeljwhite@sympatico.ca)  
Phone: 416-505-2677

You may submit your complaint or concern anonymously. Your submission will be kept confidential and will be treated in accordance with the Company's policy for reporting accounting or auditing matters.

### WEBSITE

[www.ucorp.ca](http://www.ucorp.ca)





