

UNITED CORPORATIONS LIMITED



FIRST QUARTER REPORT

JUNE 30, 2016

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2016 ⁽¹⁾	As at March 31 2016 ⁽¹⁾
Net equity value per Common Share ⁽²⁾	\$ 121.55	\$ 120.66
Net assets	\$ 1,489,935	\$ 1,479,121
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Three months ended June 30	
	2016 ⁽¹⁾	2015 ⁽¹⁾
Net investment income per Common Share ⁽²⁾	\$ 0.91	\$ 0.89
Dividends per Common Share		
Quarterly	\$ 0.20	\$ 0.20
Additional ⁽³⁾	\$ 1.33	\$ 1.00
Net income (loss) per Common Share	\$ 2.42	\$ (1.38)
Net investment income	\$ 11,144	\$ 10,999

⁽¹⁾ In thousands of Canadian dollars, except number of Common Shares outstanding and per share amounts.

⁽²⁾ See Management's Discussion and Analysis for Use of Non-GAAP Measures.

⁽³⁾ This additional dividend represents the annual distribution of the prior year's annual net investment income after payment of Preferred Share dividends and quarterly Common Share dividends.

The financial statements have been prepared under International Financial Reporting Standards ("IFRS").

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's external auditors, PricewaterhouseCoopers LLP, have not performed a review of these interim financial statements of United Corporations Limited.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the unaudited interim condensed financial performance and financial condition of United Corporations Limited ("United" or the "Company") for the first quarter of fiscal 2017 should be read in conjunction with: the March 31, 2016 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; and the unaudited quarterly condensed interim condensed financial statements and notes contained in this report. These unaudited interim condensed financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as set out in the Handbook of the Chartered Professional Accountants of Canada. 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 and has never bought back its Common Shares. The Common Shares have historically traded at a discount to their net asset value, generally ranging from a 45% discount to a 20% discount. 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.

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 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 Jarislowsky Fraser Limited ("Jarislowsky") and ValueInvest Asset Management S.A. ("ValueInvest"). Each of the managers has a global equity mandate. As of June 30, 2016, \$678,524,000 (March 31, 2016 - \$678,642,000) and \$806,503,000 (March 31, 2016 - \$796,173,000) of equity investments were managed by Jarislowsky and ValueInvest, respectively.

Jarislowsky is a global investment manager whose head office is in Montreal, Quebec, with offices in Toronto, Calgary, Vancouver, and New York. Jarislowsky selects investments using a long-term bottom-up investment philosophy, which is to purchase good companies with strong economics and management, whose shares are selling below Jarislowsky's estimate of intrinsic value. The portfolio normally consists of 45-75 investments and includes publicly traded equity securities of companies outside of Canada, with between 80%-100% allocated to non-cyclical blue chip industry leaders with large capitalizations, and the balance allocated to cyclical smaller market capitalization companies. The target geographic mix expressed as a percentage of the portfolio is generally U.S. equities 30-70%; international equities 30-70%; and emerging markets 0-10%.

ValueInvest is a global investment manager whose head office is in the Grand Duchy of Luxembourg. ValueInvest provides portfolio advisory services to Canadian clients through Pier 21 Asset Management Inc., a registered portfolio manager based in Montreal, Quebec. ValueInvest's investment objective is to provide long-term growth primarily through capital appreciation, by investing in a portfolio of common stocks and equivalent securities of major companies around the world. The investment philosophy rests on its core conviction that long-term preservation and accumulation of wealth can best be achieved through a combination of attractive valuations and thorough assessment of the quality of the businesses. There is no target geographic mix for the portfolio. The portfolio normally consists of 30-80 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. Further related party information is provided in Note 11 to the financial statements in the 2016 Annual Report and in the schedule of investment portfolio in this interim report beginning on page 14.

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 a mix of predominantly 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. Current Canadian generally accepted accounting principles is IFRS for these financial statements. 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 both 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 on its Preferred Shares.

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

	June 30 2016	March 31 2016
Net assets	<u>\$ 1,489,935</u>	<u>\$ 1,479,121</u>
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	<u>7,747</u>	<u>7,747</u>
Net equity value	<u>\$ 1,482,188</u>	<u>\$ 1,471,374</u>
Common Shares outstanding	<u>12,194,193</u>	<u>12,194,193</u>
Net equity value per Common Share	<u>\$ 121.55</u>	<u>\$ 120.66</u>

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 June 30	
	2016	2015
Net income (loss)	\$ 29,565	\$ (16,679)
Add (deduct):		
Fair value change in investments	(21,234)	31,906
Tax on fair value change in investments	2,813	(4,228)
Net investment income ¹	11,144	10,999
Deduct:		
Dividends paid on Preferred Shares	94	94
Net investment income, net of dividends paid on Preferred Shares ¹	\$ 11,050	\$ 10,905
Common Shares outstanding	12,194,193	12,194,193
Net investment income per Common Share ¹	\$ 0.91	\$ 0.89

¹ On an after-tax basis.

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$121.55 at June 30, 2016 from \$120.66 at March 31, 2016.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 2.0% compared to a negative return of 1.2% for the same period in the prior fiscal year.

During the quarter, investments managed by ValueInvest had a pre-tax total return of 2.5% (2016 – (1.5%)), and the investments managed by Jarislowsky also had a pre-tax total return of 2.5% (2016 – (1.0%)).

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

In Canadian dollar terms, total returns (capital gains plus dividends) for United's net equity value and stock market indices, were as follows:

	Three months ended June 30
	(%)
United net equity value	2.0
MSCI World Index	1.5
S&P 500 Index	2.8
S&P/TSX Composite Index	5.1

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 years:

Annual growth in NAV*

	NAV per Common Share	Annual Growth
		(%)
2007	\$ 86.03	13.7
2008	77.18	(9.4)
2009	54.81	(28.1)
2010	67.33	24.4
2011	71.82	7.9
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

Compound annual growth*

2007 - 2016 - 10 years	6.1
------------------------	-----

*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

Net Income

The Company reported net income for the first quarter of fiscal 2017 of \$29,565,000 compared to a net loss of \$16,679,000 for the first quarter of fiscal 2016. On a per Common Share basis, net income for the quarter was \$2.42 in fiscal 2017 compared to a net loss of \$1.38 for the same quarter in fiscal 2016.

The Company's fair value change in investments was a fair value gain of \$21,234,000 in the first quarter of fiscal 2017 compared to a fair value loss of \$31,906,000 for the same period in the prior year. During the first quarter of 2017, fair value gains for the portfolio increased in North America by \$22,704,000 and by \$8,425,000 in Asia, offset by investment losses of \$9,567,000 in Europe, \$219,000 in Australia and \$109,000 in the United Kingdom.

The significant contributors to the investment performance for the first fiscal quarter included Pfizer Inc., General Mills, Inc., and Computer Sciences Corporation with fair value investment gains of \$5,928,000, \$5,727,000 and \$4,785,000 respectively. The largest detractors were Staples Inc., Hormel Foods Corporation and Algoma with fair value investment losses of \$4,823,000, \$4,776,000 and \$4,061,000 respectively.

The net realized gain was \$22,703,000 for the first quarter of fiscal 2017 compared to \$16,245,000 for the same period in the prior year. The three largest contributors to the net realized gain during the first quarter were from sales of Adidas AG, Computer Sciences Corporation, and AGL Energy Limited.

Net investment income

The Company's net investment income in the first quarter of fiscal 2017 increased to \$11,144,000 compared to \$10,999,000 for the first quarter of fiscal 2016. On a per Common Share basis, net investment income for the quarter increased to \$0.91 compared to \$0.89 for the same quarter in fiscal 2016.

Foreign dividend income in the first quarter increased to \$16,803,000 from \$16,395,000 for the same quarter in the prior year. The increase occurred primarily as a result of growth in the average global investment portfolio.

Expenses during the quarter increased to \$2,175,000 in fiscal 2017 compared to \$1,973,000 for the same period in the prior year. The majority of the increase relates primarily to an increase in investment management and administrative costs resulting from a higher investment portfolio compared to the prior year. Office and miscellaneous expenses in the current quarter include additional stock exchange filing fees.

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Results

The following table summarizes various financial results on a quarterly basis for the eight most recent quarters (in thousands of dollars, except per Common Share amounts):

	June 30 2016	March 31 2016	Dec. 31 2015	Sept. 30 2015	June 30 2015	March 31 2015	Dec. 31 2014	Sept 30 2014
Investments	\$ 1,525,816	\$ 1,519,665	\$ 1,590,388	\$ 1,454,582	\$ 1,451,038	\$ 1,481,971	\$ 1,321,516	\$ 1,252,795
Net investment income ¹	\$ 11,144	\$ 4,837	\$ 4,433	\$ 6,076	\$ 10,999	\$ 4,616	\$ 3,966	\$ 3,675
Net income (loss)	\$ 29,565	\$ (60,699)	\$ 120,478	\$ 13,398	\$ (16,679)	\$ 152,813	\$ 64,244	\$ 15,840
Per Common Share:								
Net investment income ¹	\$ 0.91	\$ 0.39	\$ 0.36	\$ 0.49	\$ 0.89	\$ 0.37	\$ 0.32	\$ 0.29
Net income (loss)	\$ 2.42	\$ (4.99)	\$ 9.87	\$ 1.10	\$ (1.38)	\$ 12.52	\$ 5.26	\$ 1.29
NAV	\$ 121.55	\$ 120.66	\$ 125.85	\$ 116.18	\$ 115.28	\$ 117.86	\$ 105.54	\$ 100.48

¹ On an after-tax basis.

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. 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.

Share Data

As at June 30, 2016, 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 12,194,193 Common Shares.

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 February, May, August and November of each year with an additional Common Share dividend representing the balance of net investment income for the previous fiscal year. The quarterly dividend is \$0.20 per Common Share and \$0.375 per Preferred Share.

During the quarter, the Company paid an additional cash dividend of \$1.33 (2016 - \$1.00) per Common Share representing the balance of net investment income for the previous fiscal year.

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

UNITED CORPORATIONS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional Information

Additional information relating to United, including the Company's Annual Information Form, is available at www.sedar.com.

United's website, 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.

A handwritten signature in black ink that reads "Duncan N.R. Jackman". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Duncan N.R. Jackman
Chairman and President

August 3, 2016

UNITED CORPORATIONS LIMITED

STATEMENTS OF NET ASSETS (Unaudited)

	June 30 2016	March 31 2016
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 13,566	\$ 17,187
Investments (Note 4)	1,525,816	1,519,665
Receivable in respect of investments sold	25	—
Dividends and interest receivable	3,282	2,453
Income taxes receivable	3,334	—
Other assets	2,356	1,957
	1,548,379	1,541,262
LIABILITIES		
Accrued expenses	903	916
Income taxes payable	—	3,701
Deferred tax liabilities	57,541	57,524
	58,444	62,141
NET ASSETS	\$ 1,489,935	\$ 1,479,121
SHAREHOLDERS' EQUITY		
Share capital	\$ 541,000	\$ 541,000
Retained earnings	948,935	938,121
TOTAL SHAREHOLDERS' EQUITY	\$ 1,489,935	\$ 1,479,121

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended June 30	
	2016	2015
	(000's)	
INCOME		
Dividends		
Foreign	\$ 16,803	\$ 16,395
Canadian	254	254
	17,057	16,649
Interest and securities lending income	190	198
Fair value change in investments (Note 5)	21,234	(31,906)
	38,481	(15,059)
EXPENSES		
Investment management and administrative costs	1,705	1,626
Transfer, registrar and custody fees	125	150
Directors' and officer's remuneration	104	99
Office and miscellaneous	215	81
Professional fees	26	17
	2,175	1,973
INCOME (LOSS) BEFORE INCOME TAXES	36,306	(17,032)
Provision for (recovery of) income taxes	6,741	(353)
NET INCOME (LOSS)	\$ 29,565	\$ (16,679)
EARNINGS (LOSS) PER COMMON SHARE BASIC AND DILUTED	\$ 2.42	\$ (1.38)

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
At April 1, 2016	\$ 541,000	\$ 938,121	\$ 1,479,121
Net income for the period	—	29,565	29,565
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(18,657)	(18,657)
At June 30, 2016	\$ 541,000	\$ 948,935	\$ 1,489,935
At April 1, 2015	\$ 541,000	\$ 903,951	\$ 1,444,951
Net loss for the period	—	(16,679)	(16,679)
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(14,633)	(14,633)
At June 30, 2015	\$ 541,000	\$ 872,545	\$ 1,413,545

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CASH FLOW (Unaudited)

Three months ended June 30

	2016	2015
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income (loss)	\$ 29,565	\$ (16,679)
Adjustments for:		
Fair value change in investments	(21,234)	31,906
Purchases of investments	(62,174)	(49,061)
Proceeds from sale of investments	77,257	48,089
Dividends and interest receivable	(829)	65
Deferred taxes	17	(7,008)
Net change in other assets and liabilities	(7,472)	(3,460)
	15,130	3,852
Financing		
Dividends paid to shareholders	(18,751)	(14,727)
Net decrease in cash and cash equivalents	(3,621)	(10,875)
Cash and cash equivalents at beginning of the period	17,187	26,086
Cash and cash equivalents at end of the period	\$ 13,566	\$ 15,211
Additional information for operating activities:		
Interest received	\$ 9	\$ 20
Dividends received, net of withholding taxes	13,760	14,275
Income taxes paid	11,700	7,050

(See accompanying notes)

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (Unaudited)

1. Description of Company and summary of operations

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 interim condensed financial statements are presented in Canadian dollars which is the functional and presentation currency. These interim condensed financial statements were approved by the Company’s Board of Directors on August 3, 2016.

2. Basis of presentation

These unaudited interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting as issued by the International Accounting Standards Board and follow the same accounting policies and methods as the most recent annual financial statements. These unaudited interim condensed financial statements do not include all of the disclosures required under International Financial Reporting Standards for annual financial statements and should be read in conjunction with the notes to the Company’s audited financial statements for the year ended March 31, 2016.

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:

Classification and measurement of investments

In classifying and measuring financial instruments held by the Company, the Company is required to make significant judgments about whether or not the business of the Company is to invest on a total return basis for the purpose of applying the fair value option for financial assets. The most significant judgment made includes the determination that the Company can apply the fair value option to its investments.

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 are dependent on an assumption as to when a deferred tax liability is expected to be realized.

4. 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 June 30, 2016, all of the Company’s equity investments were Level 1 investments. There were no year-to-date transfers between Level 1, 2 or 3 equity investments.

UNITED CORPORATIONS LIMITED

NOTES TO FINANCIAL STATEMENTS (Unaudited)

5. Fair value change in investments

The fair value change in investments is comprised as follows:

	Three months ended June 30	
	2016	2015
	(000's)	
Net realized gain	\$ 22,703	\$ 16,245
Change in unrealized appreciation	(1,469)	(48,151)
	\$ 21,234	\$ (31,906)

6. 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 June 30, 2016 of \$40,789,000 (March 31, 2016 - \$44,850,000). Dividend income from Algoma for the three months ended June 30, 2016 amounted to \$254,000 (2016 - \$254,000).

E-L Financial holds a 51.7% (March 31, 2016 - 51.5%) 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 three months ended June 30, 2016 amounted to \$419,000 (2016 - \$403,000).

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

7. Subsequent event

Common Share dividends of \$0.20 per Common Share, and \$0.375 per Preferred Share for First Preferred Shares, Second Preferred Shares, 1959 Series and Second Preferred Shares, 1963 Series, were declared by the Board of Directors at its meeting on August 3, 2016, with a record and payable date of November 7, 2016 and November 15, 2016, respectively.

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2016 (Unaudited)

Number of Shares		Cost	Carrying value	% of Carrying value
		(000's)		
North America				
Canada				
Common				
3,625,680	Algom Central Corporation ¹	\$ 6,201	\$ 40,789	2.7
United States				
71,400	3M Co.	7,007	16,266	
202,820	Abbott Laboratories	10,663	10,372	
11,954	Alphabet Inc. Class A	7,926	10,941	
13,579	Alphabet Inc. Class C	7,576	12,226	
80,720	Becton, Dickinson and Company	6,110	17,808	
148,000	BorgWarner Inc.	10,341	5,684	
37,070	Berkshire Hathaway Inc. Class B	6,899	6,982	
425,500	CA Inc.	14,390	18,172	
212,600	Clorox Company (The)	21,875	38,275	
178,230	Colgate-Palmolive Company	9,602	16,972	
261,760	Comcast Corporation Class A	20,385	22,199	
121,200	Computer Sciences Corporation	4,326	7,828	
555,200	ConAgra Foods, Inc.	19,671	34,531	
169,390	DaVita Healthcare Partners Inc.	16,201	17,038	
131,399	Dollar Tree, Inc.	4,985	16,109	
93,390	EOG Resources, Inc.	5,589	10,135	
77,430	Exxon Mobil Corporation	5,927	9,442	
125,720	Fiserv, Inc.	4,196	17,783	
534,500	General Mills, Inc.	24,670	49,591	
740,600	Hormel Foods Corporation	21,717	35,262	
61,200	IBM Corporation	11,055	12,084	
414,120	IMS Health Holdings, Inc.	14,833	13,662	
167,370	JPMorgan Chase & Co.	6,921	13,530	
250,200	Kimberly Clark Corporation	23,735	44,748	
67,066	Kraft Heinz Company (The)	3,913	7,720	
66,940	MasterCard, Inc. Class A	8,002	7,668	
285,600	Merck & Co., Inc.	17,117	21,404	
226,040	MetLife, Inc.	7,816	11,712	
579,920	Microsoft Corporation	26,102	38,604	
132,600	Mondelez International Inc. Class A	5,151	7,850	
235,340	Noble Energy, Inc.	11,174	10,982	
352,850	Oracle Corporation	13,410	18,788	
107,460	PepsiCo, Inc.	7,300	14,810	
820,137	Pfizer Inc.	25,561	37,566	
2,072,200	Staples Inc.	27,840	23,237	
95,400	TJX Companies, Inc.	8,104	9,585	
76,140	UnitedHealth Group Incorporated	11,892	13,986	
242,130	US Bancorp.	6,931	12,703	
142,800	Verisk Analytics Inc. Class A	7,052	15,062	
139,650	Walgreen Boots Alliance Inc.	4,798	15,128	
328,300	Waste Management Inc.	18,175	28,303	
232,251	Wells Fargo & Company	11,339	14,300	
		<u>508,277</u>	<u>767,048</u>	50.3
Mexico				
66,730	Fomento Economico Mexicano, S.A. de C.V. ADR	4,463	8,029	0.5
	Total North America	<u>518,941</u>	<u>815,866</u>	53.5

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2016 (Unaudited)

Number of Shares		Cost	Carrying value	% of Carrying value
		(000's)		
Europe, excluding United Kingdom				
66,973	Adidas AG	\$ 5,831	\$ 12,378	
96,858	Anheuser-Busch Inbev SA ADR.....	10,427	16,592	
278,709	AXA	5,609	7,123	
1,093,280	Banco Santander Central Hispano S.A.....	10,096	5,381	
83,608	Bayer AG	7,798	10,868	
1,356,975	Davide Campari-Milano S.p.A.....	10,643	17,296	
176,518	Delhaize Group	12,475	23,951	
345,445	Group Danone S.A.....	26,877	31,442	
74,488	Kerry Group plc.....	3,935	8,539	
990,710	Koninklijke Ahold NV.....	16,687	28,299	
108,887	LafargeHolcim Limited.....	7,736	5,799	
266,135	L'Air Liquide S.A.....	36,639	35,932	
54,471	LVMH Moet Hennessy Louis Vuitton SA.....	10,122	10,633	
521,267	Nestlé SA	37,614	52,042	
64,170	Nestlé SA ADR.....	2,211	6,454	
1,287,181	Orange S.A.....	22,295	27,077	
388,124	Publicis Groupe.....	33,264	33,722	
141,890	Roche Holding AG.....	42,613	48,275	
147,236	Schneider Electric S.A.....	11,574	11,214	
816,421	Securitas AB Class B	8,497	16,109	
95,611	Siemens AG	10,568	12,699	
		<u>333,511</u>	<u>421,825</u>	27.6
United Kingdom				
232,008	Diageo plc.....	7,683	8,339	
18,550	Diageo plc ADR.....	1,403	2,724	
5,274,495	G4S plc	21,373	16,617	
324,313	GlaxoSmithKline plc.....	8,223	8,963	
994,966	HSBC Holdings Inc.....	9,321	7,985	
336,395	National Grid plc.....	4,184	6,351	
4,450	National Grid plc ADR.....	204	430	
429,150	RELX plc	10,352	10,171	
348,220	Royal Dutch Shell plc.....	13,386	12,331	
622,180	Standard Chartered plc.....	11,148	6,051	
2,363,000	Vodafone Group plc	10,202	9,266	
		<u>97,479</u>	<u>89,228</u>	5.8
Asia				
1,152,600	AIA Group Limited.....	8,813	8,957	
630,900	Asahi Group Holdings Co.....	20,905	26,406	
119,100	FamilyMart Co., Ltd.....	5,806	9,424	
46,400	Fanuc Corporation	7,208	9,713	
110,500	Kao Corporation	4,247	8,294	
504,800	KDDI Corporation.....	11,907	19,894	
14,618	Keyence Corporation	3,476	12,795	
537,000	Kirin Holdings Company, Limited.....	7,708	11,714	
842,900	Konica Minolta Holdings Inc.....	8,320	7,897	
147,500	Lawson Inc.....	12,682	15,256	
116,800	Makita Corporation.....	6,291	9,996	
382,900	Mitsubishi Tanabe Pharma Corporation.....	6,078	8,934	
2,151,000	Osaka Gas Co., Ltd.....	9,582	10,686	
96,200	Secom Co. Ltd.....	5,650	9,199	
657,642	Television Broadcasts Limited.....	4,306	2,922	
116,100	Toyota Motor Corporation.....	5,240	7,425	
378,200	Unicharm Corporation	8,569	10,940	
		<u>136,788</u>	<u>190,452</u>	12.5

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2016 (Unaudited)

<u>Number of Shares</u>		<u>Cost</u>	<u>Carrying value</u>	<u>% of Carrying value</u>
		(000's)		
	Australia			
197,309	Australia and New Zealand Banking Group Limited	\$ 5,196	\$ 4,602	
103,440	BHP Billiton Ltd-Spon ADR	7,151	3,843	
		<u>12,347</u>	<u>8,445</u>	<u>0.6</u>
	Total investments	<u>\$1,099,066</u>	<u>\$1,525,816</u>	<u>100.0</u>

¹ This company and United are related parties.

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

Jarislowsky Fraser Limited, Toronto
ValueInvest Asset Management S.A., Luxembourg

AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor Services Trust

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

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
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

