

UNITED CORPORATIONS LIMITED



FIRST QUARTER REPORT

JUNE 30, 2018

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2018	As at March 31 2018
Net equity value per Common Share ¹	\$ 141.36	\$ 138.40
Net assets ²	\$ 1,731,563	\$ 1,695,470
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Three months ended June 30	
	2018	2017
Net investment income per Common Share ¹	\$ 0.99	\$ 0.94
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional ³	\$ 0.78	\$ 1.12
Net income per Common Share	\$ 4.04	\$ 1.69
Net investment income ²	\$ 12,203	\$ 11,615

¹ See Management's Discussion and Analysis for Use of Non-GAAP Measures.

² In thousands of Canadian dollars.

³ This additional dividend represents the annual distribution of the prior year's annual net investment income after payment of Preferred Share dividends and after payment of quarterly 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 2019 should be read in conjunction with: the March 31, 2018 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. IFRS constitutes Canadian generally accepted accounting principles ("GAAP"). 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, ranging from approximately a 40% discount to a 15% 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.

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, 2018, \$781,345,000 (March 31, 2018 - \$761,235,000) and \$848,223,000 (March 31, 2018 - \$825,610,000) 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 are generally U.S. equities 30 - 70%; international equities 30 - 70%; and emerging markets 0 - 10%. During the first fiscal quarter, Scotiabank acquired Jarislowsky.

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. During the first fiscal quarter, ValueInvest was acquired by Macquarie Investment Management.

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On September 29, 2017, United allocated approximately \$100 million of its assets to emerging markets mandates, \$50 million invested in LSV Emerging Markets Small Cap Equity Fund, LP and \$50 million in Burgundy Emerging Markets Equity Fund. The LSV mandate is managed by LSV Asset Management, a value equity manager whose head office is in Chicago, Illinois. The Burgundy mandate is managed by Burgundy Asset Management Ltd., a fundamental value-driven investment manager whose head office is in Toronto. The risks of foreign investments are generally higher in emerging markets. As of June 30, 2018, the top 5 largest country exposures represented 59% of these emerging market mandates which includes China (15%), India (14%), South Korea (11%), Brazil (10%) and Taiwan (9%). As of June 30, 2018, \$51,447,000 (March 31, 2018 - \$55,266,000) and \$50,633,000 (2017 - \$53,109,000) of equity investments were managed by LSV and Burgundy, respectively. In addition, the Jarislowsky investment portfolio included two investments within emerging markets totaling \$17,691,000 (March 31, 2018 - \$17,618,000).

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 March 31, 2018 Annual Report.

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 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 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):

	June 30 2018	March 31 2018
Net assets	\$ 1,731,563	\$ 1,695,470
Deduct:		
Cost of redemption		
First Preferred Shares	1,567	1,567
1959 and 1963 Series Second Preferred Shares	6,180	6,180
	7,747	7,747
Net equity value	\$ 1,723,816	\$ 1,687,723
Common Shares outstanding	12,194,193	12,194,193
Net equity value per Common Share	\$ 141.36	\$ 138.40

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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	
	2018	2017
Net income	\$ 49,357	\$ 20,717
Add (deduct):		
Fair value change in investments	(43,397)	(10,492)
Tax on fair value change in investments	5,661	1,390
Net investment income of a limited partnership ^{1,2}	582	—
Net investment income ¹	12,203	11,615
Deduct:		
Dividends paid and accrued on Preferred Shares	94	94
Net investment income, net of dividends paid and accrued on Preferred Shares ¹	\$ 12,109	\$ 11,521
Common Shares outstanding	12,194,193	12,194,193
Net investment income per Common Share ¹	\$ 0.99	\$ 0.94

¹ On an after-tax basis.

² Represents allocation of dividends net of expenses.

Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$141.36 at June 30, 2018 from \$138.40 at March 31, 2018.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 2.9% compared to a 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 3.7% (2018 – 1.0%), and the investments managed by Jarislowsky also had a pre-tax total return of 3.7% (2018 – 1.8%).

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 change in unrealized appreciation of investments.

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

	Three months ended June 30
	(%)
MSCI World Index	4.1
S&P 500 Index	5.6
S&P/TSX Composite Index	6.8

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
		(%)
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
2017	132.32	11.6
2018	138.40	6.4

Compound annual growth*

2009 - 2018 - 10 years	7.6
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*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's net income for the first quarter of fiscal 2019 of \$49,357,000 compared to net income of \$20,717,000 for the first quarter of fiscal 2018. On a per Common Share basis, net income for the quarter was \$4.04 in fiscal 2019 compared to \$1.69 for the same quarter in fiscal 2018.

Fair value change in investments for the portfolio increased to \$43,397,000 during the first quarter of fiscal 2019 compared to \$10,492,000 for the same period in the prior year. Fair value gains in North America of \$38,577,000 and \$11,442,000 in the United Kingdom were offset by fair value losses of \$5,899,000 in Emerging Markets and \$2,686,000 in Japan.

The significant contributors to the investment performance for the first fiscal quarter included Next plc, Hormel Foods Corporation, and Microsoft Corporation with fair value investment gains of \$5,254,000, \$4,614,000 and \$4,320,000 respectively. The largest detractor was Groupe Danone S.A. with a fair value investment loss of \$3,168,000.

The net realized gain was \$36,835,000 for the first fiscal quarter of 2019 compared to \$24,632,000 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 Microsoft Corporation, Next plc, and Unicharm Corporation.

Net investment income

The Company's net investment income in the first quarter of fiscal 2019 increased to \$12,203,000 compared to \$11,615,000 for the first quarter of fiscal 2018. On a per Common Share basis, net investment income for the quarter increased to \$0.99 compared to \$0.94 for the same quarter in fiscal 2018.

Foreign dividend income in the first quarter increased to \$17,749,000 from \$17,546,000 for the same quarter in the prior year. 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 \$582,000 (2018 - \$nil) of net investment income of a limited partnership. This amount for accounting purposes is included in fair value change in investments in the statement of comprehensive income.

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Canadian dividend income in the first quarter increased to \$363,000 from \$290,000 in the prior year. The increase occurred as a result of a dividend increases by Algoma.

Expenses during the quarter increased to \$2,551,000 in fiscal 2018 compared to \$2,339,000 for the same period in the prior year. The majority of the increase relates to an increase in investment management and administrative costs resulting from a higher investment portfolio compared to the prior year. In addition, there are increased management fees for the emerging markets mandates.

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 2018	March 31 2018	Dec. 31 2017	Sept. 30 2017	June 30 2017	March 31 2017	Dec. 31 2016	Sept. 30 2016
Investments	\$1,785,381	\$ 1,747,067	\$1,741,035	\$1,642,607	\$1,672,747	\$1,673,802	\$1,589,654	\$1,582,130
Net investment income ¹	\$ 12,203	\$ 5,315	\$ 3,631	\$ 3,941	\$ 11,615	\$ 5,196	\$ 3,699	\$ 3,897
Net income (loss)	\$ 49,357	\$ 5,828	\$ 98,944	\$ (22,652)	\$ 20,717	\$ 75,146	\$ 9,900	\$ 57,675
Per Common Share:								
Net investment income ¹	\$ 0.99	\$ 0.43	\$ 0.29	\$ 0.32	\$ 0.94	\$ 0.41	\$ 0.29	\$ 0.31
Net income (loss)	\$ 4.04	\$ 0.47	\$ 8.10	\$ (1.86)	\$ 1.69	\$ 6.15	\$ 0.80	\$ 4.72
NAV	\$ 141.36	\$ 138.40	\$ 138.23	\$ 130.43	\$ 132.59	\$ 132.32	\$ 126.67	\$ 126.07

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. 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.

Share Data

As at June 30, 2018, 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 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.

During the first fiscal quarter, the Company paid an additional cash dividend of \$0.78 (2018 - \$1.12) 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.

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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.

August 8, 2018

UNITED CORPORATIONS LIMITED

STATEMENTS OF FINANCIAL POSITION (Unaudited)

	June 30 2018	March 31 2018
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 11,461	\$ 19,161
Investments (Note 4)	1,785,381	1,747,067
Dividends and interest receivable	3,361	2,149
Income taxes receivable	1,744	—
Other assets	3,709	3,474
	1,805,656	1,771,851
LIABILITIES		
Accrued expenses	1,325	1,330
Income taxes payable	—	3,331
Dividends payable	3,753	3,753
Deferred tax liabilities	69,015	67,967
	74,093	76,381
NET ASSETS	\$ 1,731,563	\$ 1,695,470
SHAREHOLDERS' EQUITY		
Share capital	\$ 541,000	\$ 541,000
Retained earnings	1,190,563	1,154,470
TOTAL SHAREHOLDERS' EQUITY	\$ 1,731,563	\$ 1,695,470

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended June 30	
	2018	2017
	<small>(000's)</small>	
INCOME		
Dividends		
Foreign	\$ 17,749	\$ 17,546
Canadian	363	290
	18,112	17,836
Interest and securities lending income	257	203
Fair value change in investments (Note 5)	43,397	10,492
	61,766	28,531
EXPENSES		
Investment management and administrative costs	2,152	1,940
Transfer, registrar and custody fees	139	141
Office and miscellaneous	125	138
Directors' and officer's remuneration	114	101
Professional fees	21	19
	2,551	2,339
INCOME BEFORE INCOME TAXES	59,215	26,192
Provision for income taxes	9,858	5,475
NET INCOME	\$ 49,357	\$ 20,717
EARNINGS PER COMMON SHARE BASIC AND DILUTED	\$ 4.04	\$ 1.69

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
At April 1, 2018	\$ 541,000	\$ 1,154,470	\$ 1,695,470
Net income for the period	—	49,357	49,357
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(13,170)	(13,170)
At June 30, 2018	\$ 541,000	\$ 1,190,563	\$ 1,731,563
At April 1, 2017	\$ 541,000	\$ 1,080,302	\$ 1,621,302
Net income for the period	—	20,717	20,717
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(17,316)	(17,316)
At June 30, 2017	\$ 541,000	\$ 1,083,609	\$ 1,624,609

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CASH FLOW (Unaudited)

Three months ended June 30

	2018	2017
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	\$ 49,357	\$ 20,717
Adjustments for:		
Fair value change in investments	(43,397)	(10,492)
Purchases of investments	(92,356)	(98,058)
Proceeds from sale of investments	97,439	109,605
Dividends and interest receivable	(1,213)	(781)
Deferred taxes	1,048	(1,548)
Net change in other assets and liabilities	(5,314)	(2,083)
	5,564	17,360
Financing		
Dividends paid to shareholders	(13,264)	(17,410)
Net decrease in cash and cash equivalents	(7,700)	(50)
Cash and cash equivalents at beginning of the period	19,161	17,938
Cash and cash equivalents at end of the period	\$ 11,461	\$ 17,888
Additional information for operating activities:		
Interest received	\$ 79	\$ 22
Dividends received, net of withholding taxes	14,475	14,571
Income taxes paid	11,730	8,350

(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 8, 2018.

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, 2018.

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 adopted IFRS 9 “Financial Instruments” for the reporting period commencing April 1, 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and liabilities. The adoption of this IFRS has been applied retrospectively and did not result in a change to the classification or measurement of financial instruments. The Company continues to classify its investments as fair value through profit or loss.

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, 2018, the Company had \$1,683,301,000 (March 31, 2018 - \$1,638,692,000) of Level 1 and \$102,080,000 (March 31, 2018 - \$108,375,000) of Level 2 equity investments. There were no year-to-date transfers between Level 1, 2 or 3 equity investments.

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NOTES TO FINANCIAL STATEMENTS (Unaudited)

The Company's Level 2 equity investments are represented by units in the Burgundy Emerging Markets Equity Fund and the LSV Emerging Markets Small Cap Fund, LP. The Company has the right to redeem its units in these investments within a 30-to-90-day period depending on the investment. The fair value of these investments is based on the net asset values provided by the administrators.

5. Fair value change in investments

The fair value change in investments is comprised as follows:

	Three months ended June 30	
	2018	2017
	(000's)	
Net realized gain	\$ 36,835	\$ 24,632
Change in unrealized appreciation	6,562	(14,140)
	\$ 43,397	\$ 10,492

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, 2018 of \$53,733,000 (March 31, 2018 - \$51,847,000). Dividend income from Algoma for the three months ended June 30, 2018 amounted to \$363,000 (2017 - \$290,000).

E-L Financial holds a 52.0% 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, 2018 amounted to \$454,000 (2017 - \$489,000).

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 \$0.30 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 8, 2018, with a record and payable date of November 5, 2018 and November 15, 2018, respectively.

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

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2018 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
United States				
47,590	3M Co.....	\$ 4,896	\$ 12,328	
200,760	Abbott Laboratories	10,886	16,123	
7,694	Alphabet Inc. Class A	5,101	11,440	
16,049	Alphabet Inc. Class C.....	11,275	23,577	
62,430	Becton, Dickinson and Company.....	5,056	19,694	
74,460	Berkshire Hathaway Inc. Class B.....	15,435	18,301	
5,030	Booking Holdings Inc	12,062	13,426	
111,610	Bristol-Myers Squibb Company.....	8,415	8,133	
350,960	CA Inc.....	12,119	16,475	
265,300	Clorox Company (The).....	31,265	47,249	
137,980	Colgate-Palmolive Company.....	7,634	11,776	
512,950	Comcast Corporation Class A.....	20,370	22,162	
685,100	ConAgra Brands, Inc.....	20,893	32,234	
52,020	Costco Wholesale Corp.	10,376	14,315	
220,470	DaVita Inc.....	19,716	20,160	
83,550	EOG Resources, Inc.	5,537	13,690	
194,730	Fiserv, Inc.	3,655	18,998	
605,400	General Mills, Inc.	29,390	35,284	
972,300	Hormel Foods Corporation.....	32,018	47,641	
122,322	Iqvia Holdings Inc.....	11,758	16,078	
129,540	JPMorgan Chase & Co.	5,677	17,774	
312,200	Kimberly-Clark Corporation.....	32,755	43,306	
125,366	Lamb Weston Holdings, Inc.	3,081	11,310	
76,040	MasterCard, Inc. Class A.....	9,601	19,677	
398,800	Merck & Co., Inc.....	27,396	31,876	
330,230	Microsoft Corporation	15,731	42,880	
197,300	Mondelez International Inc. Class A.....	8,841	10,652	
239,840	Noble Energy, Inc.....	10,663	11,142	
292,350	Oracle Corporation.....	11,700	16,962	
83,180	PepsiCo, Inc.....	5,876	11,925	
662,500	Pfizer Inc.	22,797	31,650	
107,540	TJX Companies, Inc.....	9,800	13,478	
57,500	UnitedHealth Group Incorporated	9,114	18,576	
187,510	US Bancorp.....	5,642	12,351	
134,340	Verisk Analytics Inc. Class A	7,924	19,041	
198,250	Walgreen Boots Alliance Inc.	11,238	15,667	
124,400	Waste Management Inc.	6,887	13,324	
218,001	Wells Fargo & Company	11,624	15,915	
		<u>494,204</u>	<u>776,590</u>	43.5

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2018 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
Europe, excluding United Kingdom				
34,586	Adidas AG	\$ 5,337	\$ 9,918	
93,318	Anheuser-Busch Inbev SA ADR.....	10,523	12,382	
367,819	AXA	9,570	11,873	
960,582	Banco Santander Central Hispano S.A.....	8,645	6,775	
89,997	Bayer AG.....	9,496	13,014	
1,005,968	Davide Campari-Milano S.p.A.....	3,945	10,886	
410,132	Group Danone S.A.....	33,746	39,606	
134,196	Kerry Group plc.....	10,915	18,469	
1,389,757	Koninklijke Ahold Delhaize NV.....	23,417	43,771	
313,306	L'Air Liquide S.A.....	39,362	51,829	
38,411	LVMH Moet Hennessy Louis Vuitton SA.....	7,230	16,827	
391,506	Nestlé SA	29,291	39,955	
672,320	Nordea Bank AB.....	11,051	8,521	
343,712	Novo Nordisk A/S.....	19,709	20,948	
1,205,728	Orange S.A.....	20,884	26,567	
417,019	Publicis Groupe.....	35,722	37,753	
131,997	Roche Holding AG.....	39,716	38,634	
114,956	Schneider Electric S.A.....	9,090	12,611	
931,906	Securitas AB Class B.....	11,893	20,185	
75,921	Siemens AG.....	8,518	13,145	
22,612	Swatch Group AG (The).....	8,783	14,137	
173,490	Unilever N.V.....	12,722	12,734	
		<u>369,565</u>	<u>480,540</u>	26.9
Japan				
165,400	Asahi Group Holdings Co.....	5,481	11,155	
47,600	Fanuc Corporation.....	8,249	12,454	
213,800	Kao Corporation.....	15,402	21,481	
1,064,400	KDDI Corporation.....	31,097	38,359	
20,736	Keyence Corporation.....	2,596	15,424	
267,200	Kirin Holdings Company, Limited.....	3,835	9,413	
202,700	Lawson Inc.....	17,663	16,678	
148,500	Makita Corporation.....	3,999	8,767	
382,900	Mitsubishi Tanabe Pharma Corporation.....	6,078	8,714	
87,700	Secom Co. Ltd.....	5,150	8,871	
394,100	Seven & i Holdings Co., Ltd.....	20,977	22,637	
61,300	Tsuruha Holdings Inc.....	9,106	10,124	
		<u>129,633</u>	<u>184,077</u>	10.3
United Kingdom				
433,640	Compass Group plc.....	12,693	12,181	
223,938	Diageo plc.....	7,416	10,580	
4,430	Diageo plc ADR.....	335	840	
5,935,886	G4S plc.....	23,900	27,581	
295,140	GlaxoSmithKline plc.....	7,483	7,837	
121,010	Intertek Group plc.....	9,265	12,006	
143,561	Next plc.....	9,960	15,075	
239,230	Nielsen Holdings plc.....	14,029	9,744	
701,050	RELX plc.....	17,784	19,743	
319,750	Royal Dutch Shell plc.....	12,453	14,621	
2,738,410	Vodafone Group plc.....	11,523	8,736	
		<u>126,841</u>	<u>138,944</u>	7.8

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2018 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
	Emerging Markets			
1,981,672	Burgundy Emerging Markets Equity Fund	\$ 50,588	\$ 50,633	
52,280	Fomento Economico Mexicano, S.A. de C.V. ADR.....	3,605	6,044	
206,187	LSV Emmerging Markets Small Cap Equity Fund, LP.....	49,881	51,447	
34,900	Naspers Limited	9,623	11,647	
		<u>113,697</u>	<u>119,771</u>	6.7
	Canada			
3,625,680	Algom Central Corporation ¹	6,201	53,733	3.0
	Australia			
675,530	Ancor Limited	10,361	9,474	
283,849	Australia and New Zealand Banking Group Limited	7,669	7,802	
		<u>18,030</u>	<u>17,276</u>	1.0
	Hong Kong			
1,255,300	AIA Group Limited	10,279	14,450	0.8
	Total investments	<u>\$ 1,268,450</u>	<u>\$ 1,785,381</u>	<u>100.0</u>

¹ This company and United are related parties.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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EXTERNAL INVESTMENT MANAGERS

Burgundy Asset Management Ltd., Toronto
Jarislowsky Fraser Limited, Toronto
LSV Asset Management, Chicago
ValueInvest Asset Management S.A., Luxembourg

AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor & Treasury Services

TRANSFER AGENT AND REGISTRAR

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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

