

UNITED CORPORATIONS LIMITED



FIRST QUARTER REPORT

JUNE 30, 2019

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2019	As at March 31 2019
Net equity value per Common Share ¹	\$ 146.28	\$ 146.99
Net assets ²	\$ 1,791,492	\$ 1,800,185
Number of Common Shares outstanding at period end	12,194,193	12,194,193

	Three months ended June 30	
	2019	2018
Net investment income per Common Share ¹	\$ 1.19	\$ 0.99
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional ³	\$ 1.05	\$ 0.78
Net income per Common Share	\$ 0.64	\$ 4.04
Net investment income ^{1,2}	\$ 14,571	\$ 12,203

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 quarterly Common share dividends.

The accompanying 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 2020 should be read in conjunction with: the March 31, 2019 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 is dated as of August 7, 2019.

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 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 Macquarie Investment Management Europe S.A. ("Macquarie"), Harding Loevner LP ("Harding Loevner") and Causeway Capital Management LLC ("Causeway"). Each of these managers has a global equity mandate. As of June 30, 2019, \$875,229,000 (March 31, 2019 - \$892,005,000), \$524,804,000 (March 31, 2019 - \$538,322,000) and \$244,493,000 (March 31, 2019 - \$248,856,000) of equity investments were managed by Macquarie, Harding Loevner, and Causeway, respectively.

Macquarie is a global investment manager whose head office is in the Grand Duchy of Luxembourg. Macquarie provides portfolio advisory services to Canadian clients through Pier 21 Asset Management Inc., a registered portfolio manager based in Montreal, Quebec. Macquarie'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.

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.

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In addition, United has two emerging markets mandates with LSV Emerging Markets Small Cap Equity Fund, LP ("LSV") and Burgundy Emerging Markets Equity Fund ("Burgundy"). 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, 2019, \$49,797,000 (March 31, 2019 - \$51,094,000) and \$49,648,000 (March 31, 2019 - \$49,899,000) of equity investments were managed by LSV and Burgundy, respectively. The mandates with Harding Loevner and Causeway also include equity investments within emerging markets at June 30, 2019 totaling \$120,526,000 (March 31, 2019 - \$118,683,000). As of June 30, 2019 the five largest country exposures represented 72% of emerging market investments which includes China (33%), India (15%), South Korea (13%), Brazil (6%) and South Africa (5%).

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, 2019 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 2019	March 31 2019
Net assets	\$ 1,791,492	\$ 1,800,185
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	\$ 1,783,745	\$ 1,792,438
Common Shares outstanding	12,194,193	12,194,193
Net equity value per Common Share	\$ 146.28	\$ 146.99

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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	
	2019	2018
Net income	\$ 7,863	\$ 49,357
Add (deduct):		
Other net fair value changes in investments	7,026	(43,397)
Tax on other net fair value changes in investments	(1,014)	5,661
Net investment income of a limited partnership ¹	696	582
Net investment income ²	<u>14,571</u>	<u>12,203</u>
Deduct:		
Dividends paid on Preferred Shares	94	94
Net investment income, net of dividends paid on Preferred Shares ²	<u>\$ 14,477</u>	<u>\$ 12,109</u>
Common Shares outstanding	<u>12,194,193</u>	<u>12,194,193</u>
Net investment income per Common Share ²	<u>\$ 1.19</u>	<u>\$ 0.99</u>

¹ Represents allocation of dividends net of expenses of a limited partnership.

² On an after-tax basis.

Net Equity Value per Common Share

The Company's net equity value per Common Share decreased to \$146.28 at June 30, 2019 from \$146.99 at March 31, 2019.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 0.4% compared to a return of 2.9% for the same period in the prior fiscal year.

During the quarter, investments managed by Macquarie had a pre-tax total return of 0.1% (2019 – 3.7%). Harding Loevner and Causeway had returns of positive 1.8% and negative 1.4%, respectively. These managers were appointed December 5, 2018, therefore no comparatives are available for the prior period. Emerging markets mandates had pre-tax total returns of negative 0.2% (2019 – negative 4.4%) for Burgundy and negative 2.2% (2019 – negative 6.6%) for LSV.

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:

	Three months ended June 30
	(%)
MSCI World Index	2.0
S&P 500 Index	2.1
S&P/TSX Composite Index	2.6
MSCI Emerging Markets	(1.3)

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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*

	<u>NAV per Common Share</u>	<u>Annual Growth (%)</u>
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
2019	146.99	7.7

Compound annual growth*

2010 - 2019 - 10 years	12.0
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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 2020 of \$7,863,000 compared to net income of \$49,357,000 for the first quarter of fiscal 2019. On a per Common Share basis, net income for the quarter was \$0.64 in fiscal 2020 compared to \$4.04 for the same quarter in fiscal 2019.

Other net fair value changes in investments for the portfolio decreased to a loss of \$7,026,000 during the first quarter of fiscal 2020 compared to a gain of \$43,397,000 for the same period in the prior year. Other net fair value losses in North America of \$6,007,000, \$4,106,000 in Japan and \$3,716,000 in Emerging Markets were offset by other net fair value gains of \$6,398,000 in Europe.

The significant contributors to the investment performance for the first fiscal quarter included KDDI Corporation, Groupe Danone S.A., and Nestle S.A. with other net fair value investment gains of \$5,109,000, \$3,636,000 and \$3,051,000 respectively. The largest detractors were Koninklijke Ahold Delhaize N.V., Seven & I Holdings Co., Ltd, and Baidu Inc., ADR with other net fair value investment losses of \$7,894,000, \$3,656,000 and \$3,228,000 respectively.

The net realized gain was \$29,708,000 for the first fiscal quarter of 2020 compared to \$36,835,000 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 Davide Campari-Milano S.p.A., Pfizer Inc., and The Clorox Company.

Net investment income

The Company's net investment income in the first quarter of fiscal 2020 increased to \$14,571,000 compared to \$12,203,000 for the first quarter of fiscal 2019. On a per Common Share basis, net investment income for the quarter increased to \$1.19 compared to \$0.99 for the same quarter in fiscal 2019.

Foreign dividend income in the first quarter increased to \$18,024,000 from \$17,749,000 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 \$696,000 (2019 - \$582,000) of net investment income of a limited partnership.

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Canadian dividend income in the first quarter increased to \$3,119,000 from \$363,000 in the prior year. The increase resulted primarily from the Company's receipt of a special dividend from its investment in Algoma totaling \$2,719,000.

Expenses during the quarter increased to \$3,494,000 in fiscal 2020 compared to \$2,551,000 for the same period in the prior year. The majority of the increase relates to different investment portfolio managers compared to the prior year.

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 2019	March 31 2019	Dec. 31 2018	Sept. 30 2018	June 30 2018	March 31 2018	Dec. 31 2017	Sept. 30 2017
Investments	\$ 1,792,192	\$ 1,825,533	\$ 1,698,683	\$ 1,806,525	\$ 1,785,381	\$ 1,747,067	\$ 1,741,035	\$ 1,642,607
Net investment income ¹	\$ 14,571	\$ 6,461	\$ 4,623	\$ 4,553	\$ 12,203	\$ 5,315	\$ 3,631	\$ 3,941
Net income (loss)	\$ 7,863	\$ 108,512	\$ (54,125)	\$ 25,494	\$ 49,357	\$ 5,828	\$ 98,944	\$ (22,652)
Per Common Share:								
Net investment income ¹	\$ 1.19	\$ 0.52	\$ 0.37	\$ 0.37	\$ 0.99	\$ 0.43	\$ 0.29	\$ 0.32
Net income (loss)	\$ 0.64	\$ 8.89	\$ (4.44)	\$ 2.08	\$ 4.04	\$ 0.47	\$ 8.10	\$ (1.86)
NAV	\$ 146.28	\$ 146.99	\$ 138.40	\$ 143.15	\$ 141.36	\$ 138.40	\$ 138.23	\$ 130.43

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. During the current quarter, the Company received a special dividend from its investment in Algoma totaling \$2,719,000. The returns generated by the investment managers may not correlate with benchmark returns.

Share Data

As at June 30, 2019, 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 \$1.05 (2019 - \$0.78) 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.

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.

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STATEMENTS OF FINANCIAL POSITION (Unaudited)

	June 30 2019	March 31 2019
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 33,246	\$ 43,807
Investments (Note 4)	1,792,192	1,825,533
Receivable in respect of investments sold	6,063	9,360
Dividends and interest receivable	3,296	3,874
Income taxes receivable	2,618	—
Other assets	4,644	4,132
	1,842,059	1,886,706
LIABILITIES		
Accrued expenses	2,147	2,160
Payable in respect of investments purchased	1,820	9,554
Income taxes payable	—	22,977
Dividends payable	3,753	3,753
Deferred tax liabilities	42,847	48,077
	50,567	86,521
NET ASSETS	\$ 1,791,492	\$ 1,800,185
SHAREHOLDERS' EQUITY		
Share capital	\$ 541,000	\$ 541,000
Retained earnings	1,250,492	1,259,185
TOTAL SHAREHOLDERS' EQUITY	\$ 1,791,492	\$ 1,800,185

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended June 30	
	2019	2018
	(000's)	
INCOME		
Dividends		
Foreign	\$ 18,024	\$ 17,749
Canadian	3,119	363
	21,143	18,112
Interest and securities lending income	406	257
Other net fair value changes in investments (Note 5)	(7,026)	43,397
	14,523	61,766
EXPENSES		
Investment management and administrative costs	3,001	2,152
Transfer, registrar and custody fees	208	139
Office and miscellaneous	155	125
Directors' and officer's remuneration	114	114
Professional fees	16	21
	3,494	2,551
INCOME BEFORE INCOME TAXES	11,029	59,215
Provision for income taxes	3,166	9,858
NET INCOME	\$ 7,863	\$ 49,357
EARNINGS PER COMMON SHARE		
- BASIC AND DILUTED	\$ 0.64	\$ 4.04

(See accompanying notes)

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STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
At April 1, 2019	\$ 541,000	\$ 1,259,185	\$ 1,800,185
Net income for the period	—	7,863	7,863
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(16,462)	(16,462)
At June 30, 2019	\$ 541,000	\$ 1,250,492	\$ 1,791,492
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

(See accompanying notes)

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STATEMENTS OF CASH FLOW (Unaudited)

Three months ended June 30

	2019	2018
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	\$ 7,863	\$ 49,357
Adjustments for:		
Other net fair value changes in investments	7,026	(43,397)
Purchases of investments	(100,281)	(92,356)
Proceeds from sale of investments	122,159	97,439
Dividends and interest receivable	578	(1,213)
Deferred taxes	(5,230)	1,048
Net change in other assets and liabilities	(26,120)	(5,314)
	5,995	5,564
Financing		
Dividends paid to shareholders	(16,556)	(13,264)
Net decrease in cash and cash equivalents	(10,561)	(7,700)
Cash and cash equivalents at beginning of the period	43,807	19,161
Cash and cash equivalents at end of the period	\$ 33,246	\$ 11,461
Additional information for operating activities:		
Interest received	\$ 173	\$ 79
Dividends received, net of withholding taxes	18,729	14,475
Income taxes paid	31,550	11,730

(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 7, 2019.

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, 2019.

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 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, 2019, the Company had \$1,692,747,000 (March 31, 2019 - \$1,724,540,000) of Level 1 and \$99,445,000 (March 31, 2019 - \$100,993,000) 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 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.

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NOTES TO FINANCIAL STATEMENTS (Unaudited)

5. Other net fair value changes in investments

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

	Three months ended June 30	
	2019	2018
	(000's)	
Net realized gain	\$ 29,708	\$ 36,835
Change in unrealized appreciation	(36,734)	6,562
	\$ (7,026)	\$ 43,397

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, 2019 of \$48,221,000 (March 31, 2019 - \$45,357,000). Dividend income from Algoma for the three months ended June 30, 2019 amounted to \$3,082,000 (2019 - \$363,000).

E-L Financial holds a 52.2% 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, 2019 amounted to \$508,000 (2019 - \$454,000).

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 7, 2019, with a record and payable date of November 5, 2019 and November 15, 2019, respectively.

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

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SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2019 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
	United States			
16,900	3M Co.....	\$ 1,739	\$ 3,834	
66,354	Abbott Laboratories	3,813	7,303	
88,290	Alaska Air Group, Inc.	7,519	7,384	
9,767	Alphabet Inc. Class A.....	14,589	13,840	
3,623	Amazon, Inc.	8,064	8,978	
34,600	Apple Inc.	7,997	8,962	
73,751	Bank of America Corporation	2,555	2,799	
6,065	Booking Holdings Inc	14,799	14,880	
34,000	Check Point Software Technologies Ltd.....	4,992	5,144	
69,862	Citigroup Inc.	5,513	6,403	
115,300	Clorox Company (The).....	13,588	23,103	
63,623	Cognex Corporation.....	3,685	3,995	
55,000	Cognizant Technology Solutions.....	5,086	4,563	
68,716	Colgate-Palmolive Company.....	3,840	6,445	
743,100	ConAgra Brands, Inc.	23,456	25,791	
37,200	Disney (Walt) Company	5,615	6,798	
102,600	eBay Inc.	4,017	5,304	
69,619	Exxon Mobil Corporation.....	7,249	6,982	
26,024	Facebook, Inc. Class A.....	6,080	6,573	
107,100	First Republic Bank.....	13,726	13,687	
83,997	FirstEnergy Corporation.....	4,392	4,706	
74,954	Flowserve Corporation.....	4,501	5,168	
145,627	General Electric Company.....	1,969	2,001	
713,000	General Mills, Inc.	36,243	49,007	
191,677	Halliburton Company.....	7,645	5,704	
448,000	Hormel Foods Corporation.....	14,753	23,769	
12,780	Illumina, Inc.	5,332	6,157	
25,161	IPG Photonics Corporation.....	4,416	5,079	
255,300	Kimberly-Clark Corporation.....	27,113	44,530	
179,466	Lamb Weston Holdings, Inc.	8,421	14,881	
46,328	Leidos Holdings, Inc.	3,699	4,841	
79,846	Marathon Petroleum Corporation.....	6,563	5,839	
35,300	MasterCard, Inc. Class A.....	4,457	12,221	
403,232	Merck & Co., Inc.....	29,166	44,248	
69,716	Microsoft Corporation	3,321	12,222	
250,976	Mondelez International Inc. Class A.....	12,164	17,704	
85,400	Nike Inc. Class B.....	8,528	9,383	
32,474	Nvidia Corporation	6,733	6,980	
81,115	Oracle Corporation.....	3,246	6,048	
168,579	Paypal Holdings, Inc.	18,985	25,252	
424,400	Pfizer Inc.	14,917	24,060	
17,969	Regeneron Pharmaceuticals, Inc.....	9,047	7,361	
41,869	Roper Technologies, Inc.....	15,858	20,069	
143,342	RPC, Inc.....	2,308	1,353	
249,397	Sabre Corporation.....	8,325	7,246	
151,266	Schlumberger Limited	8,280	7,867	
63,189	Signet Jewelers Limited	3,253	1,479	
15,261	SVB Financial Group.....	4,430	4,486	
43,888	Synnex Corporation	5,096	5,652	
14,133	UnitedHealth Group Inc.....	4,972	4,513	
82,943	Verisk Analytics Inc. Class A.....	4,892	15,898	
19,269	Vertex Pharmaceuticals, Inc.....	4,908	4,624	
103,369	Viacom Inc. Class B.....	4,142	4,041	
62,824	Walgreen Boots Alliance Inc.	3,561	4,495	
97,300	Waste Management Inc.	5,386	14,691	
25,100	Waters Corporation.....	6,476	7,070	
40,530	Wells Fargo & Company.....	2,166	2,510	
23,716	Zimmer Biomet Holdings.....	3,571	3,654	
		<u>481,157</u>	<u>629,577</u>	35.1

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2019 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
Europe, excluding United Kingdom				
267,652	ABB Limited	\$ 6,889	\$ 7,031	
29,060	Adidas AG	4,485	11,720	
219,149	Air Liquide S.A.	27,533	40,145	
36,518	Akzo Nobel N.V.	3,995	4,493	
595,924	Banco Bilbao Vizcaya Argentaria, S.A.	4,302	4,362	
77,763	BASF SE	7,285	7,400	
7,494	Bayerische Motoren Werke AG	828	726	
36,395	Chr. Hansen Holding A/S	4,449	4,476	
72,100	Essilorluxottica	12,217	12,317	
263,572	Fresenius Medical Care AG	27,019	27,058	
249,704	Grifols, S.A. ADR	6,545	6,895	
462,655	Group Danone S.A.	38,974	51,312	
68,497	Intrum AB	2,364	2,302	
67,279	Kerry Group plc	5,472	10,517	
69,898	Kone Oyj	4,501	5,401	
1,283,816	Koninklijke Ahold Delhaize N.V.	21,632	37,800	
57,359	Linde Public Limited Company	12,047	15,080	
27,988	Lonza Group AG	11,693	12,363	
16,300	L'Oréal S.A.	5,110	6,079	
363,681	Nestlé S.A.	27,187	49,246	
56,428	Nestlé S.A. ADR	6,389	7,636	
32,548	Novartis AG	3,415	3,893	
418,945	Novo Nordisk A/S	23,978	27,957	
1,205,728	Orange S.A.	20,884	24,887	
515,498	Publicis Groupe	43,678	35,631	
103,057	Roche Holding AG	31,109	37,956	
972,768	Securitas AB Class B	13,102	22,343	
176,524	Sodexo S.A.	25,339	27,015	
21,844	Sonova Holding AG	4,711	6,497	
50,781	Swatch Group AG (The)	20,651	19,033	
96,850	Symrise AG	10,392	12,203	
68,003	Total S.A.	5,159	4,988	
513,900	UniCredit S.p.A.	8,654	8,282	
42,000	Volkswagen AG	9,200	9,268	
		<u>461,188</u>	<u>564,312</u>	31.5
Emerging Markets				
582,500	AAC Technologies Holdings Inc.	5,172	4,330	
1,185,800	AIA Group Limited	9,710	16,744	
40,861	Alibaba Group Holding Limited ADR	9,145	9,061	
47,855	Baidu, Inc. ADR	11,444	7,350	
1,959,259	Burgundy Emerging Markets Equity Fund	51,854	49,648	
628,000	China Merchants Holdings Co. Ltd.	1,595	1,398	
655,660	China Mobile Ltd.	8,451	7,819	
36,934	HDFC Bank Ltd. ADR	4,978	6,286	
586,451	ICICI Bank Limited ADR	7,769	9,663	
498,767	Itau Unibanco Holding S.A.	6,046	6,147	
203,558	LSV Emerging Markets Small Cap Equity Fund, LP	49,245	49,797	
17,000	Naspers Ltd Class N	4,322	5,388	
15,322	NetEase, Inc. ADR	5,432	5,129	
3,168,300	PT Bank Central Asia Tbk	7,620	8,832	
108,395	Samsung Electronics Co., Ltd.	5,165	5,762	
3,880	Samsung Electronics Co., Ltd. (Voting) GDR	4,706	5,164	
94,900	Sasol Limited	3,834	3,080	
18,188	SK Telecom Co., Ltd.	6,229	5,328	
448,691	WuXi Biologics Co. Ltd.	4,936	5,275	
156,251	Yandex N.V.	5,949	7,770	
		<u>213,602</u>	<u>219,971</u>	12.3

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2019 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
Japan				
275,300	Asahi Group Holdings Co.....	\$ 12,080	\$ 16,193	
35,100	East Japan Railway Company	4,276	4,295	
41,600	Fanuc Corporation	7,736	10,065	
85,600	Kao Corporation	6,167	8,532	
1,060,100	KDDI Corporation	31,322	35,308	
11,300	Keyence Corporation	1,581	9,072	
242,300	Kirin Holdings Company, Limited	3,478	6,835	
287,300	Kubota Corporation	5,704	6,254	
192,700	Lawson Inc.	16,792	12,095	
489,400	M3, Inc.	9,885	11,698	
513,873	Makita Corporation	22,837	22,833	
483,000	Mitsubishi Tanabe Pharma Corporation	7,861	7,036	
231,000	MonotaRO Co., Ltd.	6,834	7,364	
87,700	Secom Co., Ltd.	5,150	9,874	
601,400	Seven & i Holdings Co., Ltd.	32,445	26,634	
75,200	Sompo Holdings, Inc.	3,735	3,799	
74,700	Systemex Corporation	5,068	6,372	
188,100	Takeda Pharmaceutical Company Ltd.	9,269	8,730	
182,000	ZOZO, Inc.	5,297	4,461	
		<u>197,517</u>	<u>217,450</u>	12.1
United Kingdom				
229,254	Abcam plc	4,171	5,618	
58,899	AstraZeneca plc	6,055	6,304	
251,818	Aviva plc	1,659	1,744	
2,180,661	Barclays plc	5,785	5,430	
138,057	British American Tobacco plc	6,477	6,309	
246,882	Diageo plc	13,488	13,888	
6,202,237	G4S plc	24,770	21,446	
197,529	Micro Focus International plc	4,754	6,778	
146,706	Next plc	11,016	13,477	
235,281	Prudential plc	5,741	6,712	
425,107	Rolls-Royce Holdings plc	6,005	5,939	
262,970	SSE plc	4,910	4,905	
585,270	Standard Chartered plc	5,911	6,949	
1,582,585	Vodafone Group plc	6,013	3,402	
		<u>106,755</u>	<u>108,901</u>	6.1
Canada				
3,625,680	Algoma Central Corporation ¹	6,201	48,221	
560,097	Encana Corporation	4,890	3,760	
		<u>11,091</u>	<u>51,981</u>	2.9
	Total investments	<u>\$1,471,310</u>	<u>\$1,792,192</u>	<u>100.0</u>

¹ This company and United are related parties.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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Burgundy Asset Management Ltd., Toronto
Causeway Capital Management LLC, Los Angeles
Harding Loerner LP, Bridgewater
LSV Asset Management, Chicago
Macquarie, 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

