

UNITED CORPORATIONS LIMITED



FIRST QUARTER REPORT

JUNE 30, 2020

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2020	As at March 31 2020
Net equity value per Common Share ¹	\$ 151.66	\$ 137.95
Net assets ²	\$ 1,844,628	\$ 1,680,040
Number of Common Shares outstanding at period end	12,111,993	12,122,893

	Three months ended June 30	
	2020	2019
Net investment income per Common Share ¹	\$ 0.53	\$ 1.19
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional ²	\$ 1.09	\$ 1.05
Net income per Common Share	\$ 15.05	\$ 0.64
Net investment income ^{1,3}	\$ 6,531	\$ 14,571

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

² 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.

³ In thousands of Canadian dollars.

The accompanying financial statements have been prepared under International Financial Reporting Standards.

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 2021 should be read in conjunction with: the March 31, 2020 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 5, 2020.

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

The Company

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

The Company has been a closed-end investment corporation since 1929. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately a 40% discount to a 20% discount over the past 10 years. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value. On March 4, 2020, the Company announced its intention to commence a normal course issuer bid. Further information is included on page 6 of this interim report.

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

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

The majority of the Company's investment portfolio is actively managed by 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, 2020, \$895,566,000 (March 31, 2020 - \$844,967,000), \$622,282,000 (March 31, 2020 - \$510,802,000) and \$210,742,000 (March 31, 2020 - \$181,151,000) 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, 2020, \$44,246,000 (March 31, 2020 - \$38,195,000) and \$43,420,000 (March 31, 2020 - \$39,646,000) 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, 2020 totaling \$120,133,000 (March 31, 2020 - \$93,074,000). As of June 30, 2020 the five largest country exposures represented 75% of emerging market investments which includes China (38%), India (15%), South Korea (9%), Brazil (8%) and Taiwan (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, 2020 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 2020	March 31 2020
Net assets	\$ 1,844,628	\$ 1,680,040
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	\$ 1,836,881	\$ 1,672,293
Common Shares outstanding	12,111,993	12,122,893
Net equity value per Common Share	\$ 151.66	\$ 137.95

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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	
	2020	2019
Net income	\$ 182,508	\$ 7,863
Add (deduct):		
Other net fair value changes in investments	(203,314)	7,026
Tax on other net fair value changes in investments	26,881	(1,014)
Net investment income of a limited partnership ¹	456	696
Net investment income ²	6,531	14,571
Deduct:		
Dividends paid on Preferred Shares	94	94
Net investment income, net of dividends paid on Preferred Shares ²	\$ 6,437	\$ 14,477
Weighted average Common Shares outstanding	12,117,695	12,194,193
Net investment income per Common Share ²	\$ 0.53	\$ 1.19

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 increased to \$151.66 at June 30, 2020 from \$137.95 at March 31, 2020.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 11.0% compared to a return of 0.4% for the same period in the prior fiscal year.

During the quarter, investments managed by Macquarie had a pre-tax total return of 6.5% (2020 – 0.1%), Harding Loevner 20.7% (2020 – 1.8%), and Causeway 16.0% (2020 - negative 1.4%). Emerging markets mandates had pre-tax total returns of 9.8% (2020 – negative 0.2%) for Burgundy and 16.2% (2020 – negative 2.2%) 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	14.8
S&P 500 Index	15.8
S&P/TSX Composite Index	17.0
MSCI Emerging Markets	13.5

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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*	NAV per Common Share	Annual Growth %
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
2020	137.95	(4.7)
Compound annual growth*		
2011 - 2020 - 10 years		9.1

*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's net income for the first quarter of fiscal 2021 of \$182,508,000 compared to net income of \$7,863,000 for the first quarter of fiscal 2020. On a per Common Share basis, net income for the quarter was \$15.05 in fiscal 2021 compared to \$0.64 for the same quarter in fiscal 2020.

Other net fair value changes in investments for the portfolio increased to a gain of \$203,314,000 during the first quarter of fiscal 2021 compared to a loss of \$7,026,000 for the same period in the prior year. During the quarter, there was positive performance of \$116,495,000 in North America, \$52,226,000 in Europe, \$23,052,000 in Emerging Markets, \$5,876,000 in Japan and \$5,665,000 in the United Kingdom.

The significant contributors to the investment performance for the first fiscal quarter included Paypal Holdings, Inc., Fresenius Medical Care AG, and LSV Emerging Markets Small Cap Equity Fund, LP with other net fair value investment gains of \$15,202,000, \$8,720,000 and \$6,191,000 respectively. The largest detractor was Lawson Inc. with an other net fair value investment loss of \$2,087,000.

The net realized gain was \$10,007,000 for the first fiscal quarter of 2021 compared to \$29,708,000 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 Nvidia Corporation, Paypal Holdings, Inc., and Hormel Foods Corporation.

Net investment income

The Company's net investment income in the first quarter of fiscal 2021 decreased to \$6,531,000 compared to \$14,571,000 for the first quarter of fiscal 2020. On a per Common Share basis, net investment income for the quarter decreased to \$0.53 compared to \$1.19 for the same quarter in fiscal 2019.

Foreign dividend income in the first quarter decreased to \$11,663,000 from \$18,024,000 for the same quarter in the prior year. In general, foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields. During the quarter, certain companies within the global investment portfolio temporarily suspended or reduced dividends contributing to the decline in foreign dividend income for the quarter.

Net investment income includes \$456,000 (2020 - \$696,000) of net investment income of a limited partnership.

Canadian dividend income in the first quarter decreased to \$435,000 from \$3,119,000 in the prior year. In the prior year's quarter, the Company received a special dividend from its investment in Algoma totaling \$2,719,000.

Expenses during the quarter increased to \$3,692,000 in fiscal 2021 compared to \$3,494,000 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.

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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 2020	March 31 2020	Dec. 31 2019	Sept. 30 2019	June 30 2019	March 31 2019	Dec. 31 2018	Sept. 30 2018
Investments	\$ 1,852,730	\$ 1,647,646	\$ 1,898,439	\$ 1,815,851	\$ 1,792,192	\$ 1,825,533	\$ 1,698,683	\$ 1,806,525
Net investment income ¹	\$ 6,531	\$ 5,727	\$ 2,449	\$ 5,525	\$ 14,571	\$ 6,461	\$ 4,623	\$ 4,553
Net income (loss)	\$ 182,508	\$ (199,189)	\$ 84,852	\$ 19,724	\$ 7,863	\$ 108,512	\$ (54,125)	\$ 25,494
Per Common Share:								
Net investment income ¹	\$ 0.53	\$ 0.46	\$ 0.20	\$ 0.44	\$ 1.19	\$ 0.52	\$ 0.37	\$ 0.37
Net income (loss)	\$ 15.05	\$ (16.35)	\$ 6.95	\$ 1.61	\$ 0.64	\$ 8.89	\$ (4.44)	\$ 2.08
NAV	\$ 151.66	\$ 137.95	\$ 154.24	\$ 147.59	\$ 146.28	\$ 146.99	\$ 138.40	\$ 143.15

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, 2020, 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 12,111,993 (12,122,893 in share number for March 31, 2020) Common Shares.

Normal Course Issuer Bid

On March 9, 2020, the Company obtained approval from the TSX to commence a normal course issuer bid ("NCIB") to purchase up to 609,709 common shares between March 9, 2020 and March 8, 2021. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

For the three-month period ended June 30, 2020, 10,900 shares were purchased under the NCIB at an average price of \$90.55 per share for a total consideration of \$987,000.

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 \$1.09 (2020 - \$1.05) 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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MANAGEMENT'S DISCUSSION AND ANALYSIS

Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts, and domestic and international equity markets. We continue to monitor developments in equity markets generally, and in connection with the Company's investment portfolio in particular. While it is too early to predict the impact of COVID-19 related factors, during a time of increased uncertainty and volatility, we expect that the performance of all portfolios, including the Company, will be affected in the near term.

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.

UNITED CORPORATIONS LIMITED

STATEMENTS OF FINANCIAL POSITION (Unaudited)

	June 30 2020	March 31 2020
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 34,988	\$ 43,904
Investments (Notes 4 and 11)	1,852,730	1,647,646
Receivable in respect of investments sold	2,667	6,980
Dividends and interest receivable	3,236	3,574
Income taxes receivable	1,876	3,760
Other assets	4,014	3,591
	1,899,511	1,709,455
LIABILITIES		
Accrued expenses	2,466	2,042
Payable in respect of investments purchased	3,159	3,782
Dividends payable (Note 10)	3,728	3,731
Deferred tax liabilities (Note 7)	45,530	19,860
	54,883	29,415
NET ASSETS	\$ 1,844,628	\$ 1,680,040
SHAREHOLDERS' EQUITY		
Share capital (Note 10)	\$ 537,395	\$ 537,873
Retained earnings	1,307,233	1,142,167
TOTAL SHAREHOLDERS' EQUITY	\$ 1,844,628	\$ 1,680,040

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended June 30	
	2020	2019
	<small>(000's)</small>	
INCOME		
Dividends		
Foreign	\$ 11,663	\$ 18,024
Canadian	435	3,119
	12,098	21,143
Interest and securities lending income	190	406
Other net fair value changes in investments (Note 5)	203,314	(7,026)
	215,602	14,523
EXPENSES		
Investment management and administrative costs	3,229	3,001
Transfer, registrar and custody fees	173	208
Directors' and officer's remuneration	141	114
Office and miscellaneous	121	155
Professional fees	28	16
	3,692	3,494
INCOME BEFORE INCOME TAXES	211,910	11,029
Provision for income taxes	29,402	3,166
NET INCOME	\$ 182,508	\$ 7,863
EARNINGS PER COMMON SHARE		
- BASIC AND DILUTED	\$ 15.05	\$ 0.64

(See accompanying notes)

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STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
At April 1, 2020	\$ 537,873	\$ 1,142,167	\$ 1,680,040
Net income for the period	—	182,508	182,508
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(16,839)	(16,839)
Repurchase and cancellation of Common Shares	(478)	(509)	(987)
At June 30, 2020	\$ 537,395	\$ 1,307,233	\$ 1,844,628
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

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CASH FLOW (Unaudited)

Three months ended June 30

	2020	2019
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	\$ 182,508	\$ 7,863
Adjustments for:		
Other net fair value changes in investments	(203,314)	7,026
Purchases of investments	(124,089)	(100,281)
Proceeds from sale of investments	126,009	122,159
Dividends and interest receivable	338	578
Deferred taxes	25,670	(5,230)
Net change in other assets and liabilities	1,885	(26,120)
	9,007	5,995
Financing		
Dividends paid to shareholders	(16,936)	(16,556)
Repurchase of Common Shares	(987)	—
Net decrease in cash and cash equivalents	(8,916)	(10,561)
Cash and cash equivalents at beginning of the period	43,904	43,807
Cash and cash equivalents at end of the period	\$ 34,988	\$ 33,246
Additional information for operating activities:		
Interest received	\$ 6	\$ 173
Dividends received, net of withholding taxes	10,157	18,729
Income taxes paid	—	31,550

(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 5, 2020.

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, 2020.

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, 2020, the Company had \$1,765,064,000 (March 31, 2020 - \$1,569,805,000) of Level 1 and \$87,666,000 (March 31, 2020 - \$77,841,000) of Level 2 equity investments. There were no year-to-date transfers between Level 1, 2 or 3 equity investments.

The Company’s Level 2 equity investments 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	
	2020	2019
	(000's)	
Net realized gain	\$ 10,007	\$ 29,708
Change in unrealized appreciation	193,307	(36,734)
	\$ 203,314	\$ (7,026)

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, 2020 of \$36,474,000 (March 31, 2020 - \$32,885,000). Dividend income from Algoma for the three months ended June 30, 2020 amounted to \$435,000 (2020 - \$3,082,000).

E-L Financial holds a 52.6% interest in the Company. Included in investment management and administrative costs are fees for administrative services paid to E-L Financial. These fees are calculated at 0.1% per annum of the fair value of the investments managed by the external investment managers and are paid monthly. The total fees for the three months ended June 30, 2020 amounted to \$507,000 (2020 - \$508,000).

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. Normal course issuer bid

On March 9, 2020, the Company obtained approval from the TSX to commence a normal course issuer bid ("NCIB") to purchase up to 609,709 common shares between March 9, 2020 and March 8, 2021. Daily purchases (other than pursuant to a block purchase exemption) on the TSX under the NCIB were limited to 1,000 common shares. The price that the Company will pay for common shares in open market transactions will be the market price at the time of purchase.

For the three-month period ended June 30, 2020, 10,900 shares were purchased under the NCIB at an average price of \$90.55 per share for a total consideration of \$987,000. The total amount paid to purchase the shares is allocated to share capital and retained earnings in the statements of changes in equity. The amount allocated to share capital is based on the average cost per common share and amounts paid above the average cost are allocated to retained earnings.

8. Novel Coronavirus (or COVID-19)

The continued worldwide spread of novel coronavirus (or COVID-19) continues to impact international business operations, supply chains, travel, commodity prices, consumer confidence and business forecasts, and domestic and international equity markets. We continue to monitor developments in equity markets generally, and in connection with the Company's investment portfolio in particular. While it is too early to predict the impact of COVID-19 related factors, during a time of increased uncertainty and volatility, we expect that the performance of all portfolios, including the Company, will be affected in the near term.

9. 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 5, 2020, with a record and payable date of November 4, 2020 and November 13, 2020, 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, 2020 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
United States				
16,461	3M Co.....	\$ 1,694	\$ 3,499	
64,679	Abbott Laboratories	3,717	8,059	
18,899	Align Technology, Inc.	5,677	7,068	
9,442	Alphabet Inc. Class A	14,104	18,247	
2,783	Amazon.com, Inc.	8,479	10,463	
33,288	Apple Inc.	7,694	16,549	
58,870	Ashland Global Holdings Inc.	5,551	5,544	
9,700	Broadcom Inc.	2,846	4,172	
85,461	Citigroup Inc.	6,609	5,951	
71,700	Clorox Company (The).....	8,450	21,435	
53,671	Cognizant Technology Solutions	4,963	4,156	
56,129	Colgate-Palmolive Company.....	3,801	5,604	
796,500	ConAgra Brands, Inc.	25,640	38,176	
31,696	Deere & Company.....	7,255	6,788	
53,601	Disney (Walt) Company	7,944	8,146	
99,153	eBay Inc.	3,882	7,087	
20,976	EPAM Systems, Inc.	5,676	7,204	
43,400	Essent Group Ltd.	2,164	2,145	
23,983	Estée Lauder Companies Inc. (The)	5,230	6,167	
44,200	Exelon Corporation	2,468	2,186	
163,566	Exxon Mobil Corporation.....	12,016	9,968	
52,268	Facebook, Inc. Class A.....	11,724	16,174	
26,538	FedEx Corporation.....	5,238	5,071	
103,248	First Republic Bank.....	13,233	14,913	
145,900	Freeport-McMoran Inc.	1,853	2,301	
554,312	General Electric Company	6,549	5,160	
461,400	General Mills, Inc.	23,454	38,765	
44,600	Genpact Ltd.....	2,164	2,220	
267,600	Hormel Foods Corporation.....	8,812	17,603	
33,667	Illumina, Inc.	12,962	16,992	
104,500	Ingredion Inc.	11,989	11,820	
21,815	Jones Lang Lasalle Inc.	3,105	3,076	
226,000	Kimberly-Clark Corporation.....	24,001	43,535	
350,166	Lamb Weston Holdings, Inc.	22,577	30,508	
43,628	Leidos Holdings, Inc.	3,706	5,569	
33,948	MasterCard, Inc. Class A.....	4,286	13,680	
348,681	Merck & Co., Inc.	25,329	36,746	
55,065	Microsoft Corporation	2,623	15,272	
42,681	Moelis & Company	1,730	1,812	
160,100	Mondelez International Inc. Class A.....	7,760	11,156	
82,487	Nike Inc. Class B.....	8,237	11,022	
13,124	Nvidia Corporation	2,721	6,795	
77,118	Oracle Corporation.....	3,366	5,809	
66,900	Parker-Hannifin Corporation	14,087	16,709	
119,970	Paypal Holdings, Inc.	13,511	28,486	
346,600	Pfizer Inc.	12,548	15,446	
44,913	Proto Labs, Inc.	5,992	6,884	
42,800	Reinsurance Group of America, Incorporated.....	6,131	4,575	
32,939	Roper Technologies, Inc.	12,476	17,429	
355,808	Sabre Corporation.....	10,103	3,908	
27,333	Salesforce.com, Inc.....	5,515	6,978	
130,400	Spirit AeroSystems Holdings, Inc.	5,860	4,254	
19,934	SVB Financial Group.....	5,622	5,855	
45,630	Synnex Corporation	5,306	7,448	
30,994	Synopsys, Inc.	5,747	8,237	
17,939	Thermo Fisher Scientif.....	8,589	8,858	
17,890	Trade Desk, Inc. (The)	4,581	9,911	
13,777	UnitedHealth Group Inc.....	4,847	5,538	
60,835	Verisk Analytics Inc. Class A	3,588	14,111	
58,883	Vertex Pharmaceuticals, Inc.....	14,196	23,296	
111,861	ViacomCBS Inc. Class B.....	6,559	3,555	
6,830	Waters Corporation.....	1,762	1,679	
71,830	Wells Fargo & Company	3,361	2,506	
25,419	Workday, Inc.	5,576	6,490	
		<u>509,236</u>	<u>716,766</u>	38.7

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2020 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
Europe, excluding United Kingdom				
221,610	ABB Limited	\$ 5,760	\$ 6,795	
58,890	Adidas AG	13,885	21,046	
214,231	Air Liquide S.A.	24,468	42,100	
26,353	Airbus SE	2,148	2,562	
27,986	Akzo Nobel N.V.	3,075	3,415	
97,666	Alcon Inc.	7,680	7,629	
1,133,078	Banco Bilbao Vizcaya Argentaria, S.A.	7,868	5,314	
92,034	BASF SE	8,572	7,026	
44,322	Bayer AG	3,996	4,502	
19,889	Carrefour S.A.	439	419	
35,276	Chr. Hansen Holding A/S	4,313	4,939	
50,693	Compagnie Financière Richemont SA	4,638	4,405	
349,626	Fresenius Medical Care AG	35,084	41,139	
392,269	Group Danone S.A.	33,045	36,959	
494,289	Hennes & Mauritz AB-B	8,637	9,756	
372,759	Ing Groep N.V.	4,284	3,536	
161,737	Infineon Technologies AG	4,329	5,191	
516,203	International Consolidated Airlines Group, S.A.	1,968	1,931	
50,209	Kerry Group plc	4,084	8,476	
67,784	Kone Oyj	4,365	6,351	
1,254,823	Koninklijke Ahold Delhaize N.V.	22,529	46,591	
44,995	Linde Public Limited Company	9,419	12,971	
27,014	Lonza Group AG	11,232	19,425	
15,898	L'Oréal S.A.	4,984	6,952	
287,422	Nestlé S.A.	21,504	43,278	
54,374	Nestlé S.A. ADR	6,156	8,184	
56,343	Novartis AG	6,367	6,676	
491,711	Novo Nordisk A/S	28,883	43,221	
1,246,367	Orange S.A.	21,897	20,306	
515,498	Publicis Groupe	43,678	22,730	
95,354	Roche Holding AG	28,960	45,011	
41,098	Schneider Electric SE	6,144	6,220	
1,173,539	Securitas AB Class B	17,588	21,541	
35,988	Siemens AG	5,422	5,777	
195,446	Sodexo S.A.	28,050	18,008	
21,433	Sonova Holding AG	4,592	5,828	
56,123	Swatch Group AG (The)	22,467	15,257	
93,154	Symrise AG	9,996	14,756	
647,532	UniCredit S.p.A.	9,990	8,115	
43,766	Volkswagen AG	9,625	9,039	
		<u>502,121</u>	<u>603,377</u>	32.5
Emerging Markets				
1,134,400	AIA Group Limited	9,289	14,419	
39,524	Alibaba Group Holding Limited ADR	8,846	11,618	
40,954	Baidu, Inc. ADR	7,622	6,691	
1,936,202	Burgundy Emerging Markets Equity Fund	52,575	43,420	
162,625	HDFC Bank Ltd. ADR	10,372	10,075	
571,648	ICICI Bank Limited ADR	7,573	7,237	
2,185,145	Itau Unibanco Holding S.A.	15,115	13,966	
200,890	LSV Emerging Markets Small Cap Equity Fund, LP	48,599	44,246	
14,850	NetEase, Inc. ADR	5,264	8,690	
3,062,400	PT Bank Central Asia Tbk	7,365	8,371	
116,266	Samsung Electronics Co., Ltd.	5,840	6,968	
178,900	Tencent Holdings Limited	13,319	15,681	
170,844	Trip.com Group Ltd.- ADR	8,070	6,035	
152,307	Yandex N.V.	5,798	10,382	
		<u>205,647</u>	<u>207,799</u>	11.2

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2020 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
Japan				
304,900	Asahi Group Holdings Co.....	\$ 13,892	\$ 14,553	
37,600	Fanuc Corporation	7,159	9,154	
105,900	Kao Corporation	8,577	11,432	
804,400	KDDI Corporation.....	23,798	32,882	
21,700	Keyence Corporation	1,518	12,351	
301,200	Kirin Holdings Company, Limited	5,153	8,659	
276,400	Kubota Corporation	5,487	5,618	
218,800	Lawson Inc.	18,598	14,962	
557,273	Makita Corporation.....	24,495	27,577	
27,600	Murata Manufacturing Co., Ltd.	2,241	2,203	
61,000	Nidec Corporation	5,343	5,548	
80,200	Secom Co., Ltd.	4,710	9,552	
659,600	Seven & i Holdings Co., Ltd.	35,155	29,348	
83,100	Shiseido Company, Limited.....	8,053	7,179	
73,600	Sysmex Corporation.....	4,993	7,656	
132,300	Takeda Pharmaceutical Company Ltd.	6,524	6,435	
		<u>175,696</u>	<u>205,109</u>	11.1
United Kingdom				
359,979	Abcam plc	6,656	8,077	
16,926	AstraZeneca plc	1,740	2,399	
2,050,477	Barclays plc.....	5,002	3,949	
109,174	British American Tobacco plc	5,124	5,705	
379,281	Diageo plc	20,749	17,119	
8,036,322	G4S plc	27,805	15,414	
208,494	Micro Focus International plc	4,966	1,516	
605,346	Network International Holdings plc.....	5,363	4,493	
146,639	Next plc	10,925	12,080	
721,776	Rolls-Royce Holdings plc	8,848	3,467	
767,982	Standard Chartered plc.....	7,193	5,689	
1,520,253	Vodafone Group plc	5,611	3,297	
		<u>109,982</u>	<u>83,205</u>	4.5
Canada				
3,625,680	Algoma Central Corporation ¹	6,201	36,474	2.0
	Total investments	<u>\$1,508,883</u>	<u>\$1,852,730</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
Causeway Capital Management LLC, Los Angeles
Harding Loevner 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

