

UNITED CORPORATIONS LIMITED



FIRST QUARTER REPORT

JUNE 30, 2021

UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



THE PERIOD AT A GLANCE (Unaudited)

	As at June 30 2021	As at March 31 2021
Net equity value per Common Share ¹	\$ 177.14	\$ 170.66
Net assets ²	\$ 2,150,187	\$ 2,072,040
Number of Common Shares outstanding at period end	12,094,693	12,096,093

	Three months ended June 30	
	2021	2020
Net investment income per Common Share ¹	\$ 0.26	\$ 0.53
Dividends per Common Share		
Quarterly	\$ 0.30	\$ 0.30
Additional ³	\$ 1.11	\$ 1.09
Net income per Common Share	\$ 7.88	\$ 15.05
Net investment income ^{1,2}	\$ 3,285	\$ 6,531

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 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 2022 should be read in conjunction with: the March 31, 2021 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 4, 2021.

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

The Company

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

The Company has been a closed-end investment corporation since 1929. The Common Shares have persistently traded at a discount to their net asset value, ranging from approximately a 40% discount to a 20% discount over the past 10 years. Management believes that shareholders who have invested in the Common Shares of the Company recognize that the Common Shares of the Company usually trade at a discount to their net asset value. On March 4, 2020, the Company announced its intention to commence a normal course issuer bid ("NCIB") and has renewed its NCIB effective March 9, 2021. Further information is included on page 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 Comgest Asset Management International Limited ("CAMIL"), Harding Loevner LP ("Harding Loevner") and Causeway Capital Management LLC ("Causeway"). Each of these managers has a global equity mandate. As of June 30, 2021, \$804,669,000 (March 31, 2021 - \$770,341,000), \$854,883,000 (March 31, 2021 - \$785,480,000) and \$430,242,000 (March 31, 2021 - \$427,880,000) of equity investments were managed by CAMIL, Harding Loevner, and Causeway, respectively.

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

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

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

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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, 2021 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 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 2021	March 31 2021
Net assets	\$ 2,150,187	\$ 2,072,040
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	\$ 2,142,440	\$ 2,064,293
Common Shares outstanding	12,094,693	12,096,093
Net equity value per Common Share	\$ 177.14	\$ 170.66

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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	
	2021	2020
Net income	\$ 95,445	\$ 182,508
Add (deduct):		
Other net fair value changes in investments	(107,790)	(203,314)
Tax on other net fair value changes in investments	15,630	26,881
Net investment income of a limited partnership ¹	—	456
Net investment income ²	<u>3,285</u>	<u>6,531</u>
Deduct:		
Dividends paid on Preferred Shares	94	94
Net investment income, net of dividends paid on Preferred Shares ²	<u>\$ 3,191</u>	<u>\$ 6,437</u>
Weighted average Common Shares outstanding	<u>12,094,837</u>	<u>12,117,695</u>
Net investment income per Common Share ²	<u>\$ 0.26</u>	<u>\$ 0.53</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 increased to \$177.14 at June 30, 2021 from \$170.66 at March 31, 2021.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 4.6% compared to a return of 11.0% for the same period in the prior fiscal year.

During the quarter, investments managed by CAMIL had a pre-tax total return of 4.7%, Harding Loevner 9.1% (2021 – 20.7%), and Causeway 1.6% (2020 – 16.0%). CAMIL was appointed January 19, 2021 as a new portfolio investment manager for the Company.

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	6.3
S&P 500 Index	7.0
S&P/TSX Composite Index	8.5
MSCI Emerging Markets	3.6

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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 %
2012	\$ 72.32	1.9
2013	82.03	15.7
2014	99.50	23.2
2015	117.86	20.2
2016	120.66	4.0
2017	132.32	11.6
2018	138.40	6.4
2019	146.99	7.7
2020	137.95	(4.7)
2021	170.66	25.5
Compound annual growth*		
2012 - 2021 - 10 years		10.8

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

Operating Results

Net income

The Company's net income for the first quarter of fiscal 2022 was \$95,445,000 compared to \$182,508,000 for the first quarter of fiscal 2021. On a per Common Share basis, net income for the quarter was \$7.88 in fiscal 2022 compared to \$15.05 for the same quarter in fiscal 2021.

Other net fair value changes in investments for the portfolio decreased to a gain of \$107,790,000 during the first quarter of fiscal 2022 compared to a gain of \$203,314,000 for the same period in the prior year. During the quarter, there was positive performance of \$85,601,000 in North America, \$23,505,000 in Europe, \$2,331,000 in Japan, \$1,262,000 in the United Kingdom, offset by negative performance of \$4,909,000 in Emerging Markets.

The significant contributors to the investment performance for the first fiscal quarter included Alphabet Inc. Class A, Inc., Facebook, Inc. Class A, and Microsoft Corporation with other net fair value investment gains of \$9,901,000, \$8,666,000 and \$7,411,000 respectively. The largest detractor was Autohome Inc. ADR with an other net fair value investment loss of \$5,434,000.

The net realized gain was \$24,588,000 for the first fiscal quarter of 2022 compared to \$10,007,000 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 Paypal Holdings, Inc., Lonza Group AG, and Vokswagen AG, offset by a loss from Autohome Inc. ADR.

Net investment income

The Company's net investment income in the first quarter of fiscal 2022 decreased to \$3,285,000 compared to \$6,531,000 for the first quarter of fiscal 2021. On a per Common Share basis, net investment income for the quarter decreased to \$0.26 compared to \$0.53 for the same quarter in fiscal 2021.

Foreign dividend income in the first quarter decreased to \$7,692,000 from \$11,663,000 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. The first quarter includes a change within the global investment portfolio for investments between the current investment managers compared to investment managers for the same period in the prior fiscal year.

Net investment income includes \$nil (2021 - \$456,000) of net investment income of a limited partnership. The limited partnership was disposed of in January of 2021.

Canadian dividend income in the first quarter increased to \$616,000 from \$435,000 in the prior year.

Expenses during the quarter increased to \$3,938,000 in fiscal 2022 compared to \$3,692,000 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 in addition to increased transfer, registrar and custody fees.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Quarterly Results

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

	June 30 2021	March 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	March 31 2020	Dec. 31 2019	Sept. 30 2019
Investments	\$ 2,149,255	\$ 2,046,063	\$ 2,060,823	\$ 1,905,299	\$ 1,852,730	\$ 1,647,646	\$ 1,898,439	\$ 1,815,851
Net investment income ¹	\$ 3,285	\$ 4,953	\$ 12,372	\$ 4,493	\$ 6,531	\$ 5,727	\$ 2,449	\$ 5,525
Net income (loss)	\$ 95,445	\$ 11,595	\$ 162,961	\$ 65,556	\$ 182,508	\$ (199,189)	\$ 84,852	\$ 19,724
Per Common Share:								
Net investment income ¹	\$ 0.26	\$ 0.40	\$ 1.02	\$ 0.36	\$ 0.53	\$ 0.46	\$ 0.20	\$ 0.44
Net income (loss)	\$ 7.88	\$ 0.96	\$ 13.46	\$ 5.41	\$ 15.05	\$ (16.35)	\$ 6.95	\$ 1.61
NAV	\$ 177.14	\$ 170.66	\$ 169.99	\$ 156.82	\$ 151.66	\$ 137.95	\$ 154.24	\$ 147.59

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, 2021, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 1959 Series Second Preferred Shares, 119,710 1963 Series Second Preferred Shares and 12,094,693 (12,096,093 in share number for March 31, 2021) Common Shares.

Normal Course Issuer Bid

On March 4, 2021, the Company obtained approval from the TSX to renew its NCIB to purchase up to 604,924 Common Shares between March 9, 2021 and March 8, 2022. The price which the Company will pay for any such Common Shares will be the prevailing market price at the time of acquisition.

For the three-month period ended June 30, 2021, 1,400 (2021 – 10,900) shares were purchased under the NCIB at an average price of \$107.32 (2021 - \$90.55) per share for a total consideration of \$150,000 (2021 - \$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 \$1.11 (2021 - \$1.09) 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. This has created increased uncertainty and volatility which will impact the performance and expected returns of the investment portfolios.

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

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

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

Additional Information

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

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 2021	March 31 2021
	(000's)	
ASSETS		
Cash and cash equivalents	\$ 38,366	\$ 99,271
Investments (Note 4)	2,149,255	2,046,063
Receivable in respect of investments sold	4,867	2,082
Dividends and interest receivable	1,284	1,593
Income taxes receivable	4,300	—
Other assets	3,965	3,787
	2,202,037	2,152,796
LIABILITIES		
Accrued expenses	3,341	2,685
Payable in respect of investments purchased	1,385	5,663
Income taxes payable	—	36,010
Dividends payable	3,723	3,723
Deferred tax liabilities	43,401	32,675
	51,850	80,756
NET ASSETS	\$ 2,150,187	\$ 2,072,040
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	\$ 536,636	\$ 536,697
Retained earnings	1,613,551	1,535,343
TOTAL SHAREHOLDERS' EQUITY	\$ 2,150,187	\$ 2,072,040

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended June 30	
	2021	2020
	(000's)	
INCOME		
Dividends		
Foreign	\$ 7,692	\$ 11,663
Canadian	616	435
	8,308	12,098
Interest and securities lending income	86	190
Other net fair value changes in investments (Note 5)	107,790	203,314
	116,184	215,602
EXPENSES		
Investment management and administrative costs	3,325	3,229
Transfer, registrar and custody fees	308	173
Directors' and officer's remuneration	141	141
Office and miscellaneous	121	121
Professional fees	43	28
	3,938	3,692
INCOME BEFORE INCOME TAXES	112,246	211,910
Provision for income taxes	16,801	29,402
NET INCOME	\$ 95,445	\$ 182,508
EARNINGS PER COMMON SHARE		
- BASIC AND DILUTED	\$ 7.88	\$ 15.05

(See accompanying notes)

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STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
At April 1, 2021	\$ 536,697	\$ 1,535,343	\$ 2,072,040
Net income for the period	—	95,445	95,445
Dividends			
First Preferred Shares	—	(19)	(19)
Second Preferred Shares	—	(75)	(75)
Common Shares	—	(17,054)	(17,054)
Repurchase and cancellation of Common Shares	(61)	(89)	(150)
At June 30, 2021	\$ 536,636	\$ 1,613,551	\$ 2,150,187
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

(See accompanying notes)

UNITED CORPORATIONS LIMITED

STATEMENTS OF CASH FLOW (Unaudited)

Three months ended June 30

	2021	2020
	(000's)	
Net inflow (outflow) of cash related to the following activities:		
Operating		
Net income	\$ 95,445	\$ 182,508
Adjustments for:		
Other net fair value changes in investments	(107,790)	(203,314)
Purchases of investments	(190,833)	(124,089)
Proceeds from sale of investments	188,367	126,009
Dividends and interest receivable	309	338
Deferred taxes	10,726	25,670
Net change in other assets and liabilities	(39,831)	1,885
	(43,607)	9,007
Financing		
Dividends paid to shareholders	(17,148)	(16,936)
Repurchase of Common Shares	(150)	(987)
Net decrease in cash and cash equivalents	(60,905)	(8,916)
Cash and cash equivalents at beginning of the period	99,271	43,904
Cash and cash equivalents at end of the period	\$ 38,366	\$ 34,988
Additional information for operating activities:		
Interest received	\$ 42	\$ 6
Dividends received, net of withholding taxes	7,430	10,157
Income taxes paid	45,375	—

(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 4, 2021.

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, 2021.

3. Critical accounting estimates and judgments

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

Deferred taxes

Estimates and assumptions are used primarily in the determination of the Company’s deferred tax liabilities, as the income tax rates used in determining the liability 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, 2021, the Company had \$2,149,255,000 (March 31, 2021 - \$2,046,063,000) of Level 1 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)

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	
	2021	2020
	(000's)	
Net realized gain	\$ 24,588	\$ 10,007
Change in unrealized appreciation	83,202	193,307
	\$ 107,790	\$ 203,314

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, 2021 of \$59,461,000 (March 31, 2021 - \$62,362,000). Dividend income from Algoma for the three months ended June 30, 2021 amounted to \$616,000 (2021 - \$435,000).

E-L Financial holds a 52.7% 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, 2021 amounted to \$581,000 (2021 - \$507,000).

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. Common Share Capital

The changes in share capital are comprised as follows:

	Number of Common Shares	Common Share Capital
		(000's)
At April 1, 2021	12,096,093	\$ 536,697
Repurchase and cancellation of Common Shares	(1,400)	(61)
At June 30, 2021	12,094,693	\$ 536,636
At April 1, 2020	12,122,893	\$ 537,873
Repurchase and cancellation of Common Shares	(10,900)	(478)
At June 30, 2020	12,111,993	\$ 537,395

8. Normal course issuer bid

On March 4, 2021, the Company obtained approval from the TSX to renew its "NCIB" to purchase up to 604,924 Common Shares between March 9, 2021 and March 8, 2022. The price which the Company will pay for Common Shares will be the market price at the time of acquisition.

For the three-month period ended June 30, 2021, 1,400 (2021 - 10,900) shares were purchased under the NCIB at an average price of \$107.32 (2021 - \$90.55) per share for a total consideration of \$150,000 (2021 - \$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.

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NOTES TO FINANCIAL STATEMENTS

(Unaudited)

9. Novel Coronavirus (or COVID-19)

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

10. 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 4, 2021, with a record and payable date of November 3, 2021 and November 15, 2021, respectively.

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

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2021 (Unaudited)

Number of Shares/Par Value		Cost	Carrying value	% of Carrying value
		(000's)		
United States				
120,259	Activision Blizzard, Inc.	\$ 23,980	\$ 24,043	
24,219	Adobe Inc.	14,524	17,579	
23,702	Alexandria Real Estate Equities, Inc.	5,059	5,345	
19,668	Align Technology, Inc.	6,476	14,894	
22,718	Alphabet Inc. Class A.....	44,785	68,753	
6,151	Alphabet Inc. Class C.....	13,451	19,107	
9,055	Amazon.com, Inc.	34,709	38,608	
50,171	Ametek, Inc.	7,435	8,301	
52,901	Apple Inc.	4,242	8,980	
121,784	Ashland Global Holdings Inc.	12,367	13,207	
31,144	Assurant, Inc.	5,782	6,029	
46,133	Becton, Dickinson & Company.....	15,160	13,905	
65,529	Berry Global Group, Inc.	5,179	5,297	
4,315	Booking Holdings Inc.	11,019	11,702	
19,079	Broadcom Inc.	8,761	11,276	
152,276	Carrier Global Corporation.....	7,468	9,172	
169,891	Church & Dwight Co., Inc.....	18,040	17,944	
69,255	Citigroup Inc.	5,355	6,073	
46,181	CME Group Inc.	10,851	12,173	
61,452	Concentrix Corporation.....	6,587	12,247	
72,301	ConocoPhillips.....	3,693	5,457	
30,122	Costco Wholesale Corporation.....	13,633	14,772	
34,298	Danaher Corporation.....	10,548	11,408	
49,399	Deere & Company.....	13,983	21,595	
86,412	Disney (Walt) Company.....	14,834	18,825	
163,720	eBay Inc.	8,377	14,247	
52,259	Ecolab Inc.	14,747	13,341	
70,728	Edwards Lifesciences Corporation.....	7,824	9,079	
117,758	Eli Lilly and Company.....	27,962	33,498	
21,841	EPAM Systems, Inc.....	6,295	13,832	
201,919	Essent Group Ltd.	11,135	11,249	
25,044	Estée Lauder Companies Inc. (The).....	5,680	9,873	
36,547	Etsy, Inc.....	6,398	9,324	
165,359	Exelon Corporation.....	8,689	9,081	
147,272	Facebook, Inc. Class A.....	44,770	63,467	
129,640	First Republic Bank.....	19,014	30,074	
94,188	Fiserv, Inc.	13,691	12,478	
195,777	Genpact Ltd.....	10,042	11,023	
39,383	Hill-Rom Holdings, Inc.....	5,052	5,544	
45,184	Illumina, Inc.	17,848	26,500	
47,879	Intuit Inc.....	23,588	29,087	
7,649	Intuitive Surgical, Inc.	7,480	8,718	
26,722	IQVIA Holdings Inc.	6,201	8,025	
93,978	Johnson & Johnson.....	19,322	19,188	
121,259	Las Vegas Sands Corporation.....	7,988	7,919	
51,663	Leidos Holdings, Inc.	5,582	6,474	
16,431	MasterCard, Inc. Class A.....	2,184	7,435	
188,172	Microsoft Corporation.....	44,311	63,179	
88,912	Mondelez International Inc. Class A.....	6,435	6,881	
93,692	Nike Inc. Class B.....	10,293	17,940	
13,825	Nvidia Corporation.....	3,563	13,709	
63,940	Oracle Corporation.....	3,851	6,169	
66,373	Paypal Holdings, Inc.	8,335	23,978	
75,809	Pinterest, Inc. Class A.....	6,355	7,418	
27,739	Quest Diagnostics Incorporated.....	4,440	4,537	
12,833	Roper Technologies, Inc.....	5,071	7,479	
778,867	Sabre Corporation.....	16,290	12,047	
28,837	Salesforce.com, Inc.....	6,057	8,730	
293,986	Schlumberger Limited.....	9,517	11,663	
33,256	Sempra Energy.....	5,223	5,460	
40,295	SVB Financial Group.....	18,145	27,789	
32,699	Synopsys, Inc.....	6,548	11,177	
21,721	Thermo Fisher Scientific.....	10,853	13,581	
94,637	Tradeweb Markets Inc.....	6,923	9,918	
94,370	Trade Desk, Inc. (The).....	8,388	9,048	
19,108	UnitedHealth Group Incorporated.....	8,169	9,483	
105,041	Verisk Analytics Inc. Class A.....	17,642	22,746	
63,914	Vertex Pharmaceuticals, Inc.....	15,718	15,972	
70,304	VF Corporation.....	6,402	7,149	
128,335	Visa Inc.	34,805	37,191	

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2021 (Unaudited)

Number of Shares/Par Value		Cost	Carrying value	% of Carrying value
		(000's)		
United States (continued)				
87,590	Walmart Inc.	\$ 16,508	\$ 15,309	
34,153	Waste Management, Inc.	5,628	5,931	
110,819	WestRock Company	7,189	7,310	
26,817	Workday, Inc.	6,116	7,935	
		<u>896,565</u>	<u>1,145,877</u>	53.3
Emerging Markets				
2,295,200	AIA Group Limited	32,205	35,349	
1,143,668	Alibaba Group Holding Limited	42,519	40,156	
12,372	Autohome Inc. ADR.....	1,706	981	
2,062,700	B3 S.A.	8,453	8,608	
127,398	CD Projekt S.A.	15,444	7,675	
1,135,000	Country Garden Service Holdings Co. Ltd.	13,899	15,198	
14,314	Credicorp Ltd.	2,267	2,149	
301,153	DBS Group Holdings Ltd.	7,183	8,273	
202,000	ENN Energy Holdings Limited.....	3,966	4,765	
118,458	HDFC Bank Ltd. ADR.....	7,660	10,735	
689,744	Housing Development Finance Corporation Limited.....	30,226	28,458	
4,468,579	Inner Mongolia Yili Industrial Co., Ltd.....	39,093	31,582	
17,222	Kweichow Moutai Co., Ltd.	8,112	6,797	
1,315,350	NetEase, Inc. ADR	34,521	36,927	
3,197,900	PT Bank Central Asia Tbk	7,927	8,189	
171,187	Samsung Electronics Co., Ltd.....	12,296	15,155	
4,130	Samsung Electronics Co., Ltd. (Voting) GDR	10,502	9,129	
83,676	SK hynix Inc.	10,362	11,704	
333,536	Taiwan Semiconductor-S	52,751	49,672	
377,800	Tencent Holdings Limited	35,310	35,213	
182,775	Trip.com Group Limited	8,563	8,051	
792,500	Wuxi Biologics (Cayman) Inc.	13,100	17,999	
33,324	Xero Limited	4,263	4,247	
		<u>402,328</u>	<u>397,012</u>	18.5
Europe, excluding United Kingdom				
80,943	ABB Limited	2,419	3,404	
29,286	Accenture plc	9,799	10,700	
2,934	Adyen N.V.	8,500	8,886	
13,850	Aena SME, S.A.	2,862	2,816	
66,882	Airbus SE	7,405	10,661	
101,612	Alcon Inc.	8,050	8,848	
176,344	Amadeus IT Group, S.A. Class A.....	15,516	15,376	
13,529	ASML Holding N.V.....	9,497	11,584	
112,932	Atlas Copco AB Class A.....	8,202	8,586	
185,937	Axa S.A.	5,288	5,845	
63,833	BASF SE	6,177	6,234	
39,107	Bayer AG.....	3,304	2,948	
53,103	Compagnie Financière Richemont SA	5,378	7,965	
245,919	Credit Suisse Group AG.....	3,580	3,310	
800,000	Credit Suisse Group Funding (Guernsey) Limited, 3%, Nov. 12, 2021 (Convertible)	1,092	1,208	
93,000	Credit Suisse (Guernsey Branch) 3%, Nov. 12, 2021 (Convertible)	125	140	
351,722	Enel S.p.A.	4,277	4,049	
231,412	Epiroc Aktiebolag	6,419	6,548	
14,257	Genmab A/S.....	6,954	7,233	
62,290	L'Oréal S.A.	27,479	34,408	
17,456	LVMH Moët Hennessy Louis Vuitton SA.....	14,231	16,968	
152,985	Medtronic plc.....	23,170	23,536	
27,098	MTU Aero Engines AG	8,714	8,321	
101,618	Neste Oyj	7,996	7,713	
126,762	Novartis AG	14,425	14,321	
87,100	Roche Holding AG.....	30,443	40,675	
131,239	RWE AG.....	6,834	5,899	
97,290	Sanofi S.A.	12,156	12,636	
47,973	SAP AG	7,778	8,355	
48,404	Schneider Electric SE	7,527	9,440	
26,076	Siemens AG	4,208	5,145	
179,757	TeamViewer AG	12,135	8,384	
91,042	TotalEnergies SE.....	4,959	5,106	
709,465	UniCredit S.p.A.	10,035	10,376	
14,575	VAT Group AG.....	5,062	6,007	
		<u>311,996</u>	<u>343,631</u>	16.0

UNITED CORPORATIONS LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO AS AT JUNE 30, 2021 (Unaudited)

Number of Shares/Par Value		Cost	Carrying value	% of Carrying value
		(000's)		
Japan				
131,200	Chugai Pharmaceutical Co., Ltd.	\$ 8,521	\$ 6,451	
58,000	Daikin Industries, Ltd.	16,970	13,404	
18,300	Fanuc Corporation	4,355	5,477	
14,800	Fast Retailing Co., Ltd.	16,561	13,826	
182,700	Hoya Corporation	31,252	30,061	
34,300	Keyence Corporation	17,158	21,482	
87,500	Misumi Group Inc.	3,548	3,675	
71,700	Murata Manufacturing Co., Ltd.	7,103	6,793	
126,000	Shin-Etsu Chemical Co., Ltd.	29,528	26,150	
79,800	Sysmex Corporation	6,127	11,766	
264,900	Takeda Pharmaceutical Company Ltd.	12,594	11,004	
		<u>153,717</u>	<u>150,089</u>	7.0
Canada				
301,300	Air Canada	6,036	7,683	
3,625,680	Algoma Central Corporation ¹	6,201	59,461	
		<u>12,237</u>	<u>67,144</u>	3.1
United Kingdom				
375,914	Abcam plc	7,189	8,891	
397,467	Experian plc	18,002	18,964	
7,579,471	Rolls-Royce Holdings plc	17,060	12,840	
18,428	Spirax-Sarco Engineering plc	3,731	4,297	
18,511	WH Smith plc	531	510	
		<u>46,513</u>	<u>45,502</u>	2.1
	Total investments	<u><u>\$1,823,356</u></u>	<u><u>\$2,149,255</u></u>	<u>100.0</u>

¹ This company and United are related parties.

UNITED CORPORATIONS LIMITED

CORPORATE INFORMATION

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

AUDITOR

PricewaterhouseCoopers LLP, Toronto

CUSTODIAN

RBC Investor & Treasury Services

TRANSFER AGENT AND REGISTRAR

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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

