

# UNITED CORPORATIONS LIMITED



SECOND QUARTER REPORT

SEPTEMBER 30, 2021



# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE PERIOD AT A GLANCE (Unaudited)

	As at Sept. 30 2021	As at March 31 2021
Net equity value per Common Share <sup>1</sup>	\$ 179.76	\$ 170.66
Net assets <sup>2</sup>	\$ 2,181,800	\$ 2,072,040
Number of Common Shares outstanding at period end	12,094,493	12,096,093

	Six months ended September 30	
	2021	2020
Net investment income per Common Share <sup>1</sup>	\$ 0.31	\$ 0.89
Dividends per Common Share		
Quarterly	\$ 0.60	\$ 0.60
Additional <sup>3</sup>	\$ 1.11	\$ 1.09
Net income per Common Share	\$ 10.80	\$ 20.46
Net investment income <sup>1,2</sup>	\$ 3,880	\$ 11,024

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

<sup>2</sup> In thousands of Canadian dollars.

<sup>3</sup> 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 second 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; the Company's MD&A and unaudited interim condensed financial statements and notes for the previous quarter of fiscal 2022; and the unaudited 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 November 3, 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 7 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 September 30, 2021, \$798,769,000 (March 31, 2021 - \$770,341,000), \$851,976,000 (March 31, 2021 - \$785,480,000) and \$441,915,000 (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 \$48.5 billion U.S. dollar (estimated data as of June 30, 2021). 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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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company also has a long-term investment in Algoma Central Corporation ("Algoma"), a public shipping company. Algoma is a related party and is a reporting issuer which trades on the Toronto Stock Exchange with a profile on SEDAR. The investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company. Further related party information is provided in Note 11 to the financial statements in the 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 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):

	<b>September 30 2021</b>	March 31 2021
Net assets	<b>\$ 2,181,800</b>	\$ 2,072,040
Deduct:		
Cost of redemption		
First Preferred Shares	<b>1,567</b>	1,567
1959 and 1963 Series Second Preferred Shares	<b>6,180</b>	6,180
	<b>7,747</b>	7,747
Net equity value	<b>\$ 2,174,053</b>	\$ 2,064,293
Common Shares outstanding	<b>12,094,493</b>	12,096,093
Net equity value per Common Share	<b>\$ 179.76</b>	\$ 170.66

# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Three months ended September 30		Six months ended September 30	
	2021	2020	2021	2020
Net income	\$ 35,358	\$ 65,556	\$ 130,803	\$ 248,064
Add (deduct):				
Other net fair value changes in investments	(40,073)	(71,042)	(147,863)	(274,356)
Tax on other net fair value changes in investments	5,310	9,341	20,940	36,222
Net investment income of a limited partnership <sup>1</sup>	—	638	—	1,094
Net investment income <sup>2</sup>	595	4,493	3,880	11,024
Deduct:				
Dividends paid on Preferred Shares	95	95	189	189
Net investment income, net of dividends paid on Preferred Shares <sup>2</sup>	\$ 500	\$ 4,398	\$ 3,691	\$ 10,835
Weighted average Common Shares outstanding	12,094,671	12,107,185	12,094,754	12,112,412
Net investment income per Common Share <sup>2</sup>	\$ 0.05	\$ 0.36	\$ 0.31	\$ 0.89

<sup>1</sup> Represents allocation of dividends net of expenses of a limited partnership.

<sup>2</sup> On an after-tax basis.

### Net Equity Value per Common Share

The Company's net equity value per Common Share increased to \$179.76 at September 30, 2021 compared to \$177.14 at June 30, 2021 and \$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 1.6% (2021 – 3.6%) and 6.3% (2021 – 14.9%) year to date.

Year to date, investments managed by CAMIL had a pre-tax total return of 5.9%, Harding Loevner 10.2% (2021 – 29.8%), and Causeway 5.0% (2021 - 15.9%). 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 September 30	Six months ended September 30
	(% )	
MSCI World Index	2.9	9.4
S&P 500 Index	3.4	10.6
S&P/TSX Composite Index	0.2	8.7
MSCI Emerging Markets	(5.4)	(2.0)

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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
<b>Compound annual growth*</b>		
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 reported net income for the second quarter of fiscal 2022 of \$35,358,000 compared to \$65,556,000 in fiscal 2021. On a year-to-date basis, net income was \$130,803,000 compared to \$248,064,000 in fiscal 2021. Net income per Common Share for the second quarter of fiscal 2022 was \$2.92 compared to \$5.41 for fiscal 2021. On a year-to-date basis, net income per share was \$10.80 compared to \$20.46 per share in fiscal 2021.

Other net fair value changes in investments for the portfolio for the second quarter of fiscal 2022 was \$40,073,000 compared to \$71,042,000 for the same period in fiscal 2021. On a year-to-date basis, the other net fair value changes in investments was \$147,863,000 compared to \$274,356,000 for the six months ended September 30, 2020. During the quarter, positive performance of \$44,224,000 in North America, \$18,435,000 in Japan, \$9,768,000 in the United Kingdom, and \$4,948,000 in Europe, was offset by negative investment performance of \$37,302,000 in Emerging Markets. On a year-to-date basis, investments in North America contributed \$129,825,000, Europe \$28,453,000, Japan \$20,766,000, and the United Kingdom \$11,030,000 to other net fair value investment gains, offset by negative performance of \$42,211,000 in Emerging Markets.

The significant contributors to the year-to-date investment performance included Alphabet Inc. Class A, Microsoft Corporation, and Hoya Corporation with fair value investment gains of \$18,492,000, \$11,884,000, and \$9,533,000 respectively. The largest detractors to the year-to-date investment performance included Alibaba Group Holding Limited, Tencent Holdings Limited, and NetEase Inc. ADR with fair value investment losses of \$13,179,000, \$8,738,000 and \$5,710,000 respectively.

The net realized gain was \$41,507,000 for the second quarter of fiscal 2022 compared to \$48,818,000 for the same period in the prior year. On a year-to-date basis, the net realized gain was \$66,095,000 compared to \$58,825,000 in fiscal 2021. The largest year-to-date contributors to the net realized gain in fiscal 2022 were from the sales of securities in North America for a gain of \$58,511,000, Europe for \$17,338,000, Japan for \$3,635,000, the United Kingdom \$162,000, offset by Emerging Markets for \$13,551,000.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Net investment income

The Company's net investment income in the second quarter of fiscal 2022 decreased to \$595,000 compared to \$4,493,000 for the second quarter of fiscal 2021. On a year-to-date basis, net investment income decreased to \$3,880,000 from \$11,024,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter decreased to \$0.05 in fiscal 2022 compared to \$0.36 in 2021 and on a year-to-date basis decreased to \$0.31 in 2022 compared to \$0.89 in 2021.

In general, foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields. Dividend income in the second quarter has decreased 48% to \$4,484,000 from \$8,633,000 for the same quarter in the prior year and on a year-to-date basis decreased 38% to \$12,792,000 from \$20,731,000 in fiscal 2021. Dividend income has been impacted by changes in the global investment portfolio as a result of changes made to the investment portfolio managers completed during the fourth quarter of fiscal 2021.

Net investment income includes \$nil (2021 - \$638,000) for the quarter and \$nil (2021 - \$1,094,000) on a year-to-date basis of net investment income of a limited partnership. The limited partnership was disposed of in January of 2021.

Canadian dividend income in the second quarter of fiscal 2022 increased to \$617,000 from \$472,000 for the same quarter in the prior year and on a year-to-date basis increased to \$1,233,000 from \$907,000 in fiscal 2020.

Expenses during the quarter increased to \$4,018,000 in fiscal 2022 compared to \$3,384,000 for the same period in the prior year, and on a year-to-date basis increased to \$7,956,000 compared to \$7,076,000 in the prior year. The majority of the year-to-date 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.

### 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):

	Sept. 30 2021	June 30 2021	March 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	March 31 2020	Dec. 31 2019
Investments	\$ 2,153,753	\$ 2,149,255	\$ 2,046,063	\$ 2,060,823	\$ 1,905,299	\$ 1,852,730	\$ 1,647,646	\$ 1,898,439
Net investment income <sup>1</sup>	\$ 595	\$ 3,285	\$ 4,953	\$ 12,372	\$ 4,493	\$ 6,531	\$ 5,727	\$ 2,449
Net income (loss)	\$ 35,358	\$ 95,445	\$ 11,595	\$ 162,961	\$ 65,556	\$ 182,508	\$ (199,189)	\$ 84,852
Per Common Share:								
Net investment income <sup>1</sup>	\$ 0.05	\$ 0.26	\$ 0.40	\$ 1.02	\$ 0.36	\$ 0.53	\$ 0.46	\$ 0.20
Net income (loss)	\$ 2.92	\$ 7.88	\$ 0.96	\$ 13.46	\$ 5.41	\$ 15.05	\$ (16.35)	\$ 6.95
NAV	\$ 179.76	\$ 177.14	\$ 170.66	\$ 169.99	\$ 156.82	\$ 151.66	\$ 137.95	\$ 154.24

<sup>1</sup> 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 certainty that the Company will receive dividend income on its investments at historical 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.



# UNITED CORPORATIONS LIMITED

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Share Data

As at September 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 12,094,493 (March 31, 2021 - 12,096,093) Common Shares.

### Normal Course Issuer Bid ("NCIB")

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 six-month period ended September 30, 2021, 1,600 (2021 – 21,000) shares were purchased under the NCIB at an average price of \$107.50 (2021 - \$92.14) per share for a total consideration of \$172,000 (2021 - \$1,935,000).

### 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. For year-to-date fiscal 2022, net investment income per share is less than quarterly Common Share dividends paid.

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

### 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](http://www.sedar.com).

United's website, [www.ucorp.ca](http://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)

	September 30 2021	March 31 2021
	(000's)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 65,580	\$ 99,271
Investments (Note 4)	2,153,753	2,046,063
Receivable in respect of investments sold	12,518	2,082
Dividends and interest receivable	1,647	1,593
Income taxes receivable	3,911	—
Other assets	4,012	3,787
	<b>2,241,421</b>	<b>2,152,796</b>
<b>LIABILITIES</b>		
Accrued expenses	3,503	2,685
Payable in respect of investments purchased	8,449	5,663
Income taxes payable	—	36,010
Dividends payable	3,723	3,723
Deferred tax liabilities	43,946	32,675
	<b>59,621</b>	<b>80,756</b>
<b>NET ASSETS</b>	<b>\$ 2,181,800</b>	<b>\$ 2,072,040</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	\$ 536,627	\$ 536,697
Retained earnings	1,645,173	1,535,343
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 2,181,800</b>	<b>\$ 2,072,040</b>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended Sept. 30		Six months ended Sept. 30	
	2021	2020	2021	2020
	(000's)			
<b>INCOME</b>				
Dividends				
Foreign	\$ 3,867	\$ 8,161	\$ 11,559	\$ 19,824
Canadian	617	472	1,233	907
	<b>4,484</b>	8,633	<b>12,792</b>	20,731
Interest and securities lending income	74	173	160	363
Other net fair value changes in investments (Note 5)	40,073	71,042	147,863	274,356
	<b>44,631</b>	79,848	<b>160,815</b>	295,450
<b>EXPENSES</b>				
Investment management and administrative costs				
	3,513	2,978	6,838	6,207
Transfer, registrar and custody fees	220	193	528	366
Directors' and officer's remuneration	175	115	316	256
Office and miscellaneous	86	82	207	203
Professional fees	24	16	67	44
	<b>4,018</b>	3,384	<b>7,956</b>	7,076
<b>INCOME BEFORE INCOME TAXES</b>	<b>40,613</b>	76,464	<b>152,859</b>	288,374
Provision for income taxes	5,255	10,908	22,056	40,310
<b>NET INCOME</b>	<b>\$ 35,358</b>	\$ 65,556	<b>\$ 130,803</b>	\$ 248,064
<b>EARNINGS PER COMMON SHARE</b>				
<b>- BASIC AND DILUTED</b>	<b>\$ 2.92</b>	\$ 5.41	<b>\$ 10.80</b>	\$ 20.46

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF CHANGES IN EQUITY (Unaudited)

	Share capital	Retained earnings	Total
		(000's)	
<b>At April 1, 2021</b>	<b>\$ 536,697</b>	<b>\$ 1,535,343</b>	<b>\$ 2,072,040</b>
Net income for the period	—	130,803	130,803
<b>Dividends</b>			
First Preferred Shares	—	(39)	(39)
Second Preferred Shares	—	(150)	(150)
Common Shares	—	(20,682)	(20,682)
Repurchase and cancellation of Common Shares (Note 7)	(70)	(102)	(172)
<b>At September 30, 2021</b>	<b>\$ 536,627</b>	<b>\$ 1,645,173</b>	<b>\$ 2,181,800</b>
<b>At April 1, 2020</b>	<b>\$ 537,873</b>	<b>\$ 1,142,167</b>	<b>\$ 1,680,040</b>
Net income for the period	—	248,064	248,064
<b>Dividends</b>			
First Preferred Shares	—	(39)	(39)
Second Preferred Shares	—	(150)	(150)
Common Shares	—	(20,468)	(20,468)
Repurchase and cancellation of Common Shares (Note 7)	(921)	(1,014)	(1,935)
<b>At September 30, 2020</b>	<b>\$ 536,952</b>	<b>\$ 1,368,560</b>	<b>\$ 1,905,512</b>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF CASH FLOW (Unaudited)

Six months ended Sept. 30

2021                      2020

(000's)

### Net inflow (outflow) of cash related to the following activities:

#### Operating

Net income	\$ 130,803	\$ 248,064
Adjustments for:		
Other net fair value changes in investments	(147,863)	(274,356)
Purchases of investments	(373,198)	(293,939)
Proceeds from sale of investments	405,720	311,864
Dividends and interest receivable	(54)	726
Deferred taxes	11,271	28,596
Net change in other assets and liabilities	(39,327)	1,169
	<b>(12,648)</b>	22,124

#### Financing

Dividends paid to shareholders	(20,871)	(20,663)
Repurchase of Common Shares	(172)	(1,935)
<b>Net decrease in cash and cash equivalents</b>	<b>(33,691)</b>	<b>(474)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>99,271</b>	<b>43,904</b>
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 65,580</b>	<b>\$ 43,430</b>

#### Additional information for operating activities:

Interest received	\$ 46	\$ 10
Dividends received, net of withholding taxes	11,174	17,816
Income taxes paid	53,375	7,841

(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 November 3, 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 September 30, 2021, the Company had \$2,153,753,000 (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.

# UNITED CORPORATIONS LIMITED

## 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 September 30		Six months ended September 30	
	2021	2020	2021	2020
	(000's)			
Net realized gain	\$ 41,507	\$ 48,818	\$ 66,095	\$ 58,825
Change in unrealized appreciation	(1,434)	22,224	81,768	215,531
	<u>\$ 40,073</u>	<u>\$ 71,042</u>	<u>\$ 147,863</u>	<u>\$ 274,356</u>

### 6. Related party transactions

Included in the Company's Schedule of Investment Portfolio is Algoma Central Corporation ("Algoma"), a related party, with a fair value at September 30, 2021 of \$61,093,000 (March 31, 2021 - \$62,362,000). Dividend income from Algoma for the three months and six months ended September 30, 2021 amounted to \$617,000 (2021 - \$471,000) and \$1,233,000 (2021 - \$906,000), respectively.

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 and six months ended September 30, 2021 amounted to \$630,000 (2021 - \$537,000) and \$1,211,000 (2021 - \$1,044,000), respectively.

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 Common Share capital are comprised as follows:

	Number of Common Shares	Common Share Capital
		(000's)
<b>At April 1, 2021</b>	<b>12,096,093</b>	<b>\$ 530,578</b>
<b>Repurchase and cancellation of Common Shares</b>	<b>(1,600)</b>	<b>(70)</b>
<b>At September 30, 2021</b>	<b><u>12,094,493</u></b>	<b><u>\$ 530,508</u></b>
At April 1, 2020	12,122,893	\$ 531,754
Repurchase and cancellation of Common Shares	(21,000)	(921)
At September 30, 2020	<u>12,101,893</u>	<u>\$ 530,833</u>

# UNITED CORPORATIONS LIMITED

## NOTES TO FINANCIAL STATEMENTS

(Unaudited)

### 8. Normal Course Issuer Bid (“NCIB”)

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 six-month period ended September 30, 2021, 1,600 shares (2021 - 21,000 shares) were purchased under the NCIB at an average price of \$107.50 (2021 - \$92.14) per share for a total consideration of \$172,000 (2021 - \$1,935,000). 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.

### 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 November 3, 2021, with a record and payable date of February 3, 2022 and February 15, 2022, respectively.



# UNITED CORPORATIONS LIMITED

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

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
<b>United States</b>				
231,891	Activision Blizzard, Inc. ....	\$ 26,944	\$ 22,865	
24,219	Adobe Inc. ....	14,524	17,765	
19,668	Align Technology, Inc. ....	6,476	16,675	
20,782	Alphabet Inc. Class A. ....	41,215	70,790	
4,958	Alphabet Inc. Class C. ....	10,842	16,837	
9,058	Amazon.com, Inc. ....	34,754	37,912	
50,171	AMETEK, Inc. ....	7,435	7,927	
52,901	Apple Inc. ....	4,242	9,537	
52,298	Applied Materials, Inc. ....	9,179	8,578	
114,185	Ashland Global Holdings Inc. ....	11,621	12,965	
21,776	Assurant, Inc. ....	4,043	4,377	
34,926	Becton, Dickinson & Company. ....	11,470	10,939	
130,310	Berry Global Group, Inc. ....	10,439	10,108	
4,259	Booking Holdings Inc. ....	10,899	12,882	
14,033	Broadcom Inc. ....	6,444	8,670	
111,455	Carrier Global Corporation. ....	5,466	7,350	
170,082	Church & Dwight Co., Inc. ....	18,075	17,893	
61,443	Citigroup Inc. ....	4,771	5,494	
46,181	CME Group Inc. ....	10,851	11,378	
56,305	Concentrix Corporation. ....	6,035	12,698	
62,738	ConocoPhillips. ....	3,205	5,417	
82,987	CoStar Group, Inc. ....	9,132	9,099	
30,156	Costco Wholesale Corporation. ....	13,686	17,265	
34,298	Danaher Corporation. ....	10,548	13,304	
53,443	Deere & Company. ....	15,922	22,816	
83,103	Disney (Walt) Company. ....	14,362	17,912	
163,720	eBay Inc. ....	8,377	14,533	
52,317	Ecolab Inc. ....	14,754	13,906	
70,728	Edwards Lifesciences Corporation. ....	7,824	10,202	
107,491	Eli Lilly and Company. ....	25,633	31,643	
11,646	EPAM Systems, Inc. ....	3,356	8,465	
210,859	Essent Group Ltd. ....	11,644	11,824	
36,547	Etsy, Inc. ....	6,398	9,684	
87,946	Exelon Corporation. ....	4,621	5,417	
138,188	Facebook, Inc. Class A. ....	42,670	59,755	
129,640	First Republic Bank. ....	19,014	31,859	
97,613	Fiserv, Inc. ....	14,166	13,494	
98,948	General Electric Company. ....	12,681	12,989	
203,127	Genpact Ltd. ....	10,549	12,296	
37,912	Illumina, Inc. ....	14,975	19,592	
47,932	Intuit Inc. ....	23,733	32,948	
7,649	Intuitive Surgical, Inc. ....	7,480	9,689	
26,722	IQVIA Holdings Inc. ....	6,201	8,155	
4,767	Jackson Financial Inc. ....	168	158	
94,084	Johnson & Johnson. ....	19,359	19,359	
223,184	Las Vegas Sands Corporation. ....	13,112	10,408	
47,034	Leidos Holdings, Inc. ....	5,082	5,761	
16,431	MasterCard, Inc. Class A. ....	2,184	7,279	
181,884	Microsoft Corporation. ....	43,096	65,332	
61,685	Mondelez International Inc. Class A. ....	4,505	4,573	
13,320	Netflix, Inc. ....	9,271	10,358	
93,692	Nike Inc. Class B. ....	10,293	17,337	
36,780	NVIDIA Corporation. ....	2,370	9,708	
19,466	Oracle Corporation. ....	1,172	2,161	
54,740	PayPal Holdings, Inc. ....	6,874	18,148	
122,920	Pinterest, Inc. Class A. ....	9,877	7,979	
12,833	Roper Technologies, Inc. ....	5,071	7,294	
737,824	Sabre Corporation. ....	15,431	11,130	
28,837	Salesforce.com, Inc. ....	6,057	9,965	
293,986	Schlumberger Limited. ....	9,517	11,102	
34,046	Sempra Energy. ....	5,358	5,487	
34,135	SVB Financial Group. ....	15,371	28,134	
32,699	Synopsys, Inc. ....	6,548	12,474	
21,721	Thermo Fisher Scientific. ....	10,853	15,811	
94,370	Trade Desk, Inc. (The). ....	8,388	8,453	
94,637	Tradeweb Markets Inc. ....	6,923	9,740	
19,108	UnitedHealth Group Incorporated. ....	8,169	9,513	
105,127	Verisk Analytics Inc. Class A. ....	17,747	26,825	
63,914	Vertex Pharmaceuticals, Inc. ....	15,718	14,771	
128,479	Visa Inc. ....	34,926	36,463	

# UNITED CORPORATIONS LIMITED

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

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
<b>United States</b>				
87,689	Walmart Inc. ....	\$ 16,515	\$ 15,572	
34,783	Waste Management, Inc. ....	5,759	6,619	
163,459	WestRock Company ....	10,495	10,378	
26,817	Workday, Inc. ....	6,116	8,538	
		<u>888,981</u>	<u>1,142,734</u>	53.1
<b>Emerging Markets</b>				
2,110,000	AIA Group Limited ....	29,639	31,069	
885,000	Alibaba Group Holding Limited ....	32,902	20,601	
2,062,700	B3 S.A. ....	8,453	6,173	
45,811	Baidu, Inc. ADR ....	9,488	8,974	
127,398	CD Projekt S.A. ....	15,444	7,797	
1,674,000	Country Garden Service Holdings Co. Ltd. ....	19,254	16,853	
20,929	Credicorp Ltd. ....	3,182	2,958	
202,000	ENN Energy Holdings Limited ....	3,966	4,246	
118,458	HDFC Bank Ltd. ADR ....	7,660	11,031	
690,519	Housing Development Finance Corporation Limited ....	30,240	32,636	
4,397,279	Inner Mongolia Yili Industrial Co., Ltd. ....	38,470	32,658	
53,632	Kweichow Moutai Co., Ltd. ....	19,671	19,335	
1,427,350	NetEase, Inc. ADR ....	37,020	30,726	
3,197,900	PT Bank Central Asia Tbk ....	7,927	9,961	
157,308	Samsung Electronics Co., Ltd. ....	11,299	12,507	
4,130	Samsung Electronics Co., Ltd. (Voting) GDR ....	10,502	8,222	
38,291	SK hynix Inc. ....	4,742	4,232	
306,105	Taiwan Semiconductor ADR ....	48,139	43,544	
394,200	Tencent Holdings Limited ....	36,504	29,774	
42,425	Trip.com Group Limited ....	1,980	1,631	
1,026,500	WuXi Biologics (Cayman) Inc. ....	17,527	21,257	
275,025	WuXi AppTec Co., Ltd. - H share ....	7,877	8,198	
33,324	Xero Limited ....	4,263	4,244	
		<u>406,149</u>	<u>368,627</u>	17.1
<b>Europe, excluding United Kingdom</b>				
29,286	Accenture plc ....	9,799	11,937	
2,934	Adyen N.V. ....	8,500	10,487	
26,634	Aena SME, S.A. ....	5,447	5,886	
39,491	Airbus SE ....	4,408	6,728	
101,612	Alcon Inc. ....	8,050	10,418	
8,523	ASML Holding N.V. ....	8,058	8,148	
13,529	ASML Holding N.V. US ....	9,497	12,844	
112,932	Atlas Copco AB Class A ....	8,202	8,721	
227,646	Axa S.A. ....	6,694	8,115	
94,559	BASF SE ....	9,163	9,216	
1,762,022	CaixaBank, S.A. ....	6,521	7,000	
49,001	Compagnie Financière Richemont SA ....	4,963	6,518	
252,768	Credit Suisse Group AG ....	3,550	3,208	
800,000	Credit Suisse Group Funding (Guernsey) Limited, 3%, Nov. 12, 2021 (Convertible) ....	1,092	1,176	
93,000	Credit Suisse (Guernsey Branch) 3%, Nov. 12, 2021 (Convertible) ....	125	137	
645,443	Enel S.p.A. ....	7,628	6,354	
231,412	Epiroc Aktiebolag ....	6,420	6,111	
14,257	Genmab A/S ....	6,954	7,909	
62,341	L'Oréal S.A. ....	27,598	32,927	
22,178	LVMH Moët Hennessy Louis Vuitton SA ....	18,667	20,355	
153,157	Medtronic plc ....	23,215	24,461	
27,128	MTU Aero Engines AG ....	8,711	7,846	
101,618	Neste Oyj ....	7,996	7,365	
124,202	Novartis AG ....	14,134	13,029	
79,118	Roche Holding AG ....	27,653	36,940	
151,111	RWE AG ....	7,678	6,864	
98,476	Sanofi S.A. ....	12,317	12,109	
49,610	SAP AG ....	8,095	8,582	
48,404	Schneider Electric SE ....	7,527	10,309	
179,757	TeamViewer AG ....	12,135	6,729	
161,718	TotalEnergies SE ....	8,972	9,894	
644,451	UniCredit S.p.A. ....	9,116	10,969	
14,575	VAT Group AG ....	5,062	7,367	
		<u>313,947</u>	<u>346,659</u>	16.1

# UNITED CORPORATIONS LIMITED

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

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
<b>Japan</b>				
131,200	Chugai Pharmaceutical Co., Ltd. ....	\$ 8,521	\$ 6,131	
58,100	Daikin Industries, Ltd.....	16,963	16,187	
32,000	Fanuc Corporation .....	8,170	8,953	
14,900	Fast Retailing Co., Ltd.....	16,603	13,998	
182,900	Hoya Corporation.....	31,281	36,405	
22,400	Keyence Corporation .....	11,242	17,094	
87,500	MISUMI Group Inc. ....	3,548	4,739	
50,500	Murata Manufacturing Co., Ltd. ....	5,003	5,729	
104,000	Shin-Etsu Chemical Co., Ltd. ....	24,314	22,388	
79,800	Sysmex Corporation.....	6,127	12,661	
254,600	Takeda Pharmaceutical Company Ltd. ....	12,105	10,727	
		<u>143,877</u>	<u>155,012</u>	7.2
<b>United Kingdom</b>				
438,188	Abcam plc .....	8,697	11,240	
397,913	Experian plc .....	18,076	21,183	
170,477	Prudential plc .....	3,899	4,247	
7,590,539	Rolls-Royce Holdings plc .....	17,036	18,214	
70,841	Royal Dutch Shell plc.....	1,995	2,037	
18,428	Spirax-Sarco Engineering plc.....	3,731	4,724	
980,783	SSP Group plc .....	4,503	4,649	
198,200	WH Smith plc .....	5,557	5,814	
		<u>63,494</u>	<u>72,108</u>	3.3
<b>Canada</b>				
325,100	Air Canada .....	6,639	7,520	
3,625,680	Algom Central Corporation <sup>1</sup> .....	6,201	61,093	
		<u>12,840</u>	<u>68,613</u>	3.2
	<b>Total Investments</b> .....	<u>\$1,829,288</u>	<u>\$2,153,753</u>	<u>100.0</u>

<sup>1</sup> This company and United are related parties.

# UNITED CORPORATIONS LIMITED

## CORPORATE INFORMATION

### HEAD OFFICE

Tenth Floor, 165 University Avenue  
Toronto, Ontario, M5H 3B8  
Tel: 416-947-2578  
Fax: 416-362-2592

### EXTERNAL INVESTMENT MANAGERS

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

Computershare Investor Services Inc.  
100 University Avenue, 8th Floor  
Toronto, Ontario M5J 2Y1  
Toll Free: 1-800-564-6253  
[www.computershare.com](http://www.computershare.com)

### TORONTO STOCK EXCHANGE LISTINGS

	<u>Ticker Symbol</u>
Common	UNC
First Preferred	UNC.PR.A
Second Preferred, 1959 Series	UNC.PR.B
Second Preferred, 1963 Series	UNC.PR.C

### NET EQUITY VALUE

The Company's Net Equity Value per Common Share is published on the Company's website.

### REPORTING PROCEDURE FOR ACCOUNTING AND AUDITING MATTERS

If you have a complaint regarding accounting, internal controls or auditing matters or a concern regarding questionable accounting or auditing matters, you should submit your written complaint or concern to:

Mr. Michael J. White  
Chairman of the Audit Committee  
United Corporations Limited  
165 University Avenue, 10th Floor  
Toronto, Ontario  
M5H 3B8  
Email: [michaeljwhite@sympatico.ca](mailto: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](http://www.ucorp.ca)







