

# UNITED CORPORATIONS LIMITED



THIRD QUARTER REPORT

DECEMBER 31, 2021



# UNITED CORPORATIONS LIMITED

Incorporated under the Laws of Canada



## THE PERIOD AT A GLANCE (Unaudited)

	As at Dec. 31 2021	As at March 31 2021
Net equity value per Common Share <sup>1</sup>	\$ 185.45	\$ 170.66
Net assets <sup>2</sup>	\$ 2,250,261	\$ 2,072,040
Number of Common Shares outstanding at period end	12,092,093	12,096,093

  

	Nine months ended December 31	
	2021	2020
Net investment income per Common Share <sup>1</sup>	\$ 0.28	\$ 1.91
Dividends per Common Share		
Quarterly	\$ 0.90	\$ 0.90
Additional <sup>3</sup>	\$ 1.11	\$ 1.09
Net income per Common Share	\$ 16.78	\$ 33.92
Net investment income <sup>1,2</sup>	\$ 3,691	\$ 23,396

<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 auditor, PricewaterhouseCoopers LLP, has 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 third 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 quarters 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 February 8, 2022.

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 December 31, 2021, \$846,180,000 (March 31, 2021 - \$770,341,000), \$884,591,000 (March 31, 2021 - \$785,480,000) and \$450,232,000 (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 to determine whether an additional dividend will be paid on the Common Shares over and above the Company's quarterly dividend.

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>December 31 2021</b>	March 31 2021
Net assets	<b>\$ 2,250,261</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>\$ 2,242,514</b>	\$ 2,064,293
Common Shares outstanding	<b>12,092,093</b>	12,096,093
Net equity value per Common Share	<b>\$ 185.45</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 December 31		Nine months ended December 31	
	2021	2020	2021	2020
Net income	\$ 72,446	\$ 162,961	\$ 203,249	\$ 411,025
Add (deduct):				
Other net fair value changes in investments	(83,085)	(174,074)	(230,948)	(448,430)
Tax on other net fair value changes in investments	10,450	23,007	31,390	59,229
Net investment income of a limited partnership <sup>1</sup>	—	478	—	1,572
Net investment income (loss) <sup>2</sup>	(189)	12,372	3,691	23,396
Deduct:				
Dividends paid on Preferred Shares	95	95	284	284
Net investment income (loss), net of dividends paid on Preferred Shares <sup>2</sup>	\$ (284)	\$ 12,277	\$ 3,407	\$ 23,112
Weighted average Common Shares outstanding	12,093,316	12,099,245	12,094,273	12,108,007
Net investment income (loss) per Common Share <sup>2</sup>	\$ (0.03)	\$ 1.02	\$ 0.28	\$ 1.91

<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 \$185.45 at December 31, 2021 compared to \$179.76 at September 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 3.3% (2021 – 8.6%) and 9.9% (2021 – 24.8%) year to date.

Year to date, investments managed by CAMIL had a pre-tax total return of 11.9%, Harding Loevner 14.7% (2021 – 40.8%), and Causeway 6.9% (2021 – 48.0%). 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 December 31	Nine months ended December 31
	(%)	
MSCI World Index	7.3	17.4
S&P 500 Index	10.5	22.2
S&P/TSX Composite Index	6.5	15.8
MSCI Emerging Markets	(1.7)	(3.7)

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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 third quarter of fiscal 2022 of \$72,446,000 compared to \$162,961,000 in fiscal 2021. On a year-to-date basis, net income was \$203,249,000 compared to \$411,025,000 in fiscal 2021. Net income per Common Share for the third quarter of fiscal 2022 was \$5.98 compared to \$13.46 for fiscal 2021. On a year-to-date basis, net income per share was \$16.78 compared to \$33.92 per share in fiscal 2021.

Other net fair value changes in investments for the portfolio for the third quarter of fiscal 2022 was \$83,085,000 compared to \$174,074,000 for the same period in fiscal 2021. On a year-to-date basis, the other net fair value changes in investments was \$230,948,000 compared to \$448,430,000 for the nine months ended December 31, 2020. During the quarter, positive performance of \$75,471,000 in North America, \$17,287,000 in Europe, and \$839,000 in the United Kingdom was offset by negative investment performance of \$6,198,000 in Emerging Markets, and \$4,314,000 in Japan. On a year-to-date basis, investments in North America contributed \$205,295,000, Europe \$45,741,000, Japan \$16,452,000, the United Kingdom \$11,869,000, offset by negative performance of \$48,409,000 in Emerging Markets.

The significant contributors to the year-to-date investment performance included Microsoft Corporation, Alphabet Inc. Class A, and Intuit Inc. with fair value investment gains of \$24,072,000, \$23,973,000, and \$15,361,000 respectively. The largest detractors to the year-to-date investment performance included Alibaba Group Holding Limited, Tencent Holdings Limited, and Activision Blizzard, Inc. with fair value investment losses of \$15,332,000, \$9,349,000 and \$8,458,000 respectively.

The net realized gain was \$2,919,000 for the third quarter of fiscal 2022 compared to \$58,637,000 for the same period in the prior year. On a year-to-date basis, the net realized gain was \$69,014,000 compared to \$117,462,000 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 \$78,485,000, Europe \$19,523,000, and the United Kingdom \$162,000 offset by Emerging Markets for \$28,031,000, and Japan \$1,125,000.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Net investment income

The Company's net investment income in the third quarter of fiscal 2022 decreased to a loss of \$189,000 compared to income of \$12,372,000 for the third quarter of fiscal 2021. On a year-to-date basis, net investment income decreased to \$3,691,000 from \$23,396,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter decreased to a loss of \$0.03 in fiscal 2022 compared to income of \$1.02 in 2021 and on a year-to-date basis decreased to \$0.28 in 2022 compared to \$1.91 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 third quarter has decreased 50% to \$3,139,000 from \$6,334,000 for the same quarter in the prior year and on a year-to-date basis decreased 44% to \$14,698,000 from \$26,158,000 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 - \$478,000) for the quarter and \$nil (2021 - \$1,572,000) 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 third quarter of fiscal 2022 decreased to \$616,000 from \$10,079,000 for the same quarter in the prior year and on a year-to-date basis decreased to \$1,849,000 from \$10,986,000 in fiscal 2021. During the third fiscal quarter of 2021, the Company recorded a special dividend of \$9,608,000 from its investment in Algoma.

Expenses during the quarter increased to \$4,016,000 in fiscal 2022 compared to \$3,817,000 for the same period in the prior year, and on a year-to-date basis increased to \$11,972,000 compared to \$10,893,000 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):

	Dec. 31 2021	Sept. 30 2021	June 30 2021	March 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	March 31 2020
Investments	\$ 2,242,748	\$ 2,153,753	\$ 2,149,255	\$ 2,046,063	\$ 2,060,823	\$ 1,905,299	\$ 1,852,730	\$ 1,647,646
Net investment income (loss) <sup>1</sup>	\$ (189)	\$ 595	\$ 3,285	\$ 4,953	\$ 12,372	\$ 4,493	\$ 6,531	\$ 5,727
Net income (loss)	\$ 72,446	\$ 35,358	\$ 95,445	\$ 11,595	\$ 162,961	\$ 65,556	\$ 182,508	\$ (199,189)
Per Common Share:								
Net investment income (loss) <sup>1</sup>	\$ (0.03)	\$ 0.05	\$ 0.26	\$ 0.40	\$ 1.02	\$ 0.36	\$ 0.53	\$ 0.46
Net income (loss)	\$ 5.98	\$ 2.92	\$ 7.88	\$ 0.96	\$ 13.46	\$ 5.41	\$ 15.05	\$ (16.35)
NAV	\$ 185.45	\$ 179.76	\$ 177.14	\$ 170.66	\$ 169.99	\$ 156.82	\$ 151.66	\$ 137.95

<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.



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Share Data

As at December 31, 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 12,092,093 (March 31, 2021 - 12,096,093) 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 nine-month period ended December 31, 2021, 4,000 (2021 – 24,400) shares were purchased under the NCIB at an average price of \$108.75 (2021 - \$92.46) per share for a total consideration of \$435,000 (2021 - \$2,256,000).

### Liquidity and Capital Resources

The Company's dividend policy is to distribute quarterly Preferred Share dividends of 37.5 cents per share and quarterly Common Share dividends of 30 cents per share. If the annual net investment income is in excess of the quarterly dividends paid, an additional Common Share dividend equal to the excess will be paid following the end of the fiscal year.

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. Net investment income is dependent on the investment decisions that are made by the investment managers.

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)

	December 31 2021	March 31 2021
	(000's)	
<b>ASSETS</b>		
Cash and cash equivalents	\$ 61,850	\$ 99,271
Investments (Note 4)	2,242,748	2,046,063
Receivable in respect of investments sold	—	2,082
Dividends and interest receivable	840	1,593
Income taxes receivable	3,376	—
Other assets	3,304	3,787
	<b>2,312,118</b>	<b>2,152,796</b>
<b>LIABILITIES</b>		
Accrued expenses	3,551	2,685
Payable in respect of investments purchased	735	5,663
Income taxes payable	—	36,010
Dividends payable	3,722	3,723
Deferred tax liabilities	53,849	32,675
	<b>61,857</b>	<b>80,756</b>
<b>NET ASSETS</b>	<b>\$ 2,250,261</b>	<b>\$ 2,072,040</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	\$ 536,522	\$ 536,697
Retained earnings	1,713,739	1,535,343
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>\$ 2,250,261</b>	<b>\$ 2,072,040</b>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

	Three months ended Dec. 31		Nine months ended Dec. 31	
	2021	2020	2021	2020
	(000's)			
<b>INCOME</b>				
Dividends				
Foreign	\$ 3,139	\$ 6,334	\$ 14,698	\$ 26,158
Canadian	616	10,079	1,849	10,986
	<b>3,755</b>	16,413	<b>16,547</b>	37,144
Interest and securities lending income	89	231	249	594
Other net fair value changes in investments (Note 5)	83,085	174,074	230,948	448,430
	<b>86,929</b>	190,718	<b>247,744</b>	486,168
<b>EXPENSES</b>				
Investment management and administrative costs	3,542	3,335	10,380	9,542
Transfer, registrar and custody fees	215	257	743	623
Directors' and officer's remuneration	177	162	493	418
Office and miscellaneous	69	44	276	247
Professional fees	13	19	80	63
	<b>4,016</b>	3,817	<b>11,972</b>	10,893
<b>INCOME BEFORE INCOME TAXES</b>	<b>82,913</b>	186,901	<b>235,772</b>	475,275
Provision for income taxes	10,467	23,940	32,523	64,250
<b>NET INCOME</b>	<b>\$ 72,446</b>	\$ 162,961	<b>\$ 203,249</b>	\$ 411,025
<b>EARNINGS PER COMMON SHARE</b>				
<b>BASIC AND DILUTED</b>	<b>\$ 5.98</b>	\$ 13.46	<b>\$ 16.78</b>	\$ 33.92

(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	—	203,249	203,249
<b>Dividends</b>			
First Preferred Shares	—	(59)	(59)
Second Preferred Shares	—	(225)	(225)
Common Shares	—	(24,309)	(24,309)
Repurchase and cancellation of Common Shares (Note 7)	(175)	(260)	(435)
<b>At December 31, 2021</b>	<b>\$ 536,522</b>	<b>\$ 1,713,739</b>	<b>\$ 2,250,261</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	—	411,025	411,025
<b>Dividends</b>			
First Preferred Shares	—	(59)	(59)
Second Preferred Shares	—	(225)	(225)
Common Shares	—	(24,096)	(24,096)
Repurchase and cancellation of Common Shares (Note 7)	(1,070)	(1,186)	(2,256)
<b>At December 31, 2020</b>	<b>\$ 536,803</b>	<b>\$ 1,527,626</b>	<b>\$ 2,064,429</b>

(See accompanying notes)

# UNITED CORPORATIONS LIMITED

## STATEMENTS OF CASH FLOW (Unaudited)

Nine months ended Dec. 31

	2021	2020
	(000's)	
<b>Net inflow (outflow) of cash related to the following activities:</b>		
<b>Operating</b>		
Net income	\$ 203,249	\$ 411,025
Adjustments for:		
Other net fair value changes in investments	(230,948)	(448,430)
Purchases of investments	(605,108)	(445,666)
Proceeds from sale of investments	636,525	483,305
Dividends and interest receivable	753	(7,556)
Deferred taxes	21,174	43,259
Net change in other assets and liabilities	(38,037)	14,092
	(12,392)	50,029
<b>Financing</b>		
Dividends paid to shareholders	(24,594)	(24,387)
Repurchase of Common Shares (Note 7)	(435)	(2,256)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(37,421)</b>	<b>23,386</b>
Cash and cash equivalents at beginning of the period	99,271	43,904
<b>Cash and cash equivalents at end of the period</b>	<b>\$ 61,850</b>	<b>\$ 67,290</b>
Additional information for operating activities:		
Interest received	\$ 75	\$ 21
Dividends received, net of withholding taxes	15,900	25,000
Income taxes paid	49,386	8,770
Income tax refunds	576	5,520

(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 February 8, 2022.

### 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. Classification of fair value measurements

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 December 31, 2021, the Company had \$2,242,748,000 (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 December 31		Nine months ended December 31	
	2021	2020	2021	2020
	(000's)			
Net realized gain	\$ 2,919	\$ 58,637	\$ 69,014	\$ 117,462
Change in unrealized appreciation	80,166	115,437	161,934	330,968
	\$ 83,085	\$ 174,074	\$ 230,948	\$ 448,430

### 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 December 31, 2021 of \$61,745,000 (March 31, 2021 - \$62,362,000). Dividend income from Algoma for the three months and nine months ended December 31, 2021 amounted to \$616,000 (2021 - \$10,079,000) and \$1,849,000 (2021 - \$10,986,000), 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 nine months ended December 31, 2021 amounted to \$607,000 (2021 - \$550,000) and \$1,818,000 (2021 - \$1,594,000), 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>(4,000)</b>	<b>(175)</b>
<b>At December 31, 2021</b>	<b>12,092,093</b>	<b>\$ 530,403</b>
At April 1, 2020	12,122,893	\$ 531,754
Repurchase and cancellation of Common Shares	(24,400)	(1,070)
At December 31, 2020	12,098,493	\$ 530,684

### 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 nine-month period ended December 31, 2021, 4,000 shares (2021 - 24,400 shares) were purchased under the NCIB at an average price of \$108.75 (2021 - \$92.46) per share for a total consideration of \$435,000 (2021 - \$2,256,000). 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.

# UNITED CORPORATIONS LIMITED

## 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 events

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 February 8, 2022, with a record and payable date of May 3, 2022 and May 13, 2022, respectively.



# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2021 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
			(000's)	
	<b>United States</b>			
24,219	Adobe Inc. ....	\$ 14,524	\$ 17,411	
19,530	Align Technology, Inc. ....	6,431	16,272	
21,385	Alphabet Inc. Class A ....	43,627	78,544	
4,504	Alphabet Inc. Class C ....	9,849	16,523	
10,482	Amazon.com, Inc. ....	41,210	44,310	
64,259	AMETEK, Inc. ....	9,948	11,979	
59,926	Analog Devices, Inc. ....	13,314	13,354	
51,733	Apple Inc. ....	4,149	11,646	
63,915	Applied Materials, Inc. ....	11,452	12,751	
49,769	Ashland Global Holdings Inc. ....	5,065	6,793	
113,676	Berry Global Group, Inc. ....	9,107	10,633	
4,547	Booking Holdings Inc. ....	11,765	13,831	
13,980	Broadcom Inc. ....	6,420	11,794	
93,996	Carrier Global Corporation ....	4,610	6,464	
179,960	Church & Dwight Co., Inc. ....	19,239	23,386	
72,940	Citigroup Inc. ....	5,655	5,584	
45,647	CME Group Inc. ....	10,726	13,221	
39,991	Concentrix Corporation ....	4,286	9,056	
81,890	CoStar Group, Inc. ....	9,012	8,205	
28,370	Costco Wholesale Corporation ....	13,019	20,419	
34,007	Danaher Corporation ....	10,458	14,185	
52,965	Deere & Company ....	15,780	23,025	
89,095	Disney (Walt) Company ....	15,573	17,496	
55,355	Ecolab Inc. ....	15,636	16,463	
69,920	Edwards Lifesciences Corporation ....	7,735	11,484	
113,734	Eli Lilly and Company ....	27,700	39,829	
11,646	EPAM Systems, Inc. ....	3,356	9,870	
195,251	Essent Group Ltd. ....	10,782	11,270	
35,614	Etsy, Inc. ....	6,234	9,885	
66,826	Exelon Corporation ....	3,511	4,894	
111,748	First Republic Bank ....	16,390	29,257	
97,613	Fiserv, Inc. ....	14,166	12,844	
128,500	General Electric Company ....	16,450	15,390	
202,294	Genpact Ltd. ....	10,506	13,613	
37,456	Illumina, Inc. ....	14,795	18,065	
52,391	Intuit Inc. ....	27,388	42,724	
22,947	Intuitive Surgical, Inc. ....	7,480	10,453	
26,041	IQVIA Holdings Inc. ....	6,043	9,315	
99,548	Johnson & Johnson ....	20,475	21,590	
226,712	Las Vegas Sands Corporation ....	13,279	10,819	
47,034	Leidos Holdings, Inc. ....	5,082	5,301	
16,021	MasterCard, Inc. Class A ....	2,129	7,298	
6,353	Mercado Libre, Inc. ....	9,304	10,860	
137,216	Meta Platforms, Inc. Class A ....	43,089	58,512	
181,159	Microsoft Corporation ....	43,512	77,244	
89,716	Mondelez International Inc. Class A ....	6,590	7,542	
13,133	Netflix, Inc. ....	9,141	10,031	
92,673	Nike Inc. Class B ....	10,181	19,582	
24,114	NVIDIA Corporation ....	1,554	8,991	
19,466	Oracle Corporation ....	1,172	2,152	
44,030	PayPal Holdings, Inc. ....	5,529	10,527	
122,920	Pinterest, Inc. Class A ....	9,877	5,665	
14,574	S&P Global Inc. ....	8,675	8,720	
867,430	Sabre Corporation ....	16,890	9,447	
28,290	Salesforce.com, Inc. ....	5,942	9,115	
289,497	Schlumberger Limited ....	9,372	10,992	
27,325	Sempra Energy ....	4,300	4,583	
33,783	SVB Financial Group ....	15,212	29,049	
32,079	Synopsys, Inc. ....	6,424	14,987	
35,940	TD SYNNEX Corporation ....	4,748	5,211	
21,455	Thermo Fisher Scientific ....	10,720	18,149	
91,854	Trade Desk, Inc. (The) ....	8,164	10,672	
93,469	Tradeweb Markets Inc. ....	6,838	11,867	
29,078	UnitedHealth Group Incorporated ....	13,810	18,511	
109,563	Verisk Analytics Inc. Class A ....	19,028	31,772	
62,714	Vertex Pharmaceuticals, Inc. ....	15,423	17,460	
66,723	Visa Inc. ....	18,114	18,332	
72,100	Walmart Inc. ....	13,553	13,226	
36,881	Waste Management, Inc. ....	6,167	7,804	
163,459	WestRock Company ....	10,495	9,193	
20,007	Zimmer Biomet Holdings, Inc. ....	3,242	3,222	
		<u>861,422</u>	<u>1,170,664</u>	52.2

# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2021 (Unaudited)

Number of Shares/Units		Cost	Carrying value	% of Carrying value
		(000's)		
	<b>Europe, excluding United Kingdom</b>			
29,286	Accenture plc .....	\$ 9,799	\$ 15,392	
2,879	Adyen N.V. ....	8,341	9,577	
26,634	Aena SME, S.A. ....	5,447	5,320	
232,363	Alcon Inc. ....	21,633	25,894	
33,101	ASML Holding N.V. ....	28,325	33,560	
112,932	Atlas Copco AB Class A .....	8,202	9,901	
149,363	Axa S.A. ....	4,392	5,628	
96,523	BASF SE .....	9,338	8,582	
2,295,147	CaixaBank, S.A. ....	8,390	7,973	
35,076	Compagnie Financière Richemont SA .....	3,552	6,676	
366,913	Credit Suisse Group AG .....	4,898	4,524	
670,256	Enel S.p.A. ....	7,870	6,796	
226,280	Epiroc Aktiebolag .....	6,277	7,266	
14,257	Genmab A/S .....	6,954	7,259	
75,614	HelloFresh SE .....	9,472	7,349	
64,862	L'Oréal S.A. ....	29,123	38,919	
20,408	Linde plc .....	8,583	8,987	
24,985	LVMH Moët Hennessy Louis Vuitton SA .....	21,447	26,140	
139,319	Medtronic plc .....	21,064	18,272	
28,703	MTU Aero Engines AG .....	9,114	7,410	
101,618	Neste Oyj .....	7,996	6,341	
123,996	Novartis AG .....	14,110	13,834	
66,035	Roche Holding AG .....	23,350	34,790	
89,504	RWE AG .....	4,547	4,601	
95,043	Sanofi S.A. ....	11,887	12,116	
56,680	SAP AG .....	9,332	10,188	
47,797	Schneider Electric SE .....	7,432	11,863	
16,643	Sika AG .....	8,647	8,794	
105,770	TeamViewer AG .....	7,140	1,799	
159,874	TotalEnergies SE .....	8,870	10,268	
634,544	UniCredit S.p.A. ....	9,101	12,368	
14,299	VAT Group AG .....	4,967	9,030	
		<u>349,600</u>	<u>397,417</u>	17.7
	<b>Emerging Markets</b>			
2,196,200	AIA Group Limited .....	30,832	28,068	
2,062,700	B3 S.A. ....	8,453	5,228	
75,655	Baidu, Inc. ADR .....	15,247	14,271	
141,749	CD Projekt S.A. ....	16,055	8,594	
1,853,000	Country Garden Service Holdings Co. Ltd. ....	20,984	14,071	
15,739	Credicorp Ltd. ....	2,368	2,436	
223,200	ENN Energy Holdings Limited .....	4,360	5,328	
118,458	HDFC Bank Ltd. ADR .....	7,660	9,772	
813,858	Housing Development Finance Corporation Limited .....	36,319	35,824	
4,505,079	Inner Mongolia Yili Industrial Co., Ltd. ....	39,347	37,263	
61,432	Kweichow Moutai Co., Ltd. ....	22,514	25,124	
1,268,750	NetEase, Inc. ADR .....	32,861	32,492	
15,790,000	PT Bank Central Asia Tbk .....	7,828	10,259	
195,510	Samsung Electronics Co., Ltd. ....	14,244	16,319	
4,130	Samsung Electronics Co., Ltd. (Voting) GDR .....	10,502	8,634	
51,565	SK hynix Inc. ....	6,350	7,201	
315,348	Taiwan Semiconductor ADR .....	49,411	48,100	
423,900	Tencent Holdings Limited .....	38,827	31,485	
1,136,000	WuXi Biologics (Cayman) Inc. ....	19,520	17,095	
505,600	WuXi AppTec Co., Ltd. - H share .....	14,341	11,098	
63,997	Xero Limited .....	8,205	8,332	
		<u>406,228</u>	<u>376,994</u>	16.8

# UNITED CORPORATIONS LIMITED

## SCHEDULE OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 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	\$ 5,395	
61,400	Daikin Industries, Ltd. ....	17,858	17,637	
53,000	Fanuc Corporation ....	13,363	14,226	
175,500	Hoya Corporation ....	30,331	33,061	
23,600	Keyence Corporation ....	12,206	18,781	
85,200	MISUMI Group Inc. ....	3,455	4,428	
50,500	Murata Manufacturing Co., Ltd. ....	5,003	5,091	
84,100	Shin-Etsu Chemical Co., Ltd. ....	19,587	18,445	
78,400	Sysmex Corporation ....	6,019	13,423	
197,000	Takeda Pharmaceutical Company Ltd. ....	9,366	6,804	
		<u>125,709</u>	<u>137,291</u>	6.1
<b>United Kingdom</b>				
438,188	Abcam plc. ....	8,697	13,010	
421,022	Experian plc ....	19,413	26,197	
302,268	Prudential plc ....	6,785	6,600	
7,805,095	Rolls-Royce Holdings plc ....	17,456	16,431	
451,689	Royal Dutch Shell plc ....	13,218	12,552	
18,428	Spirax-Sarco Engineering plc. ....	3,731	5,067	
1,447,845	SSP Group plc ....	6,496	5,956	
234,984	WH Smith plc ....	6,523	5,958	
		<u>82,319</u>	<u>91,771</u>	4.1
<b>Canada</b>				
325,100	Air Canada ....	6,639	6,866	
3,625,680	Algoma Central Corporation <sup>1</sup> ....	6,201	61,745	
		<u>12,840</u>	<u>68,611</u>	3.1
	<b>Total Investments</b> .....	<u>\$1,838,118</u>	<u>\$2,242,748</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, Ireland  
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)







