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 2021 should be read in conjunction with: the March 31, 2020 Annual Report, including the MD&A, the Company's audited annual financial statements and the notes and supplementary financial information; the Company's MD&A and unaudited interim condensed financial statements and notes for the previous quarters of fiscal 2021; 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 9, 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. 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 Macquarie Investment Management Europe S.A. ("Macquarie"), Harding Loevner LP ("Harding Loevner") and Causeway Capital Management LLC ("Causeway"). Each of these managers has a global equity mandate. As of December 31, 2020, $940,609,000 (March 31, 2020 - $844,967,000), $697,095,000 (March 31, 2020 - $510,802,000) and $268,753,000 (March 31, 2020 - $181,151,000) of equity investments were managed by Macquarie, Harding Loevner, and Causeway, respectively.

Macquarie is a global investment manager whose head office is in the Grand Duchy of Luxembourg. Macquarie provides portfolio advisory services to Canadian clients through Pier 21 Asset Management Inc., a registered portfolio manager based in Montreal, Quebec. Macquarie's investment objective is to provide long-term growth primarily through capital appreciation, by investing in a portfolio of common stocks and equivalent securities of major companies around the world. The investment philosophy rests on its core conviction that long-term preservation and accumulation of wealth can best be achieved through a combination of attractive valuations and thorough assessment of the quality of the businesses. There is no target geographic mix for the portfolio. The portfolio normally consists of 30 - 80 companies.

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

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

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In addition, United has two emerging markets mandates with LSV Emerging Markets Small Cap Equity Fund, LP ("LSV") and Burgundy Emerging Markets Equity Fund ("Burgundy"). The LSV mandate is managed by LSV Asset Management, a value equity manager whose head office is in Chicago, Illinois. The Burgundy mandate is managed by Burgundy Asset Management Ltd., a fundamental value-driven investment manager whose head office is in Toronto. The risks of foreign investments are generally higher in emerging markets. As of December 31, 2020, $53,665,000 (March 31, 2020 - $38,195,000) and $50,231,000 (March 31, 2020 - $39,646,000) of equity investments were managed by LSV and Burgundy, respectively. The mandates with Harding Loevner and Causeway also include equity investments within emerging markets at December 31, 2020 totaling $146,483,000 (March 31, 2020 - $93,074,000). As of December 31, 2020 the five largest country exposures represented 74% of emerging market investments which includes China (30%), India (18%), South Korea (13%), Brazil (8%) and Taiwan (5%).

The Company also has a long-term investment in Algoma Central Corporation ("Algoma"), a public shipping company. Algoma is a related party and is a reporting issuer which trades on the Toronto Stock Exchange with a profile on SEDAR. The investment in Algoma is consistent with the Company's investment strategy and contributes to achieving the investment objective of the Company. Further related party information is provided in Note 11 to the financial statements in the March 31, 2020 Annual Report.

Investment Management Change

After the quarter end, the Company announced that it appointed Comgest Asset Management International Limited, ("CAMIL"), an international asset manager, to provide portfolio management services for a portion of its assets in their Comgest Global Equity Strategy.

Macquarie will no longer provide portfolio management services to United.

As part of the transition in portfolio management services, the Macquarie portfolio was allocated to Comgest, Harding Loevner, and Causeway.

Additionally, during the month of January, United's investments in the Burgundy Emerging Markets Equity Fund and the LSV Emerging Markets Small Cap Equity Fund were redeemed.

Upon completion of these transitions, Comgest will manage approximately 40% of United's third-party investments, Harding Loevner 40%, and Causeway 20%.

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, Comgest 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, Comgest serves a diverse global client base and manages assets of over $39 billion (estimated data as of December 31, 2020).

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.

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

	December 31 2020	March 31 2020
Net assets	**$ 2,064,429**	$ 1,680,040
Deduct:		
Cost of redemption		
First Preferred Shares	**1,567**	1,567
1959 and 1963 Series Second Preferred Shares	**6,180**	6,180
	7,747	7,747
Net equity value	**$ 2,056,682**	$ 1,672,293
Common Shares outstanding	**12,098,493**	12,122,893
Net equity value per Common Share	**$ 169.99**	$ 137.95

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	
	2020	2019	**2020**	2019
Net income	**$ 162,961**	$ 84,852	**$ 411,025**	$ 112,439
Add (deduct):				
Other net fair value changes in investments	**(174,074)**	(95,490)	**(448,430)**	(105,478)
Tax on other net fair value changes in investments	**23,007**	12,594	**59,229**	13,568
Net investment income of a limited partnership [1]	**478**	493	**1,572**	2,016
Net investment income [2]	**12,372**	2,449	**23,396**	22,545
Deduct:				
Dividends paid on Preferred Shares	**95**	95	**284**	284
Net investment income, net of dividends paid on Preferred Shares [2]	**$ 12,277**	$ 2,354	**$ 23,112**	$ 22,261
Weighted average Common Shares outstanding	**12,099,245**	12,194,193	**12,108,007**	12,194,193
Net investment income per Common Share [2]	**$ 1.02**	$ 0.20	**$ 1.91**	$ 1.83

[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 $169.99 at December 31, 2020 compared to $156.82 at September 30, 2020 and $137.95 at March 31, 2020.

With dividends reinvested at month-end net equity values, the Company's net equity value return for the quarter was 8.6% (2020 – 4.7%) and 24.8% (2020 – 6.3%) year to date.

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Year to date, investments managed by Macquarie had a pre-tax total return of 14.0% (2020 – 3.1%), Harding Loevner 40.8% (2020 – 10.7%), and Causeway 48.0% (2020 - 7.4%). Emerging markets mandates had pre-tax total returns of positive 27.6% (2020 – negative 0.8%) for Burgundy and 41.6% (2020 – 0.6%) for LSV.

As the Company is a taxable Canadian corporation, the Company's net equity value is net of a current income tax provision on net investment income and net realized gains on investments, and net of a deferred income tax provision on its unrealized appreciation of investments.

In Canadian dollar terms, total returns (capital gains plus dividends) for stock market indices, were as follows:

	Three months ended December 31	Nine months ended December 31
	(%)	
MSCI World Index	8.9	32.2
S&P 500 Index	7.1	32.2
S&P/TSX Composite Index	9.0	33.5
MSCI Emerging Markets	14.3	39.4

Growth in Net Equity Value ("NAV")

Set out below is a table that shows annual growth in NAV in each of the past 10 fiscal years:

Annual growth in NAV*

	NAV per Common Share	Annual Growth %
2011	$ 71.82	7.9
2012	72.32	1.9
2013	82.03	15.7
2014	99.50	23.2
2015	117.86	20.2
2016	120.66	4.0
2017	132.32	11.6
2018	138.40	6.4
2019	146.99	7.7
2020	137.95	(4.7)

Compound annual growth*

2011 - 2020 - 10 years	9.1

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

Operating Results

Net income

The Company reported net income for the third quarter of fiscal 2021 of $162,961,000 compared to $84,852,000 in fiscal 2020. On a year-to-date basis, net income was $411,025,000 compared to $112,439,000 in fiscal 2020. The net income per Common Share for the third quarter of fiscal 2021 was $13.46 compared to $6.95 for fiscal 2020. On a year-to-date basis, net income per share was $33.92 compared to $9.20 per share in fiscal 2020.

Other net fair value changes in investments for the portfolio for the third quarter of fiscal 2021 was $174,074,000 compared to $95,490,000 for the same period in fiscal 2020. On a year-to-date basis, the other net fair value changes in investments was $448,430,000 compared to $105,478,000 for the nine months ended December 31, 2019. During the quarter, there was positive performance of $74,119,000 in North America, $30,768,000 in Emerging Markets, $28,114,000 in Europe, $25,034,000 in the United Kingdom, and $16,039,000 in Japan. On a year-to-date basis, investments in North America contributed $224,231,000, Europe $102,558,000, Emerging Markets $63,217,000, the United Kingdom $37,763,000 and $20,661,000 in Japan.

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The significant contributors to the year-to-date investment performance included Paypal,Holdings, Inc., G4S plc, and Publicis Groupe with fair value investment gains of $22,434,000, $22,278,000, and $11,336,000 respectively. The largest detractors to the year-to-date investment performance included Lawson Inc. Groupe Danone, and KDDI Corporation, with fair value investment losses of $4,064,000, $3,369,000 and $3,364,000 respectively.

The net realized gain was $58,637,000 for the third quarter of fiscal 2021 compared to $16,776,000 for the same period in the prior year. On a year-to-date basis, the net realized gain was $117,462,000 compared to $65,585,000 in fiscal 2020. The largest year-to-date contributors to the net realized gain in fiscal 2021 were from the sales of securities in North America for a gain of $74,351,000, Europe for $29,669,000, Japan for $16,219,000, Emerging Markets for $3,579,000, partly offset by a net loss from the United Kingdom for $6,356,000.

Net investment income

The Company's net investment income in the third quarter of fiscal 2021 increased to $12,372,000 compared to $2,449,000 for the third quarter of fiscal 2020. On a year-to-date basis, net investment income increased to $23,396,000 from $22,545,000 for the same period in the prior year. On a per Common Share basis, net investment income for the quarter increased to $1.02 in fiscal 2021 compared to $0.20 in 2020 and on a year-to-date basis increased to $1.91 in 2021 compared to $1.83 in 2020.

Foreign dividend income in the third quarter increased to $6,334,000 from $5,415,000 for the same quarter in the prior year and on a year-to-date basis decreased to $26,158,000 from $32,621,000 in fiscal 2020. In general, foreign dividend income is impacted by changes in the composition of the investment portfolio, variability in foreign exchange rates and dividend yields. Year to date, certain companies within the global investment portfolio temporarily suspended or reduced dividends contributing to the decline in foreign dividend income.

Net investment income includes $478,000 (2020 - $493,000) for the quarter and $1,572,000 (2020 - $2,016,000) on a year-to-date basis of net investment income of a limited partnership.

Canadian dividend income in the third quarter of fiscal 2021 increased to $10,079,000 from $399,000 for the same quarter in the prior year and on a year-to-date basis increased to $10,986,000 from $3,894,000 in fiscal 2020. During the third fiscal quarter of 2021, the Company recorded a special dividend of $9,608,000 from its investment in Algoma. In the prior year, the Company received a special dividend from its investment in Algoma totaling $2,719,000.

Expenses during the quarter increased to $3,817,000 in fiscal 2021 compared to $3,504,000 for the same period in the prior year, and on a year-to-date basis increased to $10,893,000 compared to $10,346,000 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, and additional directors' meetings that took place year to date.

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 2020	Sept. 30 2020	June 30 2020	March 31 2020	Dec. 31 2019	Sept. 30 2019	June 30 2019	March 31 2019
Investments	**$ 2,060,823**	$ 1,905,299	$ 1,852,730	$ 1,647,646	$ 1,898,439	$ 1,815,851	$ 1,792,192	$ 1,825,533
Net investment income [1]	**$ 12,372**	$ 4,493	$ 6,531	$ 5,727	$ 2,449	$ 5,525	$ 14,571	$ 6,461
Net income (loss)	**$ 162,961**	$ 65,556	$ 182,508	$ (199,189)	$ 84,852	$ 19,724	$ 7,863	$ 108,512
Per Common Share:								
Net investment income [1]	**$ 1.02**	$ 0.36	$ 0.53	$ 0.46	$ 0.20	$ 0.44	$ 1.19	$ 0.52
Net income (loss)	**$ 13.46**	$ 5.41	$ 15.05	$ (16.35)	$ 6.95	$ 1.61	$ 0.64	$ 8.89
NAV	**$ 169.99**	$ 156.82	$ 151.66	$ 137.95	$ 154.24	$ 147.59	$ 146.28	$ 146.99

[1] On an after-tax basis.

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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 December 31, 2020, the following shares were issued and outstanding: 52,237 First Preferred Shares, 80,290 1959 Series Second Preferred Shares, 119,710 1963 Series Second Preferred Shares and 12,098,493 (12,122,893 in share number for March 31, 2020) Common Shares.

Normal Course Issuer Bid

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

For the nine-month period ended December 31, 2020, 24,400 shares were purchased under the NCIB at an average price of $92.46 per share for a total consideration of $2,256,000.

Liquidity and Capital Resources

The Company's dividend policy is to distribute annual net investment income, after payment of Preferred Share dividends, in the form of Common Share dividends.

The Company pays quarterly dividends on its Common and Preferred Shares together with an additional Common Share dividend representing the balance of net investment income for the previous fiscal year. The quarterly dividend is $0.30 per Common Share and $0.375 per Preferred Share.

During the first fiscal quarter, the Company paid an additional cash dividend of $1.09 (2020 - $1.05) per Common Share representing the balance of net investment income for the previous fiscal year.

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

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.

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.

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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.