



## The TSX's Top Value Stock in 2019

### Description

**United Corporations** ([TSX:UNC](#)) is a [closed-end investment corporation](#) and an investment vehicle for long-term growth through investments in common equities. The company trades at a phenomenal 37% to the net equity value.

The company has been operating since 1929, and shares have traded at a [discount to net asset value](#), with a discount ranging from 15% to 40%. Closed-end investment corporations allow savvy investors to purchase assets at a discounted price. The company has a management expense ratio of a very reasonable 0.55%.

The majority of the company's investment portfolio is actively managed by Macquarie Investment Management Europe, Harding Loevner, and Causeway Capital Management. Each of these managers has a global equity mandate. Approximately, \$892 million, \$538 million, and \$248 million of equity investments are managed by Macquarie, Harding Loevner, and Causeway, respectively.

Macquarie is a global investment manager whose head office is in Luxembourg. Macquarie's investment objective is to provide long-term growth primarily through capital appreciation by investing in a portfolio of common stocks of major companies around the world.

The investment philosophy is based on long-term preservation and accumulation of wealth through a combination of attractive valuations and thorough assessment of the quality of the businesses. Macquarie's portfolio normally consists of 30-80 companies.

Harding Loevner is a global investment manager and is based out of New Jersey. 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 holds between 35 and 75 companies.

Causeway Capital is a global investment manager and is based out of California. 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 and 60 companies.

In addition, United has two emerging markets mandates with Emerging Markets Small Cap Equity Fund and Burgundy Emerging Markets Equity Fund. The small-cap fund is managed by LSV Asset Management, a value equity manager whose head office is in Chicago, Illinois. The Burgundy fund is managed by Burgundy Asset Management, a fundamental value-driven investment manager whose head office is in Toronto.

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 common and preferred shares together with an additional common share dividend representing the balance of net investment income. The quarterly dividend is \$0.30 per common share and \$0.375 per preferred share.

United represents an incredible opportunity for all long-term value investors to buy a high-quality portfolio of stocks at a huge discount to intrinsic value. The fund is managed by high-quality value-oriented managers of high integrity and intelligence. The fund has outperformed all major indexes over several decades and looks poised to continue the outperformance. The wealthy Jackman family of Toronto has been a wonderful steward of capital and is a long-term shareholder of the company.

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**Author**  
nikhilwaterloo

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