

The Antares Total Equity Portfolio focuses on quality companies with high levels of recurring and growing cash flow. It aims to produce a strong long-term total investment return comprised of capital appreciation and dividend income.

**MANAGER COMMENTARY**

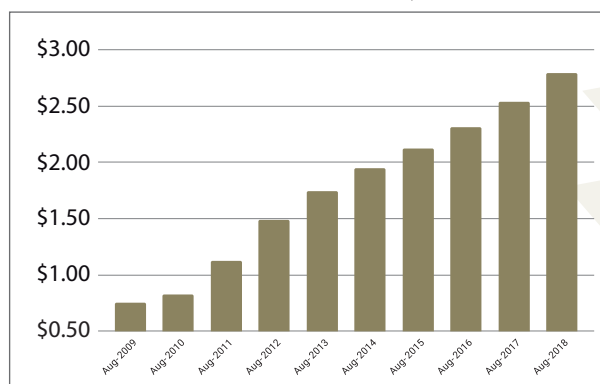
The companies that we seek to own have three things in common:

1. Manageable debt - offers protection against adverse developments such as a recession or rising interest rates;
2. Consistent profits - provides evidence of a competitively advantaged business that can raise dividends and increase in value;
3. Reasonable valuation - protects from permanent impairment of capital and allows for capital growth as the business becomes more valuable.

With these criteria in mind, we recently purchased an ownership stake in Accenture PLC (ACN), a global firm that is headquartered in Ireland. ACN provides consulting, technology and outsourcing services to a "who's who" list of customers that includes 80% of the Fortune Global 500 companies (Source: *Morningstar*). These customers are looking for help to efficiently manage, store and protect their data in the cloud, a trend we see as having long-term tailwinds and significant growth. Accenture's culture of innovation, strong relationships with its clients and vendors such as Microsoft and Amazon Web Services, separates it from the competition. These relationships tend to have high switching costs, which means business is sticky.

The results can be seen in the numbers. ACN has a solid balance sheet with virtually no debt and over \$4 billion in cash, a nice stash for opportunities that may arise. The company has grown its dividend at an annualized

Accenture PLC - Historic Dividend per Share (USD)



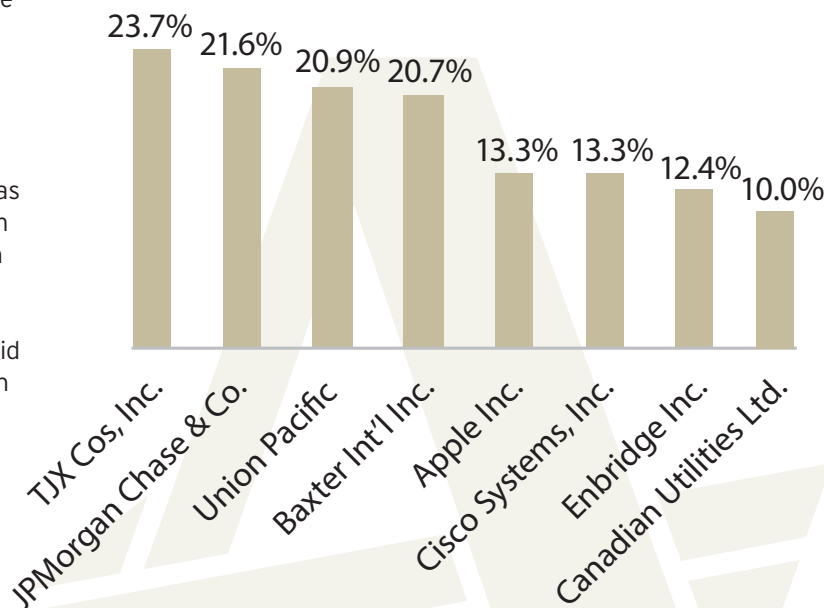
Source: S&P Capital IQ

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**DIVIDEND REPORT - AS AT DEC 31, 2018**

- 23 Holdings
- 20 Dividend Increases Last 12 Months
- 3.2% Dividend Yield
- 10.0% Dividend Growth Rate Last 12 Months
- 10.9% Dividend Growth Rate Last 5 Years

**NOTEWORTHY DIVIDEND INCREASES - LAST 12 MONTHS**



**PORTFOLIO CHANGES**

- ▲ Accenture Plc
- ▲ Apple Inc.
- ▲ Novo Nordisk A/S
- ▼ Int'l Business Machines Corp.
- ▼ The TJX Companies, Inc.
- ▼ Novartis AG

**MANAGER COMMENTARY (CONTINUED)**

rate of 18.8% over the past 10 years, as shown in the chart. Returns on capital, an indication of a company's profitability, are consistently high.

We sold your ownership stake in IBM during the quarter, after the company announced that it would purchase Red Hat for \$34 billion, a 60% premium for an already expensive stock. We had been patient with IBM, believing its handsome dividend compensated investors adequately while we waited for an improvement in revenues. The Red Hat deal signals to us that management is desperate for growth, and we do not approve of the immoderate use of shareholder capital. Being consistent with our investment process meant acknowledging it was time to move on, which we did.

With choppy market conditions, we are actively looking for investment opportunities. As always, we will continue to follow our process (see 1-3 on previous page), and clients can be assured that any investment decisions are made after careful deliberation and a view to creating long-term value.

**Your Portfolio Management Team**

**INVESTMENT TEAM**

**Gerry Bettig, CFA President & Chief Investment Officer**  
With over 20 years of experience in the investment industry, Gerry leads the portfolio management team as Chief Investment Officer. Gerry founded Antares Investment Management in 2004.

**Alec MacIsaac, CFA Portfolio Manager**  
Alec has over 20 years of experience in the financial industry. He contributes to Antares in multiple capacities including portfolio management, investment research, and business development.

**Ricardo Melo, CFA Portfolio Manager**  
Ricardo has a decade of industry experience. In addition to his portfolio management duties, he conducts in-depth company research and oversees trading at Antares.

**TOTAL EQUITY PORTFOLIO**

The Antares Total Equity Portfolio is available to investors within a Separately Managed Account ("SMA") that holds securities directly, and through the Antares Total Equity Pool ("Pool") which is held in the accounts of multiple investors. Data presented refer to the Pool. SMAs are customized and therefore their holdings and weights may diverge from those within the Pool. Sources for the data include: Capital IQ, Bloomberg, NDEX, and Antares calculations. Unless otherwise stated, all data are as at the quarter end.

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**PORTFOLIO HOLDINGS & SECTOR WEIGHTS**

	DIVIDEND YIELD	5YR DIVIDEND GROWTH RATE
<b>FINANCIALS 26.9%</b>		
Fairfax Financial Holdings Limited	2.3%	N/A
Great-West Lifeco Inc.	5.5%	4.5%
JPMorgan Chase & Co.	3.3%	12.8%
Manulife Financial Corporation	5.2%	10.7%
Royal Bank of Canada	4.2%	8.3%
The Bank of Nova Scotia	5.0%	6.5%
<b>INFORMATION TECHNOLOGY 23.4%</b>		
Cisco Systems, Inc.	3.0%	14.5%
Constellation Software Inc.	0.6%	N/A
Accenture Plc	2.1%	9.9%
Microsoft Corporation	1.8%	12.1%
Oracle Corporation	1.7%	16.1%
Apple Inc.	1.9%	10.6%
<b>HEALTHCARE 20.3%</b>		
Baxter International Inc.	1.2%	N/A
Johnson & Johnson	2.8%	6.5%
Novartis AG	3.3%	2.7%
Novo Nordisk A/S	2.6%	16.9%
<b>CONSUMER DISCRETIONARY 6.2%</b>		
The TJX Companies, Inc.	1.7%	21.9%
Subaru Corporation	6.1%	36.9%
<b>ENERGY 5.9%</b>		
Enbridge Inc.	7.0%	16.4%
PrairieSky Royalty Ltd.	4.4%	N/A
<b>INDUSTRIALS 5.1%</b>		
Union Pacific Corporation	2.3%	15.4%
<b>UTILITIES 4.6%</b>		
Canadian Utilities Limited	5.0%	10.1%
<b>CONSUMER STAPLES 3.1%</b>		
CVS Health Corporation	3.1%	19.0%
<b>FIXED INCOME &amp; CASH 4.5%</b>		

**GEOGRAPHIC ALLOCATION**

