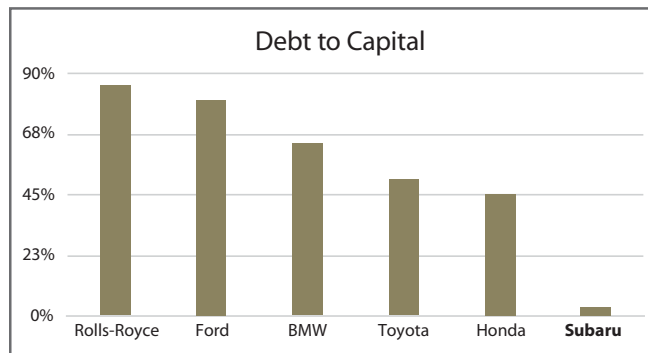


The Antares Value Portfolio focuses on companies that, in our analysis, are underpriced in the stock market relative to their underlying worth as businesses. Our strategy aims first to protect investors' capital by not overpaying for a given company - holding fixed income or cash when bargains cannot be found - and second to grow that capital through share price appreciation as the company's value gets properly recognized within the equity market.

**MANAGER COMMENTARY**

The companies we look to invest your money into have several things in common. They are profitable, they are managed in a conservative fashion, and they are priced at a point that we believe provides plenty of upside potential without significant risk of permanent loss of capital. Our search for companies with these attributes leads us around the world and we are happy to buy ownership stakes in companies that fit the profile no matter where they might be headquartered. That search for value-priced companies recently led us to Japan, where a small company with a well-known product came on our radar: Subaru Corporation.

Subaru vehicles have long had a reputation for high quality and reliability and the all-wheel drive system they pioneered remains a hallmark of the company. Resale values are consistently at the top of the ranks, as are the safety rankings (*J.D. Power and Associates*). It also has one of the highest customer satisfaction ratings (*Edmunds*), with a high percentage of those customers being well-off professionals. The addition of a seven seat Sport Utility Vehicle is geared to their existing customer base, many of whom are now transitioning from single to married life.



Source: Capital IQ

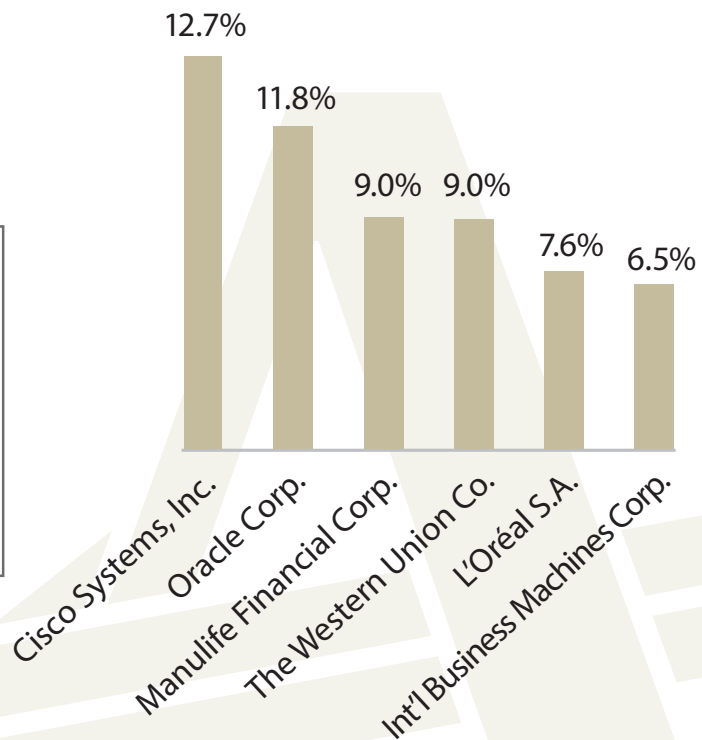
While we like Subaru's pedigree and reputation, we like its financials even more. It does not manufacture luxury vehicles yet has enjoyed industry-leading profit margins over the last 10 years (Capital IQ). It has done this by keeping inventory supply slightly short of demand. This in turn reduces the need for incentives and large year-end clearance sales, both of which reduce the profits of their competitors who deploy such practices. As a result the company generates excess cash, which it has used to reinvest in additional productive plants and equipment, reduce debt, and pay dividends.

Continued next page

**DIVIDEND REPORT - AS AT SEPT 30, 2018**

- 16 Equity Holdings
- 51% Equities
- 49% Fixed Income and Cash
- 21% Valuation Discount to S&P500 (Forward P/E)
- 3% Dividend Yield
- 10 Holdings Increased Dividend Last 12 Months

**NOTEWORTHY DIVIDEND INCREASES - LAST 12 MONTHS**



**PORTFOLIO CHANGES**

- ▲ Subaru Corporation
- ▲ Transcontinental Inc.
- ▲ Vodafone Group Plc
- ▼ Taro Pharmaceutical Industries Ltd.
- ▼ The Western Union Company

**MANAGER COMMENTARY (CONTINUED)**

Subaru's balance sheet is one of the strongest we have ever seen. Over the last 10 years the company has progressively paid down its debt and now has enough cash in the bank to pay off the remaining little bit of debt and still have more than \$8 billion left over.

We see the shares as offering compelling value. Recent concerns around trade and tariffs have scared some investors who are willing to walk away and sell their shares at prices we consider to be a bargain. What seems to be missed by the sellers is that Subaru is on pace to manufacture 50% of its cars in the U.S., which in our opinion mitigates the impact of potential U.S. duties and tariffs on imported vehicles. As well, the high levels of cash combined with exceptionally little debt help provide insulation from other unforeseen events and provides additional flexibility that other car companies do not have. For all of these reasons, we made an initial ownership investment, and look forward to seeing how the company deploys its resources to create value for you, its shareholders.

**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.

**VALUE PORTFOLIO**

The Antares Value Portfolio is available to investors within a Separately Managed Account ("SMA") that holds securities directly, and through the Antares Value 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 14.4%</b>		
Fairfax Financial Holdings Limited	1.8%	N/A
Great-West Lifeco Inc.	5.0%	4.2%
Manulife Financial Corporation	3.8%	10.3%
Markel Corporation	N/A	N/A
The Western Union Company	4.0%	9.0%
<b>CONSUMER DISCRETIONARY 14.6%</b>		
Cooper Tire & Rubber Company	1.5%	N/A
Dorel Industries Inc.	6.8%	N/A
L'Oréal S.A.	1.7%	9.1%
Subaru Corporation	4.1%	57.2%
Transcontinental Inc.	3.7%	7.2%
<b>INFORMATION TECHNOLOGY 11.8%</b>		
Cisco Systems, Inc.	2.7%	14.9%
International Business Machines Corporation	4.2%	11.6%
Oracle Corporation	1.5%	20.4%
<b>TELECOMMUNICATIONS 5.1%</b>		
Vodafone Group Plc	8.2%	N/A
<b>HEALTHCARE 4.3%</b>		
Taro Pharmaceutical Industries Ltd.	N/A	N/A
<b>CONSUMER STAPLES 0.8%</b>		
Nestlé S.A.	2.9%	2.8%
<b>FIXED INCOME &amp; CASH 49.0%</b>		

**GEOGRAPHIC ALLOCATION**

