

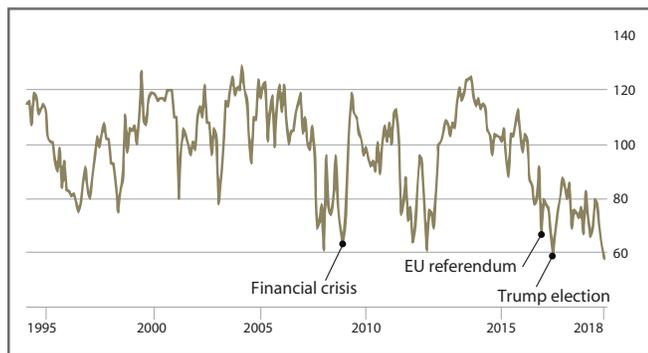
The Antares Value Portfolio focuses on companies that, in our analysis, are underpriced in the stock market relative to their underlying worth as businesses. Our strategy aims first to protect investors' capital by not overpaying for a given company - holding fixed income or cash when bargains cannot 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**

We have been anticipating a downturn in stock prices for several years already. We first identified a lack of good investing opportunities as far back as 2016 and it is interesting that the Canadian and U.S. markets are now back to levels they were at in 2016 and 2017, respectively. So the recent price declines have not been a surprise to us. In fact, U.S. stock markets had the worst December since 1931, and we saw the worst single week in December since 2008. These numbers are fine for trivia buffs but present no real meaningful information for true investors. The fact that prices are fluctuating only confirms that, in the short term, markets are driven by investor emotion.

On the other hand, business dynamics play a much more important role in determining company values over time. One company that illustrates the disconnect between price and value is Vodafone. The uncertainty surrounding Britain leaving the European Union (EU) is casting a pall over investors in the UK. According to British broker Hargreaves Lansdown, investor confidence in Britain is now at a 23-year low.

Hargreaves Lansdown Investor Confidence Index



Source: Hargreaves Lansdown

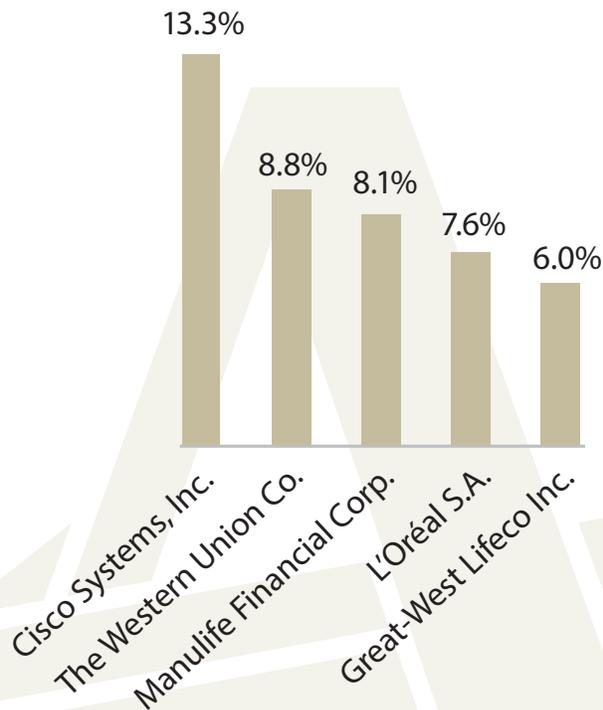
However, Vodafone provides cell phone services and it is highly unlikely that people's cell phone usage will change as a result of Britain's decision. Further, it is even less likely that their customers in Africa, the Middle East, Asia, and Central America will use their cell phones any differently just because Britain made a decision one way or the other. Vodafone gets 85% of its sales from outside Britain. Political uncertainty is casting a pall over the stock price, but we do not expect that it will affect actual sales in any meaningful way. In the meantime, Vodafone is paying a consistent dividend.

Continued next page

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

- 15 Equity Holdings
- 47% Equities
- 53% Fixed Income and Cash
- 21% Valuation Discount to S&P500 (Forward P/E)
- 3.2% Dividend Yield (Excl. special dividends)
- 9 Holdings Increased Dividend Last 12 Months

**NOTEWORTHY DIVIDEND INCREASES - LAST 12 MONTHS**



**PORTFOLIO CHANGES**

- ▲ Cooper Tire & Rubber Company
- ▲ Subaru Corporation
- ▼ Int'l Business Machines Corp.
- ▼ Fairfax Financial Holdings Limited
- ▼ Transcontinental Inc.

**MANAGER COMMENTARY (CONTINUED)**

One of your companies, Taro Pharmaceutical, gave us a pleasant surprise in the last quarter. Due to a high cash position and limited areas to deploy that cash (that sounds familiar to us) the company decided to pay a special dividend at the end of December. This cash dividend represented a yield of approximately 12%, a nice bonus to receive, indeed.

We took action to sell your ownership stake in IBM. While IBM has many good attributes and is working on some cutting-edge technologies like Artificial Intelligence and blockchain, the acquisition of Red Hat at what we view as an exorbitant premium looks like a great deal for Red Hat shareholders but not for IBM shareholders. In our opinion, the price is simply too high given the underlying profits of Red Hat. Overpaying for that acquisition shows us IBM's management has a lack of discipline around allocating capital within the firm.

We anticipate that we will see continued volatility over the next few months as the uncertainty over global events sways emotions one way and the other. However, that volatility can be used to great effect by taking advantage of lower prices to put some of the money that we have safely parked on the sidelines to work. In this way, volatility is something we can embrace to the benefit of enhanced long-term results.

**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 quarter end.

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**PORTFOLIO HOLDINGS & SECTOR WEIGHTS**

	DIVIDEND YIELD	5YR DIVIDEND GROWTH RATE
<b>CONSUMER DISCRETIONARY 15.8%</b>		
Cooper Tire & Rubber Company	1.3%	N/A
Dorel Industries Inc.	9.3%	N/A
L'Oréal S.A.	1.8%	9.1%
Transcontinental Inc.	4.4%	7.4%
Subaru Corporation	6.1%	36.9%
<b>FINANCIALS 12.9%</b>		
Fairfax Financial Holdings Limited	2.3%	N/A
Great-West Lifeco Inc.	5.5%	4.5%
Manulife Financial Corporation	5.2%	10.7%
Markel Corporation	N/A	N/A
The Western Union Company	4.5%	8.3%
<b>INFORMATION TECHNOLOGY 8.4%</b>		
Cisco Systems, Inc.	3.0%	14.5%
Oracle Corporation	1.7%	16.1%
<b>TELECOMMUNICATIONS 4.8%</b>		
Vodafone Group Plc	8.9%	N/A
<b>HEALTHCARE 3.8%</b>		
Taro Pharmaceutical Industries Ltd.	17.4%*	N/A
<b>CONSUMER STAPLES 0.8%</b>		
Nestlé S.A.	2.9%	2.8%
<b>FIXED INCOME &amp; CASH 53.5%</b>		

\*Special dividend paid December 28, 2018

**GEOGRAPHIC ALLOCATION**

INTERNATIONAL 35%

CANADA 65%

