ANTARES INVESTMENT MANAGEMENT

TOTAL EQUITY & DIVIDEND INCOME / BALANCED STRATEGIES

Antares equity strategies focus on long-term total return through a combination of dependable income and capital appreciation. We build portfolios to align with individual client requirements, resulting in personal portfolios that lean more, or less, toward capital preservation, income generation, or growth.

MANAGER COMMENTARY

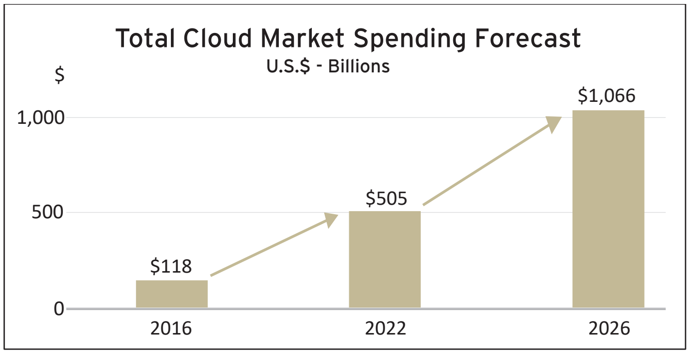
Research is our lifeblood. It is how we find new companies for the portfolio, and it also involves regular monitoring of existing holdings to satisfy ourselves they still belong. With the recent downdraft in equity markets, we have been busy. While there is perhaps more fog than clarity regarding the near-term outlook for many corporations, valuations are becoming more compelling. We believe this helps lay the groundwork for better times ahead. The timing is unknowable, but it generally catches the pessimists off-guard. We encourage clients to join us in ignoring the Chicken Littles in the media (just as we ignore the perma-bulls) as we focus on risk management and on emerging opportunities.

During the quarter, we executed a handful of small-ish trades in client portfolios. For example, we trimmed Otis Elevator and Novo Nordisk for risk management purposes after their share prices had held in well relative to their peers. We selectively added a bit of capital to Nutrien, which we had trimmed the previous quarter at a higher price. We added no new companies to the portfolio, nor did we eliminate any.

While we are getting excited about the possibility of adding capital at attractive valuations to new companies or existing holdings in the portfolio, we have been cautious about equity markets in the aggregate. A big reason is we believe that earnings estimates are likely to be revised downward for many companies, for reasons that include slowing sales and rising costs (inflation, interest rates). We have seen shots across the bow from bellwether firms such as Fedex, Ford, and Nike, all of which communicated that near-term results would be challenged. (Your portfolio does not hold any of these companies.) In our opinion, these sorts of updates should not be a surprise given the economic headwinds, but financial news media love making a meal out of them and share prices often take a hit. For our part, we are exercising patience. Like a hunter in the reeds, we are waiting for the ducks to be lined up in a row before using our precious powder, a.k.a. your money.

Two companies worth mention are portfolio holdings Accenture and Microsoft. Both have attributes we deem attractive in an investment. For starters, they are conservatively financed with more cash than debt on their balance sheets: we confidently infer that higher interest rates are immaterial for them.

In addition, they have generated persistent sales and profits, thanks to the mission-critical nature of what they offer to their customers. Our own business, for example, pays a subscription to Microsoft for their desktop applications. We require Excel to perform our jobs as analysts, so we pay the "Microsoft Tax", no questions asked. We would argue that these types of software offerings are akin to consumer staples, recession-resistant like bread and soap.



Source: IDC, Bloomberg Intelligence

As we see it, moreover, the real kicker for Accenture and Microsoft is the growth they are experiencing from the Cloud, i.e. the conversion of data from on-premise to off-premise. As illustrated by the chart, public IT spending on the Cloud may double between 2022 and 2026 to over one trillion dollars. Microsoft is one of the three major providers of Cloud infrastructure, along with Amazon and Google (both not owned), while Accenture, an IT consultant, helps corporations convert their systems. Sales and profits at your companies have been robust, and we find it hard to imagine a world in which growth doesn't continue. As evidence of these companies' beliefs in their outlooks, when they reported their last quarterly results, Accenture and Microsoft announced respective dividend increases of 15% and 10% - a rarity in this environment (sources: company filings). In our view, a pullback in the share prices of these companies says more about the market environment than their potential to create value in the coming years. Crisis, what crisis? We are staying the course.

Thank you for your continued trust,

Alec MacIsaac, CFA
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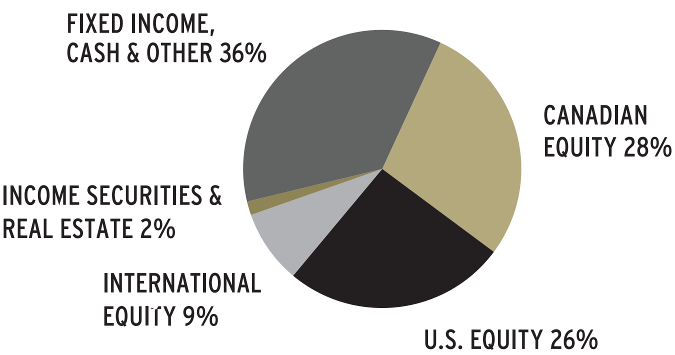
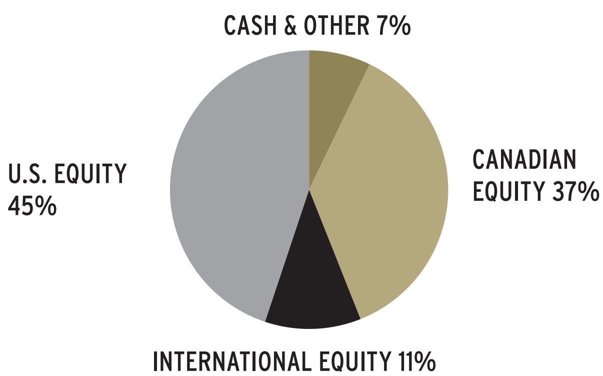
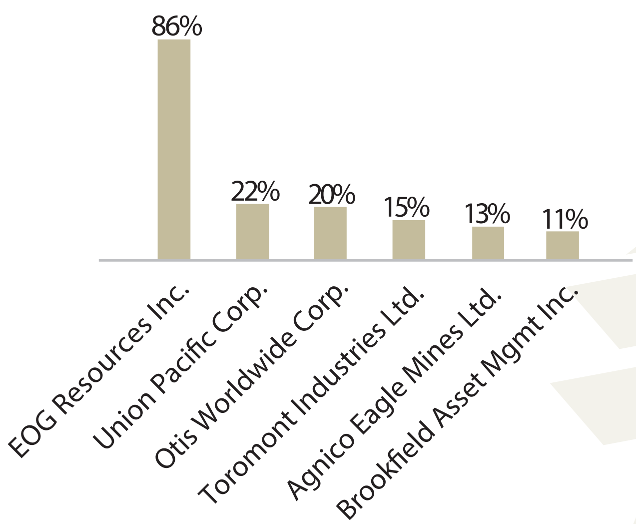
BALANCED POOL - ASSET ALLOCATION[1]



TOTAL EQUITY POOL - ASSET ALLOCATION[1]



NOTEWORTHY DIVIDEND INCREASES - LAST 12 MONTHS[1]



EQUITY HOLDINGS [1]

	DIVIDEND YIELD	5YR DIVIDEND[2] GROWTH RATE
CONSUMER DISCRETIONARY		
BorgWarner Inc.	2.2%	4.0%
TJX Companies Inc.	1.9%	14.2%
CONSUMER STAPLES		
CVS Health Corp.	2.3%	2.2%
ENERGY		
EOG Resources Inc.	2.7%	68.0%
Gibson Energy Inc.	6.7%	2.0%
Pembina Pipeline Corp.	6.2%	5.0%
Suncor Energy Inc.	4.8%	7.3%
FINANCIALS		
Bank Of Nova Scotia	6.3%	5.9%
Berkshire Hathaway Inc.	N/A	N/A
Brookfield Asset Management	1.3%	4.2%
JPMorgan Chase & Co.	3.8%	15.3%
Royal Bank Of Canada	4.1%	7.0%
HEALTHCARE		
Gilead Sciences, Inc.	4.7%	7.4%
Novo Nordisk A/S Sponsored ADR Class B	1.1%	6.9%
Roche Holdings Ltd-Sponsored ADR	1.9%	N/A
INDUSTRIALS		
Otis Worldwide Corp.	1.8%	N/A
Stantec Inc.	1.2%	7.7%
Toromont Industries Ltd.	1.6%	15.2%
Union Pacific Corp.	2.7%	15.4%
Vestas Wind Systems ADR	0.2%	N/A
Vontier Corp.	0.6%	N/A
INFORMATION TECHNOLOGY		
Accenture PLC	1.7%	9.9%
Apple Inc.	0.7%	8.4%
Applied Materials Inc.	1.3%	20.1%
Cisco Systems Inc.	3.8%	6.4%
Constellation Software Inc.	0.3%	0.0%
Fiserv Inc.	N/A	N/A
Microsoft Corp.	1.2%	9.7%
INFRASTRUCTURE		
Brookfield Infrastructure Partners L.P.	3.6%	4.2%
MATERIALS		
Agnico Eagle Mines Ltd.	3.6%	30.5%
Nutrien Ltd.	2.2%	N/A
TELECOMMUNICATIONS		
Verizon Communications Inc.	6.9%	2.1%
UTILITIES		
Canadian Utilities Ltd-A	4.9%	4.9%

PORTFOLIO CHANGES[1]

- ▲ Applied Materials Inc.
- ▲ JPMorgan Chase & Co.
- ▲ Nutrien Ltd.
- ▼ Otis Worldwide Corp.
- ▼ Novo Nordisk A/S

1. Sources: Bloomberg & Factset for dividend data, NDEX for portfolio data. All data as at quarter end.
2. Calculated in Canadian dollars for all holdings.

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