ANTARES INVESTMENT MANAGEMENT

TOTAL EQUITY PORTFOLIO

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

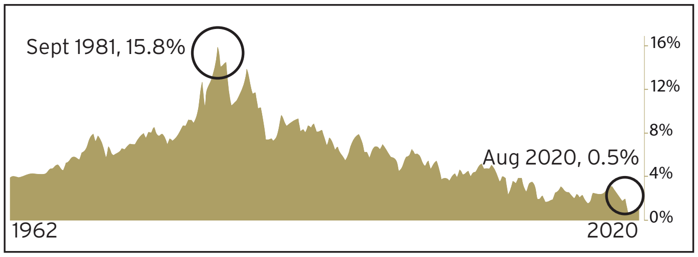
We follow a process that aims to encourage rational decision making. Prior to investing in a company, we look at historical financial data for evidence of profits, competitive advantage, and careful management of debt. We consider the future outlook and debate amongst ourselves what price we are willing to pay for the shares. All of this occurs within a fluid environment that requires we be open to changing our view. 2020 was particularly fluid and, as a result, we traded more frequently than normal. The Covid-19 health pandemic put many businesses on life support – restaurants and airlines to name two. The policy response from central banks was to push down interest rates to generational lows so as to discourage saving and encourage risk taking. Other sectors of the economy have benefitted from people staying at home: online shopping and cloud computing come to mind. The "scarcity value" ascribed to higher growth sectors favoured certain holdings in your portfolio, notably Apple, Microsoft, and Accenture. Others had a tough go of it as sales and profits declined: portfolio holdings Suncor Energy and Bank of Nova Scotia are two examples. When all was said and done, the portfolio rose by 6.4% during 2020. More importantly, it delivered a 11.6% compounded rate of return since inception in 2014.[1] Long-term ownership in businesses whose profits are compounding drives value.

During the fourth quarter we purchased additional shares of medical supplies company Baxter International. We believe the share price has been tarnished, of late, because of guilt by association with Covid-19. Non-elective procedures have been deferred and there is a general concern about how long it will take for hospitals to return to normal. We revisited our investment thesis and were reminded that a mere 7.7% of Baxter's revenues come from elective procedures (*source: Bloomberg*); indeed, the company is expected to hold revenues flat in this very bad year for hospitals. We believe the market is missing Baxter's medium-term opportunity to expand profit margins, so we purchased more shares. The advent of Covid vaccinations seems likely to take the pressure off hospitals in the coming months. It is conceivable the overhang on Baxter is alleviated as investors focus on the company's specific initiatives rather than on the pandemic.

[1] *Returns are those of the Antares Total Equity Pool and are expressed before investment management fees are deducted.*

We added to your position in Otis Elevator as financial results have supported our investment thesis, despite the global recession. Elevators experience wear and tear, and 80% of Otis' profits arise from maintenance work — a gift that keeps on giving. Furthermore, the growth outlook for elevators is supported by the trend of urbanization. In 2020, 55% of the world's population lived in urban areas; this is expected to rise to 70% by 2050 (source: company presentation), which implies new buildings, new elevators, and more maintenance.

U.S. 10-Year Bond Yield: 1962-2020



Source: Bloomberg, U.S. 10-Year Generic Government Bond

We are monitoring interest rates. In 2020, bond yields reached the lowest levels we have seen in our lifetimes, as illustrated by the chart. During the year, the yields of the benchmark U.S. 10-Year Government Bond averaged 0.89%, bottoming at 0.51% on August 4. A change in these rates, or lack thereof, may have important implications for the portfolio. While central banks appear committed to keeping rates low, an acceleration within the economy and a whiff of inflation could lead to speculation that rates will rise. This in turn would push down bond prices and could threaten the high valuations among the market leaders of 2020 – notably large technology companies. There is some speculation of shifting leadership within the market; in such a scenario, laggards such as energy companies could benefit. This is a plausible scenario among many others. For our part, we are reluctant to make big calls, preferring to stick to our approach that includes analysis, open-mindedness and a dollop of humility. Your portfolio is diversified and accordingly has exposure to different scenarios. As new facts emerge, we will take them into account and continue to make decisions that balance prudence with rational opportunism.

Thank you for your continued trust,

Your Portfolio Management Team

814-1661 Portage Ave
Winnipeg, MB R3J 3T7
Canada

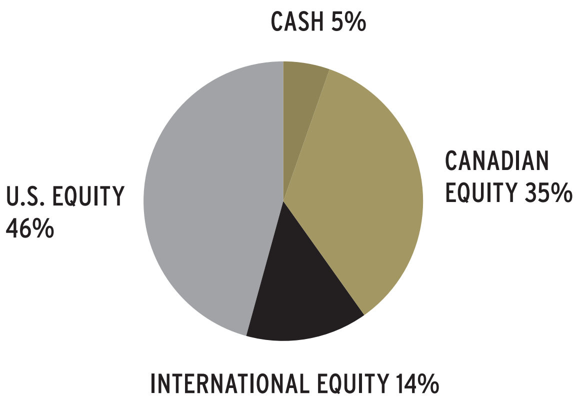
P (204) 975 5131
TF (866) 975 3888
F (204) 925 5960

info@antaresinvestment.ca
www.antaresinvestment.ca

ANTARES INVESTMENT MANAGEMENT

TOTAL EQUITY PORTFOLIO

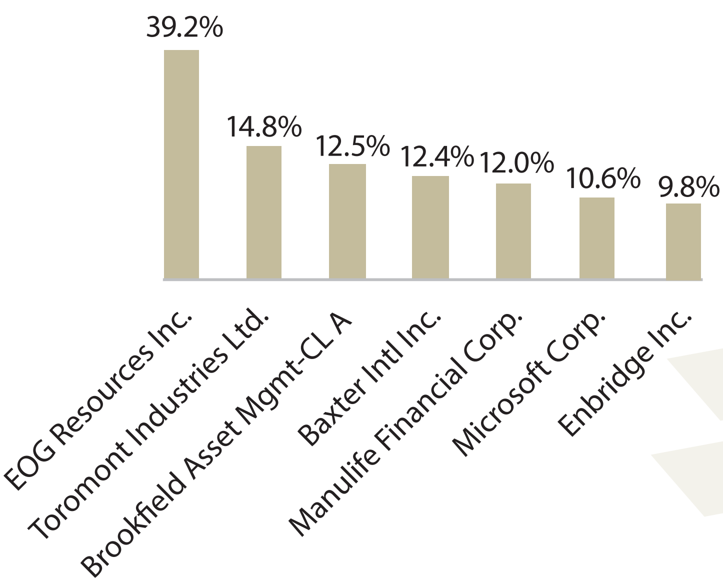
ASSET ALLOCATION[1]



DIVIDEND REPORT - AS AT DEC 31, 2020[1]

- 2.9% Portfolio Dividend Yield
- 26 of 30 Holdings Raised Their Dividend In Local Currency In The Last 12 Months
- 2.1% Portfolio Dividend Growth Rate Over The Last 12 Months

NOTEWORTHY DIVIDEND INCREASES - LAST 12 MONTHS[1]



PORTFOLIO HOLDINGS & SECTOR WEIGHTS[1]

		DIVIDEND YIELD	5YR DIVIDEND GROWTH RATE
FINANCIALS	**21.5%**		
Bank of Nova Scotia		5.2%	5.5%
Berkshire Hathaway Inc. Class B		N/A	N/A
Brookfield Asset Management		1.1%	9.5%
Fairfax Financial Holdings Limited		3.2%	1.7%
JPMorgan Chase & Co.		2.8%	16.5%
Manulife Financial Corp.		4.9%	11.0%
Royal Bank of Canada		4.1%	6.9%
Wells Fargo & Co.		1.8%	-3.7%
INFORMATION TECHNOLOGY	**20.8%**		
Accenture Plc Class A		1.3%	9.1%
Apple Inc.		0.6%	9.7%
Cisco Systems, Inc.		3.2%	11.8%
Constellation Software Inc.		0.3%	0.5%
Microsoft Corp.		1.0%	10.1%
Oracle Corp.		1.5%	11.0%
HEALTHCARE	**17.5%**		
Baxter International Inc.		1.2%	N/A
Gilead Sciences, Inc.		4.6%	16.1%
Johnson & Johnson		2.5%	6.2%
Novartis AG Sponsored ADR		3.4%	3.0%
Novo Nordisk A/S Sponsored ADR Class B		2.1%	12.2%
INDUSTRIALS	**11.5%**		
Otis Worldwide Corp.		1.1%	N/A
Stantec Inc.		1.5%	8.1%
Toromont Industries Ltd.		1.2%	12.8%
Union Pacific Corp.		1.9%	12.0%
ENERGY	**9.4%**		
Enbridge Inc.		8.0%	11.7%
EOG Resources Inc.		2.9%	16.1%
Suncor Energy Inc.		5.1%	-0.8%
CONSUMER STAPLES	**6.2%**		
CVS Health Corp.		3.4%	7.4%
The Unilever Group		3.2%	7.0%
UTILITIES	**4.1%**		
Canadian Utilities Limited Class A		5.6%	8.1%
INFRASTRUCTURE	**2.3%**		
Brookfield Infrastructure PA		4.0%	7.9%
MATERIALS	**1.7%**		
Nutrien Ltd.		3.8%	N/A
CASH	**5.0%**		

PORTFOLIO CHANGES[1]

- ▲ Brookfield Asset Manage-Cl A
- ▲ Baxter International Inc.
- ▲ Otis Worldwide Corp.
- ▲ CVS Health Corp.
- ▲ Enbridge Inc

1. Sources: Bloomberg for dividend data, NDEX for portfolio data

814-1661 Portage Ave
Winnipeg, MB R3J 3T7
Canada

P (204) 975 5131
TF (866) 975 3888
F (204) 925 5960

info@antaresinvestment.ca
www.antaresinvestment.ca