

## FUND FACTS

**Inception Date :** June 30, 2009  
**Fund Size (million \$) :** \$65.8

**Portfolio Manager :** Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ551	\$0.00
Class F	MAJ552	\$15.51
Class O	MAJ550	\$15.71
Class D	MAJ553	N/A

Distributions	
Q2 Income Distribution (Class O)	\$0.11
YTD Income Distribution (Class O)	\$0.23
Annual Capital Gains Distribution	N/A

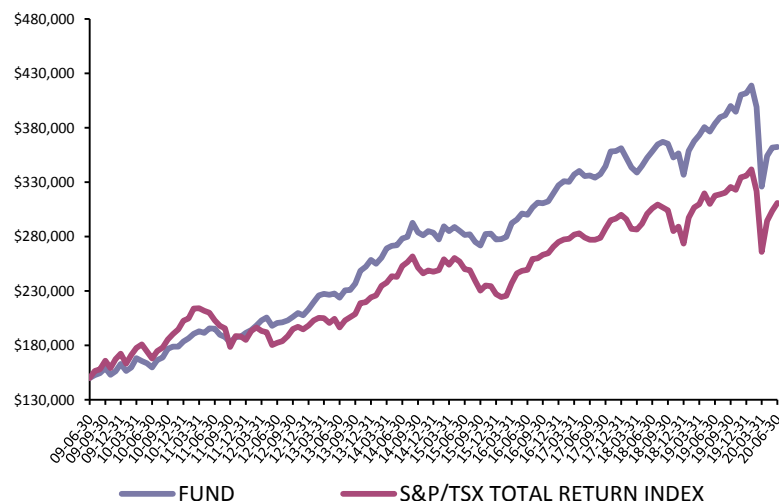
## PERFORMANCE - Compounded Annual Returns (%)

	1 mth.	3 mths.	6 mths.	YTD	1 year	2 years	3 years	5 years	10 years	Since Inception
<b>Heward Canadian Dividend Growth Fund</b>	<b>+0.20%</b>	<b>+11.20%</b>	<b>-12.01%</b>	<b>-12.01%</b>	<b>-5.60%</b>	<b>+0.60%</b>	<b>+2.54%</b>	<b>+5.19%</b>	<b>+8.55%</b>	<b>+8.35%</b>
S&P/TSX Total Return Index	+2.46%	+16.97%	-7.47%	-7.47%	-2.17%	+0.80%	+3.91%	+4.45%	+6.35%	+6.85%

## OBJECTIVES AND STRATEGY

The Heward Canadian Dividend Growth Fund invests in high-quality Canadian equities that have a history of consistently growing their dividends. The fund screens for companies that engage in businesses we understand, sell products based on needs, and demonstrate long-term earnings visibility and predictability. Special attention is paid to proven and seasoned management teams that successfully increase free cash flows and operate lean companies with low levels of financial leverage. Stocks that meet these criteria should have ample cash flows to return to shareholders in the form of dividends and in doing so demonstrate their financial soundness.

### Growth of \$150,000 Invested on June 30, 2009



## WHAT DOES THE FUND INVEST IN?

### Current Asset Mix

CASH	8.7%
EQUITY	91.3%

### Sector Allocation

CONSUMER DISCRETIONARY	6.16%
CONSUMER STAPLES	14.57%
ENERGY	8.91%
FINANCIALS	25.34%
HEALTH CARE	1.48%
INDUSTRIALS	14.10%
INFORMATION TECHNOLOGY	6.24%
REAL ESTATE	3.28%
COMMUNICATION SERVICES	5.72%
UTILITIES	5.47%
CASH	8.72%



## TOP TEN HOLDINGS

STOCK NAME	% OF PORTFOLIO
OPEN TEXT CORP COMMON	4.66%
TFI INTERNATIONAL COMMON	4.26%
INTACT FINANCIAL COMMON	4.14%
BANK OF NOVA SCOTIA COMMON	4.11%
LOBLAW COS LTD COMMON	3.83%
TELUS CORP COMMON	3.82%
ROYAL BANK CDA COMMON	3.65%
TORONTO DOMINION BK COMMON	3.61%
POWER CORP OF CDA SUB VTG	3.50%
CDN WESTERN BANK COMMON	3.46%

## WHO SHOULD INVEST IN THIS FUND?

The Heward Canadian Dividend Growth Fund caters to risk-averse investors that value income. They seek a growing stream of dividends through exposure to high-quality equities with a history of cash flow growth and competent management teams.

## HOW THE FUND PERFORMED

The Canadian equity market was one of the top performing equity markets in the second quarter with the TSX returning 16.97%, approximately 8% (nearly half!) was due to Shopify and the Gold sector. While our fund cannot invest in Shopify or Gold as neither fit the criteria of dividend growth, the fund returned a respectable 11.2% in the last quarter. The fund would have outperformed the index if we both Shopify and Gold were excluded. Some reasons we don't invest in Shopify: it does not produce free cash flow therefore does not pay a dividend the stock carries an astronomically high valuation and has never produced a profit nor positive EBITDA. Also, it's worth noting that Shopify passed Royal Bank as the largest Canadian company (market capitalization) with only \$2.3B in annual revenues, versus Royal Bank's \$46B.

Following the market sell off in March, investor sentiment shifted to technology, growth and momentum companies. Their neglect of other sectors/companies has provided us with opportunities to invest in our high-quality dividend paying/growing companies that have high levels of earning visibility and predictability. We continue to evaluate potential future cash flow and dividend impacts on all our companies as COVID-19 continues to affect the global economies. When it inevitably subsides (or a vaccine is developed), the combination of companies within our strategy will prove to be an even stronger dividend growth portfolio, promoting stable earnings, solid free cash flows, strong fundamentals and downside protection. We have also increased our exposure to companies thriving under the current environment like TFII (parcel deliveries, logistics), Jamieson (health, vitamins) and TMX (trading volumes). Top performing companies during the quarter were: TFII, Jamieson, Canadian Tire, North West Company and TMX.

Companies that are strong enough to pay, maintain and even grow the dividend in these unprecedented times are a special breed that should command premium valuations, not lower valuations as we see today. With our current low interest rate environment, investors are slowly recognizing this as well and interest should accelerate in the future.

## QUICK FACTS AND FUND CHARACTERISTICS

- CHARACTERISTICS:**
- Low average beta 0.74
  - 25-35 stocks
  - Minimal cyclical exposure
  - 100% Canadian Equity

**FUND TYPE:** Canadian Dividend Growth Fund

**REGISTERED ACCOUNT ELIGIBILITY:** RRSP, RESP, RRIF, IPP, TFSA

**MINIMUM INVESTMENT:** \$150,000 (or investors who meet criteria as "accredited investor")

**DISTRIBUTION FREQUENCY:** Income: Quarterly/Capital Gains: Annually

**PROVINCES OF DISTRIBUTION:** QC, ON, AB, NB, BC

**FUND MANAGER:** Majestic Asset Management LLC

**FUND ADMINISTRATOR:** SGGG Fund Services Inc

**CUSTODIAN:** National Bank Independent Network

**TRUSTEE:** TSX Trust Company

**AUDITORS:** KPMG Canada

## LEAD MANAGER



**Renato Anzovino, CFA**

**Vice President, Portfolio Manager**

Renato Anzovino has 20 years of experience in portfolio management. Prior to joining Heward in 2003, Mr. Anzovino was a Vice President at a prominent investment management firm. His previous experience extends to the Royal Trust and the Royal Bank Financial Group, where he was a portfolio manager for their private client division. Renato is an active member of the Montreal Society of Financial Analysts. Mr. Anzovino is also the lead Portfolio Manager of the Heward Equity Fund.

**Co-managers:** Willem Hanskamp & Maurice Conti

## ABOUT THE FIRM

**HEAD OFFICE:** Montreal, Quebec

**FOUNDED:** In 1981 and remains independently owned by the principals of the firm, thus ensuring its continued independence

**STAFF:** 20

**PORTFOLIO MANAGERS:** Stable and experienced investment management team of 6 with almost 200 years of combined experience

**INVESTMENT STYLE:** Growth at a Reasonable Price (GARP) with value basis.

**INVESTMENT PROCESS:** Top-down / Bottom-up

**INVESTMENT OBJECTIVE:** To provide long term capital growth and preservation of capital

**ASSETS UNDER MANAGEMENT:** Approximately \$636 million

## FOR MORE INFORMATION

**PLEASE CONTACT HEWARD INVESTMENT MANAGEMENT INC.**

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Management fees and administrative expenses all may be associated with pooled fund investments. Please read the offering memorandum before investing. The indicated rates are the historical compound total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, distribution or optional charges or income taxes payable by any security holder that would have reduced items. Pooled Funds are not guaranteed, their value changes frequently and past performance may not be repeated. The S&P/TSX Total Return Index Benchmark has been used since the inception of the Fund June 30, 2009. It reflects the Fund's Investment policy of 100% Canadian equities.



**HEWARD**  
INVESTMENT MANAGEMENT INC.