

Heward
Income Fund
AS OF SEPTEMBER 30, 2020



FUND FACTS

Inception Date : November 1, 2016
Fund Size (million \$) : \$69.4

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$11.79
Class F	MAJ652	\$11.01
Class O	MAJ650	\$12.76
Class D	MAJ653	N/A

Distributions	
Q3 Income Distribution (Class O)	\$0.08
YTD Income Distribution (Class O)	\$0.24
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
Heward Income Fund	-0.00%	+1.62%	+5.74%	+3.12%	+3.71%	+3.85%	+3.45%			+3.51%
Fixed Income Benchmark*	+0.29%	+0.40%	+5.71%	+7.28%	+6.50%	+7.68%	+5.62%			+3.79%

*10% FTSE TMX Canada 91 Day TBill Index, 90% FTSE-TMX Canada Universe Bond Index

OBJECTIVES AND STRATEGY

The Heward Income Fund seeks to generate long term capital appreciation and investment income to provide an attractive total investment return. The fund invests in a diversified basket of debt securities, preferred shares, income trusts, real estate investment trusts, hybrid products and common shares.

WHAT DOES THE FUND INVEST IN?

Current Asset Mix

■ CASH	5.5%
■ FIXED INCOME	88.3%
Preferred Shares	12.0%
Federal Government	15.9%
Provincial Government	7.6%
Corporate	52.8%
■ EQUITY	6.2%



TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 0.750% Due 03-01-21	6.51%
CANADA GOVT 2.000% Due 12-01-51	5.37%
CANADA GOVT 2.000% Due 06-01-28	4.05%
QUEBEC PROV 2.500% Due 09-01-26	3.17%
SASKATCHEWAN PROV 0.800% Due 09-02-25	2.89%
BELL CANADA 2.700% Due 02-27-24	2.66%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.60%
MORGUARD CORP 4.013% Due 11-18-20	2.34%
PEMBINA PIPELINE 2.560% Due 06-01-23	2.26%
MOLSON COORS INTL LP 2.840% Due 07-15-23	2.25%

WHO SHOULD INVEST IN THIS FUND?

The Heward Income Fund caters to risk-averse investors. They seek a steady stream of income through exposure to fixed income securities.

HOW THE FUND PERFORMED

Interest rates fluctuated quite heavily during the quarter within a wide trading range, but in the end they finished at around the same level as where they started. It now has become increasingly clear that the Bank of Canada and The Federal Reserve are going to keep base interest rates low for an extended period of time even if inflation would start to rise. Therefore we think that bond rates will also remain fairly low, especially for the higher quality debt instruments. Obviously, a lot will depend on how we will be able to get through the second wave of Covid infections. Renewed lockdowns could negatively affect economic growth, possibly resulting in even marginally lower rates. On the other hand, should a vaccine become available, rates may start to increase with the expectation of better economic growth ahead. In either case, nominal interest rates on bonds are going to continue to remain at fairly low levels. As such, in order to generate more attractive returns, the Fund has further diversified the (fixed) income investments by including more of the less traditional investment vehicles than in the past. Higher yielding corporate bonds, convertible bonds, preferred shares and selected higher dividend paying stocks have already a more prominent position in the portfolio. We are looking to further increase our exposure to that segment of the portfolio as opportunities present themselves. Given the very low level of rates, portfolio duration remains below benchmark as the potential for significant further interest rate declines is limited at this point.

Over the quarter the portfolio has returned 1.6%, outperforming the 0.4% increase in the benchmark. The outperformance was largely due to a much better than benchmark performance in our equity and preferred share holdings.

QUICK FACTS AND FUND CHARACTERISTICS

CHARACTERISTICS:

- Fixed Income portfolio of primarily Canadian holdings
- 35-45 holdings
- Low to moderate risk
- Steady income and moderate growth

FUND TYPE: Fixed Income

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

MINIMUM INVESTMENT: \$150,000 (or investors who meet criterias "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



Willem Hanskamp

Senior Vice President, Portfolio Manager

Willem Hanskamp started his career as an Analyst with the Amsterdam-Rotterdam Bank in 1972. Later, Mr. Hanskamp joined Credit Lyonnais Netherlands and Paribas Netherlands, where he specialized in global research and portfolio management. Willem moved to Canada and joined Heward in 1990. Today, Willem Hanskamp's areas of concentration are Canadian, overseas (EAFE) and fixed-income securities.

Co-managers: Renato Anzovino, CFA & 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 growth and preservation of capital

ASSETS UNDER MANAGEMENT: Approximately \$633 million

FOR MORE INFORMATION

PLEASE CONTACT HEWARD INVESTMENT MANAGEMENT INC.

2115 rue de la Montagne,
Montreal, QC H3G 1Z8

www.heward.com

Telephone: (514) 985-5757

Toll Free: 1-800-567-5257

Fax: (514) 985-5755

Email: info@heward.com

Performance is calculated after brokerage costs, but before management fees. 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 returns. Pooled funds are not guaranteed, their value changes frequently and past performance may not be repeated. The Income Benchmark has been used since the inception of the Heward Income Fund on November 1st, 2016. It reflects the Fund's investment policy of 90% fixed income, 10% cash (+/- 20%).



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INVESTMENT MANAGEMENT INC.