

Heward
Canadian Dividend Growth Fund
AS OF SEPTEMBER 30, 2020



FUND FACTS

Inception Date : June 30, 2009
Fund Size (million \$) : \$71.8

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ551	\$0.00
Class F	MAJ552	\$16.39
Class O	MAJ550	\$16.60
Class D	MAJ553	N/A

Distributions	
Q3 Income Distribution (Class O)	\$0.12
YTD Income Distribution (Class O)	\$0.35
Annual Capital Gains Distribution	N/A

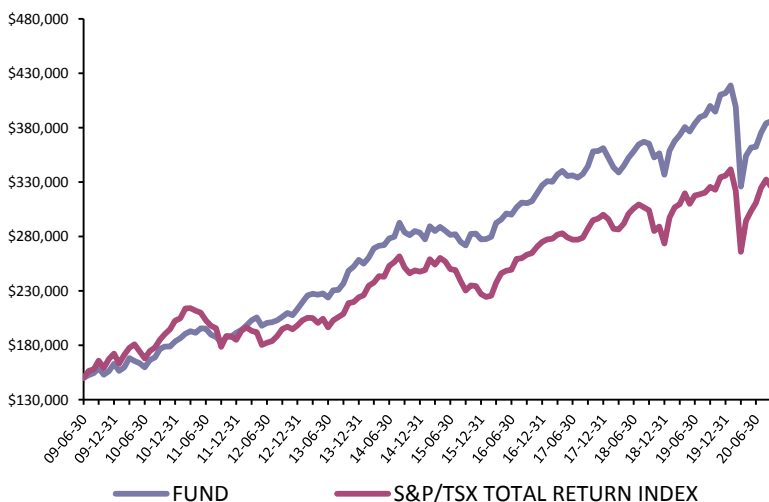
PERFORMANCE - Compounded Annual Returns (%)

	1 mth.	3 mths.	6 mths.	YTD	1 year	2 years	3 years	5 years	10 years	Since Inception
Heward Canadian Dividend Growth Fund	+0.44%	+6.47%	+18.39%	-6.32%	-3.53%	+2.76%	+3.83%	+7.26%	+8.11%	+8.76%
S&P/TSX Total Return Index	-2.06%	+4.73%	+22.51%	-3.09%	-0.03%	+3.46%	+4.26%	+7.16%	+5.80%	+7.13%

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	8.8%
EQUITY	91.2%



Sector Allocation

CONSUMER DISCRETIONARY	6.53%
CONSUMER STAPLES	14.95%
ENERGY	8.63%
FINANCIALS	24.62%
HEALTH CARE	1.68%
INDUSTRIALS	13.67%
INFORMATION TECHNOLOGY	5.51%
REAL ESTATE	2.93%
COMMUNICATION SERVICES	5.92%
UTILITIES	6.75%
CASH	8.80%



TOP TEN HOLDINGS

STOCK NAME	% OF PORTFOLIO
OPEN TEXT CORP COMMON	4.49%
INTACT FINANCIAL COMMON	3.99%
LOBLAW COS LTD COMMON	3.90%
BANK OF NOVA SCOTIA COMMON	3.79%
POWER CORP OF CDA SUB VTG	3.65%
TELUS CORP COMMON	3.61%
TFI INTERNATIONAL COMMON	3.58%
RESTAURANT BRANDS COMMON	3.53%
ALGONQUIN POWER&UTIL COMMON	3.46%
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 markets seemed to have finally come to their senses through the third quarter with investors' focus shifting to quality companies and moving back from the fast-moving stocks. This can be seen in the return generated by our portfolio (6.47%) versus the TSX (4.73%).

Despite uncertain times due to the pandemic, our strategy has remained the same. Now, with the market taking note of these underappreciated opportunities, these companies are slowly being rewarded. With it being the backbone of our strategy, we will always invest in growing, high quality dividend paying companies that have high levels of earnings visibility and predictability. This has led to our decisions to increase the portfolio's exposure to Utilities, Financials (non-bank), Consumer Staples and Industrials (Transportation & Infrastructure) as this is where the opportunities have appeared. Additionally, we have increased our exposure in select companies that have continued to thrive in the current environment such as: TFI International (e-commerce parcel deliveries & logistics), and TMX Group (trading volumes). Top performing companies during the quarter were Tricon, Canadian National Rail, North West Company, TFI and Sienna Senior Living. The laggard has been Pembina Pipelines (PPL), a midstream company which owns collection assets (pipelines) and processing facilities. The stock has sold off in tandem with the energy sector due to the industry wide negative sentiment and fears around COVID-19. However, unlike the energy producers, the majority of PPL's cash flow is secured by long-term take-or-pay contracts. Furthermore, its volume-based business is less impacted by COVID as compared to pure oil pipelines because of its large exposure to Natural Gas Liquids (NGL), where demand has remained relatively stable. Given the company's low counterparty risk and ample liquidity, as well as our recent conversations with management, we are confident that the dividend is secure. With the stock trading at a 10-year low valuation multiple, and with weekly volumes increasing, Pembina's risk profile is currently quite attractive. Moreover, we are being compensated with a 9.0% dividend yield while we wait for the market to reflect its true value.

Companies that are strong enough to pay, maintain and even grow their dividends in these unprecedented times are a special breed and should command premium valuations, not lower as we see today. With our current low interest rate environment investors are slowly (finally) recognizing this as well and these types of stocks should benefit as we go forward.

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 \$633 million

FOR MORE INFORMATION

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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.