

Heward  
Canadian Dividend Growth Fund  
AS OF DECEMBER 31, 2020



FUND FACTS

**Inception Date :** June 30, 2009  
**Fund Size (million \$) :** \$82.3

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

Fund Class	Fund Number	NAV (\$)
Class A	MAJ551	\$0.00
Class F	MAJ552	\$17.38
Class O	MAJ550	\$17.58
Class D	MAJ553	N/A

Distributions	
Q4 Income Distribution (Class O)	\$0.13
YTD Income Distribution (Class O)	\$0.48
Annual Capital Gains Distribution	N/A

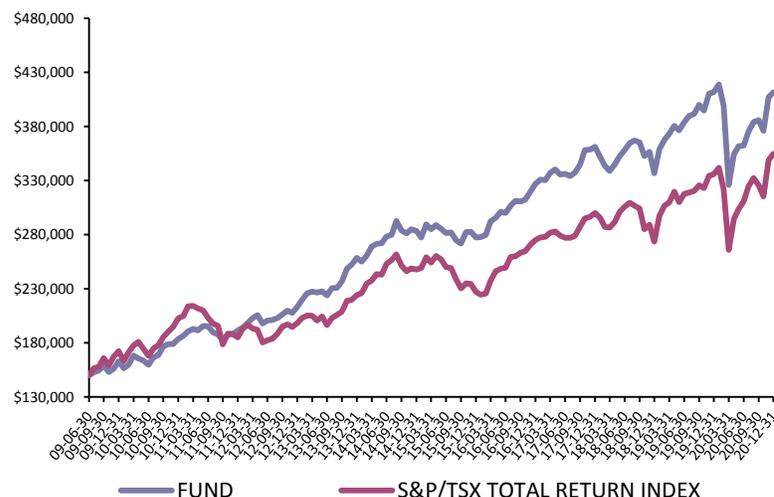
PERFORMANCE - Compounded Annual Returns (%)

	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>+1.07%</b>	<b>+6.66%</b>	<b>+13.56%</b>	<b>-0.08%</b>	<b>-0.08%</b>	<b>+10.54%</b>	<b>+4.46%</b>	<b>+8.22%</b>	<b>+8.41%</b>	<b>+9.17%</b>
S&P/TSX Total Return Index	+1.72%	+8.97%	+14.13%	+5.60%	+5.60%	+13.91%	+5.74%	+9.33%	+5.76%	+7.77%

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?

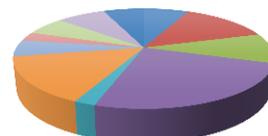
**Current Asset Mix**

CASH	6.2%
EQUITY	93.8%



**Sector Allocation**

CONSUMER DISCRETIONARY	6.85%
CONSUMER STAPLES	13.42%
ENERGY	9.71%
FINANCIALS	24.96%
HEALTH CARE	2.16%
INDUSTRIALS	15.09%
INFORMATION TECHNOLOGY	5.27%
REAL ESTATE	2.93%
COMMUNICATION SERVICES	6.00%
UTILITIES	7.36%
CASH	6.24%



**TOP TEN HOLDINGS**

STOCK NAME	% OF PORTFOLIO
OPEN TEXT CORP COMMON	4.87%
BANK OF NOVA SCOTIA COMMON	4.20%
RESTAURANT BRANDS COMMON	3.99%
INTACT FINANCIAL COMMON	3.77%
TELUS CORP COMMON	3.54%
TORONTO DOMINION BK COMMON	3.51%
LOBLAW COS LTD COMMON	3.38%
STANTEC INC COMMON	3.23%
TFI INTERNATIONAL COMMON	3.20%
ALGONQUIN POWER&UTIL COMMON	3.15%

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

2020 was an unforgettable year. With the onslaught of the COVID-19 virus, markets became schizophrenic, over-reacting on the downside in March, enthusiastically recovering through the summer then entering a stage of “greed” to end the year. After the initial run up from the March lows, the year-end push saw investors totally disregard fundamentally high-quality companies with solid dividends, free cash flow and dividend power. The Canadian markets performed very well the last quarter as the TSX returned 8.97%. Our fund returned a respectable 6.66% return, slightly below the TSX. Shopify continues its impact on relative performance. Canadian banks also saw a strong Q4 which impacted relative performance as we’re underweight the sector considering the diversified focus of our strategy. Top performing stocks through the quarter were Canadian Tire, Bank of Nova Scotia, TFI International, Finning and Aecon.

The massive policy response from the Bank of Canada (BOC) and the Federal government successfully kept the country’s financial system from buckling and signs of overwhelming financial strain are few. We expect a tailwind to Canada’s economy. With vaccines being rolled out, markets are focusing on a “return to normal” and as such are likely to create opportunities in sectors/stocks that have underperformed. 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, not lower valuations as we see today. We have already identified several companies that are trading at reasonable valuations, and while classified as defensive/mature, we believe several are actually growth companies. Additionally, with our current low interest rate environment investors are slowly (and finally) recognizing the power of dividend growth and these types of investments should benefit as we begin 2021.

Despite uncertain times due to the pandemic, our strategy has remained the same. With the market now taking note of these underappreciated opportunities, these companies are slowly being rewarded. This is, and has always been the backbone of our strategy and we will always invest in growing, high quality dividend paying companies that have high levels of earnings visibility and predictability.

## 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 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



**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 \$654 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.