

Financial Statements of

**HEWARD CANADIAN DIVIDEND GROWTH
FUND**

For the six-month period ended June 30, 2020 (Unaudited)

HEWARD CANADIAN DIVIDEND GROWTH FUND

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by Majestic Asset Management LLC, in its capacity as the Manager of the Fund. The Fund's Manager is responsible for the information and representations contained in these financial statements.

The Manager is responsible for managing the business and affairs of the Fund. Heward Investment Management Inc. is the investment advisor of the Fund (the "Investment Advisor") and is responsible for the management of the Fund's investment portfolios. The Investment Advisor retains ownership of the Fund at all times.

The Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgements made by the Manager. The significant accounting policies which the Manager believes are appropriate for the Fund are described in Note 3 to the unaudited interim financial statements.

On behalf of the Manager



August 24, 2020

NOTICE TO UNITHOLDERS

The Auditors of the Fund have not reviewed these financial statements.

Majestic Asset Management LLC, the Manager of the Fund, appoints an independent auditor to audit the Fund's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Fund's interim financial statements, this must be disclosed in an accompanying notice.

Heward Canadian Dividend Growth Fund

Statements of Financial Position As at June 30, 2020 (Unaudited)

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 5,620,681	\$ 4,332,086
Investments	59,824,744	57,643,100
Interest and dividends receivable	319,490	218,111
Subscriptions receivable	1,361,750	15,750
Prepaid expenses	1,937	4,804
Receivable for investments sold	525,400	—
	<u>67,654,002</u>	<u>62,213,851</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	27,649	34,801
Distributions payable	463,527	2,435,783
Redemptions payable	75,095	5,000
Management and advisory fees payable (note 6)	5,432	5,613
Payable for investments purchased	468,242	—
	<u>1,039,945</u>	<u>2,481,197</u>
Net Assets Attributable to Holders of Redeemable Units	\$ <u>66,614,057</u>	\$ <u>59,732,654</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ —	\$ 3,139
Series F	279,755	489,904
Series O	66,334,302	59,239,611
	<u>\$ 66,614,057</u>	<u>\$ 59,732,654</u>
Number of Redeemable Units Outstanding (note 5)		
Series A	—	287
Series F	18,036	27,367
Series O	4,222,801	3,267,792
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ —	\$ 10.94
Series F	15.51	17.90
Series O	15.71	18.13

Approved on behalf of the Manager

Majestic Asset Management LLC ("Manager")

Majestic Asset Management LLC ("Manager")

Heward Canadian Dividend Growth Fund

Statements of Comprehensive Income

For the six-months ended June 30, 2020 (Unaudited)

	2020	2019
Income		
Net realized (loss) gain on sales of investments	\$ (2,694,337)	\$ 2,280,331
Dividends	1,069,038	955,502
Interest available for distribution	28,247	39,207
Other income	–	9,420
Net change in unrealized (depreciation) appreciation in value of investments	<u>(5,782,849)</u>	<u>4,147,747</u>
	<u>(7,379,901)</u>	<u>7,432,207</u>
Expenses		
Management and advisory fees (note 6)	37,589	35,415
Accounting and recordkeeping fees	30,038	33,805
Custodian fee	11,852	9,418
Audit	7,528	3,287
Operating costs	6,309	3,521
Interest, bank charges and other	4,092	1,520
Fund transaction processing fees	<u>867</u>	<u>892</u>
	<u>98,275</u>	<u>87,858</u>
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ (7,478,176)</u>	<u>\$ 7,344,349</u>
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units per Series		
Series A	\$ (564)	\$ 349
Series F	(86,241)	57,792
Series O	<u>(7,391,371)</u>	<u>7,286,208</u>
	<u>\$ (7,478,176)</u>	<u>\$ 7,344,349</u>
Weighted Average of Redeemable Units Outstanding During the Period		
Series A	300	285
Series F	22,701	27,540
Series O	3,799,590	3,303,022
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series A	\$ (1.88)	\$ 1.22
Series F	(3.80)	2.10
Series O	(1.95)	2.21

Heward Canadian Dividend Growth Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units For the six-months ended June 30, 2020 (Unaudited)

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued and switch-in ⁽¹⁾	Redemption of redeemable units and switch-out ⁽¹⁾	Decrease in net assets attributable to holders of redeemable units	Distribution to unitholders of redeemable units	Reinvestments of distributions to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2020							
Series A	\$ 3,139	\$ –	\$ (2,720)	\$ (564)	\$ –	\$ 145	\$ –
Series F	489,904	25,000	(163,747)	(86,241)	(3,239)	18,078	279,755
Series O	59,239,611	14,384,600	(1,855,050)	(7,391,371)	(909,498)	2,866,010	66,334,302
	<u>\$ 59,732,654</u>	<u>\$ 14,409,600</u>	<u>\$ (2,021,517)</u>	<u>\$ (7,478,176)</u>	<u>\$ (912,737)</u>	<u>\$ 2,884,233</u>	<u>\$ 66,614,057</u>

⁽¹⁾ Total proceeds from redeemable units relating to switch-in and redemptions of redeemable units relating to switch-out for the period ended June 30, 2020 were \$nil and \$(nil), respectively.

	Net assets attributable to holders of redeemable units, beginning of period	Proceeds from redeemable units issued and switch-in ⁽¹⁾	Redemption of redeemable units and switch-out ⁽¹⁾	Increase in net assets attributable to holders of redeemable units	Distribution to unitholders of redeemable units	Reinvestments of distributions to holders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2019							
Class A	\$ 2,644	\$ –	\$ –	\$ 349	\$ (12)	\$ 106	\$ 3,087
Class F	417,646	32,521	(25,000)	57,792	(3,485)	18,757	498,231
Class O	50,090,409	1,861,755	(3,268,691)	7,286,208	(862,927)	2,764,466	57,871,220
	<u>\$ 50,510,699</u>	<u>\$ 1,894,276</u>	<u>\$ (3,293,691)</u>	<u>\$ 7,344,349</u>	<u>\$ (866,424)</u>	<u>\$ 2,783,329</u>	<u>\$ 58,372,538</u>

⁽¹⁾ Total proceeds from redeemable units relating to switch-in and redemptions of redeemable units relating to switch-out for the period ended June 30, 2019 were \$32,521 and \$(32,521), respectively.

Heward Canadian Dividend Growth Fund

Statements of Cash Flows

For the six-months ended June 30, 2020 (Unaudited)

	2020	2019
Cash provided by (used in):		
Operating Activities		
(Decrease) Increase in Net Assets Attributable to Holders of Redeemable Units	\$ (7,478,176)	\$ 7,344,349
Adjustments for non-cash items		
Net realized loss (gain) on sale of investments	2,694,337	(2,280,331)
Net change in unrealized depreciation (appreciation) in value of investments	5,782,849	(4,147,747)
Change in non-cash balances		
Increase in interest and dividends receivable	(101,379)	(33,206)
Decrease in prepaid expenses	2,867	-
Increase in receivable for investments sold	(525,400)	-
Decrease in accrued liabilities	(7,152)	(8,544)
Increase in payable for investments purchased	468,242	-
Decrease in management and advisory fees payable	(181)	(4,860)
Proceeds from sale of investments	10,119,800	12,536,448
Purchase of investments	(20,778,630)	(11,997,121)
Cash (used in) provided by operating activities	<u>(9,822,823)</u>	<u>1,408,988</u>
Financing Activities		
Proceeds from redeemable units issued	13,063,600	1,861,755
Redemption of redeemable units	(1,951,422)	(3,325,459)
Distribution paid to holders of redeemable units, net of reinvested distributions	(760)	(1,114)
Cash provided by (used in) financing activities	<u>11,111,418</u>	<u>(1,464,818)</u>
Increase (decrease) in cash and cash equivalents during the period	1,288,595	(55,830)
Cash and cash equivalents, beginning of period	<u>4,332,086</u>	<u>4,291,605</u>
Cash and cash equivalents, end of period	\$ <u>5,620,681</u>	\$ <u>4,235,775</u>
Supplemental information*		
Interest received	32,863	36,311
Dividends received, net of withholding taxes	991,003	950,324

*Included as a part of cash flows from operating activities

Heward Canadian Dividend Growth Fund

Schedule of Investment Portfolio

As at June 30, 2020 (Unaudited)

Number of shares/units	Investments owned	Local Currency	Average cost	Fair value	% of net asset value
Canadian equities					
114,000	Aecon Group Inc.	CAD	\$ 1,862,558	\$ 1,682,640	2.53
110,000	Algonquin Power & Utilities Corp.	CAD	1,346,285	1,930,500	2.90
22,000	BCE Inc.	CAD	1,226,163	1,245,640	1.87
6,000	Canadian National Railway Co.	CAD	590,263	720,660	1.08
18,000	Canadian Tire Corp Ltd.	CAD	2,439,698	2,117,520	3.18
96,000	Canadian Western Bank	CAD	2,559,377	2,270,400	3.41
31,000	Emera Inc.	CAD	1,460,666	1,656,020	2.49
92,200	Evertz Technologies Ltd.	CAD	1,514,516	1,034,484	1.55
38,000	Finning International Inc.	CAD	986,527	703,380	1.06
55,000	Gibson Energy Inc.	CAD	1,007,383	1,162,150	1.74
21,000	Intact Financial Corp.	CAD	2,089,798	2,713,410	4.07
57,000	Jamieson Wellness Inc.	CAD	1,142,903	2,028,060	3.04
38,000	Loblaw Cos Ltd.	CAD	2,395,327	2,512,180	3.77
53,000	Open Text Corp.	CAD	2,195,907	3,055,450	4.59
34,000	Parkland Corp.	CAD	1,075,489	1,146,140	1.72
44,000	Pembina Pipeline Corp.	CAD	1,720,590	1,493,360	2.24
96,000	Power Corp of Canada	CAD	2,391,417	2,292,480	3.44
20,000	Premium Brands Holdings Corp.	CAD	1,588,124	1,732,000	2.60
26,000	Restaurant Brands International Inc.	CAD	2,063,325	1,921,140	2.88
26,000	Royal Bank of Canada	CAD	2,043,946	2,394,860	3.60
49,000	Saputo Inc.	CAD	1,676,792	1,586,130	2.38
105,000	Sienna Senior Living Inc.	CAD	1,685,786	971,250	1.46
40,000	Stantec Inc.	CAD	1,210,175	1,676,400	2.52
13,000	Suncor Energy Inc.	CAD	485,920	297,570	0.45
30,000	TC Energy Corp.	CAD	1,644,131	1,740,000	2.61
110,000	TELUS Corp.	CAD	2,275,305	2,504,700	3.76
58,000	TFI International Inc.	CAD	2,057,522	2,795,020	4.20
48,000	The Bank of Nova Scotia	CAD	2,968,777	2,696,640	4.05
57,000	The North West Co Inc.	CAD	1,551,864	1,691,760	2.54
39,000	The Toronto-Dominion Bank	CAD	2,034,721	2,363,010	3.55
18,000	Thomson Reuters Corp.	CAD	1,280,279	1,660,320	2.49
14,000	TMX Group Ltd.	CAD	1,181,310	1,879,220	2.82
235,000	Tricon Capital Group Inc.	CAD	2,129,421	2,150,250	3.23
			<u>55,882,265</u>	<u>59,824,744</u>	<u>89.82</u>
	Total investments owned		\$ 55,882,265	59,824,744	89.82
	Other assets, net			<u>6,789,313</u>	<u>10.18</u>
	Net Assets Attributable to Holders of Redeemable Units			\$ 66,614,057	100.00

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

1. General information:

The Heward Canadian Dividend Growth Fund (the "Fund") is an open-ended investment trust created on June 30, 2009 under the laws of the province of Québec. The initial trust indenture was amended in 2012 and 2016. Prior to November 1, 2016, the Fund's investment fund manager was Heward Investment Management Inc., the Trustee was Computershare Trust Company of Canada and the Custodian was (and remains) National Bank Correspondent Network. As of November 1, 2016, the services of the former Trustee of the Fund (Computershare Trust Company of Canada) were terminated and TSX Trust Company was appointed as the new trustee of the Fund (the "Trustee"). At that date, Majestic Asset Management LLC became the new investment fund manager of the Fund (the "Manager" or "Majestic") and entered into an amended and restated trust agreement with the Trustee, which amended and restated the Indentures (the "Trust Agreement"). The Manager is registered with the Autorité des marchés financiers ("AMF") as an exempt market dealer, portfolio manager and investment fund manager. The Manager is also registered as a commodity trading manager, portfolio manager, exempt market dealer and investment fund manager with the Ontario Securities Commission ("OSC"). The Manager is responsible for managing the business and affairs of the Fund, including the appointment and removal of the Trustee and other service providers.

Heward Investment Management Inc. (the "Investment Advisor") is the Investment Advisor of the Fund and is responsible for the management of the Fund's investment portfolio. The Investment Advisor is registered as a portfolio manager in the provinces of Alberta, British Columbia, New Brunswick, Ontario and Quebec. The Investment Advisor retains ownership of the Fund at all times. SGGG Fund Services Inc. (the "Administrator") acts as the administrator and registrar of the Fund. National Bank Independent Network acts as the custodian (the "Custodian") and prime broker (the "Prime Broker") of the Fund.

The address of the Fund's registered office is 5005 Lapinière Blvd., Suite 2010, Brossard (Québec) Canada, J4Z 0N5.

The Heward Canadian Dividend Growth Fund seeks to maximize income and achieve modest long-term capital appreciation. The Fund will follow clearly defined investment criteria in selecting a diversified portfolio of high-quality Canadian equities with a history of consistent and growing dividends that offer the potential for long-term capital growth. The Fund will strive for two objectives: income and growth for investors.

2. Basis of presentation:

These interim financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") and International Accounting Standard 34, Interim Financial Reporting (together "IFRS") as published by the International Accounting Standards Board ("IASB"). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

2. Basis of presentation (continued):

These interim financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss which are presented at fair value. The policies applied in these financial statements are based on IFRS issued and outstanding as of August 24, 2020, which is the date on which the financial statements were authorized for issue by the Manager.

3. Significant accounting policies:

(a) Translation of foreign currency:

The functional and presentation currency of the Fund is the Canadian dollar. The fair value of foreign investments and other assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at 4:00 pm Eastern Standard Time (the "closing rate") on each valuation day. Purchases and sales of foreign securities denominated in foreign currencies and the related income are translated into Canadian dollars at rates of exchange prevailing on the respective dates of such transactions.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

(c) Cash and cash equivalents:

Cash and cash equivalents is comprised of cash on deposit and Canadian deposit instruments that are readily convertible to cash.

(d) Valuation of redeemable units:

The value of redeemable units is determined as at the last business day in each week as well as the last day of every month and, in any event, December 31 of each year, or such other day as agreed from time to time by the Manager ("Valuation Day"). The value of redeemable units on a Valuation Day is obtained by dividing the net assets attributable to holders of a specific Series of redeemable units by the total number of units outstanding of the Series at the close of business on the Valuation Day.

Expenses directly attributable to a Series are charged to that Series while common Fund expenses are allocated to each Series in a reasonable manner as determined by the Manager. Other income, and realized and unrealized gains and losses are allocated to each Series of the Fund based on that Series' pro rata share of total net assets of the Fund.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

3. Significant accounting policies (continued):

(e) Investment transactions and revenue recognition:

Investment transactions are accounted for on a trade date. Interest income is accrued daily and dividend income is recognized on the ex-dividend date.

The interest income for distribution purposes shown on the statements of comprehensive income represents the coupon interest received by the Fund accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis.

Realized gain (loss) on sale of investments and unrealized appreciation (depreciation) in investments are determined on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero-coupon bonds.

(f) Financial instruments:

(i) Classification and measurement:

Financial assets and financial liabilities are initially measured at fair value and are subsequently accounted for based on their classification as described below. The classification depends on the purpose for which the financial instruments were acquired and their characteristics.

Financial assets

Financial assets are classified into two categories:

- (i) Fair value through profit or loss ("FVTPL"); and
- (ii) Measured at amortized cost

Financial assets at fair value through profit or loss

The Fund classifies its investments at FVTPL based on the Fund's business model for managing those financial assets in accordance with the Fund's documented investment strategy. The portfolio of investments is managed and performance is evaluated on a fair value basis and the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The Fund is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions.

Measured at amortized cost

Interest and dividends receivable, prepaid expenses, receivable for investments sold and subscription receivable are classified as subsequently measured at amortized cost and recorded at cost or amortized cost. A financial asset is classified as subsequently measured at amortized cost only if both of the following criteria are met:

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

3. Significant accounting policies (continued):

(f) Financial instruments (continued):

(i) Classification and measurement (continued):

Measured at amortized cost (continued):

(i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows, and

(ii) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial liabilities

Financial liabilities are classified into one of two categories:

(i) Fair value through profit or loss; and

(ii) Measured at amortized cost

The Fund has no fair value through profit or loss financial liabilities.

Financial liabilities measured at amortized cost

Financial liabilities are accounted for at amortized cost using the effective interest rate method. Distributions payable, redemptions payable, accrued liabilities, payable for investments purchased and management and advisory fees payable are classified as financial liabilities measured at amortized cost. Transaction costs are included in the underlying balance.

The Fund's obligation for net assets attributable to holders of redeemable units is presented at the redemption amount.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

3. Significant accounting policies (continued):

(f) Financial instruments (continued):

(ii) Determination of fair value:

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded investments) is based on quoted market prices at the close of trading on the Valuation Day, being the last business day in each week, or such other day as agreed from time to time by the Manager. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the circumstances. The Fund's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

The Fund currently holds no financial assets or liabilities that are not traded in active markets.

(g) Impairment of financial assets:

At each reporting date, the Fund assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. If such evidence exists, the Fund recognizes an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(h) (Decrease) increase in net assets attributable to holders of redeemable units per unit, per series:

(Decrease) increase in net assets attributable to holders of redeemable units per unit, per series is based upon the (decrease) increase in net assets attributable to holders of redeemable units divided by the weighted average number of units outstanding during the period.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

4. Critical accounting estimates and judgments:

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The most significant accounting judgments and estimates that the Funds have made in preparing the financial statements are related to valuation of investment. See Note 3 for more information on the fair value measurements of the Fund's financial statements.

5. Redeemable units:

The Fund is permitted to issue an unlimited number of units of Series A, F and O. The number of Series A, F and O units issued, redeemed and outstanding for the periods ended June 30, 2020 and 2019 are summarized as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemption of Redeemable Units	Reinvestments of Units	Redeemable Units, end of period
June 30, 2020					
Series A	287	–	(300)	13	–
Series F	27,367	1,547	(11,922)	1,044	18,036
Series O	3,267,792	910,130	(119,967)	164,846	4,222,801
June 30, 2019					
Series A	274	–	–	11	285
Series F	26,892	1,890	(1,465)	1,197	28,514
Series O	3,167,944	108,657	(190,015)	172,402	3,258,988

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

6. Related party transactions:

Management and advisory fees

The Manager is responsible to manage, supervise and administer the day-to-day investment operations of the Fund consistent with the investment objectives, strategy and policies of the Fund. For its services, the Manager receives a management fee determined as follows:

Series A: The unitholder is charged an annual advisory fee equal to 2% of the net asset value of the Units held by the subscriber. The advisory fees are accrued weekly and are paid monthly at 1/12 of 2%. In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12 of 0.10%.

Series F: The unitholder is charged an annual advisory fee of 1%. In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12 of 0.10%.

Series O: The unitholder must enter into an agreement with the Manager which identifies the advisory fee negotiated with the subscriber and payable by the subscriber to the Manager. In addition, the Manager will charge the Fund an annual Management Fee of up to 0.10% of the net asset value of the Fund. The Management Fees are accrued weekly and are paid monthly at 1/12 of 0.10%.

Expenses

The Fund is responsible for the payment of its expenses. The Fund may reimburse the Manager for incidental expenses incurred with respect to the operation of the Fund. The Trustee's fee for providing trustee services to the Fund is paid by the Fund and will be as agreed between the Trustee and the Manager.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

7. Financial instruments:

Investments measured at fair value are classified into one of three fair value hierarchy levels, based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The three fair value hierarchy levels are as follows:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

June 30, 2020

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 59,824,744	\$ –	\$ –	\$ 59,824,744
	\$ 59,824,744	\$ –	\$ –	\$ 59,824,744

December 31, 2019

	Level 1	Level 2	Level 3	Total
Assets				
Equities	\$ 57,643,100	\$ –	\$ –	\$ 57,643,100
	\$ 57,643,100	\$ –	\$ –	\$ 57,643,100

There were no significant transfers between levels in either the current or corresponding period.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

7. Financial instruments (continued):

Risk management

The Fund is exposed to a variety of risks arising from financial instruments as a result of its activities. The Fund applies a risk management approach seeking to minimize potential adverse effects on the Fund's performance while maximizing returns in the context of tolerable risk levels. The Fund's main risks are described hereafter:

Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. The Fund's credit risk arises principally from cash held with custodians and from investments in cash equivalents. The Fund limits its exposure to credit loss by lodging its cash with an approved, reputable custodian and by holding high credit quality investments. The Fund's manager performs ongoing credit evaluations based upon factors surrounding the credit risk of issuers, historical trends and other information. There have been no significant changes to the Fund's exposure to credit risks and how they arise or how they are managed since the previous period.

As at June 30, 2020 and December 31, 2019, the Fund had no significant investments in debt instruments and/or derivatives.

All transactions in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

Liquidity risk

The Fund is exposed daily to redemptions of units for cash. The units of the Fund are redeemed on demand at the current net asset value per unit at the option of the unitholder. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily disposed of. In addition, the Fund aims to retain sufficient cash and cash equivalent positions to maintain liquidity. The Fund's liabilities are short-term in nature and investments are considered readily realizable and highly liquid, therefore the Fund's liquidity risk is considered minimal. There have been no significant changes to the Fund's exposure to liquidity risks and how they arise or how they are managed since the previous period.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

7. Financial instruments (continued):

Risk management (continued)

Liquidity risk (continued)

The table hereunder categorizes the Fund's liabilities based on their contractual maturities, based on undiscounted cash flows:

	June 30, 2020		
	Carrying Value	Within 3 months	More than 3 months
Distributions payable	\$ 463,527	\$ 463,527	-
Accrued liabilities	27,649	27,649	-
Redemptions payable	75,095	75,095	-
Management and advisory fees payable	5,432	5,432	-
Payable for investments purchased	468,242	468,242	-
	\$ 1,039,945	\$ 1,039,945	\$ -

	December 31, 2019		
	Carrying Value	Within 3 months	More than 3 months
Distributions payable	\$ 2,435,783	\$ 2,435,783	-
Accrued liabilities	34,801	34,801	-
Redemptions payable	5,000	5,000	-
Management and advisory fees payable	5,613	5,613	-
	\$ 2,481,197	\$ 2,481,197	\$ -

Redeemable units are redeemable on demand at the holder's option. However, the Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

Market risk

The Fund's investments are exposed to market risk comprised of other price risk, as explained hereafter. The Fund does not hold foreign currency denominated investments nor maintain significant cash in foreign currencies. The Fund does not invest significant amounts in interest-bearing instruments. Consequently, the Fund does not have any significant exposure to currency or interest risk.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

7. Financial instruments (continued):

Risk management (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Fund are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through balanced investments in various income and equity securities derived from the global marketplace. The Manager monitors the Fund's overall market positions on a daily basis and positions are maintained within established ranges.

The maximum market risk arising from financial instruments held is equivalent to the carrying value of those instruments. There have been no significant changes to the Fund's exposure to market risks and how they arise or how they are managed since the previous period.

If stock prices had increased (decreased) by 5% at June 30, 2020, with all other variables remaining constant, this would have increased (decreased) the portfolio and unrealized appreciation (depreciation) by approximately 4.49% (December 31, 2019 - 4.83%).

Concentration risk

The Fund is exposed to geographic concentration risk as its holdings are all in Canadian equity securities.

8. Capital risk management:

Units issued and outstanding are considered to be the capital of the Fund. The Fund does not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Unitholders may require the Fund to redeem all or any part of such Unitholder's Units at a redemption amount equal to the Series' Net Asset Value of a unit, next determined after receipt by the Trustee of a request for redemption in such form as the Trustee shall reasonably determine from time to time. The units are redeemable for cash equal to a pro rata share of the Fund's net asset value.

HEWARD CANADIAN DIVIDEND GROWTH FUND

Notes to the financial statements

For the six-month period ended June 30, 2020 (Unaudited)

9. Income taxes:

The Fund qualifies as a Mutual Fund Trust under the provisions of the *Income Tax Act* and accordingly, is not subject to tax on its net taxable income for the tax year, which ends in December, including net realized capital gains, which are paid or payable to its unitholders as at the end of the tax year. However, such part of the Fund's net income and net realized capital gains as is not so paid or payable, is subject to income tax. Income tax on net realized capital gains not paid or payable is generally recoverable by virtue of refunding provisions contained in tax legislation, as redemptions occur. It is the intention of the Fund to distribute all of its income and sufficient net realized capital gains so that the Fund will not be subject to income tax.

Non-capital losses are available to be carried forward for twenty years and applied against future taxable income. Capital losses for income tax purposes may be carried forward indefinitely and applied against future capital gains.

As at the tax year ended December 31, 2019, the Fund has non-capital losses of \$nil (2018 - \$nil) available for carry-forward and capital losses of \$nil (2018 - \$nil) available for carry-forward.

10. Filing exemption:

The Fund is relying on the exemption pursuant to Section 2.11 of "National Instrument 81-106" not to file its financial statements with the applicable Provincial Securities Commission.