

Heward Global Leaders Fund

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

	June 30, 2020	December 31, 2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 945,595	\$ 407,717
Investments	4,737,888	5,513,205
Interest and dividends receivable	8,422	2,613
Prepaid expenses	14,358	15,121
	<u>5,706,263</u>	<u>5,938,656</u>
LIABILITIES		
Current liabilities		
Accrued liabilities	30,852	37,990
Management and advisory fees payable (note 6)	488	583
Distributions payable	16,506	139,750
	<u>47,846</u>	<u>178,323</u>
Net Assets Attributable to Holders of Redeemable Units	<u>\$ 5,658,417</u>	<u>\$ 5,760,333</u>
Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ 136,598	\$ 136,789
Series O	<u>5,521,819</u>	<u>5,623,544</u>
	<u>\$ 5,658,417</u>	<u>\$ 5,760,333</u>
Number of Redeemable Units Outstanding (note 5)		
Series F	12,750	12,750
Series O	508,598	518,125
Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ 10.71	\$ 10.73
Series O	10.86	10.85

Approved on behalf of the Manager



Majestic Asset Management LLC ("Manager")

Majestic Asset Management LLC ("Manager")

Heward Global Leaders Fund

Statements of Comprehensive Income

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

	2020	2019
Income		
Dividends	\$ 80,570	\$ 72,213
Net realized gain (loss) on sales of investments	228,404	(56,937)
Net realized gain (loss) on foreign exchange	54,437	(12,034)
Interest available for distribution	1,429	5,550
Net change in unrealized (depreciation) appreciation in value of investments	(308,759)	596,409
	<u>56,081</u>	<u>605,201</u>
Expenses		
Operating costs	21,938	20,978
Accounting and recordkeeping fees	17,359	25,550
Audit	4,701	4,619
Management and advisory fees (note 6)	3,934	4,026
Custodian fee	3,127	5,984
Interest expenses	1,783	1,647
	<u>52,842</u>	<u>62,804</u>
Increase in Net Assets Attributable to Holders of Redeemable Units	<u>\$ 3,239</u>	<u>\$ 542,397</u>
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Series		
Series F	\$ (176)	\$ 13,860
Series O	<u>3,415</u>	<u>528,537</u>
	<u>\$ 3,239</u>	<u>\$ 542,397</u>
Weighted Average of Redeemable Units Outstanding During the Period		
Series F	12,750	13,480
Series O	504,780	554,574
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit		
Series F	\$ (0.01)	\$ 1.03
Series O	0.01	0.95

Heward Global Leaders 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⁾	Increase (decrease) in net assets attributable to holders of redeemable units	Distribution to unitholders of redeemable units	Net assets attributable to holders of redeemable units, end of period
June 30, 2020						
Series F	\$ 136,789	\$ —	\$ —	(176)	(15)	136,598
Series O	5,623,544	195,000	(278,051)	3,415	(22,089)	5,521,819
	<u>\$ 5,760,333</u>	<u>\$ 195,000</u>	<u>\$ (278,051)</u>	<u>\$ 3,239</u>	<u>\$ (22,104)</u>	<u>\$ 5,658,417</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	Net assets attributable to holders of redeemable units, end of period
June 30, 2019						
Class F	\$ 121,830	\$ 62,997	\$ (66,139)	13,860	(230)	132,318
Class O	5,567,124	482,763	(1,119,095)	528,537	(18,113)	5,441,216
	<u>\$ 5,688,954</u>	<u>\$ 545,760</u>	<u>\$ (1,185,234)</u>	<u>\$ 542,397</u>	<u>\$ (18,343)</u>	<u>\$ 5,573,534</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 \$62,997 and \$(62,997), respectively.

Heward Global Leaders Fund

Statements of Cash Flows

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

	2020	2019
Cash provided by (used in):		
Operating Activities		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 3,239	\$ 542,397
Adjustments for non-cash items		
Net realized (gain) loss on sale of investments	(228,404)	56,937
Net realized (gain) loss on foreign exchange	(54,437)	12,034
Net change in unrealized depreciation (appreciation) in value of investments	308,759	(596,409)
Change in non-cash balances		
Increase in interest and dividends receivable	(5,809)	(185)
Decrease in prepaid expenses	763	758
(Decrease) increase in accrued liabilities	(7,138)	4,752
Decrease in management and advisory fees payable	(95)	(1,160)
Proceeds from sale of investments	7,416,220	2,134,920
Purchase of investments	(6,721,258)	(1,972,993)
Cash provided by operating activities	<u>711,840</u>	<u>181,051</u>
Financing Activities		
Proceeds from redeemable units issued	195,000	482,763
Redemption of redeemable units	(278,051)	(1,122,237)
Distribution paid to holders of redeemable units, net of reinvested distributions	(145,348)	(13,210)
Cash used in financing activities	<u>(228,399)</u>	<u>(652,684)</u>
Increase (decrease) in cash and cash equivalents during the period	483,441	(471,633)
Foreign exchange gain (loss) on cash	54,437	(12,034)
Cash and cash equivalents, beginning of period	407,717	996,296
Cash and cash equivalents, end of period	<u>\$ 945,595</u>	<u>\$ 512,629</u>
Supplemental information*		
Interest received	1,429	6,496
Dividends received, net of withholding taxes	62,039	60,445

*Included as a part of cash flows from operating activities

Heward Global Leaders 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
EQUITIES					
Canada					
1,400	Agnico Eagle Mines Ltd.	CAD	\$ 114,272	\$ 121,702	2.15
2,000	Barrick Gold Corp.	USD	57,899	73,150	1.29
700	Franco-Nevada Corp.	CAD	140,592	132,741	2.35
8,000	Gildan Activewear Inc.	CAD	218,655	168,240	2.97
2,000	Metro Inc.	CAD	111,196	112,000	1.98
3,000	Open Text Corp.	CAD	175,069	172,950	3.06
4,500	Power Corp of Canada	CAD	95,013	107,460	1.90
			<u>912,696</u>	<u>888,243</u>	<u>15.70</u>
United States					
1,500	AbbVie Inc.	USD	168,954	199,941	3.53
200	Apple Inc.	USD	70,789	99,054	1.75
3,000	Bank of America Corp.	USD	102,400	96,733	1.71
1,700	Bristol-Myers Squibb Co.	USD	149,588	135,711	2.40
1,000	Duke Energy Corp.	USD	115,031	108,463	1.92
1,500	eBay Inc.	USD	97,735	106,813	1.89
2,000	Gilead Sciences Inc.	USD	212,156	208,915	3.69
900	Intel Corp.	USD	59,950	73,105	1.29
700	Jacobs Engineering Group Inc.	USD	78,626	80,590	1.42
300	Johnson & Johnson	USD	54,964	57,278	1.01
8,000	Kinder Morgan Inc.	USD	168,711	164,764	2.91
250	Microsoft Corp.	USD	42,550	69,074	1.22
2,500	Mondelez International Inc.	USD	176,958	173,542	3.07
1,500	Pfizer Inc.	USD	71,446	66,593	1.18
1,600	QUALCOMM Inc.	USD	180,717	198,130	3.50
600	Starbucks Corp.	USD	65,001	59,946	1.06
500	The Blackstone Group Corp.	USD	33,159	38,462	0.68
400	The Home Depot Inc.	USD	127,920	136,042	2.40
4,000	The Kroger Co.	USD	176,008	183,826	3.25
600	Verizon Communications Inc.	USD	45,492	44,908	0.79
			<u>2,198,155</u>	<u>2,301,890</u>	<u>40.67</u>
Switzerland					
700	Nestle SA	USD	84,172	104,957	1.85
1,300	Novartis AG	USD	136,992	154,150	2.72
3,000	Roche Holding AG	USD	139,618	176,685	3.12
			<u>360,782</u>	<u>435,792</u>	<u>7.69</u>
Sweden					
12,500	Telefonaktiebolaget LM Ericsson	USD	150,660	157,827	2.79
Japan					
1,000	Sony Corp.	USD	87,985	93,854	1.66
Netherlands					
2,000	Unilever NV	USD	144,986	144,644	2.56

Heward Global Leaders Fund

Schedule of Investment Portfolio (continued)

As at June 30, 2020 (Unaudited)

Number of shares/units	Investments owned (continued)	Local currency	Average cost	Fair value	% of net asset value
	EQUITIES (continued)				
	United Kingdom				
2,000	AstraZeneca PLC	USD	133,950	143,612	2.54
2,000	GlaxoSmithKline PLC	USD	114,350	110,757	1.96
4,500	Manchester United Plc	USD	104,910	96,712	1.71
8,000	Vodafone Group PLC	USD	179,806	173,128	3.06
			<u>533,016</u>	<u>524,209</u>	<u>9.27</u>
	Emerging Markets				
15,000	Gold Fields Ltd.	USD	144,016	191,429	3.38
	Total investments owned		4,532,296	4,737,888	83.72
	Other assets, net			920,529	16.28
	Net Assets Attributable to Holders of Redeemable Units			<u>\$ 5,658,417</u>	<u>100.00</u>

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

1. General information:

The Heward Global Leaders Fund (the "Fund"), is an open-ended investment trust created on April 14, 2017 under the Laws of the province of Québec pursuant to a trust agreement (the "Trust Agreement"). TSX Trust Company (the "Trustee") is the Trustee of the Fund and Majestic Asset Management LLC (the "Manager" acts as the investment fund manager of the Fund. 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. The Fund commenced operations on April 14, 2017.

Heward Investment Management Inc. (the "Investment Advisor") acts as the Investment Advisor of the Fund and is responsible for the management of the Fund's investment portfolios. 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 Global Leaders Fund will use a top-down, bottom-up approach and seeks to generate consistent risk adjusted returns over the long term by identifying high-quality global businesses that are attractively priced. These companies are typically leaders in their respective business field, have high defensible barriers to entry, strong free-cash-flow generation, solid management, high returns on invested capital and consistent return of capital via dividends.

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 Standard Board ("IASB"). The Fund reports under this basis of accounting as required by Canadian Securities Legislation and Canadian Accounting Standards Board.

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.

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

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 deposit instruments with Canadian financial institutions 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 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 GLOBAL LEADERS 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 the 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.

HEWARD GLOBAL LEADERS 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

Interest and dividends receivable and prepaid expenses 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:

- (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, management and advisory fees payable and accrued liabilities 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 GLOBAL LEADERS 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) Increase (decrease) in net assets attributable to holders of redeemable units per series, per unit:

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

HEWARD GLOBAL LEADERS 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 measurement of the Funds' financial statements.

5. Redeemable units:

The Fund is permitted to issue an unlimited number of units of Series F and O with no par value.

The number of units issued, redeemed and outstanding for the period ended June 30, 2020 and 2019 is summarized as follows:

	Redeemable Units, beginning of period	Redeemable Units Issued	Redemption of Redeemable Units	Redeemable Units, end of period
June 30, 2020				
Series F	12,750	–	–	12,750
Series O	518,125	17,875	(27,402)	508,598
June 30, 2019				
Series F	12,750	6,298	(6,298)	12,750
Series O	574,329	47,989	(107,592)	514,726

HEWARD GLOBAL LEADERS 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 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 and will be as agreed between the Trustee and the Manager.

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).

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

7. Financial instruments (continued):

June 30, 2020					
	Level 1	Level 2	Level 3	Total	
Investments					
Equities	\$ 4,737,888	\$ –	\$ –	4,737,888	
	\$ 4,737,888	\$ –	\$ –	4,737,888	

December 31, 2019					
	Level 1	Level 2	Level 3	Total	
Investments					
Equities	\$ 5,513,205	\$ –	\$ –	5,513,205	
	\$ 5,513,205	\$ –	\$ –	5,513,205	

There were no significant transfers between levels during the period ended June 30, 2020 and year ended December 31, 2019.

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 debt securities. The Fund limits its exposure to credit loss by lodging its cash with an approved, reputable custodian and by holding high 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 in the Fund's exposure to credit risk and 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.

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

7. Financial instruments (continued):

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.

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
Accrued liabilities	\$ 30,852	\$ 30,852	\$ -
Management and advisory fees payable	488	488	-
Distributions payable	16,506	16,506	-
	\$ 47,846	\$ 47,846	\$ -

	December 31, 2019		
	Carrying Value	Within 3 months	More than 3 Months
Accrued liabilities	\$ 37,990	\$ 37,990	\$ -
Management and advisory fees payable	583	583	-
Distributions payable	139,750	139,750	-
	\$ 178,323	\$ 178,323	\$ -

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.

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

7. Financial instruments (continued):

Risk management (continued)

Market risk

The Fund's investments are exposed to market risk comprised of interest rate risk, foreign currency risk and other price risk, as explained hereafter:

Interest rate risk

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities. Effective duration, a commonly used measure of interest rate risk, incorporates a security's yield, coupon, final maturity, call features and other embedded options into one number expressed in years that indicates how price-sensitive a security or portfolio of securities is to changes in interest rates. The effective duration of a security or portfolio of securities indicates the approximate percentage change in fair value expected for a one percent change in interest rates. The longer the duration, the more sensitive the security portfolio is to changes in interest rates. The manager of the Fund manages the effective duration and level of investment in fixed income securities. As at June 30, 2020 and December 31, 2019, the Fund does not have significant high yield exposure, and so this risk is immaterial.

Foreign currency risk

The Fund is exposed to foreign currency risk arising from holding investments and cash denominated in U.S. dollars. The table below summarizes the Fund's exposure to foreign currency risks. The amounts shown are the Canadian dollar equivalent of the foreign denominated balances carried by the Fund.

	June 30, 2020
US Dollar:	
Investments	\$ 3,960,711
Cash and cash equivalents	945,123
	<hr/> 4,905,834 <hr/>

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

7. Financial instruments (continued):

Risk management (continued)

Foreign currency risk (continued)

	December 31, 2019
US Dollar:	
Investments	\$ 5,438,175
Cash and cash equivalents	5,747
	<u>5,443,922</u>

The Fund does not enter into arrangements to hedge its foreign currency risk. There have been no significant changes to the Fund's exposure to foreign currency risks and how they arise or how they are managed since the previous period.

As at June 30, 2020, had the Canadian dollar strengthened or weakened by 5% relative to all foreign currencies held, with all other variables held constant, net assets would have increased or decreased by 4.34% (December 31, 2019 – 4.72%).

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 the change in unrealized appreciation (depreciation) by approximately 4.19% (December 31, 2019 – 4.79%).

HEWARD GLOBAL LEADERS FUND

Notes to the financial statements

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

7. Financial instruments (continued):

Risk management (continued)

Concentration risk

The Fund's concentration risk arises from concentrations of exposures of holdings within the same geographic sectors. The following table summarizes the Fund's concentration risk:

	June 30, 2020
Geographic sector:	
Canada	13.74%
United States	69.98%

	December 31, 2019
Geographic sector:	
Canada	1.30%
United States	94.42%

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 GLOBAL LEADERS FUND

Notes to the financial statements

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

9. Income taxes:

The Fund qualifies as a Unit Trust under the provisions of the *Income Tax Act (Canada)* 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. 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. The Fund may in certain circumstances be subject to alternative minimum tax even though its net income and net realized capital gains are paid or payable to its unitholders.

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 had non-capital losses of \$nil (2018 - \$nil) available for carry-forward and capital losses of \$nil (2018 - \$30,080) 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.