

Heward  
Income Fund  
AS OF MARCH 31, 2021



## FUND FACTS

**Inception Date :** November 1, 2016  
**Fund Size (million \$) :** \$75.0

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

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$11.94
Class F	MAJ652	\$11.15
Class O	MAJ650	\$12.95
Class D	MAJ653	N/A

Distributions	
Q1 Income Distribution (Class O)	\$0.09
YTD Income Distribution (Class O)	\$0.09
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 Income Fund</b>	<b>+0.38%</b>	<b>+0.70%</b>	<b>+3.13%</b>	<b>+0.70%</b>	<b>+9.05%</b>	<b>+4.70%</b>	<b>+4.14%</b>			<b>+3.83%</b>
Fixed Income Benchmark*	-1.34%	-4.54%	-3.99%	-4.54%	+1.49%	+2.84%	+3.52%			+2.40%

\*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

<span style="color: blue;">■</span> CASH	5.5%
<span style="color: red;">■</span> FIXED INCOME	89.0%
Preferred Shares	18.4%
Federal Government	11.6%
Provincial Government	6.9%
Corporate	52.1%
<span style="color: green;">■</span> EQUITY	5.5%



### TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 2.000% Due 12-01-51	8.09%
CANADA GOVT 2.000% Due 06-01-28	3.52%
QUEBEC PROV 2.500% Due 09-01-26	2.83%
SASKATCHEWAN PROV 0.800% Due 09-02-25	2.62%
ROYAL BANK CDA 1.670% Due 01-28-33	2.57%
BELL CANADA 2.700% Due 02-27-24	2.44%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.39%
MOLSON COORS INTL LP 2.840% Due 07-15-23	2.09%
PEMBINA PIPELINE 2.560% Due 06-01-23	2.08%
FINNING INTL INC 2.840% Due 09-29-21	2.02%

## 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

A better than expected economic performance, somewhat higher inflation and generally a more positive perception of future growth given the arrival of Covid vaccines, pushed bond market interest rates up significantly during the quarter under review. As Central banks kept confirming their plans to keep their interest rates lower for longer, bond investors started pricing in rate increases down the road. Ten year interest rates in Canada rose from 0.67% at year end to 1.55% at the end of the quarter, one of the fastest rises on record. Yet, today's levels are still below those of the end of 2019 and have not reached levels where they could be considered a threat to economic growth. We expect global economies to gradually reopen further over the next few months, while inflation, though rising, will continue to be contained within reasonable limits. As such, we do expect 10 year rates to continue to gradually rise from today's level, but they are still expected to remain below the 2% level at least until the end of the year.

Obviously, bond prices show the negative effects caused by the rate rises during the quarter and may still have a difficult time in the remainder of the year. Because of our much lower than benchmark duration in our bond component, the damage remained limited. Furthermore, our strategy of overweighting, corporate bonds, convertible bonds, high yield bonds, but especially preferred shares and some higher yielding equities, contributed to a significant outperformance of the benchmark. We will continue this strategy going forward. The Income Fund finished the quarter with a positive return of 0.7% compared to a negative return of 4.54% for the benchmark.

## 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, RRF, 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 \$678 million

## FOR MORE INFORMATION

### PLEASE CONTACT HEWARD INVESTMENT MANAGEMENT INC.

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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%).



**HEWARD**  
INVESTMENT MANAGEMENT INC.