

FUND FACTS

Inception Date : November 1, 2016
Fund Size (million \$) : \$75.3

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$12.05
Class F	MAJ652	\$11.26
Class O	MAJ650	\$13.08
Class D	MAJ653	N/A

Distributions	
Q2 Income Distribution (Class O)	\$0.09
YTD Income Distribution (Class O)	\$0.18
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 Income Fund	+0.14%	+1.66%	+2.37%	+2.37%	+6.54%	+4.79%	+4.38%			+3.99%
Fixed Income Benchmark*	+0.87%	+1.50%	-3.11%	-3.11%	-2.16%	+2.44%	+3.86%			+2.60%

*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

■ CASH	9.8%
■ FIXED INCOME	84.9%
Preferred Shares	17.6%
Federal Government	11.5%
Provincial Government	8.2%
Corporate	47.6%
■ EQUITY	5.3%



TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 1.000% Due 06-01-27	6.61%
SASKATCHEWAN PROV 0.800% Due 09-02-25	3.94%
CANADA GOVT 2.000% Due 06-01-28	3.51%
QUEBEC PROV 2.500% Due 09-01-26	2.84%
ROYAL BANK CDA 1.670% Due 01-28-33	2.59%
BELL CANADA 2.700% Due 02-27-24	2.43%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.34%
MOLSON COORS INTL LP 2.840% Due 07-15-23	2.08%
PEMBINA PIPELINE 2.560% Due 06-01-23	2.05%
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

Due to the effect of renewed confinement measures in the early part of the quarter under review, upside pressures on interest rates waned. Even significantly rising inflationary pressures, largely considered transitory, have not really worried the bond markets. At the close of the quarter, ten year rates in Canada and the US ended below the level reached at the end of March. As we go through a phase of gradual deconfinement, economic growth is expected to pick up again in the next few quarters. We therefore think that present interest rate levels should be considered a new floor and that eventually a further increase will be inevitable. However, we continue to believe that any rise will be gradual and that rates will not reach levels that might be considered harmful to economic growth for quite a while.

The portfolio provided a return of 1.66% during the quarter, slightly outperforming the benchmark, which was up 1.50. Both the equity and preferred share portions added significantly to the overall performance, continuing the trend from the first quarter. The bond component slightly underperformed largely because of the much lower than benchmark duration of our bond holdings. Added to the positive return realized in the first quarter, year to date the portfolio is up 2.37%, substantially outperforming the benchmark return, which lost 3.11% over the same period.

Given our overall interest rate outlook, we maintain our strategy of investing largely in medium and short term bonds, keeping the duration of the bond component substantially below benchmark. We also continue to overweight corporate bonds. Although we are still holding a significant position in preferred shares, which have provided great returns so far this year, this strong performance limits the future upside potential and a more selective approach towards this asset class will be required.

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, 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



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 \$703 million

FOR MORE INFORMATION

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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.