

Heward
Income Fund
AS OF SEPTEMBER 30, 2021



FUND FACTS

Inception Date : November 1, 2016
Fund Size (million \$) : \$74.5

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$12.04
Class F	MAJ652	\$11.26
Class O	MAJ650	\$13.09
Class D	MAJ653	N/A

Distributions	
Q3 Income Distribution (Class O)	\$0.09
YTD Income Distribution (Class O)	\$0.26
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	-0.42%	+0.73%	+2.40%	+3.12%	+5.61%	+4.65%	+4.43%			+3.93%
Fixed Income Benchmark*	-1.25%	-0.45%	+1.04%	-3.55%	-2.99%	+1.64%	+4.00%			+2.37%

*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	8.1%
■ FIXED INCOME	85.2%
Preferred Shares	17.1%
Federal Government	11.5%
Provincial Government	8.2%
Corporate	48.5%
■ EQUITY	6.7%



TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 1.000% Due 06-01-27	6.65%
SASKATCHEWAN PROV 0.800% Due 09-02-25	3.95%
CANADA GOVT 2.000% Due 06-01-28	3.53%
QUEBEC PROV 2.500% Due 09-01-26	2.83%
CENTRAL 1 CR UN 1.323% Due 01-29-26	2.62%
ROYAL BANK CDA 1.670% Due 01-28-33	2.59%
BELL CANADA 2.700% Due 02-27-24	2.42%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.36%
MOLSON COORS INTL LP 2.840% Due 07-15-23	2.07%
PEMBINA PIPELINE 2.560% Due 06-01-23	2.07%

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

Having trended downwards for most of the quarter under review, as economic growth trends slowed, rates spiked up in the last few weeks. Increased talk about tapering of bond purchases by both the Fed and the Bank of Canada, as well as stubbornly high inflation rates, started to impact the bond market. This has occurred even though the moment of actual serious tightening of monetary policies is still at least several quarters away. The recent move in rates should be considered a logical part of the move to normalization in global economies. Although slowing from the vigorous pace set in the early part of the year, global economies will continue to expand over the next 12 to 18 months. While inflation numbers will slow, they are likely to stay somewhat higher than what markets had become accustomed to in the years prior to the pandemic. As a result, bond rates are expected to gradually rise over the next few years. This will of course, negatively impact returns on bond investments. In order to diminish the impact of rising rates, we will continue to diversify our fixed income holdings by concentrating on a variety of higher yielding vehicles (preferred shares, convertible bonds, corporate bonds), while keeping a much lower than benchmark duration.

The Fund provided a 0.73% return over the quarter under review and 3.12% year to date, significantly outperforming the benchmark performance of -0.45% and - 3.55% respectively. The bond component of the Fund did outperform the benchmark both on the 3 months and year to date basis, notably because of the lower than benchmark duration and concentration on corporate bonds and convertible bonds. The brunt of the outperformance, however, came from the equity and preferred share components. Long term performance numbers for the fund also look favorable relative to the benchmark, proving that staying the course, despite short term volatility, does pay off in the long run.

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 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: 17

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 \$714 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%).



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INVESTMENT MANAGEMENT INC.