

## FUND FACTS

**Inception Date :** November 1, 2016  
**Fund Size (million \$) :** \$73.0

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

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$11.86
Class F	MAJ652	\$11.10
Class O	MAJ650	\$12.90
Class D	MAJ653	N/A

Distributions	
Q4 Income Distribution (Class O)	\$0.18
YTD Income Distribution (Class O)	\$0.44
Annual Capital Gains Distribution	\$0.08

## 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	+0.96%	+0.51%	+1.24%	+3.64%	+3.64%	+4.62%	+4.98%	+3.96%		+3.84%
Fixed Income Benchmark*	+1.50%	+1.33%	+0.88%	-2.26%	-2.26%	+2.69%	+3.89%	+3.08%		+2.52%

\*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	9.0%
<span style="color: red;">■</span> FIXED INCOME	86.3%
Preferred Shares	13.7%
Federal Government	15.8%
Provincial Government	8.3%
Corporate	48.5%
<span style="color: green;">■</span> EQUITY	4.6%



### TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 1.000% Due 06-01-27	6.76%
CANADA GOVT 0.250% Due 05-01-23	5.44%
SASKATCHEWAN PROV 0.800% Due 09-02-25	4.02%
CANADA GOVT 2.000% Due 06-01-28	3.58%
QUEBEC PROV 2.500% Due 09-01-26	2.88%
CENTRAL 1 CR UN 1.323% Due 01-29-26	2.68%
BELL CANADA 2.700% Due 02-27-24	2.47%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.38%
MOLSON COORS INTL LP 2.840% Due 07-15-23	2.12%
PEMBINA PIPELINE 2.560% Due 06-01-23	2.09%

## 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

After a volatile quarter with interest rates reaching new cycle highs as Global Central Banks indicated an imminent gradual change in easy money policies, the Covid Omicron wave put a temporary dent in economic growth expectations. As a result, upside pressure on interest rates waned and in the end 10-year rates finished at around the same level as where they started the quarter under review. On a year-to-date basis, rates did increase considerably, causing havoc on bond markets. The Bond universe rate of return was a negative 2.53% for the calendar year.

Despite Omicron, we still expect good global growth in 2022 albeit at a less vigorous pace than in 2021. Although inflation rates will come down from present high levels, they will likely be a bit more persistent than initially expected. We therefore expect interest rates to increase again once the present Omicron wave subsides although not (yet) to levels where they can choke off growth. But the expected increase in bond interest rates will nonetheless again reduce returns on fixed income investments in the year ahead, especially (long term) bonds. Despite the downside pressure from rising interest rates on our bond component, the fund nevertheless provided a nice positive return of 3.64% versus the benchmark return of - 2.26%. The lower than benchmark duration of the bonds in the portfolio and a more diversified strategy in general benefitted the performance. Focussing on higher yielding corporate bonds and convertible bonds helped the overall performance of the bond component. However, the relatively large component of preferred shares and selected higher yielding equities were especially beneficial to the significant outperformance of the Fund.

Although we remain committed to both segments, we expect a more moderate contribution from preferred shares and equities after the very strong moves in 2021 and we felt a bit more comfortable to take partial profits on many of our positions. Should markets correct, we will rebuild those positions again.

## 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

#### Partner & Senior 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 \$698 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.