



## FUND FACTS

Inception Date: November 1, 2016  
Fund Size (million \$): \$67.2

Portfolio Manager: Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class F	MAJ652	10.33
Class O	MAJ650	12.01
Class D	MAJ653	0.00

Distributions	
Q2 Income Distribution (Class O)	0.10
YTD Income Distribution (Class O)	0.18
Annual Capital Gains Distribution	0.00

## PERFORMANCE - Compounded Annual Returns %

	1 mth.	3 mths.	6 mths.	YTD	1 year	2 years	3 years	5 years	10 years	Since Inception
INCOME FUND	0.24	0.05	2.02	2.02	2.11	-0.89	1.53	2.24		2.50
FixedIncomeBenchmark	0.07	-0.52	2.48	2.48	3.23	-3.75	-3.23	0.75		0.65

\*10% FTSE TMX Canada 91 Day TBill Index, 90% FTSE-TMX Canada Universe Bond Index

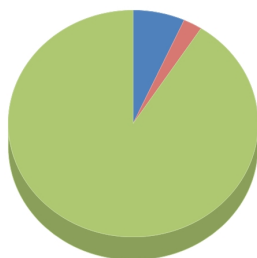
## OBJECTIVES AND STRATEGY

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	7.30%
EQUITY	2.57%
FIXED INCOME	90.13%
Corporate	57.28%
Federal Government	10.17%
Preferred Shares	8.64%
Provincial Government	14.04%



### TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 2.000 JUN 01 28	6.81
PROVINCE OF QUEBEC 2.75 SEP 01 25	5.78
PROV BRITISH COLUMBIA 3.20 JUN 18 32	4.21
CANADA GOVT 1.000 JUN 01 27	3.36
QUEBEC PROV 2.500 SEP 01 26	2.85
CENTRAL 1 CR UN 1.323 JAN 29 26	2.67
CANADIAN WESTERN BK 1.570 SEP 14 23	2.67
BELL CANADA 2.700 FEB 27 24	2.58
SAPUTO INC MEDIUM TE 2.827 NOV 21 23	2.51
MOLSON COORS INTL LP 2.840 JUL 15 23	2.26

## 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

Despite indications that economic growth is slowing, inflation rates have remained a bit more persistent than formerly believed. As a result, Central banks in North America continue to pursue a more cautious approach. After pausing for a while, the Bank of Canada raised its base rate again after its latest meeting and expectations are that one more hike could still be possible. The US Federal Reserve decided to pause at its latest meeting but has made it clear that the hiking cycle may not be quite over yet. On the back of these developments, medium and longer-term interest rates moved up as well during the quarter under review, resulting in a negative performance for the benchmark.

Going forward, we still expect the economic growth and inflation to moderate further. However, given the persistence of core inflation, rate cuts may not happen until the first quarter of next year, which is a bit later than we had originally thought. As such we do not expect bond rates to move significantly lower in the short term. Because of the much lower than benchmark allocation to long term bonds and a positive contribution from preferred shares and equities, the Income Fund performance was only marginally negative for the quarter under review, significantly outperforming the benchmark.

We will continue to focus on shorter and medium-term maturities in our bond component, as they provide higher nominal returns than longer term paper, while protecting the portfolio if rates would go higher still. We will also continue to hold some preferred shares as spreads on these vehicles are still unusually wide.

## 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, TFSA, IPP

**MINIMUM INVESTMENT:** \$150,000 (or investors who meet criteria of "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:** 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 capital growth and preservation of capital

**ASSETS UNDER MANAGEMENT:** Approximately \$683 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%).



SOCIÉTÉ DE GESTION D'INVESTISSEMENT HEWARD INC.

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