

THE C.F.G. HEWARD FUND PROFILE

AS OF MARCH 31, 2010

INVESTMENT REPORT 1Q

FUND DETAILS

Overview

Coming into 2010 consensus pointed to a good year, especially in the first half as monetary policy remained accommodative, inflation low and the economic recovery, albeit slow, seemed to be on track. However, if investors were tempted to think that the crucible of the past two years had endowed us with the skills to handle anything, 2010 open as a not so subtle reminder that this market will continue to offer challenges. Sovereign risk surprised many by the rapidity of its unfolding turmoil, and if you went by the headlines then the European Union looked to be in trouble. Furthermore, a sense of apprehension seems to have taken over as global central bankers near the point where they may initiate the first moves towards policy tightening and gradually withdraw financial and monetary stimulus. History shows this is a common occurrence, as investors focus becomes fixated on the possible consequences of these moves. Notwithstanding these concerns, investor confidence should be buoyed by the recent increase in the discount rate by the U.S. Federal Reserve, as it is a clear signal that they believe that they have brought financial system back to health. Moreover, moving from a backdrop of low interest rates, expanding multiples and weak corporate earnings to an environment of rising rates, strong corporate earnings and contracting multiples, should result in an upward (although grinding) trajectory for equity markets over the next 12-18 months. We would expect volatility on equity and debt markets to remain high, with the high beta strategy less appropriate in this kind of environment. Though the ingredients for a healthy recovery are in place, progress will be slowed by indebted balance sheets which are forcing both households and the financial sectors to pay down debt. Investors may be driving into a new decade, but the yellow flag is still flying, a caution warning that economic debris may still be in our path.

Review

In our last commentary we raised the yellow flag, as we were concerned that markets had driven valuations to levels that made scant allowances for further systemic shocks. While many of our predictions have played out, markets have overcome their January jitters riding a late wave of upbeat economic data and corporate earnings to recover much of their earlier losses. The fund closed out the first trimester posting a return of 0.60% as compared to its Global Balanced Benchmark which returned 0.96%. Given the more positive tone to recent economic data we raised our equity exposure back closer to benchmark levels. During the quarter we booked profits within the commodity, energy (natural gas), retail and telecommunications sectors of the Canadian market. On the international side we also booked profits as we reduced our direct exposure to smaller consumer oriented companies in China. Valuations in this group had become extended. As we have written and spoken about for some time now, dividends and dividend growth will become an integral part of portfolio returns as we move forward through 2010. Since the beginning of the year, companies in the S&P 500 index have announced \$4.4 billion in combined net dividend increases, the best figure since 2007. Many of the companies added to our portfolio in the last quarter were purchased not only for the positive outlook of their underlying businesses, but also for their ability to increase dividend payments. Stock purchases during the quarter increased exposure to energy (oil) and the financial sectors within Canada. On the international side, we introduced a number of mega-cap international companies to garner exposure to growth opportunities in the emerging and developing markets. We also increased our technology exposure hoping to capitalize on the globally developing smart phone phenomena. Although our interest rate outlook calls for a gradual increase in short term rates, we by no means expect a dramatic tightening of the monetary reins by central bankers in developed economies. Consequently, we expect a flattening of the yield curve and expect the biggest increases in rates to occur in short maturities (between one and three years). After having realized great returns over the past twelve months by focusing on corporate bonds and preferred shares, our fixed income strategy will now focus on risk control. Our average duration remains fairly low.

Fund Class	Fund Number	NAV (\$)
Class A	HEW 451	\$9.36
Class F	HEW 452	\$9.36
Class O	HEW 450	\$9.91
Fund Size (Million \$)		\$35.7
Total Distributions:		
Q1 Income Distribution		\$0.06
YTD Income Distribution		\$0.06
Annual Capital Gains Distribution		\$0.00
Inception Date		March 18, 2005

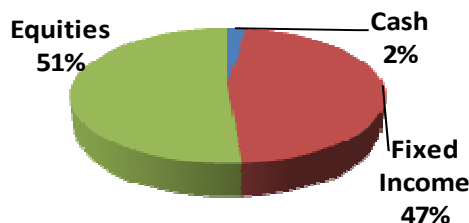
PERFORMANCE AS OF MARCH 31, 2010

	3 mths.	1 year	2 years	ANNUALIZED 3 years	5 years
<u>C.F.G. Heward</u>					
<u>Fund</u>	+0.60%	+19.58%	-1.64%	-1.72%	+3.28%
<u>Benchmark*</u>	+0.96%	+16.24%	-0.16%	-0.11%	+3.66%
<u>Ave. Global Balanced Fund**</u>	+1.77%	+23.50%	-0.84%	-1.43%	+2.55%

*10% 91-Day T-Bill Total Return Index/40% Scotia McLeod Short Bond Total Return Index/25% S&P/TSX Total Return Index/25% MSCI World Index Total Return (CDN)

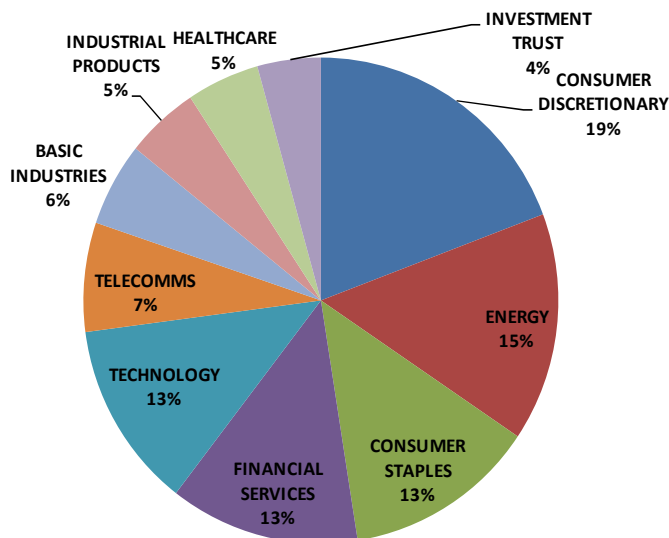
**source GlobeFund March 31, 2010

ASSET MIX



Investment Policy: Equity 50%, Fixed Income 45%, Cash 5% (+/- 20%)

EQUITY SECTOR ALLOCATION



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AS OF MARCH 31, 2010

CHAIRMAN



Chilion Heward has been in the investment industry since 1952. He founded the firm in 1981 after serving thirty years with Jones Heward & Co. He developed and continues to maintain a strong global network of personal relationships with advisors, bankers and investment dealers. He is the chairman of the investment policy committee.

ABOUT THE FIRM

Headquarters: Montreal, Quebec

Founded: 1981

Staff: 21 Portfolio Managers: 6

Investment Style: Growth at a Reasonable Price (GARP) with a value bias.

Investment Process: Top-down / Bottom-up

Investment Objective: To provide long-term capital growth

Assets Under Management: \$817 million

TOP TEN EQUITY HOLDINGS

Stock name	% of equities
SUNCOR ENERGY INC	3.45%
SCOTTISH ORIENTAL SMALLER COS	2.90%
RESEARCH IN MOTION	2.89%
TALISMAN ENERGY INC	2.86%
TIM HORTONS INC	2.72%
TELUS CORPORATION	2.70%
POWER CORP	2.69%
TRANSCANADA CORPORATION	2.66%
QUALCOMM INC	2.62%
VODAFONE GROUP PLC - SPONS ADR	2.60%

FUND MANAGERS



Willem Hanskamp, has over thirty four years experience in the investment industry. As a member of the investment policy committee, his focus is on foreign equities and fixed income investments.



Renato Anzovino, CFA has nineteen years of experience in the investment industry. As a member of the investment policy committee, his focus is on Canadian equities and company valuations.



Maurice Conti has over thirty years experience in the investment industry. As a member of the investment policy committee, his focus is on North American equity markets.

FUND DETAILS

Fund Type: Canadian Balanced Pooled Fund with foreign exposure (up to 30% of the assets may be held in foreign securities).

Fund Manager: C.F.G. Heward Investment Management Ltd.

Investment Objectives: The C.F.G. Heward Fund seeks to achieve safety of capital and a superior long-term rate of return. This will be achieved via a balanced approach of various fixed income and equity vehicles derived from the global marketplace.

Inception Date: March 18, 2005

Registered Account Eligibility: RRSP, RESP, RRIF, IPP

Minimum Investment: \$150,000
(\$50,000 for accredited investors)

Distribution Frequency: Income: Quarterly
Capital Gains: Annually

Management Fees: Class A: 2%, Class F: 1%, Class O: Neg.

Provinces of Distribution: QC, ON, AB, NB, BC

Custodian: RBC Dexia Investor Services Trust

Trustee: RBC Dexia Investor Services Trust

Auditors: BDO Dunwoody S.E.N.C.R.L/LLP

CONTACT US



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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, redemption, distribution or optional charges or income taxes payable by any security holder that would have reduced returns. Pooled fund is not guaranteed, its value changes frequently and past performance may not be repeated.