

THE C.F.G. HEWARD CANADIAN DIVIDEND GROWTH FUND AS OF MARCH 31, 2010

INVESTMENT OVERVIEW 1Q

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 used this latest wave of optimism to close out the quarter with a return of 3.30%. During this same time period, the TSX provided a return of 3.14%. 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. This strategy has overflowed into the Canadian market and over the last three months a number of our companies have not only reported good earnings, but have followed that up by increasing their dividends. In keeping with our dividend growth strategy, during the quarter we increased our allocation to the industrial products sector in order to achieve a broader level of diversification. Also, new inflows of funds were selectively added to existing holdings, with particular emphasis on the energy, communication, and financial sectors. Profits were taken in the food retailers and natural gas (switched to a more crude oil exposed stock). Over the coming months we will be cautiously monitoring the imminent conversion of income trusts into corporations to identify a new nascent category of dividend paying stocks.

FUND DETAILS

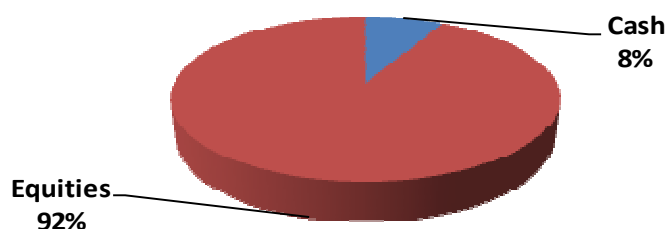
Fund Class	Fund Number	NAV (\$)
Class A	HEW 551	\$11.12
Class F	HEW 552	\$11.12
Class O	HEW 550	\$11.12
Fund Size		\$5,646,551
Total Distributions:		
Q4 Income Distribution		\$0.00
YTD Income Distribution		\$0.00
Annual Capital Gains Distribution		\$0.00
Inception Date		June 30, 2009

PERFORMANCE AS OF MARCH 31, 2010

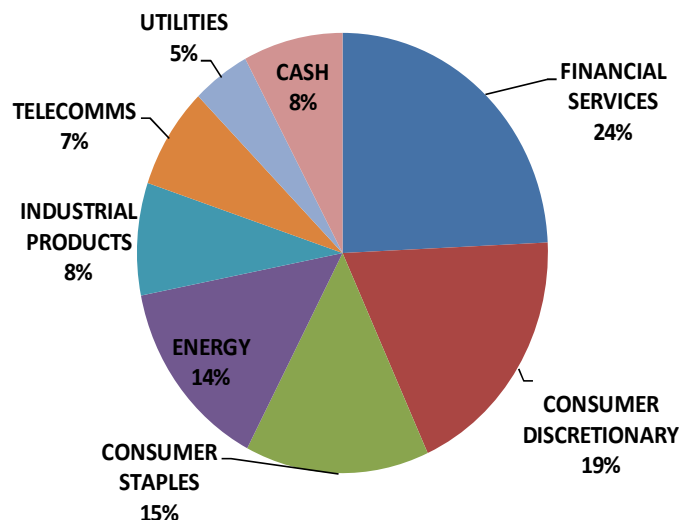
	1 mth.	3 mths	6 mths
<u>C.F.G. CDN Div Fund</u>	+5.49%	+3.30%	+5.84%
<u>S&P/TSX Index</u>	+3.81%	+3.14%	+7.12%
<u>Ave. Canadian Equity Fund*</u>	+3.65%	+2.51%	+5.84%

*globefund.com; March 31, 2010

ASSET MIX



SECTOR ALLOCATION



THE C.F.G. HEWARD CANADIAN DIVIDEND GROWTH FUND 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 portfolio
TELUS CORPORATION	5.01%
TRANSCANADA CORPORATION	4.93%
POWER CORP	4.88%
HUSKY ENERGY INC	4.84%
TMX GROUP INC	4.76%
SHOPPERS DRUG MART CORP	4.70%
CANADIAN NATIONAL RAILWAY	4.68%
SHAW COMMUNICATIONS INC CL B	4.62%
EMERA INC	4.55%
CENOVUS ENERGY INC	4.45%

FUND MANAGERS



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. He is the lead manager on the CFG Heward Dividend Growth Fund.



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.



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 Dividend Growth Fund

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

Investment Objectives: The C.F.G. Heward Dividend Growth Fund seeks to maximize income and achieve modest long term capital appreciation. The Fund will strive for two objectives; income and growth for investors

Inception Date: June 30, 2009

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.