

Heward
Income Fund
AS OF SEPTEMBER 30, 2018



FUND FACTS

Inception Date : November 1, 2016
Fund Size (million \$) : \$63.8

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ651	\$11.47
Class F	MAJ652	\$10.77
Class O	MAJ650	\$12.47
Class D	MAJ653	N/A

Distributions	
Q3 Income Distribution (Class O)	\$0.09
YTD Income Distribution (Class O)	\$0.24
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	Since Inception
Heward Income Fund	-0.40%	+0.59%	+1.54%	+1.20%	+2.66%				+3.15%
Fixed Income Benchmark*	-0.86%	-0.83%	-0.34%	-0.22%	+1.62%				-0.12%

*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	7.5%
■ FIXED INCOME	85.1%
Preferred Shares	13.4%
Federal Government	23.5%
Provincial Government	4.6%
Corporate	42.0%
Other	1.5%
■ EQUITY	7.4%



TOP TEN HOLDINGS

HOLDING NAME	% OF PORTFOLIO
CANADA GOVT 0.750% Due 09-01-20	8.39%
CANADA GOVT 0.750% Due 08-01-19	7.77%
CANADA HOUSING TRUST 1.900% Due 09-15-26	7.36%
TD BANK 2.982% Due 09-30-25	3.60%
HSBC BANK CDA 1.816% Due 07-07-20	3.09%
QUEBEC PROV 2.500% Due 09-01-26	3.04%
BELL CANADA 2.700% Due 02-27-24	2.64%
SAPUTO INC MEDIUM TE 2.827% Due 11-21-23	2.62%
MORGUARD CORP 4.013% Due 11-18-20	2.55%
CROMBIE REIT 2.775% Due 02-10-20	2.34%

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

Further economic strength during the past quarter caused interest rates to rise in the US, Canada and, to a lesser extent, also elsewhere in the world. Rates finished the month of September around the highs reached so far in this cycle in most countries. Although there are still quite a few uncertainties around future growth, notably because of ongoing threats of a trade war, it seems as if further rate hikes are still ahead, especially in the US. The Bank of Canada is also expected to raise rates a bit further, but probably less than the FED as growth in Canada is expected to slow down before the US cycle will turn. Since the yield curves are very flat in both countries, further Central Bank rate hikes may push longer term interest rates up as well, thus causing a further strain on bond market returns, which were already negative during the past quarter as well as on a year to date basis.

As we expected rates to rise, the fund's fixed income strategy focused on shorter term bonds, thus limiting the negative impact of the general decline in bond prices. We also maintained an overweight position in higher yielding corporate bonds, preferred shares and selected convertible bonds, all of which provided better than benchmark returns. Also, the selective equity holdings in the Fund, contributed positively to the overall return. As a result, the fund provided a positive return of 0.59% for the quarter compared to a negative return of -0.83% for the benchmark. On a year to date basis the fund performance was +1.2%, compared with a negative return of -0.2% for the benchmark. We will continue to pursue our diversified strategy, which has so far resulted in much better than benchmark returns throughout this period of gradually rising interest rates.

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 Correspondent 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: 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 \$710 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.