

Heward
Canadian Dividend Growth Fund
AS OF DECEMBER 31, 2018



FUND FACTS

Inception Date : June 30, 2009
Fund Size (million \$) : \$52.9

Portfolio Manager : Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ551	\$9.65
Class F	MAJ552	\$15.53
Class O	MAJ550	\$15.81
Class D	MAJ553	N/A

Distributions	
Q4 Income Distribution (Class O)	\$0.34
YTD Income Distribution (Class O)	\$0.73
Annual Capital Gains Distribution	\$0.40

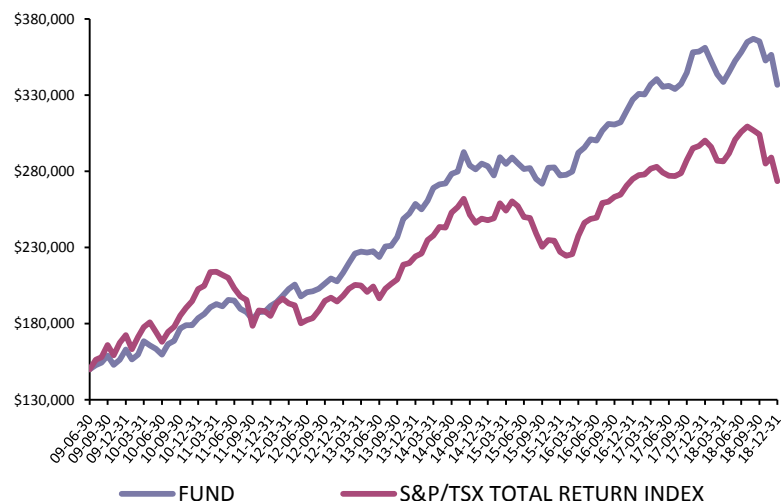
PERFORMANCE - Compounded Annual Returns (%)

	1 mth.	3 mths.	6 mths.	YTD	1 year	2 years	3 years	5 years	Since Inception
Heward Canadian Dividend Growth Fund	-5.52%	-7.83%	-5.96%	-6.73%	-6.73%	+1.47%	+6.70%	+5.43%	+8.88%
S&P/TSX Total Return Index	-5.40%	-10.11%	-10.62%	-8.89%	-8.89%	-0.30%	+6.37%	+4.06%	+6.52%

OBJECTIVES AND STRATEGY

The Heward Canadian Dividend Growth Fund invests in high-quality Canadian equities that have a history of consistently growing their dividends. The fund screens for companies that engage in businesses we understand, sell products based on needs, and demonstrate long-term earnings visibility and predictability. Special attention is paid to proven and seasoned management teams that successfully increase free cash flows and operate lean companies with low levels of financial leverage. Stocks that meet these criteria should have ample cash flows to return to shareholders in the form of dividends and in doing so demonstrate their financial soundness.

**Growth of \$150,000
Invested on June 30, 2009**



WHAT DOES THE FUND INVEST IN?

Current Asset Mix

CASH	8.2%
EQUITY	91.8%



Sector Allocation

CONSUMER DISCRETIONARY	6.76%
CONSUMER STAPLES	8.87%
ENERGY	12.61%
FINANCIALS	22.39%
INDUSTRIALS	15.74%
INFORMATION TECHNOLOGY	8.30%
REAL ESTATE	4.83%
COMMUNICATION SERVICES	7.33%
UTILITIES	4.99%
CASH	8.19%



TOP TEN HOLDINGS

STOCK NAME	% OF PORTFOLIO
BANK OF NOVA SCOTIA COMMON	4.39%
OPEN TEXT CORP COMMON	4.30%
TELUS CORP COMMON	4.29%
CANADIAN TIRE CORP CLASS A NON VTG	4.06%
TORONTO DOMINION BK COMMON	3.99%
ROYAL BANK CDA COMMON	3.90%
INTACT FINANCIAL COMMON	3.76%
TRANSCANADA CORP COMMON	3.42%
STANTEC INC COMMON	3.35%
CINEPLEX INC COMMON	3.04%

WHO SHOULD INVEST IN THIS FUND?

The Heward Canadian Dividend Growth Fund caters to risk-averse investors that value income. They seek a growing stream of dividends through exposure to high-quality equities with a history of cash flow growth and competent management teams.

HOW THE FUND PERFORMED

The year proved challenging for both the Canadian equity market and the Heward Canadian Growth Fund. Bank of Canada (BOC) Governor Stephen Poloz however, continues to emphasize that the economic backdrop in Canada remains solid (high capacity utilization, unemployment at a 40 year low & inflation around 2%). He did however acknowledge the risks to the backdrop, including the potential for stagflation from worsening global trade (i.e. higher tariffs) and lower oil prices. Meanwhile, a sharp decline in residential investment may cause the BOC to move to the sidelines before they achieve their target of neutral rates (2.5 – 3.5%). Having said that getting there would be a “journey”, in the end it will be the economy which dictates how high rates can go, not inclinations of the central bank.

The Heward Dividend Growth Fund had suffered a loss of -7.83 for the final quarter and -6.73% for the year. Both marks however, bested the benchmark which posted returns of -10.11% and -8.89% respectively, due to the conservative nature of the fund. Top performers in the fund were Loblaw Companies, Jamieson Wellness, Thomson Reuter, Northwest Co and Emera Inc.

The Canadian economy continues to create jobs, but at a slower pace than in the U.S. While job creation does provide further reason for the BOC to steadily raise rates, declines in wage growth has become a concern and markets are pricing in one further hike through 2020. As always we remain true to our disciplined process and belief in the potential of the Canadian economy. The fund continues to focus on reducing volatility through disciplined sector allocation and buying well established companies which have strong free cash flow generation and growing dividends. The current cash position of about 8.2%, gives us the flexibility to take advantage of market opportunities as they arise.

QUICK FACTS AND FUND CHARACTERISTICS

- CHARACTERISTICS:**
- Low average beta 0.74
 - 25-35 stocks
 - Minimal cyclical exposure
 - 100% Canadian Equity

FUND TYPE: Canadian Dividend Growth Fund

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



Renato Anzovino, CFA

Vice President, Portfolio Manager

Renato Anzovino has 20 years of experience in portfolio management. Prior to joining Heward in 2003, Mr. Anzovino was a Vice President at a prominent investment management firm. His previous experience extends to the Royal Trust and the Royal Bank Financial Group, where he was a portfolio manager for their private client division. Renato is an active member of the Montreal Society of Financial Analysts. Mr. Anzovino is also the lead Portfolio Manager of the Heward Equity Fund.

Co-managers: Willem Hanskamp & 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 capital growth and preservation of capital

ASSETS UNDER MANAGEMENT: Approximately \$657 million

FOR MORE INFORMATION

PLEASE CONTACT HEWARD INVESTMENT MANAGEMENT INC.

2115 rue de la Montagne,
Montreal, QC H3G 1Z8

www.heward.com

Telephone: (514) 985-5757

Toll Free: 1-800-567-5257

Fax: (514) 985-5755

Email: info@heward.com

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 items. Pooled Funds are not guaranteed, their value changes frequently and past performance may not be repeated. The S&P/TSX Total Return Index Benchmark has been used since the inception of the Fund June 30, 2009. It reflects the Fund's Investment policy of 100% Canadian equities.



HEWARD
INVESTMENT MANAGEMENT INC.