

Heward  
Canadian Dividend Growth Fund  
AS OF MARCH 31, 2019



FUND FACTS

**Inception Date :** June 30, 2009  
**Fund Size (million \$) :** \$58.3

**Portfolio Manager :** Heward Investment Management Inc.

Fund Class	Fund Number	NAV (\$)
Class A	MAJ551	\$10.63
Class F	MAJ552	\$17.09
Class O	MAJ550	\$17.39
Class D	MAJ553	N/A

Distributions	
Q1 Income Distribution (Class O)	\$0.13
YTD Income Distribution (Class O)	\$0.13
Annual Capital Gains Distribution	N/A

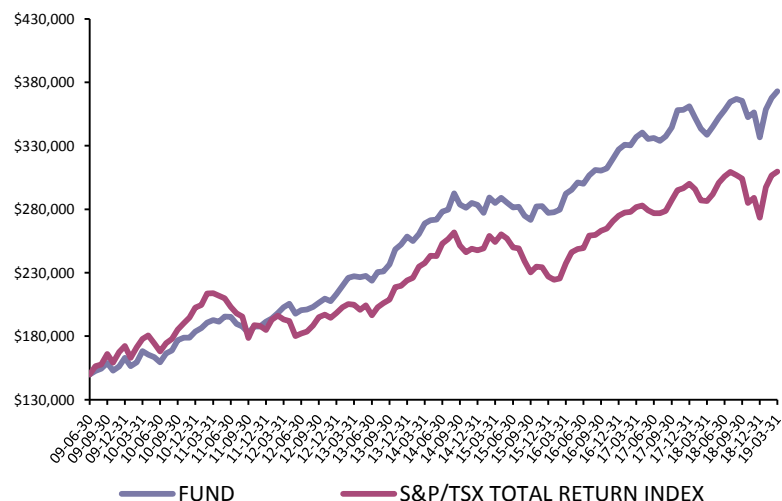
PERFORMANCE - Compounded Annual Returns (%)

	1 mth.	3 mths.	6 mths.	YTD	1 year	2 years	3 years	5 years	Since Inception
<b>Heward Canadian Dividend Growth Fund</b>	<b>+1.47%</b>	<b>+10.80%</b>	<b>+2.13%</b>	<b>+10.80%</b>	<b>+10.18%</b>	<b>+5.23%</b>	<b>+8.48%</b>	<b>+6.77%</b>	<b>+9.79%</b>
S&P/TSX Total Return Index	+1.01%	+13.29%	+1.84%	+13.29%	+8.11%	+4.86%	+9.26%	+5.44%	+7.72%

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	8.3%
EQUITY	91.7%



**Sector Allocation**

CONSUMER DISCRETIONARY	7.08%
CONSUMER STAPLES	8.84%
ENERGY	13.80%
FINANCIALS	22.80%
HEALTH CARE	1.34%
INDUSTRIALS	15.15%
INFORMATION TECHNOLOGY	7.25%
REAL ESTATE	4.00%
COMMUNICATION SERVICES	6.59%
UTILITIES	4.85%
CASH	8.30%



**TOP TEN HOLDINGS**

STOCK NAME	% OF PORTFOLIO
BANK OF NOVA SCOTIA COMMON	4.28%
CANADIAN TIRE CORP CLASS A NON VTG	4.09%
OPEN TEXT CORP COMMON	4.06%
TELUS CORP COMMON	4.00%
TORONTO DOMINION BK COMMON	3.87%
ROYAL BANK CDA COMMON	3.81%
TMX GROUP LIMITED COMMON	3.70%
INTACT FINANCIAL COMMON	3.70%
POWER FINANCIAL CORP COMMON	3.44%
SUNCOR ENERGY INC COMMON	3.28%

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 first quarter proved profitable for investors in Canada as the S&P TSX was the top performing market (13.29%). In spite of having half of the exposure to the commodity sectors (relative to the index) and no exposure to cannabis, the Heward Dividend Growth Fund also performed well generating a return of 10.80%. Over the last 12 months the fund returned 10.18%, outperforming its benchmark which posted an 8.11% return. This, while maintaining a low beta of 0.68 and reaffirming that this strategy delivers solid returns with lower volatility. The YTD performance was impacted by an overweight in cash. This however, provides flexibility to take advantage of market opportunities, as we expect continued volatility. Some of the top performers through the quarter included: Gibson Energy, TransCanada, Restaurant Brands and the TMX Group.

Jamieson Wellness was the laggard on concerns in one of their product categories. After a conversation with management convinced us that both their near-term and long-term outlook remained intact, we used market weakness to add to our position. The Q4 results (end of February) reaffirmed our convictions. During the quarter we began building a position in Sienna Senior Living. The company operates in the Long-Term Care (LTC) sector and will benefit from the growing demand for LTC facilities and retirement homes (aging demographics). In recent years the company has focused on growing the Retirement Home business because of its reliable income stream and higher profitability. Given its current development pipeline, the company announced its first dividend increase since 2012 while expressing their confidence in the sustainable dividend growth model. A resolution to the U.S./China trade war will increase global trade, capital spending and the demand for both commodities and energy, all positive for the Canada. Immigration, the eventual pipeline construction and the upcoming west coast LNG project will all contribute positively. Then there is the wealth of "human capital". Canada is home to a vibrant and diverse set of educated people making big inroads in technology, gaming and the Artificial Intelligence sectors. Also, the high demand for IT services is becoming an important aspect of employment growth throughout Canada.

## QUICK FACTS AND FUND CHARACTERISTICS

**CHARACTERISTICS:**

- Low average beta 0.74 (3 years)
- 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 criteria as "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 \$699 million

## FOR MORE INFORMATION

**PLEASE CONTACT HEWARD INVESTMENT MANAGEMENT INC.**

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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, 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.