

FUND FACTS

Inception Date : November 1, 2016
Fund Size (million \$) : \$65.2

Portfolio Manager : Heward Investment Management Inc.

| Fund Class | Fund Number | NAV (\$) |
|------------|-------------|----------|
| Class A | MAJ651 | \$11.61 |
| Class F | MAJ652 | \$10.78 |
| Class O | MAJ650 | \$12.49 |
| Class D | MAJ653 | N/A |

| Distributions | |
|-----------------------------------|--------|
| Q1 Income Distribution (Class O) | \$0.07 |
| YTD Income Distribution (Class O) | \$0.07 |
| 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 | +0.80% | +2.56% | +1.47% | +2.56% | +3.03% | +2.59% | | | +3.11% |
| Fixed Income Benchmark* | +2.13% | +3.56% | +5.25% | +3.56% | +4.89% | +3.08% | | | +2.04% |

*10% FTSE TMX Canada 91 Day TBill Index, 90% FTSE-TMX Canada Universe Bond Index

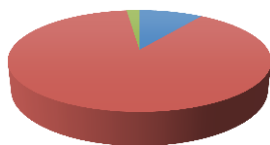
OBJECTIVES AND STRATEGY

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 | 9.7% |
| ■ FIXED INCOME | 88.4% |
| Preferred Shares | 9.2% |
| Federal Government | 23.8% |
| Provincial Government | 4.7% |
| Corporate | 50.6% |
| ■ EQUITY | 2.0% |



TOP TEN HOLDINGS

| HOLDING NAME | % OF PORTFOLIO |
|--|----------------|
| CANADA GOVT 0.750% Due 09-01-20 | 7.59% |
| CANADA GOVT 1.250% Due 02-01-20 | 6.90% |
| CANADA GOVT 0.750% Due 08-01-19 | 5.36% |
| CANADA GOVT 2.000% Due 06-01-28 | 3.99% |
| TD BANK 2.982% Due 09-30-25 | 3.56% |
| QUEBEC PROV 2.500% Due 09-01-26 | 3.14% |
| HSBC BANK CDA 1.816% Due 07-07-20 | 3.07% |
| BELL CANADA 2.700% Due 02-27-24 | 2.69% |
| SAPUTO INC MEDIUM TE 2.827% Due 11-21-23 | 2.64% |
| MORGUARD CORP 4.013% Due 11-18-20 | 2.52% |

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

Propelled by a generally weakening global economic environment and a much more dovish positioning by global Central Banks, bond yields continued the downtrend started at the end of last year, culminating in an inversion of the yield curve by the end of the quarter. This, despite a more positive swing in the US/China trade negotiations, which had clouded the expectation for economic growth going forward. Even though global growth will be slower than last year, we still do not expect that recession is imminent. However, risks of a recession in the next few years have definitely risen. As such, lower bond yields and possibly even central bank rate cuts may be a possibility. We do, however, not expect rates to go down to the levels of 2015/16 as inflation rates are trending somewhat higher than at that time, whereas a recession, if any, is expected to be relatively short and shallow.

It seems therefore reasonable to expect that bond rates may at least pause around present levels for a while until there is more clarity with respect to the immediate future economic growth. For this reason we have used the bond market strength to gradually reduce duration in the bond component of the fixed income portfolio. As we expected yields to fall we substantially reduced our exposure to higher risk vehicles like reset preferred shares during the quarter, despite the fact that they had already declined at the end of last year. Given recent developments that strategy proved to be correct. As equities went off to a fast start, we also gradually reduced our equity holdings during the course of the quarter. We are now waiting for opportunities to eventually rebuild some of these positions. We did increase our exposure to convertible bonds during the quarter as several interesting new issues came to the market. Overall, the fixed income portfolio is overweight bonds and underweight equities and preferred shares relative to our neutral targets. Despite a healthy contribution from equities, convertible bonds and preferred shares, overall performance of the fund lagged the benchmark because of our below benchmark duration in the bond portfolio.

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 \$699 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%).



HEWARD
INVESTMENT MANAGEMENT INC.