



## Conservative Mandate

CFG Model Portfolio

Reporting as of May 31, 2018

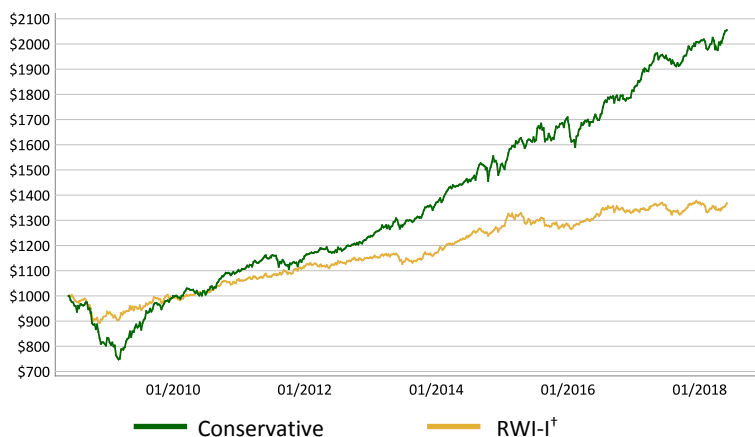
### Portfolio Description

The **Conservative Mandate** seeks to generate above average cash flow that will appeal to investors who are making regular withdrawals from their portfolio. Cash flow is generated by a direct investment in covered calls, exposure to yield-bearing assets (such as bonds, preferred shares and REITs) via the Income Share Class and exposure to higher-risk, growth-oriented assets via the Equity Share Class.

### Investment Objective

The objective of the **Conservative Mandate** is to achieve better risk-adjusted returns than a passive, low-cost, diversified portfolio benchmark (The Real World Income Index). The **Conservative Mandate** aims to achieve this objective by holding in client accounts two Share Classes in target proportions of 70% Income Share Class and 30% Equity Share Class. Croft Financial Group will rebalance back to this target at least annually. In addition, rebalancing takes place within each Share Class on a more frequent basis to manage market risk, take advantage of market opportunity, and manage cash positions. For further information, including a more detailed description of the investment objectives and strategy for each of the component Share Classes, please review our Relationship Disclosure Document and/or Share Class Fact Sheets, both available at [www.croftgroup.com](http://www.croftgroup.com).

### Growth of \$1000



### Key Statistics

|                  | 1 M    | 3 M    | 6 M    | 1 Y    | 3 Y*   | 5 Y*   | SI*     |
|------------------|--------|--------|--------|--------|--------|--------|---------|
| Returns          | 2.29%  | 2.87%  | 2.69%  | 5.16%  | 8.21%  | 9.57%  | 7.47%   |
|                  | 1.59%  | 1.62%  | -0.14% | 0.07%  | 1.57%  | 3.30%  | 3.18%   |
| Sharpe Ratio     | 6.42   | 1.63   | 0.95   | 1.04   | 1.26   | 1.46   | 0.96    |
|                  | 5.65   | 1.08   | -0.44  | -0.34  | 0.18   | 0.64   | 0.56    |
| Maximum Drawdown | -0.26% | -2.43% | -2.43% | -2.43% | -6.93% | -6.93% | -25.22% |
|                  | -0.22% | -1.35% | -3.28% | -3.40% | -3.44% | -4.79% | -11.06% |

■ Conservative Mandate ■ RWI-I<sup>†</sup>

\*Annualized returns  
Inception date May 31, 2008

### Portfolio

| Symbol                 | Security           | Weight                    |
|------------------------|--------------------|---------------------------|
| TCG534                 | Income Share Class | 70%                       |
| TCG531                 | Equity Share Class | 30%                       |
| Distribution           |                    | Monthly                   |
| Benchmark <sup>†</sup> |                    | Real World Index – Income |

### Top 10 Holdings (effective)

| Security                         | Weight |
|----------------------------------|--------|
| BMO LADDERED PREFERRED SHARE     | 3.60%  |
| ISHARES S&P/TSX CDN PFD          | 3.45%  |
| PREMIUM INCOME CORP -PFD-        | 3.04%  |
| F 3.7 08/02/18 CORP              | 2.80%  |
| EQUINIX INC                      | 2.43%  |
| BROOKFIELD INFRASTRUCTURE PA     | 2.41%  |
| ISHARES FLOATING RATE BOND ETF   | 2.37%  |
| FINANCIAL 15 SPLIT CORP PFD      | 2.33%  |
| TRICON CAPITAL GROUP INC.        | 2.15%  |
| ALGONQUIN POWER & UTILITIES CORP | 2.10%  |

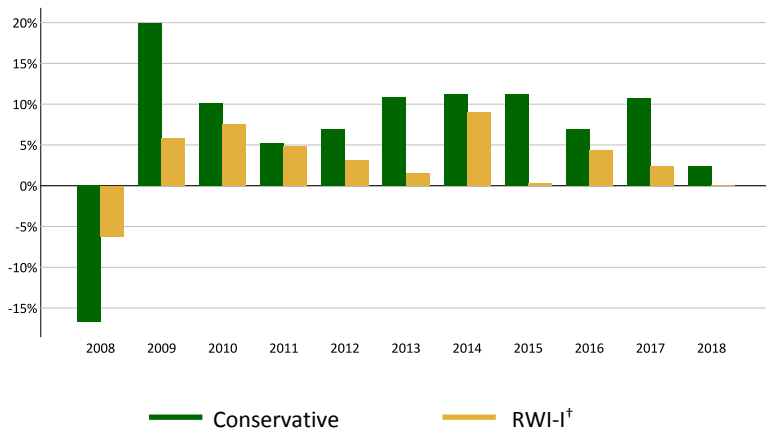
### Annual Returns

| Period | Conservative Mandate | RWI-I <sup>†</sup> |
|--------|----------------------|--------------------|
| 2018   | 2.43%                | 0.08%              |
| 2017   | 10.71%               | 2.40%              |
| 2016   | 6.93%                | 4.30%              |
| 2015   | 11.16%               | 0.31%              |
| 2014   | 11.26%               | 8.97%              |
| 2013   | 10.84%               | 1.55%              |
| 2012   | 6.90%                | 3.14%              |
| 2011   | 5.16%                | 4.80%              |
| 2010   | 10.09%               | 7.53%              |
| 2009   | 19.92%               | 5.84%              |

### Standard Deviation

| Period          | Conservative Mandate | RWI-I <sup>†</sup> |
|-----------------|----------------------|--------------------|
| Since Inception | 6.96%                | 4.29%              |
| 3 years         | 5.64%                | 3.53%              |
| 5 years         | 5.85%                | 3.81%              |

### Annual Returns



### Disclaimer and Notes

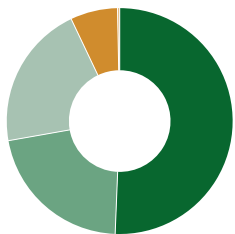
<sup>1</sup> Asset Allocation – CAD actual, marked to market as of close on the date quoted

<sup>2</sup> Sector Allocation – CAD notional, including option exposures with cash adjusted to total 100%

<sup>3</sup>Geographic Allocation – CAD notional, including option exposures with cash adjusted to total 100%

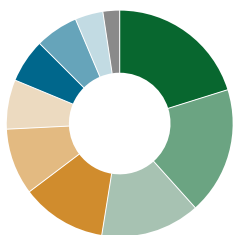
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### Asset Allocation<sup>1</sup>



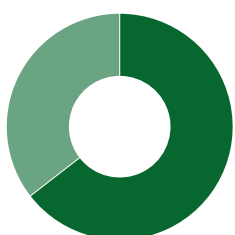
|                    |       |
|--------------------|-------|
| Equity             | 51.1% |
| Preferred          | 21.8% |
| Bonds & Debentures | 20.9% |
| Cash               | 6.8%  |
| Private Equity     | 0.3%  |
| Option             | -1.0% |

### Sector Allocation<sup>2</sup>



|                        |       |
|------------------------|-------|
| Financials             | 20.2% |
| Information Technology | 18.2% |
| Consumer Discretionary | 14.2% |
| Industrials            | 12.2% |
| Real Estate            | 9.5%  |
| Utilities              | 7.0%  |
| Health Care            | 6.2%  |
| Consumer Staples       | 6.1%  |
| Energy                 | 4.0%  |
| Materials              | 2.4%  |

### Geographic Allocation<sup>3</sup>



|               |       |
|---------------|-------|
| Canada        | 64.5% |
| United States | 35.5% |