



Conservative Mandate

CFG Model Portfolio

Reporting as of December 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.

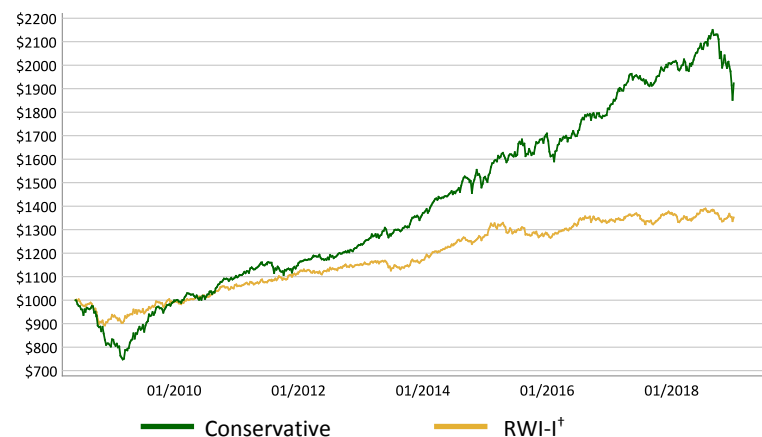
Portfolio

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

Top 10 Holdings (effective)

| Security | Weight |
|-----------------------------|--------|
| LCN 3.748 03/12/19 | 5.88% |
| F 2.939 02/19/19 | 5.39% |
| HYDONE 1.62 04/30/20 | 4.30% |
| ISHARES S&P/TSX CDN PFD | 3.95% |
| CUCN 5.432 01/23/19 | 3.88% |
| RY 2.98 05/07/19 | 3.88% |
| TD 2.447 04/02/19 | 3.87% |
| PREMIUM INCOME CORP -PFD- | 3.18% |
| FINANCIAL 15 SPLIT CORP PFD | 2.45% |
| EXCHANGE INCOME CORP | 2.31% |

Growth of \$1000



Key Statistics

| | 1 M | 3 M | 6 M | 1 Y | 3 Y* | 5 Y* | SI* |
|------------------|--------|---------|---------|---------|---------|---------|---------|
| Returns | -4.55% | -9.49% | -7.06% | -4.18% | 4.29% | 7.01% | 6.37% |
| | -0.49% | -1.15% | -2.13% | -1.11% | 1.84% | 2.92% | 2.89% |
| Sharpe Ratio | -1.95 | -1.96 | -1.13 | -0.58 | 0.39 | 0.80 | 0.71 |
| | -0.95 | -1.17 | -1.35 | -0.67 | 0.15 | 0.49 | 0.48 |
| Maximum Drawdown | -8.05% | -12.80% | -13.84% | -13.84% | -13.84% | -13.84% | -25.22% |
| | -2.28% | -2.39% | -3.94% | -3.94% | -3.94% | -4.79% | -11.06% |

■ Conservative Mandate ■ RWI-I[†]

Annual Returns

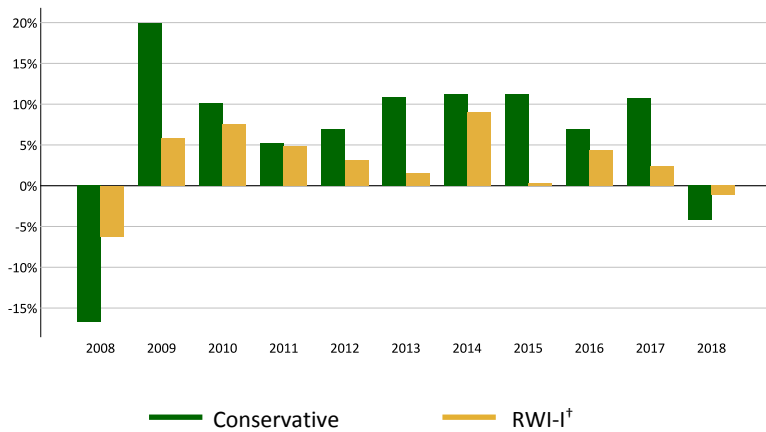
| Period | Conservative Mandate | RWI-I [†] |
|--------|----------------------|--------------------|
| 2018 | -4.18% | -1.11% |
| 2017 | 10.71% | 2.40% |
| 2016 | 6.93% | 4.30% |
| 2015 | 11.16% | 0.31% |
| 2014 | 11.26% | 8.97% |
| 2013 | 10.84% | 1.55% |
| 2012 | 6.90% | 3.14% |
| 2011 | 5.16% | 4.80% |
| 2010 | 10.09% | 7.53% |
| 2009 | 19.92% | 5.84% |

Standard Deviation

| Period | Conservative Mandate | RWI-I [†] |
|-----------------|----------------------|--------------------|
| Since Inception | 7.25% | 4.26% |
| 3 years | 6.59% | 3.40% |
| 5 years | 6.80% | 3.75% |

*Annualized returns
Inception date May 31, 2008

Annual Returns



Disclaimer and Notes

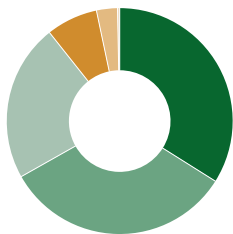
¹ Asset Allocation – CAD actual, marked to market as of close on the date quoted

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

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

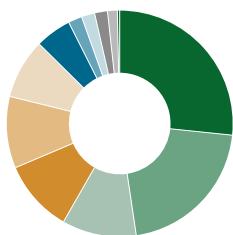
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Asset Allocation¹



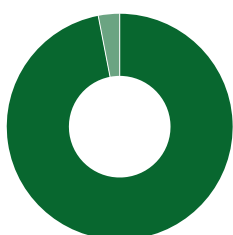
| | |
|--------------------|-------|
| Bonds & Debentures | 34.7% |
| Equity | 33.6% |
| Preferred | 23.0% |
| Cash | 7.5% |
| Cash | 3.1% |
| Private Equity | 0.3% |
| Option | -2.2% |

Sector Allocation²



| | |
|------------------------|-------|
| Industrials | 26.6% |
| Utilities | 21.0% |
| Communication Services | 10.6% |
| Real Estate | 10.4% |
| Consumer Discretionary | 10.2% |
| Health Care | 8.6% |
| Information Technology | 5.2% |
| Financials | 2.0% |
| Materials | 1.9% |
| Financial Services | 1.8% |
| Energy | 1.4% |
| Consumer Staples | 0.3% |

Geographic Allocation³



| | |
|---------------|-------|
| Canada | 97.0% |
| United States | 3.0% |