



## Enhanced Conservative Income Mandate

CFG Model Portfolio

Reporting as of August 31, 2018

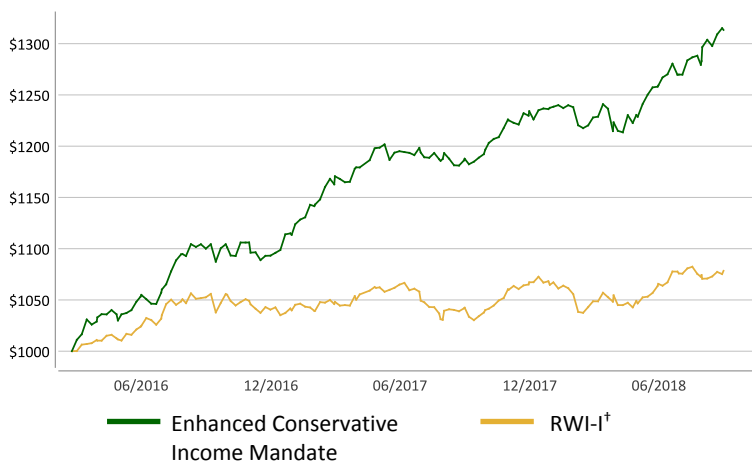
### Portfolio Description

The **Enhanced Conservative Income 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 and credit spreads, exposure to yield-bearing assets (such as bonds, preferred shares and REITs) via the Income Share Class and Option Writing Share Class as well as exposure to higher-risk, growth-oriented assets via the Equity Share Class.

### Investment Objective

The objective of the **Enhanced Conservative Income Mandate** is to achieve better risk-adjusted returns than a passive, low-cost, diversified portfolio benchmark (The Real World Income Index). The **Enhanced Conservative Income Mandate** aims to achieve this objective by holding in client accounts three Share Classes in target proportions of 75% Income Share Class, 10% Equity Share Class and 15% Option Writing 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	2.37%	4.31%	6.96%	10.58%			11.44%
	0.39%	1.20%	2.84%	3.45%			3.05%
Sharpe Ratio	5.36	3.37	2.31	2.07			2.31
	0.90	0.77	0.95	0.43			0.49
Maximum Drawdown	-0.46%	-0.84%	-2.21%	-2.21%			-2.21%
	-0.33%	-1.08%	-1.35%	-3.28%			-3.40%

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

\*Annualized returns  
Inception date February 29, 2016

### Portfolio

Symbol	Security	Weight
TCG534	Income Share Class	75%
TCG531	Equity Share Class	10%
TCG539	Option Writing Share	15%
Distribution		Monthly
Benchmark <sup>†</sup>		Real World Index – Income

### Top 10 Holdings (effective)

Security	Weight
ISHARES S&P/TSX CDN PFD	8.68%
LCN 3.748 03/12/19	4.39%
F 2.939 02/19/19	4.37%
RY 2.77 12/11/18	4.30%
PREMIUM INCOME CORP -PFD-	4.18%
CUCN 5.432 01/23/19	3.92%
XCN 3.253 10/03/18	3.81%
DOLCN 3.095 11/05/18	3.32%
BMO LADDERED PREFERRED SHARE	2.93%
BCE INC	2.75%

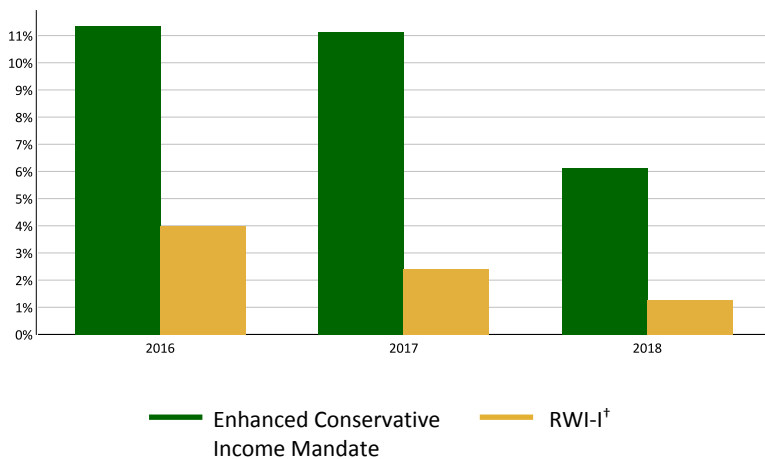
### Annual Returns

Period	Enhanced Conservative	RWI-I <sup>†</sup>
2018	6.14%	1.28%
2017	11.12%	2.40%
2016	11.35%	3.99%

### Standard Deviation

Period	Enhanced	RWI-I <sup>†</sup>
Since Inception	4.11%	3.23%
3 years		
5 years		

### Annual Returns



### Disclaimer and Notes

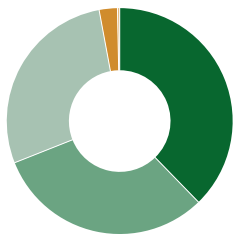
<sup>1</sup> Asset Allocation – CAD actual, marked to market as of close on the date quoted

<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%

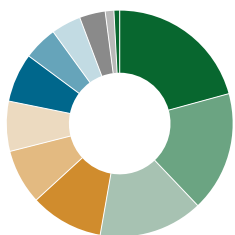
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### Asset Allocation<sup>1</sup>



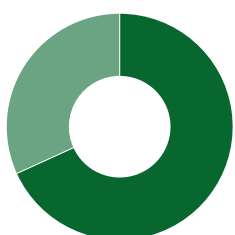
Equity	38.1%
Bonds & Debentures	31.6%
Preferred	28.4%
Cash	2.6%
Private Equity	0.3%
Option	-1.1%

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



Information Technology	20.7%
Financials	17.1%
Industrials	14.9%
Consumer Staples	10.4%
Utilities	7.8%
Consumer Discretionary	7.1%
Information Technology	7.0%
Materials	4.8%
Telecommunication Services	4.2%
Health Care	3.7%
Energy	1.2%
Consumer Staples	0.8%

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



Canada	68.2%
United States	31.8%