



## Enhanced Conservative Income Mandate

CFG Model Portfolio

Reporting as of September 28, 2018

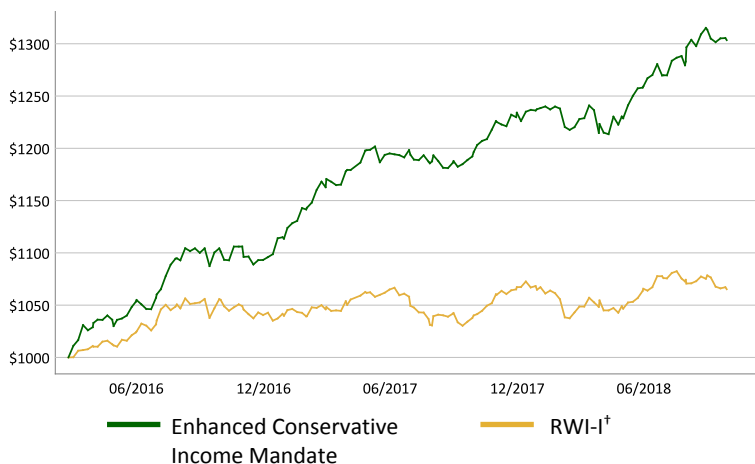
### Portfolio Description

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          | -0.76% | 2.65%  | 6.56%  | 8.94%  |      |      | 10.76% |
|                  | -1.22% | -0.99% | 1.02%  | 2.41%  |      |      | 2.47%  |
| Sharpe Ratio     | -3.21  | 2.06   | 2.45   | 1.66   |      |      | 2.13   |
|                  | -5.52  | -1.83  | -0.00  | 0.16   |      |      | 0.34   |
| Maximum Drawdown | -0.90% | -1.03% | -1.03% | -2.21% |      |      | -2.21% |
|                  | -1.22% | -1.59% | -1.59% | -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      | 8.89%  |
| LCN 3.748 03/12/19           | 4.27%  |
| F 2.939 02/19/19             | 4.26%  |
| RY 2.77 12/11/18             | 4.19%  |
| PREMIUM INCOME CORP -PFD-    | 4.12%  |
| CUCN 5.432 01/23/19          | 3.81%  |
| XCN 3.253 10/03/18           | 3.71%  |
| DOLCN 3.095 11/05/18         | 3.24%  |
| US CASH MARGIN               | 2.99%  |
| BMO LADDERED PREFERRED SHARE | 2.93%  |

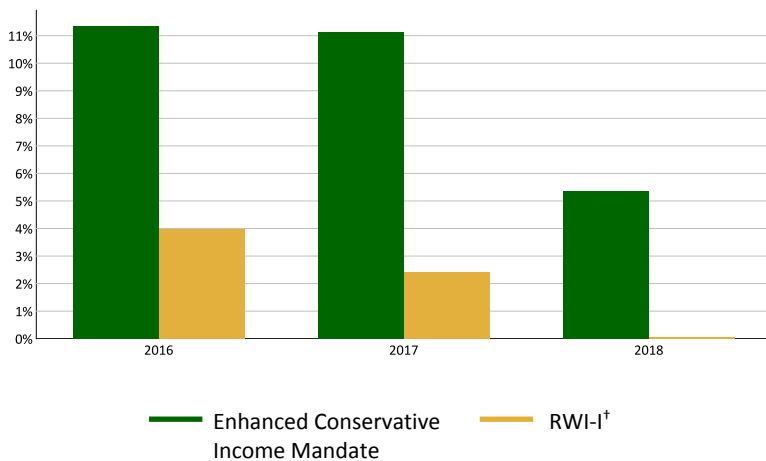
### Annual Returns

| Period | Enhanced Conservative | RWI-I <sup>†</sup> |
|--------|-----------------------|--------------------|
| 2018   | 5.34%                 | 0.04%              |
| 2017   | 11.12%                | 2.40%              |
| 2016   | 11.35%                | 3.99%              |

### Standard Deviation

| Period          | Enhanced | RWI-I <sup>†</sup> |
|-----------------|----------|--------------------|
| Since Inception | 4.08%    | 3.22%              |
| 3 years         |          |                    |
| 5 years         |          |                    |

### Annual Returns



### Disclaimer and Notes

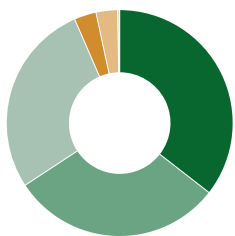
<sup>1</sup> Asset Allocation – CAD actual, marked to market as of close on the date quoted

<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%

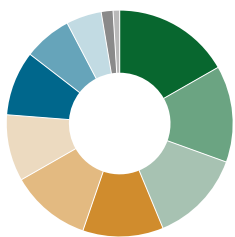
Portfolio management services provided by R N Croft Financial Group Inc. Performance is not guaranteed. Portfolio values change frequently, and past performance may not be repeated. Performance is based on the actual historical returns of the underlying pools, which are net of embedded management fees, operating fees, transaction costs and all withholding taxes, but are not adjusted for any account or relationship manager fees. The inception date is the inception date of the underlying pooled funds. Performance data have not been audited and are for illustrative purposes only. The results presented are not those of an actual performance record, as no client accounts held the underlying securities in the specific proportions of this mandate. The results are based on simulated or hypothetical performance results that have certain inherent limitations, including the fact that they are designed with the benefit of hindsight. R N Croft Financial Group Inc. is a licensed Portfolio Manager and Investment Fund Manager serving individual and institutional clients throughout Canada. Valuations and performance results are reported in Canadian dollars. Additional information regarding calculating and reporting performance is available upon request. Please contact R N Croft Financial Group Inc., 801-251 Consumers Road, Toronto, ON M2J 4R3, Telephone: 905-695-7777 or Toll-free: 1-877-249-2884.

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



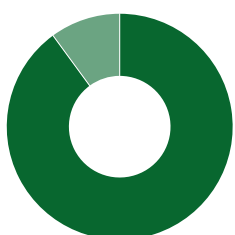
|                    |       |
|--------------------|-------|
| Equity             | 36.1% |
| Bonds & Debentures | 30.7% |
| Preferred          | 28.2% |
| Cash               | 3.2%  |
| Cash               | 3.1%  |
| Private Equity     | 0.3%  |
| Option             | -1.7% |

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



|                        |       |
|------------------------|-------|
| Communication Services | 16.7% |
| Industrials            | 13.8% |
| Financials             | 13.2% |
| Utilities              | 11.5% |
| Information Technology | 11.5% |
| Real Estate            | 9.5%  |
| Consumer Discretionary | 9.2%  |
| Materials              | 6.9%  |
| Health Care            | 5.0%  |
| Energy                 | 1.7%  |
| Consumer Staples       | 0.9%  |

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



|               |       |
|---------------|-------|
| Canada        | 89.9% |
| United States | 10.1% |