



Enhanced Conservative Income Mandate

CFG Model Portfolio

Reporting as of December 31, 2018

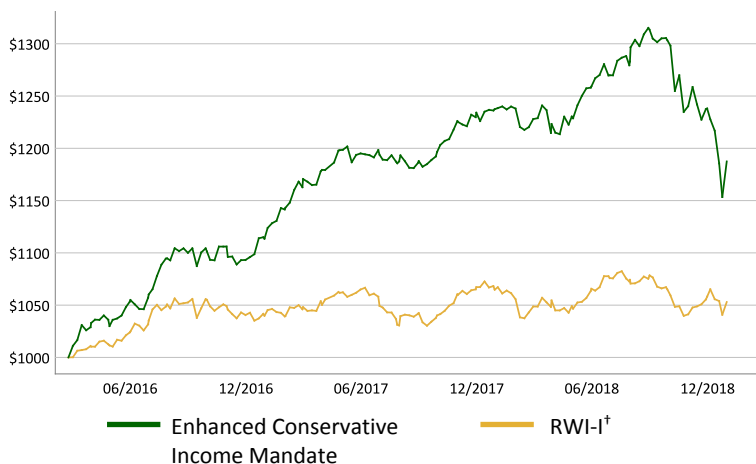
Portfolio Description

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.

Growth of \$1000



Key Statistics

| | 1 M | 3 M | 6 M | 1 Y | 3 Y* | 5 Y* | SI* |
|------------------|--------|---------|---------|---------|------|------|---------|
| Returns | -4.09% | -8.90% | -6.49% | -4.04% | | | 6.21% |
| | -0.49% | -1.15% | -2.13% | -1.11% | | | 1.83% |
| Sharpe Ratio | -2.22 | -2.25 | -1.25 | -0.65 | | | 0.73 |
| | -0.95 | -1.17 | -1.35 | -0.67 | | | 0.14 |
| Maximum Drawdown | -6.84% | -11.51% | -12.30% | -12.30% | | | -12.30% |
| | -2.28% | -2.39% | -3.94% | -3.94% | | | -3.94% |

■ Enhanced Conservative Income Mandate ■ RWI-I[†]

*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 [†] | | Real World Index – Income |

Top 10 Holdings (effective)

| Security | Weight |
|-----------------------------|--------|
| LCN 3.748 03/12/19 | 5.14% |
| F 2.939 02/19/19 | 4.61% |
| HYDONE 1.62 04/30/20 | 4.57% |
| PREMIUM INCOME CORP -PFD- | 4.53% |
| CUCN 5.432 01/23/19 | 4.12% |
| RY 2.98 05/07/19 | 4.12% |
| TD 2.447 04/02/19 | 4.11% |
| ISHARES S&P/TSX CDN PFD | 3.27% |
| BCE INC | 2.97% |
| FINANCIAL 15 SPLIT CORP PFD | 2.60% |

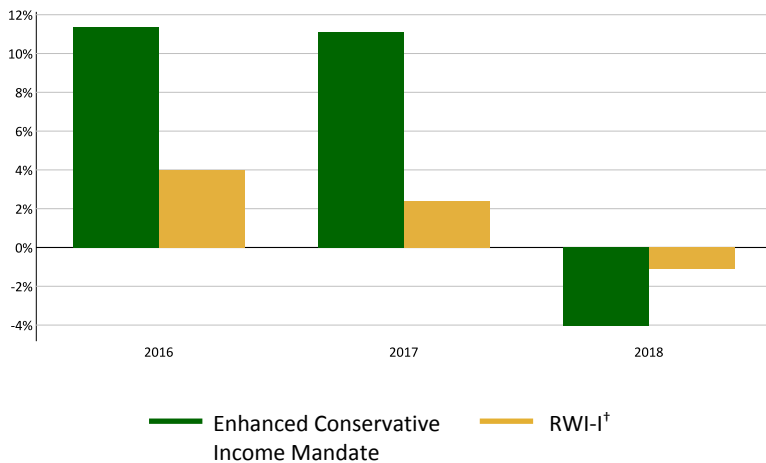
Annual Returns

| Period | Enhanced Conservative | RWI-I [†] |
|--------|-----------------------|--------------------|
| 2018 | -4.04% | -1.11% |
| 2017 | 11.12% | 2.40% |
| 2016 | 11.35% | 3.99% |

Standard Deviation

| Period | Enhanced | RWI-I [†] |
|-----------------|----------|--------------------|
| Since Inception | 5.57% | 3.41% |
| 3 years | | |
| 5 years | | |

Annual Returns



Disclaimer and Notes

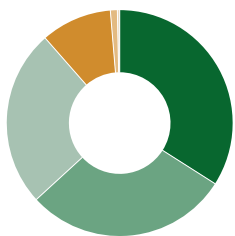
¹ Asset Allocation – CAD actual, marked to market as of close on the date quoted

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%

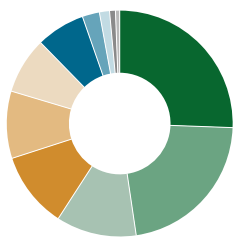
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Asset Allocation¹



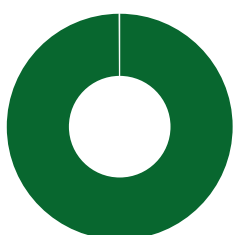
| | |
|--------------------|-------|
| Bonds & Debentures | 34.6% |
| Equity | 29.7% |
| Preferred | 25.8% |
| Cash | 10.3% |
| Cash | 1.0% |
| Private Equity | 0.3% |
| Option | -1.7% |

Sector Allocation²



| | |
|------------------------|-------|
| Industrials | 25.9% |
| Utilities | 22.3% |
| Communication Services | 11.6% |
| Real Estate | 11.0% |
| Health Care | 9.7% |
| Financials | 8.1% |
| Consumer Discretionary | 7.1% |
| Energy | 2.5% |
| Information Technology | 1.5% |
| Materials | 0.8% |
| Financial Services | 0.6% |
| Consumer Staples | -1.1% |

Geographic Allocation³



| | |
|---------------|-------|
| Canada | 99.9% |
| United States | 0.1% |