



## Enhanced Income Mandate

CFG Model Portfolio

Reporting as of February 28, 2018

### Portfolio Description

The **Enhanced 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 direct investment in yield-bearing assets (such as bonds, preferred shares and REITs) via the Income Share Class, and with covered calls on higher-risk, growth-oriented assets in both the Income and Option Writing Share Classes.

### Investment Objective

The objective of the **Enhanced Income Mandate** is to achieve better risk-adjusted returns than a passive, low-cost, diversified portfolio benchmark (The Real World Income Index). The **Enhanced Income Mandate** aims to achieve this objective by holding in client accounts two Share Classes in target proportions of 70% Income Share Class and 30% Option Writing Class. Croft Financial Group will regularly re-balance back to target in addition to any re-balancing that takes place within each Share Class to manage market risk, take advantage of market opportunity, and minimize cash positions. 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).

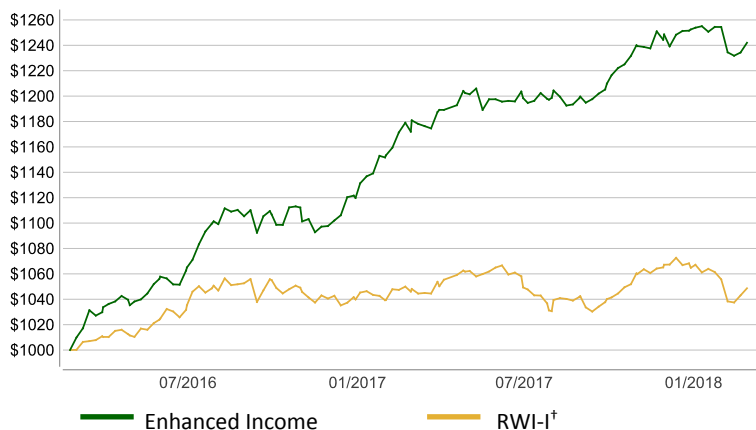
### Portfolio

Symbol	Security	Weight
TCG534	Income Share Class	70%
TCG539	Options Writing Share Class	30%
Distribution		Monthly
Benchmark†		Real World Index – Income

### Top 10 Holdings (effective)

Security	Weight
ISHARES S&P/TSX CDN PFD	11.39%
PREMIUM INCOME CORP -PFD-	5.28%
ISHARES 20+ YEAR TREASURY BOND	4.06%
BMO LADDERED PREFERRED SHARE	2.63%
CANADIAN NATIONAL RAILWAY	2.49%
FINANCIAL 15 SPLIT CORP PFD	2.39%
BERKSHIRE HATHAWAY CLASS B	2.29%
CSUCN FLOAT 03/31/40	1.90%
MARSH & MCLENNAN COS INC.	1.88%
EQUINIX INC	1.87%

### Growth of \$1000



### Key Statistics

	1 M	3 M	6 M	1 Y	3 Y*	5 Y*	SI*
Returns	-0.99%	-0.52%	3.54%	5.97%			11.37%
	-0.66%	-1.73%	0.60%	0.25%			2.39%
Sharpe Ratio	-1.74	-0.45	1.71	1.42			2.38
	-1.31	-1.79	-0.05	-0.26			0.38
Maximum Drawdown	-1.80%	-1.85%	-1.85%	-1.85%			-1.85%
	-1.73%	-3.28%	-3.28%	-3.40%			-3.40%

■ Enhanced Income Mandate ■ RWI-I†

### Annual Returns

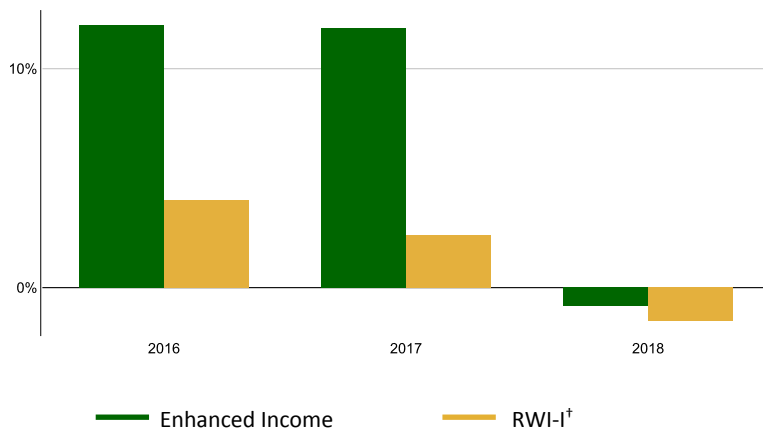
Period	Enhanced Income Mandate	RWI-I†
2018	-0.84%	-1.51%
2017	11.85%	2.40%
2016	11.98%	3.99%

### Standard Deviation

Period	Enhanced Income Mandate	RWI-I†
Since Inception	4.01%	3.29%
3 years		
5 years		

\*Annualized returns  
Inception date February 29, 2016

### Annual Returns



### Disclaimer and Notes

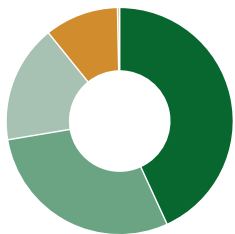
<sup>1</sup> Asset Allocation – CAD actual, marked to market as of close on the date quoted

<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%

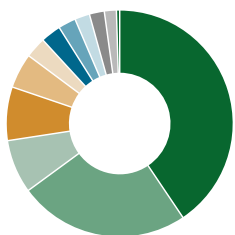
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### Asset Allocation<sup>1</sup>



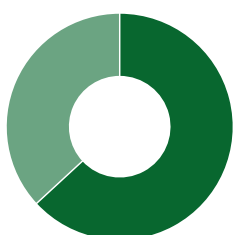
Equity	43.7%
Preferred	29.6%
Cash	17.0%
Bonds & Debentures	10.6%
Private Equity	0.3%
Option	-1.3%

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



Financials	40.6%
Information Technology	24.4%
Consumer Discretionary	7.6%
Industrials	7.6%
Utilities	5.0%
Telecommunication Services	3.0%
Energy	2.9%
Consumer Staples	2.5%
Consumer Staples	2.1%
Materials	2.1%
Health Care	1.7%
OTHER	0.5%

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



Canada	63.1%
United States	36.9%