CROFT

FINANCIAL GROUP

Appendix IV
RELATIONSHIP DISCLOSURE DOCUMENT

THE RELATIONSHIP DISCLOSURE DOCUMENT

We believe that successful long-term Relationships (as defined in *How CFG Manages Your Portfolio* on page 8) rest on a foundation where both sides clearly understand their roles, obligations and expectations.

In keeping with that position, and to meet the requirements of securities legislation, R N Croft Financial Group Inc. (CFG) provides this Relationship Disclosure Document, which outlines the following:

- A brief description of R N Croft Financial Group Inc. (CFG)
- CFG's subsidiaries and service providers, including their roles and responsibilities
- A description of the CFG platform
- An overview of CFG's investment philosophy
- An overview of how CFG manages your portfolio
- CFG's account opening process
- CFG's investment process
- CFG’s referral network
- The fees and expenses we charge
- A description of material conflicts of interest
- Confidentiality and privacy considerations
- Investment risks
- Information in respect of the CPC Share Classes
- Frequently asked questions

This document forms part of your Managed Investment Account Agreement ("**MIAA**") with CFG. All capitalized terms within this Relationship Disclosure Document not defined herein are defined in the MIAA.

Your signature on the MIAA confirms that you have received this document and understand its contents. It also acknowledges your consent to the disclosure of information as described herein. If you have any questions related to the contents of this document, please contact us at:

905 695 7777 or 1 877 249 2884, or via email at compliance@croftgroup.com

R N CROFT FINANCIAL GROUP INC. (CFG)

CFG is registered as a Portfolio Manager in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia and Newfoundland and Labrador and as an Investment Fund Manager in Ontario, Québec and Newfoundland and Labrador. The firm’s principal regulator is the Ontario Securities Commission. As a licensed Portfolio Manager, CFG is permitted to direct trades on a discretionary basis within and across the Portfolio (one or more managed investment account(s)) of an Investor subject to the Investor's overall objectives, risk profile and Mandate as attested to in the MIAA.

Agents for Service

Outside of Ontario, Investors may serve legal processes on our agent in their province of residence, namely:

- Manitoba - Agent for service contact: Thompson Dorfman Sweatman LLP, Canwest Place 2200-201 Portage Avenue, Winnipeg, Manitoba, R3B 3L3, Phone: 204 957-1930.

- Nova Scotia - Agent for service contact: Stewart McKelvey, Purdy's Wharf Tower One, 900-1959 Upper Water Street, PO Box 997 Halifax NS B3J 2X2, Phone: 902-420-1417.
- New Brunswick - Agent for service contact: Stewart McKelvey, 44 Chipman Hill, Suite 1000, Brunswick House, Saint John, New Brunswick, E2L 2A9, Phone: 506-632-1970.
- Saskatchewan - Agent for service contact: MacPherson Leslie & Tyerman LLP, 1500-1874 Scarth Street, Regina, Saskatchewan, S4P 4E9, Phone: 306-347-8000.
- Alberta - Agent for service contact: Borden Ladner Gervais LLP, Centennial Place, East Tower, 520 3rd Ave SW, Suite 1900, Calgary, Alberta, T2P 0R3, Phone: 403-232-9500.
- British Columbia - Agent for service contact: Borden Ladner Gervais LLP, Waterfront Centre, 200 Burrard Street, Suite 1200, Vancouver, British Columbia, V7X 1T2, Phone: 604-687-5744.
- Québec - Agent for service contact: Borden Ladner Gervais LLP, 1000, rue de la Gauchetière Ouest, Suite 900, Montréal, Québec, H3B 5H4, Phone: 514-879-1212.
- Newfoundland and Labrador – Agent for service contact: Stewart McKelvey, Suite 1100, Cabot Place, 100 New Gower St., St. John's, Newfoundland and Labrador A1C 6K3, Phone: 709-722-4270.

You can confirm our registration by visiting the Canadian Securities Administrators' (the "**CSA**") website at http://www.securities-administrators.ca/. The firm is registered under its full corporate name:

R N Croft Financial Group Inc.

CFG AND ITS SUBSIDIARIES AND SERVICE PROVIDERS

To ensure that you receive value for the investment fees you pay us, there are several parties working cooperatively within your Relationship: 1) **R N Croft Financial Group Inc.** (CFG), the registrant who is your licensed Portfolio Manager; 2) **CFG Custom Portfolio Corporation** (CPC), a related series of corporate-class pools created and managed by CFG, and 3) **National Bank Independent Network Inc.** (NBIN), a division of National Bank Financial Inc., that acts as CFG's correspondent broker and custodian for all client accounts.

Additionally, CFG acquired **Castlemark Wealth Management Inc.** in April 2023 and **The Accounting Place** in September 2023. Each of these established firms operates as a wholly owned subsidiary of CFG and descriptions of their services are provided below.

CROFT FINANCIAL GROUP

R N Croft Financial Group Inc. (**CFG**)

As a licensed Portfolio Manager and Investment Fund Manager, CFG is responsible for all investment related activities, which include providing advice and directing trades within your Portfolio and any due diligence related to securities held within your Portfolio. Your Portfolio includes those securities managed by CFG and held in your managed investment account(s) ("**Managed Investment Account**") and, where applicable, within your Custody account(s) ("**Custody Account**"). Please see pages 6 and 7 for a description of the Managed Investment Account and Custody Account.

For clarity, CFG defines a Portfolio as a collection of securities selected by your Portfolio Manager and invested on your behalf across up to six major asset classes. When adding or subtracting a security within your Portfolio, CFG will take into account how well the new security fits with securities already there. The goal is to ascertain what the inclusion of an additional security will add to your Portfolio in terms of return and what it will do to your Portfolio's risk. CFG's overriding objective is to deliver above average risk-adjusted performance.

CFG Custom Portfolio Corporation (CPC)

CFG as a licensed Investment Fund Manager created CPC, a related series of corporate-class pools within an open-ended mutual fund incorporated on August 18, 2006 under the laws of Canada. Each Share Class of CPC represents a separate segregated investment fund with its own Investment Objective and Investment Strategy. For more information in respect of the foregoing, we would refer you to the more detailed description beginning on page 28.

Since May 2015, CFG as a licensed Portfolio Manager has been distributing all CPC Share Classes to Investors on its Platform by relying exclusively on the "accredited investor" prospectus exemption set out at section 73.3 of the *Securities Act* (Ontario) and on paragraph (q) of the definition of "accredited investor" contained at section 1.1 of National Instrument 45-106 *Prospectus Exemptions*. These prospectus exemptions allow CFG, as a registered adviser acting on behalf of a fully managed account, to purchase securities of an issuer on your behalf on a prospectus-exempt basis. In purchasing CPC Share Classes on your behalf, CFG is responsible for determining suitability of these related pools for your Portfolio, and is also solely responsible for all disclosures, including in the pool fact sheets and the annual CPC financial statements (available at www.croftgroup.com) as well as those contained within this Appendix IV.

CPC pools are also available to other accredited investors (e.g., licensed portfolio managers) on other platforms, with pricing and settlement available through Fundserv.

CFG serves as both CPC's Investment Fund Manager and Portfolio Manager. Accordingly, to the extent CFG also has discretionary authority under the MIAA to invest all or a portion of the assets of your account(s) into one or more CPC Share Classes, CPC may be considered to be a proprietary product and a *connected issuer* of CFG, as those terms are defined under applicable securities legislation. This means that a reasonable prospective purchaser of CPC Share Classes may question whether CFG and CPC are independent of each other for purposes of these share distributions. Please refer to the heading "*Material Conflicts of Interest - CPC is a "proprietary product" and a "connected issuer" of CFG*" herein for additional information.

National Bank Independent Network (NBIN)

NBIN, a subsidiary of National Bank Canada, acts as custodian and correspondent broker in this Relationship. We have determined that NBIN is a "qualified custodian", as such term is defined under applicable securities laws, and that it is functionally independent from us.

Through its relationship with NBIN, CFG offers investors a full-service platform ("**CFG Platform**") that includes registered, non-registered and corporate accounts.

The CFG Platform allows investors to consolidate their financial assets and simplify their financial affairs. Securities in the Managed Investment Account(s) and, where applicable, your Custody Account(s) are considered part of your Portfolio and will be managed by CFG.

For more information on the distinction between Managed Investment Accounts and Custody Accounts see section entitled "The CFG Platform."

As custodian NBIN provides the following services for your Account(s) managed by CFG:

- Assisting in the establishment and servicing of your Account(s).
- Acting as custodian for the assets in your Account(s).
- Providing certain administrative services in connection with your Account(s).
- Receiving instructions from CFG with respect to executing trades for your Account(s)

CFG is responsible for providing NBIN with all instructions related to securities transactions to be executed for your Account(s), ensuring such transactions are suitable for you and for complying with all applicable “Know Your Client” and “Know Your Product” obligations. Please note that under applicable securities laws, CFG has an obligation to assess whether any purchase or sale of a security is suitable for you and to put your interests first when executing the transaction.

NBIN will hold the assets of your Account(s) in book-based form or at its head office, any of its offices or at any other location where it is customary for NBIN to keep like cash and securities, and NBIN may hold same through a sub-custodian, agent or nominee if necessary or usual for it to do so in respect of like securities. NBIN will take all reasonable steps to receive and collect all proceeds, income or other revenue or distributions from the securities held, enter into and settle foreign exchange transactions, notify CFG of matters affecting the securities, such as corporate action notices and ensure that all property is kept separate and distinct from its own assets and those of other clients and keep a separate record for each Account.

Appointing NBIN to hold the assets of your Account(s) is intended to enhance the protection of your assets. However, because of the range of possible factual scenarios involving the insolvency of NBIN, or any of its material affiliates, it is impractical to generalize about the effect of its insolvency on your Account(s) and your assets. You should assume that the bankruptcy or insolvency of NBIN, a sub-custodian or any of their respective material affiliates may result in a loss of your assets held by or through NBIN and/or cause a delay in the payment of withdrawal proceeds. Additional risk factors, include, without limitation, the risk of potential loss in the event of a breakdown in NBIN’s information technology systems or if NBIN is involved in a material cybersecurity incident, including the unauthorized access of its information technology systems by a malicious third party or if NBIN or any of its representatives are involved in fraudulent acts or willful misconduct or are grossly negligent. CFG has considered NBIN’s reputation, financial stability and ability to deliver custodial services and has concluded that NBIN conducts its services and has developed safeguards in accordance with prudent business practice.

NBIN has agreed to provide the following brokerage services for your Account(s) managed by CFG:

- Trading and clearing securities on such securities markets or over-the-counter markets as directed by CFG.

- Clearing and allocating such trades into and out of investor accounts through CFG's average price account.

- Subject to their own compliance, opening and maintaining accounts for all CFG-approved Investors.

- Maintaining debit or margin accounts for properly qualified CFG Investors, subject to interest on free credit balances at rates set out and adjusted by NBIN.

- Provide custodial services in respect of securities held by the Investors and issue all required trade confirmations, tax receipts and reports to Investors.

- Produce monthly brokerage trade confirmations and statements for each Account as well as, by arrangement with CFG, an annual report of investment performance and annual report on charges and other compensation in accordance with applicable requirements.

CASTLEMARK
WEALTH MANAGEMENT

Castlemark Wealth Management Inc.

As was previously set out herein, Castlemark Wealth Management Inc. ("**Castlemark**") is a wholly owned subsidiary of CFG since April 2023. Castlemark is an established private wealth management firm that provides non-registrable wealth and financial planning services, including separately regulated estate and insurance planning services. www.castlemarkwealth.com

THE ACCOUNTING PLACE®

The Accounting Place

As was previously set out herein, The Accounting Place is a wholly owned subsidiary of CFG since September 2023. Founded in 1999, The Accounting Place provides wealth management, corporate and personal tax, accounting and other services to businesses and families. www.theaccountingplace.ca

THE CFG PLATFORM

Accounts opened on the CFG Platform fall under one of two categories: (1) "Managed Investment Account(s)" and (2) "Custody Account(s)."

Managed Investment Account(s)

Your MIAA gives CFG the responsibility and discretionary authority to invest according to your Mandate all funds and/or securities you deposited or transferred into the one or more NBIN accounts opened for this purpose.

All transactions that take place in your Managed Investment Accounts are executed on a discretionary basis by CFG. Any trades implemented by CFG will be conducted within the overall Mandate of your MIAA, will conform to the standards of a reasonable Portfolio, will be suitable for you and put your interests first.

CFG charges its standard investment management fees as set out in Schedule "A" of the MIAA for all Managed Accounts. Where a referring party is involved, a portion of the investment management fees may be paid to the referring party described in Schedule "B" of the MIAA.

Custody Accounts

Certain investments and funds that Investors may transfer onto the CFG Platform may be subject to liquidity or redemption impediments such as deferred sales charges ("**DSCs**" also known as early redemption fees) and CFG may choose, or may be required, to hold such funds in a separate Custody Account for the Investor until CFG can properly redeem and re-invest those funds in a Managed Investment Account.

CFG is responsible for suitability, oversight and reporting for all investments held in Custody Accounts. Other than nominal administrative and custody holding charges (generally 0.15% per annum), Custody Accounts are not subject to any Fees set out in Schedule "A" of the MIAA. While held in Custody Accounts, mutual funds generally pay a trailing service fee or commission, which will be collected and may be retained by the Dealer of Record (i.e., NBIN).

CFG INVESTMENT PHILOSOPHY

In our view, CFG manages portfolios in much the same way as pension plans manage their assets. We allocate and combine low-cost, tax-efficient investments with targeted active management across each Portfolio in an effort to maximize client returns at any risk level.

Our approach recognizes that to earn better-than-average returns means assuming greater-than-average risk. Our goal is to extract the best return for each unit of risk within the context of your personal situation and financial market conditions.

To achieve that objective, CFG believes that investments should be diversified, that risk-adjusted returns are the only relevant factor, and that asset mix determines up to 85% of a portfolio's total return.

In order to deliver the right portfolio solution, CFG employs a top-down process that is supported by two fundamental convictions:

- **Markets are unpredictable**: Trying to forecast the direction of the economy, interest rates, and stock prices is a difficult job under ideal conditions. It is virtually impossible to predict changes when the economy is in transition, and because we believe a capitalist, open-market economy is always in transition, we prefer to develop portfolios that focus on maximizing risk-adjusted returns across a range of economic cycles and financial markets.

- **Investor attitudes and circumstances change**: Just as the economy moves through cycles, so too do individual investors. We call it "life-cycle investing", where fundamental changes such as a marriage, children, a new job, or illness in the family can affect your long-term objectives. Typically, in the early stages of the life cycle most investors choose a growth portfolio. As we get older, our attitudes change, which generally leads to a more balanced approach, then to a more conservative portfolio that focuses on income and preservation of capital.

HOW CFG MANAGES YOUR PORTFOLIO

As a licensed Portfolio Manager, and subject to extraordinary market conditions and our professional judgment, CFG manages Portfolios on a discretionary basis at the Relationship level within the Mandate and Asset Mix Guidelines defined in your MIAA.

Typically, the Mandate selected in the MIAA reflects the objectives and risk profile for each Account within a single "**Relationship**", which we define as:

> *"A series of brokerage accounts controlled by a single investor, or jointly, if there is more than one investor within an immediate family (husband, wife, children), all falling under one MIAA at the same underlying address."*

CFG believes that "Risk" becomes the determining factor when establishing your Investment Mandate and asset mix guidelines. The Investor Profile Questionnaire offers background information but is not definitive in terms of setting your "Risk Profile." It is a tool that CFG registered Advisers use as a guide during the initial Know Your Client (KYC) interview.

Canadian securities laws require us to gather certain KYC information about you. The collection of KYC information is meant to protect you, us and the integrity of the capital markets. This information informs and assists us in making suitability determinations before we purchase or sell securities for your Account(s).

Accordingly, through the KYC interview a CFG registered Adviser will ascertain information to establish your identity, determine whether you are an insider of any reporting issuers or publicly listed entities, as well as information to assist us to better understand your personal circumstances, financial circumstances, investment needs and objectives, investment knowledge, risk profile and investment time horizon.

Additionally, if you are a corporation, partnership or trust, the information collected must also allow us to establish: (i) the nature of your business, and (ii) the identity of any individual who, in the case of a corporation, is a beneficial owner of, or exercises direct or indirect control or direction over, 25% or more of the voting rights of your outstanding voting securities, or, in the case that you are a partnership or trust, who exercises control over the affairs of the partnership or trust. We will also generally require that you provide us with various information and documents including, to the extent applicable, constating documents (e.g., articles of incorporation, by-laws, declarations of trust, etc.), lists of authorized signatories, corporate resolutions, tax identification numbers, etc.

The CFG registered Adviser will incorporate this discussion with your KYC information and answers on your Investor Profile Questionnaire to determine an appropriate Mandate. The Mandate is then approved by CFG compliance and assigned to one of CFG's registered Advising Representatives who will begin to manage the portfolio based on the asset mix guidelines at the Relationship Level.

CFG recognizes that there may be different objectives for specific accounts. For example, a Registered Retirement Income Fund (RRIF) may be managed as an Income Mandate, whereas a Registered Education Savings Plan (RESP) may fall under a Growth Mandate. While accounts may have different objectives, to be included in a single Relationship, the overall "Risk Profile" of each account must be the same as or lower than the Risk Profile of the entire Relationship. For example, an Investor could have an Income Mandate account, but not a Growth Mandate account, within their Balanced Mandate Portfolio.

CFG, as Portfolio Manager, will buy and sell securities that are appropriate for your Mandate, which will be guided by the initial KYC information as well as any new information from our KYC updating process and your obligation to inform us of any changes to your KYC information.

Within Managed Investment Accounts, CFG strives to mitigate concentration risk by investing all clients in broadly diversified Portfolios. Although some Accounts may be invested primarily or exclusively in the pool units of CPC, each CPC pool is itself diversified, and CFG typically invests only in liquid securities with larger average daily trading volumes, which enables us to enter and exit positions on behalf of our clients more easily.

The KYC information that CFG collects from you will be relied upon by the firm to assist it in making suitability determinations.

Pursuant to the MIAA, you have an obligation to inform CFG in a timely manner of any changes in your KYC information, including, in particular, any change to your risk profile, investment time horizon or investment needs and objectives, as well as any other change that would reasonably be expected to have a significant impact on your net worth, investable assets or income. CFG’s registered Advising or Associate Advising Representatives will make reasonable efforts to contact you at least annually in order to update/confirm your KYC information with the firm.

The cash and securities in the Account(s) of your portfolio are not in our custody but rather are held in your trading account(s) at NBIN, the only custodian used by CFG. It is important for clients to understand that your MIAA only grants CFG the authority to instruct the custodian to buy and sell securities in your Account(s) and to withdraw our agreed-to fees.

We are required under securities laws to adhere to certain requirements when we provide you with our services. These requirements include the following:

Fiduciary Duty – we are required to act honestly, in good faith and always in your best interests.

Protect Your Privacy – we must keep all information that we obtain from you confidential within the context of managing and servicing your Account(s), subject to any legal requirements we may have to disclose such information to governmental or other regulatory bodies, and subject to any consent we may have from you to disclose such information, including to a designated trusted contact person.

Fair Allocation – as further detailed at page 20 herein, we act for many clients and are thus obligated to allocate investment opportunities among all of our clients in a fair manner so as to not intentionally favour one client over another.

Material Conflicts of Interest – as further detailed at page 16 herein, we are required by securities laws to adopt policies and procedures in order to identify and address material conflicts of interest.

Best Execution – when we use our discretion to trade securities for your Account, we seek to achieve “best execution”, meaning the most advantageous execution terms reasonably available under the circumstances, having regard to price of the security, speed of execution, quality of execution and total transaction cost. We currently believe directing trades to NBIN satisfies this requirement.

Use of Brokerage Commissions – when we instruct a dealer to trade securities in your Account, the dealer receives a trade commission that is paid from your Account. We make sure that, when paying the trade commissions, we are not paying for goods or services from the investment dealer other than for order execution and research.

Statement of Accounts and Annual Performance and Compensation Reports

Under applicable securities laws and as contracted with CFG, you will receive monthly statements directly from NBIN. Both CFG and NBIN are responsible for ensuring the information in these account statements is complete and accurate.

These account statements detail your current holdings and confirm all activity (i.e., purchases and sales of securities, contributions and withdrawals, dividends, interest earned and paid, transfers, etc.) that occurred in your Account(s) over the previous month.

The monthly account statement also provides you with your net equity, which represents the net value of your portfolio within each Account based on the closing values as of the date on the statement.

Under applicable securities laws, you are also required to be provided with an annual report on charges and other compensation and an annual investment performance report. Please be advised that CFG does not deliver these annual reports directly to you. Rather, CFG has contracted with NBIN so that you will receive these annual reports directly from NBIN. Both CFG and NBIN are responsible for ensuring the information in these annual reports is complete and accurate.

In addition to these monthly account statements and annual reports, CFG also directly provides you with a Quarterly Performance Evaluation of your portfolio. This Quarterly Performance Evaluation includes information from CFG regarding portfolio performance on a nominal basis, portfolio performance against reported benchmarks, asset allocation, as well as a general overview of current market conditions (i.e., where have we been) and the outlook for future market trends (i.e., where are we going). CFG also provides periodic market commentary and quarterly economic outlook that can be delivered directly to you or accessed on our website (www.croftgroup.com). We also maintain archived copies of our periodic investment commentaries on our website.

Both NBIN and CFG provide convenient and secure online access to these statements and reports for all of your Accounts or will mail reports directly to clients not able to take advantage of these services.

Please contact CFG directly at **reporting@croftgroup.com** if you have any questions about your account statements, annual performance report, annual report on compensation and other charges, or any other questions you may have with regards to accessing your Account information.

ACCOUNT OPENING PROCESS

During the new account opening process, CFG typically gathers the following information to prepare your MIAA, select your appropriate Portfolio Mandate and open the NBIN account(s) required:

- Contact details (i.e., main address, direct phone and email contacts);

- Birth date;
- Employment information; (i.e., length of employment, self-employed, retired)
- Family status; (i.e., marital status, joint or individual accounts)
- Financial information; (i.e., net worth, net investable assets, annual income)
- Risk tolerance and risk capacity (i.e., overall risk profile); and
- Other information as is relevant and necessary.

CFG ACCOUNT OPENING PROCESS

- **Account Opening Documentation** **RMFS**
- **Suitability Documentation** **Registered CFG Employee**
  - **Investor Profile Questionaire**
  - **Managed Investment Account Agreement**

Verification of Your Identity

Canada's anti-money laundering regulations require us to, amongst other requirements, verify your identity and ascertain the sources and intended uses of your investment funds before we (CFG together with NBIN) can open accounts, accept deposits of funds or securities, or execute any transactions on your behalf. Accepted methods of identity verification are prescribed in the regulations of the ***Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*** administered by the Financial Transactions and Reporting Analysis Centre of Canada (FINTRAC).

We gather personal identification, and sources and uses of investment funds information, as required by FINTRAC for both the CFG MIAA and the NBIN New Account Application Form (NCAF) that you may complete with the assistance of your RMFS (as defined at page 13 herein). CFG Compliance will review all of this information before signing and forwarding relevant account-opening documents to NBIN.

Preparing the MIAA

Your MIAA sets out the agreed-upon terms between you and CFG regarding our discretionary management of your Portfolio. In particular, the MIAA:

- discloses the various fees applicable to your Portfolio;
- outlines the Asset Mix Guidelines for the Conservative, Balanced, or Growth mandate. Each mandate aims to provide a sufficient level of overall diversification and to provide an appropriate return over the investment horizon. However, these are only guidelines and CFG may invest your portfolio outside of these guidelines depending on current market conditions;
- helps us comply with our obligations under applicable provincial and Federal laws, rules and regulations; and
- affirms that CFG will deal fairly, honestly and in good faith you, and will exercise the degree of care, diligence and skill that a reasonably prudent portfolio manager would exercise in similar circumstances.

Once both CFG and NBIN have accepted you as a client and your Accounts have been opened, it is important that we continue to have up-to-date information in order to provide you with the best possible service and advice. CFG will make every effort to contact you periodically – at a minimum annually – to update this information and record any changes that may affect your investment profile. When we become aware of significant changes, we will update your Investment Profile and, as necessary, your account documents to ensure all such information remains current.

CFG's INVESTMENT PROCESS

CFG Portfolio Programs

CFG prides itself on being able to offer clients flexible portfolio solutions. In all cases, CFG portfolios follow a top-down methodology.

The process starts with the Know Your Client (KYC) discussion, which leads to an MIAA and defines the Mandate for the client at the Relationship Level.

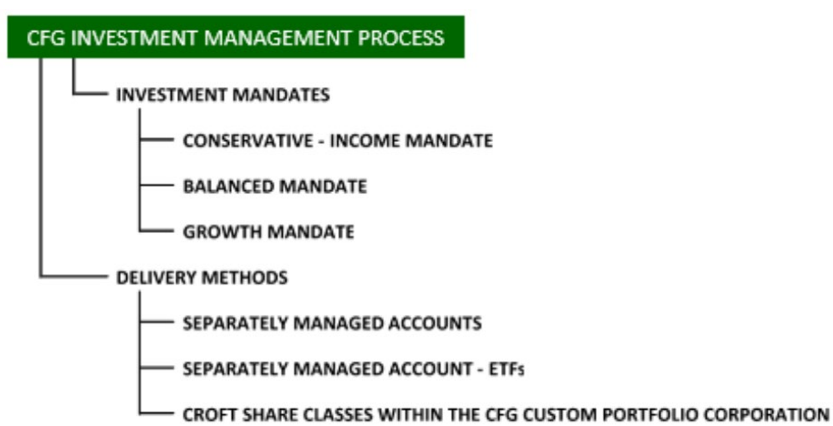
There are three fundamental client Mandates: Conservative/Income, Balanced and Growth, which are distinguished by your individual tolerance of market risk versus your investment time horizon and associated requirements for income vs capital preservation and/or capital growth. The MIAA details an attendant asset mix guideline for each Mandate, and a range of percent weightings for each asset class within a Mandate.

Depending on the size of the Relationship, the resulting Portfolio will be delivered through Accounts in which the client holds a combination that may include any or all of individual securities, exchange traded funds (ETFs), mutual funds, proprietary CPC Share Classes (pools), bonds, and short-term securities or cash.

As set out above, CFG may invest all or a portion of the assets of your Account(s) into one or more proprietary CPC Share Classes, of which CFG is a related and connected issuer. More detailed information regarding the CPC share classes is provided at page 28 and following this document.

Investors should be aware that the CFG Custom Portfolio Corporation ("**CPC**"), is a “proprietary product” and “connected issuer” for purposes of applicable securities laws. Please refer to the heading “*Material Conflicts of Interest - CPC is a “proprietary product” and a “connected issuer” of CFG*” herein for additional information.

Regardless of the approach, each CFG Portfolio is managed on a discretionary basis with a customized asset allocation for each Mandate.



Once a Portfolio is implemented according to the Investor's Mandate, the weighting of each asset class is regularly monitored by CFG. A reasonable range of weighting variations is permitted to take into account investment market conditions and daily fluctuations in the value of each asset class within the Portfolio but, from time to time, rebalancing may be required. Rebalancing is the process of adjusting the components of an Investor's Portfolio to account for changing market conditions and, as necessary, realign it with the asset mix guidelines of the Mandate.

Clients should understand that the asset mix guidelines are exactly that – *guidelines.* If CFG or its registered Advising Representative responsible for your Account believe that market conditions warrant a variation within the Asset Mix, CFG will make the necessary adjustments, even if doing so may cause the asset mix to fall outside the range of weightings within the assigned Mandate.

CFG REFERRAL NETWORK

For many Relationships we work with other financial service providers – referred to as Relationship Managers or Financial Strategists (“**RMFS**”). Typically, the RMFS is a financial or tax professional with whom you have an existing Relationship.

With each RMFS, CFG has entered into a written referral agreement, which outlines the material terms of our relationship. Under such agreements, the RMFS refers you, as a client, to CFG, as a licensed Portfolio Manager, to manage on a discretionary basis the agreed upon Portfolio in accordance with the selected Mandate.

The management of your Portfolio, including all portfolio management, advisory and other services that would trigger the obligation to register as an adviser under applicable Canadian securities laws, will and must be performed by a registered Advising Representative or Associate Advising Representative employed by CFG. CFG will identify the specific registered individuals that will provide these services to you.

If the representative of your RMFS is not also registered as an Advising Representative or an Associate Advising Representative with CFG, then the representative of your RMFS may not and shall not be involved in the specific management of your Portfolio with CFG, and they will not provide you with portfolio management, advisory and any other services that would trigger the obligation to register as an adviser under applicable Canadian securities laws.

In the event the representative of your RMFS is not also registered as an Advising Representative or an Associate Advising Representative with CFG, your RMFS is limited to performing the following tasks with respect to your managed Portfolio at CFG:

- Presenting the services offered by CFG to you;
- Arranging for you to attend CFG seminars at your discretion;
- Assisting you with the completion of new account opening documentation (exclusive of KYC information, which can only be collected by a registered CFG Advising Representative or Associate Advising Representative);
- Assisting you to coordinate client service requests;
- Providing other professional financial or planning-type services that do not require the RMFS representative to be registered under applicable Canadian securities laws as an Advising Representative or an Associate Advising Representative. These services may include discussions in regard to tax, insurance and/or financial planning, as well as discussions in regard to asset allocation and risk profile in general terms.

We again would stress that only a licensed Portfolio Manager can manage the agreed upon Portfolio in accordance with the selected Mandate on a discretionary basis or otherwise provide you with discretionary portfolio management or other registrable services. In the context of your Relationship with RMFS and with CFG, this means that only an Advising Representative or Associate Advising Representative registered with CFG can provide you with these services.

CFG will identify the specific registered individuals that will provide these services to you. If your RMFS representative is registered as an Advising Representative or an Associate Advising Representative with CFG and they will be part of the CFG team that will provide you with these services, then they will be doing so as a representative of CFG and not as a representative of their RMFS firm. All questions or concerns you have in respect of the management of your Portfolio should be sent directly to CFG in writing or by e-mail to: compliance@croftgroup.com.

We believe there is value to you from having two professionals reviewing your financial circumstances from two very distinct points of view – the RMFS often from a tax and asset allocation perspective, and CFG, the registered Portfolio Manager, from the perspective of the overall investment performance of your Portfolio. **However, please be advised that as there are benefits that accrue to both CFG and the RMFS as a result of the referral agreement, this arrangement presents a material conflict of interest. Please refer to the heading "Material Conflicts of Interest – Referral Arrangements and Fees" for additional information.**

FEES AND EXPENSES

Management fees charged by CFG and referral fees remitted

CFG earns fees for investment management services only. CFG charges investment management fees as set out in Schedule "A" of the MIAA for all Managed Accounts. Where an RMFS is involved, as further described in Schedule "B" of the MIAA, a portion of the investment management fees collected by CFG are then remitted to the RMFS in consideration of the services they provide to the client.

Our fees are collected monthly, calculated as a percentage of the market value of assets under management in your Account(s) at the end of the preceding month. We believe that this fee arrangement aligns our interest with yours in that we will earn more fees if we assist you in growing the value of assets in your Account(s). The fees that we charge are set out in Schedule "A" of your MIAA and may only be changed by us at a minimum of 60 days' notice to you.

CFG does not currently receive, nor expect to receive, benefits from any third-party in connection with a client's purchase or ownership of a security through the firm.

CFG may charge additional fees and expenses as Portfolio Manager of a related CPC Share Class, and in such cases these amounts are withdrawn directly from the applicable Class. For more details on such fees and expenses, please refer to the heading "*Estimated Fees and Expenses*" under the section entitled "CFG Custom Portfolio Corporation" herein.

As was set out at page 7 above, other than nominal administrative and custody holding charges (generally 0.15% per annum), Custody Accounts are not subject to any Fees as set out in Schedule "A" of the MIAA. While held in Custody Accounts, mutual funds generally pay a trailing service fee or commission, which will be collected and may be retained by the Dealer of Record (i.e., NBIN).

Fees charged by the Custodian, including Trading Costs

You should be aware of costs associated with trading securities in your portfolio. Subject to limited exceptions, we execute trades through NBIN, our correspondent broker and custodian of your Accounts. Most clients pay a flat 15 basis point (0.15%) administrative and custody fee embedded in their Schedule "A", a portion of which is paid to NBIN for trade execution. Some clients of CFG may pay a per-trade transaction charge of $25 paid to NBIN and $10 + .0025% of the value of the transaction charged and retained by CFG to pay for trades.

NBIN may also levy additional fees in connection with the maintenance of your brokerage Account. The long-standing relationship between NBIN and CFG has led NBIN to waive some of these fees. You can obtain full disclosure of the range and amounts of these fees by referring to the fee pamphlet NBIN has, or will, provide to you along with copies of the forms you filled out to open NBIN brokerage accounts.

NBIN custodies all CFG Investors' securities, including any securities held by CPC Share Classes. As part of this arrangement, NBIN offers our clients many types of registered accounts (i.e., RRSPs, RRIFs, LIFs and TFSAs) and, through a service agreement with CFG, does not charge separate trustee fees on any such accounts.

Because of this custody arrangement, all securities bought or sold through other brokers must be delivered and settled through the CFG average price account at NBIN. For this service, NBIN charges $25 per delivery, and a subsequent $25 fee for allocating assets to client accounts. Note the allocation fee is waived for accounts that are paying the custody fee, but these accounts would still be subject to the $25 delivery fee.

If the same security is purchased or sold through NBIN, there is no $25 delivery fee. NBIN will only charge the CFG-contracted custody fee and/or the $25 allocation fee to client Accounts. As such, it is rare that we would find another broker who would be willing to execute a buy or sell at a cost that is less than we pay to execute through NBIN.

Further, CFG typically invests only in blue chip liquid securities that have tight bid-ask spreads. Considering the facts that we are trading liquid securities and that NBIN directs CFG orders to all appropriate exchanges, we believe our arrangement with NBIN fulfills our best execution obligation to take reasonable efforts to obtain the most advantageous execution terms reasonably available under the circumstances.

CFG periodically reviews its relationship with NBIN and, from time to time, confirms transaction costs through third party brokers so to ensure that we are meeting our best execution obligation. CFG is not affiliated to NBIN.

Additional Compensation

CFG may determine it to be in the best interests of its clients to engage the services of, or invest in financial products offered by, another service provider, including NBIN, appropriate to the client's circumstances. If any fees are to be paid by a service provider to CFG for such services, the service provider and CFG shall provide each client with the disclosure required by section 13.10 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (re: disclosure with respect to referral arrangements).

Impact on Investment Returns[1]

In general, the investment management fees you are charged by us directly reduce the investment returns you may make from your investments with us, as do any other fees and expenses, including trading costs, that you are charged by NBIN or that you are otherwise responsible to pay for.

The payment of these fees also indirectly reduces the return that could otherwise be earned on an account due to the effects of compounding. Investment returns earned, retained and reinvested into the principal balance of an account can "compound" – that is generate incremental earnings on previous earnings.

Paying fees and expenses reduces the principal balance of the account, thereby also reducing any benefit of compounding future investment returns on that lower principal.

Additionally, as per an investment in any non-related fund or ETF, any fees and expenses CFG may charge to a CPC Share Class, as well as any other expenses for which the CPC Share Class may be responsible, are not charged directly to you but are taken from the relevant pool as a percentage of its total assets. These fees and expenses will affect a client's returns on its investment in the CPC Share Class for so long as the client owns the securities. When you as the client receive information about the investment performance and/or the value of your investment in any CPC Share Class, the fees charged and any expenses paid have already been taken into consideration.

MATERIAL CONFLICTS OF INTEREST

Under applicable Canadian securities laws, CFG is required to identify and address existing, as well as reasonably foreseeable, material conflicts in the best interests of its clients. A conflict of interest can include any circumstance where:

(a) the interests of different parties, such as the interests of the firm and those of a client, are inconsistent or divergent,

(b) the firm or one of its registered representatives may be influenced to put their interests ahead of a client's interests, or

(c) monetary or non-monetary benefits available to the firm or a registered representative, or potential detriments to which they may be subject, may compromise the trust that a reasonable client has in the firm or the individual.

Whether a conflict is "material" or not depends on the circumstances. In determining whether a conflict is material, CFG will typically consider whether the conflict may be reasonably expected to affect the decisions of the client in the circumstances, and/or the recommendations or decisions of the firm or its registered representatives in the circumstances.

In addition to other measures that will be taken to address existing and reasonably foreseeable material conflicts of interest, CFG will typically provide clients with disclosure in respect to the potential conflict. It is important that clients read this disclosure to help inform their decision when evaluating our business practices, conflicts management and overall performance on an ongoing basis. The CSA notes that conflict disclosure is critical to

[1] Note that all presentations and reports of the value(s) and investment returns of your Account(s) and investment Portfolio are net of all previous fees and expenses as of the date shown.

a client's ability to make an informed decision about how to manage and evaluate its relationship with a firm. If you have any questions with regards to our conflicts of interest disclosure or, more generally, in respect to conflicts, please contact us directly at compliance@croftgroup.com.

A summary of the specific material conflicts of interest identified by CFG are set out below.

CPC is a "Proprietary Product" and a "Connected Issuer" of CFG

As a registered adviser with discretionary authority over the assets of your Account(s), CFG may purchase CPC Share Classes on your behalf on a prospectus-exempt basis.

The CPC Share Classes are proprietary products and CPC is a connected issuer of CFG (as such terms are defined under applicable Canadian securities laws) because the firm acts as CPC's investment fund manager and portfolio manager. As described in Schedule "A" to your MIAA and page 28 of this Appendix IV, if units of CPC's "Adviser Series" are held in your Account, the estimated 0.7% "Management Expense Ratio" ("**MER**")[2] attributable to that series of units of the fund includes a 0.25% annual fee that is payable by CPC to CFG in respect of CFG's portfolio and investment fund management services rendered to CPC.

As the CPC Share Classes are proprietary products and CPC is a connected issuer of CFG, this means that a reasonable prospective purchaser of CPC Share Classes may question whether CFG and CPC are independent of each other for purposes of these share distributions.

The CSA has noted in respect to proprietary products that a material conflict of interest exists between a registered firm's (such as CFG's) incentive to distribute securities of its proprietary products (e.g., CPC Share Classes) to its clients and the firm's general obligations to its clients, including its KYC, know-your-product (KYP) and suitability obligations, as well as its fair dealing duty. The extent of this conflict in respect to CFG may be viewed as significant because the firm may not generally consider whether non-proprietary investment funds would be better, worse or equal to the CPC Share Classes in meeting your investment needs and objectives.

The CSA have also noted the nature of this specific conflict of interest is that it gives rise to inconsistent, competing or divergent interests, which may make it difficult for a registered firm to fulfil its duties to investors objectively. The potential impact and risk of this conflict is that it may lead a firm, for example, to:

- fail to disclose or provide inadequate disclosure to investors about proprietary products where there is negative information, resulting in investors taking on more risk than they should or may wish to bear;

- be financially dependent on the proprietary product, creating an incentive to distribute an unsuitable product;

- inadequately disclose significant fees and charges paid to connected issuers, in some instances for little or no apparent services performed, resulting in investors not understanding the costs associated with their investment; and

[2] 1% MER for the MFG Total Return Share Class (TCG536).

- not adequately monitor whether connected issuers are using the proceeds raised from their distributions for purposes other than those stated in their offering or marketing materials.

To address this conflict, prior to purchasing CPC Share Classes on your behalf, CFG is responsible for determining the suitability of these proprietary products for you and that any decision to include such products in your investment Portfolio puts your interests first. CFG will only purchase CPC Share Classes if it has determined that such purchases are suitable for you and put your interests first despite the conflict of interest that may exist. CFG is of the view that its CPC Share Classes are relatively low-cost (comparable to managed ETFs) and are an efficient way to provide active management and sophisticated option-based strategies to relatively small client portfolios.

Valuation of the CPC Share Classes

As CFG is the investment fund manager for the CPC Share Classes, the firm may have a material conflict of interest when determining the valuation of these share classes or in dealing with a pricing error, should one occur. The nature, impact and risk of this conflict is that CFG may be motivated to support a valuation of a CPC Share Class or deal with a pricing error in a manner that would be in its interest as a firm rather than in the interest of the holders of the share class.

In addition to disclosing this conflict of interest to you, we note that we use independent, third-party service providers to calculate the net asset value of the CPC Share Classes and to record transactions. Our policies and procedures establish standards for any correction to the calculation of a net asset value in a consistent manner for all CPC Share Classes and in accordance with industry guidelines.

Pricing and Account Errors

CFG may have a material conflict of interest when determining when and how to deal with a pricing error or other type of client account error. The nature, impact and risk of this conflict is that CFG may be motivated to pass the cost of an error to a client’s Account or to a CPC Share Class rather than to have the cost absorbed by the firm.

To address this conflict, we use third-party service providers to calculate net asset values of and to record client transactions. We have a written policy that establishes standards for the correction of discrepancies in the calculation of net asset value in a consistent manner across clients and which is in accordance with industry guidelines.

Referral Arrangements and Fees

As previously set out herein, for many Relationships we work with other financial service providers – each referred to as an RMFS. In some instances, the RMFS is a representative of our wholly owned subsidiary, Castlemark. Typically, the RMFS is a financial or tax professional with whom you have an existing relationship. In consideration of a set portion of the fees you pay to us, the RMFS refers you to CFG as a licensed professional Portfolio Manager to provide for your investment needs.

When a client is referred to us by an RMFS (the "**Referring Party**"), the client typically pays a single fee to CFG for the separate services rendered to the client by CFG and the Referring Party. Out of that overall fee, CFG remits the Referral Fees to the Referring Party, the whole as further detailed in Schedule "A" in the client’s MIAA.

As the Referring Party receives Referral Fees in connection with the referral of you to us, a material conflict of interest exists. The nature, impact and risk of this conflict is that by receiving a Referral Fee, the Referring Party is incentivized to recommend CFG as your licensed Portfolio Manager and not to consider other qualified portfolio managers. The extent of this conflict of interest is significant as CFG has a number of RMFS relationships.

Additionally, there may be a material conflict of interest in that clients of different Referring Parties may pay a higher or lower combined fee. The overall fee paid by clients of different Referring Parties may vary primarily as a result of the included services offered by the selected Referring Party. We address this material conflict via various procedures, including requiring the Referral Party to attest to the services they are providing to clients and by CFG verifying at the outset of the relationship that a Referring Party's fees fall within a targeted range.

Our wholly owned subsidiary, The Accounting Place, may also refer clients to CFG from time to time. While CFG does not pay a Referral Fee to The Accounting Place, as The Accounting Place is our wholly owned subsidiary, any additional services a client engages CFG to provide is of financial benefit to CFG and The Accounting Place as an organizational group and this presents a material conflict of interest. The nature, impact and risk of this conflict is that The Accounting Place is incentivized to recommend CFG as your licensed Portfolio Manager and not to consider other qualified portfolio managers.

In addition to disclosure, we address the material conflict related to referral arrangements via various procedures, including that the firm's CCO must approve new Referring Parties, as well as by conducting due diligence on Referring Parties, and not accepting the referral of a client unless we determine that our investment advisory services and strategies are suitable for the client and will serve their best interest.

Lastly, if the RMFS as a representative of the Referring Party is not also employed by CFG, you as a client may confuse the other financial services offered by your RMFS with the direct discretionary investment management services you receive from CFG as your licensed Portfolio Manager. If you are concerned that any such services provided by the Referring Party may be misrepresented as those of CFG, your licensed portfolio manager, please contact us directly at compliance@croftgroup.com. For any other concerns regarding such services, please discuss with you RMFS directly and/or contact their related professional association(s), if applicable.

Referrals by CFG to The Accounting Place and Castlemark

CFG may refer clients who wish to receive wealth management, corporate and personal tax and/or accounting services to The Accounting Place. CFG may also refer clients who wish to receive wealth and financial planning services, including separately regulated estate and insurance planning services, to Castlemark. The separate letter of engagement or services agreement that a client will enter into with The Accounting Place or Castlemark will outline the fees payable to them.

As The Accounting Place and Castlemark are each wholly owned subsidiaries of CFG, any additional services a client engages The Accounting Place or Castlemark to provide is of financial benefit to CFG, The Accounting Place and Castlemark as an organizational group and this presents a material conflict of interest. The nature, impact and risk of this conflict is that CFG is incentivized to recommend the services of The Accounting Place and Castlemark to you and not to consider other qualified alternative service providers.

Prior to acquiring each of The Accounting Place and Castlemark, CFG did due diligence and determined that they are reputationally well-branded, established firms that have demonstrated a commitment to meeting their professional obligations in providing services to clients. As the parent organization of the group, CFG is in a position to continue to monitor the services provided by these subsidiaries. Additionally, CFG believes that clients receiving these services from within one organizational group will benefit from synergies as, for example, a CFG registered Adviser that can readily dialogue with staff at The Accounting Place and Castlemark can stay more aligned with the client's long-term wealth and financial planning strategies which may positively impact their management of the portfolio.

Internal Compensation Arrangements

A portion of certain CFG employee's compensation may be variable based on direct client assets under management and/or the level of assets the employee is responsible for. The nature, impact and risk of this material conflict is that an employee may be motivated to favourably promote CFG's services aggressively to potential clients as a portion of their compensation depends on their intake of new clients or assets to manage.

In addition to client disclosure, CFG addresses this conflict via various procedures, including by primarily aligning employee compensation to the success/profitability of the firm as a whole, including asset performance, as well as the employee's satisfactory completion of assigned work and their overall performance and contribution to the firm's success. CFG employees are also trained that they must take a compliance-first approach in acting on behalf of the firm, including the requirement to determine that the firm's services are suitable for the client and in their best interest. The firm can also impose consequences on an employee (monetary or otherwise) based on factors such as the employee not meeting client service expectations or being the subject of client complaints or regulatory issues due to their actions or inactions.

Fairness in the Allocation of Investment Opportunities

Allocating investment opportunities can present a material conflict of interest when, for example, the investment opportunity is attractive but the amount of securities available for purchase is potentially not sufficient to meet what would otherwise be the overall demand in respect of the opportunity. As CFG has multiple clients, the potential exists for the firm to favour one client over another in the allocation of an attractive investment opportunity. The nature, impact and risk of this conflict is that CFG could be motivated to provide select investment opportunities to favoured clients in preference to other clients.

Under Canadian securities laws, the firm has an obligation to deal fairly, honestly and in good faith with its clients, which includes a requirement to ensure fairness in allocating investment opportunities among its clients. In allocating investment opportunities in accordance with its obligations under Canadian securities law, the firm applies its allocation policies and procedures as summarized below.

The principal determination used in allocating investment opportunities amongst Managed Investment Accounts is the suitability of purchase and sale transactions as determined by the MIAA Mandate established for each investor. CFG's policy is that no single account will receive preference in the allocation of investment opportunities.

When orders for more than one account are entered as a combined order and transactions are executed at varying prices, the shares are accumulated in the CFG average price account. Once the order has been completed, an average price is determined and CFG allocates the securities to client accounts at the average price.

When orders for more than one account are entered as a combined order and executed as a block, CFG will generally attempt to make allocation pro rata on the basis of order size. However, we also take into consideration the return expectations and risk reduction benefit a new security brings to the Portfolio and may allocate based on that assessment rather than on a pro-rata basis.

CFG will endeavor to ensure that the orders, as well as any modification or cancellation of such orders, are recorded in electronic form or in writing and time stamped.

Subject to market conditions and stock exchange procedures, CFG will use its best efforts to ensure that orders on behalf of client accounts are grouped, executed and allocated fairly on a daily basis. The foregoing procedures will be regularly reviewed and revised as necessary for changes in regulatory requirements and practices.

Best Execution

Best execution represents a registered firm's obligation to make reasonable efforts to obtain the most advantageous execution terms reasonably available under the circumstances when executing a transaction on a client's behalf. A material conflict of interest would exist if CFG were to select a broker-dealer to execute trades on behalf of client accounts based on certain other considerations; including, for example, a pre-existing relationship between CFG and the broker-dealer or a benefit that the broker-dealer may provide CFG or any of its representatives. The nature, impact and risk of this conflict is that, based on these competing interests, CFG could be motivated to select a broker-dealer to execute trades for reasons other than the broker-dealer's ability to offer the most advantageous execution terms reasonably available under the circumstances.

CFG addresses this conflict of interest via its best execution policies and procedures. CFG is of the view that it has an advantageous cost arrangement with NBIN as custodian and correspondent broker. CFG has no corporate affiliation to NBIN. Operationally, trade execution is monitored on an ongoing basis and other alternatives for particular types of accounts and trading activities are considered from time-to-time.

CPC Expense Allocation

In respect of the CPC Share Classes, CFG may have a material conflict of interest when determining whether certain expenses should be allocated to the firm or to a CPC Share Class. The CSA have signaled through staff guidance, and in some cases compliance and enforcement actions, that they are concerned over perceived issues with the expense allocation practices of registrants.

The nature, impact and risk of this conflict is that it could be in CFG's interest to allocate expenses to a CPC Share Class rather than to the firm itself, as expenses allocated to a CPC Share Class are indirectly borne by its holders rather than by the firm. The amount of expenses charged to a CPC Share Class has a direct impact on its management expense ratio and will reduce its potential investment return to its holders. The extent of this conflict may be viewed as significant as CFG manages and is required to make expense allocation determinations in respect of a number of CPC Share Classes.

CFG has a duty to make sure that expenses are allocated to itself or to the relevant CPC Share Class in a fair, accurate and appropriate manner and in accordance with the requirements of applicable Canadian securities laws. Similarly, CFG's expense allocation practices must be consistent with the terms of the constating documents governing the CPC Shares Classes.

To address this potential conflict of interest, CFG has adopted an expense allocation policy in which only direct expenses are charged and fairly allocated to CPC Share Classes. All investment-management related expenses are born directly by CFG against the 0.25% annual fee that is payable by CPC to CFG in respect of CFG's portfolio and investment fund management services.

Proxy Voting

We have the ability to cast votes in respect of the issuers of securities held in client accounts, including the CPC Share Classes. A material conflict of interest can arise because of the opportunity for us to vote securities or to agree to certain corporate actions in our own interest. The nature, impact and risk of this conflict is that if one of our employees has a personal or business interest in the outcome of a particular matter before shareholders, or we have a business or financial relationship with the issuer soliciting proxies, we may be motivated to cast votes in line with those interests.

We address this conflict via our policies and procedures which provide guidance on our voting recommendations in line with industry practices. We also maintain records on how securities are voted.

Staff Overlap between Compliance and Investment Advisory Activities

Given the relatively small size of CFG, there is some overlap in the firm's staff between compliance responsibilities and investment advisory activities. For example, Kenneth Mulders is the firm's Chief Compliance Officer, as well as being registered as an Advising Representative.

The CSA have noted that if a firm's compliance staff's compensation is also tied to the sales or revenue generation of the firm overall or the registered individuals that they supervise, the potential impact and risk of this material conflict is that it may cause them to put their interests ahead of clients' interests. The extent of this conflict may be significant as Mr. Mulders is a long-standing Advising Representative and shareholder of the firm.

In addition to disclosing this potential conflict of interest to you, CFG addresses this conflict by adhering to its well-developed compliance policies and procedures, including conducting proper know-your-client, know-your-product and suitability assessments when required when taking any investment action for a client. The firm also has regularly scheduled compliance meetings with external legal counsel.

Given the heavily regulated environment in which CFG operates, the value of the firm's business and compliance reputation and the trust clients put into the firm to manage their assets in a regulatory compliant manner, CFG believes its staff can both promote proper compliance and the best interests of its clients in a manner that is also beneficial to growth of assets under management and general opportunities for the firm.

Outside Activities

When employees engage in certain activities, interests or associations outside of CFG, a material conflict of interest may arise between the employee's personal interests and those of the firm and its clients. The nature, impact and risk of this conflict is that the employee could be motivated to put their personal interests ahead of those of the firm or its clients. The CSA have noted this may arise, for example, because of the compensation they receive for these activities or because of the nature of the relationship between the employee and the outside entity. In limited circumstances, a CFG employee's outside activities may including serving on the board of directors or other governing body of a publicly traded company.

To address this conflict, CFG has developed policies and procedures that govern employees outside activities and to which all employees must adhere. This includes a pre-approval process to restrict any outside activity of a registered Adviser of the firm that would interfere or give the appearance of interfering with the representative's ability to act in the best interests of, or perform work for, the firm and its clients.

Personal Trading

The purpose of monitoring and restricting employee personal trading is to ensure that employees do not take advantage of their knowledge of confidential client trading information or their position with CFG to unfairly profit through their personal trading activities. The nature, impact and risk of this material conflict is that a bad actor may attempt to use their access to information to self-profit by engaging in prohibited practices, including self-dealing and front running. Personal trading policies and procedures are designed to help prevent and detect these and other potential abusive practices.

We have personal trading policies and procedures in place that sets forth standards to which our personnel are held and that is intended to address this conflict. Amongst other restrictions, our representatives are prohibited from using non-public information about our clients or securities for their personal trading. Additionally, we prohibit our portfolio managers and analysts from investing in securities should CFG be active in these securities in order to prevent any potential conflicts and to ensure that client interests take priority.

In addition to our policies and procedures in these regards, the firm and its personnel must comply with applicable Canadian securities laws which prohibit activities such as insider trading, tipping and front running.

Personal Financial Dealings With Clients

A material conflict of interest can arise when a registered Adviser has personal financial dealings with a client, including when they are granted a power of attorney or appointed as a trustee and have control or authority over a client's financial affairs or acquire assets from a client outside of the normal course of the client's business. The nature, impact and risk of this conflict is that these types of dealings could cause an Adviser to put its interests ahead of a client's interests in taking any investment action. As such, we have policies and procedures in place which generally prohibit these personal financial dealings between Advisers and clients who are not family members.

Gifts and Business Entertainment

Our employees may receive offers of gifts and/or entertainment from business relationships and/or clients. Additionally, our employees may offer gifts or business entertainment to clients.

The nature, impact and risk of this material conflict is that receiving gifts or business entertainment from a client outside of acceptable standards may lead an individual to put that client's interests ahead of other client's interests. Additionally, providing gifts or business entertainment to a client outside of acceptable standards may be viewed as an undue attempt to gain a client's favour.

To address this conflict, our policies require employees not to accept or provide any gifts or entertainment, above a minimum threshold, intended to improperly influence a business decision.

Complaint Handling

Addressing a complaint by a client can create a material conflict of interest, the nature, impact and risk of which is that CFG may be motivated to address the complaint in a manner that is more favourable to the firm rather than in the best interest of the client.

To address this conflict, the firm has a complaint handling policy and procedure that requires the firm to address complaints in accordance with its duty to clients. Additionally, a client that is dissatisfied with the resolution of a complaint may choose to avail themselves of the services provided to them at no cost by the Ombudsman for Banking Services and Investments (OBSI) or, if the client is a resident of Québec, by l'Autorité des marchés financiers (Québec). Please refer to the information under the heading "What to do if I have a complaint?" below.

CONFIDENTIALITY AND PRIVACY

As a client of CFG, we treat your personal and financial information in confidence, and we have adopted a privacy policy in accordance with the *Personal Information Protection and Electronic Documents Act* (Canada). This policy states that CFG will only disclose this information to its affiliates or third parties in limited specific circumstances to which you have consented and on a strictly confidential basis. An example of such information would be the information shared with NBIN and your RFMS as specifically permitted in your MIAA. Please contact compliance@croftgroup.com to request a copy of CFG's privacy policy.

INVESTMENT RISKS

What are the general risks of investing?

You should be comfortable about where your money is invested. This requires you to think about, and for us to have an understanding of, your own risk tolerance, as well as your ability to endure potential financial loss (e.g., risk capacity), relative to the risk level of your investments.

Your Accounts hold different kinds of investments depending on each Account's investment objectives within your overall Mandate. The value of investments in any Account will fluctuate on a daily basis, reflecting changes in interest rates, economic conditions and markets as well as news about the companies invested in. The net equity of your Portfolio will rise and fall, which means that the value you receive when and as you redeem all or part of your Portfolio may be more or less than its value when you were invested.

In short, the value of the securities in your portfolio is not guaranteed. As such, the greatest risk to you as an Investor is that you could lose all or part of the value of your investments. Unlike bank accounts or guaranteed investment certificates (up to certain limits), stocks, bonds, money market securities and mutual funds are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

The following is a list of certain material risks that may affect the various investment strategies employed by CFG. This list may not cover all risk factors that may exist. Please do not hesitate to contact your Advising Representative at CFG should you wish to review any of the specific risks that relate to you.

Risk-return trade off

Risk and return are closely related. This means that to target a higher return over a given period, you generally have to accept a higher level of risk.

A higher-risk Portfolio will fluctuate in value more than a lower-risk Portfolio. It is therefore important to understand what we mean by "fluctuation." Within a given period of time, a security's value on investment markets may fluctuate, that is, it may go up or down. High-risk investments generally fluctuate more in market value than low-risk ones, which means that high risk investments may fluctuate negatively (i.e., lose market value) more often and to a greater degree than lower-risk investments.

Risks relating to concentration

If an account invests a large proportion of its assets in securities issued by one issuer, in a single asset class or in a single sector, it will have risk relating to concentration. When an account is not diversified, it could experience greater volatility and will be strongly affected by changes in the market value of these securities. Although some accounts may be invested primarily or exclusively in the pool units of CPC, as single related issuer, CFG strives to mitigate concentration risk by investing all clients, both within CPC pools and/or separately managed accounts, in broadly diversified Portfolios.

Risks relating to credit

An account can lose money if the issuer of a bond or other fixed income security cannot pay interest or repay principal when it comes due. This risk will generally be higher if the fixed income security has a low credit rating or no rating at all. Fixed income securities with a low credit rating usually offer a higher yield than securities with a high credit rating, but they also have the potential for substantial loss. These are known as "high yield securities". CFG strives to mitigate so called "default risk" by purchasing only investment grade fixed income securities on behalf of our clients.

Risks relating to companies listed on stock markets

The value of an account will increase or decrease with the market value of the securities in it. If an account holds stocks, the value of its securities will fluctuate with the market value of the stocks it holds. The market value of a stock will fluctuate according to the performance of the company that issued the stock, as well as due to other factors such as general economic conditions, interest rates and stock market tendencies. Historically, equity securities are more volatile (i.e., tend to fluctuate more often and to a greater extent) than fixed income securities. Securities of small market capitalization companies are typically, though not always, more volatile than securities of large market capitalization companies.

Risks relating to interest rate fluctuations

Investments are affected by interest rate fluctuations. A drop in interest rates may reduce the return of money market securities. An increase in interest rates may reduce the market value, and thus the potential return, of accounts holding debt or fixed income securities.

Risks relating to currency

Whenever an account buys assets in a currency other than the base currency (for Canadians this is generally Canadian dollars), there are risks relating to exchange rates. As the base currency changes in value against the other currencies, the value of the portfolio securities purchased in those other currencies will fluctuate.

Some client accounts denominate the value of their securities in Canadian dollars but invest in different currencies. The value of their securities will fluctuate as foreign currencies change value in relation to the Canadian dollar. Some client accounts denominate the value of their securities in both U.S. and Canadian dollars. The value of their securities denominated in Canadian dollars will fluctuate in relation to the U.S. dollar.

All month-end brokerage statements and quarterly performance evaluations provided to you by NBIN and CFG show the value of your holdings in Canadian dollars.

Risks relating to fund-on-fund investments

When an account invests some or all of its assets in securities of a pooled or mutual fund (an "**underlying fund**") such as units of CPC, a related corporate-class issuer, the underlying fund may have to dispose of its investments at unfavourable prices to meet redemption requests. Since the performance of your portfolio is directly linked to the performance of the underlying funds, it is therefore subject to the risks of the underlying funds in proportion to the amount of its investment in the underlying funds.

It is the practice of CFG to mitigate such risks by maintaining access to or cash equivalents within any CFG-managed fund to meet redemptions when and as required.

Risk relating to liquidity

Liquidity refers to the speed and ease with which an asset may be sold and converted into cash. Most of the securities held by an account may, barring unusual circumstances, be sold easily at a fair price and thus are considered relatively liquid. However, an account may invest in securities that are not liquid, i.e., which may not be sold quickly or easily. Some securities may not be liquid because of legal restrictions, the nature of the investment, or certain characteristics of the security. The lack of purchasers interested in a given security or market could also explain why a security may be less liquid. If there is difficulty selling illiquid securities, the result may be a loss or a reduced return for an account.

Within Managed Investment Accounts, CFG typically invests only in liquid securities with larger average daily trading volume, which typically enables us to easily enter and exit positions on behalf of our clients.

Risks relating to foreign investments

Accounts that invest in foreign countries may face increased risk because the standards of accounting, auditing and financial reporting in these countries are not as stringent as in Canada and the U.S. In addition, factors such as changes of government or changes in the economy can affect foreign markets. Some foreign investment markets are less liquid, more volatile and have lower trading volumes than the North American markets. Additionally, foreign governments may impose exchange controls or devalue currencies, which would restrict the ability of a portfolio manager to redeem investments. CFG-managed Portfolios do not hold disproportionally large concentrations of assets in foreign markets.

Risks relating to small companies

Securities of small companies can be riskier investments than securities of larger companies. For one thing, they are often newer and may not have a track record, extensive financial resources or a well-established market. This risk is especially true for private companies or companies that have recently become publicly traded. They generally do not have as many shares trading in the market, so it could be difficult to buy or sell small companies' stock when needed. All of this means their share prices can change significantly in a short period of time. CFG managed Portfolios avoid large concentrations of assets in small companies.

Risks relating to specialization

Specialization lets CFG focus on specific areas of the economy. A portfolio overly concentrated in a particular industry or geographic area can be more volatile. Events or developments affecting that sector or part of the world may have a greater effect on the portfolio than if it had been more diversified. CFG managed Portfolios avoid excessive concentration of assets in specific investment sectors and, aside from Canada and the United States, geographic sectors.

Risks of using borrowed money (leveraging) to finance the purchase of a security

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If you borrow money to purchase securities, your responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

Securities may be purchased using available cash, or a combination of cash and borrowed money. If cash is used to pay for the security in full, the percentage gain or loss will equal the percentage increase or decrease in value of the security. The purchase of a security using borrowed money magnifies the gain or loss on the cash invested. This effect is called leveraging.

Since leveraging magnifies gains or losses, it is important to realize that a leveraged purchase of securities involves greater risk than a purchase using cash resources only. To what extent a leveraged purchase involves undue risk is a determination to be made on an individual case basis by each purchaser and will vary depending on the circumstances of the purchaser and the security purchased.

Except in exceptional circumstances to secure particular strategies for its related pools and/or for growth-oriented, accredited Investors, CFG only routinely uses low-cost margin and leverage to reduce the expense of any unexpected drawdowns or outlays of Managed Accounts.

Risks relating to derivatives

"Derivatives" are investment instruments that derive their value from the value of other securities or commodities. Futures and options (contracts) are common types of derivatives. Usually, derivatives grant the right or require the holder to buy or sell a specific asset during a certain period of time.

There are many types of derivatives, each based on an underlying asset sold in a market or on a market index. A stock option is a derivative in which the underlying asset is the security of a major corporation. There are also derivatives based on currencies, commodities and market indexes.

In the industry, portfolio managers may seek to improve their rates of return by using derivatives, or may choose to accept a lower, more predictable rate of return through swaps, forward contracts and other such transactions. Derivatives may also be used to reduce the risk of currency fluctuations, stock market volatility and interest rate fluctuations. However, there is no guarantee that using derivatives will prevent losses if the value of the underlying investments falls. In some cases, derivatives may be used instead of direct investments, which reduces transactions costs and can improve liquidity and increase the flexibility of an account. These practices are called hedging. Derivatives may also be used for non-hedging purposes, such as to help increase the speed and flexibility with which trades may be executed.

Using derivatives does not assure positive returns and the following are examples of risks relating to their use:

- The use of derivatives to reduce risk associated with foreign markets, currencies or specific stocks, called hedging, is not always effective. There may be an imperfect correlation between changes in the market value of the investment being hedged and the hedging derivative.
- There is no assurance that portfolio managers will be able to sell the derivatives to protect a portfolio. Derivatives traded in over-the-counter or foreign markets may be less liquid and therefore have more risk than derivatives traded in North American markets.
- There may be a credit risk associated with those who trade in derivatives. The account or fund may not be able to complete settlement because the other party cannot honour the terms of the contract.
- There may be credit risk from dealers who trade in derivatives, such as a dealer going bankrupt.
- A securities exchange could impose daily limits on derivatives trading, making it difficult to complete an option or futures contract.
- If trading in stock index options or futures contracts is restricted by a stock exchange, the account or fund could experience substantial losses.
- The price of derivatives based on a stock index or futures contracts could be distorted if trading in some or all of the stocks that make up the index is interrupted.
- An account or fund may be unable to close out its position on certain options and futures contracts in a timely or cost-effective manner, thereby affecting the portfolio manager's ability to hedge against losses.

CPC

CUSTOM PORTFOLIO CORPORATION

CFG CUSTOM PORTFOLIO CORPORATION (CPC)

Description

CPC is an open-end mutual fund incorporated on August 18, 2006 under the laws of Canada. Each CPC Share Class of CPC represents a separate segregated investment fund with its own Investment Objective and Investment Strategy. CPC is authorized to issue an unlimited number of series in each Share Class.

Due to its corporate structure, each CPC Share Class shows performance net of all expenses and annual corporate taxes and, within each Class, may be switched between series without triggering gains or losses in non-registered accounts. Units of all Share Classes are priced, and may be bought/sold or switched, at the end of the day each Wednesday and the last business day of each month and each quarter.

Investment Objectives & Strategies

AGF Global Select Share Class (TCG526)

Please see the latest version of the **CFG Custom Portfolio Corporation, AGF Global Select** fact sheet available from your registered Croft adviser, or at www.croftgroup.com .

Conviction Equity Share Class (TCG528)

Please see the latest version of the **CFG Custom Portfolio Corporation, Conviction Equity** fact sheet available from your registered Croft adviser, or at www.croftgroup.com .

Income Share Class (TCG534)

Please see the latest version of the **CFG Custom Portfolio Corporation, Income** fact sheet available from your relationship manager, registered Croft adviser, or at www.croftgroup.com .

MFG Total Return Share Class (TCG536)

Please see the latest version of the **CFG Custom Portfolio Corporation, MFG Total Return** fact sheet available from Morris Financial, your registered Croft adviser, or at www.croftgroup.com .

Alternative Strategies Share Class (TCG538)

Please see the latest version of the **CFG Custom Portfolio Corporation, Alternative Strategies** fact sheet available from your relationship manager, registered Croft adviser, or at www.croftgroup.com .

Option Writing Share Class (TCG539)

Please see the latest version of the **CFG Custom Portfolio Corporation, Option Writing** fact sheet available from your relationship manager, registered Croft adviser, or at www.croftgroup.com .

Estimated Fees and Expenses (i.e., Management Expense Ratio)

Fees are accrued weekly based on estimates and are paid out as follows:

Share Classes:	**MER Total**	**PM**[2]	**IAS**[3]	**Audit / Legal**[4]	**Admin / Custody**[5]
All Series	0.70%[1]	0.25%	0.20%	0.10%	0.15%

1 Except TCG526, TCG528 & TCG536 (**1.0%**) – see respective fact sheets for more detail
2 CFG Portfolio Management Fees – 0.55% for TCG526, TCG528 & TCG536 – see fact sheets for more detail
3 Accounting and record keeping
4 Year end audit, regulatory filings and legal reserve
5 Trade execution and custody

CPC Financial Statements

The audited financial statements of **CFG Custom Portfolio Corporation** are available at www.croftgroup.com .

Use of Leverage

Each Share Class may from time to time employ leverage to meet its investment objectives and/or client redemptions. The maximum leverage that can be employed is 20% of the aggregate (at the time of incurring leverage) of each Class's Gross Asset Value. Where leverage is being used to take advantage of market opportunities CFG will only do so within the following guidelines:

(a) A Share Class may purchase marketable securities on margin provided that:

(i) only "marketable securities" (being securities for which a ready market exists and, therefore, can be sold easily and quickly) may be purchased;

(ii) all borrowings by the Share Class must be on normal commercial terms; and

(iii) all purchases on margin must comply with the margining requirements of any applicable stock exchange or other regulatory body.

(b) A Share Class may write covered and uncovered options provided that:

(i) all options written by the Class must be traded on a recognized options exchange;

(ii) the options must be in respect of publicly listed stocks or bonds, a recognized stock or bond index or currencies;

(iii) the options written must be sold through a broker and must conform with standardized rules issued by applicable exchanges; and

(iv) to the extent that a Share Class writes uncovered options, the market value of the underlying assets will not exceed 50% of the Class's Gross Asset Value (less the amount of any other leverage of the Class at the time of investment).

General Risks of the Share Classes

The Share Classes are not listed on any exchange nor have they been qualified for sale by prospectus under the securities laws of any of the Offering Jurisdictions. Accordingly, there is not now, and there may never develop, any secondary market for the resale of the Share Classes.

The units of the Share Classes contain no inherent redemption and liquidation and may only be sold from an investor's Account by CFG as licensed discretionary Portfolio Manager.[3] Further, the Share Classes are purchasable off the CFG platform through Fundserv but may not be resold or transferred unless appropriate prospectus exemptions from applicable securities laws are available and the transferee is an eligible investor.

The Share Classes are not retail mutual funds and therefore are not subject to the restrictions and provisions contained in National Instrument 81-102 *Investment Funds*. Holders of any units of the Shares Classes do not have voting rights.

Investment Risk

The value of each Share Class and any income and gains associated with them can fluctuate significantly and may be quite volatile. Managed clients should be aware that they may not achieve their anticipated returns and may, in fact, suffer significant loss.

Equity Risk

The Share Classes invest in equity securities (also called stocks or shares). The Net Asset Value of the Share Classes will be affected by changes in the market price of those securities. The securities business is speculative, prices are volatile and market movements are difficult to predict. The price of a stock is affected by individual company developments and by general economic and financial conditions in those countries where the issuer of

[3] Although available through Fundserv, all units CPC Share Classes are only purchasable by accredited investors or licensed Portfolio Managers for a discretionary account.

the stock is located or where the stock is listed for trading.

Foreign Security Risk

Some Share Classes invest a portion of their assets in foreign securities. The value of foreign securities may be influenced by foreign government policies, lack of information about foreign companies, political or social instability and the possible levy of foreign withholding tax. There may be lower standards of government supervision and regulation in foreign financial markets. Foreign stock markets may also be less liquid and more volatile. In addition, the securities markets of many countries have at times in the past moved relatively independently of one another due to different economic, financial, political and social factors. This may reduce gains which a Class has derived from movements in a particular market. A Class that holds foreign securities may have difficulty enforcing legal rights in jurisdictions outside Canada.

Foreign Currency Risk

The Canadian dollar value of a Share Class's investments in foreign securities is affected by changes in the value of the Canadian dollar relative to those securities. While CFG may employ currency hedging when it believes that currency exposure presents significant risk, there is no assurance that it will do so in any particular circumstance. Premiums paid for over-the-counter currency options purchased by a Share Class may reduce a Share Class's return.

Industry and Geographic Concentration

Croft Financial Group's investment philosophy may cause the Share Classes to focus on specific industries and to avoid others. Moreover, CFG will be authorized to allocate the Share Class's assets without limitation among geographic regions and individual countries. As a result, the Share Class may have greater exposure to particular industries, countries, or regions than other similar Share Classes.

Leverage

The Share Classes may employ leveraging (i.e., the use of borrowed funds or securities) as an inherent tool in their investment strategies. While the use of leverage can increase the rate of return, it can also increase the magnitude of loss in unprofitable positions beyond the loss which would have occurred if there had been no borrowings. The interest expense and other costs incurred in connection with such borrowing may not be recovered by appreciation in the securities purchased or carried, and will be lost in the event of a decline in the market value of such securities. Leveraging will thus tend to magnify the losses or gains from investment activities.

CFG will limit the leveraging position to 20% of the aggregate (at the time of incurring leverage) of the Gross Asset Value of the Share Class.

A Share Class's anticipated use of short-term margin borrowings subjects the Share Class to additional risks, including the possibility of a "margin call" pursuant to which the Share Class must either deposit additional capital with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in the value of the Share Class's assets, the Share Class may not be able to liquidate assets quickly enough to pay off its margin debt.

Use of Options

Purchasing and writing put and call options are highly specialized activities that may entail greater than ordinary market risks.

A Share Class may purchase and write exchange-traded put and call options on debt and equity securities, commodities, currencies and indices (both narrow-based and broad-based). A put option on securities or currencies gives the purchaser of the option, upon payment of premium, the right to deliver a specified amount of the securities or currencies to the writer of the option on or before a fixed date at a predetermined price. A put option on a securities index gives the purchaser of the option, upon payment of a premium, the right to a cash payment from the writer of the option if the index drops below a predetermined level on or before a fixed date.

A call option on securities or currencies gives the purchaser of the option, upon payment of a premium, the right to call upon the writer to deliver a specified amount of the securities or currencies on or before a fixed date at a predetermined price. A call option on a securities index gives the purchaser of the option, upon payment of a premium, the right to a cash payment from the writer of the option if the index rises above a predetermined level on or before a fixed date.

A Share Class's ability to close out its position as a purchaser or seller of a listed put or call option is dependent, in part, upon the liquidity of the option market. The Share Classes will only transact in exchange listed options, which generally have standardized terms such as method of settlement, term, exercise price, premium, guarantees and security.

Call options may be purchased for speculative purposes or to provide exposure to increases in the market (e.g. with respect to temporary cash positions) or to hedge against an increase in the price of securities or other investments that a Class intends to purchase.

Similarly, put options may be purchased for speculative purposes or to hedge against a decrease in the market generally or in the price of securities or other investments held by the Class. Buying options may reduce the Share Class's returns, but by no more than the amount of the premiums paid for the options.

Writing covered call options. (i.e., where the Share Class owns the security or other investment that is subject to the call) may limit the Share Class's gain on portfolio investments if the option is exercised because the Share Class will have to sell the underlying investments below the current market price. Also, writing put options may require the Share Class to buy the underlying investment at a disadvantageous price above the current market price.

Portfolio Turnover

The operation of a Share Class may result in a high annual portfolio turnover rate. The Share Classes have not placed any limit on the rate of portfolio turnover and portfolio securities may be sold without regard to the time they have been held when, in the opinion of Croft Financial Group, investment considerations warrant such action. A high rate of portfolio turnover involves correspondingly greater expenses than a lower rate (e.g. greater transaction costs such as brokerage fees) and may involve different tax consequences.

Counterparty Risk

Due to the nature of some of the contract-based investments that a Share Class may undertake, such as in options a Share Class as holder relies on the ability of the counterparty to the transaction to perform its obligations. In the event of the default or bankruptcy of a counterparty, the Share Class bears the risk of loss of the amount expected to be received under any options, forward contracts or securities lending agreements undertaken with that party.

Interest Rate Fluctuations

In the case of interest rate sensitive securities, the value of a security may change as the general level of interest rates fluctuates. When interest rates decline, the market value of such securities can be expected to rise. Conversely, when interest rates rise, the value of such securities can be expected to decline.

American Depositary Securities and Receipts

In some cases, rather than directly holding securities of non-Canadian and non-U.S. companies, a Share Class may hold these securities through an American Depository Security and Receipt (an "ADR"). An ADR is issued by a U.S. bank or trust company to evidence its ownership of securities of a non-U.S. corporation. The currency of an ADR may be U.S. dollars rather than the currency of the non-U.S. corporation to which it relates. The value of an ADR will not be equal to the value of the underlying non-U.S. securities to which the ADR relates as a result of a number of factors.

These factors include the fees and expenses associated with holding an ADR, the currency exchange rate relating to the conversion of foreign dividends and other foreign cash distributions into U.S. dollars, and tax considerations such as withholding tax and different tax rates between the jurisdictions. In addition, the rights of the Share Class, as a holder of an ADR, may be different than the rights of holders of the underlying securities, and the market for an ADR may be less liquid than that of the underlying securities. The foreign exchange risk will also affect the value of the ADR and, as a consequence, the performance of the Share Class if it holds the ADR.

Legal, Tax and Regulatory Risks

Legal, tax and regulatory changes to laws or administrative practice could occur that may adversely affect the Share Class. For example, the regulatory or tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by a Share Class and the ability of the Share Class to pursue its investment strategies.

Interpretation of the law or administrative practice may affect the characterization of a Share Class's earnings as capital gains or income, which may increase taxable distributions from the Share Class. The Share Class itself may be subject to tax under Part XII.2 of the Tax Act in certain circumstances which, in particular, will adversely affect those Shareholders that are "designated beneficiaries".

Use of a Prime Broker to hold assets

Some or all of a Share Class's assets may be held in one or more margin accounts due to the fact that the Share Class may use leverage and engage in short selling. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the Share Class's assets in such accounts, which may result in a potential loss of such assets. As a result, the Share Class's assets could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Share Class may experience losses due to insufficient assets at the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded. In addition, the prime broker is unlikely to be able to provide leverage to the Class, which would affect adversely the Share Class's returns.

For all Asset Classes of the pools, the prime broker is currently NBIN, which is also the Correspondent Broker and Custodian for all CFG Investors' accounts.

Broad Authority of CFG

CFG has broad discretion over the conduct of a Share Class's undertaking, selection of the specific companies in which the Class invests and over the types of transactions in which the Class engages.

Regulatory Risk

Some industries, such as financial services, healthcare and telecommunications, are heavily regulated. Investments in these sectors may be substantially affected by changes in government policy, such as increased regulation, ownership restrictions or reduced government expenditures within a specific sector. The value of a Share Class that buys these investments may rise and fall substantially due to changes in these factors.

Derivative Risk

A derivative is a contract or security whose value and cash flow pattern is derived from another underlying security, such as a stock or bond, or from an economic indicator, such as an interest rate, currency or stock market index. An example of common derivatives is an option. An option gives the buyer the right, but not the obligation, to buy or sell currency, commodities, securities or index at an agreed price within a certain period of time.

The Share Classes may use options to limit potential losses associated with currencies, commodities or securities. This process is called hedging. Although they are often used to minimize risk, derivatives have their own kinds of risk:

- The use of derivatives for hedging may not be effective.
- The price of a derivative may not accurately reflect the value of the underlying currency.
- There is no guarantee that a market will exist when a Share Class wants to buy or sell the contract. This could prevent the Share Class from making a profit or limiting its losses.
- Some derivatives may limit a Share Class's potential for gain as well as loss.
- If the other party (the counterparty) to a derivative contract is unable to meet its obligations, a Share Class may experience a loss.
- The cost of entering and maintaining derivative contracts may reduce a Share Class's total return to investors.

FREQUENTLY ASKED QUESTIONS

How do I withdraw my cash and how much notice is required?

Whenever you wish to withdraw funds from your portfolio, you must communicate this via email **(admin@croftgroup.com)** or in writing (signed letter) for amounts of $10,000.00 and over, detailing the amount or withdrawal, the account(s) where the funds are to be withdrawn from and, for withdrawals from registered accounts such as RRSPs, which are defined as de-registrations, whether the funds are to be withdrawn gross or net of any withholding taxes. A minimum of five business days' notice may be required to make the funds available and deliver them to you via cheque or pre-arranged EFT (electronic funds transfer). Deposits to your account must be sent directly to your custodian via electronic banking (setup NBIN plus your account number as a payee) or can be sent through us if the cheque is made payable to NBIN for deposit to your account. For your protection, no CFG employee is permitted to handle cash or money orders on behalf of client accounts.

Who are my contacts at CFG?

At least one registered Advising Representative or Associate Advising Representative is assigned to each client Relationship to ensure a direct line of communication and accountability. Our objective is to build long-term Relationships with our clients through regular, direct contact. An administrative contact (admin@croftgroup.com) is also available to co-ordinate matters such as address changes, new account openings, and funds transfers.

When should I contact CFG?

Please contact CFG any time you have a question or concern regarding your account, the economy or the markets. Please also contact CFG in a timely manner if there have been any changes to your KYC information, including, in particular, any change to your risk profile, investment time horizon or investment needs and objectives, as well as any other change that would reasonably be expected to have a significant impact on your net worth or income. Additionally, you should contact CFG if any information you provided in your MIAA or account opening documentation requires updating. Such information may include: an address change; a change in employment, marital status or number of dependents, or a change in your income requirement or tax situation.

Why is the MIAA so important?

The MIAA is an investment management contract, and CFG uses the Mandate agreed to in this contract to assess whether the ranges of assets and the various types of investments in your Portfolio are suitable to help you reach your financial and personal goals.

How do I read a performance report?

Performance returns represent a complex calculation of the growth of your investment portfolio, which incorporates all capital gains (earned or projected), and dividend and interest income earned (after the deduction of applicable fees and taxes). The calculation removes the impact of any contributions or withdrawals you have made to the portfolio so that you can gauge how the portfolio would have grown without any of this activity. When comparing returns for periods greater than one year, the annualized or average annual over the reported number of years is used. For most clients, it is easier to think in terms of standardized annual time periods. Total Portfolio returns list the performance of your overall investments and can be compared against an appropriate index benchmark or a benchmark of various market indices, calculated according to the target asset mix you have set for your Account. If you have any questions in respect to this, please do not hesitate to contact your CFG Advising Representative.

How should I use a benchmark?

When evaluating the performance of any investment, it may be useful to compare the performance against an appropriate benchmark in order to make an informed assessment of the Managed Investment Account's performance based on its investment strategy. Generally, broad market indices, such as the S&P/TSX 300 TR index and S&P 500 index are used for this purpose as they are most well-known indices and are most likely to resemble the investment strategy of the Managed Investment Accounts. That being said, it is important to keep in mind that the composition of your investment portfolio will invariably be different in certain respects to the underlying composition of the selected benchmark. It is also important to note that benchmarks do not include operating charges and transaction charges nor expenses related to the Managed Investment Account's investments, which may affect any comparison of the Managed Investment Account's performance to an index. For further information, please refer to www.croftgroup.com and please do not hesitate to contact your CFG Advising Representative if you have any questions.

How do I buy and sell securities on my own?

The Accounts CFG manages on your behalf are discretionary, which means that you have given us the responsibility to purchase and sell securities on your behalf provided we believe the transaction to be suitable for your Portfolio and puts your interests first. The MIAA and the regulations that govern our registration will not typically permit us to enter trades at your request. Should you wish to invest a portion of your Account on your own, we strongly suggest that you open a separate, self-directed brokerage account for this purpose.

What do I do with Proxy, Corporate Action and Class Action notices that I receive?

CFG is responsible for responding to corporate actions as well as proxy voting decisions for your portfolio. Typically, such information is forwarded by NBIN to our firm. If this information is sent to you in error, please forward it on to us. On a best-efforts basis and where we believe there is a merit for a successful claim, we will review class action material when received and will endeavour to file these claims on your behalf if we bought or sold the securities in question for your portfolio.

What are the tax implications of my investments?

For taxable investors, the interest earned from fixed income investments is generally taxed at a higher rate than the tax for the dividends received from equities. Capital gains taxes are generally owed when you sell an investment at a price higher than what you originally paid.

Who provides me with tax information?

Your custodian is responsible for providing you with all tax slips and year-end summaries. If you own CPC Share Classes, you will also receive tax slips from CPC's record keeper.

What to do if I have a complaint?

Please see Appendix III of the MIAA. If you are a resident of Québec, instead of use the dispute resolution services of OBSI as further set out in Appendix III, you may request that CFG forward your complaint at the firm’s expense to the *Autorité des marchés financiers (Québec)*.

How Do I Close My Account

You may close your Account at any time by contacting your Advising Representative at CFG (**admin@croftgroup.com**). Transfer-out fees may apply.