



MFG Total Return Fund

Know Your Product Document

This document is accurate and complete to the date indicated on the cover page. Updates and changes will be provided in a timely manner and in accordance with securities law. MFG Total Return is organized as a class of shares of the Custom Portfolio Corporation for tax purposes. MFG Total Return is managed by the Croft Financial Group. The most current information on the fund's performance and current holdings are available in fact sheets, which are updated monthly, and which may be found at <https://mfgtotalreturn.ca> or <https://croftgroup.com> under the "Fact Sheet" section.

What is total return?

Total return is an approach that amalgamates all industry approaches in investing, selecting those that best match current market conditions to produce a positive return each calendar year. Total Return can perform in an upward, downward, or sideways trended market and has access to the products and strategies necessary to perform in any market conditions. Total Return is about managing the downside and seeking upside at the same time.

How do we produce total return?

It begins with a foundation, that focuses on a long view of the future. We use macro-economic and social behaviour analysis to give us the information we need to discover the material changes in the markets. We then employ technical analysis to guide our trading activity. Our analysis covers both the buy side and the sell side. A strong commitment to both sides of a trade is how you consistently profit from your trading activity.

We all know that change is a part of life. Variability is the only constant in investment markets. MFG Total Return embraces that variability. Most managers can only perform when the market goes up. MFG Total Return can perform, no matter the direction of the markets. We do this by leveraging both a top-down approach and a bottom-up approach. MFG Total Return has the track record to back up our ability to make the necessary adjustments, in a timely manner.

What are the risks?

MFG Total Return is there to manage the risks as best as possible for you. That means, taking the necessary risks to achieve performance over the long run. What are those risks? Market risk – The market has security risk, interest rate risk and currency risk. We do not seek to eliminate these risks; we seek to benefit from them. MFG Total Return is highly liquid and is priced every Wednesday. We manage concentration risk with no single equity/bond exceeding 10% with a standard position allocation of 3%. This approach also manages credit risk and unsystematic risk. MFG Total Return is actively managed and uses a two-level approach to manage risk. A firmwide Investment Review Committee monitors and oversees a core team of two Portfolio Managers and two analysts, who actively manage the fund.

At its core, MFG Total Return feels the greatest risk to the investor is having a rigid, single investment approach strategy in a constantly changing world. MFG Total Return seeks to minimize that risk by adhering to an adaptive approach, vs a rigid one.

MFG Total Return

MFG Total Return can be used as part of a portfolio's asset mix. However, the strength of MFG Total Return is as a one pool solution for an investor's total portfolio. Its holistic and comprehensive approach to returns is why it has been used as a total portfolio solution for years. To accomplish this total portfolio solution, it ensures that we do not exceed reasonable allocation strategies. To add to this, MFG Total Return will not invest less than 20% in income producing investments.

It should also be noted that MFG Total Return can be in a leveraged position from time to time. This position will always be viewed as temporary and diligently monitored and managed. Leverage can be caused by many factors, including, but limited to timing of in and outflows from client requests, strategic trading decisions and the tactical execution of limit trades. MFG Total Return aims not to leverage more than 10% of the fund at any time.

MFG Total Return Fees

MER – 1%

Performance Bonus – 10% of portfolio performance over and above a 10%, with a high watermark

MER includes 55 bps management fee, 45 bps for direct pool expenses, plus taxes and margin interest, if applicable. Performance bonus (10%) will apply to excess calendar year returns above a hurdle rate of 10%. Performance bonus calculated weekly on a prorated basis, reflected in the weekly NAV (Market Value) if applicable. Performance bonus will be paid out annually, if applicable.

High watermark is set in place to protect the client from underperformance. Any calendar year losses must be recovered and returned to the high watermark before the new hurdle rate can be applied. The losses need to be recovered under no time constraints. Performance bonus can only be captured in a calendar year. A reset, if earned, is renewed every January 1st. December 31st, values will reflect the high watermark.

MFG Total Return Resources

www.mfgtotalreturn.ca

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