Municipal Finance Authority of British Columbia

POOLED INVESTMENT PROGRAM

DETERMINE WHICH INVESTMENT FUND YOU WANT TO PARTICIPATE IN:

Money Market Fund – Investment Time Horizon – 0-12 months
The objective of the Money Market Fund is to provide participants with a competitive level of current interest income by investing primarily in the highest quality money market instruments with maturities of 366 days or less. The performance objective of the Fund Manager is to exceed the ScotiaMcLeod 91 day Treasury Bill Index by 15 basis points, net of all expenses. The Money Market Fund is valued at the close of business every business day.

Intermediate Fund – Investment Time Horizon – 6-24 months
The objective of the Intermediate Fund is to obtain interest income and attempt, through prudent professional management of its assets, to achieve capital appreciation. The Fund does this by investing primarily in the highest quality fixed income and money market securities with maturities of up to 2 years. The performance objective of the Fund Manager is to achieve a total return of 30 basis points over one year Canada Treasury Bills, net of all expenses. The Intermediate Fund is valued at the close of business every day.

Bond Fund – Investment Time Horizon – 18 months to 5 years
The objective of the Bond Fund is to obtain interest income and attempt, through the prudent, professional management of its assets, to achieve capital appreciation by investing in the highest quality fixed income and money market securities with maturities of up to 7 years. The Fund Manager’s performance objective is to achieve a return of 40 basis points over the ScotiaMcLeod Bond Index, net of all expenses. The Bond Fund is valued at the closing every business day.

HOW THE FUNDS ARE ISSUED:

All Funds are authorized to issue an unlimited number of units and fractional units, each of which represents an equal interest in the net assets of the fund.
VALUATION:

Money Market Fund

The Fund will generally hold portfolio investments to maturity. Accordingly, the value of its net assets should not fluctuate significantly due to changes in prevailing interest rates.

The net asset value of units of the Fund will be maintained at $10.00 per unit. At the close of business daily, the Fund will distribute to the unit holders all of its net income, including net realized capital gains/losses, if any, as additional units or fractions of units of the Fund.

The net asset value per unit of the Fund is determined by dividing the value of its net assets (that is, the Fund assets less its liabilities) by the total number of units outstanding at such time.

Intermediate Fund and Bond Fund

The net asset value of units of the Fund will be maintained at $10.00 per unit. At the close of business daily, the Fund will distribute to the unit holders all of its net income, including net realized capital gains/losses, if any, as additional units or fractions of units of the Fund.

The net asset value per unit of the Fund is determined by dividing the value of its net assets at that time by the total number of outstanding units. The value of the net assets is the aggregate value of the Fund assets less its liabilities.

Investments are valued at their mid-market values or, in the absence thereof, at a value determined by CIBC Mellon in consultation with the Fund Manager, which reflects the investment's fair value.

MANAGEMENT FEES:

Management fees are accrued at each valuation of the Funds and covers the cost of the operation of the Funds, including Phillips, Hager & North Ltd., CIBC Mellon Trust, and CIBC Banking.

Fees are currently accrued as follows:-

- Money Market Fund - 3/20 of 1 percent per annum of the net assets of the Fund.
- Intermediate Fund - 1/5 of 1 percent per annum of the net assets of the Fund.
- Bond Fund - 1/5 of 1 percent per annum of the net assets of the Fund.

The performance returns on the monthly statement are net of all fees.
THE MANAGEMENT TEAM:

The following ‘team’ from the private sector was selected to provide the professional management and administrative services for the Funds:

- Phillips, Hager & North Investment Management Ltd. (PH&N) - Fund Manager
- CIBC Mellon Global Securities Services Company (CIBC Mellon) - Custodial and Administrative Services
- Canadian Imperial Bank of Commerce (CIBC Banking) - Electronic Transfer of Funds

HOW TO ENROL IN THE PROGRAM:

To begin transacting in the Funds, you must first enrol by following these steps:

2. Send these forms to the MFA in Victoria.

*IMPORTANT* The Client Profile Document should include sample signatures of all staff members who are authorized to transact in the Funds. CIBC Mellon uses this form to authenticate the signatures on the transaction request forms faxed to its office.

When the MFA and CIBC Mellon have processed your enrolment form, and are satisfied that all pertinent information has been provided, you will receive a confirmation of enrolment letter by fax. This fax will contain your CIBC pass-code number which will be an important detail when completing subscription transactions on your investment account.

MAKING CHANGES TO YOUR ACCOUNT INFORMATION:

If there is a change in your authorized signatures, banking, or general contact information, please complete the pertinent pages of the ‘Client Profile Document’ and send it to the MFA.

DOCUMENTATION AND REPORTING YOU WILL RECEIVE:

Each participant in the Funds receives:

- A transaction confirmation, initially by return fax and then formally by mail,
- A monthly statement showing opening and closing balances, and daily transactions,
- A monthly performance report for all Funds, including investment results and market commentary.