MFA of B.C. Pooled Investment Results[1]

As of August 31, 2017

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %[2]
MFA Money Market Fund	**0.08**	**0.23**	**0.59**	**0.87**	**0.87**	**0.96**	**3.98**
Custom Benchmark[3]	*0.04*	*0.11*	*0.27*	*0.38*	*0.42*	*0.58*	*3.73*
MFA Intermediate Fund	**0.14**	**-0.07**	**0.43**	**0.77**	**1.14**	**1.23**	**3.60**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.06*	*-0.26*	*-0.07*	*0.00*	*0.43*	*0.64*	*3.21*
MFA Bond Fund	**0.42**	**-0.85**	**0.40**	**0.16**	**1.72**	**1.98**	**6.08**
FTSE TMX Canada Short Term Overall Bond Index	*0.40*	*-1.02*	*0.12*	*-0.19*	*1.38*	*1.68*	*5.80*

[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

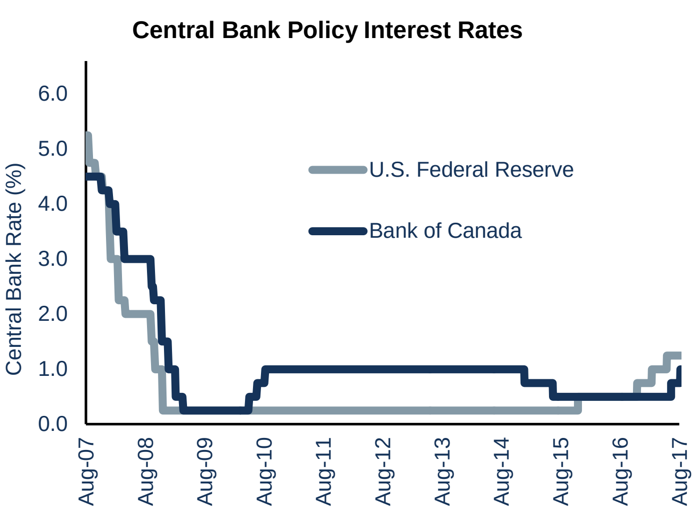
Market Developments

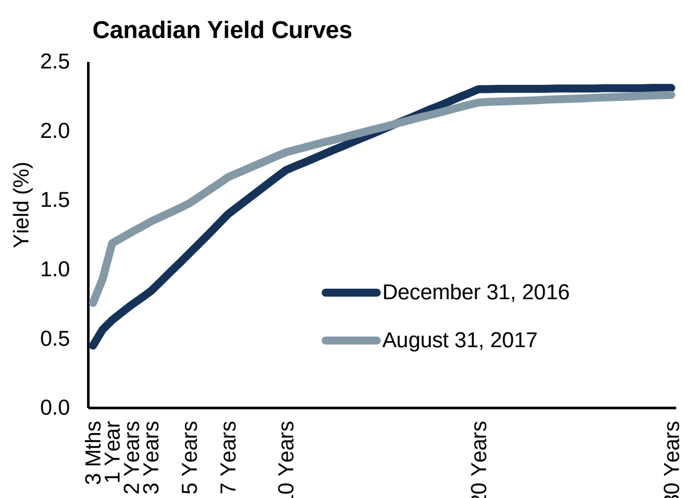
Market Interest Rates

	June 30, 2017	July 31, 2017	August 31, 2017
3 Month T-bills	0.72%	0.74%	0.76%
2 Year Gov't of Canada Bonds	1.09%	1.29%	1.27%
5 Year Gov't of Canada Bonds	1.38%	1.65%	1.48%
30 Year Gov't of Canada Bonds	2.13%	2.47%	2.26%

The speed and magnitude of the move higher in interest rates over the last couple of months led market participants to re-assess bond valuations at the beginning of August, despite another strong GDP report heading into the month. This caused a pick-up in demand for bonds as investors viewed yields as having moved too high too fast. As a result, yields fell by as much as ~20 basis points through the first half of the month. From there, yields bounced around through the end of the month as the flare-up in geopolitical risk from North Korea and the resulting risk-off sentiment was largely counterbalanced by continued strong Canadian economic data.

Overall, the Canadian yield curve flattened over the month, with longer-term yields falling by upwards of 20 basis points, while the shorter maturities were roughly flat.





Market Outlook

The Bank of Canada (BoC) did not meet in August. Domestic economic data during the month continued to support robust growth, solidifying expectations for the BoC to continue down the path to policy rate normalization. This includes anticipation of one more rate hike in 2017, with market participants divided on whether it will occur in September or during a subsequent meeting (note: the BoC raised its policy rate 0.25% to 1.0% during its September 6th meeting). We expect the front end of the Canadian yield curve to continue to trend higher in tandem with expectations for future policy rate hikes.

The U.S. Federal Reserve (Fed) also did not meet in August. Similar to Canada, market participants continue to anticipate one more rate hike before the end of the calendar year. Notably, however, the expected pace from here for the Fed is slower than that for the BoC over the next year. With this in mind, we expect the short end of the U.S. yield curve to move higher as the Fed attempts to institute a more normal policy rate.

Current Strategy

The Money Market Fund maintains its bias to yield enhancement strategies and building a high quality yield advantage as these strategies have historically proven to be a reliable way to add value. With this in mind, the Money Market Fund continues to be fully invested in high-quality corporate money market instruments, as these securities continue to provide an attractive risk-adjusted incremental yield over similar-term government securities. Similarly, the Money Market Fund also maintains an allocation to longer-dated corporate money market securities, which results in a longer-than-benchmark average maturity profile.

The Intermediate and Bond Funds both also favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, while the government allocation is entirely invested in provincial securities given their attractive yield advantage relative to federal government securities. The Bond Fund is similarly structured with an emphasis on government agency and corporate credit, rather than federal bonds.

Structure – As a Percentage of Total Portfolio								
Money Market Fund			Intermediate Fund			Bond Fund		
Term (Days)	Position	Change	Term (Days)	Position	Change	Term (Years)	Position	Change
< 30	22.3%	-28.9%	< 180	10.3%	-2.8%	< 1.0	7.0%	-0.3%
31 - 60	41.1%	33.3%	181 - 365	44.4%	11.5%	1.0 - 2.5	34.5%	-1.9%
61 - 90	20.2%	1.9%	366 +	45.3%	-8.8%	2.5 - 4.0	36.9%	3.8%
91- 120	7.2%	-2.6%				4.0 - 5.5	7.0%	-12.1%
121 +	9.3%	-3.8%				5.5 - 7.0	14.7%	10.6%
Government	0.0%	0.0%	Government	30.1%	-0.1%	Government	56.0%	1.7%
Corporate	100.0%	0.0%	Corporate	69.9%	0.1%	Corporate	32.7%	-1.2%
						Mortgages/MBS	8.7%	-1.0%
						Net Cash	2.7%	0.6%
Average term	61 days	+8 days	Average term	0.9 yrs	-0.0 yrs	Average term	2.9 yrs	-0.0 yrs
Average yield*	1.05%	0.13%	Average yield*	1.26%	-0.04%	Average yield*	1.54%	-0.07%
Total size	$1,254.0 mil	$138.2 mil	Total size	$360.5 mil	-$86.6 mil	Total size	$780.8 mil	-$0.5 mil

*Average yield information is referenced net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).