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

As of April 30, 2018

	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	**0.13**	**0.37**	**0.48**	**1.17**	**0.92**	**0.99**	**3.92**
Custom Benchmark[3]	*0.08*	*0.24*	*0.30*	*0.67*	*0.45*	*0.57*	*3.66*
MFA Intermediate Fund	**0.15**	**0.43**	**0.51**	**0.87**	**1.08**	**1.22**	**3.54**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.12*	*0.42*	*0.51*	*0.40*	*0.40*	*0.61*	*3.15*
MFA Bond Fund	**-0.09**	**0.38**	**0.13**	**-0.70**	**0.98**	**1.58**	**5.94**
FTSE TMX Canada Short Term Overall Bond Index	*-0.08*	*0.33*	*0.09*	*-1.03*	*0.60*	*1.27*	*5.66*

[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

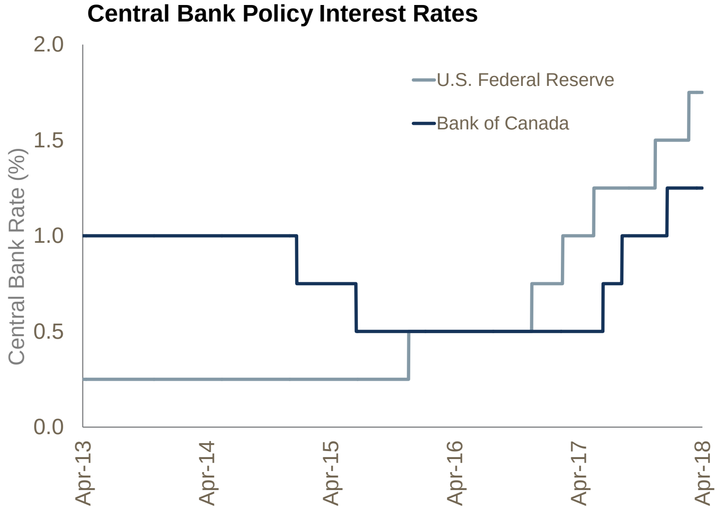
Market Interest Rates

	February 28, 2018	March 31, 2018	April 30, 2018
3 Month T-bills	1.15%	1.10%	1.19%
2 Year Gov't of Canada Bonds	1.78%	1.77%	1.89%
5 Year Gov't of Canada Bonds	2.04%	1.97%	2.12%
30 Year Gov't of Canada Bonds	2.37%	2.23%	2.40%

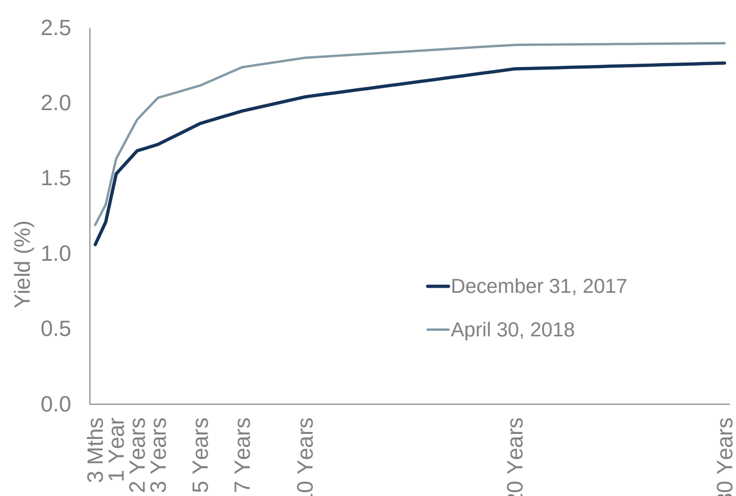
Government of Canada yields moved higher through April, following the lead of U.S. Treasuries, which saw 10 year Treasury yields break through the 3% barrier for the first time since early January 2014. This resulted in negative absolute returns for all major sectors of the bond market. The Bank of Canada (BoC) also published its updated Monetary Policy Report, in which it revised the economic growth forecast higher on a net basis, acknowledging weaker expectations for 2018, while looking for a stronger growth profile for 2019.

Overall, the Canadian yield curve steepened through the month, with short-term interest rates ending roughly 10 basis points higher, while longer-term maturities ended 15-20 basis points higher.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The BoC met in April and, as was largely expected, maintained the overnight rate at 1.25%. The statement from the BoC had a cautious bias toward future policy rate moves in its statement, citing continued concerns regarding the uncertainty surrounding NAFTA, as well as slower growth through the first half of the year. That said, the BoC did acknowledge that some progress had been made with respect to inflation and wage growth, indicating that “higher interest rates will be warranted over time”. Overall, market expectations are for one to two hikes through the end of 2018, with the next hike expected over the summer. As such, we expect the short-end of the Canadian yield curve to continue moving higher with expectations for future adjustments by the BoC as it moves towards the lower end of its neutral policy rate range.

The U.S. Federal Reserve (Fed) did not meet in April. Of note, economic and labor market data during the month, albeit modestly softer than anticipated, was sufficient to sustain market expectations for future policy rate decisions, with the Fed expected to maintain its current once-per-quarter rate hike pace through the end of the year. We expect that short-term interest rates in the U.S. to trend higher as the Fed continues along its path to its long-term median policy rate projection of a range of 2.75% to 3.0%.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage as this has historically proven to be a reliable way to add value. To this end, 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 primarily invested in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund has reduced its overall risk over the past few quarters, it maintains a bias towards 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	38.5%	9.4%	< 180	5.4%	-11.6%	< 1.0	14.3%	4.8%
31 - 60	19.5%	-11.1%	181 - 365	61.4%	8.0%	1.0 - 2.5	31.0%	-3.6%
61 - 90	16.2%	-0.7%	366 +	33.2%	3.6%	2.5 - 4.0	37.3%	2.3%
91- 120	10.8%	1.6%				4.0 - 5.5	15.1%	-2.6%
121 +	15.0%	0.8%				5.5 - 7.0	2.2%	-0.9%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	54.0%	-1.0%
Corporate	100.0%	0.0%	Corporate	69.8%	0.0%	Corporate	34.2%	-0.7%
						Mortgages/MBS	6.1%	0.2%
						Net Cash	5.7%	1.5%
Average term	60 days	-5 days	Average term	0.8 yrs	+0.1 yrs	Average term	2.7 yrs	-0.1 yrs
Average yield*	1.55%	0.03%	Average yield*	1.73%	0.05%	Average yield*	2.06%	0.13%
Total size	$1,041.9 mil	-$23.5 mil	Total size	$289.1 mil	-$4.0 mil	Total size	$650.0 mil	-$107.3 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).