MFA of B.C. Pooled Investment Results[1]
As of February 28, 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	**0.11**	**0.32**	**0.22**	**1.06**	**0.89**	**0.97**	**3.93**
Custom Benchmark[3]	*0.08*	*0.19*	*0.15*	*0.58*	*0.42*	*0.56*	*3.67*
MFA Intermediate Fund	**0.17**	**0.21**	**0.25**	**0.79**	**1.00**	**1.22**	**3.55**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.14*	*0.12*	*0.23*	*0.17*	*0.28*	*0.58*	*3.16*
MFA Bond Fund	**0.28**	**-0.39**	**0.04**	**-0.27**	**0.80**	**1.68**	**5.97**
FTSE TMX Canada Short Term Overall Bond Index	*0.26*	*-0.45*	*0.02*	*-0.60*	*0.41*	*1.36*	*5.69*

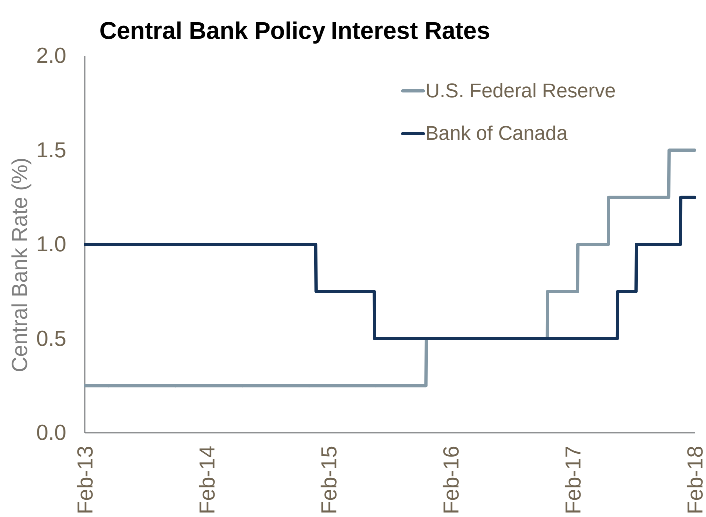
[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents 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

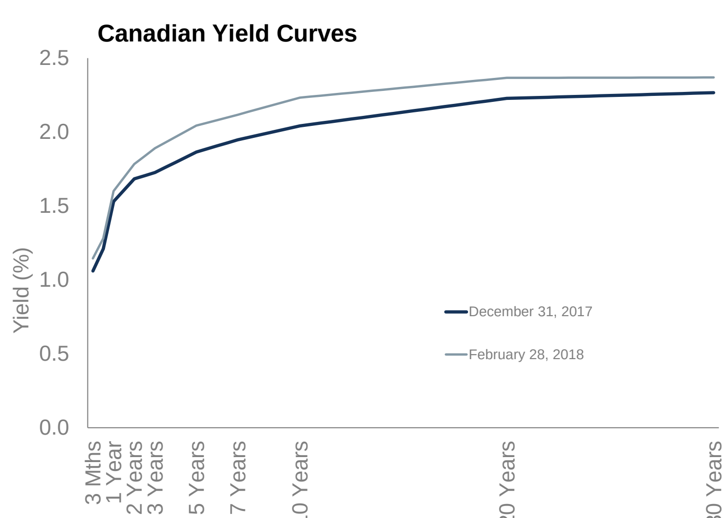
Market Developments

Market Interest Rates

	December 31, 2017	January 31, 2018	February 28, 2018
3 Month T-bills	1.06%	1.20%	1.15%
2 Year Gov't of Canada Bonds	1.68%	1.84%	1.78%
5 Year Gov't of Canada Bonds	1.86%	2.08%	2.04%
30 Year Gov't of Canada Bonds	2.27%	2.36%	2.37%

The beginning of the month was marked by a sharp sell-off in risk assets, which was exacerbated by rising market volatility. At the same time, Bank of Canada (BoC) Senior Deputy Governor Wilkins expressed concerns for the Canadian economy, citing the uncertain future of NAFTA, and the recent lacklustre economic data releases. These factors signalled that the BoC was not in a rush to tighten monetary policy. This is a stark contrast to the U.S. Federal Reserve (Fed), which saw policy rate hike expectations increase as inflation fears rose in the midst of the recently signed Bipartisan Budget Act, and Tax Cuts and Jobs Act. Overall, market sentiment shifted towards a risk-off environment. As a result, the Government of Canada yield curve steepened with most yields declining by 4 to 7 basis points, except the 30-year sector, which increased by 1 basis point.





Market Outlook

The Bank of Canada (BoC) did not meet in February. Several factors continue to contribute to the ongoing cloud of uncertainty around the outlook for the Canadian economy, most notably the ongoing NAFTA negotiations. Additionally, a string of weaker economic data has led market participants to expect the data-dependant BoC to pause its current hiking cycle as it awaits greater clarity on the trajectory of the economy. As such, market expectations are for the BoC to remain on hold until the second half of the year, with only two more rate hikes through the remainder of 2018. Overall, we anticipate short-term Canadian interest rates to trend higher as the BoC moves towards the lower end of its neutral policy rate range.

The U.S. Federal Reserve (Fed) also did not meet in February. Unlike in Canada, U.S. economic data continues to show strength. Additionally, the U.S. congress signed into law the Bipartisan Budget Act, adding another dose of fiscal stimulus to the U.S. economy on top of the recent Tax Cuts and Jobs Act, stoking inflation concerns and the potential for a more aggressive Fed policy rate hiking regime. Further, the new Fed Chair, Jay Powell, who has shown a more hawkish bias than the prior Fed Chair, Janet Yellen, was sworn in. Going forward, market expectations are for the Fed to continue on its quarterly rate hiking schedule through the end of the year, equating to a total of four hikes in 2018. We anticipate that short-term U.S. yields will move higher in tandem with expectations for future rate hikes by the Fed.

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	19.2%	-3.9%	< 180	4.9%	-0.8%	< 1.0	8.6%	-0.8%
31 - 60	24.1%	9.4%	181 - 365	53.6%	-9.8%	1.0 - 2.5	36.1%	-1.1%
61 - 90	30.4%	2.3%	366 +	41.4%	10.6%	2.5 - 4.0	28.4%	0.8%
91- 120	8.4%	-5.3%				4.0 - 5.5	23.7%	1.4%
121 +	17.9%	-2.6%				5.5 - 7.0	3.1%	-0.3%
Government	0.0%	0.0%	Government	30.1%	-0.1%	Government	56.7%	0.0%
Corporate	100.0%	0.0%	Corporate	69.9%	0.1%	Corporate	36.3%	1.2%
						Mortgages/MBS	6.3%	-0.3%
						Net Cash	0.8%	-0.9%
Average term	72 days	-4 days	Average term	0.9 yrs	+0.0 yrs	Average term	2.9 yrs	+0.0 yrs
Average yield*	1.49%	0.05%	Average yield*	1.63%	-0.01%	Average yield*	1.96%	-0.04%
Total size	$1,084.4 mil	-$23.4 mil	Total size	$307.2 mil	-$7.5 mil	Total size	$741.2 mil	$0.1 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).