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

As of February 28, 2019

	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	**0.16**	**0.50**	**0.33**	**1.76**	**1.21**	**1.10**	**3.86**
Custom Benchmark[3]	*0.12*	*0.36*	*0.24*	*1.24*	*0.71*	*0.65*	*3.59*
MFA Intermediate Fund	**0.19**	**0.92**	**0.56**	**2.22**	**1.43**	**1.37**	**3.50**
FTSE Canada 365-Day Treasury Bill Index	*0.18*	*0.77*	*0.39*	*1.78*	*0.75*	*0.75*	*3.10*
MFA Bond Fund	**0.20**	**1.69**	**0.87**	**2.60**	**1.39**	**1.75**	**5.86**
FTSE Canada Short Term Overall Bond Index	*0.20*	*1.71*	*0.85*	*2.55*	*1.07*	*1.49*	*5.58*

[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 Canada 91-day T-Bill Index to FTSE Canada 30-day T-Bill Index effective Jan. 1, 2013

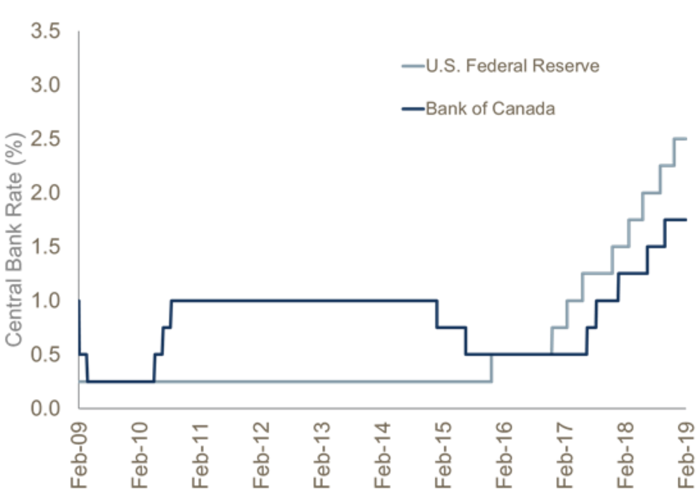
Market Developments

Market Interest Rates

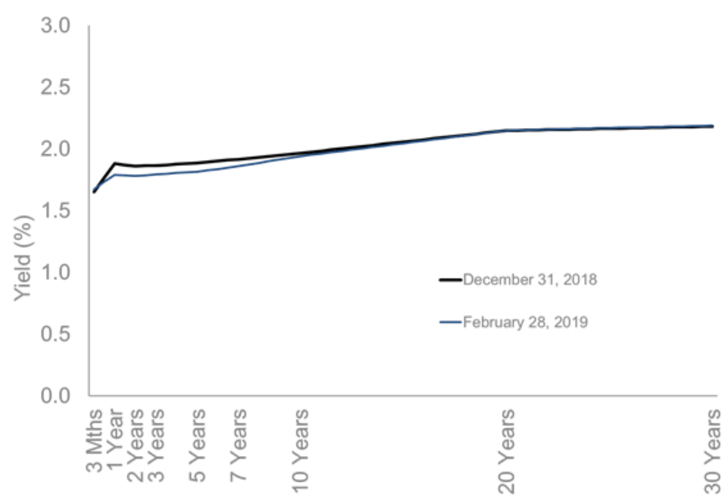
	December 31, 2018	January 31, 2019	February 28, 2019
3 Month T-bills	1.65%	1.65%	1.67%
2 Year Gov't of Canada Bonds	1.86%	1.77%	1.78%
5 Year Gov't of Canada Bonds	1.89%	1.78%	1.82%
30 Year Gov't of Canada Bonds	2.18%	2.14%	2.19%

Government of Canada bond yields were range bound throughout the month as we experienced mixed signals from domestic economic data and geopolitical uncertainty. A key driver of yields throughout the month was a focus on global growth concerns and the US-China trade negotiations. As the prevailing view of a positive/negative outcome switched back and forth on an almost daily basis so did Global and Canadian bond yields. Of particular note, in domestic data, was a below expectations January CPI release which supported market expectations for a pause in central bank rate increases. This helped to spur risk-on sentiment at the end of the month which pushed yields higher. Broadly, Government of Canada yields increased by approximately 2 basis points in the front end and 5 basis points in the long end of the yield curve during the month.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) did not meet in February leaving the policy rate unchanged at 1.75%. Looking forward, the outlook for future rate hikes has declined following a string of weak economic data releases at the end of February. Most notably, the January YoY CPI increase of 1.4% and the Q4 2018 GDP reading of 0.1% growth have reinforced market expectations for a pause in rate hikes for 2019. That said, in a February 21st speech, BoC Governor Stephen Poloz reiterated his view that, with the policy rate below the rate of inflation, monetary policy continues to deliver stimulus to the economy. In the speech, Governor Poloz also reminded markets that the BoC "will remain decidedly data-dependent" moving forward. Taking all of this into account, absent a material change in economic momentum, we still believe that the short end of the Canadian yield curve will remain close to current levels over the course of 2019.

The U.S. Federal Reserve (Fed) also did not meet in February leaving its policy rate at the current 2.25% to 2.50% level. The outlook for the US economy improved over the month with the avoidance of a second government shutdown and an extension of the deadline to impose increased tariffs on China standing out as positive developments. Market expectations for future rate hikes remained close to zero, with this view being further supported by the January CPI release of 1.6% YoY growth. With inflation remaining below the 2% target, market participants continue to believe that the Fed will hold off on rate hikes over the next several meetings. With that in mind, we expect short term U.S. interest rates to remain fairly steady over the first half of 2019.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage. As such, the Money Market Fund remains fully invested in high-quality corporate money market instruments given their 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 also both favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, with the government allocation invested entirely in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund continues to have a more defensive risk budget, it maintains a bias towards government agency and corporate credit, rather than federal bonds. The incremental yield gained from these holdings should provide a helpful tailwind to performance.

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	45.2%	7.8%	< 180	6.9%	-3.9%	< 1.0	9.2%	1.3%
31 - 60	15.7%	-4.2%	181 - 365	40.6%	1.5%	1.0 - 2.5	41.9%	0.3%
61 - 90	19.4%	3.8%	366 +	52.4%	2.3%	2.5 - 4.0	22.6%	-1.8%
91- 120	4.2%	-11.5%				4.0 - 5.5	24.5%	0.2%
121 +	15.5%	4.1%				5.5 - 7.0	1.8%	0.0%
Government	0.0%	0.0%	Government	30.1%	-0.1%	Government	51.28%	-0.6%
Corporate	100.0%	0.0%	Corporate	69.9%	0.1%	Corporate	40.14%	-0.6%
						Mortgages/MBS	6.99%	-0.1%
						Net Cash	1.58%	1.3%
Average term	53 days	-4 days	Average term	1.0 yrs	-0.0 yrs	Average term	2.8 yrs	-0.1 yrs
Average yield*	2.03%	-0.05%	Average yield*	1.94%	-0.08%	Average yield*	2.01%	-0.12%
Total size	$1,060.6 mil	-$15.9 mil	Total size	$226.5 mil	-$14.4 mil	Total size	$540.7 mil	-$1.0 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).