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

As of May 31, 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**	**0.48**	**0.82**	**1.86**	**1.31**	**1.15**	**3.84**
Custom Benchmark[3]	*0.14*	*0.38*	*0.62*	*1.37*	*0.82*	*0.69*	*3.57*
MFA Intermediate Fund	**0.22**	**0.76**	**1.32**	**2.59**	**1.56**	**1.46**	**3.49**
FTSE Canada 365-Day Treasury Bill Index	*0.20*	*0.54*	*0.94*	*1.96*	*0.93*	*0.83*	*3.09*
MFA Bond Fund	**0.49**	**1.59**	**2.47**	**3.95**	**1.64**	**1.94**	**5.86**
FTSE Canada Short Term Overall Bond Index	*0.50*	*1.58*	*2.44*	*3.96*	*1.42*	*1.70*	*5.59*

[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

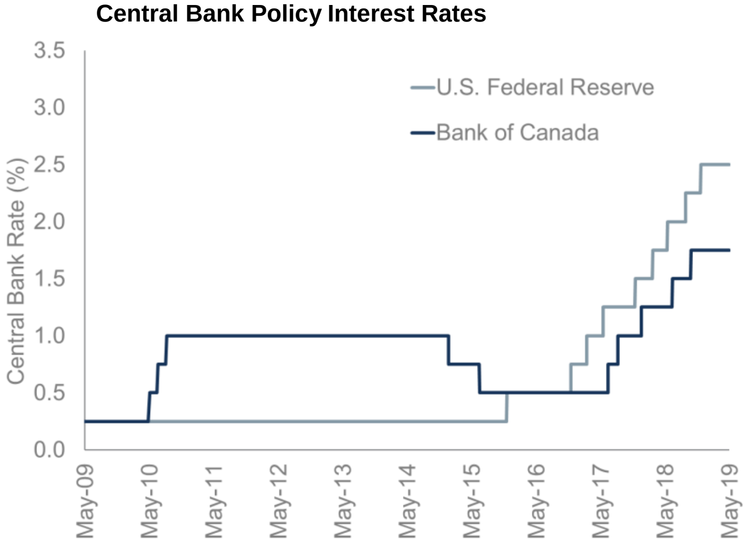
Market Developments

Market Interest Rates

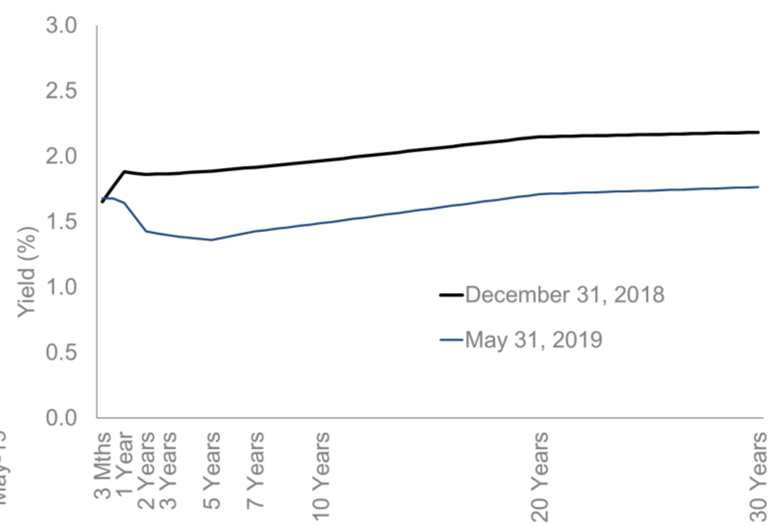
	March 31, 2019	April 30, 2019	May 31, 2019
3 Month T-bills	1.66%	1.67%	1.68%
2 Year Gov't of Canada Bonds	1.55%	1.56%	1.43%
5 Year Gov't of Canada Bonds	1.52%	1.54%	1.36%
30 Year Gov't of Canada Bonds	1.89%	1.99%	1.77%

Government of Canada bond yields decreased in May as renewed global trade tensions spurred risk off sentiment across markets. The month began with volatile swings in yields driven mostly by the almost daily back and forth between optimism and pessimism surrounding US and China trade negotiations. Late in the month, as negotiations broke down, bond yields fell precipitously with risk-off sentiment dominating global markets. This decline in yields was larger in the longer dated maturities as short term yields remain anchored to expectations surrounding future Bank of Canada policy rate decisions.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) met in late May and kept its policy rate unchanged at 1.75%. This decision came as no surprise to market participants as global trade tensions have continued to put a damper on global growth expectations. The BoC recognized that these trade tensions have had a direct effect on Canadian exports while also pointing to recent positive trade developments including the removal of steel and aluminum tariffs and the pending ratification of the USMCA trade agreement as reasons for optimism. Overall, the BoC believes that the slowdown in late 2018 and early 2019 was temporary and is being followed by a pickup in the second quarter as evidenced by strong job growth and an increase in consumer spending. Accordingly, the BoC continues to believe that the current policy rate is appropriate and that they will remain data dependent moving forward. Taking all of this into account, absent any material changes to the current economic environment, we expect short term Canadian interest rates to remain close to current levels for the rest of the year.

The U.S. Federal Reserve (Fed) concluded its meeting on May 1st and maintained its policy rate at the current 2.25% to 2.50% level. Given the progressively more dovish tone that the Fed has taken in recent months, this decision was widely expected by market participants. The accompanying statement reiterated the Fed's belief that continued economic growth combined with inflation near the 2% target is the most likely outcome while also acknowledging that global economic and financial developments are a factor it will consider in future policy rate changes. As the month progressed, an escalation in trade tensions between the USA and China coupled with a renewed threat of tariffs on Mexico at the end of the month has tilted market expectations further toward an expected rate cut by the end of the year. That said, the Fed has not released updated projections, which still point towards no change in rates as the most probable outcome. With this in mind, barring an unexpected change in economic momentum, we expect short term U.S. interest rates to remain suppressed for the foreseeable future.

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	37.8%	-4.5%	< 180	9.3%	4.0%	< 1.0	13.8%	3.0%
31 - 60	23.0%	2.9%	181 - 365	31.5%	-4.0%	1.0 - 2.5	43.6%	7.3%
61 - 90	18.4%	2.3%	366 +	59.3%	0.1%	2.5 - 4.0	23.0%	-2.2%
91- 120	7.4%	0.5%				4.0 - 5.5	17.9%	-8.7%
121 +	13.4%	-1.3%				5.5 - 7.0	1.7%	0.6%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	44.26%	-3.0%
Corporate	100.0%	0.0%	Corporate	69.9%	0.1%	Corporate	42.78%	-1.4%
						Mortgages/MBS	7.53%	-0.1%
						Net Cash	5.44%	4.5%
Average term	57 days	+1 days	Average term	1.0 yrs	-0.1 yrs	Average term	2.5 yrs	-0.2 yrs
Average yield*	1.84%	-0.06%	Average yield*	1.72%	-0.02%	Average yield*	1.66%	-0.13%
Total size	$1,099.0 mil	-$23.7 mil	Total size	$218.6 mil	$0.1 mil	Total size	$525.0 mil	$1.4 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).