

# MFA Pooled Investment Fund Monthly Performance Report

July 2021



Municipal Finance  
Authority of BC



# MFA Pooled Investment Fund Monthly Performance Report<sup>1</sup>

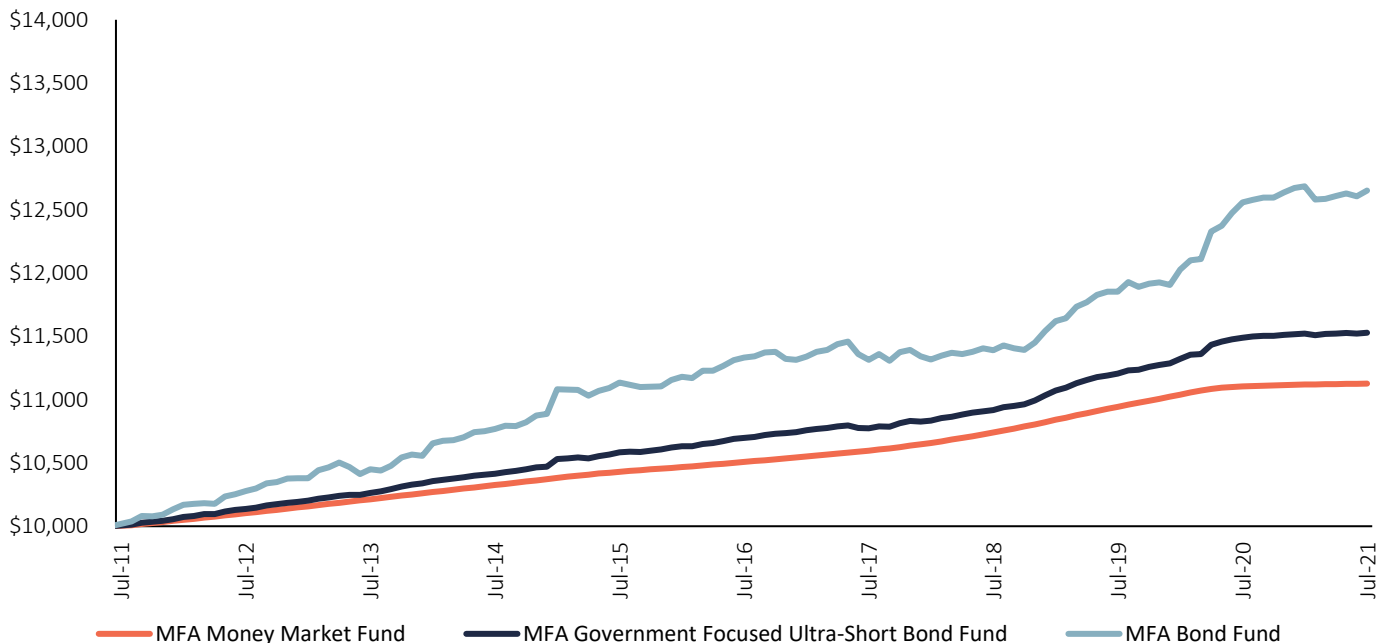
As of July 31, 2021

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Money Market Fund</b>	<b>0.01</b>	<b>0.03</b>	<b>0.09</b>	<b>0.21</b>	<b>1.19</b>	<b>1.15</b>	<b>3.64</b>
<i>FTSE Canada 30-day T-Bill Index<sup>3</sup></i>	<i>0.00</i>	<i>-0.02</i>	<i>-0.05</i>	<i>-0.04</i>	<i>0.84</i>	<i>0.74</i>	<i>3.37</i>
<i>Difference</i>	<i>+0.01</i>	<i>+0.05</i>	<i>+0.14</i>	<i>+0.25</i>	<i>+0.35</i>	<i>+0.41</i>	<i>+0.27</i>
<b>MFA Government Focused Ultra-Short Bond Fund</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>	<b>0.34</b>	<b>1.83</b>	<b>1.51</b>	<b>3.33</b>
<i>FTSE Canada 365-Day Treasury Bill Index</i>	<i>0.01</i>	<i>0.03</i>	<i>0.05</i>	<i>0.19</i>	<i>1.63</i>	<i>1.16</i>	<i>2.96</i>
<i>Difference</i>	<i>+0.05</i>	<i>+0.03</i>	<i>+0.06</i>	<i>+0.15</i>	<i>+0.20</i>	<i>+0.35</i>	<i>+0.37</i>
<b>MFA Bond Fund</b>	<b>0.36</b>	<b>0.33</b>	<b>-0.17</b>	<b>0.73</b>	<b>3.56</b>	<b>2.23</b>	<b>5.68</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>0.20</i>	<i>-0.27</i>	<i>0.37</i>	<i>3.03</i>	<i>1.78</i>	<i>5.37</i>
<i>Difference</i>	<i>+0.01</i>	<i>+0.13</i>	<i>+0.10</i>	<i>+0.36</i>	<i>+0.53</i>	<i>+0.45</i>	<i>+0.31</i>
<b>MFA Fossil Fuel Free Short-term Bond Fund</b>	<b>0.35</b>	<b>0.31</b>	<b>-0.19</b>	<b>0.74</b>	-	-	<b>1.94</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>0.20</i>	<i>-0.27</i>	<i>0.37</i>	-	-	<i>1.28</i>
<i>Difference</i>	<i>0.00</i>	<i>+0.11</i>	<i>+0.08</i>	<i>+0.37</i>	-	-	<i>+0.66</i>
<b>MFA Mortgage Fund</b>	<b>0.83</b>	<b>1.47</b>	<b>1.33</b>	<b>4.60</b>	-	-	<b>3.65</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>0.19</i>	<i>-0.30</i>	<i>0.32</i>	-	-	<i>2.48</i>
<i>Difference</i>	<i>+0.48</i>	<i>+1.28</i>	<i>+1.63</i>	<i>+4.28</i>	-	-	<i>+1.17</i>

<sup>1</sup> Total return less than one year is not annualized. Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund and Government Focused Ultra-Short Bond Fund), 20 basis points per annum (Bond Fund and Fossil Fuel Free Short-term Bond Fund), and 25 basis points per annum (Mortgage Fund)

<sup>2</sup> Inception dates: Money Market Fund – May 1, 1989; Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994); Bond Fund – May 1, 1989, Fossil Fuel Free Bond Fund – May 5, 2020. Mortgage Fund – January 29, 2020

**Growth of \$10K Investment Over 10 Years\***



\*Performance is net of fees

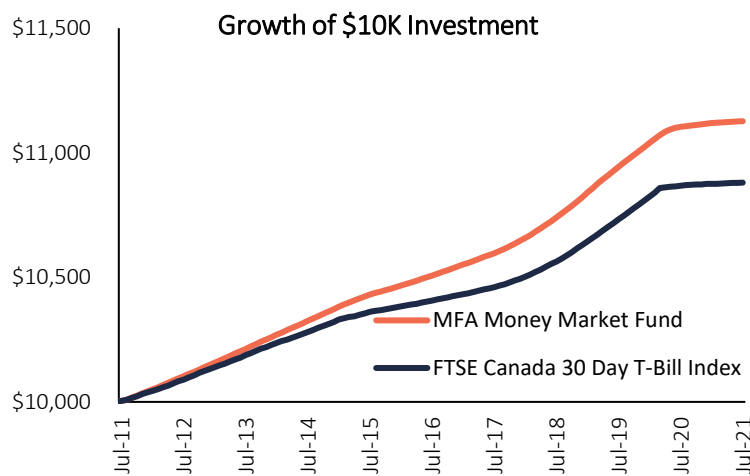
## MFA Money Market Fund

The principal objective of the Money Market Fund is to provide participating investors with interest income through investing primarily in high-quality money market instruments. The Fund will hold assets with maturities no longer than 366 days.

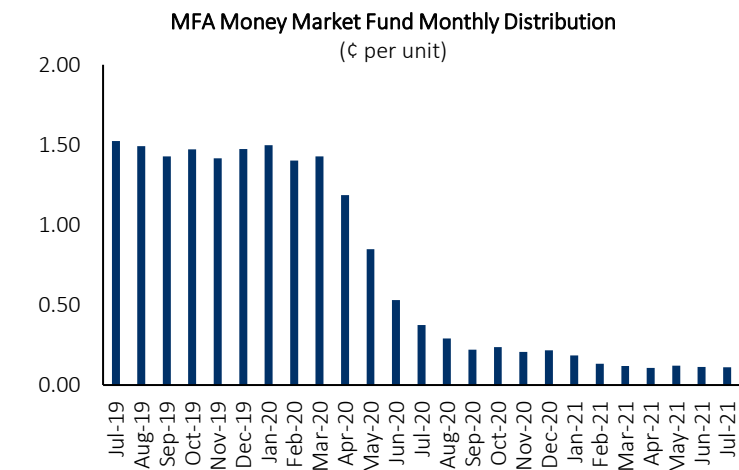
Over the month, long-term Government of Canada bond yields fell while short-term Government of Canada bond yields remained steady, resulting in the yield curve flattening. Against this backdrop, the MFA Money Market Fund returned 0.01% over the month.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Money Market Fund<sup>1</sup></b>	<b>0.01</b>	<b>0.03</b>	<b>0.09</b>	<b>0.21</b>	<b>1.19</b>	<b>1.15</b>	<b>3.64</b>
<i>FTSE Canada 30-day T-Bill Index</i>	<i>0.00</i>	<i>-0.02</i>	<i>-0.05</i>	<i>-0.04</i>	<i>0.84</i>	<i>0.74</i>	<i>3.37</i>
<i>Difference</i>	<i>+0.01</i>	<i>+0.05</i>	<i>+0.14</i>	<i>+0.25</i>	<i>+0.35</i>	<i>+0.41</i>	<i>+0.27</i>

<sup>1</sup>Total return is net of fees (15 bps annually). Total return less than 1 year is not annualized.



\*Fund performance is net of fees



\*Distributions include all interest income and coupon payments earned on investments, and are paid daily. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Jun-30	Jul-31
Fund total net assets	\$1,343,644,639	\$1,556,223,580
Average term	53 days	55 days
Yield to maturity	0.27%	0.26%
Number of issues	153	181
Number of issuers	40	40

Top 10 Holdings	% Assets
Enbridge Pipeline D/N	2.63%
TD Bank, 2.6% Dec 22, 2021	2.19%
Stable Trust D/N	2.12%
Bay ST Trust D/N	2.05%
Canadian Utilities D/N	1.99%
Reliant Trust D/N	1.80%
Safe Trust D/N	1.69%
Merit Trust D/N	1.48%
TD Bank D/N	1.40%
C.I.B.C. B/A	1.36%

Issuer Type	Jun-30	Jul-31
Financial	34.24%	29.90%
Non-Financial	65.48%	69.80%
Government*	0.28%	0.31%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

\*includes federal and provincial government

Rating	Jun-30	Jul-31
R1H	68.04%	63.86%
R1M	13.40%	13.24%
R1L	18.55%	22.90%

## MFA Government Focused Ultra-Short Bond Fund

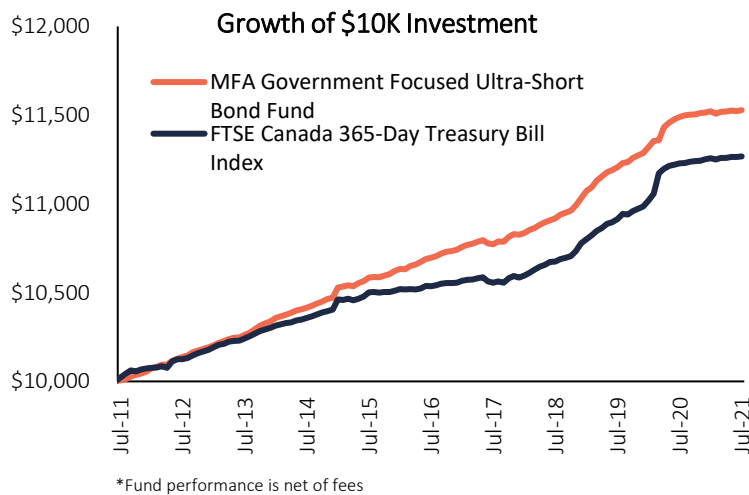
The principal objective of the Government Focused Ultra-short Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 2 years at the time of purchase.

Over the month, the MFA Government Focused Ultra-Short Bond Fund returned 0.06%, outperforming the benchmark. The fund remains biased towards high-quality provincial and financial corporate bonds given their yield advantage over similar term federal bonds.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Government Focused Ultra-Short Bond Fund</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>	<b>0.34</b>	<b>1.83</b>	<b>1.51</b>	<b>3.33</b>
<i>FTSE Canada 365-Day Treasury Bill Index</i>	<i>0.01</i>	<i>0.03</i>	<i>0.05</i>	<i>0.19</i>	<i>1.63</i>	<i>1.16</i>	<i>2.96</i>
<i>Difference</i>	<i>+0.05</i>	<i>+0.03</i>	<i>+0.06</i>	<i>+0.15</i>	<i>+0.20</i>	<i>+0.35</i>	<i>+0.37</i>

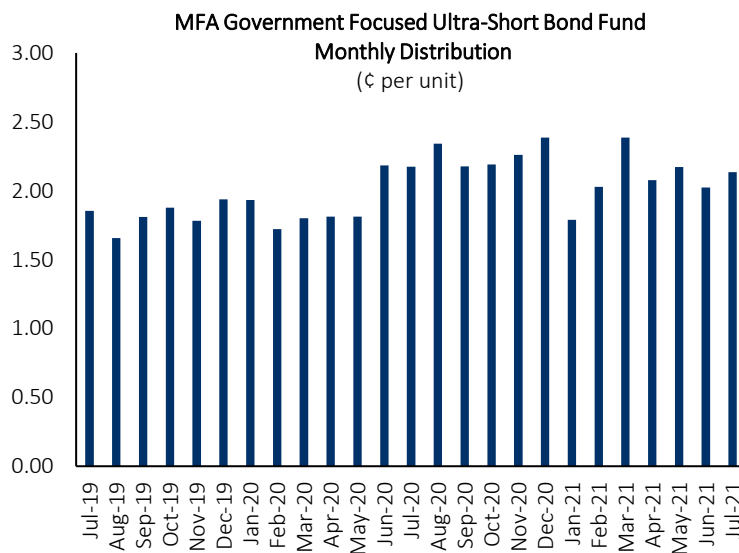
<sup>1</sup> Total return is net of fees (15 bps annually). Total return less than 1 year is not annualized.

<sup>2</sup> Government Focused Ultra-Short Bond Fund – May 18, 2020 (previously Intermediate Fund - March 30, 1994)



Fund Characteristics	Jun-30	Jul-31
Fund total net assets	\$309,092,418	\$313,294,231
Average term	0.96 years	0.89 years
Yield to maturity	0.40%	0.38%
Modified duration	0.95 years	0.88 years
Number of issues	11	13
Number of issuers	8	10

Top 10 Holdings	% Assets
Ontario, 3.2% Jun 2, 2022	31.35%
Canada Housing Trust, 2.7% Mar 15, 2022	15.08%
Quebec, 4.3% Dec 1, 2021	11.78%
RBC, 2.4% Dec 5, 2022	7.55%
Alberta, 1.4% Sep 1, 2021	7.28%
Alberta, 2.6% Dec 15, 2022	4.95%
Quebec, 3.5% Dec 1, 2022	4.62%
Bank of Nova Scotia, 2.4% Nov 8, 2022	4.51%
Bank of Nova Scotia, 2.4% May 1, 2023	4.36%
TD Bank, 3.0% May 30, 2023	4.34%



\*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Issuer Type	Jun-30	Jul-31
Financial	24.90%	24.90%
Non-Financial	0.00%	0.00%
Government*	75.09%	75.10%
Mortgages/MBS	0.00%	0.00%
Pooled fund cash	0.00%	0.00%

\*includes federal and provincial government

Rating	Jun-30	Jul-31
AAA/R1H	15.28%	15.08%
AA/R1M	84.71%	84.92%
A/R1L	0.00%	0.00%

## MFA Bond Fund

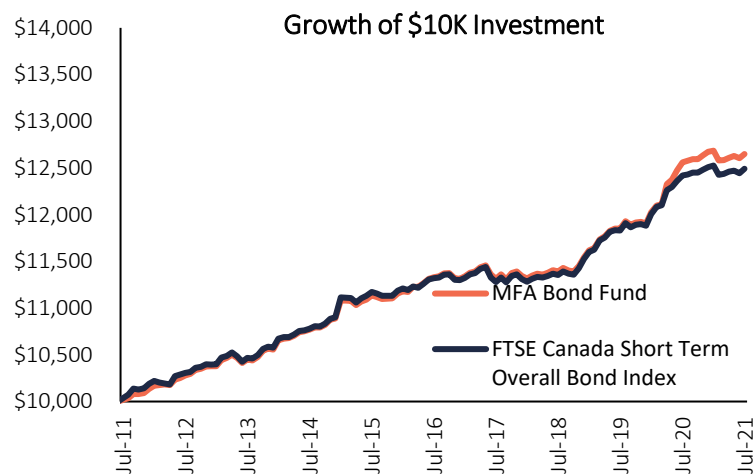
The principal objective of the short-term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase.

The MFA Bond Fund returned 0.36% over the month, performing in line with its benchmark. Positive contributions from credit and liquidity strategies was somewhat offset by the portfolio's small short duration position, which dragged on returns as bond yields declined.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Bond Fund</b>	<b>0.36</b>	<b>0.33</b>	<b>-0.17</b>	<b>0.73</b>	<b>3.56</b>	<b>2.23</b>	<b>5.68</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>0.20</i>	<i>-0.27</i>	<i>0.37</i>	<i>3.03</i>	<i>1.78</i>	<i>5.37</i>
<i>Difference</i>	<i>+0.01</i>	<i>+0.13</i>	<i>+0.10</i>	<i>+0.36</i>	<i>+0.53</i>	<i>+0.45</i>	<i>+0.31</i>

<sup>1</sup>Total return is net of fees (20 bps annually). Total return less than 1 year is not annualized.

<sup>2</sup>Inception date: May 1, 1989



\*Fund performance is net of fees

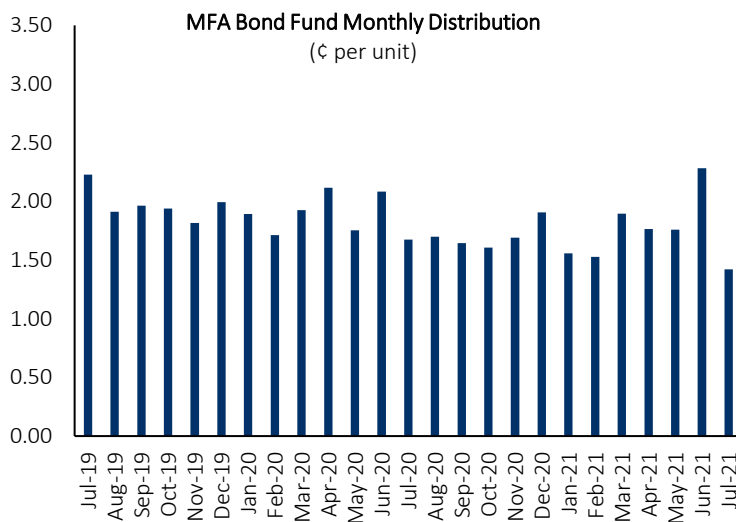
Fund Characteristics	Jun-30	Jul-31
Fund total net assets	\$622,760,287	\$652,803,515
Average term	2.68 years	2.63 years
Yield to maturity	0.96%	0.88%
Modified duration	2.50 years	2.48 years
Number of issues	137	137
Number of issuers	63	64

Top 10 Holdings	% Assets
Canada, 0.3% Aug 1, 2023	7.09%
Ontario, 2.6% Jun 2, 2025	4.88%
Canada Housing Trust, 2.6% Dec 15, 2023	4.27%
Canada Housing Trust, 2.4% Dec 15, 2022	3.49%
Manufacturers Life Insur., 3.2% Nov 22, 2027	2.58%
Bank of Montreal, 2.9% Jun 20, 2023	2.29%
Canada RRB, 4.3% Dec 1, 2026	1.99%
Canada Housing Trust, 1.3% Jun 15, 2026	1.92%
Ontario, 3.5% Jun 2, 2024	1.92%
RBC, 3.3% Sep 26, 2023	1.87%

Issuer Type	Jun-30	Jul-31
Financial	18.62%	17.53%
Non-Financial	28.80%	28.83%
Government*	32.35%	35.92%
Mortgages/MBS	7.51%	6.80%
Pooled fund cash	12.72%	10.93%

\*includes federal and provincial government

Rating	Jun-30	Jul-31
Cash & short term	12.72%	10.93%
AAA	17.60%	21.43%
AA	24.29%	20.21%
A	19.21%	22.64%
BBB & below	18.67%	17.99%
Mortgages/MBS	7.51%	6.80%



\*Distributions include all interest income and coupon payments earned on investments, and are paid monthly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

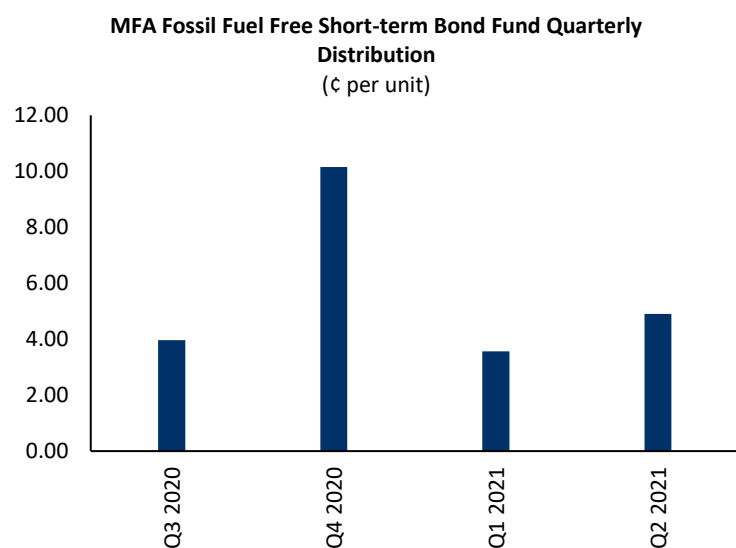
## MFA Fossil Fuel Free Short Term Bond Fund

The principal objective of the Fossil Fuel Free Short-Term Bond Fund is to provide participating investors with interest income. The Fund aims to achieve moderate capital appreciation by actively managing Fund investments. The Fund will hold assets with maturities no longer than 7.25 years at the time of purchase. The Fund shall not invest in securities of Issuers directly involved in the extraction, processing and transportation of coal, oil, or natural gas (“fossil fuels”).

Over the month, the Fossil Fuel Free Short-Term Bond Fund returned 0.35%, performing in line with its benchmark. Positive contributions from credit and liquidity strategies was somewhat offset by the portfolio’s small short duration position, which dragged on returns as bond yields declined.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Fossil Fuel Free Short-term Bond Fund</b>	<b>0.35</b>	<b>0.31</b>	<b>-0.19</b>	<b>0.74</b>	-	-	<b>1.94</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	<i>0.35</i>	<i>0.20</i>	<i>-0.27</i>	<i>0.37</i>	-	-	<i>1.28</i>
<i>Difference</i>	<i>0.00</i>	<i>+0.11</i>	<i>+0.08</i>	<i>+0.37</i>	-	-	<i>+0.66</i>

<sup>1</sup>Total return is net of fees (20 bps annually). Total return less than 1 year is not annualized. <sup>2</sup>Inception date: May 5, 2020



\*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.

Fund Characteristics	Jun-30	Jul-31
Fund total net assets*	\$148,617,118	\$149,083,833
Average term	2.67 years	2.64 years
Yield to maturity	0.89%	0.82%
Modified duration	2.50 years	2.47 years
Number of issues	83	83
Number of issuers	40	41

\*MFA owns units of the RBC Vision Fossil Fuel Free Short-term Bond Fund (total size \$260,021,415)

Top 10 Holdings	% Assets
Canada Housing Trust, 2.4% Dec 15, 2022	5.50%
Ontario, 2.9% Jun 2, 2023	4.79%
Ontario, 2.6% Jun 2, 2025	4.10%
Canada, 1.5% May 1, 2022	3.77%
Ontario, 3.5% Jun 2, 2024	3.71%
Canada, 0.3% Aug 1, 2023	2.84%
Canada, 0.8% Oct 1, 2024	2.62%
Bruce Power LP, 3.0% Jun 21, 2024	2.55%
Canada Housing Trust, 1.3% Jun 15, 2026	2.52%
Canada RRB, 4.3% Dec 1, 2026	2.00%

Issuer Type	Jun-30	Jul-31
Financial	17.13%	15.61%
Non-Financial	22.95%	22.69%
Government*	39.48%	42.17%
Mortgages/MBS	5.15%	5.02%
Pooled fund cash	15.28%	14.51%

\*includes federal and provincial government

Rating	Jun-30	Jul-31
Cash & short term	15.28%	14.51%
AAA	22.10%	24.47%
AA	28.65%	26.14%
A	15.74%	16.92%
BBB & below	13.08%	12.94%
Mortgages/MBS	5.15%	5.02%

## MFA Mortgage Fund

The principal objective of the Mortgage Fund is to provide participating investors with interest income, and diversification benefits by capitalizing on the illiquidity premium offered by the Canadian commercial mortgage markets. The Fund shall indirectly invest primarily in first mortgages on income producing commercial properties in Canada with an average term of 2 to 5 years.

The MFA mortgage fund returned 0.83% over the month, significantly outperforming its benchmark. Mortgages ended the month of July at a yield of 173 basis points over similar-term Government of Canada bonds, compressing 8 bps from last month, which provided a tailwind to performance.

Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception <sup>2</sup>
<b>MFA Mortgage Fund</b>	<b>0.83</b>	<b>1.47</b>	<b>1.33</b>	<b>4.60</b>	-	-	<b>3.65</b>
<i>FTSE Canada Short Term Bond Index</i>	<i>0.35</i>	<i>0.19</i>	<i>-0.30</i>	<i>0.32</i>	-	-	<i>2.48</i>
<i>Difference</i>	<i>+0.48</i>	<i>+1.28</i>	<i>+1.63</i>	<i>+4.28</i>	-	-	<i>+1.17</i>

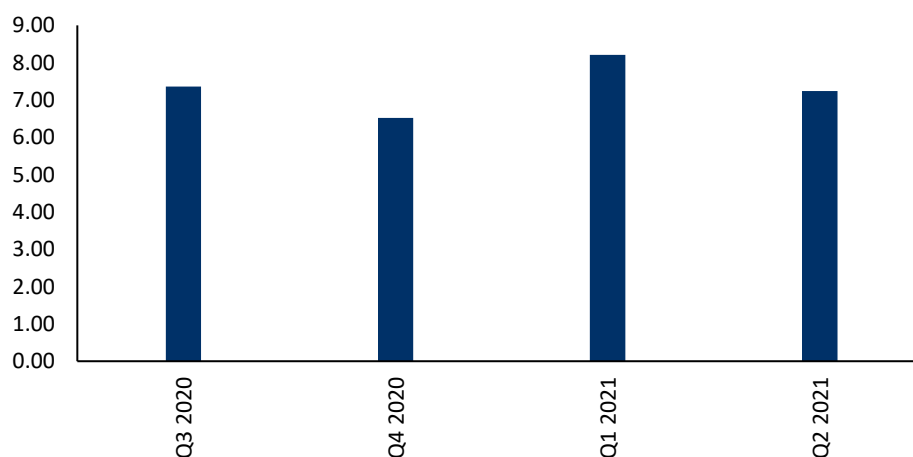
<sup>1</sup> Total return is net of fees (25 bps annually). Total return less than 1 year is not annualized.

<sup>3</sup> Inception date: January 29, 2020

Fund Characteristics	Jun-30	Jul-31
Fund total net assets*	\$82,892,723	\$83,547,463
Weight average spread	181 bps over similar term GoC bonds	173 bps over similar term GoC bonds
Weighted average amortization	21.3 years	21.4 years
Average term-to-maturity	3.8 years	3.9 years
Current portfolio yield	2.14%	2.01%
Weighted average duration	3.1 years	3.1 years
Weighted loan-to-value	56%	56%
Weighted average cash flow coverage	1.7x	1.7x
Number of mortgages	589	584
Largest mortgage	2.2%	2.2%
Marketable securities & cash	11.4%	10.4%

\*MFA owns units of the PH&N Mortgage Pension Trust (total size \$4,960,981,252)

### MFA Mortgage Fund Quarterly Distribution (¢ per unit)



\*Distributions include all interest income and coupon payments earned on investments, and are paid quarterly. Total income, divided by the total units outstanding on record date, is the income distribution per unit paid to investors.