MFA of B.C. Pooled Investment Results*

As of March 31, 2017

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %
MFA Money Market Fund	**0.07**	**0.21**	**0.21**	**0.82**	**0.89**	**0.97**	**4.03**
Custom Benchmark**	*0.04*	*0.09*	*0.09*	*0.33*	*0.47*	*0.61*	*3.78*
MFA Intermediate Fund	**0.07**	**0.31**	**0.31**	**1.19**	**1.27**	**1.31**	**3.66**
FTSE TMX Canada 365-Day Treasury Bill Index	*-0.01*	*0.11*	*0.11*	*0.31*	*0.58*	*0.75*	*3.28*
MFA Bond Fund	**0.13**	**0.69**	**0.69**	**1.48**	**2.18**	**2.28**	**6.19**
FTSE TMX Canada Short Term Overall Bond Index	*0.11*	*0.62*	*0.62*	*1.07*	*1.89*	*2.01*	*5.91*

*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).

**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

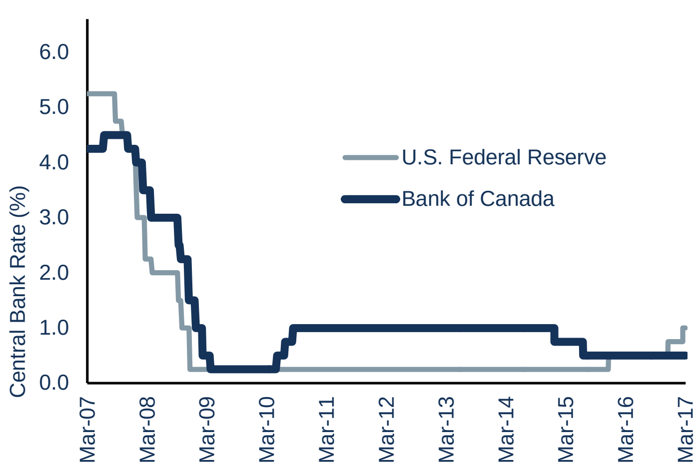
Market Developments

Market Interest Rates

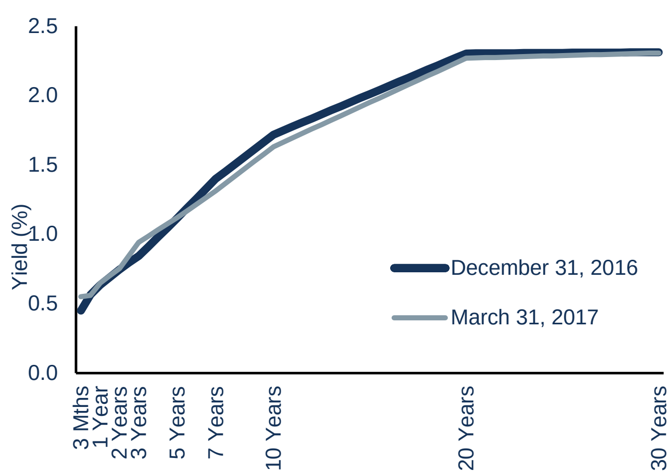
	January 31, 2017	February 28, 2017	March 31, 2017
3 Month T-bills	0.46%	0.49%	0.55%
2 Year Gov't of Canada Bonds	0.77%	0.74%	0.75%
5 Year Gov't of Canada Bonds	1.11%	1.10%	1.12%
30 Year Gov't of Canada Bonds	2.41%	2.34%	2.31%

Canadian yields remained range-bound in March. Following the lead of their U.S. counterparts, domestic yield levels were pushed higher during the early stages of the month on the back of stronger economic data and rate hiking rhetoric from various U.S. Federal Reserve members. This momentum faded mid-month as scepticism regarding the impact of Trump administration policy changes crept into the market. Coupled with a cautious tone from the Bank of Canada, domestic yield levels retraced their upward movement during the later stages of March. Overall, the Canadian yield curve ended the month largely unchanged, with most maturities ending within a few basis points of where they began.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) met at the beginning of the month and held the overnight rate steady at 0.5%. Headline inflation has rebounded as the impact of the oil shock has passed. That said, the BoC's core measures of inflation still point to material slack in the economy. While recent stronger-than-expected domestic data has all but removed prospects of a rate cut, the BoC is still expected to remain on the side lines given significant uncertainty related to U.S. government policy and an inflated domestic housing market. As such, we anticipate the BoC to hold steady through 2017 and for the short end of the Canadian yield curve to likewise remain anchored for the foreseeable future.

The U.S. Federal Reserve (Fed) also met in March and raised its policy rate by 0.25% to the range of 0.75%–1.00% during the month. This came as no surprise as the move was well telegraphed and fully expected by market participants. With sustained recovery in U.S. economic data, the Fed deemed it appropriate to continue on the path to policy rate normalization. This trajectory is likely to continue provided that the economy strengthens as expected, with the Fed forecasting a further two rate hikes during the remainder of 2017. As such, we anticipate the short end of the U.S. yield curve to move higher, in line with expectations of Fed policy rate increases.

Current Strategy

The Money Market Fund remains focused on building a high-quality yield advantage as this has historically been a reliable way to outperform. As such, the fund continues to be fully invested in high-quality corporate money market securities, as these securities continue to provide an attractive incremental yield over similar term government securities, especially relative to their incremental risk. Similarly, the Money Market Fund 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 entirely invested in provincial securities given their attractive yield advantage relative to federal government securities. The Bond Fund is similarly structured with an emphasis on 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	25.0%	0.7%	< 180	4.9%	-1.7%	< 1.0	11.5%	-0.2%
31 - 60	19.9%	-0.2%	181 - 365	49.8%	12.2%	1.0 - 2.5	35.5%	-2.7%
61 - 90	19.4%	2.1%	366 +	45.3%	-10.4%	2.5 - 4.0	28.2%	4.0%
91- 120	6.7%	-5.2%				4.0 - 5.5	21.3%	-0.7%
121 +	29.0%	2.7%				5.5 - 7.0	3.6%	-0.4%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	49.3%	2.4%
Corporate	100.0%	0.0%	Corporate	69.9%	0.0%	Corporate	37.6%	-0.3%
						Mortgages	8.2%	-1.4%
						Net Cash	4.9%	-0.6%
Average term	78 days	+1 days	Average term	1.0 yrs	-0.0 yrs	Average term	2.8 yrs	+0.0 yrs
Average yield*	0.86%	0.00%	Average yield*	0.86%	0.02%	Average yield*	1.13%	-0.04%
Total size	$1,007.8 mil	-$29.2 mil	Total size	$319.8 mil	-$17.3 mil	Total size	$799.6 mil	-$24.6 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).