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

As of April 30, 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 %[2]
MFA Money Market Fund	**0.07**	**0.21**	**0.28**	**0.83**	**0.89**	**0.97**	**4.02**
Custom Benchmark[3]	*0.03*	*0.09*	*0.12*	*0.35*	*0.46*	*0.61*	*3.77*
MFA Intermediate Fund	**0.11**	**0.28**	**0.42**	**1.21**	**1.27**	**1.34**	**3.65**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.06*	*0.09*	*0.17*	*0.40*	*0.59*	*0.78*	*3.27*
MFA Bond Fund	**0.39**	**0.87**	**1.09**	**1.88**	**2.24**	**2.37**	**6.18**
FTSE TMX Canada Short Term Overall Bond Index	*0.38*	*0.81*	*1.00*	*1.60*	*1.94*	*2.11*	*5.90*

[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

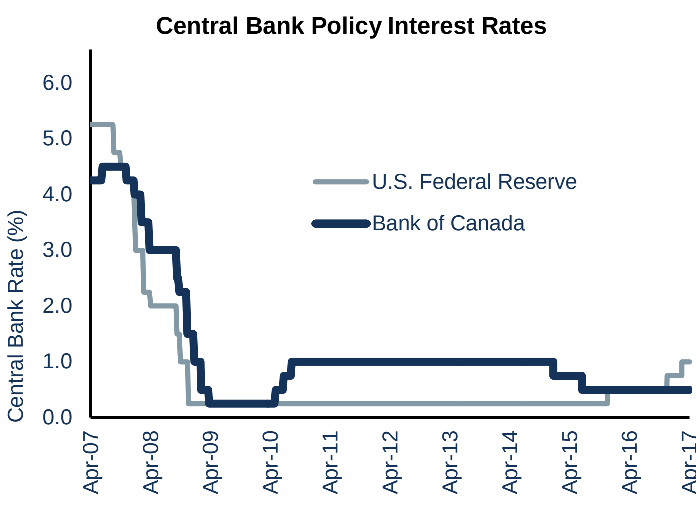
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

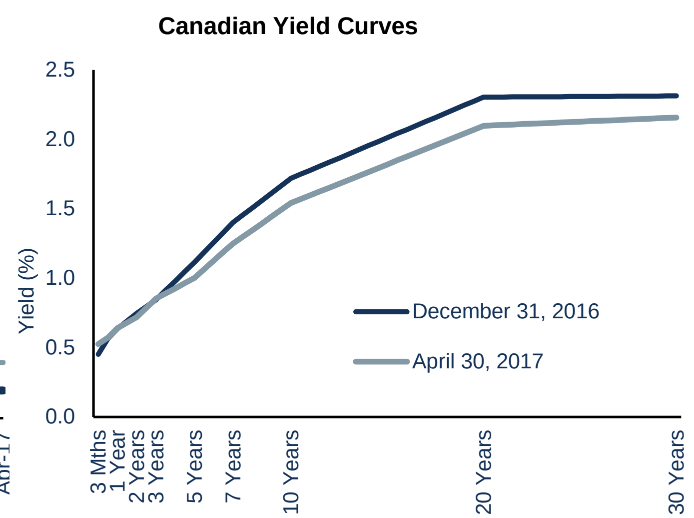
Market Developments

Market Interest Rates

	February 28, 2017	March 31, 2017	April 30, 2017
3 Month T-bills	0.49%	0.55%	0.53%
2 Year Gov't of Canada Bonds	0.74%	0.75%	0.72%
5 Year Gov't of Canada Bonds	1.10%	1.12%	1.00%
30 Year Gov't of Canada Bonds	2.34%	2.31%	2.16%

Canadian interest rates declined in April. Many of the same factors that pushed yields lower during the second half of March – namely increased scepticism around the ability of the Trump administration to implement policy changes – continued to weigh on domestic yields. In addition, new challenges from economic data releases that were weaker than market expectations, as well as a resurgence of geopolitical tensions resulted in further downward pressure on interest rates. As a result, the Canadian yield curve flattened with most terms finishing roughly 5 - 15 basis points lower over the month.





Market Outlook

The Bank of Canada (BoC) met in April and once again maintained its policy rate at 0.5%. Canadian economic data during the month showed continued improvement, supporting better prospects for economic growth going forward. As a result, the BoC upgraded its forecast, moving closer its expected timeline of when the Canadian output gap would close, which it now anticipates to occur in the first half of 2018. Additionally, the statement from the BoC implied that a potential rate cut was off the table. That is not to say, however, that a rate hike is expected in the near future, as market expectations continue to point towards a 2018 scenario. As such, we expect the short end of the Canadian yield curve to remain anchored for some time yet.

The Federal Reserve (Fed) did not meet in April. With the Fed now decidedly on a path to a higher policy rate, the focus is now on the pace of policy rate increases, as well as a potential reduction in the Fed's balance sheet. The most recent FOMC meeting minutes suggest that this reduction may be closer than most had expected, and may even begin later this year. Overall, we anticipate that the short end of the U.S. yield curve will continue to trend higher, in line with expectations for Fed policy rate hikes, and that the combination of a higher policy rate and a reduced Fed balance sheet will likely result in upward pressure on U.S. interest rates over time.

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 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 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	24.6%	-0.3%	< 180	4.8%	-0.1%	< 1.0	14.6%	3.1%
31 - 60	22.9%	3.1%	181 - 365	53.7%	3.9%	1.0 - 2.5	32.4%	-3.1%
61 - 90	10.5%	-8.9%	366 +	41.5%	-3.8%	2.5 - 4.0	27.4%	-0.8%
91- 120	15.9%	9.2%				4.0 - 5.5	22.0%	0.7%
121 +	26.1%	-2.9%				5.5 - 7.0	3.7%	0.0%
Government	0.0%	0.0%	Government	30.3%	0.2%	Government	47.0%	-2.3%
Corporate	100.0%	0.0%	Corporate	69.7%	-0.2%	Corporate	37.3%	-0.4%
						Mortgages	9.3%	1.2%
						Net Cash	6.5%	1.5%
Average term	82 days	+4 days	Average term	0.9 yrs	-0.1 yrs	Average term	2.8 yrs	-0.1 yrs
Average yield*	0.86%	0.00%	Average yield*	0.84%	-0.02%	Average yield*	1.07%	-0.06%
Total size	$1,036.2 mil	$28.5 mil	Total size	$316.4 mil	-$3.4 mil	Total size	$805.7 mil	$6.1 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).