

Municipal Finance Authority of British Columbia Diversified Multi- Asset Class Fund



Fund Type	Global Balanced
Date of Inception	January 17, 2022
Fund Manager	Phillips, Hager & North Investment Management ⁱ

Benchmark	<p>Blended benchmark:</p> <ul style="list-style-type: none"> • 15% FTSE Canada Short Term Overall Bond Index • 10% FTSE 91 Day T-Bill Index • 15% S&P/TSX Capped Composite Total Return Index • 35% MSCI World (Net) Index (CAD) • 10% MSCI Emerging Markets (Net) Index (CAD) • 5% FTSE Canada Short Term Overall Bond Index • 5% Canadian CPI (Non-Seasonally Adjusted) 1-month lag • 5% RBC Infrastructure Benchmark¹
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¹The benchmark for the infrastructure fund is not finalized as the fund has not launched. The 5% allocation to infrastructure will be invested proportionally amongst the aforementioned funds in the DMAC portfolio until the infrastructure fund is launched and the 5% allocation is funded.

Investment Objective	<p>The primary purpose of the Diversified Multi-Asset Class Fund (the “DMAC Fund” or (the “Fund”) is to invest capital over the long-term to grow at a rate that exceeds inflation, while minimizing risk through asset class selection and diversification.</p>
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The DMAC Fund will be broadly diversified among Fixed Income, Equities, and Alternatives.

The underlying investment solutions being used by the investment manager for the Fund should be designated to generate:

- Real growth (meaning growth exceeding inflation) in the value of the DMAC Fund; and
- Risk-adjusted real returns exceeding the benchmark

Return Expectations	The return objective of the DMAC Fund is to provide risk-adjusted real returns of 3.5% over the long-term (10 years or longer).
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Investment Guidelines	<u>Minimum</u>	<u>Strategic</u>	<u>Maximum</u>
Target ranges:			
Cash	0%	0%	5%
Fixed Income		25%	
Canadian Core Fixed Income	10%	15%	20%
Global Fixed Income	5%	10%	15%
Equities		60%	
Canadian Equities	5%	10%	15%
Canadian Low Volatility Equities	0%	5%	10%
Global Equities	19%	24%	29%
Global Low Volatility Equities	6%	11%	16%
EM Equities	5%	10%	15%

Alternative Investments		15%	
High Yield Mortgages	0%	5%	10%
Real Estate	0%	5%	10%
Infrastructure	0%	5%	10%

Permissible funds:

- PH&N Short Core Plus Bond Fund
- PH&N Fossil Fuel Free Short Term Bond Fund
- PH&N Multi-Strategy Credit Fund
- BlueBay Total Return Credit Fund
- PH&N Canadian Equity Fund
- RBC QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund
- RBC Vision Fossil Fuel Free Global Equity Fund
- RBC QUBE Low Volatility Global Equity Fund
- RBC Vision Fossil Fuel Free Emerging Markets Equity Fund
- RBC Canadian Core Real Estate Fund
- PH&N High Yield Mortgage Fund
- RBC Infrastructure Fund¹

¹The official fund name may be subject to change as this fund has not launched.

Key Risks	The principal risks associated with an investment in the Fund are interest rate, credit, and equity market risks.
Minimum Investment	\$10,000
Valuation	The unit value of the Fund is determined each business day and fluctuates with the value of the underlying portfolio securities.
Distributions	The Fund will have an annual distribution on December 31st covering the calendar year of January to December.
Subscriptions[^]	<p>Subscription requests received by the MFA at invest@mfa.bc.ca by 10:30 am Vancouver time will be credited to the Participants account on the second business day following the date of acceptance of such subscription by MFA.</p> <p>Each Unit purchased shall be identical in all respects with every other Unit and shall represent an undivided interest in the assets of the Fund without distinction, preference, or priority. There is no limit as to the number of units that may be purchased or issued.</p>
Redemptions[∞]	Redemption requests require 30 calendar days' notice and are to be submitted to the MFA at invest@mfa.bc.ca prior to 10:30am Vancouver Time and will be credited to the Participants bank account on the third business day from the date of acceptance.
Custodian	CIBC Mellon Trust Company
Fees & Expenses	0.33%* (33 bps)

Notes to the Mandate

^Participants must notify the MFA at invest@mfa.bc.ca of subscriptions greater than \$50 million at least 2 business days prior to the trade date of the transaction.

∞ As the Fund will invest in alternative asset classes that are illiquid there is a chance that large redemptions during times of market stress may take up to 3 years for a full redemption. While we believe, in the vast majority of cases, that redemption requests will be honored within thirty days, MFA may need to impose a long redemption period in the event large, unexpected redemptions, may negatively impact the remaining participants in the Fund. In the event that a 3-year redemption period creates significant hardship to a participant (i.e.: in an unexpected emergency liquidity situation for a participant), MFA may be able to offer alternative ways of getting access to Fund proceeds sooner without impacting remaining Participants. Investments in the Fund are therefore suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an extended period.

*Fees include portfolio management fees, custody fees, transaction, and accounting expenses. 30 days' notice will be given to Participants if the fees are increased. Notification may be given through the MFA's on-line Client portal, by updating this Profile, or by any other method deemed appropriate.

∞ Participants who use a non-direct clearing financial institution (certain credit unions or smaller financial institution) should allow for a possible delay in transaction processing.

△ The MFA may terminate a fund with 30 days notice to the Participant. Notification may be given through the MFA's on-line Client portal, or any other method deemed appropriate. If the Fund is closed due to performance, MFA management will use best efforts to establish a new fund with another Investment Manager and have the assets transferred in kind. If the Fund is closed for any other reason, funds will likely be transferred to the Money Market Fund in the Participant's name.

"ESG integrated" refers to Funds which are managed by signatories to the UN's Principles of Responsible Investment.

"Carbon Light" refers to strategies which minimize a portfolio's carbon impact.

Disclosures

The full name of this fund is the Municipal Finance Authority of British Columbia Diversified Multi Asset Class Fund

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This pooled fund is not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. There can be no assurances that the Fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the Fund will be returned to you. Past performance may not be repeated.

Investment guidelines and strategies of the Fund may be adjusted over time without prior notice, provided that they are consistent with the Fund's investment objectives.

¹ PH&N Institutional is the institutional business division of RBC Global Asset Management Inc. (RBC GAM Inc.), an indirect, wholly owned subsidiary of Royal Bank of Canada. RBC GAM Inc. is the manager and principal portfolio adviser of the MFABC Diversified Multi Asset Class Fund. Phillips, Hager & North Investment Management is a division of RBC GAM Inc.

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