



Municipal Finance Authority of BC

Money Market Fund – Investment Time Horizon – 0 -12 months

The objective of the Money Market Fund (MMF) is to provide participants with a competitive level of current interest income by investing primarily in the highest quality money market instruments with maturities of 366 days or less. While doing this, the Fund also offers the following:

- Flexibility – If the investor's circumstances change, the MMF units are readily saleable and fully liquid. In a rising interest rate environment, this offers the investor the flexibility to monitor the markets and take advantage of investment opportunities rather than being locked into a fixed rate term deposit.
- Diversification – Rather than being an investment in a single organization such as with term deposits, MFA's MMF holds a portfolio of securities issued by federal and provincial governments, Canadian banks, and highly rated quality corporations. This diversification reduces the issuer-specific risk that exists in a deposit with a single organization. For local governments, this also provides access to corporate investments not allowed outside of the MMF, further enhancing diversification.
- Active Management – The MMF is actively managed by Phillips, Hager & North. The Fund Managers continuously monitor the markets and adjust the holdings of the Fund to take advantage of opportunities that may arise.

The performance objective of the MMF Fund Manager is to exceed the FTSE TMX Canada 30-Day Treasury Bill Index by 15 basis points, net of all expenses. The Fund is valued at the close of business on the last day of every month.

The Money Market Fund is authorized to issue an unlimited number of units and fractional units, each of which represents an equal interest in the net assets of the fund. Each unit of the Fund is maintained at \$10.00 per unit. At the close of business daily, the Fund accrues the interest earned. At the end of each month, the fund distributes to the unit holders all of its net income, including net realized capital gains, if any, as additional units or fractions of units of the Fund.

The Fund generally holds portfolio investments to maturity. Accordingly, the value of its net assets should not fluctuate significantly due to changes in prevailing interest rates.

The management fee for the MMF is 3/20 of 1 percent per annum of the net assets of the Fund. The fees are accrued each valuation day, and cover the operating cost of the Fund, including Phillips, Hager & North Ltd., CIBC Mellon Trust, and CIBC Banking.

The performance returns on the monthly statement are net of all fees.