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

As of January 31, 2019

	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	**0.17**	**0.50**	**0.17**	**1.71**	**1.18**	**1.09**	**3.86**
Custom Benchmark[3]	*0.12*	*0.38*	*0.12*	*1.20*	*0.68*	*0.63*	*3.60*
MFA Intermediate Fund	**0.37**	**1.01**	**0.37**	**2.20**	**1.36**	**1.35**	**3.50**
FTSE Canada 365-Day Treasury Bill Index	*0.21*	*0.84*	*0.21*	*1.74*	*0.68*	*0.72*	*3.11*
MFA Bond Fund	**0.66**	**2.00**	**0.66**	**2.68**	**1.29**	**1.75**	**5.86**
FTSE Canada Short Term Overall Bond Index	*0.65*	*2.09*	*0.65*	*2.62*	*0.95*	*1.48*	*5.59*

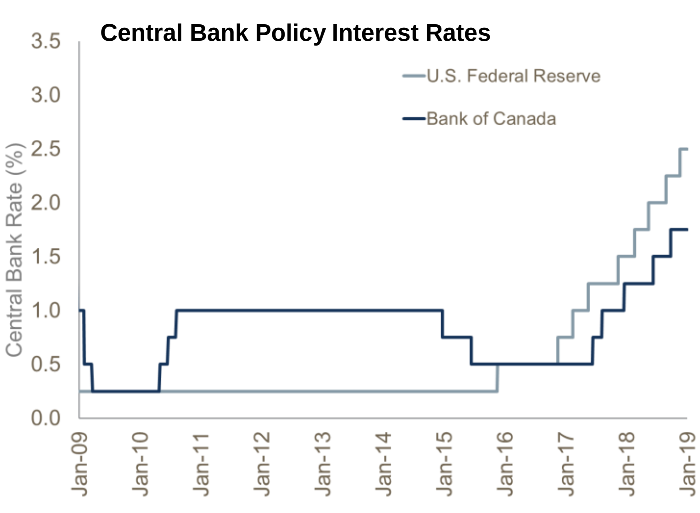
[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE Canada 91-day T-Bill Index to FTSE Canada 30-day T-Bill Index effective Jan. 1, 2013

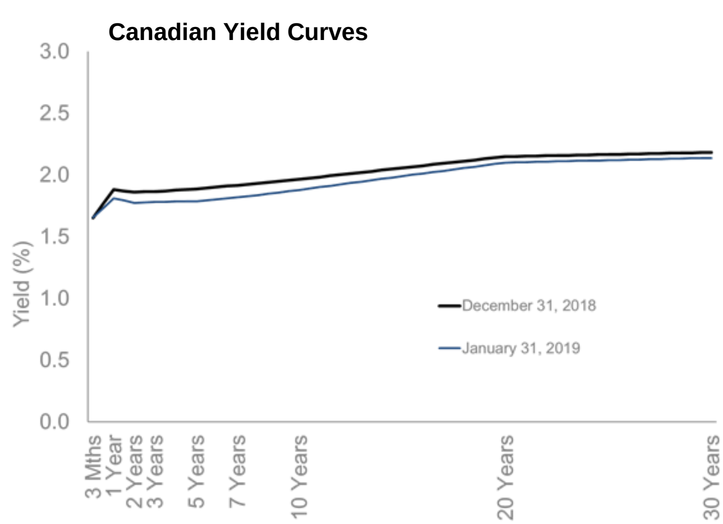
Market Developments

Market Interest Rates

	November 30, 2018	December 31, 2018	January 31, 2019
3 Month T-bills	1.70%	1.65%	1.65%
2 Year Gov't of Canada Bonds	2.16%	1.86%	1.77%
5 Year Gov't of Canada Bonds	2.21%	1.89%	1.78%
30 Year Gov't of Canada Bonds	2.40%	2.18%	2.14%

Government of Canada bond yields had a roller coaster month but ultimately ended the month slightly lower across the curve. January began with a continuation of the December decline, reaching a low point before a January 4th speech from Fed chairman Jerome Powell struck a dovish tone, reinforcing market expectations of a pause in future interest rate hikes. This spurred a rally in risk assets accompanied by an increase in government bond yields. The rally continued until concerns over lower than expected corporate earnings and global trade tensions caused bond markets to reverse course in the last week of January. In the end, Government of Canada yields decreased by approximately 9 basis points in the front end and 4 basis points in the back end of the yield curve during the month.





Market Outlook

The Bank of Canada (BoC) met in early January and kept its policy rate unchanged at 1.75%. This decision was expected following a period of heightened volatility in capital markets and relatively weaker economic data. In the accompanying statement, the BoC referenced the global drop in oil prices as well as a weakening in domestic consumption spending and housing investment, as the main areas of concern for the Canadian economic outlook in 2019. These concerns have driven the BOC to revise its growth forecast for 2019 down by 0.4% to 1.7%. That said, the BoC still believes that the overall economy is performing well as the unemployment rate is currently at a 40 year low and growth is running close to potential with inflation measures remaining clustered around the 2% target. Taking all of this into account, market expectations for future rate hikes remain low with no rate increase expected this calendar year. As such, absent any material changes to the current economic environment, we believe that the short end of the Canadian yield curve will remain close to current levels over the course of 2019.

The U.S. Federal Reserve (Fed) met in late January and, as was expected, maintained its policy rate at the current 2.25% to 2.50% level. The accompanying statement, however, included some key changes from prior messaging – the most notable of which signalled a possible pause in future rate increases. The Fed dropped its reference to "further gradual increases" and replaced it with the more neutral message that it will be patient as it determines what future adjustments to the target range are necessary. This change in tone and phrasing reinforced market expectations of no change to the status quo for the remainder of 2019. With that in mind, we expect short-term U.S. interest rates to remain fairly steady over the next several months.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage. As such, the Money Market Fund remains fully invested in high-quality corporate money market instruments given their attractive risk-adjusted incremental yield over similar-term government securities. 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 also both favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, with the government allocation invested entirely in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund continues to have a more defensive risk budget, it maintains a bias towards government agency and corporate credit, rather than federal bonds. The incremental yield gained from these holdings should provide a helpful tailwind to performance.

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	37.4%	-15.0%	< 180	10.8%	-0.9%	< 1.0	7.8%	-2.3%
31 - 60	19.9%	4.2%	181 - 365	39.1%	2.4%	1.0 - 2.5	41.7%	0.1%
61 - 90	15.6%	3.4%	366 +	50.1%	-1.5%	2.5 - 4.0	24.4%	-0.6%
91- 120	15.7%	12.8%				4.0 - 5.5	24.3%	4.3%
121 +	11.4%	-5.4%				5.5 - 7.0	1.8%	-1.6%
Government	0.0%	0.0%	Government	30.2%	0.1%	Government	51.87%	1.9%
Corporate	100.0%	0.0%	Corporate	69.8%	-0.1%	Corporate	40.76%	-1.6%
						Mortgages/MBS	7.06%	0.3%
						Net Cash	0.30%	-0.7%
Average term	57 days	+10 days	Average term	1.0 yrs	-0.0 yrs	Average term	2.9 yrs	+0.0 yrs
Average yield*	2.08%	0.06%	Average yield*	2.02%	-0.11%	Average yield*	2.14%	-0.09%
Total size	$1,076.5 mil	-$29.9 mil	Total size	$240.9 mil	-$24.2 mil	Total size	$541.7 mil	-$2.8 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).