

MFA of B.C. Pooled Investment Results¹

As of July 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 | 0.15 | 0.46 | 1.12 | 1.89 | 1.36 | 1.17 | 3.83 |
| Custom Benchmark ³ | 0.13 | 0.39 | 0.88 | 1.46 | 0.88 | 0.71 | 3.56 |
| MFA Intermediate Fund | 0.14 | 0.47 | 1.57 | 2.63 | 1.56 | 1.47 | 3.48 |
| FTSE Canada 365-Day Treasury Bill Index | 0.15 | 0.42 | 1.16 | 2.03 | 0.98 | 0.85 | 3.08 |
| MFA Bond Fund | 0.00 | 0.69 | 2.68 | 4.05 | 1.51 | 1.94 | 5.83 |
| FTSE Canada Short Term Overall Bond Index | -0.03 | 0.60 | 2.54 | 4.00 | 1.28 | 1.68 | 5.56 |

¹Portfolio 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).

²Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989

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

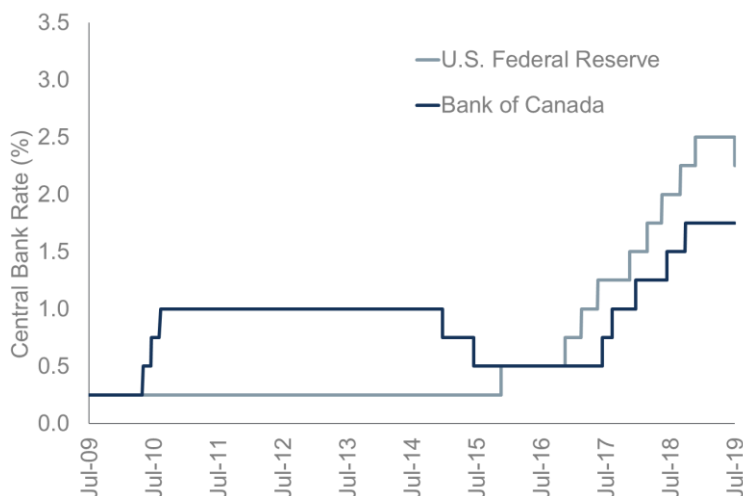
Market Developments

Market Interest Rates

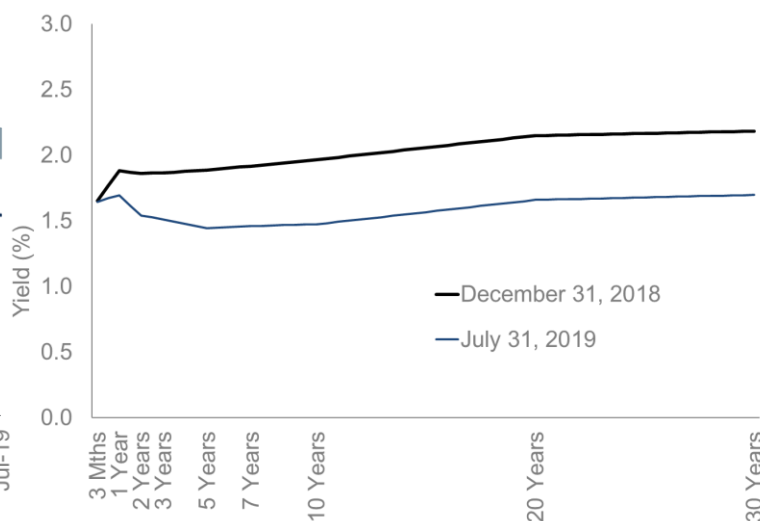
| | May 31, 2019 | June 30, 2019 | July 31, 2019 |
|-------------------------------|--------------|---------------|---------------|
| 3 Month T-bills | 1.68% | 1.66% | 1.64% |
| 2 Year Gov't of Canada Bonds | 1.43% | 1.47% | 1.54% |
| 5 Year Gov't of Canada Bonds | 1.36% | 1.39% | 1.45% |
| 30 Year Gov't of Canada Bonds | 1.77% | 1.69% | 1.70% |

The domestic yield curve continued to flatten in July as short term Government of Canada bond yields rose while long term yields finished the month relatively unchanged. Throughout the month, Canadian fixed income markets were largely driven by global factors rather than domestic economic data. Ongoing uncertainty regarding trade disputes and their potential impact on global economic growth as well as responses by developed nation central banks have been the main focus driving risk on/off sentiment across the capital markets. In Canada, this resulted in volatile swings in long and medium term bond yields during the month, while short term yields remain anchored to expectations surrounding future Bank of Canada policy rate decisions.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) met in July and kept its policy rate unchanged at 1.75%. This decision was widely expected by market participants as a recent string of positive domestic economic data has counterbalanced uncertainty surrounding the impact of global trade tensions. While the BoC recognizes that trade conflicts, highlighted by the current dispute between the US and China, are curbing global growth and investment, it also notes that the additional stimulus from accommodative monetary and fiscal policy has caused global financial conditions to ease substantially. With this in mind, the BoC anticipates that Canadian economic activity is likely to return to its estimate of potential growth while inflation remains close to target levels. The main risk to this forecast remains an escalation in trade conflicts and how it might affect Canadian economic growth, which will be closely watched moving forward. While some market participants still believe that there will be a policy rate cut, overall market expectations point towards no policy rate changes for 2019. Taking all of this into account, absent a material change in economic momentum, short term Canadian interest rates are expected to remain close to current levels for the remainder of this year.

The U.S. Federal Reserve (Fed) met in late-July and lowered its policy rate target by 0.25% to the 2.00% to 2.25% level, a decision that was widely expected by market participants. The Fed viewed this action as appropriate to sustain the economic expansion as inflation is running below the 2% target and uncertainty around global trade developments continues to cloud the growth outlook. This has led market expectations to shift towards a lower policy rate regime moving forward with the current view implying additional rate decreases before the end of the year. We view these expectations as excessively pessimistic, while not ruling out the possibility of policy rate decreases if trade tensions escalate and create further uncertainty surrounding the economic growth profile. With this in mind, absent a material change in the economic environment, short term U.S. interest rates are likely to remain suppressed for the foreseeable future.

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 | 42.2% | 0.8% | < 180 | 9.3% | 0.3% | < 1.0 | 8.2% | -3.2% |
| 31 - 60 | 17.2% | -5.4% | 181 - 365 | 58.9% | 15.6% | 1.0 - 2.5 | 41.2% | -0.1% |
| 61 - 90 | 22.3% | 2.8% | 366 + | 31.8% | -15.9% | 2.5 - 4.0 | 30.0% | 2.2% |
| 91- 120 | 6.9% | -0.6% | | | | 4.0 - 5.5 | 18.4% | 1.2% |
| 121 + | 11.4% | 2.5% | | | | 5.5 - 7.0 | 2.2% | -0.1% |
| Government | 0.0% | 0.0% | Government | 30.2% | 0.1% | Government | 46.72% | 0.2% |
| Corporate | 100.0% | 0.0% | Corporate | 69.8% | -0.1% | Corporate | 44.95% | 1.1% |
| | | | | | | Mortgages/MBS | 7.07% | -0.2% |
| | | | | | | Net Cash | 1.26% | -1.0% |
| Average term | 56 days | +3 days | Average term | 1.0 yrs | -0.1 yrs | Average term | 2.8 yrs | +0.0 yrs |
| Average yield* | 1.78% | -0.05% | Average yield* | 1.69% | 0.01% | Average yield* | 1.74% | 0.07% |
| Total size | \$1,267.4 mil | \$149.0 mil | Total size | \$242.8 mil | \$24.3 mil | Total size | \$531.9 mil | \$5.8 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).