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

As of September 30, 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	**0.14**	**0.45**	**1.42**	**1.89**	**1.42**	**1.19**	**3.82**
Custom Benchmark[3]	*0.13*	*0.39*	*1.13*	*1.50*	*0.95*	*0.74*	*3.55*
MFA Intermediate Fund	**0.03**	**0.39**	**1.83**	**2.59**	**1.57**	**1.48**	**3.47**
FTSE Canada 365-Day Treasury Bill Index	*-0.05*	*0.34*	*1.36*	*2.07*	*1.01*	*0.86*	*3.07*
MFA Bond Fund	**-0.31**	**0.33**	**3.02**	**4.27**	**1.50**	**1.96**	**5.81**
FTSE Canada Short Term Overall Bond Index	*-0.39*	*0.22*	*2.80*	*4.15*	*1.27*	*1.69*	*5.54*

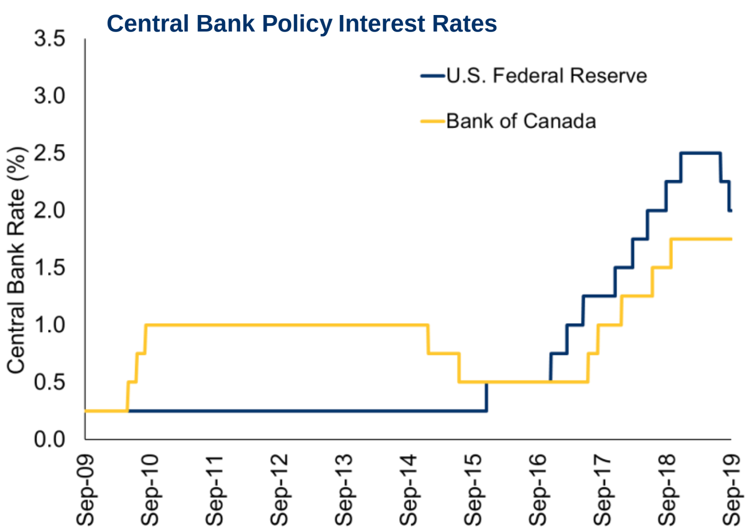
[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents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

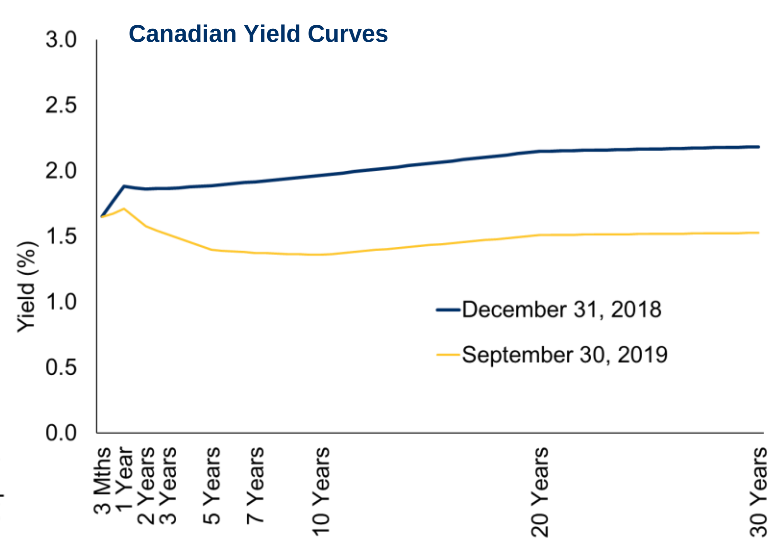
Market Developments

Market Interest Rates

	July 31, 2019	August 31, 2019	September 30, 2019
3 Month T-bills	1.64%	1.62%	1.66%
2 Year Gov't of Canada Bonds	1.54%	1.35%	1.58%
5 Year Gov't of Canada Bonds	1.45%	1.19%	1.40%
30 Year Gov't of Canada Bonds	1.70%	1.43%	1.53%

Government of Canada bond yields reversed course and moved higher in September, led by the mid-term maturities which increased the most. This rise was driven by an easing in tensions surrounding the U.S.-China trade conflict as well as better than expected domestic economic data, including a solid Q2 GDP report. A similar experience played out across other developed nations with global bond yields pushing higher over the month as investors adopted a more risk on stance. This move was further supported domestically by a balanced statement from the Bank of Canada following their early September meeting.





Market Outlook

The Bank of Canada (BoC) met in early September and left its target for the overnight rate unchanged at 1.75%. In keeping with its neutral stance, the BoC has been a standout relative to its global counterparts, which have taken a decidedly dovish turn as trade tensions continue to impact global economic growth prospects. The BoC's position has been justified by strong domestic economic data, which continues to surpass expectations, while inflation remains near target. While the domestic picture remains relatively bright, the impact of escalating global trade conflicts remains a key risk. As a result, market expectations for future moves in the overnight target rate continue to fluctuate, swinging from expected decreases at the height of trade tensions in August to being fairly neutral at the end of September. With this in mind, absent a material change in the global economic environment, we expect short-term Canadian interest rates to remain low for the foreseeable future.

The U.S. Federal Reserve (Fed) met in mid-September and decreased its policy rate target by 25 basis points to the 1.75% to 2.00% level. During the month, a continued slowdown in business investment and exports pushed the Fed into a further dovish stance. This position has been supported by recent economic data showing that manufacturing activity in the US and globally is contracting. On the other hand, consumer spending has been increasing at a strong pace. With these conflicting data points, it is no surprise that there is a wide dispersion of views amongst voting members of the Federal Open Market Committee (FOMC), with one preferring a 50 basis point cut and two voting to maintain the current level at the last meeting. This dispersion is even more evident when looking at the FOMC members future projections for the overnight rate. For example, the most recent projections for the end of 2019 is split fairly evenly into three groups with five members expecting a 25 basis point increase, 5 members expecting no change, and 7 members expecting a 25 basis point decrease. Despite these projections, market expectations for future policy rate moves remain much lower with many expecting 2 further decreases by the end of 2019. Taking all of this into account, barring an unexpected change in the global trade environment, we expect short-term U.S. interest rates to remain low over the next year.

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	43.3%	4.1%	< 180	2.3%	-6.3%	< 1.0	6.9%	-1.6%
31 - 60	24.9%	2.4%	181 - 365	54.6%	-2.3%	1.0 - 2.5	37.9%	-2.4%
61 - 90	13.6%	-7.2%	366 +	43.1%	8.6%	2.5 - 4.0	31.5%	-0.8%
91- 120	7.9%	4.9%				4.0 - 5.5	21.5%	4.7%
121 +	10.3%	-4.3%				5.5 - 7.0	2.1%	0.0%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	43.67%	-1.6%
Corporate	100.0%	0.0%	Corporate	69.9%	0.0%	Corporate	47.21%	1.6%
						Mortgages/MBS	7.48%	0.6%
						Net Cash	1.65%	-0.7%
Average term	51 days	-6 days	Average term	1.0 yrs	+0.1 yrs	Average term	2.9 yrs	+0.2 yrs
Average yield*	1.75%	-0.01%	Average yield*	1.74%	0.13%	Average yield*	1.73%	0.19%
Total size	$1,500.2 mil	-$5.5 mil	Total size	$254.9 mil	-$5.9 mil	Total size	$541.1 mil	-$1.6 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).