



Pooled Investment Funds – Frequently Asked Questions

Account Set Up

How do we apply for a Pooled Investment Fund (PIF) account?

To apply for a PIF account, send an email to invest@mfa.bc.ca and request an Enrollment Agreement.

If my local government already has an Pooled High Interest Savings Account (PHISA) do we still need to complete another application?

Yes, the PHISA accounts require separate applications as they have different registration requirements.

Does the MFA require a Resolution from the Council or Board to apply for a PIF Account?

No, a resolution is not required to establish the account. As a local government you are legally considered to be a “professional investor” and senior finance staff has the authority under Section 183 of the Community Charter to invest in MFA pooled funds. Depending on the fund you invest in, MFA relies on your confirmation during enrollment that you have the authority, policies, procedures, and best practices in place to invest in each fund. Although by law you are considered an institutional or professional investor, and as such must do your own due diligence on any investment under consideration, MFA is always available to help educate Clients on best ways to use these funds to meet best investment practices, for example the importance of diversification or controlling risks. For some funds, a mandatory educational session must be undertaken prior to enrollment due to the specialized or more volatile nature of the fund.

How long does it take to get my PIF account open and accessible?

Once your application is received and processed by MFA it will take approximately 3 to 5 business days to have your account open and accessible.

Are there any additional requirements to participate in the MFA DMAC Fund?

Yes, the DMAC Fund is a specialty fund designed to be a suitable option for BC local governments to invest reserves not needed for 10 years or longer. Local governments will first need to conduct analyses of their reserves, cash flows, and planned capital projects to identify monies which may be invested over a long investment horizon. Once a local government is confident it has funds which are suitable for longer-term investment, it may contact MFA to discuss the specific eligibility requirements for entry into the DMAC Fund.

Are there any additional requirements to participate in the MFA Mortgage Fund?

Yes, as the Mortgage Fund is a specialty fund and may be less liquid than our other funds, Participants will have to attend an educational session with the Fund Manager as well as sign an acknowledgment letter recognizing there may be a delay in redemptions should there be insufficient liquidity to cover redemptions.

Why is there a queue to participate in the Mortgage Fund?

A large cash holding over a period within the Mortgage Fund can impact the fund’s yield. Therefore, to be fair to other unitholders and to protect the yield of the fund we have a queue. Mortgage investments are not like stocks or bonds where we can readily purchase these investments in a liquid market. PH&N originate these mortgages individually and due diligence on each investment can take upwards of 3 months. As a result, we only call capital into the Mortgage Fund and purchase units of the Mortgage Pension Trust (MPT) when there are mortgage investments ready to fund.



Is my investment principal guaranteed?

An investment in any of the PIF offerings is not guaranteed or insured except for the PHISA accounts, which do benefit from Federal CDIC deposit insurance for amounts up to \$100,000. However, MFA does not recommend that institutional investors, such as BC local governments, rely on bank or credit union deposit guarantees. These guarantees are designed to protect retail depositors rather than institutional depositors. Professional investors should rely on the underlying credit strength of the institutions issuing a security or offering a deposit when buying individual securities or a pool of securities. Assets held in MFA PIF Funds are managed by professionals who consider credit quality and diversification and additional factors as part of their on-going asset management duties.

Deposits, Rates, and Transactions

What is the minimum amount we can have on deposit to keep the account open?

The minimum that must be maintained in the account is \$10,000. If the balance drops below this amount for a period that exceeds 3 months, you will be asked to either top up the account or close it.

Do I need to provide notice of deposits or withdrawals?

For subscriptions and redemptions greater than \$30 million, 2 business days' notice is to be given to MFA at invest@mfa.bc.ca. For subscriptions and redemptions greater than \$50 million, 3 business days' notice must be given to MFA via invest@mfa.bc.ca.

What is the maximum we can have on deposit at any given time?

While there is no maximum amount that you can have on deposit it is the responsibility of the local government to adhere to its Investment Policy and a prudent diversification strategy.

Transactions

Where do I email transaction forms for the Pooled Investment Funds?

All forms relating to the Pooled Investment Funds should be emailed to invest@mfa.bc.ca.

What time do I need to submit my subscription, redemption, or transfer request to MFA?

All requests must be submitted to MFA by 10:30am PT for it to be processed on that day. Forms received after 10:30 AM will be processed on the following business day.

Can I postdate transactions?

Yes, transactions can be postdated up to 30 calendar days in advance and emailed to invest@mfa.bc.ca. Transactions for the Mortgage Fund cannot be postdated as the actual date of the subscription will not be known in advance.

Subscriptions

How do I purchase units of a fund?

To buy units of any of the PIFs, you will need to complete a Subscription Request Form located on the MFA Client Portal in the Forms and Resources section on the Pooled Investments page. The completed form can then be emailed to invest@mfa.bc.ca with the subject line "Pooled Investment Funds Transaction." MFA will confirm receipt of your request.



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If you would like to purchase units of the Mortgage or DMAC Fund, please contact invest@mfa.bc.ca for further information on the process.

How many days does it take for the funds to be debited from our bank account?

Subscription requests for the Money Market Fund received by the MFA at invest@mfa.bc.ca by 10:30am am PT will be debited from the Participants bank account on the next business day following the trade date. Subscription requests for the Short-term Bond Fund, Govt. Focused Ultra-short Bond Fund, Fossil Fuel Free Short-term Bond Fund, the Mortgage Fund and DMAC fund received by the MFA at invest@mfa.bc.ca by 10:30 am PT will be debited from the Participants bank account on the second business day following the trade date. Please note it may take longer for monies to be debited from your account if you bank with a Credit Union, typically an additional business day.

Redemptions

How do I redeem (sell units) of a fund?

To sell units from any of the Pooled Funds you will need to complete a Redemption Request Form located in the MFA Client Portal within the Forms and Resources section on the Pooled Investments page. It can then be emailed to invest@mfa.bc.ca with the subject line "Pooled Investment Funds Transaction." MFA will confirm receipt of your redemption request.

Redemptions from the Mortgage Fund may be restricted based upon market and liquidity constraints. DMAC redemptions require 30 days' notice and may also be restricted. Please contact invest@mfa.bc.ca for further information on the process to redeem from these funds.

How many days does it take for the funds to be credited to our bank account?

Redemption requests for the Money Market fund received by the MFA at invest@mfa.bc.ca by 10:30 am PT will be credited to the Participants bank account on the next business day following the trade date. Redemption requests for the Short-term Bond Fund, Govt. Focused Ultra-short Bond Fund, Fossil Fuel Free Short-term Bond Fund, the Mortgage Fund and DMAC Fund received by the MFA at invest@mfa.bc.ca by 10:30 am PT will be credited to the Participants bank account on the third business day following the trade date. Please note it may take longer for monies to be credited to your account if you bank with a Credit Union, typically an additional business day.

Transfers

Can I transfer funds directly from our existing Pooled High Interest Savings accounts directly into our pooled fund account?

No, the two types of MFA Pooled Funds operate on distinct platforms, and therefore Clients are not able to transfer funds directly between their PHISA account and their PIF account. Those monies would need to be transferred from your PHISA account to your main bank account first, and then a Subscription Form must be completed and submitted

How do I transfer funds between PIF Accounts or between MFA Funds?

To transfer funds, a Transfer form must be completed. This form can facilitate requests to transfer between Accounts or Funds and is located on the MFA Client Portal in the Forms and Resources section on the Pooled Investments page. This form can be emailed to invest@mfa.bc.ca with the subject line "Pooled Investment Funds Transaction." MFA will confirm receipt of your transfer request.



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Transfers to or from the Mortgage or DMAC Funds should be discussed with MFA Staff in advance.

Reporting

What daily reporting is available?

Every business day MFA posts the current yield and price per unit of its Funds. Those figures are available within the Client Portal, along with historical yields and prices.

What monthly reporting is available?

Client monthly statements will be posted directly to the MFA Client Portal within 5 business days of month-end. Monthly Performance Results, prepared by PH&N, are also uploaded to the MFA Client Portal. Quarterly, a Market Update is also uploaded to the Client Portal covering market activities and economics that affect the Funds.

Account Access and Updates

How do I know the current balance or how much money I have invested?

To obtain your account balance(s) please email invest@mfa.bc.ca with the subject line "Pooled Fund Account Balance" providing the account number(s) you need balances for. MFA will then retrieve the account balances and respond within 1 business day.

Do I receive confirmation after a subscription, redemption or transfer is placed?

Yes, you will receive a paper confirmation by mail directly from CIBC Mellon. The confirmation received will reflect by fund the transaction type, trade date, gross and net amount, unit price, number of units and unit balance.

Who can sign subscription, redemption, and transfer forms?

The authorized person(s) who can sign subscriptions, redemptions or transfers must be current signing authorities on file with the MFA.

How do I update signing authorities for my Pooled Fund Accounts?

The person responsible for the finance function in your organization will need to complete and submit a Schedule of Authorized Signers form along with Signature Cards for all authorized signers, found on the Forms and Resources Page of MFA's Client Portal, and email it to mfa@mfa.bc.ca.

How do I update the banking information for my Pooled Fund Accounts?

The person responsible for the finance function in your organization will need to complete and submit a Banking Information form, found in the Forms and Resources Page of MFA's Client Portal, and email it to mfa@mfa.bc.ca. MFA will then verbally contact you to confirm any bank changes.

Money Market Fund

In simple terms, can you discuss the mechanics of how I earn interest on my Money Market Fund holdings?

Based on both the yield and proportions of the securities held by the Money Market Fund, a daily income factor is determined. This factor, multiplied by the number of units you were holding on a particular day, determines the interest accrued to your credit. The daily Money Market income factor is



posted along with the current prices and yields within the Client Portal. At the end of each month, accrued interest is paid out in the form of additional units of the Fund.

Why does the Net Asset Value (NAV) of the Money Market remain fixed at \$10 per unit?

It is typical of Money Market Funds to have a fixed NAV. There are many explanations for this, but a main reason is investors expect to effectively take no price risk with very short-dated securities – a fixed NAV helps to ensure this.

Net Asset Value Fluctuations for non- Money market Funds

Why does the Net Asset Value (NAV) float for non-Money Market Funds?

NAV changes daily as income is accrued and/or there is an increase or decrease in the value of the Fund's assets. Fixed income securities fluctuate due in part to evolving market interest rates and shifting credit spreads. As interest rates increase, a bond's value typically decreases – and vice versa. If market conditions are advantageous and the value of a bond has increased above its purchase price, the Fund Manager may sell it for a capital gain. However, although less common, a Fund Manager may sell a bond when its value has decreased resulting in a capital loss. Generally, however, assets purchased for MFA Funds are typically held to maturity, thereby not realizing any price impact / capital gains/losses.

Short-term Bond Fund and Govt. Focused Ultra-short Bond Fund

How is income distributed to unitholders of the Short-term Bond Fund and Government Focused Ultra-short Bond Fund?

Income is distributed to unitholders monthly. Net capital gains, if any, are allocated to unitholders at the Fund Managers discretion, but must be (and are typically) completed at calendar year-end.

Fossil Fuel Free Bond Fund

How is income distributed of unitholders of the Fossil Fuel Free Bond Fund?

Income is distributed to unitholders on a quarterly basis. Income accrued is distributed to investors in the form of additional units at the end of March, June, September, and December.

Net Capital Gains, if any, are allocated to unitholders at the Fund Managers discretion, but must be (and is typically) completed at calendar year-end.

Mortgage Fund

How is income distributed to unitholders of the Mortgage Fund?

Income is distributed to unitholders on a quarterly basis. Income accrued is distributed to investors in the form of additional units at the end of March, June, September, and December.

Net capital gains, if any, are allocated to unitholders at the Fund Managers discretion, but must be (and are typically) completed at calendar year-end.



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Audit Confirmations

Does our Auditor send the Bank Confirmation request to the MFA?

Yes, your auditor can complete an audit confirmation pro-forma template located in the Client Portal. Once complete, have it signed by account signatories on your Letterhead, then email it to invest@mfa.bc.ca.