

Portfolio Managers' Commentary

The stock market continued to rally in February with the S&P 500 Index reaching new heights for a second consecutive month. While large-cap tech stocks (e.g., Nvidia) have led to the upside, market breadth has improved with other areas outside of tech also participating in the rally. The TSX Composite is now within 2% of its all-time highs, which we believe can be breached in the near future.

The market's recent performance is impressive when considering how much bond yields have rebounded since the beginning of the year. In Canada, 10-year bond yields have risen by nearly 40 basis points and markets have gone from pricing five to three rate cuts in 2024. Fortunately, this has been driven by the resilience of the Canadian economy rather than runaway inflation. GDP growth was 1% in Q4 and Canada added 37,000 jobs in January – both above initial estimates. Meanwhile, conditions are not as favourable in other developed markets, including Japan and the U.K., which have each slipped into technical recessions. The recent move in rates has caused yield-sensitive sectors to lag the broader market, but the impacts from higher rate expectations have been much more muted compared to last year.

Although the BoC may be on pause for longer than initially expected, we continue to expect multiple rate cuts in 2024. This view is based on recent inflation data, which continues to trend lower. The CPI rose 2.9% in January from a year ago, below consensus estimates of 3.3% and within the target range for the first time since June 2023. Importantly, the BoC's two preferred core inflation measures also decelerated, averaging 3.3% compared to the 3.6% pace expected by economists. Housing affordability improved in January and the minimum income required to purchase a home decreased across the country.

Canadian energy stocks rallied in February and were a positive contributor to Fund performance. Canadian Natural Resources (CNQ) was among the sector's top performers, generating a total return of 9.9%. CNQ delivered strong results in 2023 highlighted by record oil sands production and the achievement of its \$10 billion net debt target earlier than anticipated. The company raised its quarterly dividend by 18% in 2023 and increased it by an additional 5% in Q1 2024 – the first of several bumps we anticipate this year. CNQ continues to demonstrate best-in-class shareholder alignment and is now expected to allocate 100% of its free cash flow to shareholders since achieving its stated leverage goals.

Manulife Financial (MFC) was another big contributor to performance this month with a total return of 9.7%. In its Q4 earnings, the company reported double-digit sales growth while achieving its medium-term ROE target of 15%, underpinned by positive flows in wealth management. MFC is also committed to shareholder returns through dividend increases and share buybacks. The company raised its quarterly dividend by 10% in February, resulting in a dividend yield of c. 5%. The decision was supported by the recent disposition of its long-term care underwriting business for \$13 billion. The transaction also freed up capital that can be allocated to wealth and asset management which are strategically positioned in attractive Asian end-markets including Hong Kong, Japan and Singapore. We have a positive view on MFC's recent capital allocation decisions, and it remains one of our preferred stocks within the Canadian financials sector.

Click [here](#) for the March Market Commentary on Middlefield Canadian Income PCC's Website.

The percentage of portfolio assets which may be invested in securities listed on a recognized stock exchange outside of Canada is limited to 40%. Investment outside Canada and the United States is limited to 10%.

Nothing herein is to be construed as a solicitation or an offer to buy or sell any financial products. This factsheet is based in part on information obtained from sources believed to be reliable but not guaranteed as accurate. The Fund may utilize gearing, which will exaggerate market movements both down and up. If markets fall, gearing can magnify the negative impact of performance. Exchange rate changes may cause the value of underlying investments to go down as well as up. Where investments are made in smaller companies and non-investment grade bonds, their potential volatility may increase the risk to the value of, and the income from, the investment. The Fund's share price may either be below (at a discount to) or above (at a premium to) the NAV.

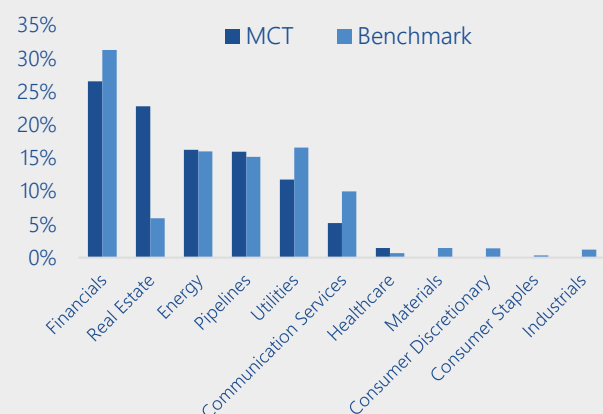
Portfolio Summary

Top 10 Holdings

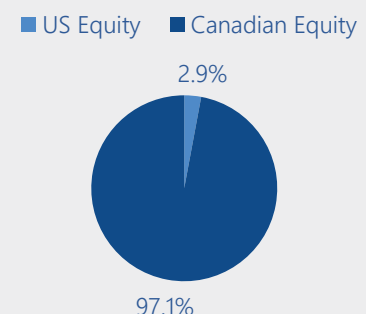
Name	Sector	% of Equities
AltaGas	Utilities	4.7%
Canadian Natural Resources	Energy	4.6%
Manulife Financial	Financials	4.4%
Enbridge	Pipelines	4.4%
Royal Bank of Canada	Financials	4.4%
Bank of Montreal	Financials	4.3%
Pembina Pipeline	Pipelines	3.9%
BCE Inc.	Comm. Svcs.	3.8%
TD Bank	Financials	3.5%
Suncor Energy	Energy	3.5%

Cumulative Weighting **41.4%**

Sector Allocation



Geographic Mix



This fact sheet is issued and approved by Middlefield International Limited which is regulated by the FCA. Middlefield Canadian Income PCC is regulated by the Jersey Financial Services Commission.

For further information about the Fund, please contact us at the below address or visit our website at www.middlefield.co.uk

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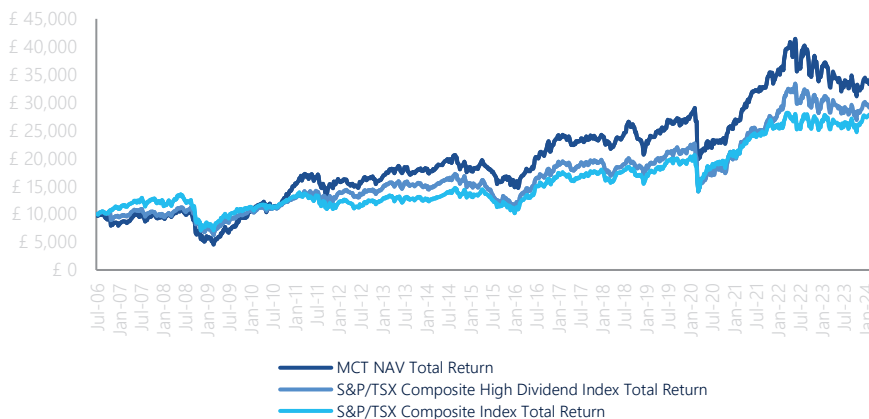
Investment Objective

The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year.

Investment Policy

The Fund will seek to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada as well as the U.S. that the Investment Manager believes will provide an attractive level of distributions together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 40 and 70 investments. The Fund may also hold cash or cash equivalents and may utilise derivative instruments for the purposes of efficient portfolio management. The Fund will at all times invest and manage its assets in a manner which is consistent with the objective of spreading investment risk.

Performance Since Inception



Fund Performance

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	-4.7%	1.0%	-4.3%	-3.8%	-16.6%
NAV	0.8%	5.2%	2.6%	-0.5%	-4.9%
Benchmark	0.1%	4.7%	4.8%	-1.0%	-0.6%
S&P/TSX Composite Index	1.2%	6.5%	7.1%	0.7%	5.1%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised
Share Price	6.2%	5.6%	4.2%	4.8%	5.8%
NAV	8.1%	6.8%	4.7%	6.1%	6.7%
Benchmark	12.4%	9.2%	6.6%	7.2%	6.5%
S&P/TSX Composite Index	10.3%	9.7%	7.5%	8.2%	6.3%

Sources: Middlefield, Bloomberg. As at 29 February, 2024

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested. All price information is indicative only. Total returns including the reinvestment of dividends for all returns. Fund returns are net of fees. Composite of monthly total returns for the S&P/TSX Income Trust Index from inception to 31 December 2010 and the S&P/TSX Composite High Dividend Index (formerly named the S&P TSX Equity Income Index) thereafter. Currency adjusted to reflect CAD\$ returns from inception of MCT to Oct 2011 and GBP returns thereafter since MCT was CAD\$ hedged from inception to Oct 2011.

¹Borrowings as a percentage of total assets – the Fund has the power to borrow up to 25% of total assets

²Borrowings as a percentage of net assets – the AIC standard measure of gearing

Company Overview

Middlefield Canadian Income PCC (the "Company") is a Jersey incorporated, protected cell company. The Company's initial cell is Middlefield Canadian Income – GBP PC (the "Fund") whose shares are traded on the London Stock Exchange's main market. The Fund has been designed to invest in a broadly diversified, actively managed portfolio of Canadian and U.S. listed equity income securities.

IA Sector	North America
Year End	31-Dec
Inception	06-Jul-06
LSE Symbol	MCT
ISIN	GB00B15PV034
Benchmark	S&P/TSX Composite High Dividend Index
Dividend Payable	Quarterly (Jan, Apr, Jul, Oct)
Management Fee	0.70% p.a.
Net Assets	£127,387,316
Voting Shares	106,487,250
Share Price	96.00p
Net Asset Value	119.63p
Premium/Discount	-19.8%
Dividend p.a.	5.30p
Current Yield	5.5%
Gearing (Gross) ¹	18.5%
Gearing (Net) ²	22.9%

Portfolio Managers



Dean Orrico
President & CEO

Mr Orrico has over 25 years experience in the financial services sector and is currently responsible for overseeing the creation and management of Middlefield's investment funds including mutual funds, ETFs, closed-end funds and flow through funds. He graduated with a Bachelor of Commerce degree from the Rotman School of Management (University of Toronto) and holds an MBA from the Schulich School of Business (York University). Mr Orrico is a registered Portfolio Manager with expertise in both equity and fixed income securities and has spent many years meeting with international companies and investors.



Rob Lauzon
CIO

Mr Lauzon is Middlefield's Chief Investment Officer and has been with the firm since 2002, bringing his acumen to numerous successful Middlefield products. He holds the Chartered Financial Analyst designation as well as an Honours Bachelor of Business Administration (Wilfrid Laurier University) and an MBA from the Rotman School of Management (University of Toronto).

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