Middlefield Canadian Income Trust

Half Yearly Report
30 June 2024

LON: MCT

Focusing on high levels of stable and increasing income together with capital growth, this Fund invests in high quality, Canadian large capitalisation businesses. Middlefield Limited, the Fund's investment manager, is a private and independent firm located in Toronto, Canada, and is regulated by the Ontario Securities Commission.

RiA - A Responsible Investment Association Member

Further details about the Responsible Investment Association are available on the website at www.riacanada.ca

MCT

Financial Highlights

2024 DIVIDENDS PAID

1.325p per share quarterly

5.3p per share Dividend Guidance for 2024[1]

YIELD

5.1%

SHARE PRICE

103p

NAV PER SHARE

121.22p

NET ASSETS

£129.1m

1. *This is a target only and does not constitute, nor should it be interpreted as a profit forecast.*

Why Middlefield Canadian Income PCC?

Who is this fund for?

This Fund is for long-term investors seeking dividends and capital appreciation from a diversified portfolio of stable, profitable businesses domiciled primarily in Canada.

Reasons to buy

Unique

The UK's only listed Canadian equity fund focused on high income – admitted to the FTSE UK All-Share Index in 2011.

Proven

Outperformance over the period since inception in 2006. In the six months ended 30 June 2024, the Fund's total return was 4.6 per cent versus the benchmark total return of 0.3 per cent.

Diversification

UK investors are underexposed to Canadian equities – Canada is one of the largest investable economies in the developed world.

High Income

Canadian equities offer a higher yield compared to other developed markets and MCT has consistently paid dividends in excess of 5p per share per annum since 2017 and increased its dividend in 2023 and in 2024.

Stability

Canada is a member of the G7 and offers one of the most stable political and financial systems in the world.

Governance

Experienced Board of Directors with an independent majority, re-elected annually by shareholders to protect their interests.

aic The Association of Investment Companies

A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.middlefield.co.uk

Contents

Strategic Report

Corporate Information

Condensed Financial Statements of the Fund (Unaudited)

Financial Statements of the Company (Unaudited)

Key Information

This Fund invests in larger capitalisation Canadian and U.S. high yield equities with a focus on companies that pay and grow dividends.

Exposure to Key Canadian Themes & Industries

Canadian companies are amongst the world leaders across the real estate, financial, energy and power sectors.

Real Estate

Canada has the highest population growth rate in the developed world. Immigration tailwinds and a highly educated workforce are expected to support ongoing demand for real estate in Canada. Middlefield is one of the top real estate investors in Canada with over 40 years of experience and $450M+ in AUM across real estate strategies.

Financials

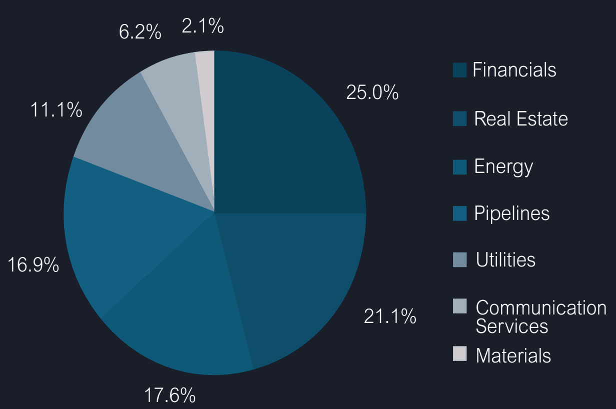
One of the world's most sophisticated and well-capitalised banking systems, Canada's banks are well-positioned to consistently grow their dividends over time. Canadian financials have historically demonstrated less volatility than peers during periods of market uncertainty.

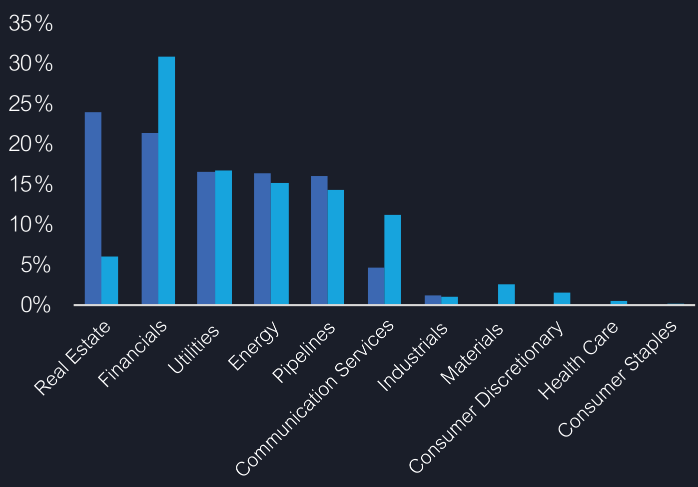
Energy and Power

North American energy is expected to play a vital role in energy security and the energy transition over the coming decades. Its domestic power market benefits from an abundance of renewable energy sources and robust demand for electricity driven by immigration, growing corporate demand and improving global accessibility.

Key Data as at 30 June 2024

Sector Allocation

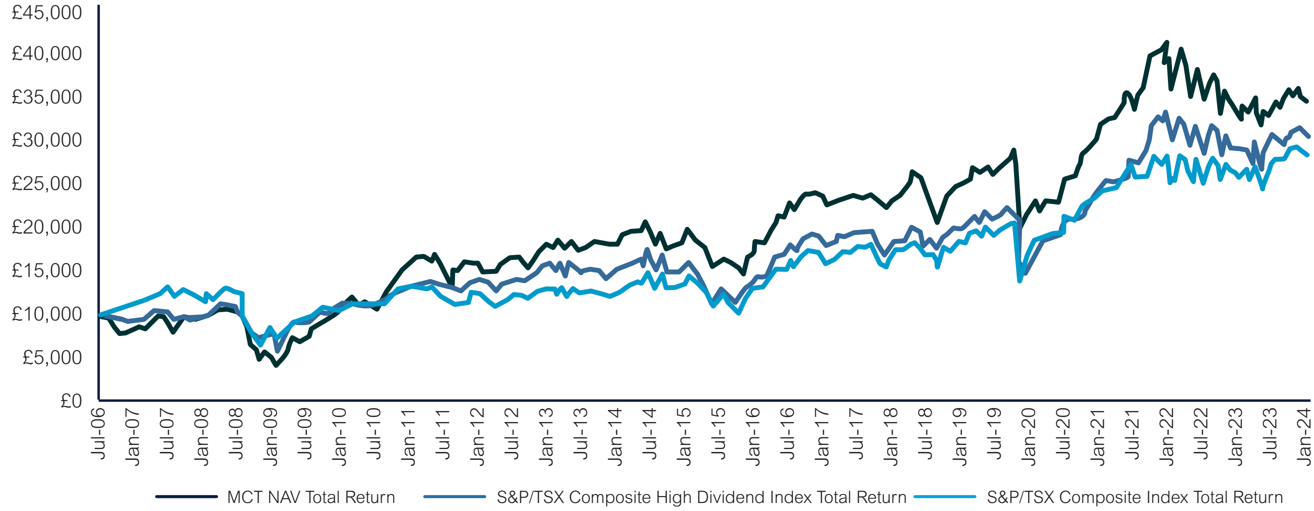




MCT

Historical Performance

Performance Since Inception to 30 June 2024



As at 30 June 2024

Notes:

1. *Net asset value total returns (in Sterling, net of fees and including the reinvestment of dividends).*
2. *The Fund's benchmark, the S&P/TSX High Dividend Index ("**Benchmark**"), has been currency adjusted to reflect the Canadian Dollar ("**CAD**") returns from inception to October 2011 (while the Fund was CAD hedged) and Sterling ("**GBP**") returns thereafter.*

Recent Performance	1 Mth	3 Mth	6 Mth	1 Year
Share Price	-4.2%	2.6%	4.6%	4.8%
NAV	-1.6%	-2.6%	1.9%	3.9%
Benchmark	-2.5%	-2.6%	0.3%	3.7%
S&P/TSX Composite Index	-1.0%	-1.7%	3.4%	9.1%

Long-Term Performance	3 Year annualised	5 Year annualised	7 Year annualised	10 Year annualised	Since inception annualised
Share Price	2.3%	6.2%	5.4%	4.1%	6.2%
NAV	2.3%	5.7%	5.5%	5.2%	6.7%
Benchmark	5.9%	7.9%	7.2%	6.2%	6.4%
S&P/TSX Composite Index	5.7%	8.5%	8.3%	7.5%	6.3%

Long-Term Performance	3 Year cumulative	5 Year cumulative	7 Year cumulative	10 Year cumulative	Since inception cumulative
Share Price	7.1%	35.2%	44.8%	49.8%	194.0%
NAV	7.1%	32.3%	45.2%	66.5%	221.3%
Benchmark	18.8%	46.0%	62.5%	83.3%	207.3%
S&P/TSX Composite Index	18.1%	50.2%	75.1%	107.0%	199.7%

Sources: Middlefield, Bloomberg. As at 30 June 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.

1. *Total returns including the reinvestment of dividends for all returns. Fund returns are net of fees*
2. *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*
3. *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*

Responsibility Statement

We confirm that to the best of our knowledge:

- The interim report and financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Chairman’s Report and Investment Manager’s Interim Report include a fair review of the development, performance and position of the Company and a description of the risks and uncertainties as disclosed in note 16 to the interim financial statements that it faces for the next six months as required by DTR 4.2.7.R of the disclosure Guidance and Transparency Rules.
- The Investment Manager’s Interim Report and note 13 to the interim financial statements include a fair review of related party transactions and changes therein, as required by DTR 4.2.8.R of the Disclosure Guidance and Transparency Rules.

By order of the Board

Michael Phair
Chairman

Andrew Zychowski
Audit Committee Chair

Date: 19 September 2024

Chairman's Statement

Michael Phair
Chairman

It is my pleasure to present the Half-Yearly Financial Report for the period ended **30 June, 2024 for Middlefield Canadian** Income PCC ("MCT" or the "Company") **and its closed-ended cell, Middlefield** Canadian Income – GBP PC (the "Fund"). The Fund invests primarily in dividend-paying Canadian equities, with the objective of providing shareholders with a high level of dividend as well as capital growth over the longer term.

Investment Performance

The Fund had good relative performance in the first half of 2024 (H1). It generated total returns of 4.6 per cent on its share price and 1.9 per cent on net assets, which are both higher than the benchmark total return of 0.3 per cent Financials, Energy and Utilities were all positive contributors primarily due to sector allocation and stock selection gains. The Investment Manager believes that H1 represents the early stages of a sustained period of outperformance relative to the benchmark following a period of challenging market conditions for the Fund's core sectors.

The Board has regular contact with the Investment Manager, Middlefield Limited, to discuss broad strategy and review its investment approach, gearing and sector allocations. We remain satisfied that the Investment Manager is applying the strategy consistently and professionally and are confident that the Investment Manager's outlook and the Fund's corresponding positioning will deliver good performance over time.

Investment Management

Middlefield Limited, the Fund's Investment Manager, has over 40 years of investing experience in the Canadian market. The Investment Manager uses an actively managed strategy, allowing it to take advantage of market dislocations. Given the high levels of cash flow and dividends that Canadian equities offer, and the valuation discounts at which they trade relative to U.S. companies, the Board remains supportive of the Investment Manager's decision to maintain a significant geographic exposure to Canada. The ability to tactically overweight or underweight certain sectors as market dynamics evolve is an important element of the Fund's active management strategy.

Share Rating and Buybacks

The Fund's share register continues to be supported by long-term institutional shareholders. In May 2024, the Fund's lead portfolio managers, Dean Orrico and Rob Lauzon, met with many existing and prospective investors on a roadshow organized by Kepler Partners and Investec in London and surrounding regions. This included an exclusive event featuring the CEO of Enbridge Inc., a C$100 billion market capitalisation company and the Fund's largest position.

The Board also believes that enhancing the Fund's profile with retail investors will increase demand for the stock. Towards this aim, the Investment Manager publishes comprehensive and insightful Fund monthly commentaries which are distributed to 700 existing and prospective investors, many of which have subscribed to these communications on MCT's website. Direct retail investors are estimated to currently represent 24 per cent of the shareholder register, and the Investment Manager is focusing its efforts on growing that percentage over time.

The Fund's share price discount to NAV narrowed slightly from 16.8 per cent at 31 December 2023 to 15.0 per cent at 30 June 2024. Against a backdrop of a reducing interest rate environment and improving performance, the share price discount had further reduced to 12.4 per cent as at 18 September 2024.

The Investment Manager and the Broker monitor the Fund's share price and discount on a daily basis and the Board regularly considers the level of the Fund's discount rating. Given the Fund's positive performance year to date and the Investment Manager's constructive outlook for the portfolio's holdings for the rest of 2024 and beyond, the Company has since 28 August 2024 purchased for cash 40,000 Fund Shares, in aggregate to be held in treasury.

In assessing whether to conduct buybacks, the Board will continue to consider the magnitude of the Fund's share price discount and the benefits to shareholders that may be gained from the Company buying back its own shares, in conjunction with market factors, the discount ratings of comparable funds, and the size of the Company and the shrinkage in its asset base which necessarily results from the Company repurchasing its own shares.

Fund Sector Weights Compared to Benchmark as at 30 June 2024

Sector Allocation	MCT	Benchmark	Over/ Underweight
Financials	25.0%	30.3%	-5.3%
Real Estate	21.1%	4.6%	16.5%
Energy	17.6%	14.9%	2.7%
Pipelines	16.9%	15.5%	1.4%
Utilities	11.1%	13.9%	-2.8%
Communication Services	6.2%	9.8%	-3.6%
Materials	2.1%	6.1%	-4.0%
Industrials	0.0%	0.9%	-0.9%
Consumer Discretionary	0.0%	3.1%	-3.1%
Healthcare	0.0%	0.6%	-0.6%
Consumer Staples	0.0%	0.3%	-0.3%
Information Technology	0.0%	0.0%	0.0%
Total	100.0%	100.0%	

Source: Middlefield, Bloomberg

The background to the Fund's performance is explained in depth by Mr Dean Orrico in the Investment Manager's accompanying report.

Gearing

The Fund reports its gearing relative to net and total assets in its monthly fact sheet. Gearing relative to total assets was consistent throughout H1. This compares to the Fund's upper limit of being able to borrow up to 25 per cent of its total assets at the time of drawdown. Net gearing, which represents borrowings as a percentage of net assets, is the AIC standard measure of gearing. Net gearing at the start of the year was 17.1 per cent and ended the period on 30 June 2024 at 18.3 per cent. The cost of borrowing has also come down in 2024. The Board continues to believe the use of gearing is warranted at prevailing interest rates due to an expected total return that exceeds total borrowing costs. The Board will continue to weigh the benefits of gearing against the associated risks and costs and monitors the spread between interest expenses and the yield of the portfolio to ensure the use of leverage remains in the best interests of shareholders.

Chairman's Statement continued

Earnings and Dividends

In light of the excess earnings generated by the Fund in 2023, together with the prospect of dividend growth from the underlying portfolio, the Board approved a 0.1p increase in the annual dividend target in early 2024. Two quarterly interim dividends each of 1.325p per share were paid on 31 January 2024 and 30 April 2024, representing a 2% increase to quarterly payments made in the previous financial year. A further quarterly dividend of 1.325p was paid on 31 July post the half year end. Consistent dividend growth is a core consideration for the Fund's security selection process and factored into the Board's decision to increase the dividend. The Company's revenue earnings per share totalled 2.80p for the six months ended 30 June 2024, reflecting a dividend coverage ratio of 1.06. This compares to dividend coverage ratios of 1.09 in 2023 and 1.16 in 2022. The dividend coverage ratio was impacted by a higher interest cost of borrowing which has started to reduce post the half year end with the Bank of Canada reducing interest rates. These figures are targets only and do not constitute, nor should they be interpreted as, a profit forecast. The Board regularly reviews the Fund's dividend coverage and, subject to the legal requirements of the Companies' Law, market conditions, as well as the Fund's earnings, it will continue to consider whether further dividend increases are warranted in the future.

Related Party Transactions

The Company's related parties are its directors and the Investment Manager. There were no related party transactions (as defined in the Listing Rules) during the year under review, nor up to the date of this report.

Details of the remuneration paid to the directors and the Investment Manager during the period under review are shown in note 13.

Material Events

The Board is not aware of any significant event or transaction which occurred between 1 July 2024 and the date of publication of this statement which could have a material impact in the financial position of the Fund.

Company and Fund Annual General Meetings

At each of the Company and Fund's Annual General Meetings held on 13 June 2024, all resolutions, relating to both ordinary business and special business, were duly passed on a poll.

Board Composition and Succession Planning

In keeping with the high standards of corporate governance, the Board regularly considers future succession. In recent years, we have experienced significant Board refreshment, with several retirements and new appointments.

The Board now comprises five non-executive directors, of whom four are independent and 40% are female, including the senior independent director.

Contact

Shareholders can write to the Company at its registered office or by email to the Secretary at **middlefield.cosec@jtcgroup.com.**

Principal Risks and Uncertainties

Geopolitical tensions are high in several regions around the world, including Eastern Europe, the Middle East and the South China Sea. The war in Ukraine has been ongoing for more than two years and has resulted in Russia being isolated from a significant portion of the global economy. The war between Israel and Hamas, which started in October 2023, has the risk of spilling over into a broader conflict between Israel and its allies and Iranian-backed groups. The conflict has reached points of direct conflict between the two nations, including a situation where Iran fired over 300 missiles and drones directly at Israel for the first time in history. These actions resulted in direct retaliation by Israel against Iran and its proxies. These conflicts have the potential to further disrupt trade relationships, supply chains, capital flows and equity market behaviour. Considering U.S. Congress passed a $95 billion foreign aid package in April 2024, we do not expect any material de-escalation in the near-term.

Although inflation has come down in recent months, it still remains above central bank targets in most regions. This has caused central banks to adopt restrictive monetary policies by raising the cost of borrowing and slowing the pace of bond purchases. While restrictive monetary policy helps to combat inflation, it could lead to risks and consequences if it is maintained for too long. These include a significant reduction in consumer spending, high unemployment, lower profit margins from higher borrowing costs and market volatility.

Most central banks are expected to be finished hiking rates. There is, however, uncertainty as to the pace and timing of monetary easing. The Bank of Canada cut interest rates in June, July, and September 2024, causing its currency to depreciate relative to GBP and the U.S. dollar. While the subsequent rate cut by the European Central Bank and Bank of England in July partially mitigated the Canadian dollar's depreciation, the initial impact of the Bank of Canada's actions remains evident. Unsynchronized monetary policies from global central banks could lead to outsized movements in currencies as capital flows are typically attracted to countries with more restrictive policies. This can lead to supply/demand imbalances for government bonds and affect corporate earnings for companies with international operations.

2024 is an unusually busy year for elections. So far, new leaders have been elected in the U.K., Mexico, Iran and Pakistan while incumbent leaders in France and India have weakened positions of power in their respective countries. The United States will hold its Presidential election in November 2024, while Canada is expected to hold an election no later than October 2025. Election outcomes have the potential to inject uncertainty into the stock market. Regime change or shifts in the balance of power often lead to changes to government policies including tax reforms, trade agreements or foreign policy strategies.

Managing Risks

The Company's risk assessment and the way in which significant risks are managed is an area of focus for the Board. Work here is driven by the Board's assessment of the risks arising in the Company's operations and identification and oversight of the controls exercised by the Board and its delegates, the Investment Manager and other service providers. These are recorded in the Company's business risk matrix, which continues to serve as an effective tool to highlight and monitor the principal risks.

The directors consider the principal risks of the Company to be those risks, or a combination thereof, that may materially threaten the Company's ability to meet its investment objectives, its solvency, liquidity or viability. In assessing the principal risks, the directors considered the Company's exposure to and likelihood of factors that they believe would result in significant erosion of value such as the impacts of climate change, a global recession, wars in Eastern Europe and the Middle East, higher borrowing costs, rebounding inflation, tightening credit conditions, fluctuating commodity prices and sharp moves in foreign exchange rates.

At the time of this report, inflation, higher interest rates and fluctuating foreign exchange rates are impacting the Company and its investments. While the long-term severity and impact on the Company's principal risks cannot currently be predicted with any accuracy, it is expected that an extended period of restrictive monetary policy would have detrimental lagged effects.

Outlook

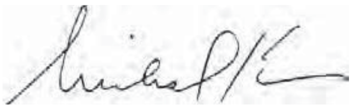
With the Bank of Canada officially entering a cycle of policy easing on 5 June, 24 July, and 4 September, we are optimistic that the relative performance of Canadian equities will improve in the second half of the year.

Several of the Fund's core sector exposures, including Real Estate, Utilities, Pipelines and Financials, are poised to benefit from lower interest rates. As of early September, markets are pricing an additional two interest rate cuts from the BoC before the end of 2024, which should serve as a powerful tailwind for margins in these sectors. More importantly, as long as we avoid a severe economic slowdown, we believe falling rates should boost investor sentiment in these areas and result in capital flows returning to dividend-paying equities in Canada.

The country's population has grown by more than 8 per cent since before the pandemic, resulting in the highest population growth of any developed nation in the world. This should continue to support robust consumer spending and opportunities for growth in domestic end-markets. Canada is also a global leader in responsible energy production, led by several world-renowned energy producers and infrastructure companies. The Investment Manager believes that oil, gas, and other commodities produced in Canada will have firm price support over the coming years – especially if geopolitical tensions in Eastern Europe and the Middle East do not de-escalate soon. Canadian companies in the Energy and Materials sectors have accrued decades of technical expertise and operate their businesses under global best-practices, offering unique, high-quality exposure to resources.

Despite having similar expected earnings growth over the next two years, Canadian equities are trading at an unprecedented valuation discount to U.S. stocks. With a dividend yield of more than 5 per cent, the Fund also provides a stable and growing stream of income to investors in the form of quarterly distributions. We believe the current valuation discount embedded in Canadian equities offers a compelling entry point into high-quality Canadian companies. We continue to advocate that U.K. investors seeking North American equity exposure should allocate capital to Canada.

The Board joins me in thanking you for your continued support.



Michael Phair
Chairman

19 September 2024

Middlefield Group is a private and independent asset manager focused on equity income investment strategies. Located in Toronto, Canada, the company oversees a suite of funds, many of which have been recognised for excellence in various investment categories. **Middlefield specialises in managing diversified equity income strategies** for UK and Canadian investors with a particular focus on delivering stable distributions and capital appreciation over the long term.

Investment Manager's Interim Report

Dean Orrico

The continued momentum in stocks linked to A.I. led to robust market returns during the first half of 2024 (H1). In the U.S., market leadership was extremely narrow, with Index heavyweights Microsoft, Nvidia, Apple, Google, Amazon, and Meta contributing 62 per cent of the S&P's 16.4 per cent total return (British Pounds). The TSX Composite Index lagged the S&P 500 in H1 due to its lower exposure to technology stocks and greater weighting to cyclical and value sectors. Even so, Canadian equities generated a respectable total return of 3.4 per cent in British Pounds and an above-average return of 6.1 per cent in Canadian dollars.

The rally in technology stocks has lifted the forward price-to-earnings multiple on the S&P 500 to 23x – an 8-point premium to the TSX Composite. This represents the largest valuation gap between the two country's indices in 25 years and, in our opinion, an extremely attractive entry point in Canadian equities. This comes at a time where future earnings growth between the two benchmarks is comparable. The TSX is expected to generate earnings growth of 13.8 per cent in 2025 and another 7.4 per cent in 2026 which compares to 13.5 per cent and 8.2 per cent for the S&P 500. Put simply, Canadian equities currently offer similar earnings growth versus U.S. stocks while trading at an unprecedented valuation discount. Although the earnings growth rate for the TSX High Dividend Index is expected to be lower than for the TSX Composite at 8.2 per cent and 4.7 per cent respectively the valuation gap to the S&P 500 is even greater with a 9-point gap in the forward price-to-earnings multiple.

We expect lower interest rates to be a catalyst in narrowing the valuation discount in Canadian equities. The Bank of Canada (BoC) officially initiated its first easing cycle in four years with a cut to the overnight policy rate on 5 June, followed by further cuts on 24 July and 4 September. Markets are currently pricing an additional 2 cuts from the BoC over the next six months. Historically, the TSX has averaged double-digit gains twelve months after the first BoC rate cut. We believe core defensive yield sectors including utilities, telecommunications and real estate are particularly well-positioned to outperform against a falling rate backdrop.

A common theme that emerged in economic data throughout H1 was normalisation. Growth expectations, inflation, and employment statistics have all been easing from abnormally high levels in recent months. We view this trend positively as long as the pace of easing remains gradual, as we expect. Although the Canadian dollar depreciated against the British Pound in H1, we anticipate this pressure to ease in the coming months. We are not forecasting a recession in the U.S. or Canada over the next twelve months and believe the evolving macro landscape is conducive to continued strong performance from North American equity markets.

Canada's population has increased 8 per cent since before the pandemic. While there are many Canadian companies that will benefit from such a rapid increase in domestic demand, we believe Real Estate is among the biggest beneficiaries. Supply of real estate has not kept pace with the surge in demand, causing Canada's per capita housing stock and shopping centre space to fall by 2 per cent and 6 per cent respectively over this period.

Investment Manager's Interim Report continued

As a result, rents have increased while vacancy rates have fallen to historic lows within these asset classes. Apartment rents have risen close to 10 per cent year-over-year while retail property leasing spreads are currently exceeding 10 per cent. The operating environment is as attractive as it has ever been for these real estate sectors and, when investor focus finally shifts away from the headwind of rising interest rates, we expect a swift re-rating in REIT unit prices. Real Estate remains the Fund's largest active sector weight relative to the Benchmark. The Fund's core real estate exposure areas include necessity-based retail, apartments, industrial, and seniors housing.

We maintain a positive outlook on Canadian energy stocks. As at 30 June 2024, the Fund had 17.6 per cent of its portfolio allocated to Canadian energy producers, 2.7 per cent above the Benchmark weighting. Energy producers should benefit from stable commodity prices in H2, supported by attractive supply/demand fundamentals and geopolitical tailwinds. They are also poised to get a boost to pricing from additions to export capacity. LNG Canada, the largest private infrastructure project in Canada's history, will become operational in 2025. With an export capacity of 1.8 Bcf/d, Canadian gas producers will benefit from a material boost to production egress and be able to access global markets. Oil producers are also getting a lift from the recently completed Trans Mountain Pipeline project (TMX), which added 590,000 barrels of crude oil capacity per day. The Canada Energy Regulator estimates that the added capacity will add approximately $9 per barrel to what Canadian producers currently receive. Both projects will stimulate robust production and cash flow growth for Canadian energy companies which should lead to increased share buybacks, dividends and special distributions to shareholders. Canadian Natural Resources is our preferred oil-weighted producer and Tourmaline is our favourite company for natural gas exposure.

We hold an equally positive view on Canadian energy infrastructure companies (i.e., pipelines) and are overweight the Benchmark by 1.4 percentage points. Both LNG Canada and the TMX pipeline are expected to stimulate multi-billion-dollar investments from energy producers and will require a significant build-out of energy infrastructure to connect increasing production to this new infrastructure. Looking beyond Western Canada, natural gas will serve a key role in powering new data centres and fuel the surging electricity demand from corporations. Pipeline companies will play a critical role in gathering, processing and transporting natural gas volumes throughout North America to LNG export terminals. Enbridge, TC Energy and Pembina Pipeline are three core holdings that have exposure to both Canadian and US energy basins and are well-positioned for the upcoming capital expenditure cycle.

Financials represented 25.0 per cent of the portfolio at the end of H1 – the largest sector weight in the portfolio. With rebounding capital markets activity and increased focus on cost-cutting, the sector returned 5.3 per cent in H1. Canada-centric banks have outperformed those with significant U.S. exposure recently, mainly due to idiosyncratic reasons, and we have re-positioned our exposure to banks accordingly. The regulatory environment in Canada is also supportive of the banks' capital ratios, with OSFI maintaining the Domestic Stability Buffer. The Fund has been diversifying its exposure to financials by adding insurance companies and asset managers to the portfolio. These positions will expose the Fund to more profitable segments and geographies as broad-based equity markets reach all-time highs. As fund flows continue to improve, we maintain a positive outlook for Canadian asset managers in the second half of the year.

The Fund had 11.1 per cent of the portfolio allocated to the utilities sector at the end of H1, below the Benchmark weight of 13.9 per cent. This underweight positioning was additive to performance in H1, with utilities having the second highest attribution during the period behind communication services, which was also underweight. After facing a series of challenges in 2023, including cost overruns and project delays, the utilities sector continued to lag the TSX index with a total return of -1.1 per cent in H1. Despite these past challenges, the surging demand for electricity to power new data centres is a trend that has caused us to take a more positive stance on the sector. We remain bullish on the sector's long-term growth prospects and expect upcoming rate cuts to help improve sentiment for this sector. Our preferred picks include Capital Power, AltaGas and Emera.

Top Holdings

Top Holdings as at 30 June, 2024

Company	Sector	% of Equities
Enbridge Enbridge is one of the largest energy infrastructure companies in North America with an extensive delivery network of crude oil, natural gas, natural gas liquids and renewable energy. ENB also provides gas utility services in Ontario, Quebec, and New Brunswick. It is actively investing in low carbon technologies such as solar, wind and hydro power generation facilities. ENB's goal is to achieve net-zero emissions by 2050 and reduce its greenhouse gas emissions by 30% by 2025.	Pipelines	4.4%
Royal Bank of Canada RBC is Canada's largest bank by market capitalisation, with over a trillion dollars in assets. It serves Middlefield, as well as more than 17 million customers in Canada, the US and approximately 30 other countries. RBC recently acquired HSBC Canada and are focusing on consolidating the Canadian Personal & Consumer banking segment.	Financials	4.4%
Tourmaline Oil Tourmaline Oil (TOU) is Canada's largest natural gas producer, which primarily focuses on exploration and development in the Alberta Deep Basin. TOU possesses a strong balance sheet and is the lowest capital cost producer among gas-focused peers. Its deep inventory ownership and continuous cost improvements help TOU maintain its best-in-class capital efficiency.	Pipeline	4.4%
BCE Inc. As a telecommunications and media conglomerate, Bell Inc has played a pivotal role in shaping Canada's connectivity landscape. With roots in the country's telecom history, Bell offers diverse services, including wireless and wireline communications, internet, television, and media. Grounded in a legacy of innovation, Bell Inc remains at the forefront of technological advancements, providing cutting-edge solutions that cater to the evolving needs of consumers and businesses.	Communication Services	4.3%
Canadian Natural Resources Canadian Natural Resources (CNQ) is an independent energy producer with operations focused in Western Canada, the UK and offshore Africa. We view CNQ as a premier global E&P with a differentiated asset base, low corporate declines & breakeven costs, and leading ESG performance. Through the Pathways Alliance, CNQ is a global leader in carbon capture and is developing other critical technologies for reducing emissions.	Energy	4.3%
Manulife Financial Founded in 1887, Manulife Financial is a leading insurance provider in Canada's financial sector. Offering a comprehensive range of financial solutions, the company operates through a widespread network and digital platforms. With a focus on insurance, wealth management, and investments, Manulife's commitment to innovation and customer satisfaction cements its prominent position in the global financial landscape.	Financials	4.0%

Top Holdings continued

Company	Sector	% of Equities
Pembina Pipeline Pembina Pipelines is an established and reputable transportation and midstream provider with over 65 years of operational history. Its assets are diversified across the hydrocarbon value chain, including pipelines, gathering & processing, and NGL midstream operations in Canada and the US. The company is actively investing in low-carbon and sustainability solutions such as carbon capture and storage to offset greenhouse gas emissions.	Pipelines	3.8%
Bank of Montreal BMO, which was founded in 1817, has grown to be Canada's fourth largest bank. For over two centuries, BMO has maintained a consistent record of dividend payments. It has a well-established commercial banking business that it plans to grow through new product offerings and superior customer experience. BMO conducts its business in the US through its subsidiary, BMO Harris Bank, which has over 500 branches.	Financials	3.7%
TC Energy TC Energy (TRP) is a Canadian-based energy infrastructure company that owns and operates natural gas pipelines. TRP's 93,600 km network of pipelines delivers 30% of North America's natural gas, playing a vital role in transporting fuel to where it's needed most. TRP is spinning off its liquids pipeline business under a new and dedicated company, South Bow Corp., pending regulatory approval.	Pipelines	3.2%
Capital Power Capital Power is a Canadian power generation company. It owns approximately 7,500 MW of power generation capacity at 29 facilities across Canada and the US. It is currently implementing a $1.3 billion growth plan through 2024 which includes investments in natural gas and renewable assets. It is also investing in carbon capture technologies which is in line with its target of eliminating 7 million tons of carbon annually from its portfolio.	Utilities	3.0%

Outlook

We believe cyclical and value sectors are poised to outperform in H2. The A.I. theme has lifted valuations in technology and communication services sectors, presenting little opportunity for further multiple expansion. This has resulted in the largest valuation discount between the TSX Composite and S&P500 in over 25 years. We believe the Fund's core exposures within real estate, financials, and energy should benefit once capital flows out of high-multiple growth sectors and money market funds into more reasonably priced areas of the market. As a result, we feel Canadian companies currently offer better risk-adjusted returns at a cheaper valuation compared to their US peers.

The Bank of Canada has shifted towards an easing monetary policy, and we expect sentiment to improve for rate sensitive sectors. Despite being out of favour, fundamentals in these areas are attractive and support sustainable earnings growth. Canadian REITs continue to benefit from a structural demand/supply imbalance which will drive consistent rent growth for many years to come. The build-out of the A.I. industry will require significant additional energy capacity to power data centres and provide growth opportunities within the utilities and pipeline sectors. We believe there is significant upside in many of these companies once investors are less focused on rates and more on company fundamentals.

Canadian corporations have returned record amounts of capital to shareholders recently in the form of dividends and share buybacks, which is a trend we expect to continue. The Fund is focused on high-quality companies with visibility into free cash flow and dividend growth. MCT's portfolio emphasises high dividend paying stocks which have a long track record of consistently increasing dividends. Over the past five years dividends received by the Fund's portfolio have increased by 7.8% per annum, exceeding the 7.2% per annum growth rate for the Benchmark.

Middlefield Limited

ESG

Environment, Social and Governance (“ESG”) Policy and Stewardship Principles:

ESG Policy

As Investment Manager, Middlefield Limited (“Middlefield”) has a duty to maximise investment returns for the shareholders of the Fund, without undue risk of loss. Middlefield does this within the investment limits of the Fund’s investment mandate. Although the Fund is not an ESG-focused or sustainable fund, Middlefield incorporates ESG considerations into its investment process to aid decision making, identify potential risks and opportunities and to enhance long-term, risk-adjusted returns. Stephen Erlichman, one of the foremost experts on governance in Canada, serves as Chair, ESG for Middlefield to augment its ESG capabilities and processes.

It is Middlefield’s responsibility to employ a disciplined investment process that seeks to identify attractive investment opportunities and evaluate material risks that could impact portfolio returns. Middlefield believes that ESG factors have become an important component of a thorough investment analysis and that the integration of ESG factors will result in a more comprehensive understanding of a company’s strategy, culture, and sustainability. Consistent with these objectives, Middlefield integrates ESG considerations into its investment process and these considerations are significant factors in selecting portfolio companies for its ESG-focused mandates. Our current ESG integration process includes the following:

1. Middlefield incorporates ESG scores and other ESG data in its multi-disciplined investment process to evaluate investments. Its methodology includes a qualitative review and assignment of ESG scores to individual holdings. Each company is analysed on an absolute basis and measured relative to its peers. The ESG scores and other ESG data are not the sole factors that govern its investment decisions, however, but rather constitute part of the information it reviews and considers alongside its fundamental, quantitative and qualitative research.
2. The ESG scoring framework considers the average ESG scores from several reputable third-party data providers. In addition, it cross-references potential investments with the constituents of relevant ESG indices to assess their eligibility in ESG-focused mandates. The data providers it has chosen to incorporate into its ESG analysis currently are Sustainalytics, S&P, Bloomberg and Refinitiv.
3. ESG considerations also are integrated into our investment process by, among other things:
   - reviewing companies’ public disclosure, including annual reports, proxy circulars, and, if available, sustainability or ESG reports;
   - conducting research and analysis on companies’ ESG policies and practices;
   - obtaining third party research on companies;
   - engaging with companies, including from time to time having discussions with management teams (both before purchasing shares for the portfolios and while our portfolios own such shares) on topics such as what initiatives and strategies have been put in place by the companies to deal with ESG considerations material to such companies; and
   - monitoring shareholder meetings and voting proxies.

Many countries have established or are in the process of establishing standardised ESG disclosure requirements for corporate issuers. When enacted, these are expected to enhance the efficiency of the ongoing review and monitoring of a company’s ESG practices.

Middlefield’s approach to ESG integration may evolve over time as more ESG and sustainability research and data become available.

In addition to Middlefield’s integration of ESG considerations into its investment process, Middlefield has adopted Stewardship Principles and activities as set out below which are complementary to its ESG integration process.

Middlefield’s Stewardship Principles

Middlefield, as a Canadian asset manager, understands it has the responsibility to be an effective steward of the assets it manages for its clients in order to enhance the value of those assets for the benefit of its clients. The Canadian Coalition for Good Governance (“CCGG”) has published a set of seven stewardship principles, which have become recognised as Canada’s stewardship code for institutional asset owners and asset managers.

Middlefield believes that CCGG’s stewardship principles should be tailored for asset managers depending on various factors, such as the size of the asset manager and the type of assets managed. Set out below are CCGG’s seven stewardship principles and a description of how Middlefield, as an independent Canadian asset manager whose predominant assets are public and private investment funds that invest in Canadian and international equities, carries out or intends to carry out such principles.

Principle 1.

Develop an approach to stewardship: Institutional investors should develop, implement, and disclose their approach to stewardship and how they meet their stewardship responsibilities.

Middlefield integrates stewardship into its investment process. Such integration includes:

- a procedure for voting proxies (see Principle 3 below);
- monitoring companies (see Principle 2 below);
- engaging with companies (see Principle 4 below);
- outsourcing stewardship activities (by, *inter alia*, utilising a proxy advisory firm to assist in monitoring companies and voting proxies);
- reporting to its clients (as required by law); and

- managing potential conflicts of interest (via Middlefield's Independent Review Committee mandated by National Instrument 81-107, as well as Middlefield's Code of Conduct).

Principle 2.

Monitor companies: Institutional Investors should monitor the companies in which they invest.

Middlefield monitors the companies in which it invests, including as follows:

- it reviews companies' public disclosures, including annual reports and proxy circulars;
- it conducts research and analysis on companies;
- it obtains third party research on companies;
- it engages with companies (see Principle 4 below); and
- it monitors formal shareholder meetings and, if there is a particularly important matter and it believes it is practical and appropriate to do so, it attends formal shareholder meetings.

Principle 3.

Report on voting activities: Institutional investors should adopt and publicly disclose their proxy voting guidelines and how they exercise voting rights.

Middlefield exercises voting rights attached to the securities held by the funds it manages as follows:

- Middlefield uses the following proxy voting guidelines:
    A. proxies will be voted in a manner that seeks to enhance the long-term sustainable value of the funds it manages; and
    B. proxies will be voted in a manner consistent with leading Canadian and international corporate governance practices.
- on routine matters, Middlefield generally supports management and the board unless there are unusual circumstances; and
- Middlefield uses the services of a proxy advisory firm to assist in voting proxies. Middlefield assesses the voting recommendations of the proxy advisory firm, but Middlefield also monitors leading Canadian and international corporate governance practices. Middlefield does not automatically follow the recommendations of the proxy advisory firm, but in most cases, it votes as recommended. Middlefield retains ultimate responsibility for all proxy voting decisions.

In addition, the public funds managed by Middlefield follow the proxy voting requirements of Part 10 of National Instrument 81-106 in regard to establishing policies and procedures for proxy voting and in regard to preparing and disclosing their proxy voting records.

Principle 4.

Engage with companies: Institutional investors should engage with portfolio companies.

Middlefield engages with portfolio companies as follows:

- Middlefield engages with management of portfolio companies regularly, both before shares are purchased for the funds it manages and also while its funds own shares of the portfolio companies; and
- When Middlefield believes it is warranted, it may escalate engagement activities by engaging with directors, by voting against or withholding votes from directors or by voting against companies' "say on pay" resolutions.

Principle 5.

Collaborate with other institutional investors: Institutional investors should collaborate with other institutional investors where appropriate.

Middlefield collaborates with other institutional investors through investor associations to which Middlefield belongs such as the Responsible Investment Association (RIA).

Principle 6.

Work with policy makers: Institutional investors should engage with regulators and other policy makers where appropriate.

Middlefield's professional advisors, such as the law firms and accounting firms it retains, assist to keep it up to date on developments that are material to it as an asset manager. It utilises its professional advisors, and it also relies on the organisations to which it belongs, to engage on its behalf with regulators and policy makers where appropriate.

Principle 7.

Focus on long-term sustainable value: Institutional investors should focus on promoting the creation of long-term sustainable value.

Middlefield focuses on a portfolio company's long-term success and sustainable value creation, including as follows:

- Middlefield focuses on a company's management and strategy, as well as its risks (both company specific and systemic); and
- Middlefield considers environmental, social and governance factors that are relevant to a company and integrates such factors into its investment activities.

ESG continued

ESG Case Studies

Manulife (Top 25% ESG ranking and 4.0% of the portfolio as at 30 June 2024)

Summary:

Manulife Financial is a leading insurance provider in Canada's financial sector. Offering a comprehensive range of financial solutions, the company operates through a widespread network and digital platforms. With a focus on insurance, wealth management, and investments, Manulife's commitment to innovation and customer satisfaction cements its prominent position in the global financial landscape.

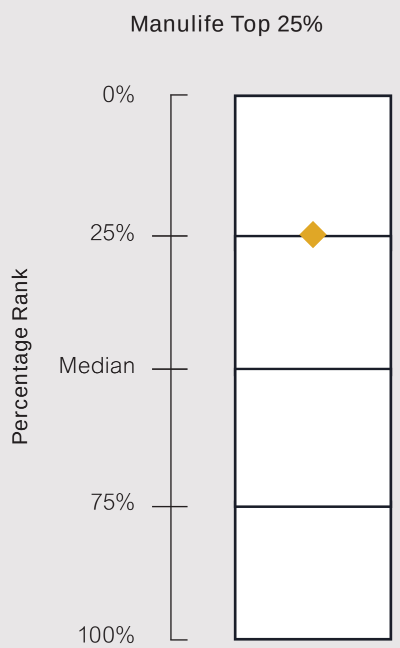
Highlights:

- Scored in the 93rd percentile among industry group for ESG ranking within the DJSI North American Index
- 90% of real estate investment portfolio is certified to "green building certification"
- 89th percentile employee engagement ranking amongst financial services peers

Top ESG Issues:

- Increasing accessibility of products and services within emerging markets to contribute to building an inclusive and equitable society
- Continue advancing on their Climate Action Implementation Plan, which includes targeted net zero financed emissions by 2050 and achieving 72% reduction in emissions intensity per KWh of power generation

ESG Ranking Relative to the Fund's Benchmark:



Sources: S&P, Sustainalytics, Bloomberg.

Pembina Pipelines (Top 27% ESG ranking and 3.8% of the portfolio as at 30 June 2024)

Summary:

Pembina Pipelines is an established and reputable transportation and midstream provider with over 65 years pipelines of operational history. Its assets are diversified across the hydrocarbon value chain, including gathering & processing, and NGL midstream operations in Canada and the US. The company is actively investing in low-carbon and sustainability solutions such as carbon capture and storage to offset greenhouse gas emissions.

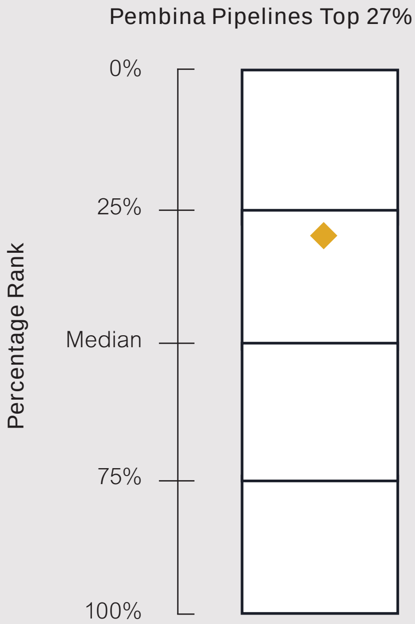
Highlights:

- Prioritising safety performance, with 35% reduction in significant incident frequency and ~30% reduction in lost workday injuries compared to 2022
- Launched an Emissions Data Management system to centralise emissions data, and also introduced the Indigenous Inclusion Network
- Exceeded their executive diversity target of 40% in 2023

Top ESG Issues:

- Continue investing in the energy transition to improve the basins in which they operate and ensure reliable, and responsibly produced and secure energy is supplied
- Focus on developing a detailed “30 by 30” roadmap in 2024 to provide a line-of-sight and meet decarbonisation demands, including a 14% reduction in Scope 2 emissions

ESG Ranking Relative to the Fund’s Benchmark:



Sources: S&P, Sustainalytics, Bloomberg.

Corporate Information

Registered Office

28 Esplanade
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Jersey JE2 3QA

Directors

Michael Phair (Chairman)
Kate Anderson (SID)
Janine Fraser
Dean Orrico
Andrew Zychowski

Service Providers

Administrator and Secretary
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Investment Advisor
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Investment Manager
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Custodian
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Registrar
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Jersey, JE2 3RT

CREST Agent, UK Paying Agent and Transfer Agent
Link Market Services Limited
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29 Wellington Street
Leeds, LS1 4DL

Independent Auditor
RSM Channel Islands (Audit) Limited
13-14 Esplanade
St Helier
Jersey, JE4 9RJ

Marketing Agent
Kepler Partners LLP
70 Conduit Street
London
W1S 2GF

Financial Calendar
Annual Results
Announced April 2024

Dividend Payment Dates
Last Business Day of January, April, July and October

Annual General Meeting
13 June 2024

Half Yearly Results
Announced 19 September 2024

Information Sources

For more information about the Company and Fund, visit the website
www.middlefield.co.uk

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Financial Statements

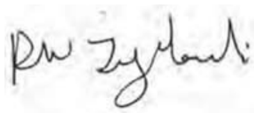
Condensed Statement of Financial Position of the Fund

As at 30 June 2024 with unaudited comparatives as at 30 June 2023 and audited comparatives as at 31 December 2023

	Notes	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Current assets				
Securities (at fair value through profit or loss)	3 & 18	**152,338,695**	155,698,731	146,643,502
Accrued dividend income		**708,104**	651,901	632,412
Prepayments		**6,949**	8,385	21,787
Cash and cash equivalents	4	**3,377,011**	1,961,577	4,433,118
		156,430,759	158,320,594	151,730,819
Current liabilities				
Other payables and accruals	5	**(389,998)**	(385,738)	(388,493)
Interest payable		**(76,953)**	(126,321)	(71,270)
Loan payable	14	**(26,882,228)**	(28,286,013)	(21,831,966)
		(27,349,179)	(28,798,072)	(22,291,729)
Net assets		**129,081,580**	129,522,522	129,439,090
Equity attributable to equity holders				
Stated capital	6	**49,704,414**	49,704,414	49,704,414
Retained earnings		**79,377,166**	79,818,108	79,734,676
Total Shareholders' equity		**129,081,580**	129,522,522	129,439,090
Net asset value per redeemable participating preference share (pence)	7	**121.22**	121.63	121.55

The financial statements and notes on pages 26 to 42 were approved by the directors on 19 September 2024 and signed on behalf of the Board by:

Michael Phair
Chairman



Andrew Zychowski
Audit Committee Chair

The accompanying notes on pages 30 to 42 form an integral part of these financial statements.

Condensed Statement of Comprehensive Income of the Fund

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

		Six months ended 30 June 2024			Six months ended 30 June 2023	Year ended 31 December 2023
	Notes	Revenue GBP	Capital GBP	Total GBP	Total GBP	Total GBP
Revenue						
Dividend income and Interest income	8	**4,566,852**	**–**	**4,566,852**	4,630,578	9,095,638
Net movement in the fair value of securities (at fair value through profit or loss)	9	**–**	**(363,728)**	**(363,728)**	(7,286,215)	(6,799,595)
Net movement on foreign exchange		**–**	**595,337**	**595,337**	669,496	698,809
Total revenue/(loss)		**4,566,852**	**231,609**	**4,798,461**	(1,986,141)	2,994,852
Expenditure						
Investment management fees		**179,627**	**269,442**	**449,069**	472,535	916,770
Custodian fees		**7,696**	**–**	**7,696**	7,297	15,323
Corporate Broker's fees		**32,262**	**–**	**32,262**	33,753	65,483
Other expenses		**357,615**	**–**	**357,615**	378,453	745,192
Operating expenses		**577,200**	**269,442**	**846,642**	892,038	1,742,768
Net operating profit/(loss) before finance costs		**3,989,652**	**(37,833)**	**3,951,819**	(2,878,179)	1,252,084
Finance costs		**(323,860)**	**(485,789)**	**(809,649)**	(782,815)	(1,570,018)
Profit/(loss) before tax		**3,665,792**	**(523,622)**	**3,142,170**	(3,660,994)	(317,934)
Withholding tax expense		**(677,768)**	**–**	**(677,768)**	(683,831)	(1,341,655)
Net profit/(loss) after taxation		**2,988,024**	**(523,622)**	**2,464,402**	(4,344,825)	(1,659,589)
Profit/(loss) per redeemable participating preference share – basic and diluted (pence)	10	**2.80**	**(0.49)**	**2.31**	(4.08)	(1.56)

The total column of this statement represents the Fund's Statement of Comprehensive Income, prepared in accordance with UK-adopted IFRS. There are no items of other comprehensive income, therefore profit/(loss) after taxation is the total comprehensive income. The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the AIC as disclosed in note 2a. All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

There are £nil (2023: £nil) earnings attributable to the management shares.

The accompanying notes on pages 30 to 42 form an integral part of these financial statements.

Condensed Statement of Changes in Redeemable Participating Preference Shareholders' Equity of the Fund

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2023		**49,704,414**	**86,931,602**	**136,636,016**
Loss for the period		–	(4,344,825)	(4,344,825)
Dividends	11	–	(2,768,669)	(2,768,669)
At 30 June 2023		**49,704,414**	**79,818,108**	**129,522,522**
Profit for the period		–	2,685,236	2,685,236
Dividends	11	–	(2,768,668)	(2,768,668)
At 31 December 2023		**49,704,414**	**79,734,676**	**129,439,090**
Profit for the period		–	2,464,402	2,464,402
Dividends	11	–	(2,821,912)	(2,821,912)
At 30 June 2024		**49,704,414**	**79,377,166**	**129,081,580**

The accompanying notes on pages 30 to 42 form an integral part of these financial statements.

Condensed Statement of Cash Flows of the Fund

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

	Notes	Six months ended 30 June 2024 GBP	Six months ended 30 June 2023 GBP	Year ended 31 December 2023 GBP
Cash flows (used in)/generated from operating activities				
Net profit/(loss) after taxation		**2,464,402**	(4,344,824)	(1,659,589)
Adjustments for:				
Net movement in the fair value of securities (at fair value through profit or loss)	9	**363,728**	7,286,215	6,799,595
Realised gains on foreign exchange		**(448,014)**	(1,185,979)	(1,345,395)
Unrealised (gains)/losses on foreign exchange		**(147,323)**	516,483	646,586
Payment for purchases of securities		**(33,846,697)**	(28,736,999)	(46,058,637)
Proceeds from sale of securities		**27,787,776**	28,724,444	55,587,931
Operating cash flows before movements in working capital		**(3,826,128)**	2,259,340	13,970,491
Increase in receivables		**(60,854)**	(30,539)	(24,452)
Increase/(decrease) in payables and accruals		**7,188**	(99,793)	(152,089)
Net cash flows (used in)/generated from operating activities		**(3,879,794)**	2,129,008	13,793,950
Cash flows generated from/(used in) financing activities				
Repayments of borrowings		**(190,761,180)**	(117,631,656)	(236,205,147)
New bank loans raised		**196,432,615**	118,810,394	230,999,895
Dividends paid	11	**(2,821,912)**	(2,768,669)	(5,537,337)
Net cash generated from/(used in) financing activities		**2,849,523**	(1,589,931)	(10,742,589)
Net (decrease)/increase in cash and cash equivalents		**(1,030,271)**	539,077	3,051,361
Cash and cash equivalents at the beginning of the period/year		**4,433,118**	1,523,392	1,523,392
Effect of foreign exchange rate changes		**(25,836)**	(100,892)	(141,635)
Cash and cash equivalents at the end of the period/year		**3,377,011**	1,961,577	4,433,118
Cash and cash equivalents made up of:				
Cash at bank	4	**3,377,011**	1,961,577	4,433,118

The accompanying notes on pages 30 to 42 form an integral part of these financial statements.

Notes to the Condensed Financial Statements of the Fund

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006 and is regulated as a collective investment fund under the Collective Investment Funds (Jersey) Law 1998 as amended. The Company has one closed-ended cell, Middlefield Canadian Income GBP PC, also referred to as the "Fund". 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. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and the U.S. that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. In 2015, shareholders also approved an amendment to the Investment Policy to increase the percentage of the value of portfolio assets which may be invested in securities listed on a recognized stock exchange outside Canada to up to 40 per cent.

The address of the Company's registered office is 28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands.

The Fund's shares have been admitted to the Official List of the FCA and to trading on the London Stock Exchange's Main Market for listed securities. The Company and Fund have no employees.

The functional and presentational currency of the Company and the Fund is Pounds Sterling ("GBP") as the Fund is trading on the London Stock Exchange's Main Market.

The half-yearly report and interim condensed financial statements have not been audited or reviewed by the auditor, RSM Channel Islands (Audit) Limited, pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'.

The information presented for the year ended 31 December 2023 does not constitute the statutory financial statements of the Company. Copies of the statutory financial statements for that year have been delivered to the Registrar of Companies in Jersey and to the UK Financial Conduct Authority's National Storage Mechanism. Copies are also available from the Company's website www.middlefield.co.uk. The Auditor's report on those financial statements was unqualified.

2. Principal Accounting Policies

a. Basis of preparation

The interim condensed financial information for the period ended 30 June 2024 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with UK-adopted IFRS as required by the UK Listing and Disclosure Guidance and Transparency Rules.

The interim condensed financial statements have been prepared on the historical cost basis, except for the revaluation of fair value through profit or loss investments, and in accordance with IFRS. The condensed statement of comprehensive income is presented in accordance with the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009 by the Association of Investment Companies ("AIC"), to the extent that it does not conflict with IFRS.

The condensed statement of financial position, condensed statement of comprehensive income, condensed statement of changes in redeemable participating preference shareholders' equity and condensed cash flow statement refer solely to the Fund. The non-cellular assets comprise two Management Shares. However, there has been no trading activity with regards to the non-cellular assets.

Adoption of new standards and amendments

The following amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2024 that have had an immaterial impact on the Company:

Disclosure of Accounting Policies – The International Accounting Standards Board issued amendments to IAS 1 and IFRS Practice Statement 2 making materiality judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosure (effective periods commencing on or after 1 January 2023).

Definition of Accounting Estimates – The International Accounting Standards Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors (effective periods commencing on or after 1 January 2023).

There are no other standards, interpretations or amendments to the existing standards that are not yet effective that would be expected to have a significant impact on the Company.

2. Principal Accounting Policies continued

a. Basis of preparation continued

New standards and interpretations not yet effective and have not been adopted early by the Company

- Amendments to IAS 1, 'Presentation of financial statements on classification of liabilities' (effective periods commencing on or after 1 January 2024 for IFRS).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

b. Going concern

In the opinion of the directors, there is a reasonable expectation that the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future. For this reason, the interim financial statements have been prepared on the going concern basis.

The directors have arrived at this opinion by considering, *inter alia*, the following factors:

- Ongoing shareholder interest in the continuation of the Fund;
- the Fund has sufficient liquidity in the form of cash assets to meet all on-going expenses;
- Should the need arise, the directors have options, including reducing dividend payments in order to positively affect the Fund's cash flows';
- the Fund's investments in Canadian and U.S. securities are readily realisable to meet liquidity requirements, if necessary; and
- assuming the Fund represented at least 30% of the average daily trading volume, an excess of 98% of the portfolio's holdings can be liquidated in under 5 working days.

3. Securities (at fair value through profit and loss)

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Quoted/listed Equities	**152,338,695**	155,698,731	146,643,502

Please refer to Note 18 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Cash at bank	**3,377,011**	1,961,577	4,433,118

Cash and cash equivalents comprise cash held by the Fund and bank balances with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

5. Other payables and accruals

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Investment management fees (Note 13)	**234,024**	231,418	220,372
Corporate Broker's fees	**16,716**	16,530	15,741
Audit fees	**19,393**	15,868	39,000
Administration fees	**33,432**	33,060	31,481
General expenses	**18,918**	14,313	22,334
Registrar's fees	**9,825**	9,299	9,466
Tax service fees	**10,241**	9,155	6,840
Custodian's fees	**3,004**	6,788	3,148
Marketing fees	**–**	4,000	–
Investor relations fee (Note 13)	**43,023**	43,537	40,111
National Insurance	**1,422**	1,770	–
	389,998	385,738	388,493

6. Stated capital

The authorised share capital of the Fund is split into two management shares of no par value and an unlimited number of redeemable participating preference shares of no par value, the latter of which are attributable solely to the Fund.

	No. of shares	GBP
Management shares issued		
2 management shares of no par value issued at 100.00 pence each	2	2
At 30 June 2024, 30 June 2023 and 31 December 2023	**2**	**2**
Redeemable participating preference shares issued (excluding shares held in treasury)		
At 31 December 2023	**106,487,250**	**49,704,412**
Movement for the year	–	–
At 30 June 2024	**106,487,250**	**49,704,412**
Total stated capital as at 30 June 2024		**49,704,414**

The holders of redeemable participating preference shares are entitled to receive in proportion to their holdings, all of the revenue profits of the Fund (including accumulated revenue reserves).

Each redeemable participating preference shareholder is entitled to one vote for each share held, provided all amounts payable in respect of that share have been paid.

Management shares are non-redeemable, have no right in respect of the accrued entitlement, and have no right to participate in the assets of the Fund on a winding-up. In all other respects, the management shares have the same rights and restrictions as redeemable participating preference shares. Each management share entitles the holder to one vote for each share held.

Redeemable participating preference shares are redeemed at the absolute discretion of the directors. Since redemption is at the discretion of the directors, in accordance with the provisions of IAS 32, the redeemable participating preference shares are classified as equity. The Fund will not give effect to redemption requests in respect of more than 25 per cent of the shares then in issue, or such lesser percentage as the directors may decide.

At the period end, there were 18,195,000 (30 June 2023: 18,195,000, 31 December 2023: 18,195,000) treasury shares in issue. Treasury shares have no value and no voting rights.

6. Stated capital continued

FCA regulation of 'non-mainstream pooled investments'

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream pooled investments). UK investment trusts are excluded from these restrictions, as are other "excluded securities" as defined by the FCA.

As reported in last year's annual report, the Board believes that the Company's shares are "excluded securities" under the FCA's definitions of such and, as a result, the FCA's restrictions on retail distribution do not apply. This status is reviewed annually and the Board intends to conduct the Company's affairs to retain such status for the foreseeable future.

Retained Earnings

This reserve records all net gains and losses and transactions with owners not recorded elsewhere. This reserve is available for distribution to the shareholders. Dividends paid to shareholders are recognised directly in this reserve.

7. Net asset value per redeemable participating preference share

The net asset value per share of 121.22p (30 June 2023: 121.63p, 31 December 2023: 121.55p) is based on the net assets at the period end of £129,081,580 (30 June 2023: £129,522,522, 31 December 2023: £129,439,090) and on 106,487,250 redeemable participating preference shares, being the number of redeemable participating preference shares in issue (excluding shares held in treasury) at the period end (30 June 2023: 106,487,250 shares, 31 December 2023: 106,487,250 shares).

8. Dividend and interest income

	Period ended 30.06.2024				
	Revenue GBP	**Capital GBP**	**Total GBP**	**30.6.2023 GBP**	**31.12.2023 GBP**
Interest income	**52,323**	**–**	**52,323**	35,673	91,389
Dividend income	**4,514,529**	**–**	**4,514,529**	4,594,905	9,004,249
	4,566,852	**–**	**4,566,852**	4,630,578	9,095,638

9. Net movement in the fair value of securities

	Period ended 30.06.2024				
	Revenue GBP	**Capital GBP**	**Total GBP**	**30.6.2023 GBP**	**31.12.2023 GBP**
Net movement in the fair value of securities (at fair value through profit or loss)	**–**	**(363,728)**	**(363,728)**	(7,286,215)	(6,799,595)

10. Profit/(loss) per redeemable participating preference share – basic and diluted

Basic profit/(loss) per redeemable participating preference share is calculated by dividing the net profit attributable to redeemable participating preference shares of £2,464,402 (30 June 2023: £4,344,825 loss, 31 December 2023: £1,659,589 loss) by the weighted average number of redeemable participating preference shares outstanding during the period of 106,487,250 shares (30 June 2023: 106,487,250, 31 December 2023: 106,487,250 shares). The allocation between revenue and capital can be found on the Statement of Comprehensive Income of the Fund on page 27.

11. Dividends

Dividends of 1.325 pence per share were paid on a quarterly basis during the year in the months of January and April £2,821,912 (30 June 2023: £2,768,669, 31 December 2023: £5,537,337) for the year. On 31 July 2024 a dividend of £1,410,956 was paid at 1.325 pence per share. In accordance with the requirements of IFRS, as this was approved on 4 July 2024, being after the reporting date, no accrual was reflected in the 2024 Interim Financial Statements for this amount of £1,410,956 (6 July 2023: £1,384,334).

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

12. Taxation

The Fund is subject to UK corporation tax at a rate of 19% (2023: 19%). The Company adopted UK tax residency on 11 October 2011. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. As an investment trust, all capital gains are exempt from UK corporation tax. On 7 December 2012, the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

13. Related party transactions

The directors are regarded as related parties and key management personnel. Total directors' fees earned during the period amounted to £73,666, of which £nil remained outstanding at the period end (30 June 2023: £80,935 of which £nil remained outstanding at the period end, 31 December 2023: £125,215 of which £nil was due at year end).

The Investment Advisor and Investment Manager are regarded as a related party due to common ownership. Total management fees paid during the period amounted to £449,069, of which £234,024 remained outstanding at the period end (30 June 2023: £472,536 of which £231,418 remained outstanding at the period end, 31 December 2023: £916,770 of which £220,372 was due at year end).

The Investment Advisor and Investment Manager are also paid an additional fee for investor relations services. The fee paid during the period amounted to £81,371, of which £43,023 remained outstanding at the period end (30 June 2023: £89,557 of which £43,537 remained outstanding at the period end, 31 December 2023: £170,748 of which £40,111 was due at year end).

The fees for the above are all arm's length transactions.

14. Loan payable

The Fund has a Credit Facility Agreement with RBC whereby RBC provides the Credit Facility, with a maximum principal amount of the lesser of CAD 75,000,000 and 25 per cent of the total asset value of the Fund. The credit facility was amended on 3 April, 2024 to replace Banker's Acceptances with CORRA (Canadian Overnight Repo Rate Average).

At 30 June 2024, the amount drawn down under the Credit Facility was CAD 46,500,000 (GBP equivalent at amortised cost of £26,882,228) (period ended 30 June 2023: CAD 48,000,000 (GBP equivalent at amortised cost of £28,286,013), 31 December 2023: CAD 37,000,000 (GBP equivalent at amortised cost of £21,831,966)). The loan value of CAD 46,500,000 was made up of four Term CORRA loans as follows:

Issue date	Maturity date	Loan amount
07 June 2024	08 July 2024	CAD25,500,000
14 June 2024	12 July 2024	CAD7,000,000
17 June 2024	17 July 2024	CAD9,000,000
21 June 2024	19 July 2024	CAD5,000,000

As at 30 June 2024, the interest paid on the Banker's Acceptance and Term CORRA loans totalled £768,265 (period ended 30 June 2023: £749,445, 31 December 2023: £1,388,175) with £76,953 accrued at period end.

As at 30 June 2023, pre-paid interest and stamping fees of £122,328 (year ended 31 December 2023: £43,075) were paid on the Banker's Acceptance.

Prime Loans, the Prime Rate minus 0.35 per cent. In the case of Term CORRA loan, a stamping fee of 0.60 per cent per annum is payable.

15. Security agreement

In connection with entry into the Credit Facility Agreement, the Fund has entered into a general security agreement with RBC, pursuant to which the Fund has granted RBC interests in respect of collateral, being all present and future personal property, including the securities portfolio, as security for the Fund's obligations under the Credit Facility Agreement.

16. Financial instruments

Fair values

The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents, loan payable and other payables approximate their fair values. In 2015, the percentage of the value of portfolio assets which may be invested in securities listed on a recognised stock exchange outside Canada was increased to up to 40 per cent.

16. Financial instruments continued

Management of capital

The Investment Manager manages the capital of the Fund in accordance with the Fund's Investment Objectives and Policy.

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and complied with those covenants for the whole of both 2024 and 2023.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be primarily invested in Canadian and U.S. equities portfolio.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market price risk, interest rate risk and currency risk.

Credit risk

Credit risk is the risk that an issuer or counterparty may be unable or unwilling to meet a commitment that it has entered into with the Fund.

The Fund's principal financial assets are bank balances and cash, other receivables and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of A, AA- and A+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers.

The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations. Where the Investment Manager makes an investment in debt or corporate securities, the credit rating of the issuer is taken into account to manage the Company's exposure to risk of default. Investments in debt or corporate securities are across a variety of sectors and geographical markets, to avoid concentration of credit risk.

The Fund's maximum exposure to credit risk is the carrying value of the assets on the Statement of Financial Position.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Fund's exposure to market price risk is comprised mainly of movements in the value of the Fund's investments.

It is the business of the Investment Manager to manage the portfolio and borrowings to achieve the best returns. The directors manage the risk inherent in the portfolio by monitoring, on a formal basis, the Investment Manager's compliance with the Company's stated Investment Policy and reviewing investment performance.

Country risk

On 17 January 2012, the FRC released "Responding to the increased country and currency risk in financial reports". This update from the FRC included guidance on responding to the increased country and currency risk as a result of funding pressures on certain European countries, the curtailment of capital spending programmes (austerity measures) and regime changes in the Middle East.

The Fund invests primarily in Canadian and U.S. securities. The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis. The Board has reviewed the disclosures and believes that no additional disclosures are required because the Canadian and U.S. economies are stable.

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

16. Financial instruments continued

Fair value measurements

IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the directors. The directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables present the Fund's financial instruments by level within the valuation hierarchy as of 30 June 2024, 30 June 2023 and 31 December 2023:

30 June 2024	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	152,338,695	–	–	152,338,695

30 June 2023	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	155,698,731	–	–	155,698,731

31 December 2023	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	146,643,502	–	–	146,643,502

The Fund holds securities that are traded in active markets. Such financial instruments are classified as Level 1 of the IFRS 13 fair value hierarchy. There were no transfers between Level 1, 2 and 3 in the year.

Price sensitivity

At 30 June 2024, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares for the year would have been £45,701,609 (30 June 2023: £46,709,619, 31 December 2023: £43,993,051) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

At 30 June 2024, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares for the year would have been equal, but opposite, to the figures stated above.

16. Financial instruments continued

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate sensitive assets and liabilities mainly comprise cash and cash equivalents, debt securities and loan payable. The cash and cash equivalents are subject to floating rates and are considered to be part of the investment strategy of the Fund. No other hedging is undertaken in respect of this interest rate risk.

There were no fixed rate assets or liabilities at 30 June 2024, 30 June 2023 and 31 December 2023.

The following table details the Fund's exposure to interest rate risk at 30 June 2024, 30 June 2023 and 31 December 2023:

	Floating rate assets					
	Weighted average interest at year end	30.06.2024 GBP	Weighted average interest at year end	30.06.2023 GBP	Weighted average interest at year end	31.12.2023 GBP
Assets						
Cash and cash equivalents	*	**3,377,011**	*	1,961,577	*	4,433,118
		3,377,011		1,961,577		4,433,118

* Interest on bank balances is not material to the financial statements and are based on prevailing bank base rates.

	Floating rate liabilities		
	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Liabilities			
Loan payable (See Note 14)	**26,882,228**	28,286,013	21,831,966
	26,882,228	28,286,013	21,831,966

The above analysis excludes short-term debtors and creditors as all material amounts are non-interest bearing.

Interest rate sensitivity analysis

At 30 June 2024, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to redeemable participating preference shares for the year would have decreased by £117,526 (30 June 2023: £131,622, 31 December 2023: £86,994) due to an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

Liquidity risk

Liquidity risk is the risk that the Fund cannot meet its liabilities as they fall due. The Fund's primary source of liquidity consists of cash and cash equivalents, securities at fair value through profit or loss and the Credit Facility.

The Fund's investments are considered to be readily realisable, predominantly issued by Canadian and U.S. companies and REITs listed on a Canadian Stock Exchange, and actively traded.

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

16. Financial instruments continued

Liquidity risk continued

As at 30 June 2024, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	152,338,695	–	–	–	152,338,695
Accrued dividend income	514,691	193,413	–	–	708,104
Cash and cash equivalents	3,377,011	–	–	–	3,377,011
	156,230,397	**193,413**	**–**	**–**	**156,423,810**
Liabilities					
Other payables and accruals	(389,998)	–	–	–	(389,998)
Interest payable	(76,953)	–	–	–	(76,953)
Loan payable	(26,882,228)	–	–	–	(26,882,228)
	(27,349,179)	**–**	**–**	**–**	**(27,349,179)**
	128,881,218	**193,413**	**–**	**–**	**129,074,631**

As at 30 June 2023, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	155,698,731	–	–	–	155,698,731
Accrued dividend income	631,285	20,616	–	–	651,901
Cash and cash equivalents	1,961,577	–	–	–	1,961,577
	158,291,593	**20,616**	**–**	**–**	**158,312,209**
Liabilities					
Other payables and accruals	(385,738)	–	–	–	(385,738)
Interest payable	(118,358)	(7,963)	–	–	(126,321)
Loan payable	(21,830,579)	(6,455,434)	–	–	(28,286,013)
	(22,334,675)	**(6,463,397)**	**–**	**–**	**(28,798,072)**
	135,956,918	**(6,442,781)**	**–**	**–**	**129,514,137**

16. Financial instruments continued

Liquidity risk continued

As at 31 December 2023, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	146,643,502	–	–	–	146,643,502
Other receivables	557,895	74,517	–	–	632,412
Cash and cash equivalents	4,433,118	–	–	–	4,433,118
	151,634,515	**74,517**	**–**	**–**	**151,709,032**
Liabilities					
Other payables and accruals	(388,493)	–	–	–	(388,493)
Interest payable	(71,270)	–	–	–	(71,270)
Loan payable	(21,831,966)	–	–	–	(21,831,966)
	(22,291,729)	**–**	**–**	**–**	**(22,291,729)**
	129,342,786	**74,517**	**–**	**–**	**129,417,303**

Currency risk

The Fund is denominated in GBP, whereas the Fund's principal investments are denominated in CAD and USD. Consequently, the Fund is exposed to currency risk. The Fund's policy is therefore to actively monitor exposure to currency risk. The Board reserves the right to employ currency hedging but, other than in exceptional circumstances, does not intend to hedge. The Board considers that exposure was significant at the year end.

The Fund's net exposure to CAD currency at the year end was as follows:

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Assets			
Securities (at fair value through profit or loss)	**149,459,234**	155,698,732	146,643,502
Cash and cash equivalents	**2,750,577**	1,630,542	4,193,885
Accrued income	**708,104**	630,548	632,412
	152,917,915	157,959,822	151,469,799

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Liabilities			
Loan payable	**(26,882,228)**	(28,286,013)	21,831,966
Interest payable	**(76,953)**	(126,321)	71,270
	(26,959,181)	(28,412,334)	21,903,236

MIDDLEFIELD CANADIAN INCOME TRUST | **FINANCIAL STATEMENTS**

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

16. Financial instruments continued

Currency risk continued

The Fund's net exposure to USD currency at the year end was as follows:

	30.06.2024 GBP	30.06.2023 GBP	31.12.2023 GBP
Assets			
Securities (at fair value through profit or loss)	**2,879,461**	–	–
Cash and cash equivalents	**91,514**	157,070	82,692
Accrued income	**–**	21,353	–
	2,970,975	178,423	82,692

Sensitivity analysis

At 30 June 2024, had GBP strengthened against the CAD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £6,297,937 (30 June 2023: £6,477,374, 31 December 2023: £6,478,328). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £6,297,937 (30 June 2023: £6,477,374, 31 December 2023: £6,478,328).

At 30 June 2024, had GBP strengthened against the USD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £148,549 (30 June 2023: £8,921, 31 December 2023: £4,135). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £148,549 (30 June 2023: £8,921, 31 December 2023: £4,135).

17. Cash Flow statement reconciliation of financing activities

			Non-cash changes			
	1 January 2024 GBP	Cash flows GBP	Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	30 June 2024 GBP
Financial liabilities held at amortised cost	21,831,966	5,671,435	–	(621,173)	–	26,882,228
Total	**21,831,966**	**5,671,435**	**–**	**(621,173)**	**–**	**26,882,228**

			Non-cash changes			
	1 January 2023 GBP	Cash flows GBP	Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	31 December 2023 GBP
Financial liabilities held at amortised cost	27,877,663	(5,205,252)	–	(840,445)	–	21,831,966
Total	**27,877,663**	**(5,205,252)**	**–**	**(840,445)**	**–**	**21,831,966**

18. Schedule of Investments – Securities (at fair value through profit or loss)

As at 30 June 2024 comparatives for the year ended 31 December 2023

Description	Shares/Units	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities					
Bermuda – Quoted Investments 2.98% (2023: 0%)					
Utilities:					
Brookfield Infrastructure Partners L.P.	120,000	2,794,477	2,594,569	2.01%	1.70%
Brookfield Renewable Partners L.P.	100,000	1,849,236	1,955,754	1.52%	1.28%
		4,643,713	4,550,323	3.53%	2.98%
Canada – Quoted Investments 95.13% (2023: 100%)					
Basic Materials:					
Nutrien Ltd.	80,000	3,337,337	3,216,618	2.49%	2.11%
Energy:					
Canadian Natural Resources Ltd.	230,000	2,617,491	6,479,426	5.02%	4.25%
Peyto Exploration & Development Corp.	335,000	2,436,142	2,812,055	2.18%	1.85%
Suncor Energy Inc.	100,000	2,432,647	3,005,028	2.33%	1.97%
Topaz Energy Corp.	315,000	2,923,886	4,355,962	3.37%	2.86%
Tourmaline Oil Corp.	185,000	7,562,416	6,620,255	5.13%	4.35%
Whitecap Resources Inc.	600,000	3,261,652	3,472,143	2.69%	2.28%
		21,234,234	26,744,869	20.72%	17.56%
Financials:					
AGF Management Limited Class B	770,000	3,671,344	3,739,231	2.90%	2.45%
Bank of Montreal	85,000	5,093,889	5,629,428	4.36%	3.70%
Canadian Imperial Bank of Commerce	115,000	3,533,767	4,322,055	3.35%	2.84%
Manulife Financial Corporation	290,000	3,928,446	6,102,555	4.73%	4.01%
National Bank of Canada	45,000	2,113,561	2,819,252	2.18%	1.85%
Power Corporation of Canada	120,000	2,688,690	2,632,724	2.04%	1.73%
Royal Bank of Canada	80,000	6,049,731	6,720,441	5.21%	4.41%
The Bank of Nova Scotia	90,000	3,580,351	3,253,964	2.52%	2.14%
The Toronto-Dominion Bank	65,000	2,785,107	2,822,056	2.18%	1.85%
		33,444,886	38,041,706	29.47%	24.98%

Notes to the Condensed Financial Statements of the Fund continued

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

18. Schedule of Investments – Securities (at fair value through profit or loss) continued

As at 30 June 2024 comparatives for the year ended 31 December 2023

Description	Shares/Units	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Pipelines:					
Enbridge Inc.	240,000	6,557,680	6,743,103	5.22%	4.43%
Gibson Energy Inc.	325,000	4,746,860	4,349,573	3.37%	2.86%
Keyera Corp.	185,000	2,443,024	4,042,740	3.13%	2.65%
Pembina Pipeline Corporation	200,000	4,252,277	5,845,873	4.53%	3.84%
TC Energy Corporation	160,000	5,382,393	4,796,946	3.72%	3.15%
		23,382,234	25,778,235	19.97%	16.93%
Power and Utilities:					
Altagas Ltd.	220,000	3,165,348	3,919,834	3.04%	2.57%
Capital Power Corporation	200,000	3,518,618	4,500,027	3.49%	2.95%
Emera Incorporated	100,000	3,204,293	2,637,349	2.04%	1.73%
Northland Power Inc.	100,000	1,424,786	1,356,252	1.05%	0.89%
		11,313,045	12,413,462	9.62%	8.14%
Real Estate:					
Allied Properties Real Estate Investment Trust	135,000	1,407,167	1,191,750	0.92%	0.78%
Canadian Apartment Properties Real Estate Investment Trust	70,000	2,019,919	1,791,917	1.39%	1.18%
Chartwell Retirement Residences	540,000	3,395,061	3,989,670	3.09%	2.62%
Choice Properties Real Estate Investment Trust	575,000	4,434,534	4,241,611	3.29%	2.78%
Crombie Real Estate Investment Trust	225,000	1,972,025	1,653,257	1.28%	1.09%
Dream Industrial Real Estate Investment Trust	580,000	4,128,553	4,221,493	3.27%	2.77%
First Capital Real Estate Investment Trust	400,000	4,133,660	3,383,114	2.62%	2.22%
Granite Real Estate Investment Trust	70,000	2,662,495	2,717,013	2.10%	1.78%
Nexus Industrial Real Estate Investment Trust	365,000	1,740,453	1,422,214	1.10%	0.93%
RioCan Real Estate Investment Trust	390,000	3,566,552	3,783,283	2.93%	2.48%
SmartCentres Real Estate Investment Trust	300,000	3,924,099	3,789,526	2.94%	2.49%
		33,384,518	32,184,848	24.93%	21.12%
Communication Services:					
BCE Inc.	255,000	8,794,326	6,529,173	5.06%	4.29%
USA – Quoted Investments 1.89% (2023: 0%)					
Communication Services:					
Alphabet Inc.	20,000	2,244,653	2,879,461	2.23%	1.89%
Total Equities		**141,778,946**	**152,338,695**	**118.02%**	**100.00%**
Total investments (30 June 2024)		**141,778,946**	**152,338,695**	**118.02%**	**100.00%**
Total investments (2023)		**132,440,939**	**146,643,502**	**113.28%**	**100.00%**

Statement of Financial Position of the Company

As at 30 June 2024 with unaudited comparatives as at 30 June 2023 and audited comparatives as at 31 December 2023

	Notes	30.06.2024 GBP	30.06.2023 GBP	31.12.2024 GBP
Current assets				
Other receivables		**2**	2	2
Net assets		**2**	2	2
Equity attributable to equity holders				
Stated capital	2	**2**	2	2
Total Shareholders' equity		**2**	2	2

The financial statements and notes on pages 43 to 44 were approved by the directors on 19 September 2024 and signed on behalf of the Board by:

Michael Phair
Director

Andrew Zychowski
Director

Notes to the Financial Statements of the Company

For the period 1 January 2024 to 30 June 2024 with unaudited comparatives for the period 1 January 2023 to 30 June 2023 and audited comparatives for the year ended 31 December 2023

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with UK-adopted IFRS in accordance with the accounting policies set out in Note 2 to the financial statements of the Fund.

The financial statements of the Fund have been prepared on the historical cost basis, except for the measurement at fair value of investments and derivatives, and in accordance with UK-adopted IFRS and interpretations issued by the IFRSIC.

A separate Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement have not been prepared as there have been no results or cash flows for the Company for this year or the preceding year.

There are no standards and interpretations in issue but not effective that the directors believe would or might have a material impact on the financial statements of the Company.

Judgements and estimates used by the directors

The preparation of financial statements in compliance with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated liabilities are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent. For the purposes of these financial statements, there were no specific areas in which judgement was exercised and no estimation was required by the directors.

2. The Company's stated capital

The authorised share capital of the Company is split into two management shares of no par value.

	No. of shares	GBP
Management shares issued		
At 30 June 2024, 31 December 2023 and 30 June 2023	2	2

3. Taxation

The Company adopted UK tax residency on 11 October 2011. Since that date, the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. Accordingly, no UK tax has been provided for. On 7 December 2012, the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

4. Ultimate holding company

The ultimate holding company is Middlefield Limited.

Definitions

AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance
Auditor	RSM Channel Islands (Audit) Limited
Benchmark	The S&P TSX Composite High Dividend Index
CAD	Canadian Dollar
Cell or Fund	Middlefield Canadian Income – GBP PC
Company or MCT	Middlefield Canadian Income PCC
Credit Facility	The on-demand credit facility with RBC
ESG	Environmental, Social and Governance
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
Fund	Middlefield Canadian Income – GBP PC
Fund Shares	The redeemable participating preference shares of no par value in the Fund
GBP	Sterling
Half Yearly Report	The half yearly report and interim condensed financial statements (unaudited)
IAS	International Accounting Standards
IFRSIC	International Financial Reporting Standards Interpretations Committee
IFRS	International Financial Reporting Standards
JFSC	Jersey Financial Services Commission
Listing Rules	The listing rules made by the FCA under Part VI of the Financial Services and Market Authority
NAV	Net Asset Value of the Company in GBP
Prime Loan	Loans to which the Prime Rate can be applied
Prime Rate	Annual interest rate set by Canada's major banks and financial institutions
RBC	Royal Bank of Canada
REIT	Real estate investment trust
SID	Senior Independent Director
SORP	Statement of recommended practice
Term CORRA loan	The amount drawn under the Credit Facility Agreement

Investment Objective: 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:[2] The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITS domiciled in Canada and listed on a Canadian Stock Exchange 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 with generally comprise between 35 and 70 investments. The Fund may also hold cash or cash equivalents. The Fund may utilise derivative instruments, including index-linked notes, contracts for differences, covered options and other equity-related 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.

[2]LR.15.2.5: No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%.

MCT

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