



2022 SEMI-ANNUAL REPORT

**MIDDLEFIELD
REAL ESTATE**
DIVIDEND CLASS

(formerly Middlefield Global Real Estate
Class)

M | M | F

MIDDLEFIELD MUTUAL FUNDS

MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and is a Specialty Investment Manager which creates investment products designed to balance risk and return to meet the demanding requirements of Financial Advisors and their clients. These financial products include Exchange-Traded Funds, Mutual Funds, Private and Public Resource Funds, Split Share Corporations, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

Middlefield's investment team comprises portfolio managers, analysts and traders. While all of our investment products are designed and managed by Middlefield professionals, some involve strategic partnerships with other "best-in-class" firms that bring unique value to our product offerings. In 2014, we entered into an exclusive arrangement with SSR, LLC, based in Stamford, Connecticut. They provide specialized research into sectors of the economy such as Healthcare and Innovation Technology. SSR is an independent investment firm whose analysts have been highly ranked and are recognized as leaders in their respective fields. Their fundamental company level research is often non-consensus and provides guidance on overall portfolio construction and security selection.

Looking ahead, Middlefield remains committed to managing and developing new and unique investment products to assist Financial Advisors in helping clients achieve their investment objectives.

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A NOTE ON FORWARD LOOKING STATEMENTS

This document may contain forward looking statements, including statements regarding: the Fund, its strategies, goals and objectives; prospects; future performance or condition; possible future actions to be taken by the Fund; and the performance of investments, securities, issuers or industries in which the Fund may from time to time invest. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future results, events, circumstances, expectations and performance, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and other similar wording. Forward looking statements are not historical facts, but reflect the Fund's current beliefs as of the date of this document regarding future results, events, circumstances, expectations or performance and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward looking statements are not guarantees of future performance, and actual results, events, circumstances, expectations or performance could differ materially from those expressed or implied in any forward looking statements contained in this document. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking statements include, but are not limited to: general economic, political, market and business factors and conditions; commodity price fluctuations; interest and foreign exchange rate fluctuations; global equity and capital markets; the financial condition of each issuer in which the Fund invests; the effects of competition in the industries or geographic areas in which the Fund may invest; statutory and regulatory developments; unexpected judicial or regulatory proceedings; and catastrophic events. Readers are cautioned that the foregoing list of factors is not exhaustive and to avoid placing undue reliance on forward looking statements due to the inherent uncertainty of such statements. The Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.



2022 MID-YEAR REVIEW AND OUTLOOK

Market conditions were extremely challenging for equity investors during the first half of 2022 (H1). Both the MSCI World and the S&P 500 finished the period in a bear market, down more than 20%, making it the worst start to a year since 1970. The Canadian stock market outperformed most global indices with the S&P/TSX Composite generating a total return of -9.9%.

Market volatility was driven by persistent inflation, which has reached multi-decade highs in most countries throughout the world. One of the biggest contributors has been the sudden increase in global demand. After nearly two years of pandemic-related lockdowns and restrictions, consumers started spending again. This made it challenging for providers of goods and services to ramp up capacity fast enough to meet demand and placed additional strain on global supply chains. Russia's unexpected invasion of Ukraine in late February further exacerbated inflationary forces. The attack spurred a swift response from the global community in the form of unprecedented economic sanctions in an effort to isolate Russia from the global economy. This effectively removed Russian supplies of a number of critical commodities from global markets, including oil, wheat, base metals and fertilizers. WTI crude oil and NYMEX natural gas prices both increased by approximately 46% in H1.

In response to higher-than-expected inflation, global central banks quickly pivoted to hawkish monetary policies which have led to a rapid increase in interest rates and bond yields. Both the US Federal Reserve and the Bank of Canada raised short-term borrowing rates three times in H1 by a total of 1.5% and 1.25%, respectively. US 10-year Treasury Yields rose from 1.5% at the start of the year to over 3% at the end of June while Canadian 10-Year Bond yields went from 1.4% to 3.2%. The impacts of these moves have been pervasive, including a 9.4% increase in the DXY US Dollar Index and a -14% return in Investment-Grade Credit.

Increasing interest rates have had an outsized impact on growth stocks. The Russell 1000 Value index returned -13%, significantly outperforming the Russell 1000 Growth index return of -28%. The Nasdaq Composite returned -29%, marking its worst H1 return since its inception in 1971. Defensive sectors such as utilities, consumer staples and healthcare significantly outperformed the broader market while communication services, information technology and consumer discretionary lagged. Energy, which returned 31.6%, was the only sector in the S&P 500 to post a positive return. While the market environment continues to be challenging for technology stocks, we remain highly optimistic on the long-term potential of the sector and view the current setup as attractive for patient investors. We are confident in the durability of various investment themes such as online advertising and e-commerce which are supported by structural changes in spending patterns. We are also bullish on enterprise software though we are choosing our exposures carefully. Our tech exposures are anchored by high quality industry leaders with sustainable competitive advantages.

Canadian equities performed well in H1 on a relative basis. The energy sector generated a total return of 26.3% and was the biggest positive contributor to performance. Generating unprecedented levels of cash flow, Canadian energy companies have been returning substantial amounts of excess cash to shareholders in the form of dividends and share buybacks. Utilities were the only other sector in the TSX to generate a positive return, adding 1.3%. Although the global economic outlook is uncertain, we believe Canadian equities are uniquely positioned to continue outperforming as it is a net exporter of oil and electricity.

Several of Middlefield's mutual funds benefitted from exposure to Canadian equities in H1. Canadian Dividend Growers Class (F Series) generated a total return of -2.0%, outperforming the S&P/TSX Canadian Dividend Aristocrats Index return of -7.2%. INDEXPLUS Income Fund (F Series), which is predominantly allocated to Canadian equities, generated a total return of -0.5%. Finally, Income Plus Class (F Series) returned -2.9% in H1, building upon its longstanding track record of strong risk-adjusted returns. For the month ending May 31st, Income Plus was recognized for outstanding performance and received the FundGrade A rating from Fundata.

The S&P 500 healthcare sector generated a total return of -8.3%, outperforming the S&P 500 by 11.7% and finishing as the fourth best performing sector in the index. Defensive sub-industries such as pharmaceuticals and managed care led to the upside while more cyclical industries such as medical equipment & life science tools lagged significantly. Biopharma companies sell needs-based products which benefit from inelastic demand, and are therefore more insulated from market downturns. Middlefield Healthcare Dividend Fund generated a total return of -6.4%, outperforming its benchmark, the MSCI World Healthcare Index, by 3.7%. The Fund invests in a portfolio of leading companies diversified across the global healthcare sector which are predominantly large-cap, dividend-paying issuer. Over the course of the year, and particularly during Q1, the Fund's asset allocation was shifted towards more defensive and value-oriented industries and exposure to higher growth segments such as medical equipment & services was reduced. We believe large-cap biopharma stocks are poised to outperform against the backdrop of a slowing economy but we may gradually increase exposure in H2 to some of our preferred medical equipment names that have experienced significant drawdowns.

The Middlefield Family of mutual funds, which are listed at the end of this report, currently includes nine different funds within the multi-class structure and three mutual fund trusts. The multi-class structure of Middlefield Mutual Funds enables investors to benefit from superior tax efficiencies unavailable to other forms of investment funds. In addition, almost all classes are offered in F-Series.

The Canadian real estate sector generated a total return of -21.7% in H1. US REITs performed marginally better, finishing H1 with a total return of -20.1%. We are focused on owning high-quality issuers in the current environment. In particular, REITs that are well positioned to increase rents can act as a useful hedge against inflation. We also place a high emphasis on balance sheet strength, preferring companies with lower leverage and minimal near-term debt maturities. After the recent pullback, Canadian REITs are trading at more than a 20% discount to their net asset values on average – trough valuations that compare to the depths of 2008 and 2020. While we are mindful of the macro economic challenges facing the sector today, we believe REITs are oversold and we encourage investors to opportunistically add exposure.

We continue to believe that infrastructure will remain a highly sought-after and defensive asset class. In our view, end markets with the best long-term outlooks include transportation, energy infrastructure and utilities. Companies in these areas provide highly visible, long-term cash flows and have business models that are inherently resilient against inflation. Infrastructure assets are also supported by scarcity value, with a limited number of world class assets that are viewed as attractive by not only public but also private investors across private equity and pensions. We are finding great risk / reward opportunities in the renewables space, following a period of sustained underperformance during the recent commodity bull market. With energy security top of mind, we expect that renewable additions will continue to accelerate as countries further distance themselves from Russia and aim to become more self-sufficient.

Middlefield's Global Infrastructure Fund generated a total return of -6.2% in H1. Since its inception in June 2013, the fund has generated an annualized total return of 6.7%. The Fund actively invests in high-quality, dividend-paying infrastructure companies with critical assets spanning across toll roads & airports, energy infrastructure and utilities.

We expect natural gas prices will remain elevated over the medium term. Unlike oil, Russia is unable to redirect European supply to other regions, including China, due to pipeline capacity restraints. This effectively removes a meaningful portion of global natural gas supply from the market. In addition, the European Union recently voted to keep some specific uses of natural gas and nuclear energy in its taxonomy of sustainable sources of energy. As a result, European countries will need to rely more heavily on LNG imports.

Enbridge (ENB) has long been bullish on the outlook for natural gas, starting with its acquisition of Spectra back in 2016. The outlook is more positive today now that the Russia/Ukraine conflict has placed a greater emphasis on energy security as part of the energy transition equation. ENB is well positioned to capitalize on the natural gas renaissance from expansion projects on the US Gulf Coast as well as its gas pipelines in British Columbia to support new West Coast LNG opportunities (Woodfibre LNG, Cedar LNG). This LNG buildout will benefit ENB as its footprint expands in both regions.

Outlook

We believe we are in a cyclical bear market which is a function of rising rates and inflation combined with lower profit expectations. Given the impacts that inflation and higher interest rates will have on demand, we expect a mild slowdown in economic activity this year. Much of this is already being priced in to markets today, reflected in the S&P 500 forward earnings multiple declining from 21x to below 16x. As a result, we believe downside in broad market indices should be limited from current levels and are seeing an increasingly attractive setup for equities in the latter part of the year.

Although it may not show up in near-term inflation reports given the lagging nature of data, we believe we are at peak inflation and should start to get some data points that are incrementally less hawkish throughout H2. Sell-side earnings estimates have started to come down and we do expect a deceleration in growth over the coming quarters; however, household and corporate balance sheets remain strong which backstops our view of only a mild slowdown. Against this backdrop, we are focused on companies with high margins, strong balance sheets and stable dividends.



Dean Orrico
President and CEO
Middlefield Capital Corporation



Robert F. Lauzon
Managing Director and Chief Investment Officer
Middlefield Capital Corporation

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

This interim management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. This report should be read in conjunction with the complete interim financial report of the investment fund that follows this report. The interim financial report has not been reviewed by the investment fund's external auditors.

Securityholders may contact us by calling 1-888-890-1868, by writing to us at Middlefield Group at one of the addresses on the back cover or by visiting our website at www.middlefield.com to request a copy of the investment fund's annual financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management's Discussion of Fund Performance

Investment Objective and Strategies

Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class) (the "Fund") is a mutual fund class of Middlefield Mutual Funds Limited. The Fund is authorized to issue series of shares designated as Series A and F. The Fund's objective is to provide a stable level of income and maximize long-term total return by investing primarily in equities as well as equity-related and fixed income securities of issuers operating in the real estate sector.

Results of Operations

Investment Performance

The net assets of the Fund increased from \$42.2 million at December 31, 2021 to \$43.8 million at June 30, 2022. Net assets on a per share basis for Series A decreased from \$17.70 at December 31, 2021 to \$13.54 at June 30, 2022. Net assets on a per share basis for Series F decreased from \$20.37 at December 31, 2021 to \$15.73 at June 30, 2022. The Fund recorded a \$11.2 million net loss on its investment portfolio during the six months ended June 30, 2022.

Revenue and Expenses

Loss before operating expenses for the six months ended June 30, 2022, amounted to \$10.6 million, down from revenue of \$4.9 million in 2021. The decrease was primarily due to the net loss on the Fund's investments. Operating expenses for the period ended June 30, 2022, remained unchanged from the prior year period at \$0.3 million. The management expense ratio ("MER") in 2022 was 2.24% for Series A and 1.13% for Series F. Distributions for the period ended June 30, 2022 amounted to \$0.36 per share for both Series A and Series F.

Trends

Rising interest rates and concerns of an economic slowdown created a challenging environment for REITs in the first half of 2022. The Canadian real estate sector generated a total return of -21.7% in H1. US REITs performed marginally better, finishing H1 with a total return of -20.1%. After the recent pullback, Canadian REITs are trading at more than a 20% discount to their net asset values on average – trough valuations that compare to the depths of 2008 and 2020.

Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager") receives a management fee. For further details please see the "Management Fees" section of this report. Middlefield Capital Corporation ("MCC" or the "Advisor"), the advisor to the Fund and a company under common control with the Manager, receives advisory fees from the Manager out of the management fee. MCC also receives brokerage commissions from the Fund in connection with securities transactions. All brokerage commissions paid by the Fund to MCC were at or below market rates. For further details please see the notes to the financial statements.

Management Fees

Management fees are calculated at 1.75% per annum for the Series A shares and 0.75% per annum for the Series F shares, of the net asset value of each Series and are split between the Manager, the Advisor and investment dealers who receive trailing commissions. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees from the Manager for providing investment advice in respect of the portfolio in accordance with the investment objective and strategies of the Fund.

Financial Highlights

Net Assets Attributable to Holders of Redeemable Shares are calculated in accordance with International Financial Reporting Standards ("IFRS").

"Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106 "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the

indicated periods. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets Per Share ⁽¹⁾ – Series A

	June 30 2022⁽⁴⁾	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Period	\$ 17.70	\$ 13.80	\$ 15.36	\$ 13.42	\$ 13.57	\$ 12.59
INCREASE (DECREASE) FROM OPERATIONS:						
Total Revenue	0.19	0.31	0.35	0.36	0.39	0.41
Total Expenses (excluding distributions)	(0.18)	(0.36)	(0.32)	(0.33)	(0.33)	(0.29)
Realized Gains (Losses) for the Period	0.19	0.94	(0.55)	1.27	0.27	0.90
Unrealized Gains (Losses) for the Period	(3.95)	3.76	(0.46)	1.34	0.07	0.59
Transaction Costs on Purchase and Sale of Investments	(0.01)	(0.02)	(0.03)	(0.03)	(0.02)	(0.03)
TOTAL INCREASE (DECREASE) FROM OPERATIONS⁽²⁾	(3.80)	4.62	(0.84)	2.63	0.45	1.58
DISTRIBUTIONS:						
From Net Investment Income	-	-	0.03	0.03	0.06	0.12
From Capital Gains	0.20	0.72	-	0.66	0.27	0.48
Return of Capital	0.16	-	0.69	-	0.27	-
TOTAL DISTRIBUTIONS⁽³⁾	0.36	0.72	0.72	0.69	0.60	0.60
Net Assets Attributable to Holders of Redeemable Shares, End of Period	\$ 13.54	\$ 17.70	\$ 13.80	\$ 15.36	\$ 13.42	\$ 13.57

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

The Fund's Net Assets Per Share ⁽¹⁾ –
Series F

	June 30 2022 ⁽⁴⁾	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Period	\$ 20.37	\$ 15.62	\$ 17.10	\$ 14.71	\$ 14.66	\$ 13.41
INCREASE (DECREASE) FROM OPERATIONS:						
Total Revenue	0.21	0.35	0.40	0.41	0.42	0.44
Total Expenses (excluding distributions)	(0.10)	(0.21)	(0.19)	(0.19)	(0.19)	(0.16)
Realized Gains (Losses) for the Period	0.21	1.11	(0.60)	1.42	0.30	0.90
Unrealized Gains (Losses) for the Period	(4.96)	4.29	(0.45)	1.08	0.11	0.73
Transaction Costs on Purchase and Sale of Investments	0.00	(0.01)	(0.02)	(0.02)	(0.01)	(0.02)
TOTAL INCREASE (DECREASE) FROM OPERATIONS⁽²⁾	(4.28)	5.47	(0.76)	3.08	0.65	1.85
DISTRIBUTIONS:						
From Net Investment Income	0.10	0.14	0.21	0.21	0.23	0.28
From Capital Gains	0.22	0.58	-	0.48	0.30	0.32
Return of Capital	0.04	-	0.51	-	0.07	-
TOTAL DISTRIBUTIONS⁽³⁾	0.36	0.72	0.72	0.69	0.60	0.60
Net Assets Attributable to Holders of Redeemable Shares, End of Period	\$ 15.73	\$ 20.37	\$ 15.62	\$ 17.10	\$ 14.71	\$ 14.66

⁽¹⁾ This information is derived from the Fund's audited annual financial statements and unaudited interim financial report.

⁽²⁾ Net Assets Attributable to Holders of Redeemable Shares and distributions are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period. This schedule is not a reconciliation of Net Asset Value since it does not reflect shareholder transactions as shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares and accordingly columns may not add.

⁽³⁾ Distributions were paid in cash/reinvested in additional shares of the Fund, or both.

⁽⁴⁾ For the six month period ended June 30, 2022.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

Ratios and Supplemental Data – Series A

	June 30 2022⁽⁴⁾	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Total Net Asset Value (000s)	\$ 13,463	\$ 17,474	\$ 12,832	\$ 14,637	\$ 11,793	\$ 12,038
Number of Shares Outstanding	994,062	987,500	929,641	952,864	878,643	887,279
Management Expense Ratio ("MER") ⁽¹⁾	2.24%	2.29%	2.29%	2.25%	2.35%	2.20%
Trading Expense Ratio ⁽²⁾	0.06%	0.07%	0.15%	0.18%	0.11%	0.20%
Portfolio Turnover Rate ⁽³⁾	7.95%	28.87%	43.15%	39.26%	18.73%	48.58%
Net Asset Value Per Share	\$ 13.54	\$ 17.70	\$ 13.80	\$ 15.36	\$ 13.42	\$ 13.57

Ratios and Supplemental Data – Series F

	June 30 2022⁽⁴⁾	December 31 2021	December 31 2020	December 31 2019	December 31 2018	December 31 2017
Total Net Asset Value (000s)	\$ 30,337	\$ 24,760	\$ 14,744	\$ 14,451	\$ 6,740	\$ 5,197
Number of Shares Outstanding	1,928,839	1,215,365	943,668	845,078	458,109	354,529
Management Expense Ratio ("MER") ⁽¹⁾	1.13%	1.16%	1.20%	1.15%	1.24%	1.11%
Trading Expense Ratio ⁽²⁾	0.06%	0.07%	0.15%	0.18%	0.11%	0.20%
Portfolio Turnover Rate ⁽³⁾	7.95%	28.87%	43.15%	39.26%	18.73%	48.58%
Net Asset Value Per Share	\$ 15.73	\$ 20.37	\$ 15.62	\$ 17.10	\$ 14.71	\$ 14.66

- ⁽¹⁾ The MER is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period.
- ⁽²⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.
- ⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.
- ⁽⁴⁾ As at June 30, 2022 or for the six month period ended June 30, 2022, as applicable.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

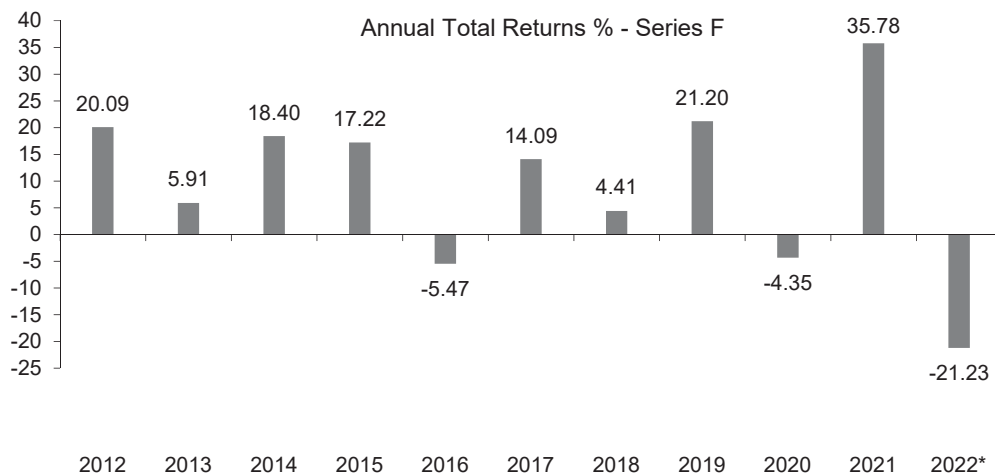
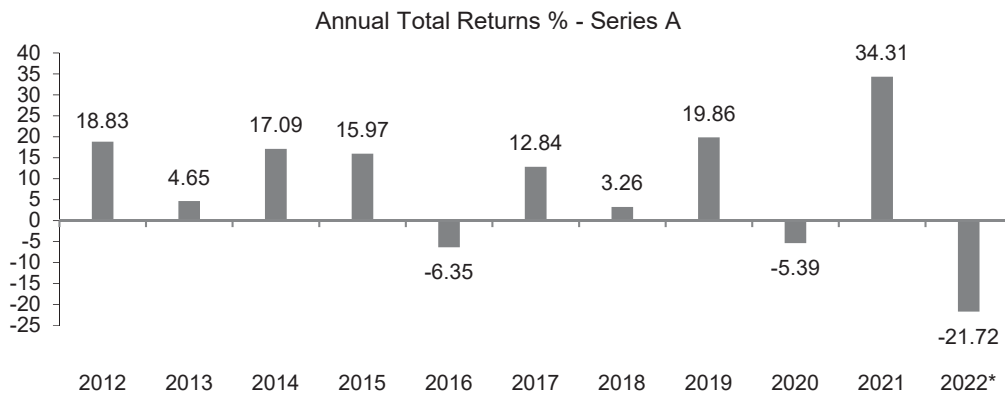
FOR THE SIX MONTHS ENDED JUNE 30, 2022

Past Performance

The performance information shown, which is based on Net Asset Value, assumes that all distributions paid by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar charts show how the Fund's performance has varied from year to year for each of the years shown. The charts indicate, in percentage terms, how much an investment made the first day of each financial period would have grown or decreased by the last day of the financial period.



* For the six month period ended June 30, 2022.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2022

Summary of Investment Portfolio

AS AT JUNE 30, 2022

Top Twenty-Five Holdings

DESCRIPTION	% OF NET ASSET VALUE
1 Prologis Inc.	4.2
2 Canadian Apartment Properties Real Estate Investment Trust	4.1
3 SBA Communications Corp.	3.8
4 Chartwell Retirement Residences	3.7
5 Granite Real Estate Investment Trust	3.6
6 Equinix Inc.	3.1
7 RioCan Real Estate Investment Trust	3.0
8 Dream Industrial Real Estate Investment Trust	3.0
9 Crombie Real Estate Investment Trust	2.9
10 Summit Industrial Income Real Estate Investment Trust	2.9
11 Killam Apartment Real Estate Investment Trust	2.7
12 Brookfield Asset Management Inc.	2.6
13 Duke Realty Corp.	2.4
14 Welltower Inc.	2.4
15 H&R Real Estate Investment Trust	2.4
16 First Capital Real Estate Investment Trust	2.4
17 First Industrial Realty Trust Inc.	2.4
18 Allied Properties Real Estate Investment Trust	2.3
19 Choice Properties Real Estate Investment Trust	2.2
20 Tricon Residential Inc.	2.2
21 FirstService Corp.	2.1
22 Alexandria Real Estate Equities Inc.	2.1
23 STAG Industrial Inc.	2.0
24 Simon Property Group Inc.	2.0
25 Colliers International Group Inc.	1.9

"Top Twenty-Five Holdings" excludes any temporary cash investments.

ASSET CLASS	% OF NET ASSET VALUE
Real Estate	90.2
Financials	2.6
Cash and Short-Term Investments	7.0
Other Assets (Liabilities)	0.2
	100.0
TOTAL NET ASSET VALUE	\$ 43,800,321

The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions. Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.

**FINANCIAL
STATEMENTS**





INTERIM FINANCIAL REPORT

NOTICE

The accompanying unaudited financial statements of Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class) for the period ended June 30, 2022 have been prepared by management and have not been reviewed by the external auditors of the Fund.



Jeremy Brasseur
Director
Middlefield Limited



Craig Rogers
Director
Middlefield Limited

August 22, 2022

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Financial Position

AS AT (In Canadian Dollars)	June 30, 2022	December 31, 2021
ASSETS		
Current Assets		
Investments at Fair Value Through Profit or Loss	\$ 40,640,434	\$ 41,108,923
Cash	3,067,043	1,099,625
Income and Interest Receivable	114,667	109,917
Subscriptions Receivable	52,475	91,951
Prepaid Expenses	23,559	5,052
Total Assets	43,898,178	42,415,468
LIABILITIES		
Current Liabilities		
Management Fee Payable (Note 7)	60,292	50,718
Accounts Payable and Accrued Liabilities	37,565	34,081
Redemptions Payable	-	96,514
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Shares)	97,857	181,313
Net Assets Attributable to Holders of Redeemable Shares	\$ 43,800,321	\$ 42,234,155
Net Assets Attributable to Holders of Redeemable Shares – Series A	\$ 13,463,040	\$ 17,474,271
Net Assets Attributable to Holders of Redeemable Shares – Series F	\$ 30,337,281	\$ 24,759,884
Mutual Fund Shares Issued and Outstanding – Series A (Note 6)	994,062	987,500
Mutual Fund Shares Issued and Outstanding – Series F (Note 6)	1,928,839	1,215,365
Net Assets Attributable to Holders of Redeemable Shares per Share – Series A	\$ 13.54	\$ 17.70
Net Assets Attributable to Holders of Redeemable Shares per Share – Series F	\$ 15.73	\$ 20.37

The accompanying notes to financial statements are an integral part of these financial statements.

Approved by the Board of Directors:



Director: Francisco Z. Ramirez



Director: Catherine Rebuldela

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30
(In Canadian Dollars)

	2022	2021
REVENUE (LOSS)		
Income from Investments	\$ 516,779	\$ 337,212
Interest Income for Distribution Purposes	3,320	14,100
Foreign Exchange Gain (Loss) on Cash	6,465	(3,198)
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss		
Net Realized Gain (Loss) from Investment Transactions	536,784	529,126
Change in Net Unrealized Gain (Loss) on Investments	(11,702,401)	3,984,044
Change in Net Unrealized Gain (Loss) on Foreign Currency Transactions	(6)	(666)
Total Revenue (Loss)	(10,639,059)	4,860,618
OPERATING EXPENSES (Note 7)		
Audit Fees	6,793	5,277
Custodial Fees	2,519	1,675
Fund Administration Costs	36,021	38,477
Legal Fees	1,925	1,501
Management Fee	272,959	202,551
Securityholder Reporting Costs	14,672	11,662
Transaction Costs (Note 8)	14,561	7,409
Total Operating Expenses	349,450	268,552
Profit (Loss) before Tax	(10,988,509)	4,592,066
Withholding Taxes	17,498	16,903
Profit (Loss) after Tax	\$ (11,006,007)	\$ 4,575,163
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	\$ (11,006,007)	\$ 4,575,163
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares – Series A	\$ (3,730,401)	\$ 1,984,061
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares – Series F	\$ (7,275,606)	\$ 2,591,102
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share – Series A (Note 6)	\$ (3.76)	\$ 2.13
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share – Series F (Note 6)	\$ (4.64)	\$ 2.53

The accompanying notes to financial statements are an integral part of these financial statements.

INTERIM FINANCIAL REPORT

UNAUDITED

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

FOR THE SIX MONTHS ENDED JUNE 30, 2022

(In Canadian Dollars)

	Series A	Series F	Total
Net Assets Attributable to Holders of Redeemable Shares at Beginning of Period	\$ 17,474,271	\$ 24,759,884	\$ 42,234,155
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(3,730,401)	(7,275,606)	(11,006,007)
DISTRIBUTIONS TO SHAREHOLDERS:			
From Net Investment Income	(3,384)	(164,328)	(167,712)
From Capital Gains	(192,458)	(350,791)	(543,249)
Return of Capital	(161,958)	(65,875)	(227,833)
	(357,800)	(580,994)	(938,794)
REDEEMABLE SHARE TRANSACTIONS:			
Proceeds from Issue of Shares	1,088,231	14,792,098	15,880,329
Reinvested Distributions	239,154	420,524	659,678
Payment on Redemption of Shares	(1,250,415)	(1,778,625)	(3,029,040)
	76,970	13,433,997	13,510,967
Net Assets Attributable to Holders of Redeemable Shares at End of Period	\$ 13,463,040	\$ 30,337,281	\$ 43,800,321

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(In Canadian Dollars)

	Series A	Series F	Total
Net Assets Attributable to Holders of Redeemable Shares at Beginning of Period	\$ 12,831,791	\$ 14,744,109	\$ 27,575,900
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	1,984,061	2,591,102	4,575,163
DISTRIBUTIONS TO SHAREHOLDERS:			
From Net Investment Income	-	(82,102)	(82,102)
From Capital Gains	(227,752)	(290,768)	(518,520)
Return of Capital	(108,007)	-	(108,007)
	(335,759)	(372,870)	(708,629)
REDEEMABLE SHARE TRANSACTIONS:			
Proceeds from Issue of Shares	808,554	2,887,544	3,696,098
Reinvested Distributions	224,345	247,891	472,236
Payment on Redemption of Shares	(786,121)	(336,212)	(1,122,333)
	246,778	2,799,223	3,046,001
Net Assets Attributable to Holders of Redeemable Shares at End of Period	\$ 14,726,871	\$ 19,761,564	\$ 34,488,435

The accompanying notes to financial statements are an integral part of these financial statements.

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)

	2022	2021
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	\$ (11,006,007)	\$ 4,575,163
Adjustments:		
Proceeds from Sale of Investments	8,463,096	2,924,984
Purchases of Investments	(19,160,224)	(4,890,400)
Foreign Exchange (Gain) Loss on Cash	(6,459)	3,864
Net Realized (Gain) Loss from Investment Transactions	(536,784)	(529,126)
Change in Net Unrealized (Gain) Loss on Investments	11,702,401	(3,984,044)
	(10,543,977)	(1,899,559)
Net Change in Non-Cash Working Capital	(10,199)	4,372
Net Cash from (used in) Operating Activities	(10,554,176)	(1,895,187)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	15,919,805	3,669,157
Payment on Redemption of Shares	(3,125,554)	(1,119,241)
Distributions Paid	(279,116)	(236,393)
Net Cash from (used in) Financing Activities	12,515,135	2,313,523
Net Increase (Decrease) in Cash	1,960,959	418,336
Net Foreign Exchange Gain (Loss) on Cash	6,459	(3,864)
Cash at Beginning of Period	1,099,625	1,350,907
Cash at End of Period	\$ 3,067,043	\$ 1,765,379

The accompanying notes to financial statements are an integral part of these financial statements.

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio

AS AT JUNE 30, 2022

(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Alexandria Real Estate Equities Inc.	5,000	\$ 1,014,093	\$ 935,412
Allied Properties Real Estate Investment Trust	30,000	1,236,559	995,700
Boardwalk Real Estate Investment Trust	20,000	957,892	837,600
BSR Real Estate Investment Trust	40,000	704,873	773,458
Canadian Apartment Properties Real Estate Investment Trust	40,000	1,766,016	1,792,800
Chartwell Retirement Residences	145,000	1,678,121	1,616,750
Choice Properties Real Estate Investment Trust	70,000	1,024,687	983,500
Colliers International Group Inc.	6,000	486,154	846,180
Crombie Real Estate Investment Trust	80,000	1,147,403	1,290,400
CT Real Estate Investment Trust	50,000	708,754	828,500
Dream Industrial Real Estate Investment Trust	108,000	1,715,540	1,304,640
Dream Residential Real Estate Investment Trust	52,923	879,299	624,656
Duke Realty Corp.	15,000	622,121	1,063,247
Equinix Inc.	1,600	1,310,509	1,356,043
First Capital Real Estate Investment Trust	70,000	1,057,051	1,048,600
First Industrial Realty Trust Inc.	17,000	1,323,762	1,041,201
FirstService Corp.	6,000	317,796	936,840
Grainger PLC	150,000	631,896	660,787
Granite Real Estate Investment Trust	20,000	1,398,565	1,579,000
H&R Real Estate Investment Trust	85,000	975,414	1,058,250
Healthpeak Properties Inc.	20,000	924,175	668,455
InterRent Real Estate Investment Trust	55,000	388,119	659,450
Killam Apartment Real Estate Investment Trust	69,000	1,178,291	1,183,350
Minto Apartment Real Estate Investment Trust	45,000	882,901	658,800
NorthWest Healthcare Properties Real Estate Investment Trust	55,000	570,023	663,300
Primaris Real Estate Investment Trust	45,000	697,307	550,350
Prologis Inc.	12,000	1,499,796	1,821,160
RioCan Real Estate Investment Trust	66,000	1,158,502	1,321,320
SBA Communications Corp.	4,000	1,075,213	1,651,402
Segro PLC	35,000	199,380	535,585
Simon Property Group Inc.	7,000	1,169,420	857,099
SmartCentres Real Estate Investment Trust	30,000	743,366	824,700
STAG Industrial Inc.	22,000	909,670	876,345
Summit Industrial Income Real Estate Investment Trust	75,000	1,076,507	1,283,250
Sun Communities Inc.	4,000	784,349	822,270
Tricon Residential Inc.	75,000	1,073,498	978,750
Tritax Big Box REIT PLC	250,000	644,145	710,839
Vonovia SE	20,000	1,314,537	792,966
Welltower Inc.	10,000	885,396	1,062,279
REAL ESTATE: 90.4%		38,131,100	39,495,234
Brookfield Asset Management Inc.	20,000	1,009,614	1,145,200
FINANCIALS: 2.6%		1,009,614	1,145,200
TRANSACTION COSTS (NOTE 8)		(52,266)	-
TOTAL INVESTMENTS: 93.0%		39,088,448	40,640,434
CASH: 7.0%		3,067,043	3,067,043
Total Investment Portfolio, including Cash		\$ 42,155,491	\$ 43,707,477

NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

1. Middlefield Real Estate Dividend Class

Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class) (the “Fund”) is one of nine classes of issued mutual fund shares of Middlefield Mutual Funds Limited (the “Corporation”), a mutual fund corporation continued under the laws of Alberta. Effective January 1, 2017, switches between classes of a mutual fund corporation are considered a disposition at fair market value for tax purposes, resulting in the recognition of capital gains or losses for investors. The changes have not affected switches between Series A and Series F securities of the same Mutual Fund class. The Fund is authorized to issue series of shares designated as Series A and F. Each series has a different management fee rate. The Fund first issued Series A shares on June 9, 2011 and Series F shares on September 30, 2011. The investment objectives of the Fund are to provide a stable level of income and maximize long-term total return by investing primarily in equities as well as equity-related and fixed income securities of issuers operating in the real estate sector. Middlefield Limited is the manager of the Fund (the “Manager”). The address of the Fund’s registered office is 350 7 Ave SW Suite 3400, Calgary, Alberta. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Fund on August 22, 2022.

On May 31, 2022, the name of the Fund was changed to Middlefield Real Estate Dividend Class.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and in accordance with International Financial Reporting Standards 34 Interim Financial Reporting (“IAS 34”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

3. Summary of Significant Accounting Policies

A. Basis of Accounting

IFRS 9 *Financial Instruments* (“IFRS9”)

The Fund classifies and measures financial instruments in accordance with IFRS 9, which requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Fund’s financial assets and liabilities are classified at fair value through profit or loss (“FVTPL”) and amortized cost.

Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) has not been taken. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL. The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 uses the expected credit loss model (“ECL”), as the new impairment model for financial assets carried at amortized cost. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime of ECLs. Due to the high quality and short-term nature of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

The Fund does not apply general hedge accounting to any of its derivatives positions.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

3. Summary of Significant Accounting Policies (continued)

B. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products, derivatives (collectively referred to as "investments"), cash, accounts receivable-portfolio securities sold, income and interest receivable, accounts receivable, subscriptions receivable, prepaid expenses, accounts payable-portfolio securities purchased, management fee payable, accounts payable and accrued liabilities, redemptions payable and distributions payable. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value. The Fund's Net Assets Attributable to Holders of Redeemable Shares are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

The Fund only offsets financial assets and financial liabilities if the Fund has a legally enforceable right to offset recognized amounts and either intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

C. Redeemable Shares and Net Assets Attributable to Holders of Redeemable Shares

The Fund has two series of redeemable shares in issue: Series A and Series F. Both rank pari passu in all material respects and have the same terms and conditions other than the management fee rate, which is 1.75% for Series A and 0.75% for Series F.

Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV attributable to the share class. The redeemable shares are classified as financial liabilities and are measured at the redemption amounts.

Redeemable shares are issued and redeemed based on the Fund's NAV per share, calculated by dividing the net assets of the Fund, calculated in accordance with the Fund's Simplified Prospectus, by the number of redeemable shares in issue. The Fund's Simplified Prospectus requires that investment positions are valued on the basis of the last traded market price for the purpose of determining the trading NAV per share for subscriptions and redemptions.

The financial assets and liabilities at fair value through profit or loss in the Statements of Financial Position are based on closing prices in accordance with IFRS.

Distributions are declared at the discretion of the board of directors of the Corporation. The board of directors has adopted a policy of annually assessing the Corporation's net income and net realized capital gains and declaring distributions including, if applicable, capital gains dividends to refund tax which would otherwise be payable by the Corporation. Distributions to holders of redeemable shares are recognized in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares. Income not distributed is included in Net Assets Attributable to Holders of Redeemable Shares.

Net assets are calculated for each series of shares of the Fund. The net assets of a particular series of shares is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series. Management fees directly attributable to a series are charged to that series. Other expenses, investment income and realized and unrealized gains and losses on investments are allocated proportionately to each series based upon the relative net assets of each series.

D. Fair Value Measurement

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Investments and futures contracts are valued at fair value using the policies described below.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

3. Summary of Significant Accounting Policies (continued)

D. Fair Value Measurement (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Futures contracts are marked to market each valuation day according to the gain or loss that would have been realized if the contracts had been closed out. Gains or losses arising from futures contracts are recorded as unrealized gain (loss) on futures contracts and shown as an asset (liability) on the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

E. Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. The change in the difference between fair value and average cost of the investments is recorded as an unrealized gain (loss) on investments. Income from investments is recognized on the ex-dividend or ex-distribution date. Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest received on bank deposits by the Fund and, if the Fund holds fixed income investments, coupon interest accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax. Income distributions received are treated consistently with dividends and interest and recorded in income in the Statements of Comprehensive Income.

F. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares Per Share

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per share in the Statements of Comprehensive Income represents the increase (decrease) in Net Assets Attributable to Holders of Redeemable Shares for each series divided by the average shares outstanding for each series during the period.

G. Income Taxes

The Corporation qualifies as a mutual fund corporation as defined in the *Income Tax Act (Canada)* (the "Tax Act"). The Corporation is subject to tax at the full corporate rate on its taxable income. Dividends received from taxable Canadian corporations are generally not included in the taxable income of the Corporation but are subject to a special tax, refunded at a rate of 38 1/3% of taxable dividends distributed by the Corporation to its shareholders. Capital gains realized in the year are included in the taxable income of the Fund at the applicable capital gains rate. The Corporation is eligible for a refund calculated on a formula basis when mutual fund shares are redeemed or when capital gains dividends are paid to shareholders. The Corporation endeavours to pay out sufficient Canadian dividends and net capital gains so that it will not be subject to refundable income taxes in respect of income from those sources. However, the Corporation will be liable for non-refundable income tax if its income from other sources exceeds its expenses for the year.

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the investment portfolio and its adjusted cost base ("ACB") for income tax purposes. To the extent that the fair value of the portfolio exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Corporation are refundable under the relevant provisions of the Tax Act, the future tax liability is fully offset by these future refundable taxes. Conversely, when the ACB exceeds the fair value of the portfolio, a future tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

3. Summary of Significant Accounting Policies (continued)

G. Income Taxes (continued)

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

Distributions received from investments in trust units that are treated as a return of capital for tax purposes are used to reduce the average cost of the underlying investments on the Schedule of Investment Portfolio.

H. Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars as follows: fair value of investments, forward currency contracts and other assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

I. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The majority of the Fund's investments and transactions are denominated in Canadian dollars. Investor subscriptions and redemptions are also received and paid in Canadian dollars. Accordingly, management has determined that the functional currency of the Fund is Canadian dollars.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 4 for further information about the fair value measurement of the Fund's financial instruments.

J. Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and is included in the Statements of Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

4. Fair Value Disclosure

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The tables below summarize the fair value of the Fund's financial instruments as at June 30, 2022 and December 31, 2021 using the following fair value hierarchy:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
Level 3	Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgement or estimation.

As at June 30, 2022

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 40,640,434	\$ -	\$ -	\$ 40,640,434
Total	\$ 40,640,434	\$ -	\$ -	\$ 40,640,434

As at December 31, 2021

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 40,606,473	\$ -	\$ -	\$ 40,606,473
Debt Securities	-	502,450	-	502,450
Total	\$ 40,606,473	\$ 502,450	\$ -	\$ 41,108,923

All fair value measurements are recurring. The carrying values of cash, income and interest receivable, subscriptions receivable, prepaid expenses, management fee payable, accounts payable and accrued liabilities, redemptions payable and the Fund's obligation for Net Assets Attributable to Holders of Redeemable Shares approximates their fair values due to their short-term nature.

Fair values are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

Equities

The Fund's equity positions are classified as Level 1 when the securities are actively traded and a reliable price is observable.

Debt Securities

Debt securities include primarily government or corporate bonds and are classified as Level 1 when the securities are actively traded. Securities which are valued using models with inputs including interest rate curves, credit spreads and volatilities are generally observable and therefore these securities are classified as Level 2.

The Fund's policy is to recognize transfers in and out of the fair value hierarchy levels as at the end of the reporting year for transfers between Levels 1 and 2 and as at the date of the transfer for transfers in and out of Level 3. No transfers between levels have occurred during the period ended June 30, 2022 and the year ended December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

5. Financial Risk Management

In the normal course of business the Fund is exposed to a variety of financial risks: price risk, interest rate risk, foreign exchange rate risk, liquidity risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, the market and company news related to specific securities held by the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions. The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

A. Price Risk

Price risk is the risk that changes in the prices of the Fund's investments will affect the Fund's income or the value of its financial instruments. The Fund's price risk is driven primarily by volatility in commodity and equity prices. Rising commodity and equity prices may increase the price of an investment while declining commodity and equity prices may have the opposite effect. The Fund mitigates price risk by making investing decisions based upon various factors, including comprehensive fundamental analysis prepared by industry experts to forecast future commodity and equity price movements. The Fund's market positions are monitored on a daily basis by the portfolio manager and regular financial reviews of publicly available information related to the Fund's investments are performed to ensure that any risks are within established levels of risk tolerance. The Fund is exposed to price risk through the following financial instrument:

	June 30, 2022	December 31, 2021
Investments at FVTPL	\$ 40,640,434	\$ 40,606,473

Based on the above exposure at June 30, 2022, a 10% increase or decrease in the prices of the Fund's investments would result in a \$4,064,043 (December 31, 2021 – \$4,060,647) increase or decrease in net assets of the Fund, with all other factors held constant.

B. Interest Rate Risk

Interest rate risk describes the Fund's exposure to changes in the general level of interest rates. Interest rate risk arises when the Fund invests in interest-bearing financial assets such as cash and debt securities. The earnings of the Fund are positively correlated to interest rates as they relate to interest on cash balances. Rising interest rates serve to increase the Fund's earnings while the reverse is true in a declining interest rate environment. The Fund is also exposed to the risk that the value of financial assets such as corporate and government debt will fluctuate due to changes in the prevailing levels of market interest rates. The value of such financial assets is negatively correlated to interest rates. The Fund seeks to mitigate this risk through active management, which involves analysis of economic indicators to forecast Canadian and global interest rates. The tables below summarize the Fund's exposure to interest rate risk by remaining term to maturity:

As at June 30, 2022

	Less than 1 Year	1 to 5 Years	Greater than 5 Years	Total
Cash	\$ 3,067,043	\$ -	\$ -	\$ 3,067,043
Total Exposure	\$ 3,067,043	\$ -	\$ -	\$ 3,067,043

As at December 31, 2021

	Less than 1 Year	1 to 5 Years	Greater than 5 Years	Total
Debt Securities	\$ -	\$ 502,450	\$ -	\$ 502,450
Cash	1,099,625	-	-	1,099,625
Total Exposure	\$ 1,099,625	\$ 502,450	\$ -	\$ 1,602,075

Based on the above exposure at June 30, 2022, a 1% per annum increase or decrease in interest rates would result in a \$30,670 (December 31, 2021 – \$5,028) increase or decrease in net assets of the Fund, with all other factors held constant.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

5. Financial Risk Management (continued)

C. Foreign Exchange Rate Risk

Foreign exchange rate risk describes the impact on the underlying value of financial instruments due to foreign exchange rate movements. The Canadian dollar is the Fund's functional and presentation currency. Foreign investments, commodities, cash, receivables and payables denominated in foreign currencies are affected by changes in the value of the Canadian dollar compared to foreign currencies. As a result, financial assets may depreciate/appreciate in the short-term due to the strengthening/weakening of the Canadian dollar against other currencies, and the reverse would be true for financial liabilities. The Fund's exposure to foreign exchange risk relates primarily to its investment in securities, which are denominated in various foreign currencies. The Fund has not hedged its exposure to currency fluctuations; however, it closely monitors relevant foreign exchange currency movements. The Fund is exposed to foreign exchange rate risk through the following financial instruments denominated in various foreign currencies:

As at June 30, 2022

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 13,553,027	\$ 192,780	\$ 31,725	\$ 13,777,532
U.K. Pound Sterling	1,907,211	-	4,888	1,912,099
European Euro	792,966	-	-	792,966
Total	\$ 16,253,204	\$ 192,780	\$ 36,613	\$ 16,482,597

As at December 31, 2021

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 11,633,989	\$ 17,835	\$ 23,776	\$ 11,675,600
U.K. Pound Sterling	2,464,115	-	5,680	2,469,795
Total	\$ 14,098,104	\$ 17,835	\$ 29,456	\$ 14,145,395

Based on the above exposure at June 30, 2022, a 10% increase or decrease in the Canadian dollar against the respective currencies would result in a \$1,648,260 (December 31, 2021 – \$1,414,540) decrease or increase in net assets of the Fund, with all other factors held constant.

D. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund is exposed to daily cash redemptions of its shares. The shares of the Fund are issued and redeemed on demand at the NAV per share. All other obligations of the Fund are due within one year. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily sold. The Fund retains sufficient cash to maintain liquidity and comply with liquidity requirements as outlined by securities legislation and its investment policies.

The Fund may invest in securities that are not traded on a public stock exchange or that may be illiquid. As a result, the Fund may not be able to dispose of these investments in a timely manner. The Fund mitigates this risk through active management, which involves detailed analysis of such private entities to ensure they are financially sound and would be attractive to potential investors if a sale is necessary. The Fund's investment policies and securities legislation limit the amount invested in illiquid securities and these limits are monitored. The Fund did not hold any illiquid securities as at June 30, 2022 and December 31, 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

5. Financial Risk Management (continued)

D. Liquidity Risk (continued)

The tables below present the Fund's financial liabilities based on the remaining period to the contractual maturity date. The amounts in the tables reflect the contractual undiscounted cash flows.

As at June 30, 2022

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Management Fee Payable	\$ 60,292	\$ -	\$ -	\$ 60,292
Accounts Payable and Accrued Liabilities	37,565	-	-	37,565
Net Assets Attributable to Holders of Redeemable Shares	43,800,321	-	-	43,800,321
Total	\$ 43,898,178	\$ -	\$ -	\$ 43,898,178

As at December 31, 2021

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Management Fee Payable	\$ 50,718	\$ -	\$ -	\$ 50,718
Accounts Payable and Accrued Liabilities	34,081	-	-	34,081
Redemptions Payable	96,514	-	-	96,514
Net Assets Attributable to Holders of Redeemable Shares	42,234,155	-	-	42,234,155
Total	\$ 42,415,468	\$ -	\$ -	\$ 42,415,468

E. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial instrument failed to meet its obligations to the Fund. The Fund is exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables. The Fund measures credit risk and lifetime ECLs related to the trade receivables using historical analysis and forward looking information in determining the ECL. The carrying amounts of financial assets represent the maximum credit exposure. All transactions executed by the Fund 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 only once the broker has received the securities. The trade will fail if either party fails to meet its obligations. There is no significant credit risk related to the Fund's receivables.

The Fund's credit risk is primarily attributable to its investment in debt instruments because the issuer of the instrument may be unable to make interest payments or repay the principal amount on maturity. The concentration of credit risk of investments in debt instruments is minimal since the Fund invests in a variety of debt instruments issued by numerous issuers.

The Fund has established various internal controls to help mitigate credit risk, including prior approval of all investments by the advisor whose mandate includes conducting financial and other assessments of these investments on a regular basis. The Fund has also implemented policies which ensure that investments can only be made with counterparties that have a minimum acceptable credit rating.

As at June 30, 2022 the Fund did not hold any investments subject to credit ratings.

As at December 31, 2021 the Fund invested in a debt instrument with the following credit rating:

Debt Instruments by Credit Rating*	As a % of Net Assets December 31, 2021
No Rating	1.2

* Credit ratings from Standard & Poor's.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

5. Financial Risk Management (continued)

F. Concentration Risk

The Fund is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. The Manager moderates this risk through careful selection of securities in several investment sectors. At June 30, 2022 and December 31, 2021, the percentages of the Fund's total net assets invested in each investment sector were as follows:

Sector	As a % of Net Assets	
	June 30, 2022	December 31, 2021
Real Estate	90.2	93.4
Financials	2.6	2.7
Corporate Debt	-	1.2
Total	92.8	97.3

6. Share Capital

The mutual fund shares and five common shares of the Corporation have equal rights and privileges except that the common shares may not be redeemed. Changes in issued mutual fund shares of the Fund are summarized as follows:

	Number of Shares - Series A	
	June 30, 2022	December 31, 2021
Shares Outstanding at Beginning of Period	987,500	929,641
Shares Issued	68,089	125,533
Reinvested Distributions	15,344	29,328
Total	83,433	154,861
Shares Redeemed	(76,871)	(97,002)
Net Increase (Decrease)	6,562	57,859
Shares Outstanding at End of Period	994,062	987,500

	Number of Shares - Series F	
	June 30, 2022	December 31, 2021
Shares Outstanding at Beginning of Period	1,215,365	943,668
Shares Issued	787,352	291,456
Reinvested Distributions	23,574	29,542
Total	810,926	320,998
Shares Redeemed	(97,452)	(49,301)
Net Increase (Decrease)	713,474	271,697
Shares Outstanding at End of Period	1,928,839	1,215,385

The average number of Series A and Series F shares outstanding during the period ended June 30, 2022 were 992,221 and 1,569,277 (June 30, 2021 – 932,697 and 1,022,984), respectively. These numbers were used to calculate the respective Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per share.

7. Management Fee and Operating Expenses

The Manager provides investment and administrative services to the Fund. In consideration for such services the Manager receives a monthly fee in arrears based on each series of shares as a percentage of the average daily NAV of the series. The management fee for Series A is 1.75% per annum and for Series F is 0.75% per annum. Common expenses incurred by the Fund are allocated among the series on a pro-rata basis among all shares of all series. The Manager is reimbursed for reasonable costs related to maintaining the Fund and preparation and distribution of financial statements and other documents to shareholders. For the period ended June 30, 2022, management fees before the absorption of expenses amounted to \$0.3 million. The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

8. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2022 amounted to \$14,561 (June 30, 2021 – \$7,409). Included in this amount is \$5,048 (June 30, 2021 – \$2,867) in brokerage commissions that were paid to Middlefield Capital Corporation (“MCC”) a company under common control with the Manager. All brokerage commissions paid by the Fund to MCC were at or below market rates. Brokerage commissions and other transaction costs are expensed and recorded in the Statements of Comprehensive Income.

9. Securities Lending

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional revenue. The aggregate market value of all securities loaned by the Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 105% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund’s custodian, RBC Investor Services Trust, is entitled to receive.

There were no securities lending charges during the periods ended June 30, 2022 and June 30, 2021.

There were no securities loaned and collateral held as at June 30, 2022 and December 31, 2021.

10. Capital Management

The Fund’s capital is its Net Assets Attributable to Holders of Redeemable Shares, representing shareholders’ equity. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide returns for shareholders, maximize shareholder value and maintain financial strength.

The Fund is not subject to any externally imposed capital requirements. The Fund’s overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2021.

11. Loss Carryforwards

At December 31, 2021, the Corporation had no non-capital losses (December 31, 2020 – \$nil) and no capital losses (December 31, 2020 – \$nil) available for carryforward for tax purposes.

12. Distributions to Shareholders

Distributions to shareholders from the Fund are made to minimize income taxes payable by the Fund. Accordingly, distributions will vary from the accounting income reflected in these financial statements. Distributions of the Fund, unless otherwise specified by the shareholder, are automatically reinvested in additional shares of the Fund at the per share NAV without sales charge. Distributions per Series A share and Series F share of \$0.06 were paid to shareholders of the Fund at the end of each month during the period ended June 30, 2022 (June 30, 2021 - \$0.06).

Distributions to Shareholders – Series A	2022	2021
From Net Investment Income		
Total	\$ 3,384	\$ -
Per Share	-	-
From Capital Gains		
Total	192,458	227,752
Per Share	0.20	0.24
Return of Capital		
Total	161,958	108,007
Per Share	0.16	0.12
Distributions to Shareholders – Series F	2022	2021
From Net Investment Income		
Total	\$ 164,328	\$ 82,102
Per Share	0.10	0.08
From Capital Gains		
Total	350,791	290,768
Per Share	0.22	0.28
Return of Capital		
Total	65,875	-
Per Share	0.04	-

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 | UNAUDITED

13. The outbreak of the novel coronavirus (COVID-19) has led to governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown. The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at June 30, 2022. The duration and full extent of impact of the COVID-19 pandemic are unknown at the reporting date and it is therefore not possible to reliably estimate the entire impact on the financial results and position of the Fund in future periods.

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield Healthcare Dividend ETF (formerly Healthcare & Life Sciences ETF)	MHCD
• Middlefield Health & Wellness ETF	HWF
• Middlefield Innovation Dividend ETF (formerly Global Innovation Dividend Fund)	MINN
• Middlefield Sustainable Global Dividend ETF (formerly Global Dividend Growers Income Fund)	MDIV
• Middlefield Sustainable Infrastructure Dividend ETF (formerly Sustainable Infrastructure Dividend Fund)	MINF
• Middlefield Real Estate Dividend ETF (formerly Middlefield REIT INDEXPLUS ETF)	MREL
• Middlefield U.S. Equity Dividend ETF (formerly Middlefield American Core Dividend ETF)	MUSA
TSX-LISTED FUNDS	
• E Split Corp.	ENS ENS.PR.A
• International Clean Power Dividend Fund	CLP.UN
• Middlefield Global Real Asset Fund	RA.UN
• MINT Income Fund	MID.UN
• Real Estate Split Corp. (formerly Real Estate & E-Commerce Split Corp.)	RS RS.PR.A
• Sustainable Agriculture & Wellness Dividend Fund	AGR.UN
• Sustainable Innovation & Health Dividend Fund	SIH.UN
• Sustainable Real Estate Dividend Fund	MSRE.UN
• Workplace Technology Dividend Fund	WORK.UN
MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS	
Series A Units	Fund Code FE/LL/DSC
• Middlefield Healthcare Dividend Fund (formerly Global Healthcare Dividend Fund)	MID 325/327/330
• INDEXPLUS Income Fund	MID 435/437/440
• Middlefield Global Infrastructure Fund	MID 510/519/520
Series F Units	
• Middlefield Healthcare Dividend Fund (formerly Global Healthcare Dividend Fund)	MID 326
• INDEXPLUS Income Fund	MID 436
• Middlefield Global Infrastructure Fund	MID 501
MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS	
Series A Shares	Fund Code FE/LL/DSC
• Middlefield Canadian Dividend Growers Class	MID 148/449/450
• Middlefield Global Agriculture Class	MID 161/163/166
• Middlefield Global Dividend Growers Class	MID 181/183/186
• Middlefield Global Energy Transition Class (commenced May 31, 2022)	MID 265
• Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class)	MID 600/649/650
• Middlefield High Interest Income Class	MID 400/424/425
• Middlefield Income Plus Class	MID 800/849/850
• Middlefield Innovation Dividend Class (commenced May 31, 2022)	MID 925
• Middlefield U.S. Equity Dividend Class (formerly Middlefield U.S. Dividend Growers Class)	MID 710/719/720
Series F Shares	
• Middlefield Canadian Dividend Growers Class	MID 149
• Middlefield Global Agriculture Class	MID 162
• Middlefield Global Dividend Growers Class	MID 182
• Middlefield Global Energy Transition Class (commenced May 31, 2022)	MID 266
• Middlefield Real Estate Dividend Class (formerly Middlefield Global Real Estate Class)	MID 601
• Middlefield Income Plus Class	MID 801
• Middlefield Innovation Dividend Class (commenced May 31, 2022)	MID 926
• Middlefield U.S. Equity Dividend Class (formerly Middlefield U.S. Dividend Growers Class)	MID 701
RESOURCE FUNDS	
• Discovery 2021 Short Duration LP	
• MRF 2021 Resource Limited Partnership	
• MRF 2022 Resource Limited Partnership	
INTERNATIONAL FUNDS	
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT

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