

## DECEMBER PORTFOLIO UPDATE

### MIDDLEFIELD CANADIAN INCOME PCC (LON:MCT)

(or “the Fund”)

All information is at 31 December 2020 and unaudited

Net asset value – capital only:	103.09p
Share price:	92.00
Discount to NAV:	-10.8%
Net yield <sup>1</sup> :	5.5%
Gearing:	14.9%
Options overwrite:	0%
Ordinary shares in issue:	106,487,250
Ongoing charges <sup>2</sup> :	1.3%

<sup>1</sup> Based on four quarterly interim dividends of 1.275p per share paid 31 January 2020, 30 April 2020, 31 July 2020, 30 October 2020, and based on the share price as at close of business on 31 December 2020.

<sup>2</sup> Ongoing charges represent the management fee and all other operating expenses excluding interest as a % of average shareholders' funds for the year ended 31 December 2019.

### Performance with Net Income Reinvested

	One Month	Three Months	Six Months	One Year	Three Years	Five Years
Net asset value	0.0%	9.5%	10.3%	-7.2%	1.1%	8.6%
Share price	5.3%	14.7%	16.3%	-2.6%	2.3%	9.8%
TSX High Dividend Index	-0.6%	12.0%	13.8%	-8.5%	0.4%	10.9%

Source: Middlefield, Bloomberg.

### Sector Weights

### Total Assets (%)

Real Estate	35.00
Financials	33.91
Utilities	18.73
Pipelines	9.89
Information Technology	7.79
Communication Services	6.07
Healthcare	4.76
Materials	2.08

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118.24

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**Country Analysis****Investments (%)**

Canada	85.4
United States	14.6
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	100.0
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**Ten Largest Investments**

<b><u>Company</u></b>	<b><u>Country of Risk</u></b>	<b><u>Total Assets (%)</u></b>
CIBC	Canada	5.7
Brookfield Renewables	Canada	5.2
Bank of Montreal	Canada	5.1
TD Bank	Canada	4.7
RioCan REIT	Canada	4.6
Northland Power	Canada	4.5
Bank of Nova Scotia	Canada	4.5
Sun Life Financial	Canada	4.4
Enbridge	Canada	4.3
SmartCentres REIT	United States	3.8

**Dean Orrico, representing the Investment Manager, noted:**

Global equities performed well in December to close the year with the S&P 500 and the TSX Composite each returning 1.2% in British Pounds, respectively. The Fund outperformed the Benchmark by 1.3% in calendar 2020 and maintained its 5.1p per unit distribution, building upon its longstanding track record of generating attractive risk-adjusted returns and stable income for investors. Whilst COVID remains a major concern as we enter 2021, we are encouraged by the ongoing and planned rollout of approved vaccines and are looking forward to an economic rebound during this year and beyond.

Although valuations remain at the higher end of their historical range, we remain bullish on equities in 2021. Pfizer, Moderna and AstraZeneca each reported initial efficacy data exceeding 90% for their vaccines and multiple countries are now implementing mass inoculation programs. Johnson & Johnson is also expected to release Phase 3 results from its single-dose vaccine candidate in the coming weeks. If proven to be safe and effective, J&J aims to deliver at least one billion doses by the end of the year which could significantly accelerate timelines for widespread vaccinations. The Fund's position in the company returned 8.8% in December alone.

Financials continued to perform well in December and were a positive contributor to performance. Bank of Nova Scotia generated a total return of 8.9% after reporting fiscal Q4 2020 earnings per share that came in above consensus expectations, driven primarily by lower-than-expected provisions on credit losses. The Bank's International segment, which suffered in 2020 due to travel restrictions, is poised to rebound in 2021 as credit cards and other retail lending services recover. JPMorgan Chase & Co. was another top performer, generating a total return of 7.8% in December. Despite the 23.2% total return U.S. Financials generated during the fourth quarter of 2020, we believe valuations remain compelling against the backdrop of an economic recovery and a steepening yield curve.

The Fund's exposure to Information Technology was another positive contributor to performance. Broadcom returned 8.9%. The company's semiconductor solutions segment, which represents 75% of total revenue, grew by 14% from last quarter and 6% on a year-over-year basis. We believe Broadcom's earnings will continue to be resilient in 2021, underpinned by a strong upgrade cycle in smartphones led by its largest customer, Apple.

The Fund has reduced its exposure to U.S. equities in recent months. The S&P 500 generated a total return of 18.4% in 2020, outperforming the TSX Composite return of 5.6% by nearly 13% (local currencies). With monetary and fiscal policy expected to remain highly accommodative, we believe Canadian equities are positioned for significant returns in 2021. The TSX Composite closed the year trading at a forward 12-month P/E ratio of 16.2x, which compares favourably to the S&P 500's forward P/E of 22.5x. As the global economy recovers in 2021, we believe U.K. investors will benefit from exposure to attractively valued Canadian companies paying high and stable levels of dividends. Moreover, the Fund's core Canadian equity portfolio is complemented by select issuers in U.S. Healthcare and Information Technology, providing both diversification and attractive total return potential.

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**Notes to Editors**

Middlefield Canadian Income PCC aims to provide long term returns through dividend income and capital growth from a diversified portfolio of predominantly Canadian equity income securities and US stocks. The Company has been listed since 2006 as London's only listed Canadian equity income fund.

For more information on the Company, please visit our website:

<http://www.middlefield.co.uk/mcit.htm>