MCT
Middlefield Canadian Income Trust

Middlefield Canadian Income Trust

Half Yearly Report
30 June 2021

LON: MCT

Targeting high levels of stable income and capital growth, this Trust invests in Canada's highest quality, large capitalization businesses. Middlefield Limited, the Trust's investment manager, is a private and independent firm located in Toronto, Canada and is a member of Canada's Responsible Investment Association.

RIA

A Responsible Investment Association Member

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

Financial Highlights

2021 DIVIDEND

5.1p

YIELD

4.6%

SHARE PRICE

110.50p

NAV PER SHARE

127.21

NET ASSETS

£135.4m

Why Middlefield Canadian Income Trust?

Who is this fund for?

This Fund is for long-term investors seeking cash flow 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

Track record of outperformance since inception in 2006, delivered by a private and independent investment manager based in Toronto, Canada.

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 high yields compared to other developed markets and MCT has consistently paid in excess of 5p per annum since 2017.

Stability

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

Governance

Independent Board of Directors re-elected by shareholders annually 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/mcit.htm

Contents

Key Information

This Fund invests in larger capitalization 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 real estate, finance and renewables

Real Estate

Canada's real estate market is underpinned by low-interest rates, a stable economy and a relatively low unemployment rate. Immigration and a highly educated workforce support ongoing demand and growth in foreign investment.

Financials

One of the world's most sophisticated and well-capitalized banking system, Canada's banks consistently paid dividends without cuts or suspensions through the Global Financial Crisis and the COVID-19 pandemic.

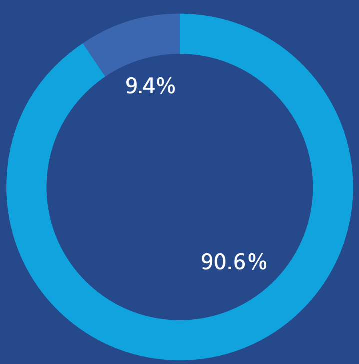
Renewables

Canada is a global leader in the production and use of energy from renewables. Canadian companies that focus on wind and solar are benefiting from increasing demand for clean power from governments and corporations.

Key Data

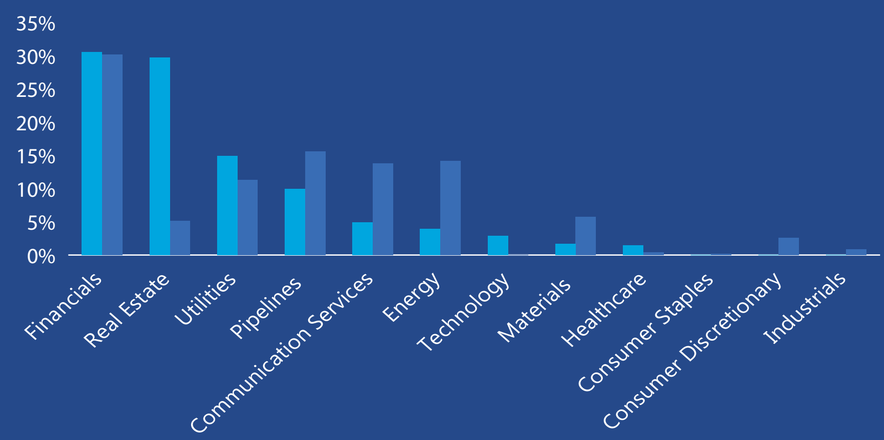
Geographic Mix

Canadian Equity   US Equity



Sector Allocation

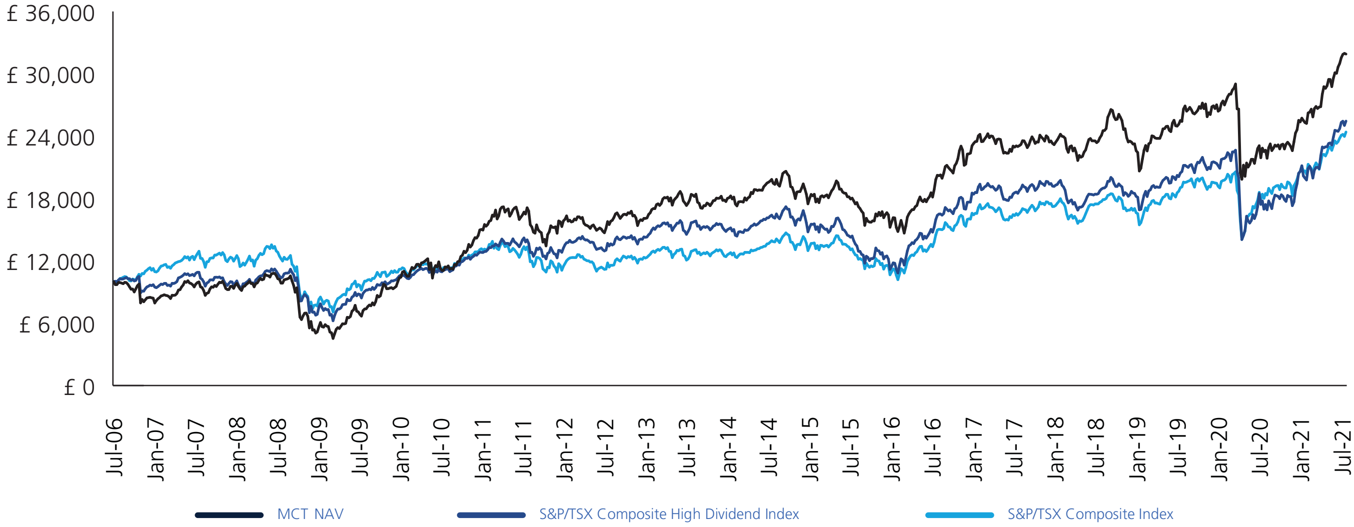
MCT   Benchmark



MCT

Historical Performance

Performance Since Inception to 30 June 2021



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, 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	YTD	1 Year
Share Price	1.8%	13.0%	23.3%	23.3%	43.5%
NAV	3.1%	11.5%	26.5%	26.5%	39.6%
Benchmark	2.5%	11.2%	27.9%	27.9%	45.5%
S&P/TSX Composite Index	2.6%	10.0%	19.4%	19.4%	31.8%

Long-term Performance	3 Year Cumulative	3 year Annualised	5 Year Cumulative	5 year Annualised	Since Inception
Share Price	37.6%	11.2%	71.0%	11.3%	174.6%
NAV	31.5%	9.5%	58.5%	9.6%	200.0%
Benchmark	34.9%	10.5%	58.4%	9.6%	158.7%
S&P/TSX Composite Index	37.7%	11.3%	67.7%	10.9%	154.3%

Sources: Middlefield, Bloomberg. As at 30 June 2021

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 October 2011 and GBP returns thereafter since MCT was CAD$ hedged from inception to October 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 11 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
Director

Richard Hughes
Director

Date: 16 September 2021

Chairman's Statement

Michael Phair
Chairman

It is my pleasure to present the Half Yearly Report for the period ended 30 June 2021 for Middlefield Canadian Income PCC ("MCT" or the "Company") and its closed-end cell, Middlefield Canadian Income – GBP PC (the "Fund"). The Fund invests in a broadly diversified portfolio, primarily comprised of Canadian and U.S. equity income securities, with the objective of providing shareholders with high dividends as well as capital growth over the longer term.

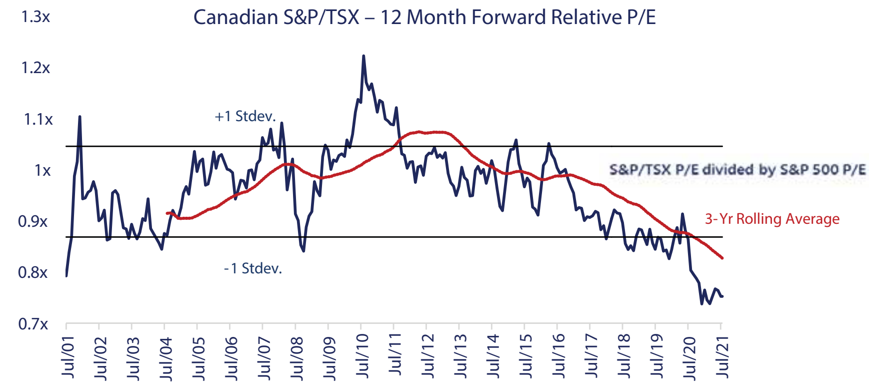
Investment Performance

Global equity markets performed well during the first half of the year, supported by vaccine rollouts and the reopening of the global economy. The Fund generated a total return of 26.5% while its share price returned 23.3% and reached a record high in June (all figures in Sterling with dividends reinvested). Since inception in 2006, the Fund has generated a cumulative return of 200%, which compares favourably to the Benchmark's return of 158.7% and the Canadian S&P/TSX Composite Index's return of 154.3%.

The Fund's investment strategy is well-suited for long-term investors seeking cash flows from a diversified portfolio of stable, profitable businesses. The Board has regular contact with the Investment Manager, Middlefield Limited, to discuss broad strategy and review investment policies, gearing and sector allocations. We remain satisfied that the Investment Manager is applying the strategy consistently and professionally and will continue to deliver good performance.

Investment Management

The portfolio is actively managed, giving the Investment Manager the ability to tactically shift the Fund's composition as market dynamics change. In response to optimism related to economic reopening, underpinned by highly effective vaccines, portfolio changes were made in late 2020 and early 2021 to position the Fund to participate in the market's recovery. Specifically, the Fund increased its exposure to Financials and Real Estate, two cyclical sectors which are highly leveraged to a recovery in economic activity. In addition, the Fund further increased its exposure to Canada in light of its attractive valuations relative to U.S.-listed securities.



The Fund's performance is explained in some detail by Mr Dean Orrico in the Investment Manager's accompanying report.

Shareholder Engagement

The Fund's share register remained stable throughout the year, supported by long-term institutional shareholders and a growing base of retail investors. As mentioned in the 2020 Annual Report, the Fund's Senior Independent Director, Richard Hughes and I met with several of our largest investors to receive direct feedback on the Fund and the Investment Manager in January of 2021. We received positive feedback in those meetings and believe our investment focus on income generating companies within Canada remains both relevant and attractive to U.K. investors. We once again engaged our major shareholders at the end of June 2021 during a webinar hosted by our corporate broker, Investec. At that meeting, we focused on our market outlook and corresponding portfolio positioning as well as our plan to address our share price discount.

One of our top priorities has been to grow our investor relations initiatives with the goal of generating more demand for the stock, thereby narrowing our trading discount. The Fund continues to receive positive feedback from shareholders on these initiatives including an improved web-site, webinars, thought leadership articles and our new CEO interview series on YouTube. We believe these actions are enhancing MCT's profile across the U.K., resulting in greater investor awareness and profile within the retail investor community. In fact, we witnessed an uptick in retail trading for our shares in the second quarter and continue to add investors from new trading platforms. You can find our content in the Media section of MCT's website http://www.middlefield.co.uk/mcitmedia.htm.

Gearing

The amount of gearing employed by the Fund has been tactically managed and can be a useful tool to enhance returns and control risk. Contrary to the first half of 2020 when gearing was reduced to a net cash position to dampen volatility, the Fund has utilised a fairly consistent amount of gearing throughout 2021 due to our ongoing constructive outlook on equity markets. Year-to-date, the Fund's net borrowings have averaged 18% of net assets and have contributed positively to the Fund's 26.5% total return.

Earnings and Dividends

Two quarterly interim dividends of 1.275p per share were paid on 29 January 2021 and 30 April 2021. This is in line with the payments made in the previous financial year. The Company's earnings per share totalled 2.36p for the six months ended 30 June 2021 compared with 1.82p for the corresponding period in 2020. As discussed in our most recent annual report, the Fund adopted a more defensive posture in 2020, resulting in lower-than-typical earnings generation for the year. For 2021, we are happy to report that our revenue from dividends has recovered and our dividend payments were 93% covered for the first half of the year. We expect Canadian earnings levels to increase in 2022 relative to 2021. We are also confident that the dividend should be fully covered when the economy reverts to pre-pandemic levels of output as long as the current level of gearing is maintained. As a result, the Board considers it appropriate to maintain the current dividend for the new financial year and may consider future increases in the event our revenue exceeds our payout level.

Directors' Remuneration

As stated in the Remuneration Report in the Company's annual financial report for the year ended 31 December 2020, the Company's remuneration policy is designed to ensure that the remuneration of its directors is set at a reasonable level commensurate with the duties and responsibilities of each director and the time commitment required to carry out their roles effectively.

For the period under review, the directors' remuneration was set at £28,000 per annum for the chairman of the Board, £24,000 per annum for the chairman of the audit committee and £22,000 for all other directors bar Mr Orrico, who has waived his

Chairman's Statement continued

entitlement to remuneration for acting as a director. The fees have remained at this level since 1 July 2018. Since then, the workload of the directors has increased considerably due to both market conditions and increased corporate governance obligations. At the most recent meeting of the Nomination and Remuneration Committee (the "NRC") held in September 2021, the NRC reviewed the directors' remuneration, benchmarking the fees against other listed companies of a similar size to the Company in its peer group, and agreed that a modest increase to the directors' remuneration would be appropriate. It was therefore agreed that with effect from 1 January 2022, the directors' fees would be increased to £31,000 per annum for the chairman of the Board, £27,000 per annum for the chairman of the audit committee and £25,000 for all other directors bar Mr Orrico. Shareholders should note that, whilst the aggregate annual remuneration of the current directors will increase by £12,000, the total directors' fees payable for the 2022 financial year will be lower than those paid in previous years due to the net reduction in the number of directors since 2020. This is in line with the Board's refreshment and appointments policies executed since 2019 to ensure stability and appropriate resource availability.

Related Party Transactions

Related party transactions are disclosed in greater detail in Note 11 of the Notes to the Interim Condensed Financial Statements of the Fund (unaudited).

There have been no material changes in the related party transactions from those described in the 2020 Annual Financial Report.

Material Events

The Board is not aware of any significant event or transaction which has occurred between 1 July 2021 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

Company and Fund Annual General Meetings

At each of the Company and Fund Annual General Meetings held on 17 June 2021, all resolutions, relating to both ordinary business and special business, were duly passed on a poll.

In relation to the Company and Fund AGM, the Board notes the votes which were cast against the re-election of Mr Philip Bisson as a director of the Company and of the Fund (resolution 3). Of the total votes cast (which represented voting rights over 47.42% of the Fund's issued share capital), 22.47% of such votes were cast against Mr Bisson's re-election. The Board understands that the votes received against Mr Bisson's re-election resulted, in large part, from a recommendation set out in a report from one proxy voting agency which highlighted that Mr Bisson's shareholding and those of his connected persons (1.72% in aggregate) could compromise Mr Bisson's independence as a director and, as such, that he should not form part of the Audit Committee of the Company. In addition, Mr Bisson, a Jersey resident non-executive director, has been on the board of the Company and of the Fund since launch. The Jersey Financial Services Commission requires any Jersey-incorporated company to have a minimum of two Jersey resident directors on the board at all times, and Mr Bisson has served as one of the two Jersey resident directors of the Company and Fund for 15 years. This tenure exceeds the nine year term stipulated by the FRC's UK Corporate Governance Code and the AIC's Code of Corporate Governance following which a non-executive director's independence may be deemed to be impaired.

The Board regularly reviews the Board's composition and the independence of all directors and is satisfied that, notwithstanding the shareholding and tenure described above, Mr Bisson is independently minded in his approach in his role as a director of the Company and of the Fund. His shareholding and those of his connected persons (to the extent actually controlled by Mr Bisson) demonstrate a significant personal financial commitment by Mr Bisson, and also serve to directly align his interests with those of other shareholders. In terms of Mr Bisson's tenure and justification for his ongoing role as a non-executive director of the Company and the Fund, Mr Bisson provides invaluable experience as a Jersey non-executive director and Jersey investment professional, and adds significant value in his non-executive role.

The Board frequently reviews its plans for future succession and has taken a number of steps over recent years to refresh its composition in order to continue to ensure the highest standards of good corporate governance. These steps have included the retirement of three long-standing non-executive directors, Mr Nicholas Villiers (on 30 September 2020) and Mr Ray Apsey and Mr Thomas Grose (on 17 June 2021), and the appointment of three new non-executive directors, Mr Richard Hughes (on 1 July 2018), Mr Michael Phair (on 13 June 2019) and Ms Kate Anderson (on 12 April 2021). In addition, a new board apprentice, Mrs Janine Fraser, a Jersey resident, was appointed on 25 March 2021.

Following the three planned retirements explained above, at the present time the Board does not intend to further refresh its composition with the retirement of Mr Bisson. The Board remains mindful, however, of the requirement to identify a suitable Jersey-resident replacement for Mr Bisson at such time as he does retire from the Board in a phased manner, and has taken steps to ensure an orderly succession in due course. In addition, in order to command continued shareholder support, Mr Bisson retired from the Audit Committee of the Board with effect from the commencement of the Audit Committee meeting on 16 September 2021. Details of any further changes which may be implemented will be included in the Company's Annual Financial Report for the year ending 31 December 2021.

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

There are a number of potential risks and uncertainties which could have a material impact on the Fund's performance over the remaining six months of the year and could cause actual results to differ materially from expected and historical results. Further information on the principal risks and uncertainties are included on pages 28 to 30 of the 2020 Annual Report and in Note 16 of the Notes to the Interim Condensed Financial Statements of the Fund (unaudited).

The Directors consider that the principal risks and uncertainties facing the Company, including the uncertainty relating to the impact of the pandemic and Brexit, remain substantially unchanged since the publication of the Company's 2020 annual report and financial statements and are expected to remain relevant to the Company for the next six months of its financial year.

Outlook

We remain positive on the outlook for the global economy in the second half of 2021. Vaccination rates continue to climb, which should support an ongoing recovery in economic activity and consumer spending. While we are cognizant of the ongoing risks presented by COVID-19, including the delta variant and future potential strains, we believe the likelihood of widespread lockdowns is low and that economies will continue to gradually reopen.

The Fund is primarily focused on Canadian dividend-paying and dividend-growing equities, an attractive asset class for U.K. investors seeking stable income and diversification. The Canadian Prime Minister, Justin Trudeau, has called a snap election that will take place on 20 September 2021. As investors, we recognize that market reactions to elections tend to be modest and temporary and thus should not have a dramatic or lasting effect on the high-quality businesses included in this portfolio.

We are confident in the Investment Manager's ability to continue delivering attractive risk-adjusted returns within this asset class and to build upon its established track record. In light of our positive outlook on the investment landscape, together with the Fund's increased marketing efforts, shareholder engagement and board composition initiatives, we believe the Fund's current trading price represents a compelling value for current and prospective shareholders.

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

Michael Phair
Chairman

16 September 2021

Middlefield Group is a private and independent asset manager focused on equity income investment strategies. Located in Toronto, Canada, Middlefield has over CAD 4 billion in assets under management and has delivered high levels of income for UK investors for more than a decade.

Investment Manager's Interim Report

Dean Orrico

Global equities performed very well during the first half of 2021, with most major indices closing at all-time highs. The S&P 500, TSX Composite and Euro Stoxx 50 generated total returns of 15.2%, 17.3% and 16.6%, respectively. Inflows into global equity funds during the first half of the year totalled $580 billion, the largest on record by a significant margin. If the current pace of inflows continues throughout the second half of the year, equity funds will take in more money in 2021 than in the previous twenty years combined.

Markets have been supported by the economic reopening, led by cyclical and value sectors. This began in November 2020 when initial positive vaccine data from Pfizer, Moderna and AstraZeneca provided a pathway to resolving the pandemic. Vaccine rollouts progressed swiftly once they were approved, allowing restrictions to be lifted at a gradual pace throughout the world. As of August 2021, over 82% of Canadians aged 12 years or older had received at least one dose and 73% were fully vaccinated – among the highest vaccine adoption rates in the world.

Economic reopening has contributed to rising inflation, with Core CPI, PPI and PCE inflation statistics spiking during the second quarter of 2021. As a result, global central banks, including the Bank of Canada and the Federal Reserve, are now adopting a more hawkish tone when guiding on future monetary policy. A certain amount of tightening is now being priced in but this should not have a major impact on markets as long as it happens gradually and is appropriately signalled. This is reflected in markets reaching new highs, notwithstanding U.S. 10-Year Treasury yields and Canadian Government 10-Year Bond yields increasing by 55 bps and 71 bps during the first half, respectively.

Commodity prices increased significantly during the first half. WTI crude oil prices have risen more than 50% this year while North American natural gas prices are at their highest levels in seven years. Against this backdrop, we anticipate significant free cash flow generation from the Canadian energy sector which can be used for strategic investments in renewables, carbon capture and storage, hydrogen infrastructure and other initiatives aligned with ESG principles. Enbridge, a top 10 holding in the Fund, continues to stand out as an ESG leader among its peers, with the company providing another comprehensive Sustainability Report as well as a framework for issuing sustainability-linked bonds that link interest rates to ESG performance, further aligning the interests of shareholders and company management. In addition, the Fund recently initiated positions in other ESG-focused energy companies including Topaz Energy, a midstream and royalty company levered to natural gas, which will play an instrumental role in the global energy transition for decades.

The real estate sector has performed well this year in Canada, generating a total return of 21.7%. Cyclical asset classes that are positively correlated with the economic reopening, such as retail and seniors housing, were the biggest contributors to Fund performance. Looking ahead to the second half of 2021, we are bullish on industrial REITs, which have lagged the sector by more than 4% in Canada. E-Commerce activity increased as a result of the pandemic and continues to drive demand for industrial properties. Availability rates in Vancouver, Toronto and Montreal are at 1.1%, 1.2% and 1.4%, respectively as

Investment Manager's Interim Report continued

new supply is unable to keep pace with the rate of absorption, thereby leading to rapid growth in rents. In 2021 to date, more than 26 million square feet of industrial space has been absorbed in Canada relative to a more modest 8.8 million square feet of completions. The Fund has been invested in several high-quality Canadian industrial REITs including Granite REIT, Dream Industrial REIT and WPT Industrial REIT.

As at 30 June 2021, Financials accounted for over 30% of the Fund's investment portfolio and were its top sector weighting. Canadian-listed issuers account for almost 90% of this exposure and have been positive contributors to performance year-to-date. Canadian banks are consistent dividend growers and possess high capital levels and low dividend payout ratios. They also continue to trade at attractive valuations relative to their U.S. peers. These qualities give them a lower relative risk profile than other cyclical sectors, making them a compelling investment for exposure to a pick-up in economic activity. Canada's banks have been able to generate rapid earnings growth this year, mostly driven by reduced provisions for credit losses and elevated activity in capital markets transactions. Looking forward, we remain positive on the sector given the outlook for consumer spending, commercial lending and continued fiscal support from the Canadian federal government.

The backdrop for sustainable infrastructure, specifically renewables, strengthened during the first half of the year. We are witnessing a seismic shift in the way society consumes and produces energy. In April 2021, the U.S. pledged to slash its greenhouse gas emissions by at least 50% by 2030 and to achieve net-zero emissions by 2050, joining the world's largest economies in setting aggressive long-term climate targets. The private sector generally, and the world's largest companies in particular, are also providing major support for net zero investments. For example, Apple has committed to being 100% carbon neutral from its supply chain to its products by 2030 and Microsoft has pledged by 2050 to remove all the carbon it has emitted since it was founded in 1975. A first half sell-off driven by an increase in longer term interest rates has led to attractive valuations and compelling entry points for many renewable-focused companies. We believe the market is ascribing little value for future growth to several of our key portfolio positions including Capital Power, Brookfield Renewables and Northland Power.

The Fund's core allocations to Financials, Real Estate and Utilities are complemented by high-conviction positions in sectors that are not well-represented in the benchmark. For example, the Fund has a 2.9% weight in Information Technology and a 1.5% weight in Healthcare. Tech demonstrated market leadership throughout most of 2020 but lagged during the majority of the first half of 2021 as the reopening trade drove market performance. Even so, we maintain a very optimistic long-term outlook on the technology sector as the pandemic has accelerated certain secular trends including 5G, datacentres, E-commerce, work from home and cloud storage. Healthcare also lagged the broader market by over 3% during the first half and we see potential for a catch-up given its combination of high quality companies and attractive valuations. The Fund has exposure to these sectors through positions in Broadcom and AbbVie.

Top Holdings

The table below shows the largest ten positions held within the Fund's portfolio as at 30 June 2021:

Company	Sector	% of NAV
Canadian Imperial Bank of Commerce CIBC is one of Canada's largest banks, offering asset management, retail brokerage and private wealth management services across Canada and the United States. CIBC is trading at a valuation discount relative to its Canadian Bank peers which we believe could narrow as the firm approaches its goal of generating 25% of earnings from the United States, up from 17% in 2020.	**Financials**	**4.9%**
Bank of Montreal BMO is the fourth-biggest bank in Canada by assets and the eighth largest in North America. It is pursuing commercial banking growth in the US, mostly in the Midwest, which could drive an expansion in earnings as the economy recovers. It has the lowest relative exposure to Canadian mortgages and is uniquely focused on the mid-cap market niche, supporting faster growth than its peers.	**Financials**	**4.9%**
TD Bank TD's retail operations are larger relative to its peers at about 90% of total income. The company has more than 2,300 branches throughout Canada and the Eastern US. As a result, it is the most sensitive to shifts in interest rates among the big Canadian banks and is expected to outperform during periods of a steepening yield curve.	**Financials**	**4.5%**
Bank of Nova Scotia Scotia provides retail, corporate and investment banking services primarily in Canada and Latin America. Its main operating arm, Scotiabank, has nearly 1,000 Canadian branches and over 1,800 additional offices throughout the world. We believe Scotiabank has the best operating leverage in its peer group due to its focus on strict cost controls.	**Financials**	**4.5%**
RioCan REIT RioCan owns and operates premier retail real estate properties throughout Canada. More than 90% of its assets are located in Canada's six largest markets, making for one of the highest-quality portfolios of urban real estate in the country. The company has a robust mixed-use development program which is supported by its formidable balance sheet.	**Real Estate**	**3.8%**
AltaGas AltaGas is an energy infrastructure company with a focus on regulated Utilities and Midstream operations, including a focus on clean energy. We believe AltaGas' WGL utility business is under-appreciated in light of its 8% expected rate base growth per annum through 2025 and the discount at which the company trades relative to its regulated utility peers.	**Utilities**	**3.8%**

Top Holdings continued

Company	Sector	% of NAV
Capital Power Capital Power is an independent power producer with approximately 6,400 MW of power generation capacity across North America. The company is on a path to net carbon neutrality by 2050, highlighted by the recent closing of its $1 billion sustainability-linked credit facility which is tied to a 65% reduction in GHC intensity by 2030.	**Utilities**	**3.7%**
SmartCentres REIT SmartCentres owns open-air shopping centres throughout Canada totalling more than 34 million square feet of leasable space with an additional 28 million square feet in various stages of development. Approximately 70% of its centres are anchored by Walmart, which drives foot traffic and supports neighbouring businesses.	**Real Estate**	**3.6%**
Keyera Keyera provides natural gas and natural gas liquids midstream services in Western Canada. Operations include gathering, processing, fractionation, storage, transportation and marketing. Keyera is well positioned to self-fund growth given its strong balance sheet and increasingly ability to process gas more efficiently.	**Pipelines**	**3.5%**
Enbridge Enbridge operates an extensive network of oil, liquids and natural gas pipelines, gas distribution utilities and renewable power generation facilities. The company pays a safe and robust quarterly dividend which has grown at a compound annual growth rate of 14% since 2012, including a 10% hike in 2020.	**Pipelines**	**3.5%**

Outlook

The outlook for North American equity income remains very attractive. Interest rates are near historical lows and support current market multiples, particularly for Canadian issuers which trade at a discount to their U.S. counterparts. Corporate earnings are expected to continue to recover from depressed levels over the next several quarters and into 2022 as consumer demand and supply chain challenges recover from the pandemic.

Canada is well-positioned to navigate the delta variant in the autumn months as children return to school due to its high level of vaccination and unique rollout strategy. Millions of Canadians received mixed doses of approved vaccines at delayed intervals which studies show could provide greater longevity of the immune response and provide better overall protection. The upcoming Canadian federal election, which will take place on 20 September 2021, does not in any way impact our views on the outlook for our Canadian portfolio companies. Barring any new setbacks, Canada's economy will revert to pre-pandemic activity levels in 2022. As a result, our chosen geographic allocation still favours Canadian equities over U.S. stocks and emphasizes cyclical and value sectors. Canada is better positioned to benefit from a rebound in global growth and there is still an unprecedented valuation gap between equities in the two countries.

Our diversified portfolio of dividend-paying and dividend-growing equities should generate attractive risk-adjusted returns relative to other asset classes in the current investment environment. Our focus on companies with predictable cash flows and sustainable business models will help mitigate future volatility.

Middlefield Limited
16 September 2021

Past performance is not a guide to future performance.
This half-yearly financial report is available at: www.middlefield.co.uk.

ESG

Middlefield ESG Policy

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. Consistent with these objectives, Middlefield integrates ESG considerations into its investment process because 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 fulsome understanding of a company's strategy, culture and sustainability.

In addition to Middlefield's integration of ESG considerations into its investment process, its affiliate Middlefield Limited (a registered Canadian investment fund manager) has adopted Stewardship Principles in order to effectively steward the assets it manages for its clients. The Stewardship Principles below and its stewardship activities carried out pursuant to the principles are complementary to its ESG integration process.

ESG considerations are integral to Middlefield's investment decision-making, as well as its ongoing portfolio monitoring process. Its 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 consider alongside its fundamental, quantitative and qualitative research.
2. Its 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 indexes 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. Negative screening is implemented in ESG-focused mandates to exclude companies that operate in ethically-contentious industries (e.g. tobacco products and military weapons) as well as those involved in severe business controversies.
4. Positive screening is used to select companies that possess positive ESG characteristics. This process involves analysing sustainability data provided by reputable third-parties to determine how companies are ESG-rated and ranked relative to peers.
5. ESG considerations also are integrated into its 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 its 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
    - Monitoring shareholder meetings and voting proxies

Many countries have established or are in the process of establishing standardized ESG disclosure requirements for corporate issuers. When enacted, these are expected to enhance the efficiency of its 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.

Middlefield's Stewardship Principles

Middlefield Limited ("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 recognized 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 among other things utilizing a proxy advisory firm to assist in monitoring companies and voting proxies)

- Reporting to its clients (as required by law)
- 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)
- 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:
    - Proxies will be voted in a manner that seeks to enhance the long-term sustainable value of the funds it manages
    - 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
- 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
- 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 us up to date on developments that are material to us as an asset manager. It utilizes its professional advisors, and it also relies on the organizations 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)
- 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

Scotiabank (Top 3% ESG ranking and 4.5% of the portfolio as at 30 June 2021)

Scotiabank

Summary:

One of Canada's Big Five banks, it is the third largest Canadian bank by deposits and market capitalization and serves over 25 million customers. Scotiabank's approach to Environmental, Social, and Governance (ESG) focuses on four pillars: Environmental Action, Economic Resilience, Inclusive Society and Leadership & Governance. Scotiabank achieves top scores in Corporate Governance among financial institutions globally and commits large donations and sponsorships to its local communities. Their business model possesses low ESG risk.

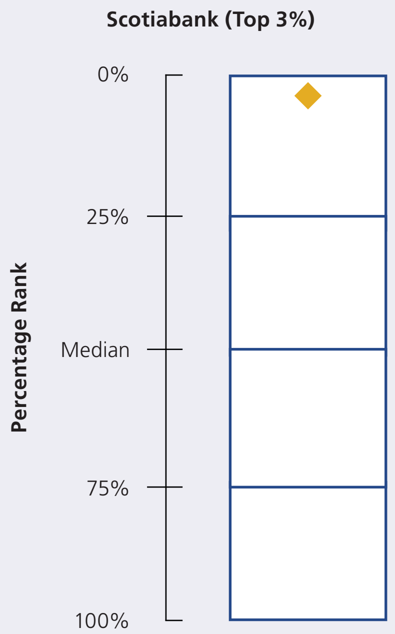
Highlights:

- Has deployed over $28 billion of the $100 billion committed to reduce the impacts of climate change by 2025 through lending, financing and investing toward climate reduction initiatives
- Surpassed a 30% target of women on its Board of Directors with 42% of its nominated directors as women

Top ESG Issues:

- Increasing support for small and medium-sized enterprises, women entrepreneurs and other underrepresented sectors of the economy
- ESG disclosure score is in line with peers

ESG Rank Relative to the Fund's Benchmark (TSX High Dividend Index)



Sources: S&P, Sustainalytics, Bloomberg.

ESG materials: https://www.scotiabank.com/ca/en/about/responsibility-impact/esg-strategy.html and https://www.scotiabank.com/content/dam/scotiabank/canada/en/documents/about/Scotiabank_2020_ESG_Report_Final.pdf

Enbridge (Top 12% ESG ranking and 3.5% of equities as at 30 June 2021)

Summary:

Enbridge is a leading North American energy infrastructure company that is making significant strides implementing its sustainability goals while investing in clean technologies as the company adapts to the energy transition that will occur for decades to come. ENB is competitively ranked for its ESG performance and is progressing well towards its goal of being net zero of greenhouse gases (GHG) by 2050. The company recently closed its inaugural Sustainability-Linked Bond issuance for $1 billion USD, incorporating emissions and inclusion goals into the financing terms. Their business model possesses medium ESG risk but management's understanding of key ESG issues is robust. Enbridge leads their peers for ESG programs, practices and policies.

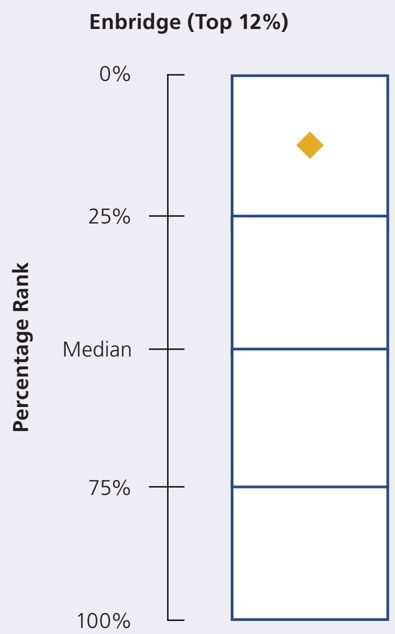
Highlights:

- Currently using hydrogen technology to reduce natural gas emissions and they have achieved a 25% reduction in GHG emissions since 2018
- Current targets of 40% women and 20% of all board members having an ethnic racial background have been set for 2025

Top ESG Issues:

- Enbridge is exposed to high ESG controversy due to its industry group and own emissions
- Inclusion, diversity, equity, and accessibility are still below targets but are progressing

ESG Rank Relative to the Fund's Benchmark (TSX High Dividend Index)



Sources: S&P, Sustainalytics, Bloomberg.

ESG materials: https://www.enbridge.com/about-us/our-values/sustainability and https://www.enbridge.com/~/media/Enb/Documents/Reports/Sustainability%20Report%202020/Enbridge_SR_2020.pdf

Corporate Information

Registered Office

28 Esplanade
St Helier
Jersey JE2 3QA

Management and Administration

Directors

Michael Phair (Chairman)
Philip Bisson
Thomas Grose (resigned 17 June 2021)
Dean Orrico
Richard Hughes
Raymond Apsey (resigned 17 June 2021)
Kate Anderson (appointed 12 April 2021)

Assistant Secretary

JTC Fund Solutions (Guernsey) Limited
(ceased to act 30 June 2021)
Ground Floor, Dorey Court
Admiral Park
St. Peter Port
Guernsey, GY1 2HT

Investment Advisor

Middlefield International Limited
288 Bishopsgate
London, EC2M 4QP

Investment Manager

Middlefield Limited
Suite 5855
100 King St W
Toronto ON
Canada, M5X 1A6

Legal Advisers

In England
Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London, E1 6PW

In Jersey
Carey Olsen Jersey LLP
47 Esplanade
St. Helier
Jersey, JE1 0BD

In Canada
Fasken Martineau DuMoulin LLP
Bay Adelaide Centre
Box 20, Suite 2400
333 Bay Street
Toronto, Ontario
Canada, M5H 2T6

Broker and Corporate Advisor

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Custodian

RBC Investor Services Trust
335 – 8th Avenue SW
23rd Floor
Calgary, Alberta
Canada, T2P 1C9

Registrar

Link Market Services (Jersey) Limited
12 Castle Street
St. Helier
Jersey, JE2 3RT

CREST Agent, UK Paying Agent and Transfer Agent

Link Market Services Limited
The Registry
34 Beckenham Road
Beckenham
Kent, BR3 4TU

Independent Auditor

RSM Channel Islands (Audit) Limited
40 Esplanade
St Helier
Jersey
JE4 9RJ

Financial Calendar

Annual Results
Announced 16 April 2021

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

Annual General Meetings
17 June 2021

Half-Yearly Results
Announced September 2021

Information Sources

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

Condensed Statement of Financial Position of the Fund (Unaudited)

As at 30 June 2021
with unaudited comparatives as at 30 June 2020
and audited comparatives as at 31 December 2020

	Notes	30.06.2021 GBP	30.06.2020 GBP	31.12.2020 GBP
Current assets				
Securities (at fair value through profit or loss)	3 & 18	**167,714,894**	109,221,611	129,564,819
Accrued bond interest		**–**	17,402	–
Accrued bank interest		**–**	–	–
Accrued dividend income		**519,594**	434,555	419,004
Other receivables		**2**	2	2,125
Prepayments		**11,486**	2,323	20,124
Cash and cash equivalents	4	**1,994,433**	7,429,262	5,621,538
		170,240,409	117,105,155	135,627,610
Current liabilities				
Other payables and accruals	5	**(424,194)**	(359,305)	(318,742)
Interest payable		**(35,064)**	(7,081)	(21,776)
Loan payable	14	**(34,316,372)**	(14,812,456)	(25,775,293)
		(34,775,630)	(15,178,842)	(26,115,811)
Net assets		**135,464,779**	101,926,313	109,511,799
Equity attributable to equity holders				
Stated capital	6	**49,704,414**	49,704,414	49,704,414
Retained earnings		**85,760,365**	52,221,899	59,807,385
Total Shareholders' equity		**135,464,779**	101,926,313	109,511,799
Net asset value per redeemable participating preference share (pence)	7	**127.21**	95.72	102.84

The interim financial statements and notes on pages 24 to 39 were approved by the Directors on 16 September 2021 and signed on behalf of the Board by:

Michael Phair
Director

Richard Hughes
Director

The accompanying notes on pages 28 to 39 form an integral part of these interim financial statements.

Condensed Statement of Comprehensive Income/(Loss) of the Fund (Unaudited)

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

		Six months ended 30 June 2021			Six months ended 30 June 2020	Year ended 31 December 2020
	Notes	Revenue GBP	Capital GBP	Total GBP	Total GBP	Total GBP
Revenue						
Dividend and interest income	8	**3,631,288**	**–**	**3,631,288**	2,850,304	5,684,265
Net movement in the fair value of securities (at fair value through profit or loss)	9	**–**	**26,944,501**	**26,944,501**	(21,950,317)	(13,554,835)
Net movement on foreign exchange		**–**	**(437,422)**	**(437,422)**	639,869	917,328
Total revenue/(loss)		**3,631,288**	**26,507,079**	**30,138,367**	(18,460,144)	(6,953,242)
Expenditure						
Investment management fees		**171,556**	**257,333**	**428,889**	377,880	744,032
Custodian fees		**6,752**	**–**	**6,752**	6,025	11,381
Sponsor's fees		**30,636**	**–**	**30,636**	26,993	53,146
Other expenses		**309,567**	**–**	**309,567**	273,575	582,497
Operating expenses		**518,511**	**257,333**	**775,844**	684,473	1,391,056
Net operating profit/(loss) before finance costs		**3,112,777**	**26,249,746**	**29,362,523**	(19,144,617)	(8,344,298)
Finance cost		**(61,052)**	**(91,580)**	**(152,632)**	(222,468)	(319,565)
Profit/(loss) before tax		**3,051,725**	**26,158,166**	**29,209,891**	(19,367,085)	(8,663,863)
Withholding tax expense		**(541,486)**	**–**	**(541,486)**	(367,127)	(769,438)
Net profit/(loss)		**2,510,239**	**26,158,166**	**28,668,405**	(19,734,212)	(9,433,301)
Profit/(loss) per redeemable participating preference share – basic and diluted (pence)	10	**2.36**	**24.56**	**26.92**	(18.53)	(8.86)

The Company including the Fund has no other items of income or expense for the current and prior periods and accordingly the net profit/(loss) for the current and prior periods represent total comprehensive income/(loss).

There are zero earnings attributable to the management shares. All activities derive from continuing operations.

The accompanying notes on pages 28 to 39 form an integral part of these unaudited interim condensed financial statements.

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

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2020		**49,704,414**	**74,671,536**	**124,375,950**
Loss for the period		–	(19,734,212)	(19,734,212)
Dividends paid	12	–	(2,715,425)	(2,715,425)
At 30 June 2020		**49,704,414**	**52,221,899**	**101,926,313**
Profit for the period		–	10,300,911	10,300,911
Dividends paid		–	(2,715,425)	(2,715,425)
At 31 December 2020		**49,704,414**	**59,807,385**	**109,511,799**
Profit for the period		–	28,668,405	28,668,405
Dividends paid	12	–	(2,715,425)	(2,715,425)
At 30 June 2021		**49,704,414**	**85,760,365**	**135,464,779**

The accompanying notes on pages 28 to 39 form an integral part of these unaudited interim condensed financial statements.

Condensed Cash Flow Statement of the Fund (Unaudited)

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

		Six months ended 30 June		Year ended 31 December
	Notes	2021 GBP	2020 GBP	2020 GBP
Cash flows from/(used in) operating activities				
Net profit/(loss)		**28,668,405**	(19,734,212)	(9,433,301)
Adjustments for:				
Net movement in the fair value of securities (at fair value through profit or loss)	9	**(26,944,501)**	21,950,317	13,554,835
Realised gain on foreign exchange		**(51,206)**	(391,175)	(863,673)
Unrealised loss/(gain) on foreign exchange		**488,628**	(248,694)	(53,655)
Payment for purchases of securities		**(31,635,051)**	(69,425,325)	(157,086,351)
Proceeds from sale of securities		**20,429,479**	82,329,326	158,042,626
Operating cash flows before movements in working capital		**(9,044,246)**	14,480,237	4,160,481
(Increase)/decrease in receivables		**(89,829)**	111,632	124,661
Increase/(decrease) in payables and accruals		**118,740**	(71,704)	(97,572)
Net cash from/(used in) operating activities		**(9,015,335)**	14,520,165	4,187,570
Cash flows (used in)/from financing activities				
Repayment of borrowings		**(54,359,536)**	(40,624,864)	(69,877,236)
New bank loans raised		**62,900,613**	29,410,518	69,625,727
Dividends paid	12	**(2,715,425)**	(2,715,425)	(5,430,850)
Net cash (used in)/from financing activities		**5,825,652**	(13,929,771)	(5,682,359)
Net (decrease)/increase in cash and cash equivalents		**(3,189,683)**	590,394	(1,494,789)
Cash and cash equivalents at the beginning of period		**5,621,538**	6,198,999	6,198,999
Effect of foreign exchange rate changes		**(437,422)**	639,869	917,328
Cash and cash equivalents at the end of period	4	**1,994,433**	7,429,262	5,621,538
Cash and cash equivalents made up of:	4			
Cash at bank		**1,994,433**	7,429,262	5,621,538

The accompanying notes on pages 28 to 39 form an integral part of these unaudited interim condensed financial statements.

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited)

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. 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 United States 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 functional and presentational currency of the Company and the Fund is Pound Sterling ("GBP").

The Company and the Fund have no employees.

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 2020 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. Accounting Policies

a. Basis of preparation

The interim condensed financial information for the period ended 30 June 2021 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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.

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:

- the Fund has sufficient liquidity to meet all on-going expenses and repayment of external borrowings; and
- the portfolio of investments held by the Fund materially consists of listed investments which are readily realisable and therefore the Fund will have sufficient resources to meet its liquidity requirements.

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

2. Accounting Policies continued

c. Standards and Interpretations

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in those financial statements.

Adoption of new and revised Standards

At the date of authorisation of these interim financial statements, there were no standards and interpretations in issue which became effective.

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

- IAS 1, 'Presentation of financial statements on classification of liabilities' (effective periods commencing on or after 1 January 2022).
- IFRS 17, 'Insurance contracts' (effective periods commencing on or after 1 January 2023).

d. Business and geographical segments

The Directors are of the opinion that the Fund is engaged in a single segment of business investing predominantly in securities and REITs domiciled in Canada and the U.S. to which the Fund is solely exposed and therefore no segment reporting is provided.

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

	30.06.2021 GBP	30.06.2020 GBP	31.12.2020 GBP
Quoted/listed Equities	**167,714,894**	108,041,302	129,564,819
Quoted/listed Bonds	**–**	1,180,309	–
	167,714,894	**109,221,611**	**129,564,819**

Please refer to Note 18 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2021 GBP	30.06.2020 GBP	31.12.2020 GBP
Cash at bank	**1,994,433**	**7,429,262**	**5,621,538**

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 to their fair value.

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

5. Other payables and accruals

	30.06.2021 GBP	30.06.2020 GBP	31.12.2020 GBP
Investment management fees (Note 11)	**227,197**	172,696	187,303
Sponsor's fees	**16,228**	12,336	13,379
Audit fees	**12,397**	14,918	25,000
Administration fees	**32,457**	24,671	26,758
General expenses	**10,363**	2,052	16,049
Directors' fees	**63,679**	87,739	1,500
Registrar's fees	**7,821**	7,429	7,257
Custodian fees	**2,302**	5,398	4,500
Tax service fees	**–**	–	2,676
Marketing fees	**3,906**	–	–
Investor relations fee (Note 11)	**42,127**	32,066	34,320
National Insurance	**5,717**	–	–
	424,194	**359,305**	**318,742**

6. Stated capital account

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		
At 31 December 2020	2	2
At 30 June 2021	**2**	**2**
Redeemable participating preference shares issued		
At 31 December 2020	**106,487,250**	**49,704,412**
Movement for the period	–	–
At 30 June 2021	**106,487,250**	**49,704,412**
Total stated capital at 30 June 2021		**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 2020: 18,195,000, 31 December 2020: 18,195,000) treasury shares in issue. Treasury shares have no value and no voting rights.

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

7. Net asset value per redeemable participating preference share

The net asset value per share of 127.21p (30 June 2020: 95.72p, 31 December 2020: 102.84p) is based on the net assets at the period end of £135,464,779 (30 June 2020: £101,926,313, 31 December 2020: £109,511,799) 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 2020: 106,487,250 shares, 31 December 2020: 106,487,250 shares).

8. Dividend and interest income

	Period ended 30.06.2021				
	Revenue GBP	Capital GBP	Total GBP	30.06.2020 GBP	31.12.2020 GBP
Bond and debenture interest	–	–	–	66,165	89,388
Bank and loan interest	**1,734**	–	**1,734**	89,212	96,562
Dividend income	**3,629,554**	–	**3,629,554**	2,694,927	5,498,315
	3,631,288	–	**3,631,288**	**2,850,304**	**5,684,265**

9. Net movement in the fair value of securities

	Period ended 30.06.2021				
	Revenue GBP	Capital GBP	Total GBP	30.06.2020 GBP	31.12.2020 GBP
Net movement in the fair value of securities (at fair value through profit or loss)	–	**26,944,501**	**26,944,501**	**(21,950,317)**	**(13,554,835)**

10. Profit per redeemable participating preference share – basic and diluted

The revenue gain per share is based on £2,510,239 (30 June 2020: £1,936,445, December 2020: £3,842,364) net revenue gain on ordinary activities and a weighted average of 106,487,250 (30 June 2020: 106,487,250, 31 December 2020: 106,487,250) shares in issue. The capital gain per share is based on £26,158,166 (30 June 2020: £21,670,657 net capital loss, 31 December 2020: £13,275,665 net capital loss) net capital gain for the period and a weighted average of 106,487,250 shares in issue (30 June 2020: 106,487,250, 31 December 2020: 106,487,250).

11. Related party transactions

The directors are regarded as related parties. Total directors' fees earned during the period amounted to £62,179, of which £62,179 remained outstanding at the period end. In addition, the balance of directors' fees owed on account of the year ended 31 December 2020 was £1,500, so a total of £63,679 was due to the directors at the period end (30 June 2020: £69,239 of which 58,239 remained outstanding at the period end including £29,500 due from 31 December 2019 for a total of £87,739 due at the period end).

The Investment Manager is also regarded as a related party due to common ownership. Total management fees paid during the period amounted to £428,889 (30 June 2020: £377,880, 31 December 2020: £744,032).

The Investment Advisor and Investment Manager are also paid an additional fee for investor relations services. The fee for the period amounted to £79,192 (30 June 2020: £70,364, 31 December 2020: £137,757).

These fees for the above are all arms' length transactions.

12. Dividends

Dividends of 1.275 pence per share were paid on a quarterly basis during the period in the months of January and April totalling £2,715,425 (30 June 2020: £2,715,425). On 30 July 2021, a dividend of £1,357,712 was paid. In accordance with the requirements of IFRS, as this was approved on 1 July 2021, being after the Statement of Financial Position date, no accrual was reflected in the 2021 interim financial statements for this amount of £1,357,712 (2 July 2020: £1,357,712).

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

13. 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. As an investment trust, all capital gains are exempt from UK corporate tax. 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.

14. Loan payable

The Fund has a credit facility agreement with Royal Bank of Canada ("RBC") whereby RBC provides a credit facility, with a maximum principal amount of the lesser of CAD 65,000,000 and 25 per cent. of the total assets.

As at 30 June 2021, the bankers' acceptance drawn under the credit facility totalled CAD 59,000,000 (GBP equivalent of £34,316,372) (period ended 30 June 2020: CAD 25,000,000 (GBP equivalent of £14,812,456), year ended 31 December 2020: CAD 45,000,000 (GBP equivalent £25,775,293)). The loan value of CAD 59,000,000 was made up of six loans of CAD 10,000,000 issued on 12 April 2021 maturing on 12 July 2021, CAD 5,000,000 issued on 6 May 2021 maturing on 4 August 2021, CAD 3,000,000 issued on 13 May 2021 maturing on 11 August 2021, CAD 10,000,000 issued on 25 May 2021 maturing on 23 August 2021, CAD 6,000,000 issued 4 June 2021 maturing on 3 August 2021, and CAD 25,000,000 issued 14 June 2021, maturing on 13 September 2021.

As at 30 June 2021, pre-paid interest and stamping fees of £50,161 (period ended 30 June 2020: £35,878, year ended 31 December 2020: £42,821) were paid on the bankers' acceptance of which £1,981 is amortised over a period of 91 days, £2,890 is amortised over a period of 90 days, £2,081 is amortised over a period of 90 days, £8,919 is amortised over a period of 90 days, £3,343 is amortised over a period of 60 days and £30,947 is amortised over a period of 91 days. Interest paid on the bankers' acceptance totalled £67,643 (period ended 30 June 2020: £72,049, year ended 31 December 2020: £116,710).

Interest is calculated at an annual percentage equal to, in the case of prime loans, the Prime Rate minus 0.35%. In the case of a bankers' acceptance, a stamping fee of 0.60 per cent. per annum is payable.

15. Security agreement

In conjunction with entering into the Credit Facility, 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 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 recognized stock exchange outside Canada was increased to up to 40 percent.

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 in the 6 months to 30 June 2021 and in 2020.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be primarily invested in a 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.

16. Financial instruments continued

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- and AA- 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 carry 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, and the ongoing uncertainty relating from Brexit.

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.

The directors believe that the Fund has sufficient reserves and business controls to address any financial impact of Brexit, and have decided not to make a specific provision in the accounts.

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
- 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)
- 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 categorised in its entirety 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 Fund. The Fund considers 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.

16. Financial instruments continued

Fair value measurements continued

The following table presents the Fund's financial instruments by level within the valuation hierarchy as of 30 June 2021.

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	167,714,894	–	–	167,714,894

The following table presents the Fund's financial instruments by level within the valuation hierarchy as of 31 December 2020.

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	129,564,819	–	–	129,564,819

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 and 2 during the period.

Price sensitivity

At 30 June 2021, 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 would have been £50,314,468 (30 June 2020: £32,766,483, December 2020: £38,869,446), arising due to the increase in the fair value of financial assets at fair value through profit or loss by £50,314,468 (30 June 2020: 32,766,483, December 2020: £38,869,446).

At 30 June 2021, 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 participating preference shares would have been equal, but opposite, to the figures stated above.

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.

The following table details the Fund's exposure to interest rate risk at 30 June 2021, 30 June 2020 and 31 December 2020:

	Floating rate assets					
	Weighted average interest at period end	30.06.2021 GBP	Weighted average interest at period end	30.06.2020 GBP	Weighted average interest at year end	31.12.2020 GBP
Assets						
Debt securities		–	5.75%	1,180,309		–
Cash and cash equivalents	*	1,994,433	*	7,429,262	*	5,621,538
		1,994,433		**8,609,571**		**5,621,538**
Liabilities						
Loan payable (note 14)		34,316,372		14,812,456		25,775,293
		34,316,372		**14,812,456**		**25,775,293**

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

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

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

16. Financial instruments continued

Interest rate sensitivity analysis

At 30 June 2021, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to the redeemable participating preference shares would have decreased by £161,610 (30 June 2020: £46,590, 31 December 2020: £100,769) due to the decrease in market value of listed debt securities, 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 Canadian Stock Exchanges and are actively traded.

As at 30 June 2021, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1 to 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)	167,714,894	–	–	–	167,714,894
Accrued dividend income	484,405	35,189	–	–	519,594
Other receivables	2	–	–	–	2
Prepayments	11,486	–	–	–	11,486
Cash and cash equivalents	1,994,433	–	–	–	1,994,433
	170,205,220	**35,189**	**–**	**–**	**170,240,409**
Liabilities					
Loan payable	(5,815,760)	(28,500,612)	–	–	(34,316,372)
Other payables and accruals	(424,194)	–	–	–	(424,194)
Interest payable	(13,038)	(22,026)	–	–	(35,064)
	(6,252,992)	**(28,522,638)**	**–**	**–**	**(34,775,630)**
	163,952,228	**(28,487,449)**	**–**	**–**	**135,464,779**

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

16. Financial instruments continued

Liquidity risk continued

As at 30 June 2020, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1 to 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)	109,221,611	–	–	–	109,221,611
Accrued bond interest	–	17,402	–	–	17,402
Accrued dividend income	405,866	28,689	–	–	434,555
Accrued bank interest	–	–	–	–	–
Other receivables	2	–	–	–	2
Prepayments	2,323	–	–	–	2,323
Cash and cash equivalents	7,429,262	–	–	–	7,429,262
	117,059,064	**46,091**	**–**	**–**	**117,105,155**
Liabilities					
Loan payable	–	(14,812,456)	–	–	(14,812,456)
Other payables and accruals	(359,305)	–	–	–	(359,305)
Interest payable	–	(7,081)	–	–	(7,081)
	(359,305)	**(14,819,537)**	**–**	**–**	**(15,178,842)**
	116,699,759	**(14,773,446)**	**–**	**–**	**101,926,313**

As at 31 December 2020, the Fund's ability to manage liquidity risk was as follows :

	Less than 1 month GBP	1 to 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)	129,564,819	–	–	–	129,564,819
Accrued dividend income	419,004	–	–	–	419,004
Other receivables	2,125	–	–	–	2,125
Prepayments	20,124	–	–	–	20,124
Cash and cash equivalents	5,621,538	–	–	–	5,621,538
	135,627,610	**–**	**–**	**–**	**135,627,610**
Liabilities					
Other payables and accruals	(318,742)	–	–	–	(318,742)
Interest payable	(21,776)	–	–	–	(21,776)
Loan payable	(5,732,010)	(20,043,283)	–	–	(25,775,293)
	(6,072,528)	**(20,043,283)**	**–**	**–**	**(26,115,811)**
	129,555,082	**(20,043,283)**	**–**	**–**	**109,511,799**

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

16. Financial instruments continued

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 period end.

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

	30 June 2021 GBP	30 June 2020 GBP	31 December 2020 GBP
Assets			
Cash and cash equivalents	**1,751,640**	6,536,665	1,218,141
Canadian equities	**147,313,615**	74,145,544	106,962,043
Accrued income	**491,792**	387,860	407,659
	149,557,047	**81,070,069**	**108,587,843**
Liabilities			
Loan payable	**(34,316,372)**	(14,812,456)	25,775,293
Interest payable	**(14,696)**	(7,081)	21,776
General Expenses	**–**	–	31
	(34,331,068)	**(14,819,537)**	**25,797,100**

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

	30 June 2021 GBP	30 June 2020 GBP	31 December 2020 GBP
Assets			
Cash and cash equivalents	64,681	698,859	4,228,455
United States equities	20,401,279	33,895,758	22,602,776
United States debt	–	1,180,309	–
Accrued income	27,802	64,098	11,345
	20,493,762	**35,839,024**	**26,842,576**

Sensitivity analysis

As at 30 June 2021, 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 £5,761,299 (30 June 2020: £3,312,527, 31 December 2020: £4,139,537). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £5,761,299 (30 June 2020: £3,312,527, 31 December 2020: £4,139,537).

As at 30 June 2021, 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 £1,024,688 (30 June 2020: £1,791,951, 31 December 2020: £1,342,129). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £1,024,688 (30 June 2020: £1,791,951, 31 December 2020: £1,342,129).

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

17. Cash Flow statement reconciliation of financing activities

The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows that require additional disclosures about changes in an entity's financing liabilities arising from both cash flow and noncash flow items.

			Non-cash changes			
	1 January 2021 GBP	Cash flows GBP	Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	30 June 2021 GBP
Financial liabilities held at amortised cost	25,775,293	8,097,475	–	443,604	–	34,316,372
Total	**25,775,293**	**8,097,475**	**–**	**443,604**	**–**	**34,316,372**

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

As at 30 June 2021 (comparatives for the year ended 31 December 2020)

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities					
Bermuda – Quoted Investments 2.99% (2020: 8.91%)					
Energy					
Brookfield Renewable Partners L.P.	180,000	4,584,605	5,007,357	3.70%	2.99%
Canada – Quoted Investments 84.83% (2020: 73.68%)					
Energy					
Canadian Natural Resources Limited	125,000	2,378,765	3,274,711	2.42%	1.95%
Keyera Corp.	300,000	3,961,661	5,817,951	4.29%	3.47%
Topaz Energy Corp.	330,000	3,022,523	3,319,171	2.45%	1.98%
Financials					
Bank of Montreal	110,000	5,868,002	8,145,598	6.01%	4.86%
The Bank of Nova Scotia	160,000	6,382,100	7,520,306	5.55%	4.48%
Canadian Imperial Bank of Commerce	100,000	5,929,237	8,215,568	6.06%	4.90%
Manulife Financial Corp	280,000	3,347,848	3,983,588	2.94%	2.38%
The National Bank of Canada	100,000	3,836,290	5,409,214	3.99%	3.23%
Sun Life Financial Inc.	100,000	2,659,550	3,718,288	2.74%	2.22%
The Toronto-Dominion Bank	150,000	5,728,145	7,589,925	5.60%	4.53%
Materials					
Nutrien Ltd.	65,000	1,794,094	2,843,642	2.10%	1.70%
Pipelines					
Enbridge Inc.	200,000	4,813,499	5,793,462	4.28%	3.45%
Pembina Pipeline Corporation	220,000	4,677,505	5,045,140	3.72%	3.01%
Power and Utilities					
AltaGas Ltd.	420,000	4,322,249	6,347,619	4.69%	3.78%
Capital Power Corporation	260,000	4,574,204	6,191,355	4.57%	3.69%
Northland Power Inc.	190,000	2,046,557	4,669,579	3.45%	2.78%
TransAlta Corporation	225,000	2,465,064	2,723,557	2.01%	1.62%

Notes to the Interim Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

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

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Real Estate					
Allied Properties Real Estate Investment Trust	80,000	1,853,274	2,099,080	1.55%	1.25%
Canadian Apartment Properties Real Estate Investment Trust	125,000	3,705,774	4,225,857	3.12%	2.52%
Chartwell Retirement Residences	500,000	3,123,843	3,848,314	2.84%	2.29%
Choice Properties Real Estate Investment Trust	400,000	2,935,065	3,328,209	2.46%	1.98%
Crombie Real Estate Investment Trust	525,000	4,601,393	5,421,313	4.00%	3.23%
CT Real Estate Investment Trust	300,000	2,551,179	2,858,248	2.11%	1.70%
Dream Industrial Real Estate Investment Trust	375,000	2,474,015	3,341,036	2.47%	1.99%
Granite Real Estate Investment Trust	100,000	3,283,283	4,795,233	3.54%	2.86%
Northwest Healthcare Properties Real Estate Investment Trust	400,000	2,693,412	2,966,700	2.19%	1.77%
RioCan Real Estate Investment Trust	500,000	4,572,502	6,413,857	4.73%	3.82%
SmartCentres Real Estate Investment Trust	350,000	4,578,115	5,989,668	4.42%	3.57%
Telecommunications Services					
Shaw Communications Inc., Class B Non-voting Shares	75,000	1,470,338	1,561,191	1.15%	0.93%
Telus Corporation	300,000	4,626,983	4,848,876	3.58%	2.89%
United States – Quoted Investments 12.18% (2020: 17.41%)					
Financials:					
JP Morgan Chase & Co	35,000	1,804,302	3,933,371	2.90%	2.35%
Fifth Third Bancorp	100,000	2,855,069	2,763,647	2.04%	1.65%
Healthcare:					
AbbVie Inc.	30,000	2,303,134	2,441,956	1.80%	1.46%
Information Technology:					
Broadcom Inc.	14,000	3,883,845	4,823,579	3.56%	2.88%
Real Estate:					
WPT Industrial Real Estate Investment Trust	350,000	3,616,048	4,566,922	3.37%	2.72%
Telecommunication Services:					
AT&T Inc.	90,000	2,081,917	1,871,806	1.38%	1.12%
Total equities:		**131,405,389**	**167,714,894**	**123.78%**	**100.00%**
Total investments		**131,405,389**	**167,714,894**	**123.78%**	**100.00%**
Total investments (2020)		**117,705,313**	**129,564,819**	**118.29%**	**100.00%**

Statement of Financial Position of the Company (Unaudited)

As at 30 June 2021
with unaudited comparatives as at 30 June 2020
and audited comparatives as at 31 December 2020

	Notes	30.06.2021 GBP	30.06.2020 GBP	31.12.2020 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 interim financial statements and notes on pages 40 to 41 were approved by the directors on 16 September 2021 and signed on behalf of the Board by:

Michael Phair
Director

Richard Hughes
Director

Notes to the Interim Condensed Financial Statements of the Company (Unaudited)

For the period 1 January 2021 to 30 June 2021 with unaudited comparatives for the period 1 January 2020 to 30 June 2020 and audited comparatives for the year ended 31 December 2020

1. Basis of accounting

The separate interim financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union in accordance with the accounting policies set out in note 1 to the interim financial statements of the Fund.

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 period or the preceding period.

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

Judgments and estimates used by the Directors

The preparation of interim financial statements in compliance with IFRS requires the Directors to make judgments, 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 judgments about carrying values of assets and liabilities that are not readily apparent. For the purposes of these interim financial statements, there were no specific areas in which judgment 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 2021, 31 December 2020 and 30 June 2020	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

Benchmark	S&P/TSX Composite High Dividend Index
BOC	The Bank of Canada
CAD	Canadian Dollar
Credit Facility	The on-demand credit facility with the Company's Bankers
FCA	The Financial Conduct Authority
GBP	GB Pound or Pound Sterling
Half Yearly Report	The half yearly report and interim condensed financial statements (unaudited)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Investec	Investec Bank PLC
Investment Manager	Middlefield Limited
Company	Middlefield Canadian Income PCC
Net Asset Value	Net Asset Value of the Company in GBP
RBC	The Royal Bank of Canada
REIT	Real Estate Investment Trust
the Fund	Middlefield Canadian Income – GBP PC
TSX	S&P/TSX Composite Index

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: The Fund will seek 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, and which the Investment Manager believes will provide an attractive level of distributions together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 40 and 70 investments. The Fund may also hold cash or cash equivalents. 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.

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