

MIDDLEFIELD ADVISES ON IMPLICATIONS OF FEDERAL BUDGET ON CORPORATE CLASS FUNDS

The 2016 Federal Budget has proposed changes to the *Income Tax Act (Canada)* that will affect shareholders of all mutual fund corporations (the “Budget Proposal”), including Middlefield Mutual Funds Limited (“MMFL”). Currently, if you own securities of a mutual fund corporation, any switch between classes is not considered a disposition for tax purposes since you still own securities of the same corporation. The Budget Proposal states that after September 2016, switches between classes of a mutual fund corporation will be considered a disposition at fair market value for tax purposes, resulting in the recognition of capital gains or losses for investors. **The Budget Proposal will not affect switches between Series A and Series F securities of the same MMFL class.**

In order to minimize the effect of the Budget Proposal, Middlefield recommends investors and their investment advisors consider implementing portfolio changes in advance of October 1, 2016.

The Middlefield Corporate Class mutual funds impacted by the Budget Proposal are:

Middlefield Income Plus Class	Middlefield Global Dividend Growers Class
Middlefield U.S. Dividend Growers Class	Middlefield Canadian Dividend Growers Class
Middlefield Real Estate Class	Middlefield Global Energy Class
Middlefield Global Agriculture Class	Middlefield Resource Class
Middlefield High Yield Class	Middlefield Short-Term Income Class

Middlefield Group

Formed in 1979, Middlefield creates and manages specialized investment products for individual and institutional investors and has assets under management of approximately \$4.5 billion. Investment products include mutual funds, TSX-listed funds, private and public resource funds, real estate funds and a venture capital fund.

Copies of the Simplified Prospectus and further information about this or any of our other award-winning mutual funds are available by visiting our website at www.middlefield.com or contacting Nancy Tham or Michael Bury in our Sales and Marketing department at 1.888.890.1868.

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MIDDLEFIELD
CAPITAL CORPORATION

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.