

PRESS CUTTINGS

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This Canada-focused trust has a lot to offer investors

Middlefield Canadian Income is finally growing its dividend again

Middlefield Canadian Income (MCT) 116.75p

Loss to date: 6.4%

We said to buy shares in **Middlefield Canadian Income (MCT)** at 124.75p on 17 March 2022 because the shares were trading 15.2% below net asset value and offered a 4.1% dividend yield.

Big exposure to the energy sector was also timely given oil prices were racing ahead at the time of our original article.

WHAT'S HAPPENED SINCE WE SAID TO BUY?

Middlefield has announced its first dividend increase since 2017, with the quarterly payment rising by 2% to 1.3p. Manager Dean Orrico told *Shares* the increase was made possible by a strong showing from its energy holdings in the year, with the previous static dividend a result of oil and gas earnings being depressed during that period.

Exposure has been increased to property earnings after a valuation decline in the Canadian real estate sector caused by fears over a recession. Orrico says the sector is now attracting more



investor attention because of the bargains on offer and the belief that Canadian interest rates are close to their peak in the cycle.

Orrico sees potential for both capital gains and income growth from real estate holdings this year. 'We have exposure to industrial property where vacancy levels are low and it's expensive to build new supply, meaning a property could be re-leased for 20% to 50% more in price. We also invest in multi-family residential properties where apartments are rented for an average \$1,300 per month versus a market close to \$2,000. When there is a change in tenant, there is an uplift to the market rental price.'

WHAT SHOULD INVESTORS DO NOW?

While Middlefield's price is slightly down on our entry point, the trust remains appealing.

You're mainly getting exposure to robust Canadian banks growing dividends, energy companies which have a primary focus on returning cash to shareholders, a cheap real estate market and resilient utility providers.

On a five-year basis, Middlefield's annualised returns of 10.3% are attractive. It achieved 5.4% in 2022 versus 5.3% from its S&P/TSX Composite High Dividend index benchmark. [DC]

