

Portfolio Managers' Commentary

Equity markets fell during the final month of 2022, closing out a volatile year for investors. In local currencies, the S&P 500, MSCI World Index and TSX Composite generated total returns of -18.1%, -17.7% and -5.8%, respectively. Returns were consistent with the ubiquitous trend of value outperforming growth in 2022. In the US, value topped growth by more than 20% (-9.6% vs. -29.8%) while the Canadian market, which has a higher concentration in cyclical and value stocks relative to the S&P 500, outperformed the US by more than 12%. We continue to favour value over growth entering 2023.

The consensus among strategists is that equities will remain under pressure during the first half of the year as leading economic indicators are pointing to a recession and 2023 EPS estimates are still vulnerable to negative revisions. Notwithstanding this risk, as well as the ongoing war in Ukraine and labour market tightness, we believe the overall macro outlook is improving. Specifically, many of the economic headwinds that plagued markets in 2022 are quickly becoming tailwinds for 2023. Inflation is trending lower in most countries as energy, freight and housing prices come down. China has made a notable pivot away from its zero-COVID stance -- a development that should ease supply chain constraints and boost global demand. In addition, North American central banks are likely nearing completion of their current rate hiking cycle which should lead to a normalization in interest rates and FX-related earnings headwinds.

As a result of this economic backdrop, MCT's equity income strategy emphasizes companies that are trading at attractive valuations and that are well positioned to maintain or expand margins to support dividend growth. Moreover, we are focused on companies with solid balance sheets that can withstand an economic slowdown as well as opportunistically grow their businesses both organically and through M&A. In early January, the Fund announced an increase to its quarterly dividend of 1.30 pence from 1.275 per share, payable 31 January to Shareholders of record on 13 January. The increase is underpinned by stable and consistent dividend growth of the Fund's underlying portfolio.

In recent weeks, we made changes to the Fund's asset allocation to position the portfolio more defensively. The Fund added exposure to utilities and telecommunications through investments in AltaGas, Emera and Telus. Historically, given their earnings stability and defensive characteristics, utilities have outperformed the S&P 500 by approximately 5.5% on average in the quarter prior to recessions. In addition to their Canadian operations, AltaGas and Emera both operate regulated utility networks in the United States which should benefit from a favourable regulatory environment as well as the \$1.2 trillion Infrastructure Investment and Jobs act and the Inflation Reduction Act. Telus is the third-largest wireless carrier in Canada and should benefit from a near term end to the interest rate hiking cycle.

The Fund also reduced its exposure to cyclical industries by trimming positions in the financials and energy sectors. The main reason for reducing exposure to Canadian financials stems from a decision by Canada's financial regulator to raise capital reserve requirements which could impact the banks' ability to expand their loan books in 2023. The Fund sold its position in Suncor Energy due to softening commodity prices and a company-specific issue at its Commerce City refinery which was forced to shut down due to extreme weather events. Notwithstanding these portfolio changes, we maintain our long-term conviction on energy and financials as both are positioned to grow their dividends and are trading at attractive valuations.

Click [here](#) for the January Market Commentary on Middlefield Canadian Income PCC's Website.

The percentage of portfolio assets which may be invested in securities listed on a recognized stock exchange outside of Canada is limited to 40%. Investment outside Canada and the United States is limited to 10%.

Nothing herein is to be construed as a solicitation or an offer to buy or sell any financial products. This factsheet is based in part on information obtained from sources believed to be reliable but not guaranteed as accurate. The Fund may utilize gearing, which will exaggerate market movements both down and up. If markets fall, gearing can magnify the negative impact of performance. Exchange rate changes may cause the value of underlying investments to go down as well as up. Where investments are made in smaller companies and non-investment grade bonds, their potential volatility may increase the risk to the value of, and the income from, the investment. The Fund's share price may either be below (at a discount to) or above (at a premium to) the NAV.

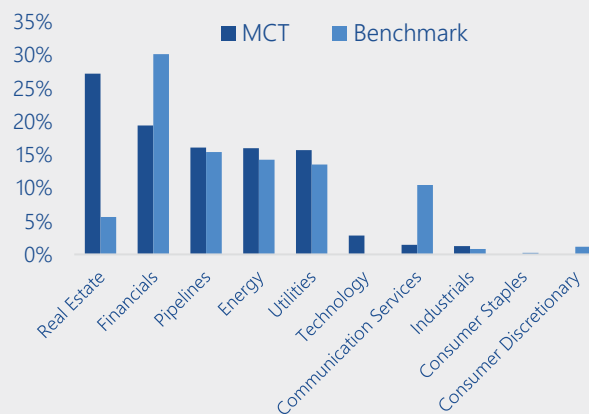
Portfolio Summary

Top 10 Holdings

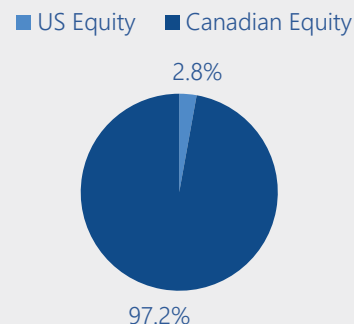
Name	Sector	% of Equities
Capital Power	Utilities	4.5%
Canadian Natural Resources	Energy	4.5%
TD Bank	Financials	4.4%
Whitecap Resources	Energy	4.4%
Enbridge	Pipelines	4.4%
Altagas	Utilities	4.0%
RioCan REIT	Real Estate	4.0%
Pembina Pipelines	Pipelines	3.8%
Topaz Energy	Energy	3.8%
Bank of Montreal	Financials	3.7%

Cumulative Weighting **41.4%**

Sector Allocation



Geographic Mix



This fact sheet is issued and approved by Middlefield International Limited which is regulated by the FCA. Middlefield Canadian Income PCC is regulated by the Jersey Financial Services Commission.

For further information about the Fund, please contact us at the below address or visit our website at www.middlefield.co.uk

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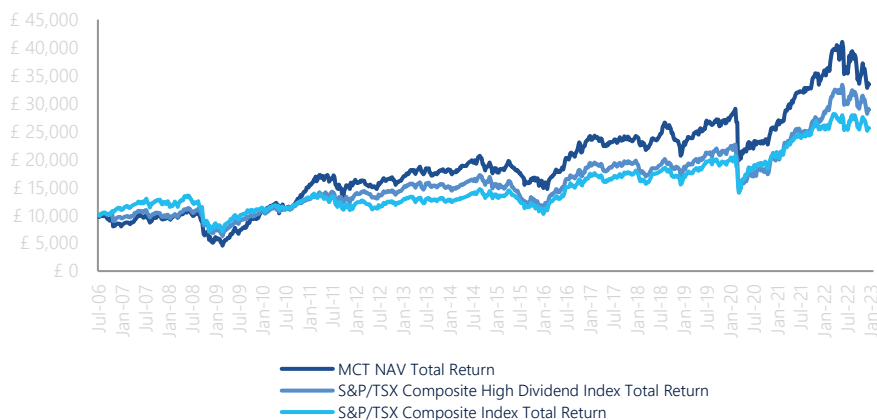
Investment Objective

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.

Investment Policy

The Fund will seek to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada as well as the U.S. that 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 and may utilise 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.

Performance Since Inception



Fund Performance

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	-6.1%	-0.1%	2.8%	5.4%	5.4%
NAV	-7.0%	-1.4%	-6.0%	-2.9%	-2.9%
Benchmark	-5.3%	-1.9%	-4.9%	5.3%	5.3%
S&P/TSX Composite Index	-6.1%	-0.7%	0.1%	-1.4%	-1.4%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised
Share Price	11.2%	8.6%	12.3%	6.5%	7.2%
NAV	7.7%	6.9%	10.7%	7.3%	7.3%
Benchmark	9.9%	8.1%	13.7%	7.3%	6.8%
S&P/TSX Composite Index	9.2%	7.6%	12.6%	7.7%	6.5%

Sources: Middlefield, Bloomberg. As at 30 December, 2022

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.

- Total returns including the reinvestment of dividends for all returns. Fund returns are net of fees.
- 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
- Currency adjusted to reflect CAD\$ returns from inception of MCI to Oct 2011 and GBP returns thereafter since MCI was CAD\$ hedged from inception to Oct 2011

Company Overview

Middlefield Canadian Income PCC (the "Company") is a Jersey incorporated, protected cell company. The Company's initial cell is Middlefield Canadian Income – GBP PC (the "Fund") whose shares are traded on the London Stock Exchange's main market. The Fund has been designed to invest in a broadly diversified, actively managed portfolio of Canadian and U.S. listed equity income securities.

IA Sector	North America
Year End	31-Dec
Inception	06-Jul-06
LSE Symbol	MCT
ISIN	GB00B15PV034
Benchmark	S&P/TSX Composite High Dividend Index
Dividend Payable	Quarterly (Jan, Apr, Jul, Oct)
Management Fee	0.70% p.a.
Net Assets	£136,983,222
Voting Shares	106,487,250
Share Price	118.75p
Net Asset Value	128.64p
Premium/Discount	-7.7%
Dividend p.a.	5.20p
Current Yield	4.4%
Net Gearing (Cash)	16.1%
Gearing Range	0% to 25%

Portfolio Managers



Dean Orrico
President & CEO

Mr Orrico has over 25 years experience in the financial services sector and is currently responsible for overseeing the creation and management of Middlefield's investment funds including mutual funds, ETFs, closed-end funds and flow through funds. He graduated with a Bachelor of Commerce degree from the Rotman School of Management (University of Toronto) and holds an MBA from the Schulich School of Business (York University). Mr Orrico is a registered Portfolio Manager with expertise in both equity and fixed income securities and has spent many years meeting with international companies and investors.



Rob Lauzon
CIO

Mr Lauzon is Middlefield's Chief Investment Officer and has been with the firm since 2002, bringing his acumen to numerous successful Middlefield products. He holds the Chartered Financial Analyst designation as well as an Honours Bachelor of Business Administration (Wilfrid Laurier University) and an MBA from the Rotman School of Management (University of Toronto).

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