

2022 ANNUAL REPORT

MIDDLEFIELD GLOBAL AGRICULTURE CLASS



 MIDDLEFIELD
MUTUAL FUNDS

MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and is a Specialty Investment Manager which creates investment products designed to balance risk and return to meet the demanding requirements of Financial Advisors and their clients. These financial products include Exchange-Traded Funds, Mutual Funds, Private and Public Resource Funds, Split Share Corporations, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

Middlefield's investment team comprises portfolio managers, analysts and traders. While all of our investment products are designed and managed by Middlefield professionals, some involve strategic partnerships with other "best-in-class" firms that bring unique value to our product offerings. In 2014, we entered into an exclusive arrangement with SSR, LLC, based in Stamford, Connecticut. They provide specialized research into sectors of the economy such as Healthcare and Innovation Technology. SSR is an independent investment firm whose analysts have been highly ranked and are recognized as leaders in their respective fields. Their fundamental company level research is often non-consensus and provides guidance on overall portfolio construction and security selection.

Looking ahead, Middlefield remains committed to managing and developing new and unique investment products to assist Financial Advisors in helping clients achieve their investment objectives.

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A NOTE ON FORWARD LOOKING STATEMENTS

This document may contain forward looking statements, including statements regarding: the Fund, its strategies, goals and objectives; prospects; future performance or condition; possible future actions to be taken by the Fund; and the performance of investments, securities, issuers or industries in which the Fund may from time to time invest. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future results, events, circumstances, expectations and performance, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and other similar wording. Forward looking statements are not historical facts, but reflect the Fund's current beliefs as of the date of this document regarding future results, events, circumstances, expectations or performance and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward looking statements are not guarantees of future performance, and actual results, events, circumstances, expectations or performance could differ materially from those expressed or implied in any forward looking statements contained in this document. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking statements include, but are not limited to: general economic, political, market and business factors and conditions; commodity price fluctuations; interest and foreign exchange rate fluctuations; global equity and capital markets; the financial condition of each issuer in which the Fund invests; the effects of competition in the industries or geographic areas in which the Fund may invest; statutory and regulatory developments; unexpected judicial or regulatory proceedings; and catastrophic events. Readers are cautioned that the foregoing list of factors is not exhaustive and to avoid placing undue reliance on forward looking statements due to the inherent uncertainty of such statements. The Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.



2022 REVIEW AND OUTLOOK

2022 was a challenging year for equity investors. The S&P 500, MSCI World Index and TSX Composite generated total returns of -18.1%, -17.7% and -5.8%, respectively. Global central banks enacted aggressive interest rate hikes to combat the highest inflation in decades, sending both stocks and bonds lower in tandem. 2022 marked the first year where both the US 10-year Treasury note and the S&P 500 Index lost more than 10% on a total-return basis in a given calendar year.

Index 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%. Energy (+65.4%) and utilities (+1.6%) were the only two sectors in the S&P 500 that were able to generate positive returns, while communication services (-39.9%), consumer discretionary (-37%) and information technology (-28.2%) experienced outsized impacts from rising rates and growing concerns of recession. The biggest driver of underperformance for the latter group was multiple compression. Despite rampant inflation and ongoing supply chain issues, S&P 500 earnings were relatively resilient throughout the year. Conversely, average forward price to earnings multiples for the S&P 500 declined by more than 20% which dragged stock prices lower, especially for higher multiple stocks.

Russia's invasion of Ukraine, China's zero-COVID policy and hawkish Fed policy created macro headwinds which culminated in decades-high inflation. These events sent shockwaves throughout the global economy and cast a shadow of uncertainty over the market. Fortunately, many of the 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. The US dollar Index, which appreciated nearly 9% in 2022, is expected to normalize in 2023 and result in less FX-related earnings headwinds. On balance, we believe the macro outlook is improving and investors will focus more on micro-level fundamentals this year.

In terms of market risks, we are closely following several unresolved issues that have the potential to stall a market recovery. The ongoing war in Ukraine, persistent tightness of the labour market and elevated consumer debt warrant particular attention. We acknowledge that leading economic indicators are pointing to a recession in 2023 and our funds are defensively positioned as a result. We are cognizant of valuations against this backdrop and remain cautious on more expensive areas of the market.

Our equity income strategies emphasize companies that can maintain or expand margins in the current environment to support dividend growth. We are focused on companies with strong balance sheets that can withstand an economic slowdown as well as opportunistically pursue M&A. This includes sectors where cash flows are underpinned by long-term contracts such as real estate and infrastructure or those with inelastic demand such as healthcare and select areas of technology. In addition, we remain committed to incorporating sustainability principles and ESG data into our investment process, particularly in our suite of sustainable equity mandates.

Middlefield Real Estate Dividend Class has consistently delivered attractive total returns since its inception in 2011. For the second consecutive year, the Series F of the fund was awarded the Refinitiv Lipper Fund Award for Best fund over 5 years – Real Estate Equity. In 2022, the real estate sector underperformed the broader market, generating total returns of -21.5% in Canada and -26.2% in the US. The rapid and significant rise in interest rates, a widening of credit spreads and concerns about a recession took their toll on real estate sentiment and valuations in 2022. As a result, discounts to NAV are near historic highs which positions the sector attractively for 2023. Moreover, with inflation moderating alongside a softening economic growth outlook, the rise in long-term bond yields should be limited. Despite a slowing economy, we expect REIT earnings to remain largely intact this year due to the contractual nature of rental income and extensive mark-to-market rent opportunities.

The Middlefield Family of mutual funds, which are listed at the end of this report, currently includes nine different funds within the multi-class structure and three mutual fund trusts. The multi-class structure of Middlefield Mutual Funds enables investors to benefit from superior tax efficiencies unavailable to other forms of investment funds. In addition, almost all classes are offered in F-Series.

Middlefield Income Plus Class provides an actively managed, high conviction portfolio of North American companies paying high levels of sustainable income. The fund achieved the Fundata FundGrade A+ rating for 2022. This award is presented to funds that have consistently demonstrated the best risk-adjusted returns for an entire calendar year. The fund generated a total return of 0.3% in 2022 which compares favourably to the S&P 500 and TSX Composite returns of -18.1% and -5.8%, respectively. *Middle Canadian Dividend Growers Class* and *Middlefield Indexplus Income Fund* also outperformed the broader market, generating total returns of -0.1% and -3.97%, respectively. We have a positive outlook on companies with an established track record of sustainable and consistent dividend growth this year.

Middlefield Healthcare Dividend Fund was defensively positioned throughout the year, which contributed to its significant outperformance. The fund generated a total return of 2% in 2022 while its benchmark, MSCI World Health Care Index, generated a total return of -5% in local currency. The S&P 500 healthcare sector returned -2%, ranking fourth among all sectors and beating the Index by more than 16%. Healthcare companies have defensive attributes as they sell needs-based products that benefit from inelastic demand. The sector tends to outperform during periods of economic uncertainty due to its steady demand and insulation from discretionary consumer spending. We expect healthcare companies to perform well again in 2023, particularly those that sell into rapidly growing addressable markets such as obesity, cardiology and diabetes.

Middlefield Innovation Dividend Class is designed to replicate the performance of *Middlefield Innovation Dividend ETF* where we see a wealth of long-term opportunities in companies with established business models, attractive free cash flow profiles and reasonable valuations. The tech sector underperformed in 2022 with the S&P 500 information technology sector generating a total return of -28.2%. We view this a cyclical correction within a broader secular bull market and note multiple growth drivers remain intact. These include cloud migration, software for productivity and increasing semiconductor demand across end markets. Leading players within these verticals are high quality in nature and have many cost levers at their disposal to protect margins.

Middlefield Global Infrastructure Fund is positioned to benefit from several secular growth drivers. The long-term outlook for infrastructure improved in 2022. Build Back Better, the Inflation Reduction Act and RePowerEU represent three monumental pieces of infrastructure-related legislation that will drive trillions in infrastructure spending over the coming years. In addition, the Russia-Ukraine war elevates the issue of energy security and underscores the need for investments in energy infrastructure. Due to increasingly ambitious climate goals, many of these investments will likely take place in the fields of clean energy, energy efficiency and grid modernization.

Middlefield Global Agriculture Class offers a unique strategy for gaining exposure to the global agriculture industry. Series F units of the fund generated a total return of 0% in 2022, significantly outperforming the broader market and building upon its 11+ year track record. We are constructive on the global agriculture industry for 2023, underpinned by robust crop and fertilizer prices. In addition, healthy farmer economics should support inventory restocking and extend the agriculture equipment cycle through 2023.

Outlook

We hold a cautiously optimistic view for 2023 and expect positive market returns this year. In light of the growing possibility of a mild recession, we believe earnings estimates to start the year are too high and vulnerable to negative revisions. That said, markets are forward-looking and partially priced in slower economic and earnings growth during 2022. Markets also typically bottom six to nine months before earnings trough. We expect a market bottom to form in the first half of 2023 with better performance expected in the latter half as the market looks ahead to rebounding earnings during 2024. We anticipate opportunities to arise in areas we are currently underweight and intend to opportunistically add to our highest long-term conviction growth names on weakness. We prefer value over growth in the short-term with an emphasis on quality factors.

We believe equity income-based strategies are positioned to outperform in 2023 as the current central bank tightening cycle nears completion and the market grapples with recession risks. Dividend-paying stocks, and dividend-growers in particular, typically outperform non-dividend payers during periods of declining inflation and after the end of central bank tightening cycles. In 2022, dividends per share in the TSX Composite were up nearly 18% in nominal terms and 10% in real terms. Dividend growth is a core tenet of our investment strategy and we expect further dividend increases in 2023. Our core holdings in dividend-payers should provide greater stability during this period of market uncertainty while enhancing total returns from consistent income.



Dean Orrico
President and CEO
Middlefield Capital Corporation



Robert F. Lauzon
Managing Director and Chief Investment Officer
Middlefield Capital Corporation

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

This annual management report of fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the investment fund that follow this report.

Securityholders may contact us by calling 1-888-890-1868, by writing to us at Middlefield Group at one of the addresses on the back cover or by visiting our website at www.middlefield.com to request a copy of the investment fund's annual financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

Management's Discussion of Fund Performance

Investment Objective and Strategies

Middlefield Global Agriculture Class (the "Fund") is a mutual fund class of Middlefield Mutual Funds Limited. The Fund is authorized to issue series of shares designated as Series A and F. The Fund's objective is to provide long-term growth of capital. The Fund invests in equity securities of issuers with high growth potential operating in the agricultural sector.

Risk

The Fund is exposed to several risks that may affect its performance. The overall risk of the Fund is as described in its prospectus dated May 31, 2022. During 2022, the overall risk level of the Fund may have been impacted as follows:

Market Risk

Market risk describes the Fund's exposure to volatility in the market value of its underlying securities. Equity markets continue to exhibit volatility due to macroeconomic uncertainties, ongoing global trade disputes, as well as the uncertain impact from the ongoing conflict in Ukraine. The Fund seeks to mitigate risk through active management and portfolio diversification.

Results of Operations

Investment Performance

The net assets of the Fund decreased from \$13.9 million at December 31, 2021 to \$13.5 million at December 31, 2022. Net assets on a per share basis for Series A decreased from \$26.39 at December 31, 2021 to \$26.11 at December 31, 2022. Net assets on a per share basis for Series F decreased from \$29.52 at December 31, 2021 to \$29.51 at December 31, 2022. The Fund recorded a \$0.2 million net loss on its investment portfolio during the year ended December 31, 2022.

Revenue and Expenses

Revenue for the year ended December 31, 2022 amounted to \$0.2 million, down from revenue of \$2.1 million in 2021. The decrease was primarily due to the net loss on the Fund's investments. Operating expenses for the year remained unchanged from the prior year at \$0.3 million. The management expense

ratio ("MER") in 2022 was 2.63% for Series A and 1.60% for Series F.

Trends

Crop and fertilizer prices are robust. Healthy farmer economics should support inventory restocking and extend the agriculture equipment cycle through 2023.

Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager") receives a management fee. For further details please see the "Management Fees" section of this report. Middlefield Capital Corporation ("MCC" or the "Advisor"), the advisor to the Fund and a company under common control with the Manager, receives advisory fees from the Manager out of the management fee. MCC also receives brokerage commissions from the Fund in connection with securities transactions. All brokerage commissions paid by the Fund to MCC were at or below market rates. For further details please see the notes to the financial statements.

Management Fees

Management fees are calculated at 2.0% per annum for the Series A shares and 1.0% per annum for the Series F shares, of the net asset value of each Series and are split between the Manager, the Advisor and investment dealers who receive trailing commissions. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees from the Manager for providing investment advice in respect of the portfolio in accordance with the investment objectives and strategies of the Fund.

Financial Highlights

Net Assets Attributable to Holders of Redeemable Shares are calculated in accordance with International Financial Reporting Standards ("IFRS").

"Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106 "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes.

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the indicated years. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

The Fund's Net Assets Per Share ⁽¹⁾ – Series A

	2022	2021	2020	2019	2018
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year	\$ 26.39	\$ 22.77	\$ 21.28	\$ 18.98	\$ 21.39
INCREASE (DECREASE) FROM OPERATIONS:					
Total Revenue	0.68	0.36	0.31	0.37	0.38
Total Expenses ⁽³⁾	(0.69)	(0.62)	(0.51)	(0.52)	(0.54)
Realized Gains (Losses) for the Year	(0.09)	0.06	0.25	(0.16)	1.04
Unrealized Gains (Losses) for the Year	(0.14)	3.33	1.09	2.63	(3.25)
Transaction Costs on Purchase and Sale of Investments	(0.03)	(0.02)	(0.02)	(0.01)	(0.02)
TOTAL INCREASE (DECREASE) FROM OPERATIONS ⁽²⁾	(0.28)	3.62	1.49	2.30	(2.41)
Net Assets Attributable to Holders of Redeemable Shares, End of Year	\$ 26.11	\$ 26.39	\$ 22.77	\$ 21.28	\$ 18.98

The Fund's Net Assets Per Share ⁽¹⁾ – Series F

	2022	2021	2020	2019	2018
Net Assets Attributable to Holders of Redeemable Shares, Beginning of Year	\$ 29.52	\$ 25.19	\$ 23.29	\$ 20.55	\$ 22.90
INCREASE (DECREASE) FROM OPERATIONS:					
Total Revenue	0.76	0.40	0.34	0.40	0.41
Total Expenses ⁽³⁾	(0.47)	(0.40)	(0.32)	(0.32)	(0.33)
Realized Gains (Losses) for the Year	(0.23)	0.43	0.22	(0.17)	1.02
Unrealized Gains (Losses) for the Year	(0.31)	3.82	1.78	2.62	(3.64)
Transaction Costs on Purchase and Sale of Investments	(0.02)	(0.01)	(0.01)	-	(0.01)
TOTAL INCREASE (DECREASE) FROM OPERATIONS ⁽²⁾	(0.01)	4.33	1.90	2.74	(2.35)
Net Assets Attributable to Holders of Redeemable Shares, End of Year	\$ 29.51	\$ 29.52	\$ 25.19	\$ 23.29	\$ 20.55

⁽¹⁾ This information is derived from the Fund's audited annual financial statements.

⁽²⁾ Net Assets Attributable to Holders of Redeemable Shares are based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial year. This schedule is not a reconciliation of Net Asset Value since it does not reflect shareholder transactions as shown on the Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares and accordingly columns may not add.

⁽³⁾ There were no distributions paid by the Fund.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

Ratios and Supplemental Data – Series A

	2022	2021	2020	2019	2018
Total Net Asset Value (000s) ⁽¹⁾	\$ 7,577	\$ 8,193	\$ 4,420	\$ 4,851	\$ 4,579
Number of Shares Outstanding ⁽¹⁾	290,242	310,521	194,134	227,989	241,273
Management Expense Ratio ("MER") ⁽²⁾	2.63%	2.55%	2.58%	2.53%	2.58%
Trading Expense Ratio ⁽³⁾	0.11%	0.06%	0.08%	0.03%	0.10%
Portfolio Turnover Rate ⁽⁴⁾	58.29%	19.45%	32.47%	4.83%	27.63%
Net Asset Value Per Share	\$ 26.11	\$ 26.39	\$ 22.77	\$ 21.28	\$ 18.98

Ratios and Supplemental Data – Series F

	2022	2021	2020	2019	2018
Total Net Asset Value (000s) ⁽¹⁾	\$ 5,925	\$ 5,709	\$ 5,054	\$ 5,336	\$ 3,028
Number of Shares Outstanding ⁽¹⁾	200,788	193,397	200,617	229,081	147,394
Management Expense Ratio ("MER") ⁽²⁾	1.60%	1.47%	1.49%	1.44%	1.49%
Trading Expense Ratio ⁽³⁾	0.11%	0.06%	0.08%	0.03%	0.10%
Portfolio Turnover Rate ⁽⁴⁾	58.29%	19.45%	32.47%	4.83%	27.63%
Net Asset Value Per Share	\$ 29.51	\$ 29.52	\$ 25.19	\$ 23.29	\$ 20.55

⁽¹⁾ This information is provided as at December 31 of the year shown.

⁽²⁾ MER is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average Net Asset Value during the year.

⁽³⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the year.

⁽⁴⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

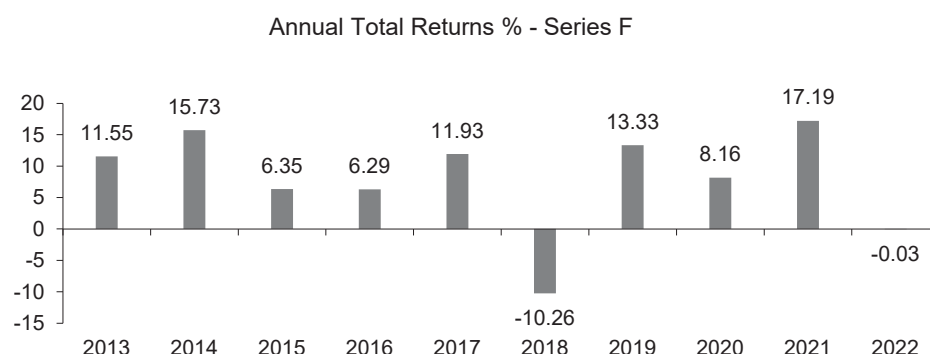
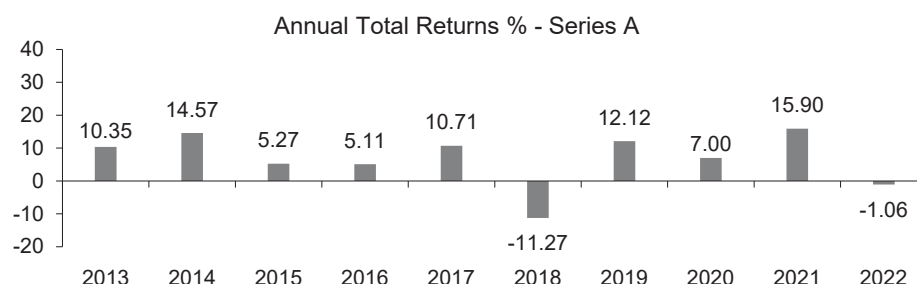
FOR THE YEAR ENDED DECEMBER 31, 2022

Past Performance

The performance information shown, which is based on Net Asset Value, does not take into account sales, redemption or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar charts show how the Fund's performance has varied from year-to-year for each of the years shown. The charts indicate, in percentage terms, how much an investment made the first day of each financial year would have grown or decreased by the last day of the financial year.



Annual Compound Returns

	Periods Ended December 31, 2022			
	One Year	Three Years	Five Years	Ten Years
Middlefield Global Agriculture Class – Series A	-1.06%	7.06%	4.07%	6.58%
MSCI ACWI Select Agriculture Producers IMI Net Total Return Index	14.07%	17.45%	11.50%	10.26%

	Periods Ended December 31, 2022			
	One Year	Three Years	Five Years	Ten Years
Middlefield Global Agriculture Class – Series F	-0.03%	8.21%	5.20%	7.73%
MSCI ACWI Select Agriculture Producers IMI Net Total Return Index	14.07%	17.45%	11.50%	10.26%

The MSCI ACWI Select Agriculture Producers Investable Market Index aims to focus on companies in the agriculture industries that are highly sensitive to underlying prices of agricultural commodities. The index includes companies that are primarily engaged in the production of fertilizers & agricultural chemicals or agricultural products, or in the construction of farm machinery, or in packaged food & meats.

The Fund's total return in 2022 underperformed the return generated by the Index. The Fund's performance in 2022 was influenced by the conservative positioning of the investment portfolio during the year.

ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2022

Summary of Investment Portfolio

AS AT DECEMBER 31, 2022

Top Twenty-Five Holdings*

DESCRIPTION	% OF NET ASSET VALUE
1 Deere & Co.	5.2
2 Archer-Daniels-Midland Co.	5.1
3 CNH Industrial NV	4.8
4 Caterpillar Inc.	4.8
5 International Flavors & Fragrances Inc.	4.7
6 Tractor Supply Co.	4.5
7 Bunge Ltd.	4.5
8 Corteva Inc.	4.4
9 FMC Corp.	4.4
10 Nutrien Ltd.	4.0
11 Sociedad Quimica y Minera de Chile S.A.	4.0
12 Chemtrade Logistics Income Fund	4.0
13 OCI NV	3.9
14 CF Industries Holdings Inc.	3.8
15 IDEXX Laboratories Inc.	3.7
16 Zoetis Inc.	3.7
17 The Mosaic Co.	3.5
18 Darling Ingredients Inc.	3.5
19 Yara International ASA	3.3
20 US Foods Holding Corp.	3.1
21 Tyson Foods Inc.	2.8
22 Olin Corp.	2.7
23 Constellation Brands Inc.	2.6
24 Kubota Corp.	1.8

"Top Twenty-Five Holdings" excludes any temporary cash investments.

*The Fund has only 24 holdings.

ASSET CLASS	% OF NET ASSET VALUE
Materials	42.8
Consumer Staples	21.5
Industrials	21.1
Healthcare	7.4
Cash and Short-Term Investments	7.3
Other Assets (Liabilities)	(0.1)
	100.0
TOTAL NET ASSET VALUE	\$ 13,502,351

The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.

Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements Middlefield Global Agriculture Class (the "Fund") have been prepared by Middlefield Limited (the "Manager"), the manager of Fund and approved by the Board of Directors. The Manager is responsible for the information and representations contained in these financial statements and other financial information contained in this report. The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant

accounting policies applicable to the Fund are described in the notes to the financial statements. The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

Deloitte LLP is the external auditor of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.



Jeremy Brasseur
Director



Craig Rogers
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Middlefield Global Agriculture Class (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2022 and 2021, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as

management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a simpler, bold sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 24, 2023

FINANCIAL STATEMENTS



FINANCIAL STATEMENTS

Statements of Financial Position

AS AT DECEMBER 31

(In Canadian Dollars)

2022

2021

ASSETS

Current Assets

Investments at Fair Value Through Profit or Loss	\$ 12,530,107	\$ 13,237,408
Cash	980,872	687,941
Income and Interest Receivable	14,773	19,013
Subscriptions Receivable	13,911	8,938
Total Assets	13,539,663	13,953,300

LIABILITIES

Current Liabilities

Accounts Payable and Accrued Liabilities	19,981	19,209
Management Fee Payable (Note 7)	17,331	23,040
Redemptions Payable	-	9,019
Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Shares)	37,312	51,268

Net Assets Attributable to Holders of Redeemable Shares	\$ 13,502,351	\$ 13,902,032
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Net Assets Attributable to Holders of Redeemable Shares - Series A	\$ 7,577,310	\$ 8,193,227
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Net Assets Attributable to Holders of Redeemable Shares - Series F	\$ 5,925,041	\$ 5,708,805
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Mutual Fund Shares Issued and Outstanding - Series A (Note 6)	290,242	310,521
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Mutual Fund Shares Issued and Outstanding - Series F (Note 6)	200,788	193,397
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Net Assets Attributable to Holders of Redeemable Shares per Share – Series A	\$ 26.11	\$ 26.39
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Net Assets Attributable to Holders of Redeemable Shares per Share – Series F	\$ 29.51	\$ 29.52
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The accompanying notes to financial statements are an integral part of these financial statements.

Approved by the Board of Directors:



Director: Catherine Rebuldela



Director: Craig Rogers

FINANCIAL STATEMENTS

Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31

(In Canadian Dollars)

	2022	2021
REVENUE (LOSS)		
Income from Investments	\$ 387,347	\$ 215,547
Interest Income for Distribution Purposes	7,309	1,229
Foreign Exchange Gain (Loss) on Cash	(4,607)	(6,629)
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value Through Profit or Loss		
Net Realized Gain (Loss) from Investment Transactions	(69,195)	111,620
Change in Net Unrealized Gain (Loss) on Investments	(106,065)	1,736,400
Change in Net Unrealized Gain (Loss) on Foreign Currency Transactions	637	(51)
Total Revenue (Loss)	215,426	2,058,116
OPERATING EXPENSES (Note 7)		
Audit Fees	4,212	4,789
Custodial Fees	1,547	1,431
Fund Administration Costs	46,687	24,636
Legal Fees	2,648	1,384
Management Fee	239,051	221,587
Securityholder Reporting Costs	9,571	9,754
Transaction Costs (Note 8)	15,078	8,001
Total Operating Expenses	318,794	271,582
Profit (Loss) before Tax	(103,368)	1,786,534
Withholding Taxes	32,019	30,918
Profit (Loss) after Tax	\$ (135,387)	\$ 1,755,616
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	\$ (135,387)	\$ 1,755,616
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares – Series A	\$ (80,179)	\$ 898,873
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares – Series F	\$ (55,208)	\$ 856,743
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share – Series A (Note 6)	\$ (0.27)	\$ 3.11
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per Share – Series F (Note 6)	\$ (0.27)	\$ 4.24

The accompanying notes to financial statements are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

FOR THE YEAR ENDED DECEMBER 31, 2022

(In Canadian Dollars)	Series A	Series F	Total
Net Assets Attributable to Holders of Redeemable Shares at Beginning of Year	\$ 8,193,227	\$ 5,708,805	\$ 13,902,032
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	(80,179)	(55,208)	(135,387)
REDEEMABLE SHARE TRANSACTIONS			
Proceeds from Issue of Shares	1,449,931	1,529,728	2,979,659
Payment on Redemption of Shares	(1,985,669)	(1,258,284)	(3,243,953)
	(535,738)	271,444	(264,294)
Net Assets Attributable to Holders of Redeemable Shares at End of Year	\$ 7,577,310	\$ 5,925,041	\$ 13,502,351

Statement of Changes in Net Assets Attributable to Holders of Redeemable Shares

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Canadian Dollars)	Series A	Series F	Total
Net Assets Attributable to Holders of Redeemable Shares at Beginning of Year	\$ 4,419,576	\$ 5,054,386	\$ 9,473,962
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares	898,873	856,743	1,755,616
REDEEMABLE SHARE TRANSACTIONS:			
Proceeds from Issue of Shares	4,322,363	962,326	5,284,689
Payment on Redemption of Shares	(1,447,585)	(1,164,650)	(2,612,235)
	2,874,778	(202,324)	2,672,454
Net Assets Attributable to Holders of Redeemable Shares at End of Year	\$ 8,193,227	\$ 5,708,805	\$ 13,902,032

The accompanying notes to financial statements are an integral part of these financial statements.

FINANCIAL STATEMENTS

Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31

(In Canadian Dollars)

2022

2021

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets Attributable to Holders of

Redeemable Shares \$ (135,387) \$ 1,755,616

Adjustments:

Proceeds from Sale of Investments 8,078,291 2,292,997

Purchases of Investments (7,546,250) (4,772,534)

Foreign Exchange (Gain) Loss on Cash 3,970 6,680

Net Realized (Gain) Loss from Investment Transactions 69,195 (111,620)

Change in Net Unrealized (Gain) Loss on Investments 106,065 (1,736,400)

575,884 (2,565,261)

Net Change in Non-Cash Working Capital (697) 4,188

Net Cash from (used in) Operating Activities 575,187 (2,561,073)

CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:

Proceeds from Issue of Shares 2,974,686 5,277,008

Payment on Redemption of Shares (3,252,972) (2,603,216)

Net Cash from (used in) Financing Activities (278,286) 2,673,792

Net Increase (Decrease) in Cash 296,901 112,719

Net Foreign Exchange Gain (Loss) on Cash (3,970) (6,680)

Cash at Beginning of Year 687,941 581,902

Cash at End of Year \$ 980,872 \$ 687,941

The accompanying notes to financial statements are an integral part of these financial statements.

FINANCIAL STATEMENTS

Schedule of Investment Portfolio

AS AT DECEMBER 31, 2022
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
CF Industries Holdings Inc.	4,500	\$ 162,152	\$ 519,491
Chemtrade Logistics Income Fund	60,000	453,025	538,200
Corteva Inc.	7,500	341,799	597,333
FMC Corp.	3,500	340,439	591,846
International Flavors & Fragrances Inc.	4,500	592,866	639,242
Nutrien Ltd.	5,500	382,781	543,675
OCI NV	11,000	507,510	531,612
Olin Corp.	5,000	367,063	358,658
Sociedad Quimica y Minera de Chile S.A.	5,000	367,359	540,899
The Mosaic Co.	8,000	291,086	475,536
Yara International ASA	7,500	455,402	444,203
MATERIALS: 42.7%		4,261,482	5,780,695
Archer-Daniels-Midland Co.	5,500	253,718	691,943
Bunge Ltd.	4,500	545,946	608,329
Constellation Brands Inc.	1,100	271,987	345,413
Darling Ingredients Inc.	5,500	112,633	466,438
Tyson Foods Inc.	4,500	144,799	379,558
US Foods Holding Corp.	9,000	362,729	414,861
CONSUMER STAPLES: 21.5%		1,691,812	2,906,542
Caterpillar Inc.	2,000	446,026	649,188
CNH Industrial NV	30,000	464,859	652,819
Deere & Co.	1,200	93,570	697,142
Kubota Corp.	2,600	109,033	240,156
Tractor Supply Co.	2,000	285,126	609,650
INDUSTRIALS: 21.1%		1,398,614	2,848,955
IDEXX Laboratories Inc.	900	352,918	497,492
Zoetis Inc.	2,500	255,681	496,423
HEALTHCARE: 7.4%		608,599	993,915
TRANSACTION COSTS (NOTE 8)		(7,264)	-
TOTAL INVESTMENTS: 92.7%		7,953,243	12,530,107
CASH: 7.3%		980,872	980,872
Total Investment Portfolio, including Cash		\$ 8,934,115	\$ 13,510,979

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Middlefield Global Agriculture Class

Middlefield Global Agriculture Class (the "Fund") is one of nine classes of issued mutual fund shares of Middlefield Mutual Funds Limited (the "Corporation"), a mutual fund corporation continued under the laws of Alberta. Effective January 1, 2017, switches between classes of a mutual fund corporation are considered a disposition at fair market value for tax purposes, resulting in the recognition of capital gains or losses for investors. The changes have not affected switches between Series A and Series F securities of the same Mutual Fund class. The Fund is authorized to issue series of shares designated as Series A and F. Each series has a different management fee rate. The Fund first issued Series A shares on May 26, 2009 and Series F on June 17, 2011. The investment objective of the Fund is to provide long-term growth of capital by investing in equity securities of issuers with high growth potential operating in the agricultural sector. Middlefield Limited is the manager of the Fund (the "Manager"). The address of the Fund's registered office is 350 7 Ave SW Suite 3400, Calgary, Alberta. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Fund on March 24, 2023.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

3. Summary of Significant Accounting Policies

A. Basis of Accounting

IFRS 9 *Financial Instruments* ("IFRS9")

The Fund classifies and measures financial instruments in accordance with IFRS 9, which requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Fund's financial assets and liabilities are classified at fair value through profit or loss ("FVTPL") and amortized cost.

Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") was chosen upon adoption. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL. The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 uses the expected credit loss model ("ECL"), as the new impairment model for financial assets carried at amortized cost. The Fund's financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime of ECLs. Due to the high quality and short-term nature of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

The Fund does not apply general hedge accounting to any of its derivatives positions.

B. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products, derivatives (collectively referred to as "investments"), cash, accounts receivable – portfolio securities sold, income and interest receivable, accounts receivable, subscriptions receivable, prepaid expenses, accounts payable – portfolio securities purchased, management fee payable, accounts payable and accrued liabilities, redemptions payable and distributions payable. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

3. Summary of Significant Accounting Policies (continued)

B. Financial Instruments (continued)

The Fund's Net Assets Attributable to Holders of Redeemable Shares are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

The Fund only offsets financial assets and financial liabilities if the Fund has a legally enforceable right to offset recognized amounts and either intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

C. Redeemable Shares and Net Assets Attributable to Holders of Redeemable Shares

The Fund has two series of redeemable shares in issue: Series A and Series F. Both rank *pari passu* in all material respects and have the same terms and conditions other than the management fee rate, which is 2.0% for Series A and 1.0% for Series F.

Redeemable shares can be put back to the Fund at any time for cash equal to a proportionate share of the Fund's NAV attributable to the share class. The redeemable shares are classified as financial liabilities and are measured at the redemption amounts.

Redeemable shares are issued and redeemed based on the Fund's NAV per share, calculated by dividing the net assets of the Fund, calculated in accordance with the Fund's Simplified Prospectus, by the number of redeemable shares in issue. The Fund's Simplified Prospectus requires that investment positions are valued on the basis of the last traded market price for the purpose of determining the trading NAV per share for subscriptions and redemptions.

The financial assets and liabilities at fair value through profit or loss in the Statements of Financial Position are based on closing prices in accordance with IFRS.

Distributions are declared at the discretion of the board of directors of the Corporation. The board of directors has adopted a policy of annually assessing the Corporation's net income and net realized capital gains and declaring distributions including, if applicable, capital gains dividends to refund tax which would otherwise be payable by the Corporation. Distributions to holders of redeemable shares are recognized in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Shares. Income not distributed is included in Net Assets Attributable to Holders of Redeemable Shares. No distributions have been paid by the Fund.

Net assets are calculated for each series of shares of the Fund. The net assets of a particular series of shares is computed by calculating the value of the series' proportionate share of the assets and liabilities of the Fund common to all series. Management fees directly attributable to a series are charged to that series. Other expenses, investment income and realized and unrealized gains and losses on investments are allocated proportionately to each series based upon the relative net assets of each series.

D. Fair Value Measurement

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Investments and futures contracts are valued at fair value using the policies described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

Futures contracts are marked to market each valuation day according to the gain or loss that would have been realized if the contracts had been closed out. Gains or losses arising from futures contracts are recorded as unrealized gain (loss) on futures contracts and shown as an asset (liability) on the Statements of Financial Position until the contracts are closed out or expire, at which time the gains (losses) are realized.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

3. Summary of Significant Accounting Policies (continued)

D. Fair Value Measurement (continued)

Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

E. Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. The change in the difference between fair value and average cost of the investments is recorded as an unrealized gain (loss) on investments. Income from investments is recognized on the ex-dividend or ex-distribution date. Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest received on bank deposits by the Fund and, if the Fund holds fixed income investments, coupon interest accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax. Income distributions received are treated consistently with dividends and interest and recorded in income in the Statements of Comprehensive Income.

F. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares Per Share

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per share in the Statements of Comprehensive Income represents the increase (decrease) in Net Assets Attributable to Holders of Redeemable Shares for each series divided by the average shares outstanding for each series during the year.

G. Income Taxes

The Corporation qualifies as a mutual fund corporation as defined in the Income Tax Act (Canada) (the "Tax Act"). The Corporation is subject to tax at the full corporate rate on its taxable income. Dividends received from taxable Canadian corporations are generally not included in the taxable income of the Corporation but are subject to a special tax, refunded at a rate of 38 1/3 % of taxable dividends distributed by the Corporation to its shareholders. Capital gains realized in the year are included in the taxable income of the Fund at the applicable capital gains rate. The Corporation is eligible for a refund calculated on a formula basis when mutual fund shares are redeemed or when capital gains dividends are paid to shareholders. The Corporation endeavours to pay out sufficient Canadian dividends and net capital gains so that it will not be subject to refundable income taxes in respect of income from those sources. However, the Corporation will be liable for non-refundable income tax if its income from other sources exceeds its expenses for the year.

Temporary differences between the carrying values of assets and liabilities for accounting and income tax purposes give rise to future income tax assets and liabilities. The most significant temporary difference is that between the reported fair value of the investment portfolio and its adjusted cost base ("ACB") for income tax purposes. To the extent that the fair value of the portfolio exceeds its ACB, a future tax liability arises. Since capital gains taxes payable by the Corporation are refundable under the relevant provisions of the Tax Act, the future tax liability is fully offset by these future refundable taxes. Conversely, when the ACB exceeds the fair value of the portfolio, a future tax asset is generated. In such cases, a full valuation allowance is taken to offset this asset given the uncertainty that such future tax assets will ultimately be realized.

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

Distributions received from investments in trust units that are treated as a return of capital for tax purposes are used to reduce the average cost of the underlying investments on the Schedule of Investment Portfolio.

H. Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars as follows: fair value of investments, forward currency contracts and other assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

I. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

3. Summary of Significant Accounting Policies (continued)

I. Critical Accounting Estimates and Judgments (continued)

Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events, and conditions. The majority of the Fund's investments and transactions are denominated in Canadian dollars. Investor subscriptions and redemptions are also received and paid in Canadian dollars. Accordingly, management has determined that the functional currency of the Fund is Canadian dollars.

Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 4 for further information about the fair value measurement of the Fund's financial instruments.

J. Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and is included in the Statements of Comprehensive Income.

4. Fair Value Disclosure

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The fair value of the Fund's financial instruments are classified into levels using the following fair value hierarchy:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
Level 3	Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgement or estimation.

The Fund's investments at fair value as at December 31, 2022 and 2021 trade in active markets and are therefore classified as Level 1.

All fair value measurements are recurring. The carrying values of cash, income and interest receivable, subscriptions receivable, management fee payable, accounts payable and accrued liabilities, redemptions payable and the Fund's obligation for Net Assets Attributable to Holders of Redeemable Shares approximate their fair values due to their short-term nature.

Fair values are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

4. Fair Value Disclosure (continued)

The Fund's policy is to recognize transfers in and out of the fair value hierarchy levels as at the end of the reporting year for transfers between Levels 1 and 2 and as at the date of the transfer for transfers in and out of Level 3. No transfers between levels occurred during the years ended December 31, 2022 and 2021.

5. Financial Risk Management

In the normal course of business the Fund is exposed to a variety of financial risks: price risk, foreign exchange rate risk, liquidity risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, shareholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, the market and company news related to specific securities held by the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions. The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

A. Price Risk

Price risk is the risk that changes in the prices of the Fund's investments will affect the Fund's income or the value of its financial instruments. The Fund's price risk is driven primarily by volatility in commodity and equity prices. Rising commodity and equity prices may increase the price of an investment while declining commodity and equity prices may have the opposite effect. The Fund mitigates price risk by making investing decisions based upon various factors, including comprehensive fundamental analysis prepared by industry experts to forecast future commodity and equity price movements. The Fund's market positions are monitored on a daily basis by the portfolio manager and regular financial reviews of publicly available information related to the Fund's investments are performed to ensure that any risks are within established levels of risk tolerance. The Fund is exposed to price risk through the following financial instrument:

	2022	2021
Investments at FVTPL	\$ 12,530,107	\$ 13,237,408

Based on the above exposure at December 31, 2022, a 10% increase or decrease in the prices of the Fund's investments would result in a \$1,253,011 (December 31, 2021 – \$1,323,741) increase or decrease in net assets of the Fund, with all other factors held constant.

B. Foreign Exchange Rate Risk

Foreign exchange rate risk describes the impact on the underlying value of financial instruments due to foreign exchange rate movements. The Canadian dollar is the Fund's functional and presentation currency. Foreign investments, commodities, cash, receivables and payables denominated in foreign currencies are affected by changes in the value of the Canadian dollar compared to foreign currencies. As a result, financial assets may depreciate/appreciate in the short-term due to the strengthening/weakening of the Canadian dollar against other currencies, and the reverse would be true for financial liabilities. The Fund's exposure to foreign exchange risk relates primarily to its investment in securities, which are denominated in various foreign currencies. The Fund has not hedged its exposure to currency fluctuations; however, it closely monitors relevant foreign exchange currency movements. The Fund is exposed to foreign exchange rate risk through the following financial instruments denominated in various foreign currencies:

As at December 31, 2022

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 10,472,417	\$ 14,673	\$ 11,773	\$ 10,498,863
European Euro	531,612	-	-	531,612
Norwegian Krone	444,203	1,032	-	445,235
Total	\$ 11,448,232	\$ 15,705	\$ 11,773	\$ 11,475,710

As at December 31, 2021

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 10,930,836	\$ 5,946	\$ 19,013	\$ 10,955,795
European Euro	781,602	-	-	781,602
Total	\$ 11,712,438	\$ 5,946	\$ 19,013	\$ 11,737,397

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

5. Financial Risk Management (continued)

B. Foreign Exchange Rate Risk (continued)

Based on the above exposure at December 31, 2022, a 10% increase or decrease in the Canadian dollar against the respective currencies would result in a \$1,147,571 (December 31, 2021 – \$1,173,740) decrease or increase in net assets of the Fund, with all other factors held constant.

C. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund is exposed to daily cash redemptions of its shares. The shares of the Fund are issued and redeemed on demand at the NAV per share. All other obligations of the Fund are due within one year. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily sold. The Fund retains sufficient cash to maintain liquidity and comply with liquidity requirements as outlined by securities legislation and its investment policies.

The Fund may invest in securities that are not traded on a public stock exchange or that may be illiquid. As a result, the Fund may not be able to dispose of these investments in a timely manner. The Fund mitigates this risk through active management, which involves detailed analysis of such private entities to ensure they are financially sound and would be attractive to potential investors if a sale is necessary. The Fund's investment policies and securities legislation limit the amount invested in illiquid securities and these limits are monitored. The Fund did not hold any illiquid securities as at December 31, 2022 and 2021.

The tables below present the Fund's financial liabilities based on the remaining period to the contractual maturity date. The amounts in the tables reflect the contractual undiscounted cash flows.

As at December 31, 2022

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Accounts Payable and Accrued Liabilities	\$ 19,981	\$ -	\$ -	\$ 19,981
Management Fee Payable	17,331	-	-	17,331
Net Assets Attributable to Holders of Redeemable Shares	13,502,351	-	-	13,502,351
Total	\$ 13,539,663	\$ -	\$ -	\$ 13,539,663

As at December 31, 2021

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Accounts Payable and Accrued Liabilities	\$ 19,209	\$ -	\$ -	\$ 19,209
Management Fee Payable	23,040	-	-	23,040
Redemptions Payable	9,019	-	-	9,019
Net Assets Attributable to Holders of Redeemable Shares	13,902,032	-	-	13,902,032
Total	\$ 13,953,300	\$ -	\$ -	\$ 13,953,300

D. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial instrument failed to meet its obligations to the Fund. The Fund is exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables. The Fund measures credit risk and lifetime ECLs related to the trade receivables using historical analysis and forward looking information in determining the ECL. The carrying amounts of financial assets represent the maximum credit exposure. All transactions executed by the Fund 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 only once the broker has received the securities. The trade will fail if either party fails to meet its obligations. There is no significant credit risk related to the Fund's receivables.

The Fund has established various internal controls to help mitigate credit risk, including prior approval of all investments by the advisor whose mandate includes conducting financial and other assessments of these investments on a regular basis. The Fund has also implemented policies which ensure that investments can only be made with counterparties that have a minimum acceptable credit rating.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

5. Financial Risk Management (continued)

E. Concentration Risk

The Fund is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. The Manager moderates this risk through careful selection of securities in several investment sectors. At December 31, 2022 and 2021 the percentages of the Fund's total net assets invested in each investment sector were as follows:

Sector	As a % of Net Assets	
	2022	2021
Materials	42.8	30.7
Consumer Staples	21.5	30.7
Industrials	21.1	23.5
Healthcare	7.4	8.0
Technology	-	2.3
Total	92.8	95.2

6. Share Capital

The mutual fund shares and five common shares of the Corporation have equal rights and privileges except that the common shares may not be redeemed. Changes in issued mutual fund shares of the Fund are summarized as follows:

	Number of Shares – Series A	
	2022	2021
Shares Outstanding at Beginning of Year	310,521	194,134
Shares Issued	53,883	176,447
Shares Redeemed	(74,162)	(60,060)
Net Increase (Decrease)	(20,279)	116,387
Shares Outstanding at End of Year	290,242	310,521

	Number of Shares – Series F	
	2022	2021
Shares Outstanding at Beginning of Year	193,397	200,617
Shares Issued	50,238	35,452
Shares Redeemed	(42,847)	(42,672)
Net Increase (Decrease)	7,391	(7,220)
Shares Outstanding at End of Year	200,788	193,397

The average number of Series A and Series F shares outstanding during the year ended December 31, 2022 were 300,089 and 201,632 (December 31, 2021 - 289,194 and 202,092), respectively. These numbers were used to calculate the respective Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Shares per share.

7. Management Fee and Operating Expenses

The Manager provides investment and administrative services to the Fund. In consideration for such services the Manager receives a monthly fee in arrears based on each series of shares as a percentage of the average daily NAV of the series. The management fee for Series A is 2.0% per annum and for Series F is 1.0% per annum. Common expenses incurred by the Fund are allocated among the series on a pro-rata basis among all shares of all series. The Manager is reimbursed for reasonable costs related to maintaining the Fund and preparation and distribution of financial statements and other documents to shareholders. For the year ended December 31, 2022, management fees before the absorption of expenses amounted to \$0.2 million.

The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business, including among other things, audit, legal fees and expenses, custodian and transfer agency fees and costs relating to securityholder reporting. Certain services in the normal course of business may be provided by the Manager or an affiliate of the Manager in accordance with NI 81-107 Independent Review Committee for Investment Funds. Examples of these services include the preparation and filing of tax returns, the preparation and filing of financial statements and related reports and maintaining and updating the Fund's website. In aggregate, these fees amounted to less than 0.15% of the fund's average NAV throughout the year. In addition, the Fund would be responsible for reimbursing the Manager for any reasonable out of pocket expenses incurred on the Fund's behalf.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

8. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the year ended December 31, 2022 amounted to \$15,078 (December 31, 2021 – \$8,001). Included in this amount is \$5,918 (December 31, 2021 – \$2,286) in brokerage commissions that were paid to Middlefield Capital Corporation (“MCC”), a company under common control with the Manager. All brokerage commissions paid by the Fund to MCC were at or below market rates. Brokerage commissions and other transaction costs are expensed and recorded in the Statements of Comprehensive Income.

9. Securities Lending

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional revenue. The aggregate market value of all securities loaned by the Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 105% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof, or the United States Government or its Agencies. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund’s custodian, RBC Investor Services Trust, is entitled to receive.

There were no securities lending charges during the years ended December 31, 2022 and 2021.

There were no securities loaned and collateral held as at December 31, 2022 and 2021.

10. Capital Management

The Fund’s capital is its Net Assets Attributable to Holders of Redeemable Shares, representing shareholders’ equity. The Fund’s objective when managing capital is to safeguard the Fund’s ability to continue as a going concern in order to provide returns for shareholders, maximize shareholder value and maintain financial strength.

The Fund is not subject to any externally imposed capital requirements. The Fund’s overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2021.

11. Loss Carryforward

At December 31, 2022, the Corporation had no non-capital losses (December 31, 2021 – \$nil) and no capital losses (December 31, 2021 – \$nil) available for carryforward for tax purposes.

12. The outbreak of the novel coronavirus (COVID-19) has led to governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown. The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund’s financial statements at December 31, 2022. The duration and full extent of impact of the COVID-19 pandemic are unknown at the reporting date and it is therefore not possible to reliably estimate the entire impact on the financial results and position of the Fund in future periods.

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)		TSX Stock Symbol
• Middlefield Healthcare Dividend ETF		MHCD
• Middlefield Health & Wellness ETF		HWF
• Middlefield Innovation Dividend ETF		MINN
• Middlefield Sustainable Global Dividend ETF		MDIV
• Middlefield Sustainable Infrastructure Dividend ETF		MINF
• Middlefield Real Estate Dividend ETF		MREL
• Middlefield U.S. Equity Dividend ETF		MUSA
TSX-LISTED FUNDS		
• E Split Corp.	ENS ENS.PR.A	
• International Clean Power Dividend Fund	CLP.UN	
• Middlefield Global Real Asset Fund	RA.UN	
• MINT Income Fund	MID.UN	
• Real Estate Split Corp.	RS RS.PR.A	
• Sustainable Agriculture & Wellness Dividend Fund	AGR.UN	
• Sustainable Innovation & Health Dividend Fund	SIH.UN	
• Sustainable Real Estate Dividend Fund	MSRE.UN	
• Workplace Technology Dividend Fund	WORK.UN	
MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS		Fund Code
Series A Units		FE/LL/DSC
• Middlefield Healthcare Dividend Fund (formerly Global Healthcare Dividend Fund)	MID 325/327/330	
• INDEXPLUS Income Fund	MID 435/437/440	
• Middlefield Global Infrastructure Fund	MID 510/519/520	
Series F Units		
• Middlefield Healthcare Dividend Fund (formerly Global Healthcare Dividend Fund)	MID 326	
• INDEXPLUS Income Fund	MID 436	
• Middlefield Global Infrastructure Fund	MID 501	
MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS		Fund Code
Series A Shares		FE/LL/DSC
• Middlefield Canadian Dividend Growers Class	MID 148/449/450	
• Middlefield Global Agriculture Class	MID 161/163/166	
• Middlefield Global Energy Transition Class (commenced May 31, 2022)	MID 265	
• Middlefield Innovation Dividend Class (commenced May 31, 2022)	MID 925	
• Middlefield Global Dividend Growers Class	MID 181/183/186	
• Middlefield Real Estate Dividend Class (formerly Global Real Estate Class)	MID 600/649/650	
• Middlefield High Interest Income Class	MID 400/424/425	
• Middlefield Income Plus Class	MID 800/849/850	
• Middlefield U.S. Equity Dividend Class (formerly Middlefield U.S. Dividend Growers Class)	MID 710/719/720	
Series F Shares		
• Middlefield Canadian Dividend Growers Class	MID 149	
• Middlefield Global Agriculture Class	MID 162	
• Middlefield Global Dividend Growers Class	MID 182	
• Middlefield Real Estate Dividend Class (formerly Global Real Estate Class)	MID 601	
• Middlefield Global Energy Transition Class (commenced May 31, 2022)	MID 266	
• Middlefield Innovation Dividend Class (commenced May 31, 2022)	MID 926	
• Middlefield Income Plus Class	MID 801	
• Middlefield U.S. Equity Dividend Class (formerly Middlefield U.S. Dividend Growers Class)	MID 701	
RESOURCE FUNDS		
• Discovery 2022 Short Duration LP (commenced October 13, 2022)		
• MRF 2022 Resource Limited Partnership (commenced February 17, 2023)		
INTERNATIONAL FUNDS		
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT	

Dean Orrico

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Jeremy T. Brasseur

Executive Chairman

Robert F. Lauzon, CFA

Chief Investment Officer

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Infrastructure Ontario**Edward V. Jackson
(Chairman)**Former Managing Director
RBC Capital Markets**Advisors**Middlefield Capital Corporation
SSR, LLC**Middlefield Group****Stephen Erlichman**Chair, ESG
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Wendy Teo, CPA, CA, CPA (IL)

Chief Financial Officer & Vice President

Mark AboudManaging Director,
Workplace Innovation and Productivity**Dennis da Silva**

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Brand Strategist

Stephen ChamberlainVice-President,
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DLA Piper (Canada) LLP
Fasken Martineau DuMoulin LLP
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Canadian Imperial Bank of Commerce
Royal Bank of Canada
The Bank of Nova Scotia
The Toronto-Dominion Bank**Custodian**

RBC Investor Treasury Services

Transfer AgentsRBC Investor Service Trust
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MFL Management Limited
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