

### Portfolio Managers' Commentary

Equity markets took a breather in August following an impressive streak of positive returns. In British Pounds, the Fund's NAV-based total return was -2.3%, beating the benchmark return of -2.9%. The sell-off was a function of equity multiples contracting, driven by an increase in bond yields and higher volatility.

At its most recent meeting on 6 September, the Bank of Canada (BoC) held its policy interest rate at 5%. BoC Governor Tiff Macklem cited "recent evidence that excess demand in the economy is easing" and we expect this to continue given the lagged effects of monetary policy. Relative to other countries, the interest rate environment in Canada is more benign. Specifically, Canadian 10-year bond yields finished August at 3.56%, 80 basis points lower than the United Kingdom's 10-year Gilt yield of 4.36%. We do not expect the BoC to hike its overnight policy rate again this year unless inflation data comes in well above expectations.

The TSX outperformed the S&P 500 in August which is a trend we expect to continue for the remainder of the year. Cash flow generation has surged to all-time highs for Canadian companies, resulting in record levels of capital returns to shareholders in the form of both dividends and share buybacks. More than half of TSX companies have hiked their dividends over the last twelve months and a record-setting 56% have bought back shares over the same period. The TSX dividend yield is near record levels and net share repurchases are now 2.2% of market capitalisation. High shareholder returns are an increasingly important advantage that Canadian companies possess relative to other countries.

Whitecap Resources, the Fund's eleventh largest position as at 31 August, offers an example of a Canadian energy company that is generating high and growing levels of free cash flow. This has been manifested in their recent announcement of a 26% increase to its monthly dividend, resulting in a yield of nearly 7%. It was the second increase since closing its acquisition of XTO Energy in August 2022 and the dividend is up over 100% since then. Moreover, given the company's stated goal of returning 75% of free cash flow to shareholders, the new dividend, which represents approximately 68% of free cash flow, will likely be supplemented by special distributions and/or share buybacks going forward. Whitecap recently renewed its buyback program, allowing for the purchase of up to 10% of its stock to May 2024.

European natural gas prices have spiked in early September amid strike risks at Australian LNG facilities, which represent 10% of global LNG exports. The potential outage once again highlighted the fragility of European energy markets, reminding us of the long-term importance and potential of North American LNG exports. In August, the Fund initiated a position in Peyto Exploration – an energy producer that has established a track record as one of the lowest-cost natural gas producers in North America. In addition to its upstream operations, Peyto operates more than 200 miles of gas gathering pipelines. Peyto's dividend yield, which currently exceeds 10%, is supported by an active hedging program on more than half of its winter gas volumes at higher prices than current spot rates.

Click [here](#) for the September 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.

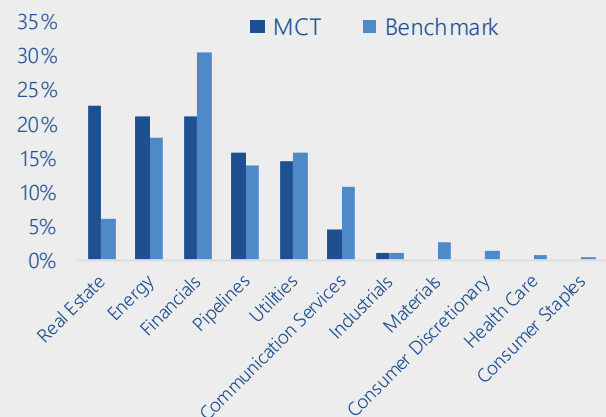
### Portfolio Summary

#### Top 10 Holdings

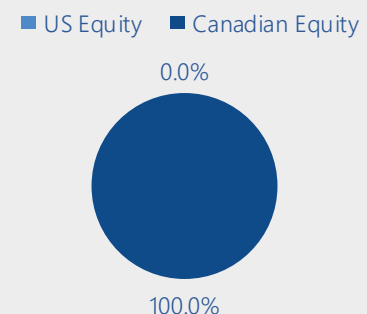
Name	Sector	% of Equities
TD Bank	Financials	5.0%
Canadian Natural Resources	Energy	4.8%
Bank of Nova Scotia	Financials	4.5%
BCE Inc.	Comm. Svcs.	4.3%
AltaGas	Utilities	4.2%
Enbridge	Pipelines	4.0%
Capital Power	Utilities	3.7%
Bank of Montreal	Financials	3.7%
Pembina Pipeline	Pipelines	3.4%
Royal Bank of Canada	Financials	3.4%

**Cumulative Weighting** 40.9%

#### 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](http://www.middlefield.co.uk)

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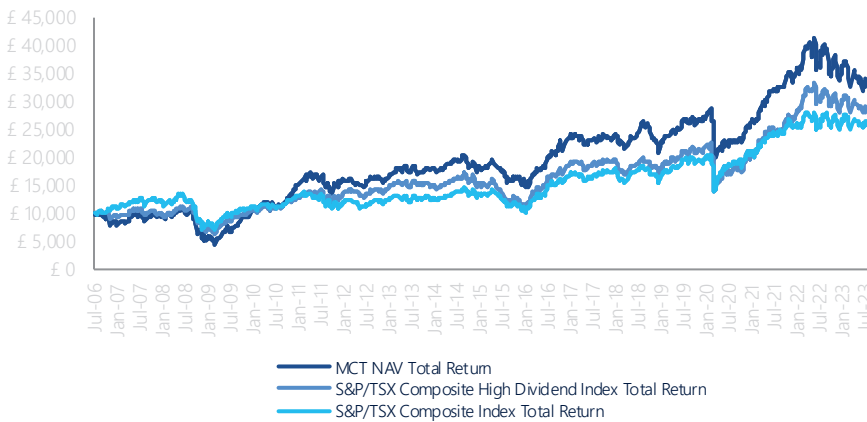
### Investment Objective

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	-1.4%	0.7%	-12.8%	-10.2%	-15.8%
NAV	-2.3%	0.3%	-7.4%	-4.4%	-14.8%
Benchmark	-2.9%	-0.3%	-5.2%	-1.8%	-9.6%
S&P/TSX Composite Index	-2.7%	2.8%	-1.9%	2.1%	-3.6%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised
Share Price	13.3%	4.9%	6.7%	5.5%	6.2%
NAV	11.9%	4.3%	6.2%	6.3%	6.7%
Benchmark	16.4%	7.8%	7.8%	6.4%	6.4%
S&P/TSX Composite Index	11.1%	7.6%	8.2%	7.5%	6.1%

Sources: Middlefield, Bloomberg. As at 31 August, 2023

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.

<sup>1</sup>Borrowings as a percentage of total assets – the Fund has the power to borrow up to 25% of total assets

<sup>2</sup>Borrowings as a percentage of net assets – the AIC standard measure of gearing

### 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	£126,998,748
Voting Shares	106,487,250
Share Price	103.00p
Net Asset Value	119.26p
Premium/Discount	-13.6%
Dividend p.a.	5.20p
Current Yield	5.0%
Gearing (Gross) <sup>1</sup>	18.0%
Gearing (Net) <sup>2</sup>	21.9%

### 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).

### Available Platforms to Invest

