

Middlefield International Limited

**MIDDLEFIELD CANADIAN INCOME TRUST
ASSESSMENT OF VALUE REPORT**

December 2023



Background

The Consumer Duty represented in Principle 12 of the FCA’s Principles for Business requires firms authorized by the FCA to consider the price and value of their investment funds. Middlefield International Limited (“MIL”), as advisor to Middlefield Canadian Income Trust (“MCT”), will consider the overall value of MCT delivered to its investors annually. The MIL Board will then consider the outcomes of the assessment and communicate those findings to investors. This report is based on the most recently available information as of the date of publication unless otherwise indicated.

Assessment Criteria and Overview of Findings

MIL has considered the following criteria when determining if value has been delivered to investors.

Performance Related

A. Fund Performance	Value delivered but improvements could be sought
B. Relative Performance	Value delivered but improvements could be sought

Process/Structure Related

C. Investment Process	Good value delivered
D. Classes of Units	Good value delivered

Product Related

E. Quality of Service	Good value delivered
F. Fund Manager Costs	Good value delivered
G. Comparable Market Rates	Good value delivered
H. Comparable Services	Good value delivered
I. Economies of Scale	Good value delivered

Legend

Good value delivered
Value delivered but improvements could be sought
Improvements necessary to provide value

A. Fund Performance

The investment objective of the fund is to provide Shareholders with a high level of dividends as well as capital growth over the longer term. MCT has delivered reasonably strong returns over the longer term in line with its benchmarks, as shown in the performance table from 31 December, 2023 (Figure 1). In addition, total distributions of 92.0 GBP per share have been issued since inception. The quarterly distribution was increased from 1.275 per share in 2022 to 1.30 per share in 2023, and to 1.325 per share in 2024.

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	5.0%	-0.5%	0.2%	-10.7%	-10.7%
NAV	5.8%	3.2%	1.9%	-1.4%	-1.4%
Benchmark	5.7%	5.3%	3.5%	3.9%	3.9%

Long-Term Performance	3 Year cumulative	3 year annualised	5 year cumulative	5 year annualised	Since Inception annualised
Share Price	26.2%	8.1%	52.4%	8.8%	6.1%
NAV	32.9%	10.0%	57.0%	9.4%	6.8%
Benchmark	51.5%	14.9%	75.9%	12.0%	6.6%

Figure 1

B. Relative Performance

As shown in Figure 2, MCT has underperformed its North American peer group average over the long term; however, shorter-term performance has been closer to in line. MCT's dividend yield is close to 4x higher than the North American peer group average (Figure 3).

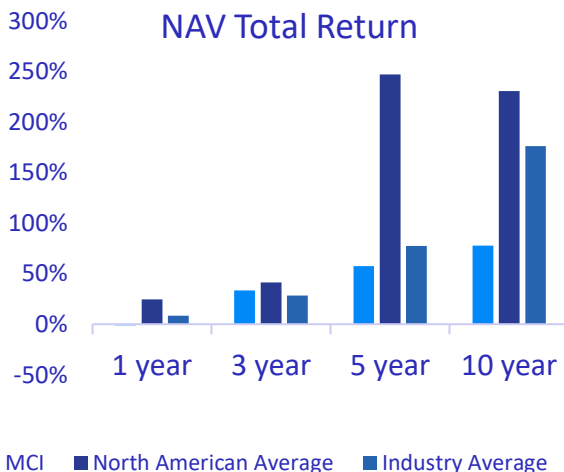


Figure 2
Source: Association of Investment Companies as at 1 January, 2024
Advanced compare | The AIC

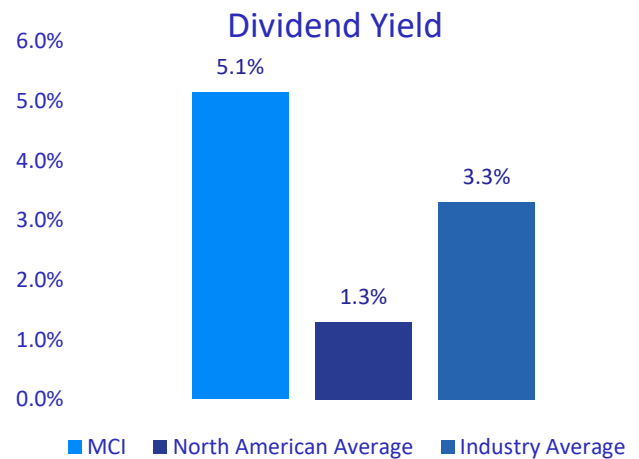


Figure 3
Source: Association of Investment Companies as at 1 January, 2024
Advanced compare | The AIC

C. Investment Process

Middlefield Limited (“Middlefield”), MCT’s Investment Manager, is a specialist and independent equity income manager headquartered in Toronto, Canada with over 40 years of investing experience in Canadian Equities. The Investment Manager uses an actively managed strategy, allowing it to take advantage of dislocations in the market.

While MCT is not an ESG-focused or sustainable fund, the Investment Manager has been increasingly incorporating ESG considerations into its investment process to aid decision making, identify potential risks and opportunities and to enhance long-term risk-adjusted returns. Further information on Middlefield’s ESG Policy can be found online at [ESG Policy | Middlefield Group](#)

Middlefield’s Stewardship Principles

Middlefield, as a Canadian asset manager, understands it has the responsibility to be an effective steward of the assets it manages for its clients in order to enhance the value of those assets for the benefit of its clients. The Canadian Coalition for Good Governance (“CCGG”) has published a set of seven stewardship principles which have become recognised as Canada’s stewardship code for institutional asset owners and asset managers. Middlefield believes that CCGG’s stewardship principles should be tailored for asset managers depending on various factors, such as the size of the asset manager and the type of assets managed. Set out within the link below are CCGG’s seven stewardship principles and a description of how Middlefield, as an independent Canadian asset manager whose predominant assets are public and private investment funds that invest in Canadian and international equities, carries out or intends to carry out such principles.

Further information on Middlefield’s Stewardship Principles can be found online at [Stewardship Principles | Middlefield Group](#)

D. Classes of Units

MCT has only one class of Units. No investors hold their investment in a higher cost class than any other investors.

E. Quality of Service

As an advisor to MCT, MIL assesses its quality of service through various means, including interactions with the Board of MCT, regular meetings with MCT investors both in person and virtually, and the number and nature of investor enquiries and complaints. MIL’s assessment has concluded that the quality of service remains as intended.

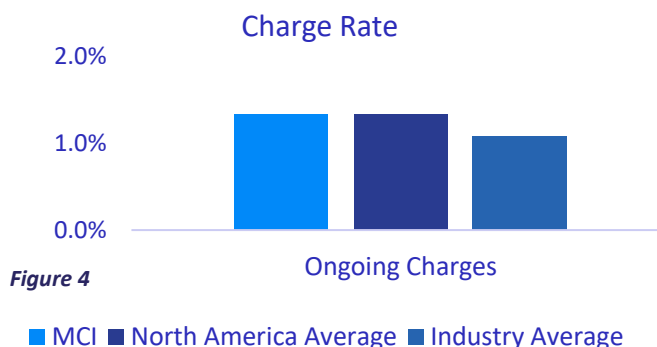
F. Fund Manager Costs

MCT pays an annual fee of 0.70% of NAV to MIL and the investment manager to cover the services provided to MCT. MIL and the investment manager are paid an additional fee for investor relations services totaling the lesser of 0.15% of the market value of MCT or £200,000 per annum.

MIL has concluded that the Fund Manager Costs are reasonable and appropriate value is being received for these costs.

G. Comparable Market Rates

As shown in Figure 4, MCT charge rates are in line with its North American Peer group averages.



Source: Association of Investment Companies as at 31 May 2024

H. Comparable Services

MIL does not offer any comparable services to any other clients, such as institutional investors. MIL’s primary business is to provide advisory services to MCT, and MCT has only one class of investor.

I. Economies of Scale

As an independent equity income manager, MIL is not looking to reach the same scale of operations as the largest asset managers. MIL’s business model is to deliver additional value to investors through being dynamic and responsive and MCT, which MIL advises, provides UK investors with unique diversification to Canadian securities. When sensible to do so, MIL outsources certain MCT operations to firms that have better capabilities to provide them.