



2024 SEMI-ANNUAL REPORT

# INFRASTRUCTURE DIVIDEND

SPLIT CORP.

 MIDDLEFIELD  
**SPLIT SHARE 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.



## 2024 MID-YEAR REVIEW AND OUTLOOK

The S&P 500 generated a total return of 15.3% in the first half of 2024, reaching 33 new all-time highs along the way. The year-to-date return breaks down into 7.1% from improved earnings expectations, 7.4% from expansion in the forward P/E multiple to 21x, and 0.8% from dividends. Sectors linked to the AI thematic led to the upside with Information Technology and Communication Services returning 28% and 27%, respectively. Index heavyweights Microsoft, Nvidia, Apple, Google, Amazon, and Meta contributed to 62% of the index's total return.

YTD S&P 500 Return Attribution			
Sector	Weight at Start of 2024 (%)	YTD Return (%)	Contribution of S&P 500 Return (basis points)
Info Tech	29	28	815
Comm. Services	9	27	229
Financials	13	10	132
Health Care	13	8	98
Industrials	9	8	68
Cons. Discretionary	11	6	61
Cons. Staples	6	9	55
Energy	4	11	42
Utilities	2	9	22
Materials	2	4	10
Real Estate	2	-2	-5
S&P 500	100	15	1529
Source: FactSet, Goldman Sachs Global Investment Research			

The TSX Composite Index generated a total return of 6.1% in H1, lagging the U.S. market by nearly 10%. Half of the performance gap occurred in June when the TSX returned -1.4% compared to 3.6% for the S&P 500. Canada's three largest sectors - Energy, Materials and Financials - all had negative returns in June which explains most of the underperformance. With the Bank of Canada (BoC) entering an easing cycle on June 5<sup>th</sup>, we expect relative performance of Canadian equities to rebound. Historically, the TSX has averaged double-digit gains 12 months after the first BoC rate cut. We believe core defensive yield sectors including utilities and real estate are particularly well-positioned to outperform in the second half.

A common theme that emerged during the second quarter was normalization. Growth expectations, inflation and employment stats have all been easing from abnormally high levels recently. We view this trend positively as long as the pace of easing remains gradual and these key economic data return to more normalized levels. We do not forecast a recession in the U.S. or Canada over the next twelve months and believe the evolving macro landscape is conducive to continued strong performance from North American equity markets.

**Middlefield Real Estate Dividend ETF (TSX:MREL)** outperformed its benchmark in H1, outperforming the S&P/TSX Capped REIT Total Return by 4.2%. Canadian REITs returned 0.6% in June, outperforming the TSX Composite by 2%. The BoC's decision to cut rates on June 5<sup>th</sup> is showing early signs of improving sentiment for the sector. There are four BoC meetings remaining in 2024 and the Overnight Index Swaps market is currently pricing nearly two more full cuts from the BoC before year-end.

Canada's population has increased 8% since pre-pandemic levels. Supply of real estate has not kept pace with the surge in demand, causing Canada's per capita housing stock and shopping centre space to fall by 2% and 6%, respectively. As a result, vacancy rates have fallen to historic lows within these asset classes and rents have gone up. Apartment rents have risen close to 10% year-over-year while retail property leasing spreads are also in the high single-digits. The operating environment is as attractive as it has ever been for these asset classes and when investor focus finally shifts from interest rates to fundamentals, we expect a swift re-rating in REIT unit prices.

**Middlefield Innovation Dividend ETF (TSX:MINN)** generated a total return of 33.6% in H1 2024, exceeding the NASDAQ Technology Dividend TR Index return by 10.1%. The outperformance was primarily influenced by the fund's overweighting in growth-oriented technology securities. The first half of 2024 witnessed a clear divergence in the tech landscape: Artificial Intelligence (AI) stocks skyrocketed 33.3%, while non-profitable tech stocks suffered an 18.7% decline. This trend underscored the growing dominance of AI, a theme we anticipate will continue to shape the market. Our investment approach aligns with this shifting paradigm. We remain steadfast in our conviction that AI-focused semiconductor companies are poised for sustained growth, given their pivotal role in fueling the AI revolution.

## MIDDLEFIELD TSX-LISTED FUNDS |

The Middlefield Family of exchange-listed funds is currently comprised of 13 funds, 12 of which trade on the Toronto Stock Exchange and one of which is based in Jersey, Channel Islands and trades on the London Stock Exchange. The fund mandates differ by asset mix including both Canadian and International equity securities.

**Middlefield Sustainable Infrastructure Dividend ETF (TSX:MINF)** returned 6.9% in the first six months of 2024. Infrastructure presents a compelling long-term investment opportunity due to its defensive characteristics, while offering high dividend yields and inflation protection. Several key themes are driving growth in the sector, including accelerating data center demand, energy security, and the upgrading of existing infrastructure. Our **Infrastructure Dividend Split Corp. (TSX:IS)** capitalizes on these trends and specifically invests in dividend-paying securities across various sectors within the infrastructure asset class, including Utilities, Energy, Real Estate and Industrials. The current macro environment is supportive of global infrastructure spending due to a constructive earnings outlook, improving CapEx cycle, increased fiscal focus on infrastructure, and a falling interest rate environment. Historically, infrastructure assets have performed well in periods of “Above Trend and Falling” rate environments. The Bank of Canada’s recent 25 bp rate cut marks the start of an easing monetary policy, which will be a significant tailwind for the sector.

**Middlefield Sustainable Global Dividend ETF (TSX:MDIV)** and **Middlefield U.S. Equity Dividend ETF (TSX:MUSA)** generated returns of 23.6% and 25.1% respectively, outperforming their benchmarks (MSCI World Dividend Growers Quality 8.0% and S&P 500 Dividend Aristocrats 5.9%) by upper teens to low twenties. The anticipated Fed easing cycle in H2 of 2024 should ultimately serve as a tailwind for equities, with dividend-paying stocks particularly well-positioned to outperform in a falling rate environment.

**Middlefield Healthcare Dividend ETF (TSX:MHCD)** generated a total return of 13.5% in H1 2024, exceeding its benchmark. Healthcare had a strong first half of 2024 with the MSCI World Healthcare Index returning 8.2%. Like the broader market, the sector’s performance was driven by a concentrated group of companies, many of which contributed to the outperformance of our healthcare funds in H1. On the topic of R&D, we are witnessing a sea change in how companies are approaching early-stage clinical research. AI has the potential to revolutionize R&D efforts by improving drug discovery timeline and accuracy. Machine learning algorithms can predict how potential drug candidates will interact with targets in the body before they are tested in the clinic. These capabilities will allow researchers to pursue only the most promising drug candidates in the clinic and avoid much of the trial-and-error that goes into research today.

### Outlook

Although the Federal Reserve has maintained its hawkish stance in recent press conferences, the normalization of economic data we are witnessing supports an easing cycle in the U.S. as well. As of early July, Fed Funds Futures are implying an 80% chance that the Fed will cut rates at its September meeting. With the Fed now having less to worry about on both sides of its dual mandate, we agree that a rate cut in September would be an appropriate course of action. Given the impressive run the market has been on so far this year, we would not be surprised to see a short-term pullback in major indices during the second half of Q3. Given our positive outlook on the macro landscape, and the projected earnings growth over the next two years, we view any near-term market pullback as a healthy correction within a broader secular bull market and would be buyers of high-quality stocks on weakness.



**Dean Orrico**  
President and CEO  
Middlefield Capital Corporation



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



# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2024

This interim management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. This report should be read in conjunction with the complete interim financial report of the investment fund that follows this report.

Shareholders 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](http://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

The Fund commenced operations on May 4, 2024 when it merged with International Clean Power Dividend Fund ("ICPD"), with the Fund as the continuing entity. The Fund issued \$5,212,245 units at a value of \$78.2 million in exchange for the assets of ICPD. The number of units issued was calculated using an exchange ratio based on the relative net asset values of the Fund and ICPD as at the close of trading on May 3, 2024, in accordance with the terms of the merger.

### Investment Objectives and Strategies

The investment objectives of Infrastructure Dividend Split Corp. for the Class A Shares are to provide holders with: (i) non-cumulative monthly cash distributions, and (ii) the opportunity for capital appreciation through exposure to the portfolio. The investment objectives of the Fund for the Preferred Shares are to: (i) provide holders with fixed cumulative preferential quarterly cash distributions, and (ii) return the original issue price of \$10.00 to holders upon maturity. The Fund invests in an actively managed portfolio of securities of approximately 15 dividend-paying issuers operating in the infrastructure sector. Middlefield Capital Corporation ("MCC" or the "Advisor") will invest in issuers that it believes are undervalued and well-positioned to benefit from the Advisor's outlook for a gradual reduction in interest rates, the continuation of global decarbonization, and favourable demographics.

### 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 6, 2024. Since commencement of operations on May 4, 2024, 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. The value and performance of the Fund's equity investments may fluctuate due to changes in the financial condition of issuers, equity markets, and various economic factors, including but not limited to volatility in interest rate markets, uncertain global geopolitical conditions, and rising government debt levels.

### Results of Operations

#### Investment Performance

In respect of the investment portfolio, the asset mix by sector has remained materially consistent since commencement of operations. The Fund raised \$52.6 million in an initial public offering of its Preferred Shares on May 8, 2024. As a result, there are no comparative figures for the prior period. The net assets of the Fund amounted to \$74.0 million at June 30, 2024. On a per share basis, the net assets of Fund for Class A Shares decreased from \$15.00 at commencement of operations to \$14.19 at June 30, 2024. This decrease was primarily attributable to the net loss on the investment portfolio. The Fund recorded a net loss of \$1.2 million on its investment portfolio or \$0.22 per Class A Share during the period.

### Revenue and Expenses

Revenue for the period ended June 30, 2024 amounted to \$0.3 million and was comprised primarily of dividend income from the Fund's portfolio investments. Operating expenses for the period ended June 30, 2024 amounted to \$0.4 million, which contributed to the management expense ratio ("MER") of 9.13% for Class A shareholders. The MER is high as a result of the inclusion of issuance costs as part of the expenses used to calculate the ratio in the period of the initial public offering. Excluding issuance costs, borrowing costs, and distributions to Preferred Shareholders, the MER was 2.45% for the period. Distributions for the period ended June 30, 2024 amounted to \$0.38 per Class A Share.

### Trends

The current macro environment is supportive of global infrastructure spending due to a constructive earnings outlook, improving CapEx cycle, increased fiscal focus on infrastructure, and a falling interest rate environment. Historically, infrastructure assets have performed well in periods of "Above Trend and Falling" rate environments. The Bank of Canada's recent 25 bp rate cut marks the start of an easing monetary policy, which will be a significant tailwind for the sector.

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2024

## 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, 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 1.10% per annum of the net asset value of the Fund and are split between the Manager and the Advisor. 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 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 period. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per Class A Share<sup>(1)</sup>

	June 30, 2024 <sup>(4)</sup>
Net Assets, Beginning of Period	\$ 15.00*
Total Revenue	0.28
Total Expenses	(0.06)
Realized Gain (Loss) for the Period	0.07
Unrealized Gain (Loss) for the Period	(0.29)
Transaction Costs on Purchase and Sale of Investments	(0.02)
Preferred Share Distributions	(0.10)
<b>TOTAL INCREASE (DECREASE) FROM OPERATIONS<sup>(2)</sup></b>	<b>(0.43)</b>
<b>DISTRIBUTIONS:</b>	
From Net Investment Income	0.12
From Capital Gains	0.05
Return of Capital	0.21
<b>TOTAL DISTRIBUTIONS<sup>(3)</sup></b>	<b>0.38</b>
Net Assets, End of Period	\$ 14.19

<sup>(1)</sup> This information is derived from the Fund's unaudited interim financial report.

<sup>(2)</sup> Net Assets per Class A Share are based on the actual number of Class A shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of Class A shares outstanding over the financial period. 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 Class A Shares and accordingly columns may not add.

<sup>(3)</sup> Distributions were paid in cash/reinvested in additional units of the Fund, or both.

<sup>(4)</sup> For the period May 4, 2024 (date of commencement of operations) to June 30, 2024.

\*Initial issue price.

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2024

## Ratios and Supplemental Data

	June 30, 2024 <sup>(6)</sup>
Total Assets (000s) <sup>(1)</sup>	\$ 127,918
Total Net Asset Value (000s) – including Preferred Shares <sup>(1)</sup>	\$ 126,617
Number of Class A Shares Outstanding	5,212,245
Management Expense Ratio (“MER”) – Class A Shares <sup>(2)</sup>	9.13%
MER – Class A Shares (excluding Preferred Share distributions, interest expense and issuance costs) <sup>(2)</sup>	2.45%
Trading Expense Ratio <sup>(3)</sup>	0.68%
Portfolio Turnover Rate <sup>(4)</sup>	2.05%
Net Asset Value per Unit <sup>(5)</sup>	\$ 24.29
Net Asset Value per Preferred Share	\$ 10.10
Net Asset Value per Class A Share	\$ 14.19

<sup>(1)</sup> The Total Asset Value and Net Asset Value includes the value of Preferred Shares.

<sup>(2)</sup> The MER for Class A Shares is based on total expenses (including distributions on Preferred Shares, but excluding distributions on Class A Shares, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value of the Fund for Class A Shares during the period. The MER for Class A Shares excluding Preferred Share distributions, interest expense and issuance costs has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average Net Asset Value of the Fund for Class A Shares. Issuance costs are one-time costs incurred at inception, and the inclusion of Preferred Share distributions and interest expense does not consider the additional revenues that have been generated from the investment of the leverage in income-generating assets.

<sup>(3)</sup> 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 period.

<sup>(4)</sup> 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>(5)</sup> A Unit includes one Class A Share and one Preferred Share. Net Asset Value per Unit is determined by the Net Asset Value of the Fund, for which the Preferred Shares are not treated as liabilities.

<sup>(6)</sup> As at June 30, 2024 or for the period May 4, 2024 (date of commencement of operations) to June 30, 2024, as applicable.

## Past Performance

The Fund has not presented its historical performance because it commenced operations on May 4, 2024 and accordingly has been in existence for less than one year.



# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE PERIOD ENDED JUNE 30, 2024

## Summary of Investment Portfolio

AS AT JUNE 30, 2024

Top Twenty-Five Holdings\*

DESCRIPTION	% OF NET ASSET VALUE
1 BCE Inc.	6.1
2 Southern Co.	5.5
3 RioCan Real Estate Investment Trust	5.3
4 TC Energy Corp.	5.1
5 Capital Power Corp.	5.1
6 Pembina Pipeline Corp.	5.0
7 Dream Industrial Real Estate Investment Trust	5.0
8 Equinix Inc.	4.9
9 SSE PLC	4.9
10 AltaGas Ltd.	4.9
11 Enbridge Inc.	4.8
12 Eaton Corp. PLC	4.8
13 H&R Real Estate Investment Trust	4.6
14 Gibson Energy Inc.	4.6
15 Transalta Corporation	4.4
16 National Grid PLC	4.1
17 Brookfield Renewable Partners LP	4.0
18 Nextera Energy Inc.	3.8
19 Northland Power Inc.	3.7
20 Emera Inc.	3.6
21 Edison International	2.7

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

\*The Fund has only 21 holdings.

ASSET CLASS	% OF NET ASSET VALUE
Utilities	46.7
Real Estate	19.8
Pipelines	19.5
Communication Services	6.1
Industrials	4.8
Cash and Short-Term Investments	3.3
Other Assets (Liabilities)	(0.2)
	100.0

TOTAL NET ASSET VALUE <sup>(1)</sup>	\$ 126,616,603
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TOTAL ASSETS <sup>(1)</sup>	\$ 127,917,774
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<sup>(1)</sup> Net Asset Value and Total Assets of the Fund include the value of the Preferred Shares.

The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.  
Please visit [www.middlefield.com](http://www.middlefield.com) for the most recent quarter-end Summary of Investment Portfolio.



## INTERIM FINANCIAL REPORT

### NOTICE

The accompanying unaudited financial statements of Infrastructure Dividend Split Corp. for the period ended June 30, 2024 have been prepared by management and have not been reviewed by the external auditors of the Fund.



Jeremy Brasseur  
Director  
Middlefield Limited



Craig Rogers  
Director  
Middlefield Limited

August 23, 2024

# INTERIM FINANCIAL REPORT

UNAUDITED

## Statement of Financial Position

AS AT

(In Canadian Dollars)

June 30, 2024

### ASSETS

#### Current Assets

Investments at Fair Value through Profit or Loss	\$	122,676,473
Cash		4,230,747
Income and Interest Receivable		881,768
Accounts Receivable		128,786
Total Assets		127,917,774

### LIABILITIES

#### Current Liabilities

Accounts Payable and Accrued Liabilities (Note 8)		114,048
Distributions Payable to Redeemable Shareholders (Note 10)		1,187,123
Preferred Shares (Note 7)		52,643,700

Total Liabilities (Excluding Net Assets Attributable to Holders of Redeemable Class A Shares)		53,944,871
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Net Assets Attributable to Holders of Redeemable Class A Shares	\$	73,972,903
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Redeemable Shares Outstanding (Note 7)		
Preferred Shares		5,264,370
Class A Shares		5,212,245

Net Assets Attributable to Holders of Redeemable Shares per Share		
Preferred Shares	\$	10.10
Class A Shares	\$	14.19

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

Approved by the Board of Directors:



Director: Dean Orrico



Director: Craig Rogers

# INTERIM FINANCIAL REPORT

UNAUDITED

## Statement of Comprehensive Income

FOR THE PERIOD MAY 4, 2024 (DATE OF COMMENCEMENT OF OPERATIONS)

TO JUNE 30, 2024

(In Canadian Dollars)

2024

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**REVENUE (LOSS)**

Income from Investments	\$ 1,325,753
Interest Income for Distribution Purposes	120,936
Foreign Exchange Gain (Loss) on Cash	1,623

**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 excluding Derivatives	259,408
Net Realized Gain (Loss) from Derivatives Transactions	80,272
Net Unrealized Gain (Loss) on Investments excluding Derivatives	(1,497,380)
Net Unrealized Gain (Loss) on Foreign Currency Transactions	1,769
<b>Total Revenue (Loss)</b>	<b>292,381</b>

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**OPERATING EXPENSES (Note 8)**

Audit Fees	6,746
Fund Administration Costs	94,697
Management Fee (Note 8)	172,364
Transaction Costs (Note 8)	79,576
Securityholder Reporting Costs	14,179

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<b>Total Operating Expenses</b>	<b>367,562</b>
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Net Investment Profit (Loss) before Distributions on Preferred Shares	(75,181)
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Distributions on Preferred Shares (Note 10)	535,592
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Net Investment Profit (Loss) before Tax	(610,773)
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Withholding Taxes	19,329
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Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares	\$ (630,102)
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Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares per Share (Note 7)	\$ (0.12)
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# INTERIM FINANCIAL REPORT

UNAUDITED

## Statement of Changes in Net Assets Attributable to Holders of Redeemable Class A Shares

FOR THE PERIOD MAY 4, 2024 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 2024  
(In Canadian Dollars)

**2024**

Net Assets Attributable to Holders of Redeemable Class A Shares at Beginning of Period	\$	-
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### OPERATIONS:

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares		(630,102)
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### DISTRIBUTIONS TO HOLDERS OF REDEEMABLE SHARES:

Distributions to Redeemable Class A Shareholders (Note 10)		(1,954,592)
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### REDEEMABLE CLASS A SHARE TRANSACTIONS:

Proceeds from Issue of Redeemable Class A Shares (Note 7)		78,183,688
Payment of Agents' Fee		(1,421,380)
Payment of Issue Costs		(204,711)
Net Increase (Decrease) from Redeemable Class A Share Transactions		76,557,597
Net Assets Attributable to Holders of Redeemable Class A Shares at End of Period	\$	73,972,903

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



# INTERIM FINANCIAL REPORT

UNAUDITED

## Statement of Cash Flows

FOR THE PERIOD MAY 4, 2024 (DATE OF COMMENCEMENT OF OPERATIONS)  
TO JUNE 30, 2024

(In Canadian Dollars)

2024

### CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares	\$	(630,102)
Adjustments:		
Purchases of Investments		(126,360,934)
Proceeds from Sale of Investments		2,526,761
Foreign Exchange (Gain) Loss on Cash		(3,392)
Net Realized (Gain) Loss from Investment Transactions		(339,680)
Net Unrealized (Gain) Loss on Investments		1,497,380
		(123,309,967)
Distributions Payable to Preferred Shareholders		535,592
Net Non-Cash Working Capital		(896,506)
Net Cash from (used in) Operating Activities		(123,670,881)

### CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES

Proceeds from Issue of Redeemable Class A Shares		78,183,688
Proceeds from Issue of Redeemable Preferred Shares		52,643,700
Payment of Agents' Fees		(1,421,380)
Distributions paid to Redeemable Class A Shareholders		(1,303,061)
Payment of Issue Costs		(204,711)
Net Cash from (used in) Financing Activities		127,898,236
Net Increase (Decrease) in Cash		4,227,355
Foreign Exchange Gain (Loss) on Cash		3,392
Cash at Beginning of Period		-
Cash at End of Period	\$	4,230,747

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

# INTERIM FINANCIAL REPORT

UNAUDITED

## Schedule of Investment Portfolio

AS AT JUNE 30, 2024  
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
AltaGas Ltd.	200,000	\$ 6,072,000	\$ 6,182,000
Brookfield Renewable Partners LP	150,000	5,532,507	5,077,500
Capital Power Corp.	165,000	6,040,974	6,433,350
Edison International	35,000	3,483,784	3,439,129
Emera Inc.	100,000	4,714,195	4,565,000
National Grid PLC	340,000	6,267,442	5,190,597
NextEra Energy Inc.	50,000	4,846,016	4,844,624
Northland Power Inc.	200,000	4,552,818	4,704,000
Southern Co.	65,000	6,773,908	6,899,263
SSE PLC	200,000	5,868,218	6,190,649
TransAlta Corporation	575,000	5,561,200	5,577,500
<b>UTILITIES: 46.6%</b>		<b>59,713,062</b>	<b>59,103,612</b>
Dream Industrial Real Estate Investment Trust	500,000	6,446,350	6,335,000
Equinix Inc.	6,000	6,039,498	6,211,738
H&R Real Estate Investment Trust	650,000	6,168,830	5,817,500
RioCan Real Estate Investment Trust	400,000	7,130,003	6,724,000
<b>REAL ESTATE: 19.8%</b>		<b>25,784,681</b>	<b>25,088,238</b>
Enbridge Inc.	125,000	6,159,723	6,083,750
Gibson Energy Inc.	250,000	5,667,013	5,812,500
Pembina Pipeline Corp.	125,000	6,169,744	6,345,000
TC Energy Corp.	125,000	6,476,861	6,482,500
<b>PIPELINES: 19.5%</b>		<b>24,473,341</b>	<b>24,723,750</b>
BCE Inc.	175,000	8,142,865	7,754,250
<b>COMMUNICATION SERVICES: 6.1%</b>		<b>8,142,865</b>	<b>7,754,250</b>
Eaton Corp. PLC	14,000	6,137,999	6,006,623
<b>INDUSTRIALS: 4.7%</b>		<b>6,137,999</b>	<b>6,006,623</b>
TRANSACTION COSTS (Note 8)		(78,095)	-
TOTAL INVESTMENTS: 96.7%		124,173,853	122,676,473
CASH: 3.3%		4,230,747	4,230,747
Total Investment Portfolio, Including Cash		\$ 128,404,600	\$ 126,907,220

# NOTES TO FINANCIAL STATEMENTS



# NOTES TO FINANCIAL STATEMENTS

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## 1. Infrastructure Dividend Split Corp.

Infrastructure Dividend Split Corp. (the "Fund") is a mutual fund corporation established under the laws of the Province of Ontario on March 21, 2024. On May 4, 2024, the Fund merged with International Clean Power Dividend Fund with the Fund as the continuing entity.

Middlefield Limited, a company incorporated in Alberta, is the manager of the Fund (the "Manager"). Middlefield Capital Corporation ("MCC" or the "Advisor"), a company under common control with the Manager, is the advisor to the Fund. The Fund was listed on the Toronto Stock Exchange and effectively commenced operations on May 4, 2024. It first issued preferred shares through an initial public offering on May 8, 2024. The address of the Fund's registered office is The Well, 8 Spadina Ave., Suite 3100, Toronto, Ontario. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Fund on August 23, 2024.

## 2. Investment Objectives and Strategy

The investment objectives of the Fund for the Class A Shares are to provide holders with: (i) non-cumulative monthly cash distributions; and (ii) the opportunity for capital appreciation through exposure to the portfolio. The investment objectives of the Fund for the Preferred Shares are to: (i) provide holders with fixed cumulative preferential quarterly cash distributions; and (ii) return the original issue price of \$10.00 to holders upon maturity. The Fund invests in an actively managed portfolio of securities of approximately 15 dividend-paying issuers operating in the infrastructure sector. The Advisor will invest in issuers that it believes are undervalued and well-positioned to benefit from the Advisor's outlook for a gradual reduction in interest rates, the continuation of global decarbonization, and favourable demographics.

## 3. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") as published by the International Accounting Standards Board ("IASB") and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

## 4. Summary of Material Accounting Policies

### A. Basis of Accounting

#### IFRS 9 Financial Instruments ("IFRS 9")

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") has not been taken. 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 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.

# NOTES TO FINANCIAL STATEMENTS

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## 4. Summary of Material Accounting Policies (continued)

### B. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products including investment funds managed by the Manager, derivatives (collectively referred to as "investments"), cash, accounts receivable – portfolio securities sold, income and interest receivable, accounts receivable, subscriptions receivable, prepaid interest, prepaid expenses, loan payable, accounts payable – portfolio securities purchased, 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. 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 security holders.

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. 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.

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. 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.

### D. Classification of Redeemable Shares by the Fund

As required under International Accounting Standard ("IAS") 32, Financial Instruments: Presentation, shares of an entity which include a contractual obligation for the issuer to repurchase or redeem them for cash or another financial asset must be classified as financial liabilities. Under IFRS, the Fund's Preferred Shares remain as liabilities as they are not the most subordinate class of shares. The Fund's Class A Shares do not meet the criteria in IAS 32 for classification as equity. The Class A Shares contain multiple redemption features and, therefore, have been reclassified as financial liabilities.

### E. Derivative Transactions

The Fund may use derivatives, such as forward currency contracts to hedge against losses caused by changes in exchange rates. The value of forward currency contracts is the gain or loss that would be realized, if on the valuation date, the positions were to be closed out. The change in value of forward currency contracts is included in the Statements of Comprehensive Income. Realized gains and losses from derivative instruments that are specific economic hedges are accounted for in the same manner as the underlying investments being hedged and are included in the Statement of Comprehensive Income.



# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 | UNAUDITED

## 4. Summary of Material Accounting Policies (continued)

### F. 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 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 Statement of Comprehensive Income represents the interest from bank deposits received 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 Statement of Comprehensive Income.

### G. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares per Share

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Class A Shares per Share in the Statement of Comprehensive Income represents the increase (decrease) in net assets divided by the average shares outstanding during the period.

### H. Taxation

The Fund qualifies as a mutual fund corporation and a financial intermediary corporation under the provisions of the *Income Tax Act* (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. Also, the Fund is generally subject to tax of 38 1/3% under Part IV of the Act on taxable dividends received from Canadian corporations in the period. This tax is fully refundable upon payment of sufficient dividends.

The Fund may incur 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 Statement of Comprehensive Income.

Distributions received from investment 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.

### I. 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.

### J. 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:

#### 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 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 | UNAUDITED

## 4. Summary of Material Accounting Policies (continued)

### J. Critical Accounting Estimates and Judgments (continued)

#### Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market (continued)

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 5 for further information about the fair value measurement of the Fund's financial instruments.

## 5. 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 is 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 judgment or estimation.

The Fund's investments at fair value as at June 30, 2024 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, accounts receivable, prepaid interest, accounts receivable – portfolio securities sold, loan payable, distributions payable, and accounts payable and accrued liabilities, approximate their fair values due to their short-term nature. Fair values of Fund's investments in common shares 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.

No transfers between levels have occurred during the period ended June 30, 2024.

## 6. Financial Risk Management

In the normal course of business, the Fund is exposed to a variety of financial risks: price risk, interest rate risk, liquidity risk, foreign exchange rate risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, securityholder 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.

# NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 | UNAUDITED

## 6. Financial Risk Management (continued)

### 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:

	June 30, 2024
Investments at FVTPL	\$ 122,676,473

Based on the above exposure at June 30, 2024, a 10% increase or decrease in the prices of the Fund's investments would result in a \$12,267,647 increase or decrease in net assets of the Fund, with all other factors held constant.

### B. Interest Rate Risk

Interest rate risk describes the Fund's exposure to changes in the general level of interest rates. Interest rate risk arises when the Fund invests in interest-bearing financial assets such as cash and utilizes financial liabilities such as loan payable. In respect of cash balances and loan payable, the Fund's interest income and expense are positively correlated to interest rates in that rising interest rates increase both interest income and expense while the reverse is true in a declining interest rate environment. The Fund has not hedged its exposure to interest rate movements. The Fund seeks to mitigate this risk through active management, which involves analysis of economic indicators to forecast Canadian and global interest rates. The Fund is exposed to interest rate risk through the following financial instrument:

	June 30, 2024
Cash	\$ 4,230,747

Based on the above exposure at June 30, 2024, a 1% per annum increase or decrease in interest rates would result in a \$42,307 increase or decrease 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 liquidity risk through its annual and monthly retractions of Class A Shares and Preferred Shares. The Fund receives 20 business days notice prior to the retraction date and has up until the last business day of the month after the retraction date to settle the retraction. This enables the Manager to sell securities held by the Fund to generate cash to settle the retraction, if necessary. The Fund's obligations 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 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 detailed analysis of such 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. At June 30, 2024, the Fund did not hold any illiquid securities.

# NOTES TO FINANCIAL STATEMENTS

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## 6. Financial Risk Management (continued)

### C. Liquidity Risk (continued)

The table below presents 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 June 30, 2024

Financial Liabilities		Less than 1 Month		1 to 3 Months		3 Months to 1 Year		Total
Distributions Payable to Redeemable								
Shareholders	\$	1,187,123	\$	-	\$	-	\$	1,187,123
Accounts Payable and Accrued Liabilities		114,048		-		-		114,048
Total	\$	1,301,171	\$	-	\$	-	\$	1,301,171

The Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

### D. 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 reporting 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 rate 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 June 30, 2024

Currency		Investments at FVTPL		Cash		Income and Interest Receivable		Total Exposure
U.S. Dollar	\$	27,401,377	\$	1,179,152	\$	-	\$	28,580,529
U.K. Pound Sterling		11,381,246		-		230,065		11,611,311
Total	\$	38,782,623	\$	1,179,152	\$	230,065	\$	40,191,840

Based on the above exposure at June 30, 2024, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a \$4,019,184 decrease or increase in net assets of the Fund, with all other factors held constant.

### E. 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

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## 6. Financial Risk Management (continued)

### F. 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 June 30, 2024, the percentages of the Fund's net assets invested in each investment sector were as follows:

Sector	As a % of Net Assets June 30, 2024
Utilities	46.7
Real Estate	19.8
Pipelines	19.5
Communication Services	6.1
Industrials	4.8
Total	96.9

## 7. Redeemable Shares

### Units

A unit means a notional unit consisting of one Preferred Share and one Class A Share. Net Asset Value per unit is determined by (i) the aggregate value of the assets of the Fund, less (ii) the aggregate value of the liabilities of the Fund (the Preferred shares will not be treated as liabilities), including any distributions declared and not paid that are payable to shareholders.

### Redeemable Class A Shares

#### Authorized

The Fund is authorized to issue an unlimited number of Class A Shares. The Fund pays non-cumulative monthly distributions to the holders of Class A Shares. No distributions will be paid on Class A Shares if (i) distributions payable on Preferred Shares are in arrears, or (ii) in respect of a cash distribution by the Fund, the Net Asset Value per unit would be less than \$15 after the payment of such distributions.

The Class A Shares rank subsequent to the Preferred Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Fund.

All Class A Shares outstanding on April 30, 2029 are scheduled to be redeemed by the Fund on that date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Fund for a Class A Share on that date will be equal to the greater of (i) the Net Asset Value per unit on that date minus the sum of \$10.00 and any accrued and unpaid distributions on a Preferred Share, and (ii) nil.

Class A Shares may be retracted at the option of the shareholders by tendering Class A Shares of the Fund at least 20 business days prior to the second last business day of a month ("Retraction Date"). Holders of Class A Shares whose Class A Shares are tendered for retraction will be entitled to receive a retraction price per Class A Share equal to 96% of the difference between (i) the Net Asset Value per unit determined as of the Retraction Date, and (ii) the cost to the Fund of the purchase of a Preferred Share for cancellation. The cost of the purchase of a Preferred Share will include the purchase price of the Preferred Share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase. If the Net Asset Value per unit is less than \$10, plus any accrued and unpaid distributions on a Preferred Share, the retraction price of a Class A Share will be nil.

A holder of a Class A Share may concurrently retract an equal number of Class A and Preferred Shares on the second last business day of May of each year, commencing in 2026 (the "Annual Retraction Date"), at a retraction price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and any other such costs related to the liquidation of any portion of the portfolio required to fund such retraction. The Class A Shares and the Preferred Shares must both be surrendered for retraction at least 20 business days prior to the Annual Retraction Date.

The Fund's Class A Shares are classified as financial liabilities on the Statement of Financial Position.

Commencing June 30, 2024, the shareholders of the Fund can acquire additional Class A shares by participating in the Distribution Reinvestment Plan (the "Plan"). The Plan enables shareholders to reinvest their monthly distributions in additional shares of the Fund thereby achieving the benefit of compounding returns. The Plan also allows participants to purchase additional Class A shares for cash.



# NOTES TO FINANCIAL STATEMENTS

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## 7. Redeemable Shares (continued)

### Redeemable Class A Shares (continued)

On May 4, 2024, the Fund issued 5,212,245 Class A shares at \$15.00 per share in exchange for units of merged International Clean Power Dividend Fund.

The average number of Class A Shares outstanding during the period ended June 30, 2024 was 5,212,245. This number was used to calculate the Net Assets Attributable to Holders of Redeemable Class A Shares per share.

### Redeemable Preferred Shares

#### Authorized

The Fund is authorized to issue an unlimited number of Preferred Shares. Holders of Preferred Shares are entitled to receive fixed, cumulative preferential quarterly cash distributions of \$0.18 per share. The Preferred Shares rank in priority to the Class A Shares with respect to the payment of distributions and the repayment of capital out of the portfolio on the dissolution, liquidation or winding up of the Fund.

All Preferred Shares outstanding on April 30, 2029 are scheduled to be redeemed by the Fund on that date, subject to extension for successive terms of up to five years as determined by the Board of Directors. The redemption price payable by the Fund for a Preferred Share on that date will be equal to the lesser of (i) \$10.00 plus any accrued and unpaid distributions thereon, and (ii) the Net Asset Value of the Fund on that date divided by the number of Preferred Shares then outstanding.

Preferred Shares may be retracted at the option of the shareholders by tendering Preferred Shares of the Fund at least 20 business days prior to the second last business day of a month ("Retraction Date"). Shareholders whose Preferred Shares are retracted will be entitled to receive a retraction price per share equal to 96% of the lesser of (i) the Net Asset Value per unit determined as of the relevant Retraction Date, less the cost to the Fund of the purchase of a Class A Share for cancellation, and (ii) \$10. The cost of the purchase of a Class A Share will include the purchase price of the Class A Share, commission and other costs, if any, related to the liquidation of any portion of the portfolio required to fund such purchase.

A holder of a Preferred Share may concurrently retract an equal number of Class A and Preferred Shares on the Annual Retraction Date at a retraction price per unit equal to the Net Asset Value per unit on that date, less any costs associated with the retraction, including commissions and any other such costs related to the liquidation of any portion of the portfolio required to fund such retraction. The Preferred Shares and Class A Shares must both be surrendered for retraction at least 20 business days prior to the Annual Retraction Date.

On May 8, 2024, the Fund issued 5,264,370 Preferred Shares at \$10.00 per share for proceeds of \$52.6 million.

## 8. Related Party Transactions

### A. Management Fee

The Manager provides investment and administrative services to the Fund. In consideration for such services, the Manager receives a management fee equal to 1.10% per annum of the NAV, calculated and paid monthly in arrears based on the average NAV of the preceding month. The Net Asset Value of the Fund is generally determined by taking the total assets of the Fund and deducting the Fund's liabilities. For the purposes of calculating the management fee, the Preferred Shares are not considered a liability of the Fund. For the period ended June 30, 2024, management fees before the absorption of expenses amounted to \$0.2 million. At June 30, 2024, the management fees payable by the Fund was \$63,790 and is included in Accounts Payable and Accrued Liabilities.

### B. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2024 amounted to \$79,576. Included in this amount is \$nil in brokerage commissions that were paid to MCC. 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 Statement of Comprehensive Income.

### C. Other Expenses

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 and 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 National Instrument 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, acting as transfer agent and registrar for the funds, and maintaining and updating the Fund's website. In aggregate, these fees amounted \$11,536 throughout the period and \$11,731 is included in Accounts Payable and Accrued Liabilities as at June 30, 2024. 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

JUNE 30, 2024 | UNAUDITED

### 9. Capital Management

The Fund's capital is its net assets attributable to holders of redeemable Class A Shares. 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 securityholders, maximize securityholder value and maintain financial strength. The Fund manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. The Fund is not subject to externally imposed capital requirements.

### 10. Distributions

Distributions are to be declared by the Manager on a quarterly basis on the Preferred Shares and on a monthly basis on the Class A Shares. At the discretion of the Class A Shareholders, monthly distributions may be reinvested in additional shares of the Fund under the Distribution Reinvestment Plan. For the period ended June 30, 2024, distributions amounted to \$0.38 per Class A Share and \$nil per Preferred Share.

### 11. Comparative Financial Statements

The Fund commenced operations on May 4, 2024. Accordingly, there are no comparative financial statements for the period ended June 30, 2023 or for the year ended December 31, 2023.

**Dean Orrico**

President and Chief Executive Officer

**Jeremy T. Brasseur**

Executive Chairman

**Robert F. Lauzon, CFA**

Chief Investment Officer

**Independent Review  
Committee****H. Roger Garland, CPA, CA**Former Vice-Chairman  
Four Seasons Hotels Inc.**Christine Helsdon Tekker,  
MBA, LLM, ICD.D**Senior Vice President, Lending  
Infrastructure Ontario**Edward V. Jackson  
(Chairman)**Former Managing Director  
RBC Capital Markets**Advisors**Middlefield Capital Corporation  
SSR Health LLC  
Paul Sagawa LLC**Middlefield Group****Stephen Erlichman**Chair, ESG  
(Environmental, Social, Governance)**Craig Rogers, CPA, CGA, CFA**

Chief Operating Officer

**Wendy Teo, CPA, CA, CPA (IL)**

Chief Financial Officer &amp; Vice President

**Mark Aboud**

Chief Experience Officer

**Dennis da Silva**

Senior Portfolio Manager

**Nancy Tham**

Managing Director, Sales

**Shane Obata**

Portfolio Manager

**Robert Moffat**

Portfolio Manager

**Anthony Tavella, MBA, MFin**

Executive Director, International and Marketing

**Stacy J. Crestohl**

Director, Operations

**Rose Espinoza**

Director, International

**Catherine Rebuldela, CPA, CGA**

Director, Operations

**Victor Xu, CFA**

Director, Corporate Development

**Shiranee Gomez**

Senior Vice-President

**Victor Ngai**

Senior Vice-President

**Nicole S. Brasseur**

President, Human Resources

**Sarah Roberts, CPA, CMA**

Vice-President

**Jimmy Xu**

Vice-President, Information Technology

**Rachel Zhang**

Vice-President

**Sylvia Casillano, CPA, CGA**

Assistant Vice-President

**Maggie Vanadero – Chu**

Assistant Fund Admin

**Morgan Byrne**

Director, Sales

**Scott Hu**

Associate, Information Technology

**AJ Mamatalieva**

Business Development Manager, Sales

**Mazhar Ahsan Abdulwahab**

Investment Analyst

**Celynn Kuros**

Business Development Associate, Sales

**Curtis Blakely**

Business Development Associate

**Juanita Lam**

Brand Designer

**Joshua Wiggins**

Brand Strategist

**Auditor**Deloitte LLP, Chartered Professional Accountants  
RSM Canada LLP**Legal Counsel**DLA Piper (Canada) LLP  
Fasken Martineau DuMoulin LLP  
McCarthy Tétrault**Bankers**Bank of Montreal  
Canadian Imperial Bank of Commerce  
Royal Bank of Canada  
The Bank of Nova Scotia  
The Toronto-Dominion Bank**Custodian**

RBC Investor Treasury Services

**Transfer Agents**RBC Investor Service Trust  
TSX Trust Company**Affiliates**Middlefield Group Limited  
Middlefield Capital Corporation  
Middlefield Financial Services Limited  
MFL Management Limited  
MF Properties Limited  
Middlefield International Limited  
Middlefield Limited  
Middlefield Realty Services Limited  
Middlefield Resource Corporation

# MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)		TSX Stock Symbol
• Middlefield Healthcare Dividend ETF		MHCD
• 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
• Middlefield Global Real Asset Fund		RA. UN
• MINT Income Fund		MID.UN
• Real Estate Split Corp.		RS   RS.PR.A
• Sustainable Innovation & Health Dividend Fund		SIH.UN
• Infrastructure Dividend Split Corp. (commenced May 8, 2024)		IS   IS.PR.A
MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS		Fund Code
Series A Units		FE/LL/DSC
• Middlefield 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		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 Dividend Growers Class		MID 181/183/186
• Middlefield Real Estate Dividend Class		MID 600/649/650
• Middlefield ActivEnergy Dividend Class (formerly, Middlefield Global Energy Transition Class)		MID 265
• Middlefield Innovation Dividend Class		MID 925
• Middlefield High Interest Income Class		MID 400/424/425
• Middlefield Income Plus Class		MID 800/849/850
• Middlefield U.S. Equity Dividend 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		MID 601
• Middlefield ActivEnergy Dividend Class (formerly, Middlefield Global Energy Transition Class)		MID 266
• Middlefield Innovation Dividend Class		MID 926
• Middlefield Income Plus Class		MID 801
• Middlefield U.S. Equity Dividend Class		MID 701
RESOURCE FUNDS		
• Discovery 2023 Short Duration LP		
• MRF 2023 Resource Limited Partnership		
• MRF 2024 Resource Limited Partnership (commenced February 22, 2024)		
INTERNATIONAL FUNDS		
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT	



# MIDDLEFIELD

INVESTMENTS THAT WORK FOR YOU

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