

### Portfolio Managers' Commentary

Canadian equities have performed well amidst a volatile market backdrop. In British Pounds, the Fund generated a total return of 3.4% in July, which was in-line with returns of the Benchmark and the TSX Composite Index.

There is a confluence of factors that have contributed to the market recent volatility. In the political sphere, we had a failed assassination attempt on a U.S. presidential candidate, a sitting President decide not to run for a second term, and a surprise election result in France. In geopolitics, tensions between Israel and its neighbouring adversaries have ratcheted higher following the assassination of a top Hamas political leader on Iranian soil. In currency markets, the Bank of Japan unleashed a massive unwind of a crowded carry-trade with a surprise rate hike. And finally, weak manufacturing and jobs data in the U.S. has stoked recession fears and raised expectations of Fed rate cuts.

These developments have spurred a massive factor rotation in recent weeks. Mega-cap growth stocks, which were market leaders in the first half of the year, have experienced outflows in recent weeks. Canadian equities have benefitted from the rotation, having outperformed the S&P 500 by 4.7% in July. There are several factors that have contributed to this outperformance, with the main driver being lower interest rates. The Bank of Canada cut short-term borrowing rates for a second consecutive meeting in July and signaled further easing ahead. We expect this tailwind to persist over the medium-term as investors redeem cash and cash-like alternatives whose yields are expected to decline over the coming months. The market is currently pricing 3 to 4 more rate cuts from the BoC before the end of the year and nearly 7 total cuts over the next twelve months.

Real Estate has been the biggest beneficiary of the recent rotation. The TSX Real Estate sector returned 10.6% in July – its best monthly return since November 2020. In addition to interest rates shifting from headwinds to tailwinds, Q2 earnings have confirmed that REIT fundamentals remain very solid. For example, Choice Properties, the Fund's largest REIT position, reported 48.2% increases on new leases, with uplifts of 13% in its retail portfolio and 106% for industrial properties. Despite quarter after quarter of robust fundamentals, REITs are still very cheap on a historical basis. We estimate that our holdings are trading below 14x FFO on average – a 4+ point discount to where they traded before the Bank of Canada started its hiking cycle in March 2022. Canada's population grew 3.2% in Q2 compared to the same time last year and, unlike the U.S. market, supply has not kept pace with robust demand. This should result in continued growth in rents and earnings.

A resurgence in M&A activity is sending signals to investors that confidence is building in the Canadian market. The number of deals has risen for three consecutive quarters with robust activity across multiple sectors. In the first half of the year, there has been over C\$80 billion of M&A activity in Canada, with nearly C\$60 billion of that occurring in the second quarter. Several of our portfolio holdings have been opportunistically acquiring assets as the M&A market thaws. Most recently, Tourmaline announced an agreement to purchase Crew Energy for C\$1.3 billion in a move that strengthens its position as Canada's largest gas producer. We expect further M&A activity to boost investor sentiment as it is generally viewed as a positive sign of growth, confidence, and potential profitability.

Click [here](#) for the August 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.

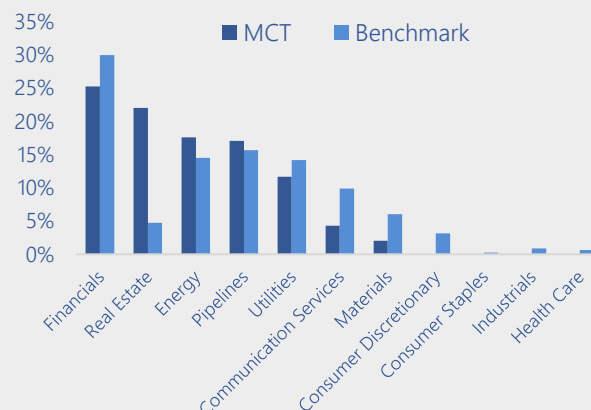
### Portfolio Summary

#### Top 10 Holdings

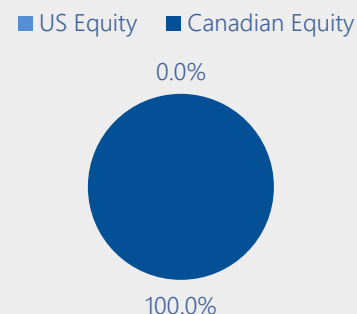
Name	Sector	% of Equities
Bank of Montreal	Financials	4.7%
Enbridge	Pipelines	4.5%
Royal Bank of Canada	Financials	4.5%
BCE Inc.	Comm. Svcs.	4.3%
Canadian Natural Resources	Energy	4.1%
Tourmaline	Energy	4.1%
Pembina Pipeline	Pipelines	3.9%
Manulife Financial	Financials	3.9%
TC Energy	Pipelines	3.4%
Capital Power	Utilities	3.1%

Cumulative Weighting **40.4%**

#### Sector Allocation



#### Geographic Mix



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

For further information about the Fund, please contact us at the below address or visit our website at [www.middlefield.co.uk](http://www.middlefield.co.uk)

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## Middlefield Canadian Income Trust

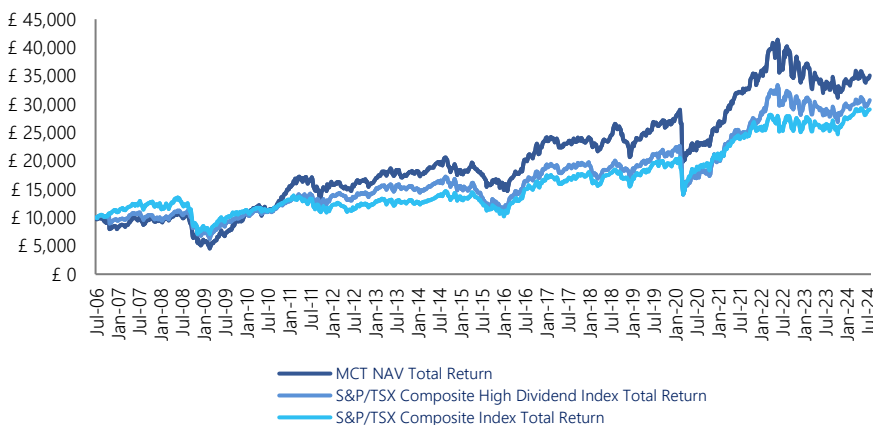
### Investment Objective

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	3.7%	6.8%	7.4%	8.5%	6.4%
NAV	3.4%	4.5%	6.8%	5.4%	6.3%
Benchmark	3.6%	3.8%	4.9%	3.9%	6.6%
S&P/TSX Composite Index	3.3%	4.1%	7.3%	6.8%	10.5%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised
Share Price	3.9%	6.1%	5.4%	4.8%	6.4%
NAV	3.3%	5.6%	5.8%	5.8%	6.9%
Benchmark	7.9%	7.9%	7.3%	6.7%	6.6%
S&P/TSX Composite Index	7.0%	8.3%	8.4%	7.8%	6.4%

Sources: Middlefield, Bloomberg. As at 31 July, 2024

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	£132,107,978
Voting Shares	106,487,250
Share Price	105.50p
Net Asset Value	124.06p
Premium/Discount	-15.0%
Dividend p.a.	5.30p
Current Yield	5.0%
Gearing (Gross) <sup>1</sup>	14.3%
Gearing (Net) <sup>2</sup>	17.2%

### 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

