

Portfolio Managers' Commentary

August was a solid month for dividend-paying Canadian equities. In British Pounds, the Fund's NAV generated a total return of 3.3% which compares to the Benchmark and TSX Composite Index returns of 1.6% and 1.3%, respectively. Real Estate, which represents a meaningful overweight position for the Fund, was the biggest contributor to outperformance in August.

On 4 September, the Bank of Canada (BoC) implemented its third consecutive interest rate cut, reducing the benchmark rate to 4.25%. The BoC is expected to enact additional rate cuts over the next year with the swap market implying a Policy rate of 2.7% by next summer. The U.S. Federal Reserve is also expected to start cutting rates at its next meeting on 18 September, helping to keep monetary policies in sync between the two closely connected economies. As inflation slows and economic growth steadies, we expect easing monetary policy to act as a prevailing tailwind for Canadian dividend-paying equities.

The emergence of AI and the spike in borrowing rates caused capital to flow away from Canada's core sectors over the past two years. It is estimated that approximately \$200 to \$300 billion of capital that typically invests in dividend-paying stocks left the equity market for cash and cash-like alternatives over this period. However, on 11 July, when U.S. CPI came in softer-than-expected, market breadth began to increase, causing equity leadership to transition to a new cohort of stocks. This has benefited Canadian equities which have outperformed the U.S. by more than 5% so far in H2'24. In fact, we expect capital will continue to flood back into Canada's high yielding sectors such as Real Estate, Utilities and Financials over the coming months as investors seek levels of income no longer available in the money markets.

REITs extended their solid performance into August, continuing the upward trend that began in late June. We've maintained for several months that the fundamentals across the real estate sector (ex-office) are as good as we've seen in years. Canadian retail REITs, which returned 6.6% in August, offer an excellent example of these dynamics. The group is benefiting from a supply-constrained environment, as highlighted in the CBRE H1'2024 Retail Rent Survey. New construction of retail space is at historic lows at a time of record population growth in Canada. The scarcity of space has resulted in retail REITs reporting some of the best metrics we've seen in years. Average occupancy reached a decade high of 97.5% in Q2, and leasing uplifts came in at +9.8%, well above the five-year average of +5.6%. These figures underscore the sector's ability to capitalize on very favorable market conditions. The Fund has exposure to several necessity-based retail REITs including Choice Properties, RioCan, Crombie and First Capital.

Canadian pipeline companies have also recently benefited from falling rates. In August, Enbridge and TC Energy, two key holdings, posted total returns of 6.8% and 6.5%, respectively. Both companies, with extensive energy infrastructure networks across North America, are well-positioned to capitalize on rising energy production. Adding to optimism for the sector is the recent progress at LNG Canada, the largest private infrastructure project in Canadian history. The facility is set to receive its first natural gas deliveries in September and is on track to begin exporting LNG by mid-2025. We expect the project to create new growth opportunities for Canadian pipeline companies and attract new international investment over the coming years.

Click [here](#) for the September Market Commentary on Middlefield Canadian Income PCC's Website.

The percentage of portfolio assets which may be invested in securities listed on a recognized stock exchange outside of Canada is limited to 40%. Investment outside Canada and the United States is limited to 10%.

Nothing herein is to be construed as a solicitation or an offer to buy or sell any financial products. This factsheet is based in part on information obtained from sources believed to be reliable but not guaranteed as accurate. The Fund may utilize gearing, which will exaggerate market movements both down and up. If markets fall, gearing can magnify the negative impact of performance. Exchange rate changes may cause the value of underlying investments to go down as well as up. Where investments are made in smaller companies and non-investment grade bonds, their potential volatility may increase the risk to the value of, and the income from, the investment. The Fund's share price may either be below (at a discount to) or above (at a premium to) the NAV.

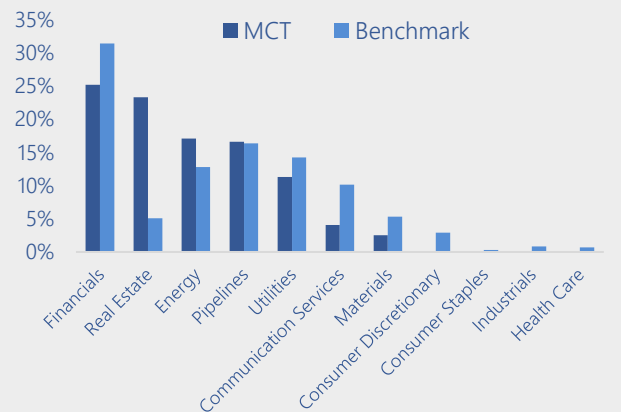
Portfolio Summary

Top 10 Holdings

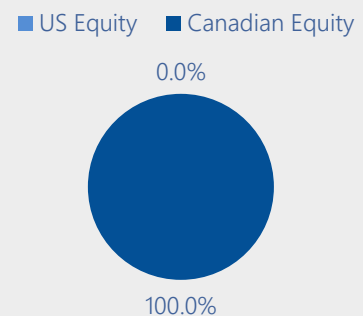
Name	Sector	% of Equities
Enbridge	Pipelines	4.5%
Royal Bank of Canada	Financials	4.2%
Tourmaline	Energy	4.1%
BCE Inc.	Comm. Svcs.	4.0%
Canadian Natural Resources	Energy	3.9%
Manulife Financial	Financials	3.6%
Pembina Pipeline	Pipelines	3.6%
TC Energy	Pipelines	3.5%
CIBC	Financials	3.2%
Bank of Montreal	Financials	3.1%

Cumulative Weighting 37.9%

Sector Allocation



Geographic Mix



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

For further information about the Fund, please contact us at the below address or visit our website at www.middlefield.co.uk

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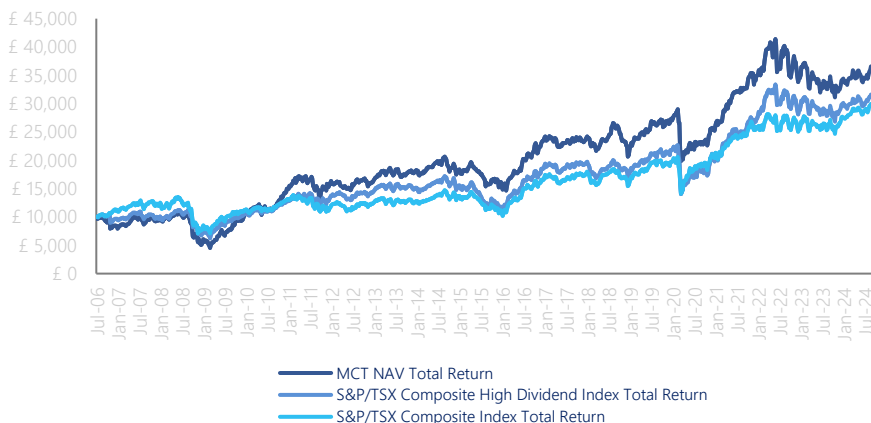
Investment Objective

The Fund seeks to provide Shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year.

Investment Policy

The Fund will seek to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada as well as the U.S. that the Investment Manager believes will provide an attractive level of distributions together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 40 and 70 investments. The Fund may also hold cash or cash equivalents and may utilise derivative instruments for the purposes of efficient portfolio management. The Fund will at all times invest and manage its assets in a manner which is consistent with the objective of spreading investment risk.

Performance Since Inception



Fund Performance

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	2.4%	1.7%	15.4%	11.0%	10.5%
NAV	3.3%	5.1%	9.4%	8.9%	12.3%
Benchmark	1.6%	2.7%	6.5%	5.5%	11.6%
S&P/TSX Composite Index	1.3%	3.6%	7.4%	8.1%	15.0%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised
Share Price	3.8%	7.4%	5.9%	4.8%	6.5%
NAV	4.1%	6.5%	6.0%	5.5%	7.0%
Benchmark	8.3%	8.4%	7.4%	6.4%	6.7%
S&P/TSX Composite Index	6.9%	8.7%	8.2%	7.5%	6.5%

Sources: Middlefield, Bloomberg. As at 30 August, 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.

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

²Borrowings 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	£136,390,851
Voting Shares	106,487,250
Share Price	108.00p
Net Asset Value	128.13p
Premium/Discount	-15.7%
Dividend p.a.	5.30p
Current Yield	4.9%
Gearing (Gross) ¹	15.6%
Gearing (Net) ²	18.5%

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

