

Portfolio Managers' Commentary

A slew of headlines came out of the Trump Administration in January. The Fund's NAV generated a total return of -0.4% which was a function of tariff overhangs on Canadian equities. We believe the Fund's portfolio, which is comprised of high-quality dividend-paying Canadian equities, offers excellent value that will be realised as tariff overhangs dissipate.

President Trump announced 25% tariffs on imports (10% on energy products) from Canada and Mexico on January 30th. Shortly thereafter, it was announced these tariffs would be delayed by at least 30 days as Canada pledged to invest \$1.3 billion into border security, including 10,000 border personnel, investments in drones and helicopters, and the appointment of a Fentanyl Czar. As we have previously stated, tariffs on goods from the United States' top two trading partners would have detrimental impacts on U.S. consumers and are primarily being used as a negotiating tactic. That said, tariff risks are likely to persist and are to be monitored closely. Despite the uncertainty, Trump's objectives have become clearer in recent days which creates a path to resolution.

Further clarity on tariffs, especially as it relates to the 2026 expiry of the free trade agreement (USMCA) between the U.S., Canada and Mexico, will require Canada to have an elected Prime Minister with a mandate to have substantive negotiations on tariffs. The governing Liberal Party should have a new leader chosen by 9 March 2025 and there are increasing indications that a federal election could follow soon after. As previously stated, we believe an election will be a catalyst of renewed interest in Canada by foreign investors. The Conservative Party has clearly stated its intention to support investments in cross country energy infrastructure as well as lower taxes and it is encouraging to see the leading candidates for the Liberal Party making the same statements over recent days. There are clear signals that the political pendulum in Canada is swinging back from an extended and unproductive period highlighted by larger government, higher taxes and lower investment.

To this end, the U.S.-Canada tariff dispute has catalyzed Canadian businesses to quickly expand relationships beyond North America. For example, Canada announced a new free trade agreement with Ecuador, marking Canada's 16th such deal under its eight-year diversification strategy. Canada is also negotiating with ASEAN's 10-member bloc while leveraging existing agreements like CETA and the trans-Pacific trade pact. There is also a growing consensus for Canada to streamline regulations and reduce interprovincial trade barriers domestically. We expect this trend to continue and are focusing on companies and industries best positioned to benefit from these initiatives.

Canadian pipeline companies such as Enbridge (ENB) and TC Energy (TRP) are insulated from potential tariffs on oil and gas exports due to their long-term, take-or-pay contracts that minimize direct commodity price exposure. These contracts ensure pipeline operators receive stable revenues resulting in predictable cash flows regardless of fluctuations in oil and gas prices, even if energy producers experience reduced margins from potential tariffs. ENB and TRP boast strong fundamentals and continue to focus on enhancing shareholder returns, strengthening balance sheets, and executing disciplined capital allocation strategies. Their vast pipeline networks, spanning both Canada and the U.S., serve as critical infrastructure for North American energy security. Meanwhile, U.S. refiners remain highly dependent on Canadian heavy crude, which has limited substitutes in the U.S. market. Taxing this supply would raise costs for U.S. refiners and disrupt the stable flow of energy inputs that underpin domestic fuel production, making exemptions on energy imports a likely outcome in our view.

Click [here](#) for the February 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.

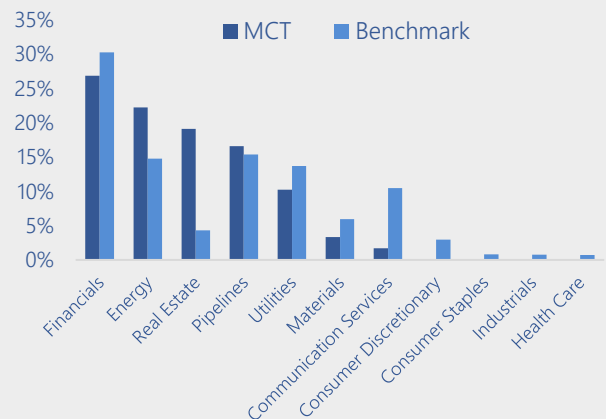
Portfolio Summary

Top 10 Holdings

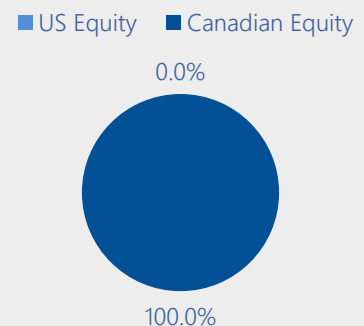
Name	Sector	% of Equities
Tourmaline	Energy	4.8%
Enbridge	Pipelines	4.8%
Bank of Montreal	Financials	4.1%
Canadian Natural Resources	Energy	3.9%
AGF Management	Financials	3.6%
Royal Bank of Canada	Financials	3.5%
CIBC	Financials	3.5%
TC Energy	Pipelines	3.5%
Nutrien	Materials	3.3%
Manulife Financial	Financials	3.3%

Cumulative Weighting **38.3%**

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	3.3%	0.9%	14.9%	3.3%	23.4%
NAV	-0.4%	0.2%	8.7%	-0.4%	16.1%
Benchmark	2.3%	1.4%	6.2%	2.3%	11.1%
S&P/TSX Composite	3.9%	6.2%	10.6%	3.9%	18.5%

Long-Term Performance	3 Year annualised	5 year annualised	7 year annualised	10 year annualised	Since inception annualised ¹
Share Price	5.5%	7.3%	7.6%	7.6%	7.0%
NAV	2.7%	6.9%	7.1%	7.8%	7.2%
Benchmark	4.1%	8.3%	8.1%	7.8%	6.3%
S&P/TSX Composite	7.8%	10.5%	9.6%	9.4%	6.6%

Sources: Middlefield, Bloomberg. As at 31 January, 2025

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. All returns presented are total returns including the reinvestment of dividends. Fund returns are net of fees and other expenses.

The Fund's Benchmark is the S&P/TSX Composite High Dividend Index. For all Fact Sheets prior to 31 October 2024, the Fund's Benchmark, as well as the S&P/TSX Composite Index, were calculated gross of withholding tax. Beginning 31 October 2024, the Benchmark and the S&P/TSX Composite Index are calculated net of a 15% withholding tax and all period returns have been restated on this basis.

¹The Benchmark's since inception return represents a composite of monthly total returns for the S&P/TSX Income Trust Index from inception on 6 July 2006 to 31 December 2010 and the S&P/TSX Composite High Dividend Index thereafter. The Benchmark is currency adjusted to reflect returns in Canadian dollars (hedged) from inception to 5 Oct 2011 and in British Pounds thereafter.

²Borrowings as a percentage of total assets – the Fund has the power to borrow up to 25% of total assets

³Borrowings 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	£140,713,039
Voting Shares	106,487,250
Share Price	118.50p
Net Asset Value	132.19p
Premium/Discount	-10.4%
Dividend p.a.	5.50p
Current Yield	4.6%
Gearing (Gross) ²	18.9%
Gearing (Net) ³	15.9%

Portfolio Managers



Dean Orrico
President & CEO

Mr Orrico has over 25 years experience in the financial services sector and is currently responsible for overseeing the creation and management of Middlefield's investment funds including mutual funds, ETFs, closed-end funds and flow through funds. He graduated with a Bachelor of Commerce degree from the Rotman School of Management (University of Toronto) and holds an MBA from the Schulich School of Business (York University). Mr Orrico is a registered Portfolio Manager with expertise in both equity and fixed income securities and has spent many years meeting with international companies and investors.



Rob Lauzon
CIO

Mr Lauzon is Middlefield's Chief Investment Officer and has been with the firm since 2002, bringing his acumen to numerous successful Middlefield products. He holds the Chartered Financial Analyst designation as well as an Honours Bachelor of Business Administration (Wilfrid Laurier University) and an MBA from the Rotman School of Management (University of Toronto).

Available Platforms to Invest

