



MIDDLEFIELD

INVESTMENTS THAT WORK FOR YOU



MARKET COMMENTARY

NOVEMBER 2025

The purpose of these monthly commentaries is to provide investment advisors and their clients with insights into the current thinking of Middlefield's investment professionals regarding the overall market and the major sectors underpinning Middlefield's various fund strategies.

LSEG



Lipper Fund Awards

Winner 2025
Canada

Middlefield is pleased to announce that it has been recognized as an LSEG Lipper Fund Awards Canada 2025 Winner for the exceptional performance of two of its core mutual fund strategies: **Middlefield Real Estate Dividend Class** and **Middlefield U.S. Equity Dividend Class**. These industry-leading awards highlight the funds' consistent ability to deliver strong, risk-adjusted performance relative to peers. Middlefield Real Estate Dividend Class Series F was awarded **Best Real Estate Equity Fund over three and five years**, while Middlefield U.S. Equity Dividend Class Series F received the **Best U.S. Dividend & Equity Income Fund award over three years**.

Macro Update



Dean Orrico
President & CEO



Robert Lauzon
Managing Director & CIO

Markets continued to make new highs into the month end as the bull market in equities remains intact. The S&P 500 and the TSX Composite returned 2.3% and 1% in October, respectively, marking the sixth consecutive positive monthly return for the major indices. The TSX maintains its leadership on a year-to-date basis with a total return of 25.2%, outpacing the S&P 500 return of 17.5% and the NASDAQ Composite return of 23.5%.

There are several factors supporting the recent rally in equities, including easing monetary policy, deregulation of financial markets, resilience of consumer spending and the AI capex cycle. We are now seeing these tailwinds reflected in earnings with the Q3 reporting season tracking as one of the strongest on record. More than 70% of S&P 500 companies have reported quarterly results with an average EPS growth rate of 11.6% year-over-year. Importantly, companies are exceeding estimates by more than 10% on average, with 64% of companies beating consensus EPS forecasts by at least one standard deviation. This frequency of earnings surprises is the highest since the COVID reopening period and among the largest in 25 years. Topline growth is making a notable impact, with year-over-year sales growth tracking above 8% and 52% of companies beating consensus sales estimates

compared to a long-term average of 37%. We have been consistent in our view that earnings growth can support elevated valuations and that equities have further upside throughout 2026 if such robust fundamentals persist.

The Liberal government unveiled its highly anticipated federal budget on November 5 and it was viewed positively by investors. The government announced billions of dollars in new investments aimed at boosting economic growth, tax relief measures, and a renewed commitment to right-sizing its operations by reducing the federal workforce by nearly 40,000 people. Although the fiscal deficit is set to widen, we see no meaningful risk to Canada's fiscal stability as deficit ratios are in-line with prior periods and Canada's net debt to GDP remains the lowest in the G7. Importantly, the composition of spending is shifting away from operating and social expenditures toward capital projects and long-term infrastructure initiatives. This pivot should support a broad swath of the Canadian economy, including REITs, utilities, resources, industrials, and technology. Financials also stand to benefit as private sector demand for financing rises in response to the government's stimulus efforts.

As we highlighted, multiple fundamental tailwinds have been driving markets higher this year.

Technical factors may join that list soon as we enter the strongest period of the year from a seasonality perspective. Historically, November has been the best month of the year for Canadian equities, with the TSX Composite posting an average return of 1.9% and finishing higher 67% of the time. The trend has been even stronger over the past decade, with an average gain of 3.3%. The S&P 500 shows the same pattern. Since 1950, November has delivered an average return of 1.9% and positive performance 69% of the time, rising to 4.1% on average over the past 10 years. The November-to-January period also represents the strongest three-month stretch of the year, with average gains of 4.3% for both the S&P 500 and S&P/TSX Composite. While short-term pullbacks are inevitable, the strength of these seasonal tailwinds suggests the broader uptrend should remain intact through the end of the year and into 2026.



Real Estate

Middlefield Fund Tickers & Codes: MREL / MID 600 / RS



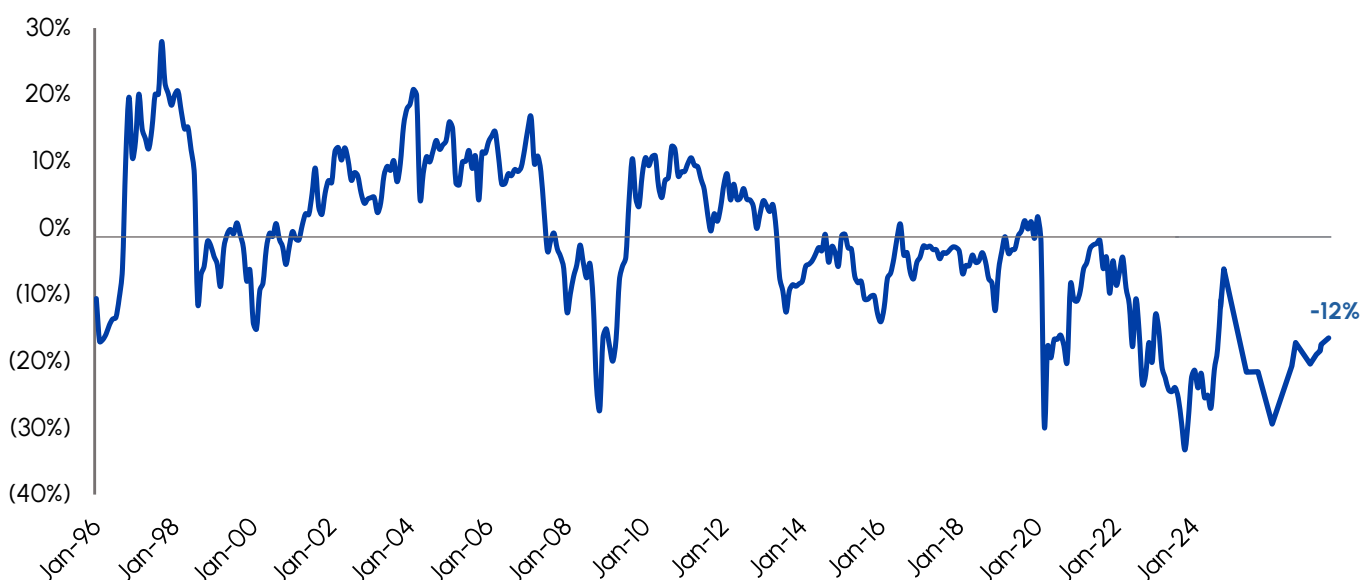
Dean Orrico
President & CEO

Canadian REITs have outpaced U.S. REITs in 2025. Year-to-date, Middlefield Real Estate Dividend ETF has returned 11.1% compared to the S&P 500 Real Estate Index total return of 3.4%. Active management in the REIT sector remains critical as subsectors with the real estate market behave very differently. The solid performance of our real estate strategies also highlights the positive fundamentals underpinning various segments of the commercial real estate

sector versus the currently depressed status of condominium markets in major cities like Toronto and Vancouver. As a result, publicly listed REITs focused on commercial real estate have proven to be excellent diversifiers for both institutional as well as individual investors. We have also maintained overweight exposure to Canadian REITs in our diversified income strategies in 2025 based on current attractive valuations, declining interest

Canadian REITs Remain Steeply Discounted

Historical Premium/Discount to NAV



Source: RBC Capital Markets. As of October 31, 2025.

rates, increasing funds flows and the corresponding positive re-rating potential in the sector over the next twelve months. See below for the current discount to NAV for the Canadian REIT sector.

Healthcare real estate remains one of our preferred asset classes and has been a significant contributor to performance this year. Chartwell continues to execute on its growth strategy by expanding its presence in high-demand markets. The company recently announced the acquisition of three newly built, amenity-rich residences in Quebec. These additions bring Chartwell's total regional investment to roughly \$1.6 billion and position the REIT to capture further upside as market rents accelerate and lease incentives roll off on unit turnover. Recent data from Cushman & Wakefield highlight Quebec's relative outperformance, with Montreal and Quebec City leading the country in both occupancy and rent growth for one-bedroom units. While the transactions are largely neutral to near-term FFO/unit, we expect incremental earnings growth beyond 2026 as fundamentals strengthen.

Flagship Communities REIT is a leading owner and operator in the manufactured housing sector, backed by a proven management team with a strong track record of creating shareholder value since its public listing in 2020. This company is another core position that was on the offensive this month announcing two acquisitions for a total of US\$79 million, expanding its presence in the U.S. mid-west. Management expects the acquisitions to be immediately accretive to AFFO per share and comes with expansion opportunities. The REIT's unit price is up over 20% year-to-date and it pays an attractive distribution of approximately 3.5% per annum.



Healthcare

Middlefield Fund Tickers & Codes: MHCD / MID 625



Robert Moffat
Portfolio Manager

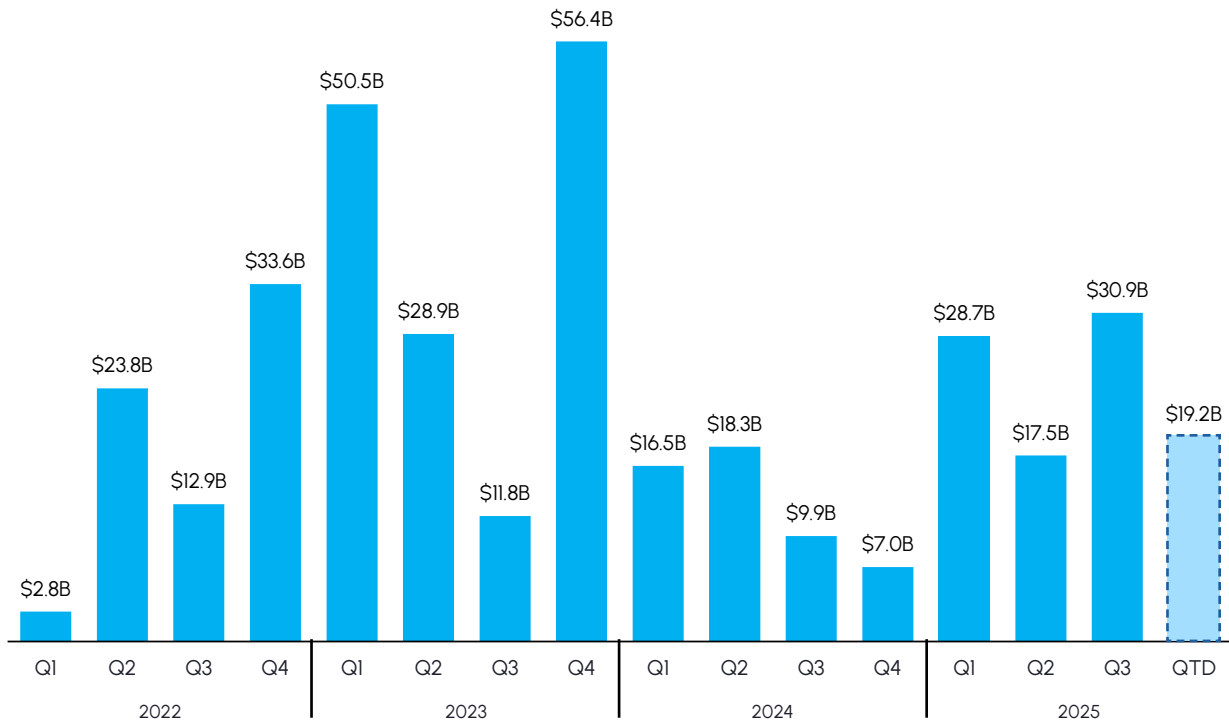
Healthcare has performed well since bottoming this summer. In October, the S&P 500 healthcare sector generated a total return of 3.6%, bringing its year-to-date return to 6.3%. Despite the recent bounce, healthcare still trades at a 5x P/E discount to the broader market which remains near historic levels. We maintain our call for a sustained re-rating in the sector over the coming months and see plenty of runway for continued outperformance.

The biopharma industry has experienced a surge in M&A activity this year, signaling a renewed focus on innovation, pipeline expansion and revenue growth. Nearly US\$100 billion of biopharma M&A has been announced year-to-date, doubling 2024's full-year total. Noteworthy transactions include Johnson & Johnson's \$14.6 billion acquisition of Intra-Cellular Therapies, Novartis' \$12 billion purchase of Avidity Biosciences, Merck's \$10 billion acquisition of Verona Pharma, and Sanofi's \$9.5 acquisition of Blueprint Medicines. In a sign of how competitive the M&A environment has become, Pfizer's initial \$8 billion acquisition of Metsera, a player in the GLP-1 space, was topped by Novo Nordisk's offer of up to \$10 billion, sparking a bidding war between the two companies. Our Healthcare funds are positioned to benefit from this cycle of consolidation, with exposure on both sides of the ledger. We own

established acquirers capable of integrating innovative assets through their global sales and manufacturing platforms, as well as a select group of emerging biotech companies that we believe represent compelling take-out candidates poised to attract meaningful acquisition premiums.

M&A momentum has extended beyond traditional biopharma as well, with Thermo Fisher Scientific (TMO) set to acquire data analytics provider Clario for US\$9.4 billion. The deal aligns with TMO's strategy to broaden its presence across the life sciences value chain, particularly in clinical trial technology and data management. In addition, TMO announced a collaboration with OpenAI to embed advanced AI tools across its operations — an initiative expected to shorten drug development timelines and enhance efficiency within its clinical research business. Together, these moves reinforce TMO's position as a diversified leader driving innovation across healthcare tools and services.

Biopharma M&A: An active year already topping last year's dollar volume



Source: J.P. Morgan Q3 2025 Biopharma Licensing and Venture Report. October, 2025.



Infrastructure

Middlefield Fund Tickers & Codes: MINF / MID 265 / MID 510 / ENS / IS / MID 800



Robert Lauzon

Managing Director & CIO

Canada's 2025 Federal Budget outlines more than \$115 billion in infrastructure spending over the next five years, marking one of the most significant multi-year capital programs in decades. The initiative aims to modernize core public infrastructure, expand trade-enabling corridors, and catalyze private investment across energy and industrial supply chains. A key priority is improving the efficiency of transporting Canada's natural resources, reinforcing the importance of pipeline, export, and logistics capacity. This supports ongoing build-out activity such as Pembina's Cedar LNG project and AltaGas' West Coast LPG export expansions, advancing energy infrastructure and enhancing global market access.

Alberta's independent power producers (IPPs) are seeing improved visibility on growth following the AESO's Phase 2 interconnection allocation process, which introduces clearer pathways for large-scale load integration. CPX's sale of its smaller 375 MW Phase 1 transmission capacity is consistent with its strategy to secure long-duration, large-load offtake agreements tied to data center development. CPX's Genesee site remains central to this positioning, offering 400MW+ of excess capacity well-suited to hyperscale computing

requirements. Provincial regulators are adopting a more constructive stance on attracting data center investment, while forward power prices beyond 2027 remain structurally elevated, supported by anticipated AI-driven load growth. The federal budget's enhanced mandate for the Canadian Infrastructure Bank to support digital and power infrastructure further reinforces the role of Alberta's IPPs as essential enablers of Canada's emerging data and compute ecosystem.



Technology & Communications

Middlefield Fund Tickers & Codes: MINN / MID 925 / MDIV



Shane Obata

Portfolio Manager

Hyperscaler capital expenditures continue to exceed expectations, reflecting the rapid acceleration of AI investment across the sector. Consensus estimates for 2026 hyperscaler capex have risen sharply over the course of the year — from US\$314 billion at the start of 2025, to US\$458 billion at the start of earnings season, and most recently to US\$518 billion. This implies a 29% year-over-year increase, well above the 19% growth expected at the start of the reporting season. Leading AI hyperscalers including Amazon, Google, Meta, Microsoft and Oracle, are driving this spending surge, underscoring their commitment to expanding AI infrastructure and positioning themselves for continued dominance in cloud and generative AI applications.

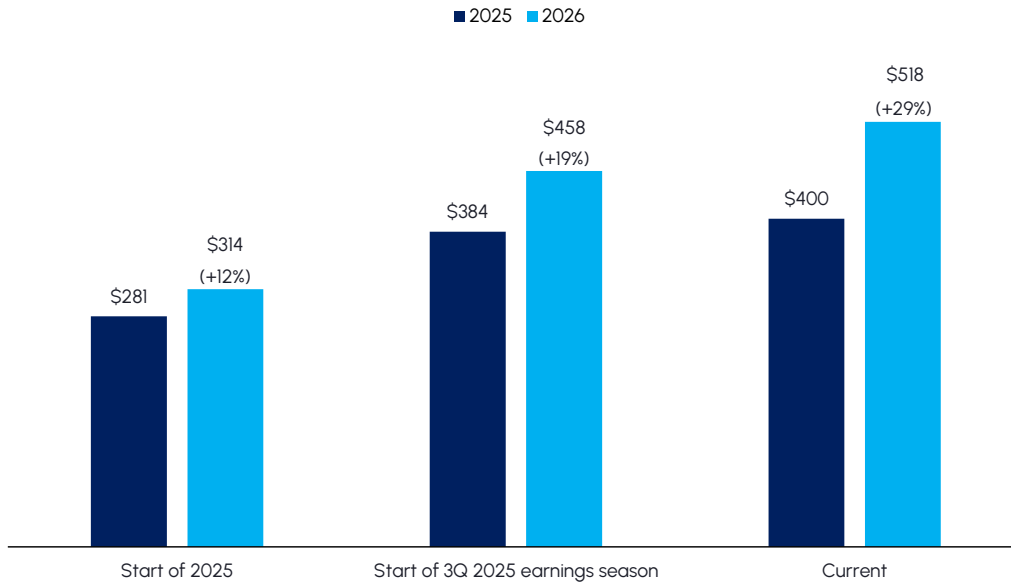
The rapid buildout of AI infrastructure is causing major shortages in some of the necessary components. Many have likely heard of the supply crunch for the special, super-fast memory (called HBM) that the best AI chips require. Now, that shortage is spreading to the regular memory that all computers use. As companies start using AI for everyday tasks, they require fleets of new servers

with powerful new computer brains (CPUs), and these new CPUs require a ton more standard memory to function, kicking off a massive upgrade cycle.

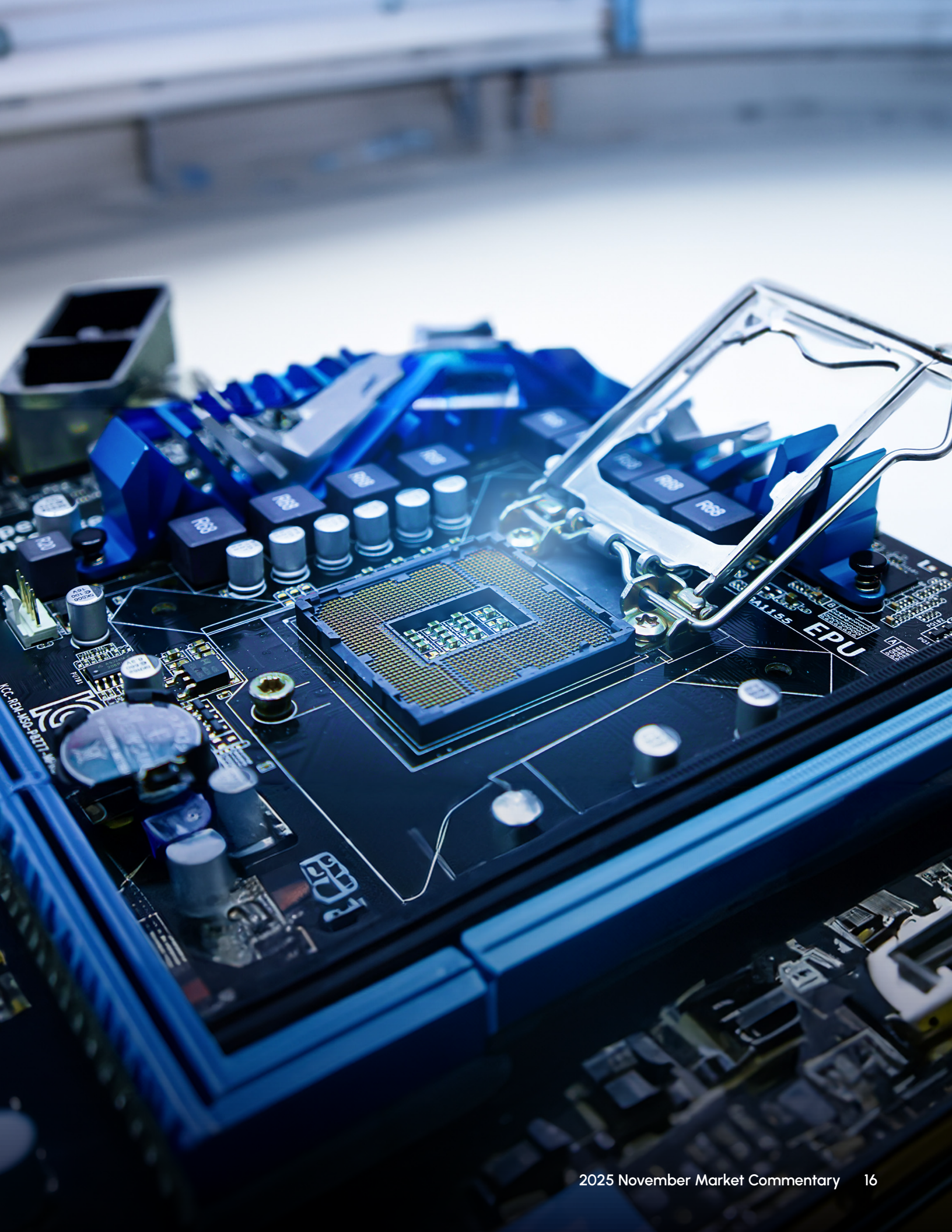
A similar supply crunch is happening in the world of data storage, because the AI tasks themselves are getting much bigger. For example, teaching an AI to write text might take 45 terabytes of data, but teaching it to create high-quality video can require hundreds of petabytes—that's thousands of times more information. This data explosion means companies need to buy two different kinds of storage at once. For speed, they need fast Solid-State Drives (SSDs) to access data quickly while the AI is working. At the same time, for sheer capacity, they need massive traditional Hard Disk Drives (HDDs) to affordably store all that video and data.

Crucially, companies aren't choosing one over the other; they are being forced to buy huge amounts of both. This is fantastic news for the companies that make memory and storage, as it gives them the power to charge more and signals a powerful, long-term investment opportunity across the entire sector.

Consensus capex spending estimates for AI hyperscalers (billions)



Source: Goldman Sachs Investment Research. October 2025.



Resources

Middlefield Fund Tickers & Codes: MID 800 / MID 161 / MID 265 / MRF FT LP / Discovery FT LP



Dennis da Silva

Senior Portfolio Manager

Canada's materials sector finally took a breather this month after an impressive run over the first nine months of the year. The TSX Global Gold Index declined 5.8% in October and experienced a nearly 20% pullback from its mid-October high. Even so, the Index has returned 106% year-to-date, marking one of the best years for the Canadian mining sector in decades.

Canada is spearheading efforts to establish a critical minerals alliance among G7 countries. The initiative aims to formalize a rules-based counterweight to China which will use long-term offtakes, price-support tools, and strategic stockpiles to de-risk new supply. The pact builds on June's G7 Critical Minerals Action Plan and debuts with 26 Canada-linked investments and partnerships unlocking ~C\$6.4B across graphite, rare earths, and scandium, alongside early offtake deals that signal procurement certainty for allied supply chains. This backdrop is a positive development for the Canadian mining sector. Procurement guarantees and stockpiling reduce funding risk and smooth cyclicity, improving earnings visibility for producers and developers alike. Strong balance sheets and rising free cash flow should support project expansions, while

investors increasingly reward shovel-ready growth and mid-stream processing exposure. Within this framework, Canadian copper, nickel, lithium, and rare-earth companies are well positioned to capture incremental capital and policy-driven demand under the new alliance.

OPEC+ announced a modest 137 kb/d production increase for December while signaling a pause on additional hikes through early 2026, maintaining policy flexibility amid soft seasonal demand and ongoing geopolitical risk. The coordinated stance between Saudi Arabia and other major producers underscores near-term price stability and inflation control rather than market share expansion, aligning with U.S. political priorities ahead of 2026. With oil markets entering a holding pattern, attention is shifting toward natural gas, where fundamentals remain firm. Normal winter weather, incremental LNG demand, steady industrial activity, and rising power needs from data centers should keep prices supported. Core Canadian holdings such as CNQ and Tourmaline are positioned to benefit through disciplined capital allocation, strong balance sheets, and robust free cash flow generation.



Exchange-Traded Funds (ETFs)

Fund Name	Ticker	Strategy
Middlefield Healthcare Dividend ETF	MHCD	Healthcare
Middlefield Innovation Dividend ETF	MINN	Innovation
Middlefield Real Estate Dividend ETF	MREL	Real Estate
Middlefield Global Dividend Growers ETF	MDIV	Global Dividend
Middlefield Global Infrastructure Dividend ETF	MINF	Infrastructure
Middlefield U.S. Equity Dividend ETF	MUSA	U.S. Dividend

Mutual Funds (FE | F Series)

Fund Name	Fund Codes	Strategy
Canadian Dividend Growers Class	MID 148 149	Canadian Dividend
Global Agriculture Class	MID 161 162	Global Agriculture
Global Dividend Growers Class	MID 181 182	Global Dividend
ActivEnergy Dividend Class	MID 265 266	Energy
Healthcare Dividend Fund	MID 325 326	Healthcare
Global Infrastructure Fund	MID 510 501	Global Infrastructure
Real Estate Dividend Class	MID 600 601	Real Estate
Income Plus Class	MID 800 801	Equity Balanced
INDEXPLUS Income Fund	MID 435 436	Canadian Dividend
Innovation Dividend Class	MID 925 926	Innovation
U.S. Equity Dividend Class	MID 710 701	U.S. Dividend

TSX-Listed Closed End Funds

Fund Name	Ticker	Strategy
MINT Income Fund	MID.UN	Equity Income
Sustainable Innovation & Health Dividend Fund	SIH.UN	Innovation & Healthcare

TSX-Listed Split Share Corps. (Class A | Preferred)

Fund Name	Ticker	Strategy
E Split Corp. (Class A Shares)	ENS	Energy Infrastructure
E Split Corp. (Preferred Shares)	ENS.PR.A	Energy Infrastructure
Real Estate Split Corp. (Class A Shares)	RS	Real Estate
Real Estate Split Corp. (Preferred Shares)	RS.PR.A	Real Estate
Infrastructure Dividend Split Corp. (Class A Shares)	IS	Infrastructure
Infrastructure Dividend Split Corp. (Preferred Shares)	IS.PR.A	Infrastructure

LSE-Listed Investment Fund

Fund Name	Ticker	Strategy
Middlefield Canadian Enhanced Income UCITS ETF	MCTC (CAD) MCTP (£)	Canadian Equity Income

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