



2026 SEMI-ANNUAL REPORT

**SUSTAINABLE
INNOVATION
& HEALTH
DIVIDEND FUND**

 **MIDDLEFIELD**
CLOSED-END FUNDS

MIDDLEFIELD CORPORATE PROFILE

Founded in 1979, Middlefield is an income focused asset manager with offices in Toronto, Canada and London, England. Our investment team has developed a disciplined investment process over many years that seeks to identify attractive opportunities while evaluating the risks that impact returns. Our specialized suite of innovative investment solutions for both individual and institutional investors include Exchange-Traded Funds trading in Canada, the UK, Italy and Germany as well as Canadian Mutual Funds, Split Share Corporations, Closed-End Funds and Flow-through LPs. Our core business currently includes seven income mandates: Real Estate, Healthcare, Innovation, Infrastructure, Energy, Diversified Income and Fixed Income, all of which incorporate our focus on diversification in market sectors and companies which have the ability to generate growing levels of cash flows.

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.



2026 MID-YEAR REVIEW AND OUTLOOK

Global markets ended the first half of the year near record highs, supported by a recent easing of Middle East geopolitical tensions and a surge in AI-related equities. Markets consolidated in June with the S&P 500 retracing 1.0% after gaining more than 16% over the prior two months, the index's strongest quarter in six years, still returning 10.2% for the first half. The TSX Composite outperformed in June with a 0.5% gain and returned 11.2% during the first six months of 2026. The period also saw the successful listing of SpaceX, the largest IPO on record, paving the way for additional AI-related listings over the coming quarters.

Canada's federal government has been moving aggressively on major infrastructure initiatives through the Building Canada Act and its Major Projects Office, which fast-tracks federal approvals for projects deemed to be in the national interest. Prime Minister Carney's government is seeking to attract foreign investors and capital as it advances initiatives spanning LNG, nuclear, critical minerals, and transportation. On the pipeline front, Canada and Alberta have agreed on a west coast pipeline proposal alongside the Pathways carbon capture initiative. Most TSX sectors advanced in June, led by Financials, while Materials was the most volatile sector as gold stocks reversed sharply late in the month after geopolitical risk eased and rate-cut expectations diminished.

The S&P/TSX Capped REIT Index delivered broadly positive returns in June, with most constituents posting gains in CAD terms, lifting its YTD total return to an impressive 13.6%. Notably, Canadian REITs have outperformed the TSX Composite (+11% YTD). The Canada 10-year government bond yield declined by 14.9 bps from a high of 3.529% on Jun 8 and provided a constructive tailwind for rate-sensitive REIT valuations. Our Real Estate funds continued to perform well with **Middlefield Real Estate Dividend ETF (TSX: MREL)** generating a total return of 4.3% in June and approximately 14.3% year-to-date. Our high conviction, active management investment style, with approximately 30% of portfolio assets outside of Canada, remains a major contributor to outperformance.

Healthcare had a terrific month in June, with the broad sector up 6.4% and each sub-sector participating in the rally. Biotech and pharma led the charge, each gaining ~10% on the month. Biotech has been the real standout and is now the top-performing sub-industry within US healthcare year-to-date, up 30%, after decisively breaking out from its multi-year period of underperformance. The rally has been powered by investor rotation back into the group, a wave of dealmaking (industry M&A is tracking for its best year ever), and positive clinical trial and regulatory news.

In the Infrastructure sector, June brought a landmark development for Alberta's data centre buildout, as Pembina Pipeline announced positive FID on the Greenlight Electricity Centre, a 932 MW natural gas-fired power project developed alongside KinetiCor. The \$4.6 billion project is underpinned by a long-term supply agreement with a major hyperscale customer (widely believed to be Meta) and is expected online in the second half of 2030. Beyond its direct economics, the Greenlight deal marks the first major data centre power project to reach FID in Alberta, effectively validating the province's emerging thesis as a North American AI

The Middlefield Family of exchange-listed funds is currently comprised of 13 funds, 11 of which trade on the Toronto Stock Exchange, one of which trades on the Cboe Canada Exchange, and one of which is based in Ireland and trades on exchanges in the United Kingdom, Germany, and Italy. The fund mandates differ by asset mix including both Canadian and International equity securities.

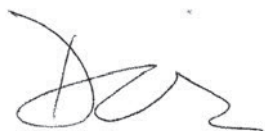
infrastructure hub and opening the door to further announcements. **Middlefield's Global Infrastructure Dividend ETF (TSX: MINF)** returned 17.7% in the first half of 2026.

June served as a reminder that even strong secular themes need to pause. Technology stocks, particularly AI-linked semiconductors, went through a sharp but healthy pullback as investors reassessed positioning, valuation and the scale of AI capital spending. We do not view this as a sign that the AI buildout is weakening. Rather, we see it as a normal reset inside a powerful earnings cycle, and one that reinforces the importance of being selective. Despite the pullback in June, our **Middlefield Innovation Dividend ETF (Cboe Canada: MINN)** has returned 49.9% year-to-date.

Gold and gold equities significantly underperformed broad North American markets in June, for the fourth consecutive month, with gold down 11.7% versus the 13.2% decline of the S&P/TSX Gold Index. The selloff in gold miners has driven equity valuations to multi-year lows. Despite the decline in bullion, gold miners are well positioned: (1) cost discipline has been much better vs previous cycles with near record margins better positioned to absorb lower gold prices; (2) balance sheets remain solid with mostly net cash positions; (3) spot free cash flow continues to provide scope for supportive/accretive buybacks; (4) management teams have remained disciplined on capital allocation, with lower valuations & strong balance sheets providing attractive M&A opportunities in a downcycle.

Outlook

We view the June decline as a healthy consolidation and leadership rotation rather than the start of a broader market pullback. Specifically, we witnessed the rotation out of mega-cap tech and into other sectors pushing the S&P 500 equal-weight index to record highs even as the cap-weighted index declined. We think this reflects an earnings recovery the market hasn't fully priced in. Earnings growth for the median S&P 1500 company has hit double digits (as seen in the graph below), the strongest pace in years, as reviving revenue growth flows through lean cost bases and produces outsized operating leverage. Investors are growing more concerned about heavy capex spending and its ultimate return on investment from the Mag-7. It's clear that market broadening is also occurring within the TSX. More specifically, while outperformance in 2025 was led by the rally in gold, 2026 is being driven by financials and energy, two sectors where Canada is a global leader and foreign investors are taking note.



Dean Orrico
President and CEO
Middlefield Limited



Robert F. Lauzon
Managing Director and Chief Investment Officer
Middlefield Limited

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2026

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. The interim financial report has not been reviewed by the investment fund's external auditors.

Unitholders 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 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

Investment Objectives and Strategies

The investment objectives of Sustainable Innovation & Health Dividend Fund (the "Fund") are to provide holders of units with: (i) stable monthly cash distributions; and (ii) enhanced long-term total return through capital appreciation of the Fund's investment portfolio. The Fund utilizes an investment strategy which focuses primarily on investing in a diversified, actively managed portfolio comprised primarily of dividend paying securities of global technology and healthcare companies, including initially those which the Advisor (as defined below) believes are positioned to benefit long-term from the trends and changing consumer behaviours resulting from the COVID-19 global pandemic.

Results of Operations

Investment Performance

During the first half of 2026, the net assets of the Fund increased from \$25.0 million at December 31, 2025 to \$31.1 million at June 30, 2026. Net assets on a per unit basis increased from \$14.45 at December 31, 2025 to \$18.13 at June 30, 2026. This increase was primarily attributable to the net gain of the investment portfolio. During the first half of 2026, the Fund recorded a net gain of \$6.5 million on its investment portfolio or \$3.78 per unit.

Revenue and Expenses

Revenue before expense for the period ended June 30, 2026 amounted to \$6.9 million, up from a loss of \$1.7 million in the prior year period. Operating expenses during the period ended June 30, 2026 amounted to \$0.3 million, similar to the first half of 2025. The operating expenses contributed to the management expense ratio ("MER") of 1.79% in 2026, similar to the first half of 2025. Excluding issuance and borrowing costs, the MER was 1.79% in the first half of 2026. The profit for the period ended June 30, 2026 amounted to \$6.7 million or \$3.86 per unit, up from a loss of \$1.9 million or \$0.93 per unit in the prior year period. Distributions for the period ended June 30, 2026 amounted to \$0.20 per unit.

Trends

June served as a reminder that even strong secular themes need to pause. Technology stocks, particularly AI-linked semiconductors, went through a sharp but healthy pullback as investors reassessed positioning, valuation and the scale of AI capital spending. Biotech has been a standout and is the top-performing U.S. Healthcare sub-industry year-to-date, up 30%, after decisively breaking out from its multi-year period of underperformance.

Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager" and the "Advisor") receives a management fee. For further details, please see the "Management Fees" section of this report. Middlefield Limited also acts as the advisor to the Fund who receives advisory fees out of the management fee from the Fund. For further details, please see the notes to the financial statements.

Management Fees

Management fees are calculated at 1.25% per annum of the net asset value of the Fund's publicly listed portfolio and are split between the Manager and the Advisor. Allocation fees are calculated at 0.10% of the net asset value of the Fund to compensate the Advisor for its efforts in making decisions regarding the allocation of Fund's portfolio between publicly listed issuers and unlisted real asset issuers. 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 for providing investment advice in respect of the portfolio in accordance with the investment objectives and strategies of the Fund.

ESG

1) Meeting Objectives

Each of our sustainable funds is evaluated on an ongoing basis in terms of meeting our environmental, social, and governance (the "ESG") objectives. Here are some key considerations and questions:

We first analyze companies on an absolute basis - e.g. Has the company's ESG profile improved over time?

- We do this through fundamental analysis - e.g. Reviewing public documents and researching ESG policies & practices
- We also incorporate third-party research from companies such as Glass Lewis and data from reputable providers such as Sustainalytics, S&P, Bloomberg and Refinitiv
- The aforementioned steps help to inform us about how to best vote proxies in accordance with our ESG policy

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2026

We then analyze them on a relative basis - e.g. How does the company's ESG profile compare to those of its peers?

- In addition to integration, we rely on quantitative screening to ensure we avoid companies that operate in ethically-contentious industries and highlight ESG leaders across geographies, sectors and themes
- We also consider ESG rate of change because smaller / less established companies may not have the resources to accurately convey their ESG capabilities
- After we decide to invest in a company, we continue to monitor its progression while keeping track of any ESG controversies that may arise

All of the above are meant to help us achieve high and improving portfolio-level ESG metrics which are then compared to relevant benchmarks.

2) Portfolio Activity

Lumentum Holdings

During the period, the portfolio manager bought Lumentum, a San Jose, California-based photonics company and global leader in optical and photonic products that power datacom and telecom networks, AI infrastructure, industrial lasers, and 3D sensing. All of its facilities in Europe and North America, its largest manufacturing site in Thailand, and three sites in China now run on 100% renewable electricity, supported by on-site solar generation at its San Jose headquarters and its Thailand and Slovenia production sites. The company has reported to CDP since 2017, maintains a CDP Climate Change score of B, conducts independent third-party assurance of its GHG inventory annually, and has certified 100% of its active manufacturing sites to the ISO 14001 environmental management standard.

3) Proxy Voting

Broadcom Inc.

In April 2026, the portfolio manager voted against the reelection of director Harry L. You and against the ratification of PricewaterhouseCoopers LLP as Broadcom's independent auditor. Our basis was that Mr. You serves on an excessive number of outside public-company boards — raising concerns about overcommitment and his capacity to devote sufficient attention to Broadcom — and that PwC's extended tenure as the company's auditor risks eroding the independence and fresh perspective we expect from the external audit function.

4) Engagement

TakeTwo Interactive Inc.

In 2026, the portfolio manager engaged directly with Take-Two Interactive's management and investor relations teams, using the discussions to better understand the company's governance, its approach to responsible innovation, and its stewardship of a highly anticipated product launch. Management emphasized a deliberately long-term orientation — explicitly declining to manage quarter to quarter and instead prioritizing

product quality and durability — and described robust board-level oversight of its flagship release, including a directly-engaged board that has reviewed the title first-hand and a disciplined, quality-first approach to launch timing. We used the engagement to press management on transparency with shareholders through the launch window, encouraging clearer communication around the transition from release to live-service and the risk of cannibalizing legacy titles, and we raised our expectations for a measured, security-conscious integration of AI that augments rather than displaces the company's creative talent. We came away encouraged that management is balancing near-term commercial pressures with responsible governance in a manner well-aligned with long-term shareholder interests.

5) Unconventional Names

Ajinomoto Inc.

Ajinomoto is a Tokyo-based company best known to consumers as the maker of AJI-NO-MOTO®, the umami seasoning (monosodium glutamate) it pioneered over a century ago — yet it also sits at a critical chokepoint of the global semiconductor supply chain. Through its subsidiary Ajinomoto Fine-Techno, the company produces Ajinomoto Build-up Film (ABF), an ultra-thin insulating material — roughly 10 micrometers per layer, against a human hair's 80 — that lines the FC-BGA package substrates housing the world's most advanced CPUs and GPUs. ABF is a direct descendant of the company's seasoning business: it grew out of amino-acid and epoxy-resin chemistry originating from chlorinated paraffin, a byproduct of MSG manufacturing, and was commercialized in 1999 with Intel as its first customer. The AI boom has made ABF only more indispensable: where a traditional PC chip requires four to six layers, Nvidia-class AI accelerators such as Blackwell and Rubin now stack eight to sixteen or more.

Financial Highlights

Total Equity is calculated in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board ("IASB").

"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 periods. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2026

The Fund's Total Equity per Unit⁽¹⁾

	June 30, 2026 ⁽⁵⁾	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total Equity, Beginning of Period	\$ 14.45	\$ 14.30	\$ 10.78	\$ 9.91	\$ 11.95	\$ 9.97
INCREASE (DECREASE) FROM OPERATIONS:						
Total Revenue	0.23	0.79	0.75	0.19	0.15	0.13
Total Expenses (excluding distributions)	(0.14)	(0.26)	(0.22)	(0.22)	(0.21)	(0.24)
Realized Gains (Losses) for the Period	1.19	2.29	2.62	1.39	(0.12)	0.29
Unrealized Gains (Losses) for the Period	2.59	(2.44)	0.74	(0.32)	(1.79)	2.16
Transaction Costs on Purchase and Sale of Investments	(0.01)	(0.01)	-	(0.01)	(0.01)	(0.01)
TOTAL INCREASE (DECREASE) FROM OPERATIONS⁽²⁾	3.88	0.55	3.92	1.27	(1.64)	2.38
DISTRIBUTIONS:						
From Net Investment Income ⁽³⁾	0.09	0.21	0.40	-	-	-
From Capital Gains ⁽³⁾	0.11	0.19	-	0.40	-	0.29
Return of Capital	-	-	-	-	0.40	0.11
From Capital Gains ⁽⁴⁾	-	0.73	-	-	-	-
Unit Consolidation ⁽⁴⁾	-	(0.73)	-	-	-	-
TOTAL DISTRIBUTIONS⁽³⁾	0.20	0.40	0.40	0.40	0.40	0.40
Total Equity, End of Period	\$ 18.13	\$ 14.45	\$ 14.30	\$ 10.78	\$ 9.91	\$ 11.95

⁽¹⁾ This information is derived from the Fund's audited annual financial statements and unaudited interim financial report.

⁽²⁾ Total Equity and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of Total Equity since it does not reflect unitholder transactions as shown on the Statements of Changes in Equity and accordingly columns may not add.

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

⁽⁴⁾ On December 29, 2025 and December 31, 2025, special unit distributions amounting to \$0.60 and \$0.13 per unit, respectively, were paid and immediately thereafter the outstanding units of the fund were consolidated.

⁽⁵⁾ For the six-month period ended June 30, 2026.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2026

Ratios and Supplemental Data

	June 30, 2026 ⁽⁴⁾	December 31, 2025	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021
Total Assets (000s)	\$ 31,271	\$ 25,181	\$ 30,181	\$ 31,448	\$ 64,424	\$ 113,043
Total Net Asset Value (000s)	\$ 31,131	\$ 25,035	\$ 30,020	\$ 31,295	\$ 60,082	\$ 97,383
Number of Units Outstanding	1,717,562	1,732,162	2,098,717	2,902,353	6,060,822	8,151,500
Management Expense Ratio ("MER") ⁽¹⁾	1.79%	1.79%	1.60%	2.01%	1.98%	2.25%
MER (excluding interest expense and issuance costs) ⁽¹⁾	1.79%	1.79%	1.60%	1.86%	1.73%	1.90%
Trading Expense Ratio ⁽²⁾	0.11%	0.09%	0.03%	0.08%	0.09%	0.06%
Portfolio Turnover Rate ⁽³⁾	34.18%	73.27%	34.71%	63.44%	69.50%	47.88%
Net Asset Value per Unit	\$ 18.13	\$ 14.45	\$ 14.30	\$ 10.78	\$ 9.91	\$ 11.95

(1) The MER is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average Net Asset Value during the period. The MER excluding 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. Issuance costs are one-time costs incurred at inception, and the inclusion of interest expense does not consider the additional revenues that have been generated from the investment of the leverage in income-generating assets.

(2) 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.

(3) 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.

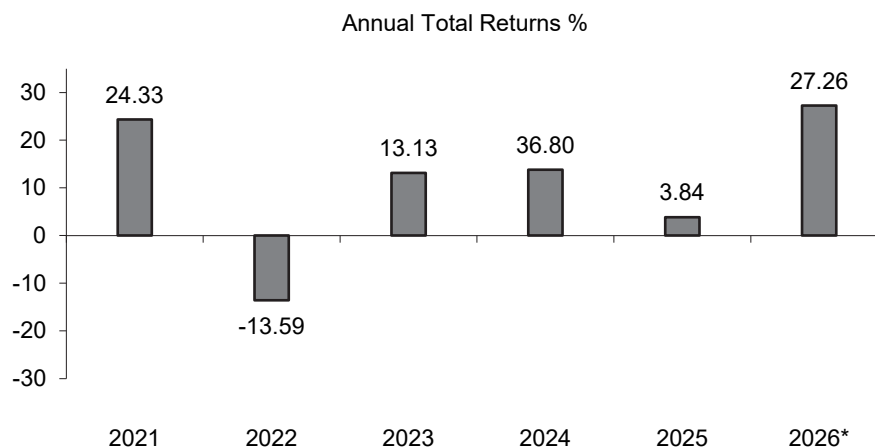
(4) As at June 30, 2026 or for the six-month period ended June 30, 2026, as applicable.

Past Performance

The performance information shown, which is based on Net Asset Value, assumes that all distributions paid by the Fund in the periods shown were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance. How the Fund has performed in the past does not necessarily indicate how it will perform in the future.

Year-By-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the years shown. The return for 2020 is not presented since it relates to a partial period. The chart indicates, in percentage terms, how much an investment made the first day of the financial period would have grown or decreased by the last day of the financial period.



*For the six-month period ended June 30, 2026.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2026

Summary of Investment Portfolio

AS AT JUNE 30, 2026

Top Twenty-Five Holdings *

DESCRIPTION	% OF NET ASSET VALUE
1 Sagard Healthcare Royalty Partners	13.2
2 Eli Lilly & Company	5.7
3 Take-Two Interactive Software Inc.	5.0
4 AstraZeneca PLC	4.1
5 Merck & Co., Inc.	4.1
6 Natera Inc.	4.1
7 Amazon.com Inc.	3.6
8 NVIDIA Corp.	3.4
9 Taiwan Semiconductor Manufacturing Co., Ltd.	3.3
10 Intuitive Surgical Inc.	3.1
11 AbbVie Inc.	3.0
12 Advanced Micro Devices Inc.	2.9
13 Samsung Electronics Co., Ltd.	2.6
14 Teradyne Inc.	2.3
15 Broadcom Inc.	2.2
16 Thermo Fisher Scientific Inc.	2.2
17 Fujikura Ltd.	2.0
18 Ibiden Co., Ltd.	2.0
19 Microsoft Corp.	2.0
20 Sony Group Corp.	1.8
21 Advantest Corp.	1.8
22 SK Hynix Inc.	1.8
23 GE Vernova Inc.	1.7
24 Ajinomoto Co., Inc.	1.6
25 Vertiv Holdings Co.	1.5

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

ASSET CLASS	% OF NET ASSET VALUE
Healthcare	43.2
Technology	30.5
Communication Services	7.7
Consumer Discretionary	5.4
Industrials	5.2
Materials	2.3
Consumer Staples	1.6
Utilities	0.9
Real Estate	0.5
Cash and Short-Term Investments	3.1
Other Assets (Liabilities)	(0.4)
	100.0

TOTAL NET ASSET VALUE	\$ 31,131,377
TOTAL ASSETS	\$ 31,270,840

The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.
Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.



INTERIM FINANCIAL REPORT

NOTICE

The accompanying unaudited financial statements of Sustainable Innovation & Health Dividend Fund for the period ended June 30, 2026 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 21, 2026

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Financial Position

(In Canadian Dollars)

	June 30 2026	December 31 2025
ASSETS		
Current Assets		
Investments at Fair Value through Profit or Loss	\$ 30,291,357	\$ 24,185,852
Cash	961,656	985,811
Income and Interest Receivable	9,506	9,006
Accounts Receivable	8,321	-
Total Assets	31,270,840	25,180,669
LIABILITIES		
Current Liabilities		
Distribution Payable (Note 11)	57,246	87,964
Accounts Payable and Accrued Liabilities (Note 8)	82,217	57,733
Total Liabilities	139,463	145,697
Net Assets	\$ 31,131,377	\$ 25,034,972
EQUITY		
Unitholders' Capital (Note 7)	\$ 18,439,494	\$ 18,585,494
Retained Earnings	12,691,883	6,449,478
Total Equity	\$ 31,131,377	\$ 25,034,972
Units Issued and Outstanding	1,717,562	1,732,162
Total Equity per Unit	\$ 18.13	\$ 14.45⁽¹⁾

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

Approved by the Board of Directors of Middlefield Limited, as Manager:



Director: Jeremy Brasseur



Director: Craig Rogers

⁽¹⁾The Total Equity per Unit reflects the receipt of Q4 cash distribution of Sagard Healthcare Royalty Partners as at December 31, 2025 that is reflected in these financial statements, but it was noted and recorded on January 2, 2026 and the valuation of Sagard Healthcare Royalty Partners as at December 31, 2025 that was made available on March 31, 2026. As such, the Total Equity per Unit in the above Statement of Financial Position is different from the Total Equity per Unit published on www.middlefield.com for December 31, 2025.

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)

	2026	2025
REVENUE (LOSS)		
Income from Investments	\$ 386,972	\$ 859,919
Interest Income for Distribution Purposes	8,790	14,809
Foreign Exchange Gain (Loss) on Cash	9,642	(49,835)
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	2,036,692	2,218,574
Net Realized Gain (Loss) from Derivatives Transactions	-	(512,287)
Change in Net Unrealized Gain (Loss) on Investments excluding Derivatives	4,458,296	(4,189,960)
Change in Net Unrealized Gain (Loss) on Foreign Currency Transactions	13,827	(4,600)
Total Revenue (Loss)	6,914,219	(1,663,380)
OPERATING EXPENSES (Note 8)		
Audit Fees	9,568	9,188
Custodial Fees	1,501	1,554
Fund Administration Costs	42,407	51,060
Independent Review Committee Fees and Expenses	2,227	2,596
Management Fee (Note 8)	170,408	174,039
Transaction Costs (Note 12)	14,055	16,302
Unitholder Reporting Costs	11,621	12,795
Total Operating Expenses	251,787	267,534
Profit (Loss) before Tax	6,662,432	(1,930,914)
Withholding Taxes	11,036	9,516
Profit (Loss) after Tax	\$ 6,651,396	\$ (1,940,430)
Profit (Loss) after Tax per Unit (Note 7)	\$ 3.86	\$ (0.93)

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

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)	Unitholders' Capital	Retained Earnings	Total
Balance at January 1, 2025	\$ 20,987,579	\$ 9,031,922	\$ 30,019,501
Profit (Loss) after Tax	-	(1,940,430)	(1,940,430)
Distributions to Unitholders	-	(416,868)	(416,868)
Repurchase of Trust Units	(173,000)	(57,197)	(230,197)
Balance at June 30, 2025	\$ 20,814,579	\$ 6,617,427	\$ 27,432,006
Balance at January 1, 2026	\$ 18,585,494	\$ 6,449,478	\$ 25,034,972
Profit (Loss) after Tax	-	6,651,396	6,651,396
Distributions to Unitholders	-	(344,285)	(344,285)
Repurchase of Trust Units	(146,000)	(64,706)	(210,706)
Balance at June 30, 2026	\$ 18,439,494	\$ 12,691,883	\$ 31,131,377

Statements of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)	2026	2025
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit (Loss) after Tax	\$ 6,651,396	\$ (1,940,430)
Adjustments:		
Purchases of Investments	(9,038,742)	(19,635,158)
Proceeds from Sale of Investments	9,428,225	20,278,897
Foreign Exchange (Gain) Loss	(23,469)	54,435
Net Realized (Gain) Loss from Investment Transactions	(2,036,692)	(1,706,287)
Change in Net Unrealized (Gain) Loss on Investments	(4,458,296)	4,189,960
	522,422	1,241,417
Net Change in Non-Cash Working Capital	(14,568)	56,796
Net Cash from (used in) Operating Activities	507,854	1,298,213
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Repurchase of Trust Units	(210,706)	(230,197)
Distributions Paid to Unitholders	(344,772)	(417,444)
Net Cash from (used in) Financing Activities	(555,478)	(647,641)
Net Increase (Decrease) in Cash	(47,624)	650,572
Foreign Exchange Gain (Loss)	23,469	(54,435)
Cash at Beginning of Period	985,811	314,616
Cash at End of Period	\$ 961,656	\$ 910,753

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

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio

AS AT JUNE 30, 2026
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
AbbVie Inc.	2,600	\$ 426,042	\$ 928,232
AstraZeneca PLC	4,850	686,608	1,287,708
Dexcom Inc.	4,400	426,521	420,430
Eli Lilly & Company	1,050	448,734	1,786,765
Intuitive Surgical Inc.	1,700	675,462	959,149
Merck & Co., Inc.	7,000	728,513	1,276,158
Natera Inc.	3,300	623,858	1,270,887
Sagard Healthcare Royalty Partners	4,181,966	5,434,904	4,137,230
Structure Therapeutics Inc.	3,500	162,260	266,504
Thermo Fisher Scientific Inc.	950	547,005	675,735
Waters Corporation	800	325,849	425,668
HEALTHCARE: 43.0%		10,485,756	13,434,466
Advanced Micro Devices Inc.	1,100	362,533	906,577
Advantest Corp.	2,000	376,384	564,616
Applied Materials Inc.	300	128,058	307,725
Broadcom Inc.	1,300	408,117	696,709
Ciena Corp.	500	175,103	347,989
Constellation Software Inc., Warrants, 31 March 2040	550	-	-
Ibiden Co., Ltd.	3,000	238,733	623,670
Lumentum Holdings Inc.	100	121,720	121,737
Microsoft Corp.	1,150	428,260	608,602
MongoDB Inc.	550	272,439	262,105
Nokia Oyj	9,000	117,587	169,568
NVIDIA Corp.	3,700	359,261	1,050,341
Palo Alto Networks Inc.	800	207,610	387,055
Samsung Electronics Co., Ltd.	105	233,066	802,937
SK Hynix Inc.	220	187,243	560,260
Taiwan Semiconductor Manufacturing Co., Ltd.	1,500	500,057	1,016,323
Teradyne Inc.	1,050	499,869	720,766
Western Digital Corporation	400	67,705	362,471
TECHNOLOGY: 30.4%		4,683,745	9,509,451
Alphabet Inc.	750	110,178	380,262
Meta Platforms Inc.	580	334,853	463,515
Take-Two Interactive Software Inc.	4,350	1,250,751	1,542,758
COMMUNICATION SERVICES: 7.6%		1,695,782	2,386,535
Amazon.com Inc.	3,300	646,687	1,115,871
Sony Group Corp.	20,100	629,323	572,045
CONSUMER DISCRETIONARY: 5.4%		1,276,010	1,687,916
Fujikura Ltd.	11,600	346,015	631,665
GE Vernova Inc.	310	300,644	516,715
Vertiv Holdings Co.	1,000	214,888	475,023
INDUSTRIALS: 5.2%		861,547	1,623,403

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio (continued)

AS AT JUNE 30, 2026

(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Mitsubishi Gas Chemical Co., Inc.	7,000	\$ 251,758	\$ 309,683
Resonac Holdings Corp.	2,600	265,079	401,726
MATERIALS: 2.3%		516,837	711,409
Ajinomoto Co., Inc.	9,600	383,009	492,169
CONSUMER STAPLES: 1.6%		383,009	492,169
Vistra Corp.	1,300	304,424	292,571
UTILITIES: 0.9%		304,424	292,571
Blackstone Digital Infrastructure Trust Inc.	5,000	135,945	153,437
REAL ESTATE: 0.5%		135,945	153,437
TRANSACTION COSTS (Note 12)		(8,710)	-
TOTAL INVESTMENTS: 96.9%		20,334,345	30,291,357
CASH: 3.1%		961,656	961,656
Total Investment Portfolio, Including Cash		\$ 21,296,001	\$ 31,253,013

NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

1. Sustainable Innovation & Health Dividend Fund

Sustainable Innovation & Health Dividend Fund (the "Fund") is a closed-ended investment trust established under the laws of the Province of Alberta on July 23, 2020. Middlefield Limited, a company incorporated in Alberta, is the trustee, manager and advisor of the Fund (the "Manager" and the "Advisor"). Effective April 1, 2025, Middlefield Limited became the Advisor of the Fund. Prior to April 1, 2025, Middlefield Capital Corporation was the Advisor of the Fund. The Fund was listed on the Toronto Stock Exchange and effectively commenced operations on August 14, 2020 when it first issued units through an initial public offering. 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 Manager on August 21, 2026.

2. Investment Objectives and Strategy

The investment objectives of the Fund are to provide holders of units with: (i) stable monthly cash distributions; and (ii) enhanced long-term total return through capital appreciation of the Fund's investment portfolio. The Fund utilizes an investment strategy which focuses primarily on investing in a diversified, actively managed portfolio comprised primarily of dividend paying securities of global technology and healthcare companies, including initially those which the Advisor believes are positioned to benefit long-term from the trends and changing consumer behaviours resulting from the COVID-19 global pandemic.

3. Basis of Presentation

These financial statements have been prepared in accordance with IFRS[®] Accounting Standards and in accordance with International Financial Reporting Standards 34 Interim Financial Reporting ("IAS 34") as issued 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 the liabilities are classified at fair value through profit and 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 expected 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. Given the short-term nature and high credit quality 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

JUNE 30, 2026 | UNAUDITED

4. Summary of Material Accounting Policies (continued)

B. Future Accounting Changes

IFRS 18 *Presentation and Disclosure in Financial Statements* ("IFRS 18")

IFRS 18 replaces IAS 1, *Presentation of Financial Statements* ("IAS 1"), carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements, including specified categories and defined subtotals in the statement of comprehensive income. IFRS 18 is required to be applied retrospectively for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Fund is currently assessing the impact of adoption of this standard.

C. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products, 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 unitholders.

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.

D. 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 is 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. Investments in other investment funds are valued based on the number of units held and their closing NAV per unit as provided by the investment funds' manager or general partner.

E. Unitholders' Capital

The Fund's units are classified as equity as the Fund has full discretion with respect to the extent and timing of the repurchase of the units and in the determination of whether distributions will be made in cash or units. Incremental costs directly attributable to the issue or redemption of units are recognized directly in equity as a deduction from the proceeds or part of the acquisition cost. Where the Fund repurchases its own units, the consideration paid, including any directly attributable incremental costs is deducted from equity attributable to the Fund's equity holders until the units are cancelled, re-issued or disposed of. Where such units are subsequently sold or reissued, any consideration received is included in equity attributable to the Fund's equity holders.

F. 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 Statements of Comprehensive Income.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

4. Summary of Material Accounting Policies (continued)

G. 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 Statements 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 Statements of Comprehensive Income.

H. Profit or Loss after Tax per Unit

Profit or loss after tax per Unit in the Statements of Comprehensive Income represents the profit or loss after tax divided by the average units outstanding during the period.

I. Taxation

The Fund qualifies as a mutual fund trust under the provisions of the *Income Tax Act* (Canada). Under the terms of the Declaration of Trust, any taxable income of the Fund is distributable monthly to unitholders of record date. The Fund is not subject to tax on the income distributed to unitholders. Accordingly, no provision for income taxes is required.

The Fund currently incurs 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 Statements 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.

J. 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.

K. 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:

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.

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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

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.

As at June 30, 2026

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 26,154,127	\$ -	\$ 4,137,230	\$ 30,291,357

As at December 31, 2025

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 20,188,584	\$ -	\$ 3,997,268	\$ 24,185,852

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, 2026 or the year ended December 31, 2025.

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments. As at June 30, 2026, the Fund held \$4,137,230 (December 31, 2025 - \$3,997,268) of Level 3 securities. The unobservable inputs used in the valuation of these financial instruments primarily include key variables, current market conditions and recent financings by the issuer, if any. These securities are affected by market activity in their relevant sectors and therefore generally fluctuate similarly. The Fund's level 3 investment in Sagard Healthcare Royalty Partners represents 13.66% (December 31, 2025 – 16.53%) of the Funds investment portfolio.

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) for the period ended June 30, 2026 and the year ended December 31, 2025 is as follows:

Period Ended June 30, 2026

Balance at January 1	\$ 3,997,268
Investment Purchases during the Period	-
Investment Sales during the Period	-
Realized Gain (Loss)	-
Unrealized Gain (Loss)	139,962
Balance at June 30	\$ 4,137,230
Total Change in Unrealized Gain (Loss) during the Period for Assets held at June 30, 2026	\$ 1,189,069

Year Ended December 31, 2025

Balance at January 1	\$ 5,046,375
Investment Purchases during the Year	-
Investment Sales during the Year	-
Realized Gain (Loss)	-
Unrealized Gain (Loss)	(1,049,107)
Balance at December 31	\$ 3,997,268

The use of reasonable possible alternative assumptions for valuing Level 3 financial instruments would not significantly affect the fair value of these instruments.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

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, unitholder 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.

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, 2025	December 31, 2025
Investments at FVTPL	\$ 30,291,357	\$ 24,185,852

Based on the above exposure at June 30, 2026, a 10% increase or decrease in the prices of the Fund's investments would result in a \$3,029,136 (December 31, 2025 - \$2,418,585) increase or decrease in total equity 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, 2026	December 31, 2025
Cash	\$ 961,656	\$ 985,811

Based on the above exposure at June 30, 2026, a 1% per annum increase or decrease in interest rates would result in a \$9,617 (December 31, 2025 - \$9,858) increase or decrease in total equity 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 redemptions. The Fund receives 45 business days notice prior to the redemption date and has up to 15 business days after the redemption date to settle the redemption. This enables the Manager to sell securities held by the Fund to generate cash to settle the redemption, 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

6. Financial Risk Management (continued)

C. Liquidity Risk (continued)

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 active management, which includes 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. The Fund's investment in Sagard Healthcare Royalty Partners is subject to a 48-month period redemption lock-up from the date of the initial capital contribution; however, the Fund has the ability to sell its units of Sagard Healthcare Royalty Partners to certain other purchasers prior to the expiration of the lock-up period. Subsequent to the redemption lock-up period, the Fund can seek to redeem part or all of its investment on a quarterly basis.

The tables below present 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, 2026

Financial Liabilities		Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable	\$	57,246	\$ -	\$ -	\$ 57,246
Accounts Payable and Accrued Liabilities		82,217	-	-	82,217
Total	\$	139,463	\$ -	\$ -	\$ 139,463

As at December 31, 2025

Financial Liabilities		Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable	\$	57,733	\$ -	\$ -	\$ 57,733
Accounts Payable and Accrued Liabilities		87,964	-	-	87,964
Total	\$	145,697	\$ -	\$ -	\$ 145,697

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, 2026

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 25,419,861	\$ 832,050	\$ 9,506	\$ 26,261,417
European Euro	560,259	-	-	560,259
Japanese Yen	3,023,529	-	-	3,023,529
U.K. Pound Sterling	1,287,708	-	-	1,287,708
Total	\$ 30,291,357	\$ 832,050	\$ 9,506	\$ 31,132,913

As at December 31, 2025

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 23,822,698	\$ 515,785	\$ 9,006	\$ 24,347,489

Based on the above exposure at June 30, 2026, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a \$3,113,291 (December 31, 2025 - \$2,434,749) decrease or increase in total equity of the Fund, with all other factors held constant.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026 | UNAUDITED

6. Financial Risk Management (continued)

E. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial asset 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.

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, 2026 and December 31, 2025, the percentages of the Fund's total equity invested in each investment sector were as follows:

Sector	As a % of Total Equity	
	June 30, 2026	December 31, 2025
Healthcare	43.2	53.8
Technology	30.5	21.8
Communication Services	7.7	10.7
Consumer Discretionary	5.4	9.0
Industrials	5.2	1.3
Materials	2.3	-
Consumer Staples	1.6	-
Utilities	0.9	-
Real Estate	0.5	-
Total	97.3	96.6

7. Unitholders' Equity

The Fund is authorized to issue an unlimited number of transferable, redeemable trust units, each of which represents an equal, undivided interest in the total equity of the Fund. All units have equal rights and privileges.

Commencing December 31, 2020, the unitholders of the Fund can acquire additional units by participating in the Distribution Reinvestment Plan (the "Plan"). The Plan enables unitholders to reinvest their monthly distributions in additional units of the Fund thereby achieving the benefit of compounding returns. The Plan also allows participants to purchase additional units for cash.

In 2020, the Fund issued 9,200,000 units at \$10 per unit for proceeds, net of agents' fees and issue costs, of \$87.4 million. During the six months ended June 30, 2026, the Fund redeemed nil units (June 30, 2025 – nil) and purchased 14,600 units (June 30, 2025 – 17,300) pursuant to a normal course issuer bid and nil units (June 30, 2025 – nil) in the market in accordance with the Declaration of Trust. For the period ended June 30, 2026, 726 units (June 30, 2025 – 1,185) were distributed under the Plan, of which nil units (June 30, 2025 – nil) were issued from treasury.

The average number of units outstanding during the period ended June 30, 2026 was 1,722,905 (June 30, 2025 – 2,085,895). This number was used to calculate the Profit after Tax per Unit.

NOTES TO FINANCIAL STATEMENTS

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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 1.25% per annum of the NAV of the Fund's publicly listed portfolio, as well as an allocation fee 0.10% of the Fund's overall NAV, calculated and paid monthly in arrears based on the average NAV of the preceding month. For the period ended June 30, 2026, management fees before the absorption of expenses amounted to \$0.1 million (June 30, 2025 - \$0.2 million). At June 30, 2026, the management fees payable by the Fund was \$34,866 (December 31, 2025 - \$30,685) and is included in Accounts Payable and Accrued Liabilities

B. 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, and maintaining and updating the Fund's website. In aggregate, these fees amounted \$7,287 (June 30, 2025 - \$15,084) throughout the period and \$19,625 is included in Accounts Payable and Accrued Liabilities as at June 30, 2026 (December 31, 2025 - \$11,650). In addition, the Fund would be responsible for reimbursing the Manager for any reasonable out of pocket expenses incurred on the Fund's behalf.

9. Capital Management

The Fund's capital is its total equity. 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 unitholders, maximize unitholder 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.

The Fund's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2025.

10. Loss Carryforwards

At December 31, 2025, the Fund had no capital losses (December 31, 2024 - \$1,922,424) and had no non-capital losses (December 31, 2024 - \$nil) available for carry forward for tax purposes.

11. Distributions

The Fund pays monthly distributions to unitholders in accordance with its investment objectives. Distributions of the Fund, at the discretion of the unitholder, are reinvested in additional units of the Fund under the Distribution Reinvestment Plan, without sales charge. For the six months ended June 30, 2026, distributions amounted to \$0.20 per unit (June 30, 2025 - \$0.20).

12. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2026 amounted to \$14,055 (June 30, 2025 - \$16,302). During the period ended June 30, 2026, \$3,188 (June 30, 2025 - \$3,517) soft dollar commissions were allocated to brokers that provided or paid for, in addition to transaction execution, investment research or other investment-decision making services. Brokerage commissions and other transaction costs are expensed and recorded in the Statements of Comprehensive Income.

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield Healthcare Dividend ETF	MHCD
• Middlefield Innovation Dividend ETF	CBOE Canada: MINN
• Middlefield Global Dividend Growers ETF	MDIV
• Middlefield Global Infrastructure Dividend ETF	MINF
• Middlefield Real Estate Dividend ETF	MREL
• Middlefield U.S. Equity Dividend ETF	MUSA
• Middlefield Short Duration Bond Plus ETF	MSBP
• Middlefield Income Plus Class ETF Series (commenced March 16, 2026)	MFIP
• Middlefield ActivEnergy Dividend Class ETF Series (commenced March 16, 2026)	MAEC

TSX-LISTED FUNDS	
• E Split Corp.	ENS ENS.PR.A
• MINT Income Fund	MID.UN
• Real Estate Split Corp.	RS RS.PR.A
• Sustainable Innovation & Health Dividend Fund	SIH.UN
• Infrastructure Dividend Split Corp.	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
• Middlefield Short Duration Bond Plus Fund (formerly INDEXPLUS Income Fund)	MID 435/437/440
• Middlefield Global Infrastructure Fund	MID 510/519/520

Series F Units	
• Middlefield Healthcare Dividend Fund	MID 326
• Middlefield Short Duration Bond Plus Fund (formerly 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	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	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 2025 Short Duration LP	
• MRF 2026 Resource Limited Partnership	
• Discovery 2026 Short Duration LP (commenced August 12, 2026)	

INTERNATIONAL FUNDS	
• Middlefield Canadian Enhanced Income UCITS ETF (formerly Middlefield Canadian Income PCC)	London UK Stock Exchange (LSE) Symbol: MCTP LN Borsa Italiana: MCT IM Xetra ASWF GY

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Jeremy T. Brasseur
 Executive Chairman

Robert F. Lauzon, CFA
 Chief Investment Officer

Independent Review Committee

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 Four Seasons Hotels Inc.

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 Senior Vice President, Lending
 Infrastructure Ontario

Edward V. Jackson (Chairman)
 Former Managing Director
 RBC Capital Markets

Abby Sears, MHSc, BSc
 Healthcare Administrator

Advisors
 SSR Health LLC
 Paul Sagawa LLC

Middlefield Group

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 McCarthy Tétrault

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 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
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