



MIDDLEFIELD CANADIAN INCOME TRUST



Middlefield Canadian Income Trust

Half Yearly Report
30 June 2023

LON: MCT

Targeting high levels of stable income and capital growth, this Fund invests in high quality, Canadian large capitalisation businesses. Middlefield Limited, the Fund's investment manager, is a private and independent firm located in Toronto, Canada, a member of Canada's Responsible Investment Association and regulated by the Ontario Securities Commission.



RIA - A Responsible Investment Association Member

Further details about the Responsible Investment Association are available on the website at www.riacanada.ca





Financial Highlights

2023 DIVIDEND

5.2p¹ per share

2023 Dividend Guidance

YIELD

5.0%

SHARE PRICE

103.50p

NAV PER SHARE

121.63p

NET ASSETS

£130.0m

1. Annualized, 1.30p quarterly. This is a target only and does not constitute, nor should it be interpreted as a profit forecast.

Why Middlefield Canadian Income PCC?

Who is this fund for?

This Fund is for long-term investors seeking dividends and capital appreciation from a diversified portfolio of stable, profitable businesses domiciled primarily in Canada.

Reasons to buy



Unique

The UK's only listed Canadian equity fund focused on high income – admitted to the FTSE UK All-Share Index in 2011.



Proven

Outperformance over the period since inception in 2006, delivered by a private and independent investment manager based in Toronto, Canada.



Diversification

UK investors are underexposed to Canadian equities – Canada is one of the largest investable economies in the developed world.



High Income

Canadian equities offer a higher yield compared to other developed markets and MCT has consistently paid dividends in excess of 5p per annum since 2017.



Stability

Canada is a member of the G7 and offers one of the most stable political and financial systems in the world.



Governance

Independent Board of Directors re-elected annually by shareholders to protect their interests.



A member of the Association of Investment Companies

Further details about the Company, including the latest annual and half yearly financial reports, fact sheets and stock exchange announcements, are available on the website at www.middlefield.co.uk/mcit.htm



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Key Information

This Fund invests in larger capitalisation Canadian and U.S. high yield equities with a focus on companies that pay and grow dividends.

Exposure to Key Canadian Themes & Industries

Canadian companies are amongst the world leaders across the real estate, financial and energy and renewables sectors.



Real Estate

Canada's real estate market is underpinned by a stable economy and a relatively low unemployment rate. Immigration and a highly educated workforce support ongoing demand and growth in foreign investment. Historically, real estate has performed well as a proven hedge against inflation.



Financials

One of the world's most sophisticated and well-capitalised banking systems, Canada's banks consistently paid dividends without cuts or suspensions through the global financial crisis and the COVID-19 pandemic.



Energy and Renewables

Canada is a global leader in the production of energy and electricity from renewables, oil and natural gas. Canadian companies that focus on wind and solar are benefiting from increasing demand for clean power while Canadian energy companies are benefiting from growing demand and constrained supply of oil and natural gas.

Key Data

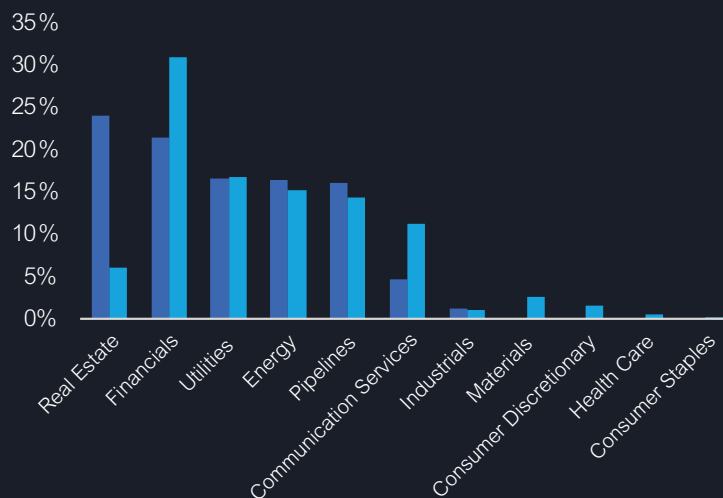
Geographic Mix

● US Equity ● Canadian Equity



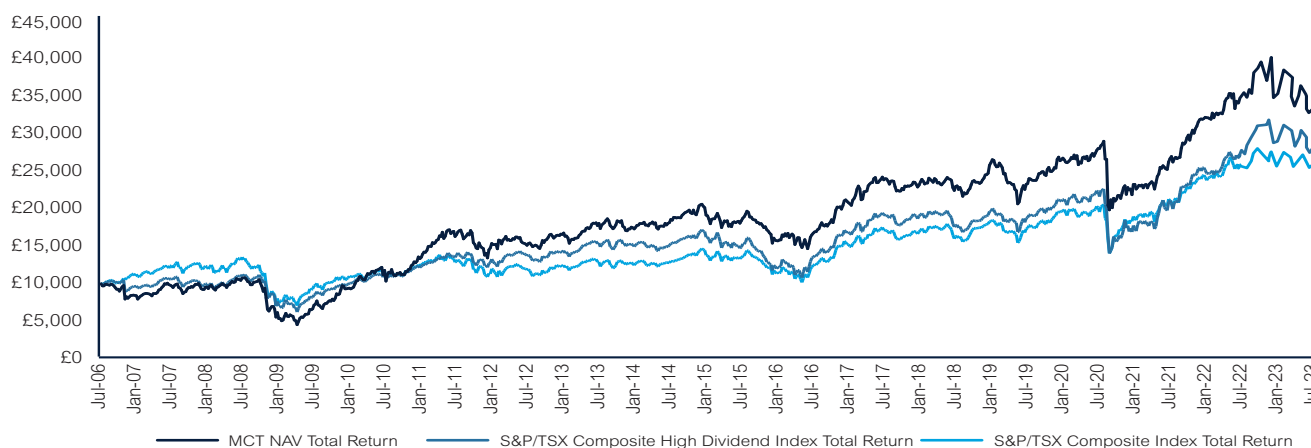
Sector Allocation

● MCT ● Benchmark



Historical Performance

Performance Since Inception to 30 June 2023



As at 30 June 2023

Notes:

1. Net asset value total returns (in Sterling, net of fees and including the reinvestment of dividends).
2. The Fund's Benchmark, the S&P/TSX High Dividend Index Benchmark, has been currency adjusted to reflect the Canadian Dollar ("CAD") returns from inception to October 2011 (while the Fund was CAD hedged) and Sterling ("GBP") returns thereafter.

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	0.0%	-3.1%	-10.9%	-10.9%	-8.4%
NAV	1.5%	-2.1%	-3.3%	-3.3%	-9.1%
Benchmark	2.0%	-0.9%	0.4%	0.4%	-4.5%
S&P/TSX Composite Index	3.6%	0.4%	2.9%	2.9%	3.0%

Long-term Performance	3 Year annualised	5 year annualised	7 Year annualised	10 year annualised	Since Inception annualised
Share Price	13.6%	7.0%	8.3%	4.8%	6.3%
NAV	12.9%	6.3%	7.3%	6.1%	6.9%
Benchmark	18.6%	9.1%	8.9%	6.8%	6.6%
S&P/TSX Composite Index	12.6%	8.3%	8.9%	7.9%	6.2%

Long-term Performance	3 Year cumulative	5 year cumulative	7 Year cumulative	10 year cumulative	Since Inception cumulative
Share Price	46.5%	40.5%	74.6%	59.6%	180.5%
NAV	43.9%	35.6%	63.4%	80.5%	209.4%
Benchmark	66.6%	54.5%	81.4%	93.4%	196.3%
S&P/TSX Composite Index	42.7%	49.2%	81.6%	113.9%	176.0%

Sources: Middlefield, Bloomberg. As at 30 June 2023

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

1. Total returns including the reinvestment of dividends for all returns. Fund returns are net of fees.
2. Composite of monthly total returns for the S&P/TSX Income Trust Index from inception to 31 December 2010 and the S&P/TSX Composite High Dividend Index (formerly named the S&P TSX Equity Income Index) thereafter.
3. Currency adjusted to reflect CAD\$ returns from inception of MCT to October 2011 and GBP returns thereafter since MCT was CAD\$ hedged from inception to October 2011.

Responsibility Statement

We confirm that to the best of our knowledge:

- The interim report and financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Chairman’s Report and Investment Manager’s Interim Report include a fair review of the development, performance and position of the Company and a description of the risks and uncertainties as disclosed in note 16 to the interim financial statements, that it faces for the next six months as required by DTR 4.2.7.R of the disclosure Guidance and Transparency Rules.
- The Investment Manager’s Interim Report and note 13 to the interim financial statements include a fair review of related party transactions and changes therein, as required by DTR 4.2.8.R of the Disclosure Guidance and Transparency Rules.

By order of the Board



Michael Phair
Director



Andrew Zychowski
Director

Date: 14 September 2023



Chairman's Report



Michael Phair
Chairman

It is my pleasure to present the Half-Yearly Financial Report for the period ended 30 June, 2023 for Middlefield Canadian Income PCC (“MCT” or the “Company”) and its closed-ended cell, Middlefield Canadian Income – GBP PC (the “Fund”). The Fund invests in a broadly diversified portfolio, comprised of primarily Canadian equity income securities, with the objective of providing shareholders with high dividends as well as capital growth over the longer term.

Investment Performance

Equity markets experienced a wide divergence of returns during the first half of 2023 (H1) with the sharp recovery in tech stocks being the biggest driver of relative performance. The TSX Composite, which has more exposure to cyclical sectors, lagged the S&P 500 by more than 8% during H1 in British Pounds. The Fund had total returns of -10.9 per cent on its share price and -3.3 per cent on net assets, which are less than the Benchmark total return of 0.4 per cent. The Fund's underweight exposure to the materials sector, together with selection effects within utilities and financials, were the biggest negative contributors to performance. The performance of the Fund's share price relative to net assets resulted in a widening of its discount, ranging from 7.7 per cent to 15.2 per cent throughout the first half of the year, representing an attractive entry point for investors. Notwithstanding short-term performance, the Fund's annualised total return since inception in 2006 of 6.9% compares favourably to the Benchmark's return of 6.6% and the TSX Composite Index's return of 6.2 per cent.

The Board has regular contact with the Investment Manager, Middlefield Limited, to discuss broad strategy and review investment policies, gearing and sector allocations. We remain satisfied that the Investment Manager is applying the strategy consistently and professionally and are confident that the Investment Manager's outlook and the Fund's corresponding positioning will deliver good performance over time.

Investment Management

Middlefield Limited, the Fund's Investment Manager, has over 40 years of investing experience in Canadian Equities. The Investment Manager uses an actively managed strategy, allowing it to take advantage of dislocations in the market. The Fund increased its Canadian equity exposure to 100% in the first half of the year with a view that Canadian stocks offer better risk-adjusted return potential than US securities. The Fund's overweight position in real estate reflects the Investment Manager's current view that valuations do not reflect the healthy fundamentals across most of the sector. Notably, the Fund remained underweight financials, the largest component of the Benchmark, due to an increasingly challenging operating environment for banks. The ability to tactically overweight or underweight certain sectors as market dynamics evolve demonstrates a key advantage of the Fund's active management strategy.

Shareholder Engagement

The Fund's share register remained stable throughout the period, supported by long-term institutional shareholders and a growing base of retail investors. The Board has been focused on enhancing the Fund's profile to increase investor demand for the stock. Towards this aim, the Investment Manager launched a new website in December 2022 which includes a more user-friendly interface and improved functionality. The website has facilitated more seamless sharing of content generated by Middlefield on the MCT webpage and has increased touchpoints with investors. Publications from Shares and an IGTV interview featuring Dean Orrico were among the content on our website that generated positive interest from prospective investors. In addition to digital initiatives, both of the Fund's lead portfolio managers, Dean Orrico and Rob Lauzon, met with many existing and prospective investors throughout the U.K. in May 2023 on a roadshow organized by Kepler Partners.

Fund Sector Weights Compared to Benchmark as at 30 June 2023

Sector Allocation	MCT	Benchmark	Over/ Underweight
Real Estate	24.0%	6.0%	18.0%
Financials	21.4%	30.8%	-9.4%
Utilities	16.5%	16.7%	-0.2%
Energy	16.3%	15.2%	1.1%
Pipelines	16.0%	14.3%	1.7%
Communication Services	4.6%	11.1%	-6.5%
Industrials	1.2%	1.1%	0.1%
Materials	0.0%	2.6%	-2.6%
Consumer Discretionary	0.0%	1.6%	-1.6%
Healthcare	0.0%	0.5%	-0.5%
Consumer Staples	0.0%	0.2%	-0.2%
Total	100.0%	100.0%	

Source: Middlefield, Bloomberg

The background to the Fund's performance is explained in depth by Mr Dean Orrico in the Investment Manager's accompanying report.

Gearing

Beginning in May 2023, the Fund reported both gross gearing and net gearing on its monthly fact sheet. Gross gearing was relatively consistent throughout the period under review, ranging between 16.1 per cent and 16.8 per cent. The Fund has the power to borrow up to 25 per cent of total assets on a gross gearing basis. Net gearing, which represents borrowings as a percentage of net assets, is the AIC standard measure of gearing. Net gearing ranged between 19.4 per cent and 20.4 per cent throughout the first half of the year.

While borrowing costs have increased with higher interest rates over the past twelve months, the Board believes that the use of gearing at prevailing interest rates is warranted due to an expected total return that exceeds total borrowing costs, the positive impact on dividend coverage and the expectation that short term interest rates are likely near their peak for the current tightening cycle.

Earnings and Dividends

In light of the excess revenue earnings generated by the Fund in 2022, together with the prospect of dividend growth from the underlying portfolio, the Board approved a 0.1p increase to the annual dividend target in early 2023. Two quarterly interim dividends each of 1.30p per share were paid on 31 January 2023 and 28 April, 2023, representing a 2% increase to quarterly payments made in the previous financial year. Consistent dividend growth is a core consideration for the Fund's security selection process and factored into the Board's decision to increase the dividend. The Company's earnings per share totalled 2.84p for the six months ended 30 June 2023, reflecting a dividend coverage ratio of 1.09. This compares to dividend coverage ratios of 1.16 in 2022 and 0.95 in 2021. These figures are targets only and do not constitute, nor should they be interpreted as, a profit forecast. The Board regularly reviews the Fund's dividend coverage and, subject to market conditions as well as the Fund's earnings, it will continue to consider whether further dividend increases are warranted in the future.

Chairman's Report

continued

Related Party Transactions

The Company's related parties are its directors and the Investment Manager. There were no related party transactions (as defined in the Listing Rules) during the year under review, nor up to the date of this report. Details of the remuneration paid to the directors and the Investment Manager during the period under review are shown in note 13.

Material Events

The Board is not aware of any significant event or transaction which occurred between 1 January 2023 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

Company and Fund Annual General Meetings

At each of the Company and Fund Annual General Meetings held on 1 June 2023, all resolutions, relating to both ordinary business and special business, were duly passed on a poll.

Board Composition and Succession Planning

In order to ensure the high standards of corporate governance, the Board regularly considers future succession. In recent years, we have experienced significant Board refreshment, with several retirements and new appointments.

During the period under review, as a result of the retirements of Messrs Bisson and Hughes, the Board was pleased to announce the appointment of Mr Andrew Zychowski as a non-executive director of the Company, as well as the Chair of the Company's Audit Committee. Mr Zychowski comes to MCT with significant experience in the investment companies sector, including over 30 years of providing corporate advisory services to investment company boards on M&A, corporate restructurings, IPOs and secondary financings.

The Board now comprises five non-executive directors, of whom four are independent and 40% are female, including the senior independent director.

Contact

Shareholders can write to the Company at its registered office or by email to the Secretary at middlefield.cosec@jtcgroup.com.

Principal Risks and Uncertainties

Geopolitical tensions remain high in Eastern Europe as the war in Ukraine drags on. Although the situation has become increasingly untenable for both sides, it is difficult to identify an exit ramp from the conflict in the near-term. The global community has been steadfast in its commitment to punitive sanctions against Russia and its willingness to arm the Ukrainian military with weapons. Until the war is resolved, the risks of dampened economic growth prospects, disruption to trade relations and the flow of capital remain elevated. Global commodities such as oil, fertilizer, grain and metals are particularly vulnerable to disruptions related to the war.

Decades-high inflation has come down in recent months but remains above central bank targets. While goods inflation is trending lower as global supply chains recover from pandemic-related disruptions and inventory levels normalise, services inflation, which is more influenced by the rate of unemployment and wages, is proving to be stickier and represents a bigger risk. From a profit perspective, faster wage growth is also likely to result in margin pressure, particularly for labour intensive businesses.

Global central banks have embarked upon the most aggressive rate hiking cycle in modern history to address inflation. Since March 2022, the Bank of Canada has raised the overnight rate from 0.25% to 5.0% due to high inflation and consistently strong employment. We recognise that higher interest rates can limit a business' access to capital, which could result in less economic activity and innovation. Higher rates also put additional strain on consumers that have utilised credit to fund their asset purchases and ongoing expenses. If monetary policy remains restrictive for an extended period and central banks continue to raise short-term borrowing rates, the risk of a global recession taking place will continue to rise.

Managing Risks

The Company's risk assessment and the way in which significant risks are managed is a key area for the Board. Work here is driven by the Board's assessment of the risks arising in the Company's operations and identification and oversight of the controls exercised by the Board and its delegates, the Investment Manager and other service providers. These are recorded in the Company's business risk matrix, which continues to serve as an effective tool to highlight and monitor the principal risks.

The directors consider the principal risks of the Company to be those risks, or a combination thereof, that may materially threaten the Company's ability to meet its investment objectives, its solvency, liquidity or viability. In assessing the principal risks, the directors considered the Company's exposure to and likelihood of factors that they believe would result in significant erosion of value such as the impact of climate risk on investee companies, a global recession, a war in Ukraine, higher interest rates, persistent inflation, tightening credit conditions, fluctuating commodity prices and sharp moves in foreign exchange rates.

At the time of this report, inflation, higher interest rates and tightening credit conditions are having an impact at both micro and macro levels. While the long-term severity and impact on the Company's principal risks on its viability cannot currently be predicted with any accuracy, it is expected that an extended period of restrictive monetary policy would have detrimental lagged effects.

Outlook

Our outlook for the Fund's core sectors is constructive for the second half of 2023. CPI has trended to approximately 3% in Canada and recession risks are receding. Moreover, the labour market and overall business fundamentals remain resilient. While interest rates are expected to be elevated for some time, it is expected that central banks in both Canada and the United States are nearing completion of their current tightening cycles. Accordingly, we have noted a growing list of individual stocks that are starting to break out of recent trends which supports our view that market breadth is improving. We expect a rotation into more reasonably priced value names will occur over the coming months, which bodes well for the Fund's attractively priced dividend-paying holdings. Moreover, a significant amount of capital that made its way into money market funds during 2022 and early 2023 is now starting to flow back into equities.

Canada remains an attractive country for U.K. investors. It is a secure net exporter of oil and natural gas and should benefit from Europe's ongoing focus on energy independence. The Federal government is targeting 465,000 new permanent residents in 2023, resulting in the highest population growth of any nation in the G7. Moreover, Canada is attracting many immigrants who can immediately contribute to economic activity. More specifically, the recent campaign to incentivise highly skilled H1B Visa holders in the U.S. to emigrate to Canada has been well very received with the Canadian government

receiving 10,000 applications within a few days of launching the program. In addition, immigration will continue to support stable consumer demand and benefit cyclical sectors such as financials, real estate and energy. Considering our positive outlook on the Canadian market, together with the Fund's ongoing marketing initiatives, as well as the near end to the interest rate hiking cycle, we believe the current discount to net assets will narrow over time.

The Board joins me in thanking you for your continued support.



Michael Phair
Chairman

14 September 2023



Middlefield Group is a private and independent asset manager focused on equity income investment strategies. Located in Toronto, Canada, the company oversees a suite of funds, many of which have been recognised for excellence in various investment categories. Middlefield specialises in managing diversified equity income strategies for UK and Canadian investors with a particular focus on delivering stable distributions and capital appreciation over the long term.

Investment Manager's Interim Report



Dean Orrico

Equity market returns were widely dispersed during the first half of 2023 (H1). The sharp recovery in tech stocks has been the biggest driver of relative performance, leading to the best first half of a year for the Nasdaq 100 in history (with data going back to 1985). The hype around artificial intelligence (AI) has fuelled this rally and resulted in narrow market leadership. Conversely, many core sectors of the market, including energy, utilities, financials and real estate, lagged in H1.

The underlying fundamentals for cyclical sectors that underperformed in H1 have improved in recent months. The most notable change to the economic landscape has been a significant drop in inflation. In Canada, the year-over-year rate of inflation was 2.8% in June, 2023, well below 6.3% at the end of 2022 and its peak of 8.1% a year prior. Falling inflation has contributed to lowered expectations of a recession and boosted consumer confidence. The University of Michigan's monthly Consumer Sentiment Index hit 72.6 in July, the highest reading since September, 2021 and the biggest one-month gain since 2006. The labour market has also proven to be extremely resilient, with the unemployment rate near all-time lows in both Canada and the U.S. Real hourly earnings are increasing for the first time in two years which further supports consumer demand. Although most economists had been forecasting a recession since 2022, the broad strength of the consumer and the tightness of the labour market may be enough to support a much better economic outcome.

Even though inflation has been trending lower, it remains above most central banks' long-term targets and monetary policy is in restrictive territory. While services inflation, which is influenced by the rate of unemployment and wages, represents a bigger risk to overall inflation statistics, we believe we are near the end of the interest rate hiking cycle. Although economic data steadily improved throughout the first half of the year, real yields have risen and this should temper further multiple expansion for growth stocks in particular.

We prefer attractively priced Canadian equities relative to the U.S. in the second half of 2023. As at June 30 2023, the TSX Composite traded at a blended forward price to earnings multiple of 13.2x – more than a six point-multiple discount to the S&P 500 multiple of 19.4x. In addition to attractive valuations, the total payout yield (dividends plus share buybacks) for the TSX is more attractive than the S&P 500, meaning investors are receiving more free cash flow from their investments in Canada. Companies in the TSX paid out a record \$170 billion in total shareholder returns over the past twelve months, representing a payout yield of 5.5 per cent. \$100 billion of this figure comes from dividend payments, supported by strong earnings and free cash flow growth.

Real estate remains our highest conviction sector exposure for the remainder of the year. As at 30 June 2023, the Fund had 24% of its portfolio allocated to Canadian REITs, representing an 18% overweight position relative to the Benchmark. This reflects our view that real estate trading prices do not accurately represent the healthy fundamentals across most of the sector. REITs continue to act as an effective hedge against inflation as companies can raise rents on expiring leases, particularly

Investment Manager's Interim Report continued

in undersupplied asset classes such as industrial, multi-family and retail. Moreover, REITs have historically outperformed the TSX twelve to twenty-four months after the first Bank of Canada rate hike, which occurred in March 2022. In British Pounds, Canadian REITs generated a total return of 0.1% in H1, trailing the TSX Composite return of 2.9 per cent. We are optimistic that sentiment is starting to shift and the sector is positioned for a catch-up trade during the second half of the year.

We maintain a positive outlook on Canadian energy. As at 30 June, 2023, the Fund had 16.3% of its portfolio allocated to Canadian energy producers, 1.1% above the Benchmark weighting. Energy producers should benefit from stronger commodity prices in H2, supported by supply/demand fundamentals and geopolitical tailwinds. The economic growth outlook has improved since the beginning of the year, a positive read through for global oil demand. Meanwhile, OPEC+ has stayed firm in its commitment to supporting higher oil prices through production cuts totalling 3.66 million bpd, or c.3.6% of global demand. Regarding natural gas, Canadian storage is at a five-year low with wildfires impacting supply and higher than average U.S. power consumption driving demand. Seasonality has a significant impact on commodity prices and historical data supports positive natural gas price momentum for the latter half of the year with average increases of 18% over the past decade. Canadian Natural Resources is our preferred oil-weighted producer and

Tourmaline is our favourite company for natural gas exposure.

We hold an equally positive view on Canadian energy infrastructure companies (i.e., pipelines) and are overweight the Benchmark by 1.7 per cent. North American LNG is expected to play a key role in replacing Russian supply that Europe had previously relied on. LNG Canada, the nation's largest private infrastructure project in history, is expected to come online in 2025 and add approximately 4 Bcf/d of gas supply to the global market, providing our Canadian producers with greater exposure to higher international natural gas prices. Equally as impressive is the buildout of LNG in the United States. The current US export capacity of 13 Bcf/d is expected to more than double to 30 Bcf/d by the end of the decade. Pipeline companies will play a critical role in gathering, processing and transporting natural gas volumes throughout North America to LNG export terminals. Enbridge, TC Energy and Pembina Pipeline are three core holdings that have exposure to both Canadian and US energy basins and are well-positioned for the upcoming capital expenditure cycle.

The Fund remains committed to owning Canadian financials but has reduced its exposure to the sector to 21.4% - 9.4% below the Benchmark weight. Canada's banking system, which functions as a high-barrier oligopoly, supports one of the safest regions to invest in the world. Compared to the US, Canada's banks have stricter regulatory standards and reserve requirements, less commercial real estate exposure and better expense management.

Notwithstanding these attractive characteristics, an expected slowdown in economic growth and a regulatory requirement to maintain higher capital ratios has created a more challenging environment for Canadian banks. At a forward price to earnings ratio of approximately 9x, we believe Canada's banks are properly reflecting near-term headwinds and we may increase our exposure to the sector during the second half of the year.

The Fund had 16.5% exposure to the utilities sector at the end of H1, in-line with the Benchmark. Canada has a clean, stable and profitable utilities sector, underpinned by an abundance of natural resources. Hydroelectricity represents approximately 60% of the country's overall power mix, with fossil fuels accounting for just 18 per cent. The sector's clean emissions profile positions it to benefit from the ongoing global energy transition and should attract environmentally conscious investors over the long-term. We are bullish on the sector's long-term growth prospects but are mindful of higher interest costs to finance new projects, keeping us neutral on the sector.

Top Holdings

Top Holdings as at 30 June, 2023

Company	Sector	% of Equities
<p>TD Bank The Toronto-Dominion Bank is one of the top 10 banks in North America, serving more than 25 million customers worldwide. In Canada, it operates more than 1,060 branches and over 3,300 ATMs. Its Canadian Retail division, which generates 60% of revenue, provides a full range of financial services including commercial banking, wealth management and insurance.</p>	Financials	4.8%
<p>BCE Inc. BCE Inc. is Canada's largest provider of telecommunications services. It provides a full suite of wireless and wireline services in addition to owning Bell Media, Canada's leading content creation company. Canada's telecom industry functions as an oligopoly, resulting in high barriers to entry, stable earnings, and consistent dividend growth.</p>	Communication Services	4.6%
<p>Bank of Nova Scotia Scotiabank provides retail, corporate and investment banking services in Canada, Central and Latin America, and Asia. Its international footprint, which is unique among Canada's Big 6 banks, is benefitting from an improving global economic growth outlook. Exposure to higher-return Pacific Alliance nations such as Mexico, Chile, Peru, and Colombia are its biggest growth differentiators.</p>	Financials	4.5%
<p>Canadian Natural Resources Canadian Natural Resources (CNQ) is an independent energy producer with operations focused in Western Canada, the UK and offshore Africa. We view CNQ as a premier global E&P with a differentiated asset base, low corporate declines & breakeven costs, and leading ESG performance. Through the Pathways Alliance, CNQ is a global leader in carbon capture and is developing other critical technologies for reducing emissions.</p>	Energy	4.5%
<p>AltaGas AltaGas is a North American energy infrastructure company that operates a regulated gas distribution business in the United States and a fast-growing midstream business in Western Canada. The company is actively investing in technologies for efficient leak detection and management, and better operational efficiency. It has consistently generated cash flow growth which has supported recent dividend increases.</p>	Utilities	4.2%
<p>Capital Power Corporation Capital Power is a Canadian power generation and energy transition company. It owns approximately 7,500 megawatts of power generation capacity at 29 facilities across Canada and the US. It is currently implementing a \$1.3 billion growth plan through 2024 which includes investments in natural gas and renewable assets. It is also investing in carbon capture technologies which is in line with its target of eliminating 7 million tons of carbon annually from its portfolio.</p>	Utilities	4.2%

Top Holdings continued

Company	Sector	% of Equities
<p>Enbridge Enbridge is one of the largest energy infrastructure companies in North America with an extensive delivery network of crude oil, natural gas, natural gas liquids and renewable energy. ENB also provides gas utility services in Ontario, Quebec, and New Brunswick. It is actively investing in low carbon technologies such as solar, wind and hydro power generation facilities. ENB's goal is to achieve net-zero emissions by 2050 and reduce its greenhouse gas emissions by 30% by 2025.</p>	Pipelines	4.1%
<p>Bank of Montreal BMO, which was founded in 1817, has grown to be Canada's fourth largest bank. For over two centuries, BMO has maintained a consistent record of dividend payments. It has a well-established commercial banking business that it plans to grow through new product offerings and superior customer experience. BMO conducts its business in the US through its subsidiary, BMO Harris Bank, which has over 500 branches.</p>	Financials	3.6%
<p>Pembina Pipeline Pembina is an established and reputable transportation and midstream provider with over 65 years of operational history. Its assets are diversified across the hydrocarbon value chain, including pipelines, gathering & processing, and NGL midstream operations in Canada and the US. The company is actively investing in low-carbon and sustainability solutions such as carbon capture and storage to offset greenhouse gas emissions.</p>	Pipelines	3.5%
<p>Royal Bank of Canada RBC is Canada's largest bank by market capitalisation, with over a trillion dollars in assets. It serves Middlefield, as well as more than 17 million customers in Canada, the US and approximately 30 other countries. RBC benefits from scale advantages in the Canadian market where it is committed to gaining market share in both retail and wholesale businesses through investments in technology and brand recognition.</p>	Financials	3.4%

Outlook

We believe cyclical value sectors are poised to outperform in H2 and that Canadian equities are uniquely positioned to benefit from this setup. The recent strength in commodity prices supports our view that the Canadian dollar should appreciate relative to the British Pound in H2 after depreciating 3.3% in H1. Our highest conviction sectors are real estate and energy, as reflected by the Fund's current asset allocation. Both sectors have historically acted as effective hedges

against inflation which is expected to remain elevated over the medium-term. Growth stocks that demonstrated market leadership during H1 are starting to screen as expensive, especially with monetary policy expected to remain restrictive for longer. The relative value that Canadian cyclicals currently offer further strengthens our conviction. Canadian companies have returned record amounts of capital to shareholders recently in the form of dividends and share buybacks. This is a trend we expect to continue in H2 as earnings

outlooks improve due to better-than-feared economic conditions. The Fund is focused on high-quality companies with visibility into free cash flow and dividend growth. MCT's entire portfolio is invested in high dividend paying stocks, many of which have a long track record of consistently increasing dividends. Over the past five years, the Fund's portfolio has increased dividends received by 8.9% per annum, exceeding the 7.9% per annum growth rate for the Benchmark.

Middlefield Limited



ESG

Environment, Social and Governance (“ESG”) Policy and Stewardship Principles:

ESG Policy

As Investment Manager, Middlefield Limited (“Middlefield”) has a duty to maximise investment returns for the shareholders of the Fund, without undue risk of loss. Middlefield does this within the investment limits of the Fund’s investment mandate. Although the Fund is not an ESG-focused or sustainable fund, Middlefield is increasingly incorporating ESG considerations into its investment process to aid decision making, identify potential risks and opportunities and to enhance long-term, risk-adjusted returns. In September 2021, Middlefield appointed Stephen Erlichman, one of the foremost experts on governance and ESG in Canada, as Chair, ESG to augment its ESG capabilities and processes.

It is Middlefield’s responsibility to employ a disciplined investment process that seeks to identify attractive investment opportunities and evaluate material risks that could impact portfolio returns. Middlefield believes that ESG factors have become an important component of a thorough investment analysis and that the integration of ESG factors will result in a more comprehensive understanding of a company’s strategy, culture, and sustainability. Consistent with these objectives, Middlefield integrates ESG considerations into its investment process and these considerations are significant factors in selecting portfolio companies for its ESG-focused mandates.

Middlefield has adopted Stewardship Principles in order to effectively steward the assets it manages for its clients. The Stewardship Principles and its stewardship activities are set out below and are complementary to its ESG integration process.

ESG considerations are integral to Middlefield’s investment decision-making, as well as its ongoing portfolio monitoring process. Its current ESG integration process includes the following:

1. Middlefield incorporates ESG scores and other ESG data in its multi-disciplined investment process to evaluate investments. Its methodology includes a qualitative review and assignment of ESG scores to individual holdings. Each company is analysed on an absolute basis and measured relative to its peers. The ESG scores and other ESG data are not the sole factors that govern its investment decisions, however, but rather constitute part of the information it reviews and considers alongside its fundamental, quantitative and qualitative research.
 - monitoring shareholder meetings and voting proxies.
 2. The ESG scoring framework considers the average ESG scores from several reputable third-party data providers. In addition, it cross-references potential investments with the constituents of relevant ESG indexes to assess their eligibility in ESG-focused mandates. The data providers it has chosen to incorporate into its ESG analysis currently are Sustainalytics, S&P, Bloomberg and Refinitiv.
 3. ESG considerations also are integrated into our investment process by, among other things:
 - reviewing companies’ public disclosure, including annual reports, proxy circulars, and, if available, sustainability or ESG reports;
 - conducting research and analysis on companies’ ESG policies and practices;
 - obtaining third party research on companies;
 - engaging with companies, including from time to time having discussions with management teams (both before purchasing shares for the portfolios and while our portfolios own such shares) on topics such as what initiatives and strategies have been put in place by the companies to deal with ESG considerations material to such companies; and
- Many countries have established or are in the process of establishing standardised ESG disclosure requirements for corporate issuers. When enacted, these are expected to enhance the efficiency of the ongoing review and monitoring of a company’s ESG.
- Middlefield’s approach to ESG integration may evolve over time as more ESG and sustainability research and data become available.

Middlefield’s Stewardship Principles

Middlefield, as a Canadian asset manager, understands it has the responsibility to be an effective steward of the assets it manages for its clients in order to enhance the value of those assets for the benefit of its clients. The CCGG has published a set of seven stewardship principles, which have become recognised as Canada’s stewardship code for institutional asset owners and asset managers. Middlefield believes that CCGG’s stewardship principles should be tailored for asset managers depending on various factors, such as the size of the asset manager and the type of assets managed. Set out below are CCGG’s seven stewardship principles and a description of how Middlefield, as an independent Canadian asset manager whose predominant assets are public and private investment funds that invest in Canadian and international equities, carries out or intends to carry out such principles.

Principle 1.

Develop an approach to stewardship: Institutional investors should develop, implement, and disclose their approach to stewardship and how they meet their stewardship responsibilities.

Middlefield integrates stewardship into its investment process. Such integration includes:

- a procedure for voting proxies (see Principle 3 below);
- monitoring companies (see Principle 2 below);

- engaging with companies (see Principle 4 below);
- outsourcing stewardship activities (by, *inter alia*, utilising a proxy advisory firm to assist in monitoring companies and voting proxies);
- reporting to its clients (as required by law); and
- managing potential conflicts of interest (via Middlefield's Independent Review Committee mandated by National Instrument 81-107, as well as Middlefield's Code of Conduct).

Principle 2.

Monitor companies: Institutional Investors should monitor the companies in which they invest.

Middlefield monitors the companies in which it invests, including as follows:

- it reviews companies' public disclosures, including annual reports and proxy circulars;
- it conducts research and analysis on companies;
- it obtains third party research on companies;
- it engages with companies (see Principle 4 below); and
- it monitors formal shareholder meetings and, if there is a particularly important matter and it believes it is practical and appropriate to do so, it attends formal shareholder meetings.

Principle 3.

Report on voting activities: Institutional investors should adopt and publicly disclose their proxy voting guidelines and how they exercise voting rights.

Middlefield exercises voting rights attached to the securities held by the funds it manages as follows:

- Middlefield uses the following proxy voting guidelines:
 - A. proxies will be voted in a manner that seeks to enhance the long-term sustainable value of the funds it manages; and
 - B. proxies will be voted in a manner consistent with leading Canadian and international

corporate governance practices.

- on routine matters, Middlefield generally supports management and the board unless there are unusual circumstances; and
- Middlefield uses the services of a proxy advisory firm to assist in voting proxies. Middlefield assesses the voting recommendations of the proxy advisory firm but Middlefield also monitors leading Canadian and international corporate governance practices. Middlefield does not automatically follow the recommendations of the proxy advisory firm, but in most cases, it votes as recommended. Middlefield retains ultimate responsibility for all proxy voting decisions.

In addition, the public funds managed by Middlefield follow the proxy voting requirements of Part 10 of National Instrument 81-106 in regard to establishing policies and procedures for proxy voting and in regard to preparing and disclosing their proxy voting records.

Principle 4.

Engage with companies: Institutional investors should engage with portfolio companies.

Middlefield engages with portfolio companies as follows:

- Middlefield engages with management of portfolio companies regularly, both before shares are purchased for the funds it manages and also while its funds own shares of the portfolio companies; and
- When Middlefield believes it is warranted, it may escalate engagement activities by engaging with directors, by voting against or withholding votes from directors or by voting against companies' "say on pay" resolutions.

Principle 5.

Collaborate with other institutional investors: Institutional investors should collaborate with other institutional investors where appropriate.

Middlefield collaborates with other institutional investors through investor associations to which Middlefield belongs such as the Responsible Investment Association (RIA).

Principle 6.

Work with policy makers: Institutional investors should engage with regulators and other policy makers where appropriate.

Middlefield's professional advisors, such as the law firms and accounting firms it retains, assist to keep it up to date on developments that are material to it as an asset manager. It utilises its professional advisors, and it also relies on the organisations to which it belongs, to engage on its behalf with regulators and policy makers where appropriate.

Principle 7.

Focus on long-term sustainable value: Institutional investors should focus on promoting the creation of long-term sustainable value.

Middlefield focuses on a portfolio company's long-term success and sustainable value creation, including as follows:

- Middlefield focuses on a company's management and strategy, as well as its risks (both company specific and systemic); and
- Middlefield considers environmental, social and governance factors that are relevant to a company and integrates such factors into its investment activities.

ESG continued



ESG Case Studies

TC Energy (Top 22% ESG ranking and 3.2% of the portfolio as at 30 June 2023)

Summary:

TC Energy (formerly TransCanada) is a North American energy infrastructure company, delivering the energy that millions of people rely on each day to power their lives in a sustainable way. It owns over 55,000 miles of natural gas pipelines and has 535 billion cubic feet of natural gas storage assets. It also owns, operates or controls seven power plants with 4,260 MW of power generation capacity.

Highlights:

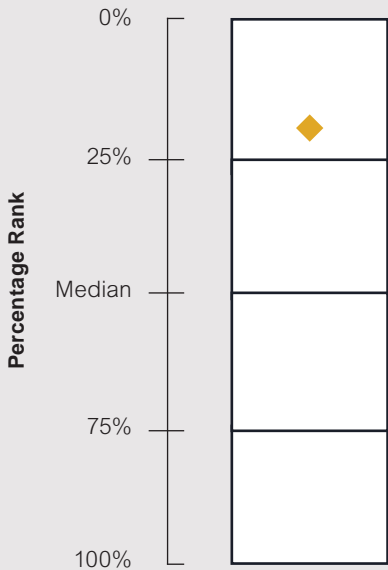
- \$75 million committed to venture funds developing clean energy
- Positive, long-term relationships with close to 100,000 landowners
- In 2022, TC linked ESG performance to compensation, joined UN Global Compact and formed the Indigenous Advisory Council

Top ESG Issues:

- Safely delivering energy the world needs in an economically, environmentally and socially responsible manner
- Advancing indigenous reconciliation by building stronger and mutually beneficial relationships with Indigenous Peoples. TC published its inaugural Reconciliation Action Plan in 2021 to respect the spirit and intent of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)

ESG Ranking Relative to the Fund's Benchmark:

TC Energy Top 22%



Sources: S&P, Sustainalytics, Bloomberg.



Choice Properties (Top 26% ESG ranking and 3.1% of the portfolio as at 30 June 2023)

Summary:

Choice is the largest REIT in Canada with over 700 properties across three strategic asset classes. Choice has a strategic relationship with Canada’s largest grocer, Loblaws, to provide food, medication, and other necessity-based products to Canadians. Choice’s 18 million square foot development pipeline includes over 70 sites with future development potential for mixed use living spaces.

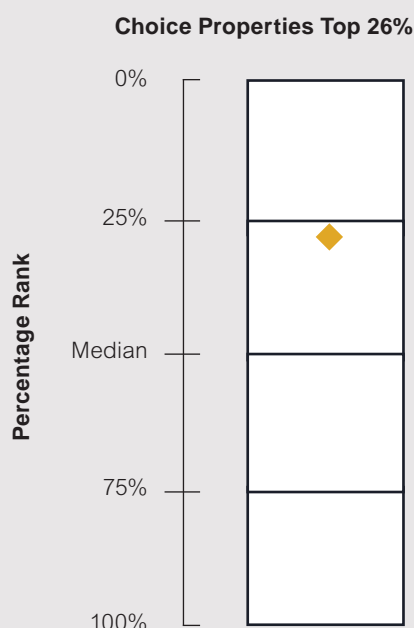
Highlights:

- One of first REITs in Canada to have net zero targets validated by Science Based Targets initiative (SBTi)
- Donated over \$1.65 million to Canadian charities and 5,000+ hours of colleague time donated
- Released its Supplier Code of Conduct which sets out minimum ethical and business standards that its suppliers must meet in order to enter contracts with the company

Top ESG Issues:

- Reduce greenhouse gas emissions through energy efficiency, the use of renewable power and low-carbon building designs
- Safeguarding the personal information of tenants and employees by continuing to advance its cybersecurity program and through physical, procedural and technical controls

ESG Ranking Relative to the Fund’s Benchmark:



Sources: S&P, Sustainalytics, Bloomberg.



Corporate Information

Registered Office

28 Esplanade
St Helier
Jersey JE2 3QA

Directors

Michael Phair (Chairman)
Kate Anderson
Philip Bisson (resigned 1 June 2023)
Janine Fraser
Richard Hughes (resigned 1 June 2023)
Dean Orrico
Andrew Zychowski (appointed 30 June 2023)

Service Providers

Administrator and Secretary

JTC Fund Solutions (Jersey) Limited
28 Esplanade
St. Helier
Jersey, JE2 3QA

Investment Advisor

Middlefield International Limited
288 Bishopsgate
London, EC2M 4QP

Investment Manager

Middlefield Limited
Suite 3100
8 Spadina Ave
Toronto, Ontario
Canada, M5V 0S8

Legal Advisers

In Jersey
Carey Olsen Jersey LLP
47 Esplanade
St. Helier
Jersey, JE1 0BD

In Canada

Fasken Martineau DuMoulin LLP
Bay Adelaide Centre
Box 20, Suite 2400
333 Bay Street
Toronto, Ontario
Canada, M5H 2T6

Broker and Corporate Advisor

Investec Bank plc
30 Gresham Street
London
EC2V 7QP

Custodian

RBC Investor Services Trust
155 Wellington Street West
2nd Floor
Toronto, Ontario
Canada, M5V 3L3

Registrar

Link Market Services (Jersey) Limited
12 Castle Street
St. Helier
Jersey, JE2 3RT

CREST Agent, UK Paying Agent and Transfer Agent

Link Market Services Limited
Central Square
29 Wellington Street
Leeds, LS1 4DL

Independent Auditor

RSM Channel Islands (Audit) Limited
40 Esplanade
St Helier
Jersey, JE4 9RJ

Financial Calendar

Annual Results

Announced April 2023

Dividend Payment Dates

Last Business Day of January, April, July and October

Annual General Meetings

1 June 2023

Half Yearly Results

Announced September 2023

Information Sources

For more information about the Company and Fund, visit the website

<https://middlefield.com/funds/uk-funds/middlefield-canadian-income-trust/>

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Interim Condensed Financial Statements of the Fund (Unaudited)

Condensed Statement of Financial Position of the Fund (Unaudited)

As at 30 June 2023 with unaudited comparatives as at 30 June 2022
and audited comparatives as at 31 December 2022

	Notes	30.06.2023	30.06.2022 GBP	31.12.2022 GBP
Current assets				
Securities (at fair value through profit or loss)	3 & 18	155,698,731	176,334,263	162,972,393
Accrued dividend income		651,901	605,786	603,125
Prepayments		8,385	10,734	26,622
Cash and cash equivalents	4	1,961,577	3,318,554	1,523,392
		158,320,594	180,269,337	165,125,532
Current liabilities				
Other payables and accruals	5	(385,738)	(505,129)	(459,482)
Interest payable		(126,321)	(111,628)	(152,371)
Loan payable	14	(28,286,013)	(31,667,987)	(27,877,663)
		(28,798,072)	(32,284,744)	(28,489,516)
Net assets		129,522,522	147,984,593	136,636,016
Equity attributable to equity holders				
Stated capital	6	49,704,414	49,704,414	49,704,414
Retained earnings		79,818,108	98,280,179	86,931,602
Total Shareholders' equity		129,522,522	147,984,593	136,636,016
Net asset value per redeemable participating preference share (pence)	7	121.63	138.97	128.31

The financial statements and notes on pages 26 to 41 were approved by the directors on 14 September 2023 and signed on behalf of the Board by:



Michael Phair
Director



Andrew Zychowski
Director

The accompanying notes on pages 30 to 41 form an integral part of these financial statements.

Condensed Statement of Comprehensive Income of the Fund (Unaudited)

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

	Notes	Six months ended 30 June 2023			Six months ended 30 June 2022	Year ended 31 December 2022
		Revenue GBP	Capital GBP	Total GBP	Total GBP	Total GBP
Revenue						
Dividend income and Interest income	8	4,630,578	–	4,630,578	4,453,419	9,432,850
Net movement in the fair value of securities (at fair value through profit or loss)	9	–	(7,286,215)	(7,286,215)	5,439,241	(6,931,619)
Net movement on foreign exchange		–	669,496	669,496	(2,956,333)	(1,797,920)
Total (loss)/revenue		4,630,578	(6,616,719)	(1,986,141)	6,936,327	703,311
Expenditure						
Investment management fees		189,014	283,521	472,535	539,732	1,063,089
Custodian fees		7,297	–	7,297	11,296	19,778
Corporate Broker's fees		33,753	–	33,753	38,552	75,936
Other expenses		378,453	–	378,453	382,784	816,022
Operating expenses		608,517	283,521	892,038	972,364	1,974,825
Net operating (loss)/profit before finance costs		4,022,061	(6,900,240)	(2,878,179)	5,963,963	(1,271,514)
Finance costs		(313,126)	(469,689)	(782,815)	(300,241)	(964,531)
(Loss)/profit before tax		3,708,935	(7,369,929)	(3,660,994)	5,663,722	(2,236,045)
Withholding tax expense		(683,831)	–	(683,831)	(652,140)	(1,385,525)
Net (loss)/profit after taxation		3,025,104	(7,369,929)	(4,344,825)	5,011,582	(3,621,570)
(Loss)/profit per redeemable participating preference share – basic and diluted (pence)	10	2.84	(6.92)	(4.08)	4.71	(3.40)

The total column of this statement represents the Fund's Statement of Comprehensive Income, prepared in accordance with UK-adopted IFRS and IFRS as adopted by the European Union. There are no items of other comprehensive income, therefore profit/(loss) after taxation is the total comprehensive income. The supplementary revenue and capital columns are both prepared in accordance with the Statement of Recommended Practice issued by the AIC as disclosed in note 2a. All items in the above statement derive from continuing operations. No operations were acquired or discontinued in the year.

There are £nil (2022: £nil) earnings attributable to the management shares.

The accompanying notes on pages 30 to 41 form an integral part of these financial statements.

Condensed Statement of Changes in Redeemable Participating Preference Shareholders' Equity of the Fund (Unaudited)

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

	Notes	Stated Capital Account GBP	Retained Income GBP	Total GBP
At 1 January 2022		49,704,414	95,984,022	145,688,436
Profit for the period		–	5,011,582	5,011,582
Dividends	11	–	(2,715,425)	(2,715,425)
At 30 June 2022		49,704,414	98,280,179	147,984,593
Loss for the period		–	(8,633,152)	(8,633,152)
Dividends	11	–	(2,715,425)	(2,715,425)
At 31 December 2022		49,704,414	86,931,602	136,636,016
Loss for the period		–	(4,344,824)	(4,344,824)
Dividends	11	–	(2,768,669)	(2,768,669)
At 30 June 2023		49,704,414	79,818,109	129,522,523

The accompanying notes on pages 30 to 41 form an integral part of these financial statements.

Condensed Statement of Cash Flows of the Fund (Unaudited)

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

	Notes	Six months ended 30 June		Year ended
		2023 GBP	2022 GBP	31 December 2022 GBP
Cash flows generated (used in)/from operating activities				
Net (loss)/profit after taxation		(4,344,824)	5,011,582	(3,621,570)
Adjustments for:				
Net movement in the fair value of securities (at fair value through profit or loss)	9	7,286,215	(5,439,241)	6,931,619
Realised (losses)/gains on foreign exchange		(1,185,979)	2,189,593	1,945,060
Unrealised gains/(losses) on foreign exchange		516,483	766,740	(147,140)
Payment for purchases of securities		(28,736,999)	(24,659,077)	(53,195,612)
Proceeds from sale of securities		28,724,444	34,345,914	63,873,458
Operating cash flows before movements in working capital		2,259,340	12,215,511	15,785,815
(Increase)/decrease in receivables		(30,539)	13,363	136
(Decrease)/Increase in payables and accruals		(99,793)	162,224	157,320
Net cash flows generated from operating activities		2,129,009	12,391,098	15,943,271
Cash flows generated used in financing activities				
Repayments of borrowings		(117,631,656)	(102,287,072)	(251,471,496)
New bank loans raised		118,810,394	95,981,267	239,229,825
Dividends paid	11	(2,768,669)	(2,715,425)	(5,430,850)
Net cash used in financing activities		(1,589,931)	(9,021,230)	(17,672,521)
Net increase/(decrease) in cash and cash equivalents		539,077	3,369,868	(1,729,250)
Cash and cash equivalents at the beginning of the year		1,523,392	2,905,019	2,905,019
Effect of foreign exchange rate changes		(100,892)	(2,956,333)	347,623
Cash and cash equivalents at the end of the year		1,961,577	3,318,554	1,523,392
Cash and cash equivalents made up of:				
Cash at bank	4	1,961,577	3,318,554	1,523,392

The accompanying notes on pages 30 to 41 form an integral part of these financial statements.

Notes to the Condensed Financial Statements of the Fund (Unaudited)

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006 and is regulated for Financial Services Business by the JFSC. The Company has one closed-ended cell, Middlefield Canadian Income GBP PC, also referred to as the "Fund". The Fund seeks to provide shareholders with a high level of dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and the U.S. that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. In 2015, shareholders also approved an amendment to the Investment Policy to increase the percentage of the value of portfolio assets which may be invested in securities listed in recognized stock exchange outside Canada to up to 40 per cent.

The address of the Company's registered office is 28 Esplanade, St. Helier, Jersey JE2 3QA, Channel Islands.

The Fund's shares have been admitted to the Official List of the FCA and to trading on the London Stock Exchange's ("LSE") Main Market for listed securities. The Company and Fund have no employees.

The functional and presentational currency of the Company and the Fund is Pounds Sterling GBP.

The half-yearly report and interim condensed financial statements have not been audited or reviewed by the auditor, RSM Channel Islands (Audit) Limited, pursuant to the Auditing Practices Board guidance on 'Review of Interim Financial Information'.

The information presented for the year ended 31 December 2022 does not constitute the statutory financial statements of the Company. Copies of the statutory financial statements for that year have been delivered to the Registrar of Companies in Jersey and to the UK Financial Conduct Authority's National Storage Mechanism. Copies are also available from the Company's website www.middlefield.co.uk. The Auditor's report on those financial statements was unqualified.

2. Principal Accounting Policies

a. Basis of preparation

The interim condensed financial information for the period ended 30 June 2023 has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the United Kingdom. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with UK-adopted IFRS as required by the UK Listing and Disclosure Guidance and Transparency Rules.

The interim condensed financial statements have been prepared on the historical cost basis, except for the revaluation of fair value through profit or loss investments, and in accordance with IFRS. The condensed statement of comprehensive income is presented in accordance with the Statement of Recommended Practice (SORP) 'Financial Statements of Investment Trust Companies and Venture Capital Trusts' issued in January 2009 by the Association of Investment Companies ("AIC"), to the extent that it does not conflict with IFRS.

The condensed statement of financial position, condensed statement of comprehensive income, condensed statement of changes in redeemable participating preference shareholders' equity and condensed cash flow statement refer solely to the Fund. The non-cellular assets comprise two Management Shares. However, there has been no trading activity with regards to the non-cellular assets.

Adoption of new standards and interpretations

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial period beginning 1 January 2023 that have had a material impact on the Company.

New standards and interpretations not yet effective and have not been adopted early by the Company

- IAS 1, 'Presentation of financial statements on classification of liabilities' (effective periods commencing on or after 1 January 2023 for IFRS as adopted by the European Union and 1 January 2024 for UK-adopted IFRS).
- IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective periods commencing on or after 1 January 2023).

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Company.

b. Going concern

In the opinion of the Directors, there is a reasonable expectation that the Company and the Fund have adequate resources to continue in operational existence for the foreseeable future. For this reason, the interim financial statements have been prepared on the going concern basis.

The Directors have arrived at this opinion by considering, *inter alia*, the following factors:

- Ongoing shareholder interest in the continuation of the Fund;

2. Principal Accounting Policies *continued*

b. Going concern *continued*

- the Fund has sufficient liquidity in the form of cash assets to meet all on-going expenses;
- Should the need arise, the directors have options, including reducing dividend payments in order to positively affect the Fund's cash flows;
- the Fund's investments in Canadian and U.S. securities are readily realisable to meet liquidity requirements, if necessary; and
- assuming the Fund represented at least 30% of the average daily trading volume, an excess of 98% of the portfolio's holdings can be liquidated in under 5 working days.

c. Basis of preparation

The Directors are of the opinion that the Fund is engaged in a single segment of business investing predominantly in securities and REITs domiciled in Canada and the U.S. to which the Fund is solely exposed and therefore no segment reporting is provided.

3. Securities (at fair value through profit and loss)

	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Quoted/listed Equities	155,698,731	176,334,263	162,972,393

Please refer to Note 20 for the Schedule of Investments.

4. Cash and cash equivalents

	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Cash at bank	1,961,577	3,318,554	1,523,392

Cash and cash equivalents comprise cash held by the Fund and bank balances with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

5. Other payables and accruals

	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Investment management fees (Note 13)	231,418	278,474	251,614
Corporate Broker's fees	16,530	19,891	17,973
Audit fees	15,868	12,397	32,000
Administration fees	33,060	39,782	35,946
General expenses	14,313	2,519	18,698
Directors' fees	–	27,000	34,473
Registrar's fees	9,299	18,103	9,398
Tax service fees	9,155	8,401	6,120
Custodian fees	6,788	3,978	3,595
Marketing fees	4,000	–	–
Investor relations fee (Note 13)	43,537	51,606	49,665
National Insurance	1,770	42,978	–
	385,738	505,129	459,482

Notes to the Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

6. Stated capital

The authorised share capital of the Fund is split into two management shares of no par value and an unlimited number of redeemable participating preference shares of no par value, the latter of which are attributable solely to the Fund.

	No. of shares	GBP
Management shares issued		
2 management shares of no par value issued at 100.00 pence each	2	2
At 30 June 2023, 30 June 2022 and 31 December 2022	2	2
Redeemable participating preference shares issued (excluding shares held in treasury)		
At 31 December 2022	106,487,250	49,704,412
Movement for the year	–	–
At 30 June 2023	106,487,250	49,704,412
Total stated capital as at 30 June 2023		49,704,414

The holders of redeemable participating preference shares are entitled to receive in proportion to their holdings, all of the revenue profits of the Fund (including accumulated revenue reserves).

Each redeemable participating preference shareholder is entitled to one vote for each share held, provided all amounts payable in respect of that share have been paid.

Management shares are non-redeemable, have no right in respect of the accrued entitlement, and have no right to participate in the assets of the Fund on a winding-up. In all other respects, the management shares have the same rights and restrictions as redeemable participating preference shares. Each management share entitles the holder to one vote for each share held.

Redeemable participating preference shares are redeemed at the absolute discretion of the directors. Since redemption is at the discretion of the directors, in accordance with the provisions of IAS 32, the redeemable participating preference shares are classified as equity. The Fund will not give effect to redemption requests in respect of more than 25 per cent. of the shares then in issue, or such lesser percentage as the directors may decide.

At the period end, there were 18,195,000 (30 June 2022: 18,195,000, 31 December 2022: 18,195,000) treasury shares in issue. Treasury shares have no value and no voting rights.

FCA regulation of 'non-mainstream pooled investments'

On 1 January 2014, the FCA introduced rules relating to the restrictions on the retail distribution of unregulated collective investment schemes and close substitutes (non-mainstream pooled investments). UK investment trusts are excluded from these restrictions, as are other "excluded securities" as defined by the FCA.

As reported in last year's annual report, the Board believes that the Company's shares are "excluded securities" under the FCA's definitions of such and, as a result, the FCA's restrictions on retail distribution do not apply. This status is reviewed annually and the Board intends to conduct the Company's affairs to retain such status for the foreseeable future.

Retained Earnings

This reserve records all net gains and losses and transactions with owners not recorded elsewhere. This reserve is available for distribution to the shareholders. Dividends paid to shareholders are recognised directly in this reserve.

7. Net asset value per redeemable participating preference share

The net asset value per share of 121.63p (30 June 2022: 138.97p, 31 December 2022: 128.31p) is based on the net assets at the period end of £129,522,522 (30 June 2022: £147,984,593, 31 December 2022: £136,636,016) and on 106,487,250 redeemable participating preference shares, being the number of redeemable participating preference shares in issue (excluding shares held in treasury) at the period end (30 June 2022: 106,487,250 shares, 31 December 2022: 106,487,250 shares).

8. Dividend and interest income

	Period ended 30.06.2023			30.6.2022 GBP	31.12.2022 GBP
	Revenue GBP	Capital GBP	Total GBP		
Interest income	35,673	–	35,673	3,406	44,049
Dividend income	4,594,905	–	4,594,905	4,450,013	9,388,801
	4,630,578	–	4,630,578	4,453,419	9,432,850

9. Net movement in the fair value of securities

	Period ended 30.06.2023			30.6.2022 GBP	31.12.2022 GBP
	Revenue GBP	Capital GBP	Total GBP		
Net movement in the fair value of securities (at fair value through profit or loss)	–	(7,286,215)	(7,286,215)	5,439,241	(6,931,619)

10. Profit/(loss) per redeemable participating preference share – basic and diluted

Basic profit/(loss) per redeemable participating preference share is calculated by dividing the net loss attributable to redeemable participating preference shares of £4,344,824 (30 June 2022: £5,011,582 gain, 31 December 2022: £3,621,570 loss) by the weighted average number of redeemable participating preference shares outstanding during the period of 106,487,250 shares (30 June 2022: 106,487,250, 31 December 2022: 106,487,250 shares). The allocation between revenue and capital can be found on the Statement of Comprehensive Income of the Fund on page 27.

11. Dividends

Dividends of 1.3 pence per share were paid on a quarterly basis during the year in the months of January and April £2,768,669 (30 June 2022: £2,715,425, 31 December 2022: £5,430,850) for the year. On 31 July 2023 a dividend of £1,384,334 was paid at 1.3 pence per share. In accordance with the requirements of IFRS, as this was approved on 6 July 2023, being after the reporting date, no accrual was reflected in the 2023 Interim Financial Statements for this amount of £1,384,334 (7 July 2022: £1,357,712).

12. Taxation

The Fund is subject to UK corporation tax at a rate of 19% (2022: 19%). The Company adopted UK tax residency on 11 October 2011. Since that date the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. As an investment trust, all capital gains are exempt from UK corporation tax. On 7 December 2012, the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

13. Related party transactions

The directors are regarded as related parties and key management personnel. Total directors' fees earned during the period amounted to £80,935, £nil remained outstanding at the period end (31 December 2022: £115,473 of which £34,473 was due at year end, 30 June 2022: £66,491 of which £27,000 remained outstanding at the period end).

The Investment Advisor and Investment Manager are regarded as a related party due to common ownership. Total management fees paid during the period amounted to £472,536 (30 June 2022: £539,732, 12 months to 31 December 2022: £1,063,089).

The Investment Advisor and Investment Manager are also paid an additional fee for investor relations services. The fee for the period amounted to £89,557 (30 June 2022: £51,606, 12 months to 31 December 2022: £198,317).

The fees for the above are all arm's length transactions.

Notes to the Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

14. Loan payable

The Fund has a Credit Facility Agreement with RBC whereby RBC provides the Credit Facility, with a maximum principal amount of the lesser of CAD 75,000,000 and 25 per cent. of the total asset value of the Fund.

At 30 June 2023, the amount drawn down under the Credit Facility was CAD 48,000,000 (GBP equivalent at amortised cost of £28,286,013) (Period ended 30 June 2022: CAD 50,000,000 (GBP equivalent at amortised cost of £31,667,987) (31 December 2022: CAD 46,000,000 (GBP equivalent at amortised cost of £27,877,663)). The loan value of CAD 48,000,000 was made up of six loans as follows:

Issue date	Maturity date	Loan amount
10 May 2023	10 July 2023	CAD13,000,000.00
12 May 2023	11 July 2023	CAD10,000,000.00
16 June 2023	15 August 2023	CAD4,000,000.00
19 June 2023	19 July 2023	CAD14,000,000.00
26 June 2023	25 September 2023	CAD7,000,000.00

As at 30 June 2023, pre-paid interest and stamping fees of £122,328 (period ended 30 June 2022: £112,718, year ended 31 December 2022: £57,320) were paid on the Banker's Acceptance of which £24,896 is amortised over a period of 30 days, £38,966 is amortised over a period of 61 days, and £58,466 is amortised over a period of 90 days. Interest paid on the Banker's Acceptance totalled £749,445 (period ended 30 June 2022: £269,662, 31 December 2022: £763,799).

Interest is calculated at an annual percentage equal to, in the case of Prime Loans, the Prime Rate minus 0.35 per cent. In the case of Banker's Acceptance, a stamping fee of 0.60 per cent. per annum is payable.

15. Security agreement

In connection with entry into the Credit Facility Agreement, the Fund has entered into a general security agreement with RBC, pursuant to which the Fund has granted RBC interests in respect of collateral, being all present and future personal property, including the securities portfolio, as security for the Fund's obligations under the Credit Facility Agreement.

16. Financial instruments

Fair values

The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents, loan payable and other payables approximate their fair values. In 2015, the percentage of the value of portfolio assets which may be invested in securities listed on a recognised stock exchange outside Canada was increased to up to 40 per cent.

Management of capital

The Investment Manager manages the capital of the Fund in accordance with the Fund's Investment Objectives and Policy.

The capital structure of the Fund consists of proceeds from the issue of preference shares, loans and reserve accounts. The Investment Manager manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. Generally speaking, the Fund will reduce leverage when investments are likely to decrease in value and will increase leverage when investment appreciation is anticipated. In order to maintain or adjust its capital structure, the Fund may borrow or repay debt under its Credit Facility or undertake other activities deemed appropriate under the specific circumstances. The Fund and the Company do not have any externally imposed capital requirements. However, the Fund is subject to bank covenants in respect of leverage and complied with those covenants for the whole of both 2023 and 2022.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be primarily invested in Canadian and U.S. equities portfolio.

The Fund's investing activities expose it to various types of risk that are associated with the financial instruments and markets in which it invests. The most important types of financial risk to which the Fund is exposed are market price risk, interest rate risk and currency risk.

Credit risk

Credit risk is the risk that an issuer or counterparty may be unable or unwilling to meet a commitment that it has entered into with the Fund.

The Fund's principal financial assets are bank balances and cash, other receivables and investments as set out in the Statement of Financial Position which represents the Fund's maximum exposure to credit risk in relation to the financial assets. The credit risk on bank balances is limited because the counterparties are banks with high credit ratings of A, AA- and A+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers.

16. Financial instruments continued

Credit risk continued

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 once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations. Where the Investment Manager makes an investment in debt or corporate securities, the credit rating of the issuer is taken into account to manage the Company's exposure to risk of default. Investments in debt or corporate securities are across a variety of sectors and geographical markets, to avoid concentration of credit risk.

The Fund's maximum exposure to credit risk is the carrying value of the assets on the Statement of Financial Position.

Market price risk

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Fund's exposure to market price risk is comprised mainly of movements in the value of the Fund's investments.

It is the business of the Investment Manager to manage the portfolio and borrowings to achieve the best returns. The directors manage the risk inherent in the portfolio by monitoring, on a formal basis, the Investment Manager's compliance with the Company's stated Investment Policy and reviewing investment performance.

Country risk

On 17 January 2012, the FRC released "Responding to the increased country and currency risk in financial reports". This update from the FRC included guidance on responding to the increased country and currency risk as a result of funding pressures on certain European countries, the curtailment of capital spending programmes (austerity measures) and regime changes in the Middle East.

The Fund invests primarily in Canadian and U.S. securities. The Investment Manager monitors the Company's exposure to foreign currencies on a daily basis. The Board has reviewed the disclosures and believes that no additional disclosures are required because the Canadian and U.S. economies are stable.

Fair value measurements

IFRS 13 establishes a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; or
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); or
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment by the Directors. The Directors consider observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables present the Fund's financial instruments by level within the valuation hierarchy as of 30 June 2023 and 31 December 2022:

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
30 June 2023				
Financial assets				
Securities (at fair value through profit or loss)	155,698,731	–	–	155,698,731

Notes to the Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

16. Financial instruments continued

Fair value measurements continued

31 December 2022	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities (at fair value through profit or loss)	162,972,393	–	–	162,972,393

The Fund holds securities that are traded in active markets. Such financial instruments are classified as Level 1 of the IFRS 13 fair value hierarchy. There were no transfers between Level 1, 2 and 3 in the year.

Price sensitivity

At 30 June 2023, if the market prices of the securities had been 30% higher with all other variables held constant, the increase in net assets attributable to holders of redeemable participating preference shares for the year would have been £46,709,619 (30 June 2022: £52,900,279, 31 December 2022: £48,891,718) higher, arising due to the increase in the fair value of financial assets at fair value through profit or loss.

At 30 June 2023, if the market prices of the securities had been 30% lower with all other variables held constant, the decrease in net assets attributable to holders of redeemable shares for the year would have been equal, but opposite, to the figures stated above.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate sensitive assets and liabilities mainly comprise cash and cash equivalents, debt securities and loan payable. The cash and cash equivalents are subject to floating rates and are considered to be part of the investment strategy of the Fund. No other hedging is undertaken in respect of this interest rate risk.

There were no fixed rate assets or liabilities at 30 June 2023, 30 June 2022 and 31 December 2022.

The following table details the Fund's exposure to interest rate risk at 30 June 2023, 30 June 2022 and 31 December 2022:

	Floating rate assets					
	Weighted average interest at year end	30.06.2023 GBP	Weighted average interest at year end	30.06.2022 GBP	Weighted average interest at year end	31.12.2022 GBP
Assets						
Cash and cash equivalents	*	1,961,577	*	3,318,554	*	1,523,392
		1,961,577		3,318,554		1,523,392

* Interest on bank balances is not material to the financial statements and are based on prevailing bank base rates.

	Floating rate liabilities		
	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Liabilities			
Loan payable (See Note 14)	28,286,013	31,667,987	27,877,663
	28,286,013	31,667,987	27,877,663

The above analysis excludes short-term debtors and creditors as all material amounts are non-interest bearing.

Interest rate sensitivity analysis

At 30 June 2023, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to redeemable participating preference shares for the year would have decreased by £131,622 (30 June 2022: £141,747, 31 December 2022: £131,171) due to an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

16. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Fund cannot meet its liabilities as they fall due. The Fund's primary source of liquidity consists of cash and cash equivalents, securities at fair value through profit or loss and the Credit Facility.

The Fund's investments are considered to be readily realisable, predominantly issued by Canadian and U.S. companies and REITs listed on a Canadian Stock Exchange, and actively traded.

As at 30 June 2023, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	155,698,731	–	–	–	155,698,731
Accrued dividend income	631,285	20,616	–	–	651,901
Cash and cash equivalents	1,961,577	–	–	–	1,961,577
	158,291,593	20,616	–	–	158,312,209
Liabilities					
Other payables and accruals	(385,738)	–	–	–	(385,738)
Interest payable	(118,358)	(7,963)	–	–	(126,321)
Loan payable	(21,830,579)	(6,455,434)	–	–	(28,286,013)
	(22,334,675)	(6,463,397)	–	–	(28,798,072)
	135,956,918	(6,442,781)	–	–	129,514,137

As at 30 June 2022, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	176,334,263	–	–	–	176,334,263
Accrued dividend income	580,846	24,940	–	–	605,786
Prepayments	10,734	–	–	–	10,734
Cash and cash equivalents	3,318,554	–	–	–	3,318,554
	180,244,397	24,940	–	–	180,269,337
Liabilities					
Other payables and accruals	(505,129)	–	–	–	(505,129)
Interest payable	(91,840)	(19,788)	–	–	(111,628)
Loan payable	(16,472,193)	(15,195,794)	–	–	(31,667,987)
	(17,069,162)	(15,215,582)	–	–	(32,284,744)
	163,175,235	(15,190,642)	–	–	147,984,593

Notes to the Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

16. Financial instruments continued

Liquidity risk continued

As at 31 December 2022, the Fund's ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1-3 months GBP	3 months to 1 year GBP	More than 1 year GBP	Total GBP
Assets					
Securities (at fair value through profit or loss)	162,972,393	–	–	–	162,972,393
Other receivables	577,953	25,172	–	–	603,125
Cash and cash equivalents	1,523,392	–	–	–	1,523,392
	165,073,738	25,172	–	–	165,098,910
Liabilities					
Other payables and accruals	(459,482)	–	–	–	(459,482)
Interest payable	(152,371)	–	–	–	(152,371)
Loan payable	(27,877,663)	–	–	–	(27,877,663)
	(28,489,516)	–	–	–	(28,489,516)
	136,584,222	25,172	–	–	136,609,394

Currency risk

The Fund is denominated in GBP, whereas the Fund's principal investments are denominated in CAD and USD. Consequently, the Fund is exposed to currency risk. The Fund's policy is therefore to actively monitor exposure to currency risk. The Board reserves the right to employ currency hedging but, other than in exceptional circumstances, does not intend to hedge. The Board considers that exposure was significant at the year end.

The Fund's net exposure to CAD currency at the year end was as follows:

	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Assets			
Securities (at fair value through profit or loss)	155,698,732	169,346,948	158,345,116
Cash and cash equivalents	1,630,542	3,011,842	1,226,114
Accrued income	630,548	605,786	603,125
	157,959,822	172,964,576	160,174,355
Liabilities			
Loan payable	(28,286,013)	(31,667,987)	27,877,663
Interest payable	(126,321)	–	152,371
General expenses	–	–	–
	(28,412,334)	(31,667,987)	28,030,034

16. Financial instruments continued

Currency risk continued

The Fund's net exposure to USD currency at the year end was as follows:

	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Assets			
Securities (at fair value through profit or loss)	–	6,987,315	4,627,277
Cash and cash equivalents	157,070	67,018	111,088
Accrued income	21,353	–	–
	178,423	7,054,333	4,738,365

Sensitivity analysis

At 30 June 2023, had GBP strengthened against the CAD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £6,477,374 (30 June 2022: £7,064,829, 31 December 2022: £6,607,216). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £6,477,374 (30 June 2022: £7,064,829, 31 December 2022: £6,607,216).

At 30 June 2023, had GBP strengthened against the USD by 5%, with all other variables held constant, the decrease in net assets attributable to shareholders would amount to approximately £8,921 (30 June 2022: £352,717, 31 December 2022: £236,918). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £8,921 (30 June 2022: £352,717, 31 December 2022: £236,918).

17. Cash Flow statement reconciliation of financing activities

	1 January 2023 GBP	Cash flows GBP	Non-cash changes			30 June 2023 GBP
			Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	
Financial liabilities held at amortised cost	27,877,663	1,178,738	–	(770,388)	–	28,286,013
Total	27,877,663	1,178,738	–	(770,388)	–	28,286,013

	1 January 2022 GBP	Cash flows GBP	Non-cash changes			31 December 2022 GBP
			Acquisition GBP	Foreign exchange movements GBP	Fair value changes GBP	
Financial liabilities held at amortised cost	37,973,792	(12,241,671)	–	2,145,542	–	27,877,663
Total	37,973,792	(12,241,671)	–	2,145,542	–	27,877,663

Notes to the Condensed Financial Statements of the Fund (Unaudited) continued

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

18. Schedule of Investments – Securities (at fair value through profit or loss)

As at 30 June 2023 comparatives for the year ended 31 December 2022

Description	Shares/Units	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities					
Bermuda – Quoted Investments 2.53% (2022: 2.17%)					
Utilities:					
Brookfield Renewable Partners L.P.	170,000	4,521,698	3,938,318	3.04%	2.53%
Canada – Quoted Investments 97.47% (2022: 94.99%)					
Energy:					
Canadian Natural Resources Ltd.	160,000	3,641,726	7,078,499	5.47%	4.55%
Suncor Energy Inc	220,000	5,244,185	5,074,414	3.92%	3.26%
Topaz Energy Corp.	325,000	3,016,708	3,968,399	3.06%	2.55%
Tourmaline Oil Corp.	130,000	5,560,149	4,822,358	3.72%	3.10%
Whitecap Resources Inc.	825,000	4,627,666	4,531,661	3.50%	2.91%
Financials:					
Bank of Montreal	80,000	4,488,760	5,687,909	4.39%	3.65%
Canadian Imperial Bank of Commerce	95,000	2,816,387	3,191,959	2.46%	2.05%
Manulife Financial Corporation	150,000	1,793,490	2,229,271	1.72%	1.43%
National Bank of Canada	40,000	1,534,516	2,341,269	1.81%	1.50%
Royal Bank of Canada	70,000	5,436,877	5,261,970	4.06%	3.38%
The Bank of Nova Scotia	180,000	7,160,701	7,090,150	5.47%	4.55%
The Toronto-Dominion Bank	155,000	6,641,410	7,564,955	5.84%	4.86%
Industrials:					
Westshore Terminals Investment Corporation	100,000	1,448,326	1,853,564	1.43%	1.19%
Pipelines:					
Enbridge Inc.	220,000	5,992,678	6,431,951	4.97%	4.13%
Gibson Energy Inc.	350,000	5,112,003	4,315,273	3.33%	2.77%
Keyera Corp.	210,000	2,773,163	3,806,346	2.94%	2.44%
Pembina Pipeline Corporation	220,000	4,677,505	5,440,609	4.20%	3.49%
TC Energy Corporation	155,000	5,388,437	4,929,660	3.81%	3.17%
Power and Utilities:					
Algonquin Power and Utilities Corporation	250,000	1,739,047	1,622,909	1.25%	1.04%
Altgas Ltd.	460,000	6,618,456	6,489,139	5.01%	4.17%
Brookfield Infrastructure Partners L.P.	120,000	3,360,396	3,438,427	2.65%	2.21%
Capital Power Corporation	260,000	4,574,204	6,491,636	5.01%	4.17%
Emera Incorporated	115,000	3,714,822	3,716,283	2.87%	2.39%

18. Schedule of Investments – Securities (at fair value through profit or loss) continued

As at 30 June 2023 comparatives for the year ended 31 December 2022

Description	Shares/Units	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Real Estate:					
Canadian Apartment Properties Real Estate Investment Trust	110,000	3,174,159	3,315,371	2.56%	2.13%
Chartwell Retirement Residences	400,000	2,570,579	2,237,593	1.73%	1.44%
Choice Properties Real Estate Investment Trust	600,000	4,627,340	4,822,358	3.72%	3.10%
Crombie Real Estate Investment Trust	525,000	4,601,393	4,225,805	3.26%	2.71%
Dream Industrial Real Estate Investment Trust	600,000	4,270,916	5,007,833	3.87%	3.22%
First Capital Real Estate Investment Trust	420,000	4,340,434	3,620,335	2.80%	2.32%
Granite Real Estate Investment Trust	110,000	4,183,921	5,107,110	3.94%	3.28%
RioCan Real Estate Investment Trust	400,000	3,658,002	4,572,680	3.53%	2.94%
SmartCentres Real Estate Investment Trust	300,000	3,924,099	4,314,084	3.33%	2.77%
Telecommunication Services:					
BCE, Inc.	200,000	7,466,268	7,158,633	5.53%	4.60%
Total Equities		144,700,330	155,698,731	120.20%	100.00%
Total investments (30 June 2023)		144,700,330	155,698,731	120.20%	100.00%
Total investments (2022)		141,394,055	162,972,393	119.26%	100.00%

As at 31 December 2022 United States quoted investments were 2.84% of portfolio.

Statement of Financial Position of the Company (Unaudited)

As at 30 June 2023 with unaudited comparatives as at 30 June 2022 and audited comparatives as at 31 December 2022

	Notes	30.06.2023 GBP	30.06.2022 GBP	31.12.2022 GBP
Current assets				
Other receivables		2	2	2
Net assets		2	2	2
Equity attributable to equity holders				
Stated capital	2	2	2	2
Total Shareholders' equity		2	2	2

The financial statements and notes on pages 42 to 43 were approved by the directors on 14 September 2023 and signed on behalf of the Board by:



Michael Phair
Director



Andrew Zychowski
Director

Notes to the Interim Condensed Financial Statements of the Company (Unaudited)

For the period 1 January 2023 to 30 June 2023 with unaudited comparatives for the period 1 January 2022 to 30 June 2022 and audited comparatives for the year ended 31 December 2022

1. Basis of accounting

The separate financial statements of the Company have been prepared showing results of the Company only. They have been prepared in accordance with UK-adopted IFRS and IFRS as adopted by the European Union in accordance with the accounting policies set out in Note 2 to the financial statements of the Fund.

The financial statements of the Fund have been prepared on the historical cost basis, except for the measurement at fair value of investments and derivatives, and in accordance with UK-adopted IFRS and IFRS as adopted by the European Union and interpretations issued by the IFRSIC.

A separate Statement of Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement have not been prepared as there have been no results or cash flows for the Company for this year or the preceding year.

There are no standards and interpretations in issue but not effective that the directors believe would or might have a material impact on the financial statements of the Company.

Judgements and estimates used by the directors

The preparation of financial statements in compliance with IFRS requires the directors to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated liabilities are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent. For the purposes of these financial statements, there were no specific areas in which judgement was exercised and no estimation was required by the directors.

2. The Company's stated capital

The authorised share capital of the Company is split into two management shares of no par value.

	No. of shares	GBP
Management shares issued		
At 30 June 2023, 31 December 2022 and 30 June 2022	2	2

3. Taxation

The Company adopted UK tax residency on 11 October 2011. Since that date, the Company has been managed in such a way as to be able to meet the conditions for approval as an investment trust under Section 1158 of the Corporation Tax Act 2010. Accordingly, no UK tax has been provided for. On 7 December 2012, the Company received approval from HM Revenue & Customs to be treated as an investment trust in accordance with Section 1158 of the Corporation Tax Act 2010 and will seek to remain so approved.

4. Ultimate holding company

The ultimate holding company is Middlefield Limited.

Definitions

AIC	The Association of Investment Companies
AIC Code	The AIC Code of Corporate Governance
AIF	Alternative investment fund
AIFM	Alternative investment fund manager
AIFMD	Alternative Investment Fund Managers Directive
Auditor	RSM Channel Islands (Audit) Limited
Banker's Acceptance	The amount drawn under the Credit Facility Agreement
Benchmark	The S&P TSX Composite High Dividend Index
CAD	Canadian Dollar
Cell or Fund	Middlefield Canadian Income – GBP PC
Company or MCT	Middlefield Canadian Income PCC
Credit Facility	The on-demand credit facility with RBC
ESG	Environmental, Social and Governance
EU	European Union
FCA	Financial Conduct Authority
FRC	Financial Reporting Council
Fund Shares	The redeemable participating preference shares of no par value in the Fund
GBP	Sterling
GDP	Gross domestic product
Half Yearly Report	The half yearly report and interim condensed financial statements (unaudited)
IAS	International Accounting Standards
IFRSIC	International Financial Reporting Standards Interpretations Committee
IFRS	International Financial Reporting Standards
JFSC	Jersey Financial Services Commission
Listing Rules	The listing rules made by the FCA under Part VI of the Financial Services and Market Authority
NAV	Net Asset Value of the Company in GBP
Prime Loan	Loans to which the Prime Rate can be applied
Prime Rate	Annual interest rate set by Canada's major banks and financial institutions
RBC	Royal Bank of Canada
REIT	Real estate investment trust
SORP	Statement of recommended practice
TSX Composite Index	S&P/TSX Composite Index
UK Code	The UK Corporate Governance Code published by the FRC in July 2018

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

Investment Policy¹: The Fund seeks to achieve its investment objective by investing predominantly in the securities of companies and REITs domiciled in Canada and listed on a Canadian Stock Exchange that the Investment Manager believes will provide an attractive level of distributions, together with the prospect for capital growth. It is expected that the Fund's portfolio will generally comprise between 35 and 70 investments. The Fund may also hold cash or cash equivalents. The Fund may utilise derivative instruments, including index-linked notes, contracts for differences, covered options and other equity-related derivative instruments, for the purposes of efficient portfolio management. The Fund will at all times invest and manage its assets in a manner which is consistent with the objective of spreading investment risk.

¹LR.15.2.5: No more than 10% of the Company's total assets may be invested in other listed closed-ended investment companies unless such investment companies themselves have published investment policies to invest no more than 15% of their total assets in other closed-ended investment companies, in which case the limit is 15%.



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