



MCI

MIDDLEFIELD *Canadian Income PCC*

Including Middlefield Canadian Income - GBP PC
A cell of the Company

HALF YEARLY REPORT & INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

For Period 1 January 2019 to 30 June 2019

Middlefield Canadian Income PCC

Including Middlefield Canadian Income - GBP PC, A cell of the Company

CORPORATE INFORMATION AND HIGHLIGHTS

ABOUT

MCI is a closed-ended investment company incorporated on 24 May 2006. The Fund was admitted to the FTSE UK All-Share Index effective 20 June 2011

INVESTMENT OBJECTIVE

To provide shareholders with a high level of stable income through quarterly distributions and to outperform the Fund's benchmark over the long-term. The Fund aims to deliver attractive risk-adjusted total returns through a combination of dividend income and capital appreciation and build on its long-term track record

GEARING

The Fund has the power to borrow up to 25 percent of its total assets and is expected to employ gearing in the range of 0 to 20 percent in the normal course of events

TARGET DIVIDEND

The Fund currently targets a dividend of 5.1 pence per share per annum payable quarterly

NAV	NAV per Share	Share Price	Market Capitalisation
£121.11m	113.74p	97.50p	£103.83m
Dividends ¹	Dividend Yield	Share Price Return ¹	NAV Return ¹
2.6p	5.2%	17.8%	21.0%

Sources: Middlefield, Bloomberg. As at June 30, 2019

¹Year-to-Date



WHY MIDDLEFIELD CANADIAN INCOME PCC?

HISTORY

Founded in 1979, Middlefield Group is licensed by the FCA with an office in the U.K. Middlefield is a specialty investment manager focused on global equity income. The Canadian Income strategy has significantly outperformed its benchmark since the fund's inception in July 2006

ACTIVE MANAGEMENT

Active management allows the Manager to strategically and tactically shift the portfolio's composition to achieve greater investment results compared to the overall market

PROCESS

The Fund's robust investment process utilises top down / bottom up analysis that combines unique thematic overviews with comprehensive company-level research for stock selection

DIVERSIFICATION

MCI invests in North American equity income securities, with a particular focus in Canada, providing U.K. investors with diversification into sectors underrepresented in the U.K.

EXPERTISE

With \$4 billion in assets under management, Middlefield Group has developed a specialized expertise in equity strategies emphasising both current income and total return over many years

YIELD

The Fund offers an attractive dividend yield of 5.2%

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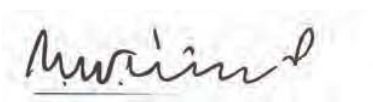


RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

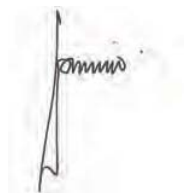
- The interim report and financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company.
- The Chairman’s Report and Investment 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 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 11 to the 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



Nicholas Villers

Chairman



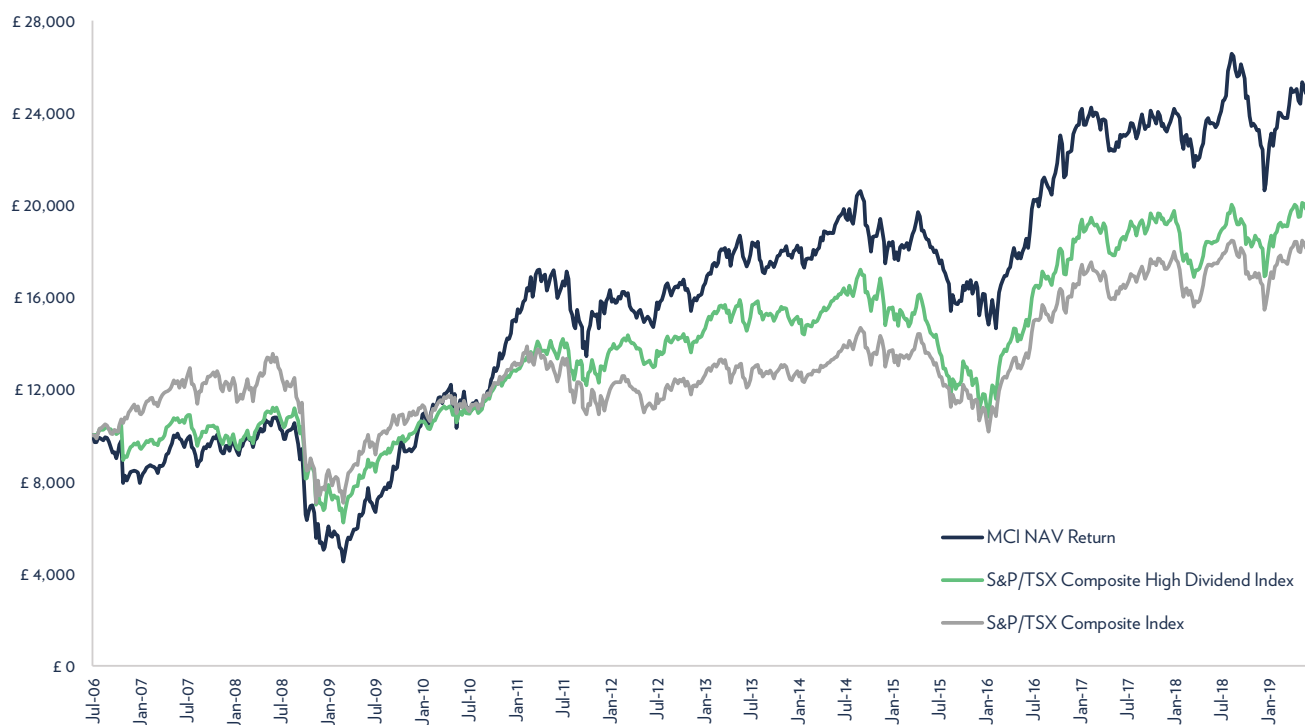
Philip Bisson

Director

Date: 19 September 2019

PERFORMANCE RECORD

Performance Since Inception



Fund Performance

Recent Performance	1 Mth	3 Mth	6 Mth	YTD	1 Year
Share Price	3.7%	7.4%	17.8%	17.8%	8.9%
NAV	2.9%	4.8%	21.0%	21.0%	6.5%
Benchmark	3.9%	5.7%	20.8%	20.8%	9.8%
S&P/TSX Composite Index	5.3%	7.2%	21.4%	21.4%	8.4%

Long-Term Performance	3 Yr Cumulative	3 Yr Annualised	5 Yr Cumulative	5 Yr Annualised	Since Inception
Share Price	35.4%	10.6%	10.8%	2.1%	117.4%
NAV	28.3%	8.7%	25.9%	4.7%	143.0%
Benchmark	28.9%	8.8%	25.6%	4.7%	110.5%
S&P/TSX Composite Index	31.9%	9.7%	37.8%	6.6%	100.0%

Sources: Middlefield, Bloomberg. As at June 30, 2019

CHAIRMAN'S REPORT



It is my pleasure to present the Half Yearly Report for the period ended 30 June 2019 and to be able to report to Shareholders a NAV total return of 21% and a Share Price total return of 17.8%, in line with the Funds Benchmark and the TSX of 20.8% of 21.4% respectively. Two dividends of 1.275p per redeemable participating preference share were paid during the period. Since inception in 2006, the Fund's NAV has generated a cumulative return of 143.0%, outpacing the cumulative returns of the both the Benchmark and TSX of 110.5% and 100% respectively.

During the first half of 2019, the Fund increased its exposure to U.S. issuers from 18.1% to 26.4% of the portfolio. Economic growth in the U.S. is expected to outpace other developed nations, making U.S. equities particularly attractive, especially in areas underrepresented in the Canadian market. Notwithstanding, Canadian equities are positioned to benefit from a number of fundamental tailwinds including population growth, record-low unemployment, the resolution of the USMCA trade agreement (formerly known as NAFTA) and a stable interest rate environment.

In light of slowing global economic activity and the accommodative central bankers' response through lower interest rates, the Fund tilted its asset allocation during the first half of 2019 toward a more defensive posture by increasing the weighting of more interest rate sensitive sectors including real estate, pipelines and utilities. The Fund's largest sector weighting as at 30 June 2019 was real estate, accounting for 21.4% of the portfolio, a 10.5% overweight versus the Benchmark. The current supply of commercial real estate has lagged demand in major Canadian cities resulting in higher valuations and robust rent growth.

The Manager tactically manages net gearing of the Fund, which ranged from 7.2% to 16.7% over the course of the past six months. The Fund is permitted gearing up to 25% of NAV and its tactical use is intended to enhance appreciation potential and income generation in the context of the manager's assessment of market risk. As at 30 June 2019, the Fund had net gearing of approximately 18.2%.

NEW BOARD MEMBERS

I would like to highlight the recent appointment of two new independent directors to the Board. Joanna Dentskevich and Michael Phair joined MCI as non-executive directors with effect from 13 June 2019. With extensive experience and expertise in the financial services sector, both are welcome additions. These appointments are consistent with the Board's stated objectives of refreshing its composition and planning for future succession.

NEW CORPORATE BROKER AND MARKETING INITIATIVES

During the first half of 2019, the Board decided to review measures to reduce the discount at which the Fund's shares were trading to their Net Asset Value (14.3% as at 30 June 2019). Achievement of this goal is deemed critical to growing the Fund for the benefit of all shareholders. This review included receiving presentations from several corporate brokers as well as assessing strategies to expand the profile of the Fund within the increasingly important retail investor segment. A key goal of this exercise was ensuring that the overall costs to the Fund did not increase.


Coming out of this review, in mid-June, the Board announced the appointment of Investec Bank plc (“Investec”) as the Fund’s corporate broker. In April 2019, Canaccord Genuity Limited, the Fund’s previous corporate broker, announced that, for broader strategic reasons, it would no longer be pursuing its investment companies’ business in London. Save for a limited number of individuals who opted to retire, the entire Canaccord Genuity investment companies team moved to Investec in June 2019, and were joined by several new colleagues, including personnel who will assist in expanding retail distribution efforts for the team’s clients. Investec will continue to work closely with Middlefield Limited (“Middlefield”), the Fund’s investment manager, to further broaden the Fund’s investor base and corporate profile.

In addition, a strong consensus emerged during the review that for an additional fee, more intensive involvement by Middlefield could serve to reduce the discount to NAV and ultimately grow the Fund. As a result, the Board decided that a greater portion of the budget designated for investor relations and broking services should be allocated to an enhanced initiative led by Middlefield including greater media exposure, enhanced marketing materials and more investor meetings. Middlefield will be paid an annual fee for these services equal to 0.15% of the market capitalisation of the Fund up to a maximum amount of £200,000 per annum. The agreement is to be reviewed annually and is not expected to result in an increase in the Fund’s expenditures when compared to prior financial periods.

OUTLOOK

The Fund’s objective is to deliver results to shareholders by investing in companies which pay stable and growing dividends over time, and based on the expectation of interest rates remaining lower for longer, we believe dividend-paying issuers remain very attractive investments. The portfolio is uniquely positioned to provide investors with access to sectors and geographies that are typically under-represented in UK investment portfolios.

We thank you for your continued support.



Nicholas Villers
Chairman

Date: 30 June 2019

INVESTMENT MANAGER'S INTERIM REPORT

SIX MONTHS TO 30 JUNE 2019 (UNAUDITED)



On the invitation of the Directors of the Company, this investment manager's interim report is provided by Middlefield Limited, which acts as the investment manager of the Fund.

This statement has been prepared to provide additional information to Shareholders to meet the relevant requirements of the FCA's Disclosure Guidance and Transparency Rules. It should not be relied upon by any party for any purpose other than as stated above.



INVESTMENT OBJECTIVE

The Fund invests in a broadly diversified portfolio comprised primarily of Canadian and U.S. equity income securities with the objective of providing shareholders with high dividends as well as capital growth over the longer term. The Fund intends to pay dividends on a quarterly basis each year. The current distribution is set at 5.1 pence per annum, paid quarterly.

The Fund will seek to achieve its investment objective by primarily investing in the securities of companies and Real Estate Investment Trusts ("REITs"), domiciled in Canada and the United States and listed on Canadian and American stock exchanges, which the investment manager believes will provide an attractive level of distributions and growth over time.

PERFORMANCE SUMMARY

North American equity markets rallied in the first half of 2019 and pared losses from a turbulent Q4 2018. The S&P TSX Composite Index generated a total return of 16.2%, while the S&P 500 Index returned 18.5%, which was its best first-half return since 1997. Global indices participated in the strong performance as well, highlighted by the Euro Stoxx 50's return of 19.2%, the FTSE 100's return of 13.1%, and the German DAX's return of 17.4%. All returns referenced herein are in local currencies.

The broad market strength was largely attributable to loosening monetary policy and oversold conditions at the beginning of the year. The U.S. Federal Reserve adopted a more dovish stance in early January, which benefitted equities, particularly interest sensitive stocks. In the first half of 2019, 10-year bond yields fell 68 bps in the U.S., 50 bps in Canada, 44 bps in the U.K. and 57 bps in Germany. Further easing by the Bank of Japan and European Central Bank is possible before the end of the year and the market is now pricing in multiple cuts to short-term rates in the U.S. over the next 6 to 12 months.

Although accommodative monetary policy is generally bullish for equities, we acknowledge that some of the underlying reasons for dovish central bank actions reflect risks in the market. Recent global economic data has been relatively soft, particularly in Europe and China where growth has disappointed. Uncertainty related to trade negotiations between the U.S. and China is having an impact on decisions relating to capital investment, supply chain management and inventory accumulation from large domestic and multinational corporations. While we are optimistic that the world's two largest economies will ultimately reach some form of trade agreement, investor anxiety is likely to heat up based on political rhetoric and uncertainty around the timing of a deal.

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In contrast to most central banks, the Bank of Canada is expected to keep interest rates steady through the remainder of the year. While central bankers have been known to change course relatively quickly based on market expectations, the BOC's current positioning reflects the relative stability of the Canadian economy. Specifically, unemployment currently sits at a four-decade low and inflation is in-line with the BOC's long-term target. The country is expecting immigration to exceed one million people over the next three years in addition to being one of the most sought after destinations globally for international students. Further, Canada is investing heavily in technology and attracting high-skilled labour. For example, Canada's expedited work visa program helped facilitate over 40,000 highly skilled workers moving to Canada last year alone. The Canadian economy is gradually becoming more diversified and less dependent on natural resources, an attribute generally underappreciated by global investors.

Recent changes in provincial leadership also benefited the investment climate in the first half of 2019. Namely, in Ontario and Alberta, two of the country's largest provinces, Conservative governments are now in place and have already taken action to lower taxes and loosen regulation. Federally, the incumbent Liberal Party faces an election in October 2019 and the Conservatives are leading in early polls.

We expect real estate to be one of the largest beneficiaries of Canada's immigration policy and nascent technology industry. Specifically, the multi-family and industrial sub-industries enjoy robust demand with lagging supply, leading to higher valuations. Toronto is the fastest growing city in North America in terms of numeric population, creating increasing demand for rental housing. The growing population will also create demand for consumer products, which have been flowing through warehouses and

distribution centers due to the rapid adoption of e-commerce. We view this trend as a secular growth story with a long runway for further growth. Industrial real estate currently represents the Fund's largest sub-sector weighting and returned 23% in CAD through the first half of the year. More specifically, Pure Multi-Family (+23.8%), Dream Industrial REIT (+27.8%) and Sienna Senior Living (+26.7%) were all large contributors to the Fund's first half performance.

Pipelines is another core asset class for the Fund, accounting for 15.2% of the portfolio as at 30 June 2019. The Canadian pipelines sector returned 22.4% in the first half of the year, driven by significant contributions from Keyera Corp. (+34.3%) and TC Energy (+36.4%), both core holdings within the Fund. Unfortunately, Enbridge Inc. lagged the group (+14.7%) as a result of renewed opposition to its pipeline expansion projects through Minnesota and Michigan, reflecting the environmental challenges associated with building new pipelines and the associated premium ascribed to existing pipeline systems. In addition, with the record amount of infrastructure-focused private equity looking for assets, we believe valuations will be supported higher over the next 12 to 24 months. We should also note that while political headwinds remain, the Federal Government of Canada officially approved the Trans Mountain pipeline expansion on June 18th, 2019. This project will add much needed takeaway capacity for oil producers and was a welcome reversal from the federal government's historical lack of support for major energy infrastructure projects. Furthermore, the new premier of Alberta, Jason Kenney, made pipeline approvals the foundation of his campaign and was elected with a decisive majority.

The utilities sector also outperformed in the first half of the year. Both Altagas Canada and TransAlta Corp. generated total returns of more than 50% during the period, materially outperforming the peer group's already impressive return of 22.4%. TransAlta has expiring hydro power contracts which are expected to be renewed with enhanced economics in 2020. Altagas Canada was spun out by Altagas Ltd. in 2018 at an attractive valuation due to the parent company's need to deleverage its balance sheet. Since then, the market has come to appreciate the quality of Altagas Canada's assets and cash flow stability, driving a significant re-rating in the stock.

Oil prices (WTI) started the year at US\$45 per bbl and rallied by over 20% to US\$59 per bbl at the end of June due to rising geopolitical risk between the U.S. and Iran. The price of natural gas, on the other hand, decreased by 16.3% over the same period as natural gas infrastructure came online in the U.S. and Permian producers drilling for shale oil amidst higher crude prices produced growing volumes of associated gas. As a result, ARC Resources, which represents a high quality natural gas weighted producer in the Canadian energy sector, generated a total return of -18% in the six months ended June 30, 2019, representing the worst performing company in the Fund's portfolio.

The Fund initiated several positions in U.S. securities throughout the first half of the year, which, on the whole, had a positive impact on the Fund's performance in 2019.

- The Fund purchased shares of AT&T early in 2019 and benefitted from the stock's 21% total return during the first half of the year. The company pays an attractive 6.2% dividend yield, underpinned by robust and stable free cash flows and is particularly attractive in the context of the current interest rate environment. Further,

AT&T will roll out its own streaming service in 2020 to compete with Netflix and Disney and is actively looking to sell non-core assets to deliver on its promise to deleverage the balance sheet.

- Blackstone announced on April 18th it is converting to a corporation from a publicly traded partnership structure. The stock generated a total return of 53% in the first half of the year, mostly attributable to the conversion. Blackstone has been a long-held position within the financials segment of the portfolio and represents a well-managed alternative asset manager with a global footprint. The conversion has been core to our investment thesis since corporations are eligible for index inclusion and more investable for institutions.

DIVIDENDS

The Fund paid quarterly dividends of 1.275 pence per share in each of January and April 2019, equivalent to dividends of 5.1p per annum.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in greater detail in Note 11 of the Notes to the Interim Condensed Financial Statements of the Fund (unaudited).

There have been no material changes in the related party transactions from those described in the 2018 Annual Financial Report.

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MATERIAL EVENTS

The Board of MCI is not aware of any significant event or transaction which has occurred between 1 July 2019 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 MEETING

The Board of MCI is not aware of any significant event or transaction which has occurred between 1 July 2019 and the date of publication of this statement which could have a material impact on the financial position of the Fund.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties, which could have a material impact on the Fund's performance over the remaining six months of the year and could cause actual results to differ materially from expected and historical results. Further information on the principal risks and uncertainties are included on pages 15 and 16 of the 2018 Annual Report and in Note 16 of the Notes to the Interim Condensed Financial Statements of the Fund (unaudited).

The Directors consider that the principal risks and uncertainties facing the company, including the uncertainty relating to the impact of Brexit, remain substantially unchanged since the publication of the Company's 2018 annual report and financial statements and are expected to remain relevant to the Company for the next six months of its financial year.

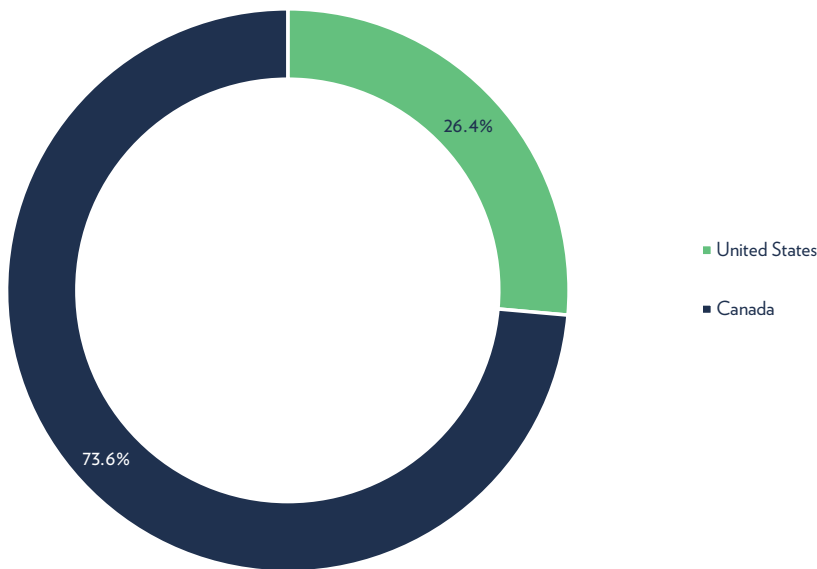
OUTLOOK

Looking ahead to the second half of 2019, we believe the outlook for North American equities is positive but are aware and closely monitoring the various risks in the market. Ongoing trade tensions will continue to weigh on investor enthusiasm for companies with global supply chains and global economic data is showing signs of a slowdown. Notwithstanding, central bank policies are expected to remain accommodative and GDP growth is positive in most regions. Canada is an attractive jurisdiction for investment and is emerging as a world-class incubator for innovation and technology. We expect the Fund's strategic asset allocation towards defensive sectors such as real estate, utilities and pipelines to perform well in the current environment and are focused on companies with stable and growing cash flows and dividends.

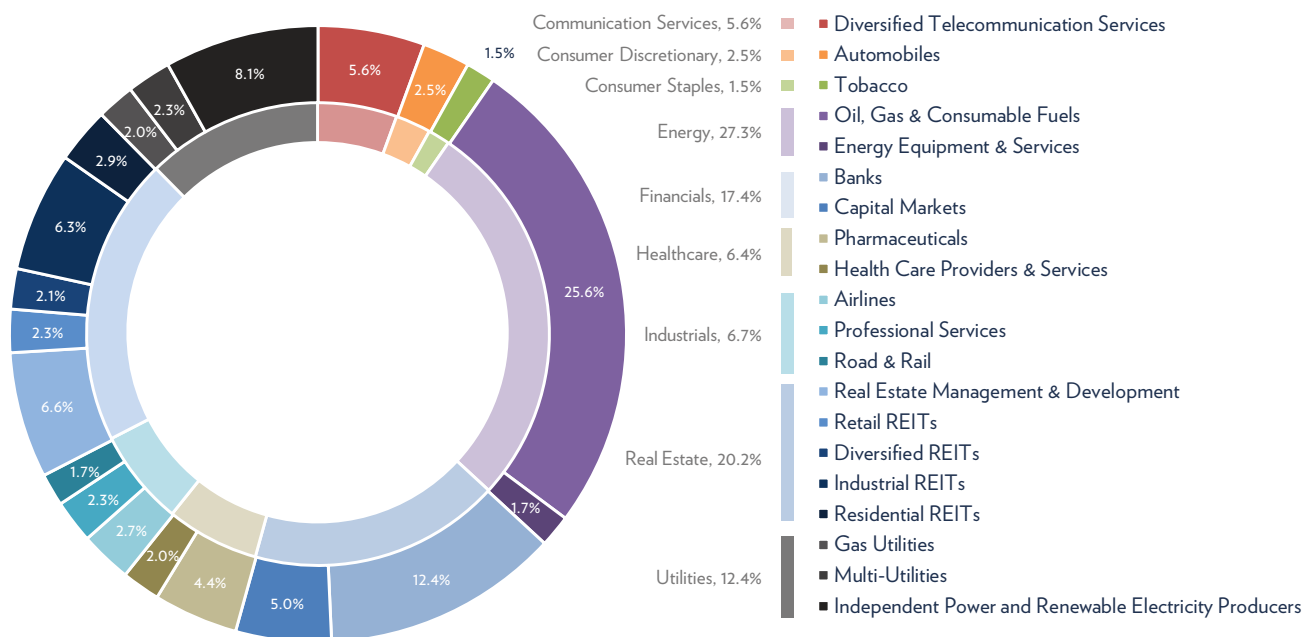


DISTRIBUTION OF INVESTMENTS

Geographical Distribution



Sector & Industry Distribution



CONDENSED FINANCIAL STATEMENTS OF THE FUND (UNAUDITED)

MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company

CONDENSED STATEMENT OF INTERIM FINANCIAL POSITION OF THE FUND (Unaudited)

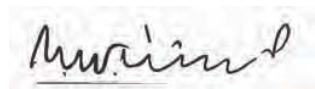
As at 30 June 2019

with unaudited comparatives as at 30 June 2018


and audited comparatives as at 31 December 2018

	Notes	30.06.2019 GBP	30.06.2018 GBP	31.12.2018 GBP
Current assets				
Securities				
(at fair value through profit or loss)	3 & 18	145,061,423	145,168,345	114,095,281
Accrued bond interest		20,354	16,108	17,070
Accrued bank interest		2,864	2,736	7,541
Accrued dividend income		636,968	672,468	570,781
Other receivables		2	2	2
Prepayments		8,263	2,410	14,775
Cash and cash equivalents	4	2,299,403	4,802,503	7,889,488
		<u>148,029,277</u>	<u>150,664,572</u>	<u>122,594,938</u>
Current liabilities				
Other payables and accruals	5	(329,938)	(351,119)	(383,613)
Interest payable		(20,965)	(77,521)	(17,281)
Loan payable	14	(26,886,356)	(31,497,412)	(20,025,095)
		<u>(27,237,259)</u>	<u>(31,926,052)</u>	<u>(20,425,989)</u>
Net assets		<u>120,792,018</u>	<u>118,738,520</u>	<u>102,168,949</u>
Equity attributable to equity holders				
Stated capital	6	49,704,414	49,704,414	49,704,414
Retained earnings		71,087,604	69,034,106	52,464,535
Total Shareholders' equity		<u>120,792,018</u>	<u>118,738,520</u>	<u>102,168,949</u>
Net asset value per redeemable participating preference share (pence)	7	<u>113.43</u>	<u>111.50</u>	<u>95.94</u>

The financial statements and notes on pages 10 to 26 were approved by the Directors on 19 September 2019 and signed on behalf of the Board by:



Nicholas Villiers
Chairman



Philip Bisson
Director

The accompanying notes on pages 14 to 26 form an integral part of these financial statements.

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

CONDENSED STATEMENT OF COMPREHENSIVE INCOME/(LOSS) OF THE FUND (Unaudited)

For the period 1 January 2019 to 30 June 2019 with unaudited comparatives for the period 1 January 2018 to 30 June 2018 and audited comparatives for the year ended 31 December 2018

		Six months ended 30 June 2019			Six months ended 30 June 2018	Year ended 31 December 2018
	Notes	Revenue	Capital	Total	Total	Total
		GBP	GBP	GBP	GBP	GBP
Revenue						
Dividend and interest income	8	3,483,329	-	3,483,329	3,969,507	7,723,549
Net movement in the fair value of securities (at fair value through profit or loss)	9	-	20,832,358	20,832,358	(3,599,627)	(19,171,856)
Net movement on foreign exchange		-	(1,372,326)	(1,372,326)	442,023	187,004
Total revenue/(loss)		3,483,329	19,460,032	22,943,361	811,903	(11,261,303)
Expenditure						
Investment management fees		160,344	240,517	400,861	400,957	825,615
Custodian fees		9,837	-	9,837	7,261	13,328
Sponsor’s fees		114,532	-	114,532	114,561	235,892
Other expenses		231,087	-	231,087	217,546	523,215
Operating expenses		515,800	240,517	756,317	740,325	1,598,050
Net operating profit/(loss) before finance costs		2,967,529	19,219,515	22,187,044	71,578	(12,859,353)
Finance cost		(124,986)	(187,479)	(312,465)	(334,171)	(723,527)
Profit/(loss) before tax		2,842,543	19,032,036	21,874,579	(262,593)	(13,582,880)
Withholding tax expense		(536,085)	-	(536,085)	(514,992)	(1,048,851)
Net profit/(loss)		2,306,458	19,032,036	21,338,494	(777,585)	(14,631,731)
Profit/(loss) per redeemable participating preference share - basic and diluted (pence)	10	2.17	17.87	20.04	(0.73)	(13.74)

The Company including the Fund has no other items of income or expense for the current and prior periods and accordingly the net profit/(loss) for the current and prior periods represent total comprehensive income/(loss).

There are zero earnings attributable to the management shares. All activities derive from continuing operations.

The accompanying notes on pages 14 to 26 form an integral part of these unaudited interim condensed financial statements.

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

**CONDENSED STATEMENT OF CHANGES IN REDEEMABLE PARTICIPATING PREFERENCE SHAREHOLDERS’
EQUITY OF THE FUND (Unaudited)**

**For the period 1 January 2019 to 30 June 2019 with unaudited comparatives for the period 1 January 2018 to 30 June 2018
and audited comparatives for the year ended 31 December 2018**

	Notes	Stated capital account GBP	Retained income GBP	Total GBP
At 1 January 2018		49,704,414	72,527,116	122,231,530
Loss for the period		-	(777,585)	(777,585)
Dividends paid	12	-	(2,715,425)	(2,715,425)
At 30 June 2018		49,704,414	69,034,106	118,738,520
Loss for the period		-	(13,854,146)	(13,854,146)
Dividends paid		-	(2,715,425)	(2,715,425)
At 31 December 2018		49,704,414	52,464,535	102,168,949
Profit for the period		-	21,338,494	21,338,494
Dividends paid	12	-	(2,715,425)	(2,715,425)
At 30 June 2019		49,704,414	71,087,604	120,792,018

The accompanying notes on pages 14 to 26 form an integral part of these unaudited interim condensed financial statements.

MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company

CONDENSED CASH FLOW STATEMENT OF THE FUND (Unaudited)

For the period 1 January 2019 to 30 June 2019

with unaudited comparatives for the period 1 January 2018 to 30 June 2018

and audited comparatives for the year ended 31 December 2018

	Notes	Six months ended 30 June 2019 GBP	2018 GBP	Year ended 31 December 2018 GBP
Cash flows from/(used in) operating activities				
Net profit/(loss)		21,338,494	(777,585)	(14,631,731)
Adjustments for:				
Net movement in the fair value of securities (at fair value through profit or loss)	9	(20,832,358)	3,599,627	19,171,856
Realised loss/(gain) on foreign exchange		799,280	(133,032)	340,347
Unrealised loss/(gain) on foreign exchange		573,046	(308,991)	(527,351)
Payment for purchases of securities		(21,721,821)	(54,513,649)	(71,588,657)
Proceeds from sale of securities		11,588,037	54,210,586	86,786,429
Operating cash flows before movements in working capital		(8,255,322)	2,076,956	19,550,893
(Increase)/decrease in receivables		(58,282)	5,907	89,462
Decrease in payables and accruals		(49,991)	(18,404)	(46,150)
Net cash (used in)/from operating activities		(8,363,595)	2,064,459	19,594,205
Cash flows (used in)/from financing activities				
Repayment of borrowings		(65,818,568)	(69,608,900)	(196,112,292)
New bank loans raised		72,679,829	65,291,828	180,322,903
Dividends paid	12	(2,715,425)	(2,715,425)	(5,430,850)
Net cash from/(used in) financing activities		4,145,836	(7,032,497)	(21,220,239)
Net decrease in cash and cash equivalents		(4,217,759)	(4,968,038)	(1,626,034)
Cash and cash equivalents at the beginning of period		7,889,488	9,328,518	9,328,518
Effect of foreign exchange rate changes		(1,372,326)	442,023	187,004
Cash and cash equivalents at the end of period	4	2,299,403	4,802,503	7,889,488
Cash and cash equivalents made up of:	4			
Cash at bank		2,299,403	4,802,503	7,889,488

The accompanying notes on pages 14 to 26 form an integral part of these unaudited interim condensed financial statements.

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE FUND (Unaudited)

For the period 1 January 2019 to 30 June 2019

with unaudited comparatives for the period 1 January 2018 to 30 June 2018

and audited comparatives for the year ended 31 December 2018

1. General Information

The Company is a closed-ended investment company incorporated in Jersey on 24 May 2006. 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 United States 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 Main Market for listed securities.

The functional and presentational currency of the Company and the Fund is Pound Sterling (“GBP”).

The Company and the Fund have no employees.

The half-yearly report and interim condensed financial statements have not been audited or reviewed by the auditor, Deloitte LLP, pursuant to the Auditing Practices Board guidance on ‘Review of Interim Financial Information’.

The information presented for the year ended 31 December 2018 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. Accounting Policies

a. Basis of preparation

The interim condensed financial information for the period ended 30 June 2019 has been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ as adopted by the European Union. The interim condensed financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 interim 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.

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2. Accounting Policies (continued)

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 financial statements have been prepared on the going concern basis.

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

- the Fund has sufficient liquidity to meet all on-going expenses and repayment of external borrowings; and
- the portfolio of investments held by the Fund materially consists of listed investments which are readily realisable and therefore the Fund will have sufficient resources to meet its liquidity requirements.

c. Standards and Interpretations

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2018, as described in those financial statements.

At the date of authorisation of these financial statements, there were no standards and interpretations in issue but not yet effective which are relevant to the Company and the Fund that have been applied to these financial statements.

d. Business and geographical segments

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 or loss)

	30.06.2019	30.06.2018	31.12.2018
	GBP	GBP	GBP
Quoted/listed Equities	141,394,048	143,981,070	112,940,472
Quoted/listed Bonds	3,667,375	1,187,275	1,154,809
	<u>145,061,423</u>	<u>145,168,345</u>	<u>114,095,281</u>

Please refer to Note 18 for the Schedule of Investments.

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4. Cash and cash equivalents

	30.06.2019 GBP	30.06.2018 GBP	31.12.2018 GBP
Cash at bank	<u>2,299,403</u>	<u>4,802,503</u>	<u>7,889,488</u>

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 to their fair value.

5. Other payables and accruals

	30.06.2019 GBP	30.06.2018 GBP	31.12.2018 GBP
Investment management fees	211,379	203,706	205,446
Sponsor’s fees	60,394	58,124	58,699
Audit fees	14,712	17,901	36,300
Administration fees	29,533	29,101	29,349
General expenses	2,309	21,017	15,465
Directors’ fees	1,085	9,681	29,500
Registrar’s fees	7,573	8,688	8,001
Custodian fees	2,953	2,901	853
	<u>329,938</u>	<u>351,119</u>	<u>383,613</u>

6. Stated capital account

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		
At 31 December 2018	2	2
At 30 June 2019	<u>2</u>	<u>2</u>
Redeemable participating preference shares issued		
At 31 December 2018	106,487,250	49,704,412
Movement for the period	-	-
At 30 June 2019	<u>106,487,250</u>	<u>49,704,412</u>
Total stated capital at 30 June 2019		<u>49,704,414</u>

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6. Stated capital account (continued)

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 2018: 18,195,000, 31 December 2018: 18,195,000) treasury shares in issue. Treasury shares have no value and no voting rights.

7. Net asset value per redeemable participating preference share

The net asset value per share of 113.43p (30 June 2018: 111.50p, 31 December 2018: 95.94p) is based on the net assets at the period end of £120,792,018 (30 June 2018: £118,738,520, 31 December 2018: £102,168,949) 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 2018: 106,487,250 shares, 31 December 2018: 106,487,250 shares).

8. Dividend and interest income

	Period ended 30.06.2019			30.06.2018 GBP	31.12.2018 GBP
	Revenue GBP	Capital GBP	Total GBP		
Bond and debenture interest	36,601	-	36,601	31,009	64,694
Bank and loan interest	71,311	-	71,311	78,370	140,748
Dividend income	3,375,417	-	3,375,417	3,860,128	7,518,107
	3,483,329	-	3,483,329	3,969,507	7,723,549

9. Net movement in the fair value of securities

	Period ended 30.06.2019			30.06.2018 GBP	31.12.2018 GBP
	Revenue GBP	Capital GBP	Total GBP		
Net movement in the fair value of securities (at fair value through profit or loss)	-	20,832,358	20,832,358	(3,599,627)	(19,171,856)

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10. Profit per redeemable participating preference share – basic and diluted

The revenue gain per share is based on £2,306,458 (30 June 2018: £2,821,096, 31 December 2018: £5,282,606) net revenue gain on ordinary activities and a weighted average of 106,487,250 (30 June 2018: 106,487,250, 31 December 2018: 106,487,250) shares in issue. The capital gain per share is based on £19,032,036 (30 June 2018: £3,598,681 net capital loss, 31 December 2018: £19,914,337 net capital loss) net capital gain for the period and a weighted average of 106,487,250 shares in issue (30 June 2018: 106,487,250, 31 December 2018: 106,487,250).

11. Related party transactions

The Directors are regarded as related parties.

Total Directors' fees paid during the period amounted to £60,130 of which £1,085 was due at the period end (30 June 2018: £42,500 of which £21,250 was due at the period end, 31 December 2018: £101,500 of which £29,500 was due at the year end).

The Investment Manager is also regarded as a related party due to its holding of the two management shares in each of the Company and the Fund in issue. Total management fees paid during the period amounted to £400,861 (30 June 2018: £400,957, 31 December 2018: £825,615).

These fees for the above are all arms' length transactions.

12. Dividends

Dividends of 1.275 pence per share were paid on a quarterly basis during the period in the months of January and April totalling £2,715,425 (30 June 2018: £2,715,425). On 31 July 2019, a dividend of £1,357,712 was paid. In accordance with the requirements of IFRS, as this was approved on 4 July 2019, being after the Statement of Financial Position date, no accrual was reflected in the 2019 interim financial statements for this amount of £1,357,712 (5 July 2018: £1,357,712).

13. 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. As an investment trust, all capital gains are exempt from UK corporate tax. 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.

14. Loan payable

The Fund has a credit facility agreement with Royal Bank of Canada (“RBC”) whereby RBC provides a credit facility, with a maximum principal amount of the lesser of CAD 65,000,000 and 25 per cent. of the total asset value of the Fund.

As at 30 June 2019, the bankers' acceptance drawn under the credit facility totalled CAD 45,000,000 (GBP equivalent of £26,886,356) (period ended 30 June 2018: CAD 55,000,000 (GBP equivalent of £31,497,412), year ended 31 December 2018: CAD 35,000,000 (GBP equivalent £20,025,095)).

As at 30 June 2019, pre-paid interest and stamping fees of £150,567 (period ended 30 June 2018: £92,995, year ended 31 December 2018: £80,143) were paid on the bankers' acceptance and these costs are being amortised over 90 days. Interest paid on the bankers' acceptance totalled £301,966 (period ended 30 June 2018: £253,524, year ended 31 December 2018: £534,814).

Interest is calculated at an annual percentage equal to, in the case of prime loans, the Prime Rate minus 0.35%. In the case of a bankers' acceptance, a stamping fee of 0.60 per cent. per annum is payable.

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15. Security agreement

In conjunction with entering into the Credit Facility, 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.

16. Financial instruments

Fair values

The carrying amounts of the investments, accrued income, other receivables, cash and cash equivalents 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 recognized stock exchange outside Canada was increased to up to 40 percent.

Management of Capital

The Investment Manager manages the capital of the Fund in accordance with the Fund's investment objectives and policies.

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 in the 6 months to 30 June 2019 and in 2018.

Investment and trading activities

It is intended that the Fund will continue throughout its life to be primarily invested in a 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 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 AA- and A+ assigned by Standard and Poor's rating agency. All transactions in listed securities are settled upon delivery using approved brokers.

The risk of default is considered minimal as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase 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 carry 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

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16. Financial instruments (continued)

Market price risk (continued)

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 Financial Reporting Council (“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 trade wars, the ongoing uncertainty to the outcome of Brexit, slowing global economic growth and manufacturing activity, and central bank policies.

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
- 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)
- 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 categorised in its entirety 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 Fund. The Fund considers 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 table presents the Fund’s financial assets and liabilities by level within the valuation hierarchy as of 30 June 2019.

	Level 1	Level 2	Level 3	Total
	GBP	GBP	GBP	GBP
Financial assets				
Securities				
(at fair value through profit or loss)	145,061,423	-	-	145,061,423

The following table presents the Fund’s financial assets and liabilities by level within the valuation hierarchy as of 31 December 2018.

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16. Financial instruments (continued)

Fair value measurements (continued)

	Level 1 GBP	Level 2 GBP	Level 3 GBP	Total GBP
Financial assets				
Securities				
(at fair value through profit or loss)	114,095,281	-	-	114,095,281

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 and 2 during the period.

Price sensitivity

At 30 June 2019, 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 would have been £43,518,427 (30 June 2018: £43,550,504, December 2018: £34,228,584), arising due to the increase in the fair value of financial assets at fair value through profit or loss by £43,518,427 (30 June 2018: £43,550,504, 31 December 2018: £34,228,584).

At 30 June 2019, 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 participating preference shares 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.

The following table details the Fund's exposure to interest rate risk at 30 June 2019, 30 June 2018 and 31 December 2018:

		Floating rate assets				
	Weighted average interest at period end		Weighted average interest at period end		Weighted average interest at year end	
		30.06.2019 GBP		30.06.2018 GBP		31.12.2018 GBP
Assets						
Debt securities	5.75%	3,667,375	5.75%	1,187,275	5.75%	1,154,809
Cash and cash equivalents	*	2,299,403	*	4,802,503	*	7,889,488
		5,966,778		5,989,778		9,044,297
Liabilities						
Loan payable (note 14)		26,886,356		31,497,412		20,025,095
		26,886,356		31,497,412		20,025,095

* Interest on bank balances are based on prevailing bank base rates.

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

Interest rate sensitivity analysis

At 30 June 2019, had interest rates been 50 basis points higher and all other variables were held constant, the Company's net assets attributable to the redeemable participating preference shares would have decreased by £210,931 (30 June 2018: £153,467, 31 December 2018: £77,545) due to the decrease in market value of listed debt securities, an increase in interest payable on the loan and to a lesser extent an increase in interest earnings on cash and cash equivalents.

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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 Canadian Stock Exchanges and are actively traded.

As at 30 June 2019, the Fund’s ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1 to 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)	145,061,423	-	-	-	145,061,423
Accrued bond interest	-	16,896	3,458	-	20,354
Accrued dividend income	636,968	-	-	-	636,968
Accrued bank interest	2,864	-	-	-	2,864
Other receivables	2	-	-	-	2
Prepayments	8,263	-	-	-	8,263
Cash and cash equivalents	2,299,403	-	-	-	2,299,403
	<u>148,008,923</u>	<u>16,896</u>	<u>3,458</u>	<u>-</u>	<u>148,029,277</u>
Liabilities					
Loan payable	-	(26,886,356)	-	-	(26,886,356)
Other payables and accruals	(329,938)	-	-	-	(329,938)
Interest payable	-	(20,965)	-	-	(20,965)
	<u>(329,938)</u>	<u>(26,907,321)</u>	<u>-</u>	<u>-</u>	<u>(27,237,259)</u>
	<u>147,678,985</u>	<u>(26,890,425)</u>	<u>3,458</u>	<u>-</u>	<u>120,792,018</u>

As at 30 June 2018, the Fund’s ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1 to 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)	145,168,345	-	-	-	145,168,345
Accrued bond interest	-	16,108	-	-	16,108
Accrued dividend income	672,468	-	-	-	672,468
Accrued bank interest	2,736	-	-	-	2,736
Other receivables	2	-	-	-	2
Securities receivable	-	-	-	-	-
Prepayments	2,410	-	-	-	2,410
Cash and cash equivalents	4,802,503	-	-	-	4,802,503
	<u>150,648,464</u>	<u>16,108</u>	<u>-</u>	<u>-</u>	<u>150,664,572</u>
Liabilities					
Loan payable	(5,736,073)	(25,761,339)	-	-	(31,497,412)
Other payables and accruals	(351,119)	-	-	-	(351,119)
Interest payable	(13,281)	(64,240)	-	-	(77,521)
	<u>(6,100,473)</u>	<u>(25,825,579)</u>	<u>-</u>	<u>-</u>	<u>(31,926,052)</u>
	<u>144,547,991</u>	<u>(25,809,471)</u>	<u>-</u>	<u>-</u>	<u>118,738,520</u>

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16. Financial instruments (continued)

Liquidity risk (continued)

As at 31 December 2018, the Fund’s ability to manage liquidity risk was as follows:

	Less than 1 month GBP	1 to 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)	114,095,281	-	-	-	114,095,281
Accrued bond interest	-	17,070	-	-	17,070
Accrued dividend income	570,781	-	-	-	570,781
Accrued bank interest	7,541	-	-	-	7,541
Other receivables	2	-	-	-	2
Prepayments	14,775	-	-	-	14,775
Cash and cash equivalents	7,889,488	-	-	-	7,889,488
	122,577,868	17,070	-	-	122,594,938
Liabilities					
Other payables and accruals	(383,613)	-	-	-	(383,613)
Interest payable	-	(17,281)	-	-	(17,281)
Loan payable	-	(20,025,095)	-	-	(20,025,095)
	(383,613)	(20,042,376)	-	-	(20,425,989)
	122,194,255	(20,025,306)	-	-	102,168,949

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 period end.

The Fund’s net exposure to CAD currency at the period end was as follows:

	30 June 2019 GBP	30 June 2018 GBP	31 December 2018 GBP
Assets			
Cash and cash equivalents	1,586,680	3,588,084	5,403,831
Canadian equities	104,205,007	120,698,224	93,372,747
Canadian debt	2,472,490	-	-
Accrued income	586,378	665,145	566,146
	108,850,555	124,951,453	99,342,724
Liabilities			
Loan payable	(26,886,356)	(31,497,412)	20,025,095
Interest payable	(20,965)	(77,521)	17,281
Securities payable	-	-	-
	(26,907,321)	(31,574,933)	20,042,376

MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE FUND (Unaudited) (Continued)

For the period 1 January 2019 to 30 June 2019
with unaudited comparatives for the period 1 January 2018 to 30 June 2018
and audited comparatives for the year ended 31 December 2018

16. Financial instruments (continued)

Currency risk (continued)

The Fund’s net exposure to USD currency at the period end was as follows:

	30 June 2019 GBP	30 June 2018 GBP	31 December 2018 GBP
Assets			
Cash and cash equivalents	540,554	700,322	1,994,463
United States equities	37,189,041	23,282,847	19,567,725
United States debt	1,194,885	1,187,274	1,154,810
Accrued income	73,809	26,168	29,245
	38,998,289	25,196,611	22,746,243

Sensitivity analysis

As at 30 June 2019, 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 £4,097,162 (30 June 2018: £4,668,826, 31 December 2018: £3,965,017). Had GBP weakened against the CAD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £4,097,162 (30 June 2018: £4,668,826, 31 December 2018: £3,965,017).

As at 30 June 2019, 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 £1,949,914 (30 June 2018: £1,259,830, 31 December 2018: £1,137,312). Had GBP weakened against the USD by 5%, this would amount to an increase in net assets attributable to shareholders of approximately £1,949,914 (30 June 2018: £1,259,830, 31 December 2018: £1,137,312).

17. Cash Flow statement reconciliation of financing activities

The following table discloses the effects of the amendments to IAS 7 Statement of Cash Flows that require additional disclosures about changes in an entity’s financing liabilities arising from both cash flow and noncash flow items.

	1 January 2019	Cash flows		Noncash changes		30 June 2019
				Foreign exchange movements	Fair value changes	
	GBP	GBP	Acquisition GBP	GBP	GBP	GBP
Financial liabilities held at amortised cost	20,025,095	5,654,563	-	1,206,698	-	26,886,356
Total	20,025,095	5,654,563	-	1,206,698	-	26,886,356

MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE FUND (Unaudited) (Continued)

For the period 1 January 2019 to 30 June 2019

with unaudited comparatives for the period 1 January 2018 to 30 June 2018

and audited comparatives for the year ended 31 December 2018

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

As at 30 June 2019

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Equities:					
Bermuda - Quoted Investments					
Power and Utilities					
Brookfield Infrastructure Partners L.P.	100,000	2,893,615	3,372,357	2.79%	2.32%
Real Estate					
Brookfield Property Partners L.P.	300,000	4,389,810	4,460,944	3.69%	3.08%
Canada - Quoted Investments					
Energy					
ARC Resources Ltd.	500,000	4,636,660	1,927,123	1.60%	1.33%
Birchcliff Energy Ltd. - Preferred Shares	40,000	636,779	593,109	0.49%	0.41%
Birchcliff Energy Ltd.	85,000	1,300,141	1,267,512	1.05%	0.87%
Ensign Energy Services Inc.	950,000	4,650,820	2,433,406	2.01%	1.68%
Freehold Royalties Ltd.	500,000	3,668,047	2,531,416	2.10%	1.75%
Vermilion Energy Inc.	150,000	3,919,533	2,560,578	2.12%	1.77%
Financials					
Canadian Imperial Bank of Commerce	65,000	4,331,765	4,015,842	3.32%	2.77%
The Bank of Nova Scotia	100,000	4,832,372	4,224,638	3.50%	2.91%
The Toronto-Dominion Bank	70,000	2,925,792	3,215,259	2.66%	2.22%
Industrials					
Chorus Aviation Inc.	850,000	3,813,720	3,935,419	3.26%	2.71%
Morneau Shepell Inc.	185,000	2,213,655	3,277,071	2.71%	2.26%
Parkland Fuel Corporation	250,000	3,340,766	6,233,837	5.16%	4.30%
Pipelines					
Enbridge Income Fund Holdings Inc.	175,000	4,153,827	4,955,051	4.10%	3.42%
Gibson Energy Inc.	300,000	2,791,939	4,201,188	3.48%	2.90%
Keyera Corp.	200,000	4,378,174	4,029,821	3.34%	2.78%
Pembina Pipeline Corporation	180,000	4,044,863	5,244,901	4.34%	3.62%
TC Energy Corp	90,000	2,831,411	3,506,702	2.90%	2.42%
Power and Utilities					
Altagas Ltd.	200,000	1,696,227	2,874,149	2.38%	1.98%
Capital Power Corporation	200,000	2,942,443	3,612,529	2.99%	2.49%
Northland Power Inc.	355,000	3,823,830	5,432,472	4.50%	3.74%
Transalta Corp.	525,000	2,120,596	2,689,554	2.23%	1.85%
Real Estate					
Choice Properties Real Estate Investment Trust	400,000	2,914,394	3,287,834	2.72%	2.27%
Dream Global Real Estate Investment Trust	375,000	2,360,185	3,059,796	2.53%	2.11%
Dream Industrial Real Estate Investment Trust	440,000	2,691,720	3,116,588	2.58%	2.15%
First Capital Realty Inc.	300,000	3,808,779	3,939,629	3.26%	2.72%
Granite Real Estate Investment Trust	100,000	2,850,059	3,608,921	2.99%	2.49%
Pure Multi-Family REIT LP	725,000	3,203,488	4,189,313	3.47%	2.89%
Sienna Senior Living Inc.	250,000	2,597,601	2,919,245	2.42%	2.01%

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE FUND (Unaudited) (Continued)

For the period 1 January 2019 to 30 June 2019
with unaudited comparatives for the period 1 January 2018 to 30 June 2018
and audited comparatives for the year ended 31 December 2018

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

As at 30 June 2019

Description	Shares or Par Value	Book Cost GBP	Bid-Market Value GBP	% of Net Assets	% of Portfolio
Telecommunications Services					
BCE Inc	80,000	2,539,491	2,861,161	2.37%	1.97%
United States - Quoted Investments					
Consumer Discretionary					
Ford Motor Company	450,000	3,187,500	3,613,577	2.99%	2.49%
Consumer Staples					
Altria Group Inc	60,000	2,567,102	2,232,733	1.85%	1.54%
Financials					
JP Morgan Chase & Co.	75,000	3,158,284	6,586,587	5.45%	4.54%
Morgan Stanley	90,000	3,095,298	3,098,059	2.56%	2.14%
The Blackstone Group L.P.	120,000	2,951,323	4,189,203	3.47%	2.89%
Healthcare					
Bristol-Myers Squibb Company	90,000	3,903,996	3,204,839	2.65%	2.20%
Pfizer Inc.	95,000	2,572,792	3,234,344	2.68%	2.22%
Real Estate					
WPT Industrial Real Estate Investment Trust	230,000	2,395,095	2,394,515	1.98%	1.65%
Telecommunications Services					
AT&T Inc	200,000	4,646,655	5,262,826	4.36%	3.62%
Total equities:		127,780,547	141,394,048	117.05%	97.48%
Debt:					
Canada - Quoted Investments					
Mullen Group Ltd 5.75% due 30 November 2026	4,000,000	2,375,617	2,472,490	2.05%	1.70%
United States - Quoted Investments					
Tricon Capital Group 5.75% due 31 March 2022	1,500,000	1,221,200	1,194,885	0.99%	0.82%
Total debt:		3,596,817	3,667,375	3.04%	2.52%
Total investments		131,377,364	145,061,423	120.09%	100.00%

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Unaudited)


As at 30 June 2019

with unaudited comparatives as at 30 June 2018

and audited comparatives as at 31 December 2018

	Notes	30.06.2019 GBP	30.06.2018 GBP	31.12.2018 GBP
Current assets				
Other receivables		2	2	2
Net assets		<u>2</u>	<u>2</u>	<u>2</u>
Equity attributable to equity holders				
Stated capital	2	2	2	2
Total Shareholders' equity		<u>2</u>	<u>2</u>	<u>2</u>

The financial statements and notes on pages 27 to 28 were approved by the directors on 19 September 2019 and signed on behalf of the Board by:



Nicholas Villiers
Chairman



Philip Bisson
Director

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS OF THE COMPANY (Unaudited)

For the period 1 January 2019 to 30 June 2019

with unaudited comparatives for the period 1 January 2018 to 30 June 2018

and audited comparatives for the year ended 31 December 2018

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 International Financial Reporting Standards (“IFRS”) as adopted by the European Union in accordance with the accounting policies set out in note 1 to the financial statements of the Fund.

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 period or the preceding period.

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.

Judgments and estimates used by the Directors

The preparation of financial statements in compliance with IFRS requires the Directors to make judgments, 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 judgments 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 judgment 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 2019, 31 December 2018 and 30 June 2018	<u>2</u>	<u>2</u>

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.

**MIDDLEFIELD CANADIAN INCOME PCC (the “Company”)
Including MIDDLEFIELD CANADIAN INCOME – GBP PC (the “Fund”), a cell of the Company**

Definitions

Benchmark	S&P/TSX Composite High Dividend Index
BOC	The Bank Of Canada
CAD	Canadian Dollar
Credit Facility	The on demand credit facility with the Company's Bankers
FCA	The Financial Conduct Authority
GBP	GB Pound or Pound Sterling
Half Yearly Report	The half yearly report and interim condensed financial statements (unaudited)
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Investec	Investec Bank PLC
Investment Manager	Middlefield Limited
MCI or the Company	Middlefield Canadian Income PCC
Net Asset Value	Net Asset Value of the Company in GBP
RBC	The Royal Bank of Canada
REIT	Real Estate Investment Trust
the Fund	Middlefield Canadian Income - GBP PC
TSX	S&P/TSX Composite Index

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 Policy: The Fund will seek 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, and which the Investment Manager believes will provide an attractive level of distributions together with the prospect for capital growth. It is expected that the Fund’s portfolio will generally comprise between 40 and 70 investments. The Fund may also hold cash or cash equivalents. 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.

Directors

Nicholas Villiers (Chairman)
Raymond Apsey (resigned 13 June 2019)
Philip Bisson
Thomas Grose
Dean Orrico
Richard Hughes
Michael Phair (appointed 13 June 2019)
Joanna Dentskevich (appointed 13 June 2019)

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Assistant Secretary

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