



2020 ANNUAL REPORT

**MIDDLEFIELD  
HEALTHCARE &  
LIFE SCIENCES**  
ETF

**M**MIDDLEFIELD  
ETFs

## MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and has approximately \$4 billion in assets under management. Middlefield is a Specialty Investment Manager which creates investment products designed to balance risk and return to meet the demanding requirements of Financial Advisors and their clients. These financial products include Exchange-Traded Funds, Mutual Funds, Private and Public Resource Funds, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

Many of Middlefield's investment products are designed and managed by our own professionals while some involve strategic partnerships with other "best-in-class" firms that bring unique value to our product offerings. Our investment team comprises portfolio managers, analysts and traders. In 2014, we entered into an exclusive arrangement with SSR, LLC, based in Stamford, Connecticut. They provide specialized research into sectors of the economy such as Healthcare and Innovation Technology. SSR is an independent investment firm whose analysts have been highly ranked and are recognized as leaders in their respective fields. Their fundamental company level research is often non-consensus and provides guidance on overall portfolio construction and security selection.

Looking ahead, Middlefield remains committed to managing and developing new and unique investment products to assist Financial Advisors in helping clients achieve their investment objectives.

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### A NOTE ON FORWARD LOOKING STATEMENTS

This document may contain forward looking statements, including statements regarding: the Fund, its strategies, goals and objectives; prospects; future performance or condition; possible future actions to be taken by the Fund; and the performance of investments, securities, issuers or industries in which the Fund may from time to time invest. Forward looking statements include statements that are predictive in nature, that depend upon or refer to future results, events, circumstances, expectations and performance, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or negative versions thereof and other similar wording. Forward looking statements are not historical facts, but reflect the Fund's current beliefs as of the date of this document regarding future results, events, circumstances, expectations or performance and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors. Forward looking statements are not guarantees of future performance, and actual results, events, circumstances, expectations or performance could differ materially from those expressed or implied in any forward looking statements contained in this document. Factors which could cause actual results, events, circumstances, expectations or performance to differ materially from those expressed or implied in forward looking statements include, but are not limited to: general economic, political, market and business factors and conditions; commodity price fluctuations; interest and foreign exchange rate fluctuations; global equity and capital markets; the financial condition of each issuer in which the Fund invests; the effects of competition in the industries or geographic areas in which the Fund may invest; statutory and regulatory developments; unexpected judicial or regulatory proceedings; and catastrophic events. Readers are cautioned that the foregoing list of factors is not exhaustive and to avoid placing undue reliance on forward looking statements due to the inherent uncertainty of such statements. The Fund does not undertake, and specifically disclaims, any obligation to update or revise any forward looking statements, whether as a result of new information, future developments, or otherwise.



# Middlefield Funds

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**Actively Managed Portfolios that are Driving a Smarter, Healthier and More Sustainable Future**



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MIDDLEFIELD  
**REIT INDEX PLUS**  
ETF

TSX: IDR



(L to R) JEREMY BRASSEUR, Managing Director, NANCY THAM, Managing Director, Sales and Marketing, DEAN ORRICO, President and Chief Investment Officer, ROB LAUZON, Managing Director and Deputy Chief Investment Officer, POLLY TSE, Chief Financial Officer and SHANE OBATA, Executive Director, Investments and Portfolio Manager

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## 2020 REVIEW AND OUTLOOK

In a year beset by unprecedented health, economic and political challenges, global equities performed remarkably well in 2020. MSCI World, the S&P 500 and the TSX Composite generated total returns of 16.5%, 18.4% and 5.6%, respectively. While COVID-19 remains a major concern, we're encouraged by the ongoing rollout of approved vaccines and are looking forward to a recovery in economic activity in 2021 and beyond.

Joe Biden was elected President and the Democrats won a narrow control of the Senate, representing a significant shift in US politics. While Democrat control may increase the risk of tighter regulation and higher taxes, the actions of several independently minded senators on both sides of the aisle should reduce the risk of major policy and regulatory changes in 2021. We also note that given the current challenges experienced by consumers and businesses due to the pandemic, we believe President Biden will be primarily focused on lessening the severity and impact of COVID-19 and increasing economic activity and corresponding levels of employment. The Administration is currently pushing for a USD\$1.9 trillion plan which includes cheques to consumers, added unemployment benefits, money for states and municipalities and more funding for a national vaccination program. Biden is calling this the "first step in a two-step plan to build a bridge to the other side of the crises we face". The first step is referred to as the "rescue" package and the second step is being called the "recovery" package and will involve significant investments in infrastructure, including a particular focus on the clean energy sector.

In terms of risks, investors seem relatively complacent about the current elevated levels of equity market valuations. While investors have multiple reasons to be positive, a continued expansion of valuations increases the risk of an equity market correction. While it's difficult to predict the catalyst for such an event, any correction will provide an opportunity to add to our favourite names to drive further gains in 2021. With respect to interest rates, we do not expect central banks to tighten policy in the short-term. However, better-than-expected economic growth could lift longer-dated rates from relatively low levels, thereby undercutting equity multiples.

Healthcare stocks offer significant relative value against this backdrop. The S&P 500 Healthcare sector ended 2020 trading at a blended forward price to earnings multiple of 16.4x, well below the Index multiple of 22.6x. Valuations are particularly compelling since political risk has abated in recent months. We believe the probability of sweeping healthcare reform is very low since the Biden Administration's main priority will be to gain control of the pandemic by ensuring vaccinations ramp up in a timely fashion and leading biopharma companies such as Pfizer and AstraZeneca will continue to play an integral role in paving the path to normalcy. Given this, we think it unlikely the new Administration will spend its limited and valuable political capital on more controversial Democrat campaign proposals such as drug pricing reform or the establishment of a Public Option.

Middlefield Healthcare & Life Sciences ETF and Middlefield Health & Wellness ETF generated total returns of 10.7% and 9.0% in 2020, respectively. Both funds have exposure to dividend-paying biopharma companies with stable cash flows as well as innovative companies with attractive growth outlooks. We believe the Digital Health sector is supported by durable tailwinds and will be an area of focus for our strategies in 2021 and beyond. The pandemic has accelerated the convergence of healthcare and technology and we expect companies such as Teladoc and Dexcom, who can leverage this trend, to be very well positioned.

The pandemic accelerated secular growth trends and pulled forward demand for certain industries this year. Online advertising, streaming, e-commerce, gaming and cloud services were among the beneficiaries of stay-at-home orders. Middlefield's Digital Consumer Dividend Fund and Global Innovation Dividend Fund are exposed to these attractive themes and generated total returns of 33.6% and 46.5%, respectively. We are optimistic that key players in these areas will thrive as they continue to take market share from legacy incumbents. In the semiconductor industry, we expect Advanced Micro Devices (AMD) to continue growing in both personal computers and, more importantly, servers. We also still see significant potential in Alphabet with its Deep Mind subsidiary leading the way in Artificial Intelligence (AI), which has the potential to address challenges in both robotics and industrial systems. AI research will also prove critical for powering the ongoing development of Google's advertising ecosystem.

The Middlefield family of Exchange Traded Funds consists of 4 strategies, all of which are listed on the Toronto Stock Exchange. The solutions are actively managed and their mandates provide exposure to precise assets and themes, which include Healthcare, REITs and the American core sectors.

In contrast, the pandemic created an extremely challenging and unpredictable operating environment for property owners in 2020. Government mandated lockdowns, including forced store closures and work-from-home orders, have impacted the ability of many landlords to fill vacancies and collect rent in a timely fashion. These challenges were reflected in market performance, with the Canadian Real Estate sector generating a total return of -8.7% in 2020, making it the third worst performing sector in the Index. Looking ahead, we believe 2021 will be a much better year for REITs due to the availability of multiple highly effective vaccines, continued low interest rates as well as ongoing government stimulus.

Middlefield's Global Real Estate & E-Commerce Dividend Fund, which has a high concentration in Industrial REITs, generated a total return of 31.9% during the year. E-commerce sales grew by 32% in the U.S. and 28% globally, accelerating demand for modern warehousing space. Middlefield REIT IndexPlus ETF also outperformed the real estate benchmark in 2020, generating a total return of -3.4%. Outperformance was largely driven by the Fund's overweight positioning in industrial and data center REITs. Industrial REITs should continue to benefit from steady rent growth in 2021 and beyond as consumers and businesses adapt to new online methods of purchasing and delivering goods and services. Similarly, the use of cloud services has increased dramatically with companies such as Microsoft reporting millions of new users on its Teams platform, Netflix reaching new records in viewership and online gaming platforms growing exponentially. As a result, data center REITs, which provide the backbone infrastructure for budding cloud services, are well-positioned to benefit from these trends over the long-term. We believe industrial and data centers are must-own asset classes and our real estate portfolios maintain significant exposure to these sectors through positions in high-quality companies such as Granite REIT, WPT Industrial and Equinix.

### Outlook

Though valuations remain at the higher end of their historical range and equity market corrections are possible in the coming months, we remain bullish on stocks in 2021 for a number of reasons.

First, the world continues to make progress in the fight against COVID-19. Pfizer, Moderna and AstraZeneca each reported initial efficacy data exceeding 90% for their vaccines while Johnson & Johnson reported 85% efficacy against severe symptoms and hospitalizations. The J&J result is especially impressive since its trials are more reflective of the newer, highly transmissible strains in the U.K., South Africa and Brazil. Multiple countries are now implementing mass inoculation strategies, beginning with their most vulnerable citizens, and production of approved vaccines is accelerating.

Second, monetary and fiscal policy remain highly accommodative. The U.S. Federal Reserve is not expected to increase rates until at least 2023 and we expect other major central banks to follow suit. Regarding fiscal stimulus, governments around the world continue to spend in support of both consumers and businesses that have been most negatively impacted by the pandemic.

Third, as the global economy recovers, so should corporate earnings. While secular winners remain well positioned, we could see the biggest contributions from cyclical sectors such as financials and industrials.



**Dean Orrico**  
President, CEO and Chief Investment Officer  
Middlefield Capital Corporation



**Robert F. Lauzon**  
Managing Director and Deputy Chief Investment Officer  
Middlefield Capital Corporation

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

This annual management report of fund performance contains financial highlights and should be read in conjunction with the complete audited annual financial statements of the investment fund that follow this report.

Unitholders may contact us by calling 1-888-890-1868, by writing to us at Middlefield Group at one of the addresses on the back cover or by visiting our website at [www.middlefield.com](http://www.middlefield.com) to request a copy of the investment fund's annual financial statements, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

## Management's Discussion of Fund Performance

### Investment Objectives and Strategies

The investment objectives of Middlefield Healthcare & Life Sciences ETF (the "Fund") are to provide holders with: (i) stable monthly cash distributions; and (ii) long-term total return through capital appreciation of the Fund's investment portfolio. The Fund utilizes an investment strategy which focuses primarily on investing in dividend-paying securities of issuers operating in or that derive a significant portion of their earnings or revenue from products or services related to the healthcare, life sciences and related industries.

### Risk

The Fund is exposed to several risks that may affect its performance. The overall risk of the Fund is as described in its prospectus dated February 24, 2020. During the past year, the overall risk level of the Fund may have been impacted as follows:

#### Market Risk

Market risk describes the Fund's exposure to volatility in the market value of its underlying securities. Equity markets continue to exhibit volatility due to macroeconomic uncertainties, ongoing global trade disputes, as well as the uncertain impact from the Coronavirus outbreak. The Fund seeks to mitigate risk through active management and portfolio diversification.

#### Results of Operations

##### Investment Performance

During 2020, the net assets of the Fund decreased to \$75.7 million at December 31, 2020 from \$79.0 million at December 31, 2019. On a per unit basis, the net assets of the Fund increased from \$10.61 at December 31, 2019 to \$11.10 at December 31, 2020. The Fund recorded a net gain on its investment portfolio of approximately \$7.7 million or \$1.07 per unit during the year.

### Revenue and Expenses

Revenue before expenses for the year ended December 31, 2020 amounted to \$8.8 million, down from revenue of \$10.3 million in 2019 as a result of a change in unrealized gains on the Fund's portfolio investments. Operating expenses for the year ended December 31, 2020 amounted to \$1.1 million, similar to the prior year. The operating expenses contributed to the management expense ratio ("MER") of 1.31% in 2020, down from 1.41% in 2019. As a result, profit after tax amounted to \$7.6 million or \$1.06 per unit, down from a profit of \$9.0 million or \$1.28 per unit in the prior year. Distributions for the year ended December 31, 2020 amounted to \$0.60 per unit.

### Related Party Transactions

Pursuant to a management agreement, Middlefield Limited (the "Manager") receives a management fee. For further details, please see the "Management Fees" section of this report. Middlefield Capital Corporation ("MCC" or the "Advisor"), the advisor to the Fund and a company under common control with the Manager, receives advisory fees from the Manager out of the management fee. MCC also receives brokerage commissions from the Fund in connection with securities transactions. All brokerage commissions paid by the Fund to MCC were at or below market rates. For further details, please see the notes to the financial statements.

### Management Fees

Management fees are calculated at 0.85% per annum of the net asset value of the Fund and are split between the Manager and the Advisor. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees from the Manager for providing investment advice in respect of the portfolio in accordance with the investment objectives and strategies of the Fund.

### Trends

The S&P 500 Healthcare sector ended 2020 trading at a blended forward price to earnings multiple of 16.4x, well below the Index multiple of 22.6x.

### Financial Highlights

Net Assets are calculated in accordance with International Financial Reporting Standards ("IFRS").

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

"Net Asset Value" is calculated in accordance with section 14.2 of National Instrument 81-106 "Investment Fund Continuous Disclosure" ("NI 81-106") and is used for transactional pricing purposes.

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the indicated periods. Ratios and Supplemental Data are derived from the Fund's Net Asset Value.

The Fund's Net Assets per Unit<sup>(1)</sup>

	2020	2019	2018	2017 <sup>(4)</sup>
Net Assets, Beginning of Year	\$ 10.61	\$ 9.95	\$ 9.72	\$ 9.47*
<b>INCREASE (DECREASE) FROM OPERATIONS:</b>				
Total Revenue	0.16	0.17	0.19	0.06
Total Expenses (excluding distributions)	(0.16)	(0.16)	(0.25)	(0.10)
Realized Gains for the Year	0.49	0.27	0.46	0.12
Unrealized Gains for the Year	0.58	1.01	0.37	0.28
Transaction Costs on Purchase and Sale of Investments	(0.01)	(0.01)	(0.03)	(0.03)
<b>TOTAL INCREASE FROM OPERATIONS<sup>(2)</sup></b>	<b>1.09</b>	<b>1.23</b>	<b>0.73</b>	<b>0.33</b>
<b>DISTRIBUTIONS:</b>				
From Net Investment Income	-	0.01	-	-
From Capital Gains	0.48	0.26	0.43	0.08
Return of Capital	0.12	0.30	0.07	-
<b>TOTAL DISTRIBUTIONS<sup>(3)</sup></b>	<b>0.60</b>	<b>0.57</b>	<b>0.50</b>	<b>0.08</b>
Net Assets, End of Year	\$ 11.10	\$ 10.61	\$ 9.95	\$ 9.72

<sup>(1)</sup> This information is derived from the Fund's audited annual financial statements.

<sup>(2)</sup> Net Assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial year. This schedule is not a reconciliation of Net Assets since it does not reflect unitholder transactions as shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and accordingly columns may not add.

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

<sup>(4)</sup> For the period July 21, 2017 (date of commencement of operations) to December 31, 2017.

\*Initial issue price, net of agents' fees and initial issue costs.

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

## Ratios and Supplemental Data

	2020	2019	2018	2017 <sup>(5)</sup>
Total Assets (000s) <sup>(1)</sup>	\$ 76,183	\$ 79,456	\$ 96,490	\$ 123,254
Total Net Asset Value (000s) <sup>(1)</sup>	\$ 75,705	\$ 78,968	\$ 90,846	\$ 95,522
Number of Units Outstanding <sup>(1)</sup>	6,818,521	7,443,521	9,132,588	9,830,700
Management Expense Ratio ("MER") <sup>(2)</sup>	1.31%	1.41%	2.21%	7.87%
MER (excluding interest expense and issuance costs) <sup>(2)</sup>	1.31%	1.40%	1.74%	2.03%
Trading Expense Ratio <sup>(3)</sup>	0.14%	0.14%	0.24%	0.64%
Portfolio Turnover Rate <sup>(4)</sup>	59.84%	54.40%	40.32%	49.09%
Net Asset Value per Unit	\$ 11.10	\$ 10.61	\$ 9.95	\$ 9.72

<sup>(1)</sup> This information is provided as at December 31 of the year shown.

<sup>(2)</sup> The MER is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average Net Asset Value during the year. The MER excluding interest expense and issuance costs has been presented separately as it expresses only the ongoing management and administrative expenses of the Fund as a percentage of average Net Asset Value. Issuance costs are one-time costs incurred at inception, and the inclusion of interest expense does not consider the additional revenues that have been generated from the investment of the leverage in income-generating assets.

<sup>(3)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the year.

<sup>(4)</sup> The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

<sup>(5)</sup> For the period July 21, 2017 (date of commencement of operations) to December 31, 2017.



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

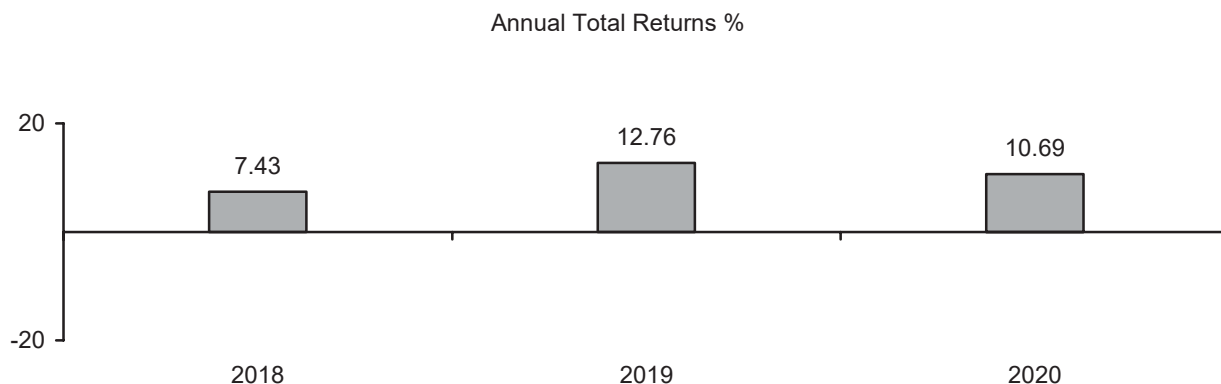
FOR THE YEAR ENDED DECEMBER 31, 2020

## Past Performance

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

## Year-By-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the years shown. The return for 2017 is not presented since it relates to a partial year. The chart indicates, in percentage terms, how much an investment made the first day of the financial year would have grown or decreased by the last day of the financial year.



## Annual Compound Returns

	Periods Ended December 31, 2020		
	One Year	Three Years	Since Inception
Middlefield Healthcare & Life Sciences ETF	10.69%	10.25%	9.85%
MSCI Daily TR World Net Health Care USD	13.52%	12.77%	11.54%

MSCI Daily TR World Net Health Care USD (the "Index") is designed to capture the large and mid-cap segments across 23 Developed market countries. All securities in the index are classified in the Healthcare sector as per the Global Industry Classification Standard.

The Fund's total return of 10.69% underperformed the 13.52% return generated by the Index. The Fund's performance in 2020 was influenced by the relatively strong Canadian dollar and the conservative positioning of the investment portfolio during the year.

# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE YEAR ENDED DECEMBER 31, 2020

## Summary of Investment Portfolio

AS AT DECEMBER 31, 2020

Top Twenty-Five Holdings

<b>DESCRIPTION</b>	<b>% OF NET ASSET VALUE</b>
1 CRISPR Therapeutics AG	5.2
2 NanoString Technologies, Inc.	4.5
3 Thermo Fisher Scientific Inc.	3.9
4 Vertex Pharmaceuticals Incorporated	3.6
5 UnitedHealth Group Inc.	3.5
6 Teladoc Health Inc.	3.4
7 Pfizer Inc.	3.1
8 Danaher Corporation	3.0
9 Moderna Inc.	3.0
10 Becton Dickinson and Company	2.9
11 McKesson Corp.	2.9
12 Johnson & Johnson	2.9
13 Abbott Laboratories	2.8
14 Intuitive Surgical, Inc.	2.8
15 Medtronic plc	2.6
16 DexCom Inc.	2.5
17 Regeneron Pharmaceuticals, Inc.	2.4
18 Sanofi SA	2.4
19 Roche Holding AG	2.4
20 Amgen Inc.	2.3
21 Edwards Lifesciences Corporation	2.3
22 CVS Health Corp.	2.3
23 Zoetis Inc.	2.2
24 Abbvie Inc.	2.2
25 Bristol-Myers Squibb Company	2.1

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

<b>ASSET CLASS</b>	<b>% OF NET ASSET VALUE</b>
Healthcare	96.8
Cash and Short-Term Investments	3.7
Other Net Liabilities	(0.5)
	100.0

TOTAL NET ASSET VALUE \$ 75,705,441

TOTAL ASSETS \$ 76,183,007

The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.  
Please visit [www.middlefield.com](http://www.middlefield.com) for the most recent quarter-end Summary of Investment Portfolio.

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Middlefield Healthcare & Life Sciences ETF (the "Fund") have been prepared by Middlefield Limited (the "Manager"), the manager of Fund and approved by the Board of Directors. The Manager is responsible for the information and representations contained in these financial statements and other financial information contained in this report.

The Manager maintains appropriate procedures to ensure that relevant and reliable financial information is produced. The financial statements have been prepared in accordance with International Financial Reporting Standards and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in the notes to the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements.

## INDEPENDENT AUDITOR'S REPORT

TO THE UNITHOLDERS OF MIDDLEFIELD HEALTHCARE & LIFE SCIENCES ETF (THE "FUND")

### OPINION

We have audited the financial statements of the Fund which comprise the statements of financial position as at December 31, 2020 and 2019, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements"). In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### OTHER INFORMATION

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We obtained the Management Report of Fund Performance prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard. The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Deloitte LLP is the external auditor of the Fund. They have audited the financial statements of the Fund in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements.



Francisco Z. Ramirez  
President  
Middlefield Limited



Catherine E. Rebuldeia  
Chief Financial Officer  
Middlefield Limited

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Seiler.



Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario  
March 26, 2021

# FINANCIAL STATEMENTS

## Statements of Financial Position

AS AT DECEMBER 31  
(In Canadian Dollars)

	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Investments at Fair Value through Profit or Loss	\$ 73,242,719	\$ 75,621,388
Cash	2,815,813	3,704,627
Income and Interest Receivable	81,264	90,149
Accounts Receivable	43,211	39,691
<b>Total Assets</b>	<b>76,183,007</b>	<b>79,455,855</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Distributions Payable	340,926	372,176
Accounts Payable and Accrued Liabilities	136,640	115,865
<b>Total Liabilities (excluding Net Assets Attributable to Holders of Redeemable Units)</b>	<b>477,566</b>	<b>488,041</b>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 75,705,441</b>	<b>\$ 78,967,814</b>
<b>Redeemable Units Outstanding (Note 10)</b>	<b>6,818,521</b>	<b>7,443,521</b>
<b>Net Assets Attributable to Holders of Redeemable Units per Unit</b>	<b>\$ 11.10</b>	<b>\$ 10.61</b>

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

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



Director: Francisco Z. Ramirez



Director: Catherine E. Rebuldela

# FINANCIAL STATEMENTS

## Statements of Comprehensive Income

FOR THE YEARS ENDED DECEMBER 31

(In Canadian Dollars)

	2020	2019
<b>REVENUE (LOSS)</b>		
Income from Investments	\$ 1,118,232	\$ 1,106,896
Interest Income for Distribution Purposes	24,458	100,736
Securities Lending Income (Note 11)	9,699	14,851
Foreign Exchange Loss on Cash	(335,856)	(93,807)
<b>Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss</b>		
Net Realized Gain from Investment Transactions	3,859,093	2,011,434
Change in Net Unrealized Gain on Investments	4,257,626	7,152,429
Change in Net Unrealized Loss on Foreign Currency Transactions	(105,467)	(13,546)
<b>Total Revenue</b>	<b>8,827,785</b>	<b>10,278,993</b>
<b>OPERATING EXPENSES (Note 7)</b>		
Audit Fees	7,984	15,457
Custodial Fees	5,567	7,766
Fund Administration Costs	193,930	192,984
Independent Review Committee Fees and Expenses	-	15,990
Legal Fees	7,698	-
Management Fee	719,877	716,601
Transaction Costs (Note 12)	105,136	98,938
Unitholder Reporting Costs	67,411	74,263
<b>Total Operating Expenses</b>	<b>1,107,603</b>	<b>1,121,999</b>
Finance Costs (Note 9)	-	5,972
<b>Total Expenses</b>	<b>1,107,603</b>	<b>1,127,971</b>
Withholding Taxes	152,614	129,482
<b>Increase in Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 7,567,568</b>	<b>\$ 9,021,540</b>
Increase in Net Assets Attributable to Holders of Redeemable Units per Unit (Note 10)	\$ 1.06	\$ 1.28

## Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

FOR THE YEARS ENDED DECEMBER 31

(In Canadian Dollars)

	2020	2019
Net Assets Attributable to Holders of Redeemable Units at Beginning of Year	\$ 78,967,814	\$ 90,846,164
Increase in Net Assets Attributable to Holders of Redeemable Units	7,567,568	9,021,540
Distributions to Unitholders	(4,274,863)	(3,965,506)
Repurchase of Trust Units	-	(58,229)
Payment on Redemption of Trust Units	(8,977,918)	(29,614,916)
Proceeds from Issue of Trust Units	2,422,840	12,738,761
<b>Net Assets Attributable to Holders of Redeemable Units at End of Year</b>	<b>\$ 75,705,441</b>	<b>\$ 78,967,814</b>

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

# FINANCIAL STATEMENTS

## Statements of Cash Flows

FOR THE YEARS ENDED DECEMBER 31

(In Canadian Dollars)

	2020	2019
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Increase in Net Assets Attributable to Holders of Redeemable Units	\$ 7,567,568	\$ 9,021,540
Adjustments:		
Purchases of Investments	(43,774,798)	(106,031,296)
Proceeds from Sale of Investments	54,270,186	120,946,556
Foreign Exchange Loss	441,323	107,353
Net Realized Gain from Investment Transactions	(3,859,093)	(2,011,434)
Change in Net Unrealized Gain on Investments	(4,257,626)	(7,152,429)
	<b>10,387,560</b>	<b>14,880,290</b>
Net Change in Non-Cash Working Capital	<b>26,140</b>	<b>(103,669)</b>
Net Cash from Operating Activities	<b>10,413,700</b>	<b>14,776,621</b>
<b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>		
Proceeds from Issue of Trust Units	2,422,840	12,738,761
Repurchase of Trust Units	-	(58,229)
Payment on Redemption of Trust Units	(8,977,918)	(29,614,916)
Repayment of Loans	-	(5,000,000)
Distributions Paid to Unitholders	(4,306,113)	(3,974,943)
Net Cash used in Financing Activities	<b>(10,861,191)</b>	<b>(25,909,327)</b>
Net Decrease in Cash	<b>(447,491)</b>	<b>(11,132,706)</b>
Foreign Exchange Loss	<b>(441,323)</b>	<b>(107,353)</b>
Cash at Beginning of Year	<b>3,704,624</b>	<b>14,944,686</b>
Cash at End of Year	<b>\$ 2,815,813</b>	<b>\$ 3,704,627</b>

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

# FINANCIAL STATEMENTS

## Schedule of Investment Portfolio

AS AT DECEMBER 31, 2020  
(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Abbott Laboratories	15,000	\$ 1,806,030	\$ 2,092,352
Abbvie Inc.	12,000	1,550,748	1,638,108
Agenus Inc.	70,000	466,667	283,592
Amgen Inc.	6,000	1,360,949	1,757,507
Amicus Therapeutics Inc.	15,000	441,962	441,250
AstraZeneca PLC	12,000	928,079	1,530,563
Athenex Inc.	30,000	488,480	422,713
Avadel Pharmaceuticals PLC	40,000	386,798	340,413
Becton Dickinson and Company	7,000	2,143,053	2,231,460
Bluebird Bio Inc.	12,000	983,675	661,511
Boston Scientific Corporation	25,000	1,040,220	1,145,007
Bridgebio Pharma Inc.	6,000	401,332	543,564
Bristol-Myers Squibb Company	20,000	1,558,023	1,580,523
Centene Corp.	10,000	887,160	764,782
ChemoCentryx Inc.	5,000	415,302	394,430
CRISPR Therapeutics AG	20,000	1,493,158	3,901,239
CVS Health Corp.	20,000	1,880,942	1,740,283
Danaher Corporation	8,000	1,370,343	2,264,049
DexCom Inc.	4,000	1,762,595	1,884,092
Edwards Lifesciences Corporation	15,000	911,383	1,743,404
Eli Lilly & Company	6,000	995,084	1,290,612
GlaxoSmithKline plc	60,000	1,566,520	1,402,250
Heron Therapeutics Inc.	25,000	609,168	674,105
Humana Inc.	1,500	875,743	784,025
Intuitive Surgical, Inc.	2,000	995,098	2,084,517
iRhythm Technologies Inc.	5,000	1,453,714	1,511,026
Johnson & Johnson	11,000	2,077,755	2,205,522
McKesson Corp.	10,000	2,267,660	2,215,739
Medtronic plc	13,000	1,382,443	1,940,071
Merck & Co., Inc.	15,000	1,233,601	1,563,197
Moderna Inc.	17,000	1,388,004	2,262,609
NanoString Technologies, Inc.	40,000	567,616	3,408,201
Pfizer Inc.	50,000	2,473,504	2,344,795
Quidel Corp.	3,500	1,147,541	801,059
Regeneron Pharmaceuticals, Inc.	3,000	1,516,253	1,846,445
Roche Holding AG	4,000	1,281,635	1,781,391
Sanofi SA	15,000	1,865,515	1,840,161
Sarepta Therapeutics, Inc.	3,500	382,122	760,214
Stryker Corporation	4,000	838,639	1,248,723
Teladoc Health Inc.	10,000	2,159,400	2,547,488
TG Therapeutics Inc.	20,000	364,476	1,325,469
Thermo Fisher Scientific Inc.	5,000	1,166,968	2,967,015
UnitedHealth Group Inc.	6,000	1,682,264	2,680,596
Vertex Pharmaceuticals Incorporated	9,000	1,786,712	2,709,872
Zoetis Inc.	8,000	1,224,135	1,686,775
<b>HEALTHCARE: 96.3%</b>		<b>55,578,469</b>	<b>73,242,719</b>
TRANSACTION COSTS (Note 12)		(33,430)	-
<b>TOTAL INVESTMENTS: 96.3%</b>		<b>55,545,039</b>	<b>73,242,719</b>
<b>CASH: 3.7%</b>		<b>2,815,813</b>	<b>2,815,813</b>
<b>Total Investment Portfolio, Including Cash</b>		<b>\$ 58,360,852</b>	<b>\$ 76,058,532</b>

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 1. Middlefield Healthcare & Life Sciences ETF

Middlefield Healthcare & Life Sciences ETF (the “Fund”) is an exchange-traded fund established under the laws of the Province of Alberta on June 23, 2017. The Fund converted from a closed-end investment fund into an ETF on February 11, 2019. The Fund’s units were re-designated as units of the ETF on a 1:1 basis, and the Toronto Stock Exchange symbol changed from LS.UN to LS. The investment strategies of the Fund remain substantially similar before and after the conversion.

Middlefield Limited, a company incorporated in Alberta, is both the manager and trustee of the Fund (the “Manager”) and Middlefield Capital Corporation (“MCC”), a company under common control with the Manager, is the advisor to the Fund (the “Advisor”). The Fund was listed on the Toronto Stock Exchange and effectively commenced operations on July 21, 2017 when it first issued units through an initial public offering. The address of the Fund’s registered office is 812 Memorial Drive N.W., Calgary, Alberta. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Manager on March 26, 2021.

## 2. Investment Objectives and Strategy

The investment objectives of the Fund are to provide holders of units with: (i) stable monthly cash distributions; and (ii) enhanced long-term total return through capital appreciation of the Fund’s investment portfolio. The Fund utilizes an investment strategy which focuses primarily on investing in securities of issuers operating in or that derive a significant portion of their earnings or revenue from products or services related to the healthcare, life sciences and related industries.

## 3. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”) and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

## 4. Summary of Significant Accounting Policies

### A. Basis of Accounting

#### IFRS 9 *Financial Instruments* (“IFRS 9”)

The Fund classifies and measures financial instruments in accordance with IFRS 9 which requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets. The Fund’s financial assets and liabilities are classified at fair value through profit or loss (“FVTPL”) and amortized cost.

#### Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income (“FVOCI”) has not been taken. Consequently, these financial assets are mandatorily measured at FVTPL.

Financial assets or financial liabilities held for trading are those acquired principally for the purpose of selling or repurchasing in the near future or on initial recognition they are a part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short term profit taking. All derivatives and short positions are included in this category and mandatorily measured at FVTPL. The financial assets and liabilities measured at amortized cost include cash collateral posted on derivative positions, accrued income, due to and from brokers and other short term receivables and payables.

IFRS 9 uses the expected credit loss model (“ECL”), as the new impairment model for financial assets carried at amortized cost. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime of ECLs. Given the short-term nature and high credit quality of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

The Fund does not apply general hedge accounting to any of its derivatives positions.



# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 4. Summary of Significant Accounting Policies (continued)

### B. Financial Instruments

The Fund's financial instruments may include: short-term investments, fixed income, equities, structured products, derivatives (collectively referred to as "investments"), cash, accounts receivable – portfolio securities sold, income and interest receivable, accounts receivable, subscriptions receivable, prepaid interest, prepaid expenses, loan payable, accounts payable – portfolio securities purchased, accounts payable and accrued liabilities, redemptions payable and distributions payable. The Fund recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date. The Fund's investments and derivative assets and liabilities are measured at fair value. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its investments and derivatives are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders.

The Fund only offsets financial assets and financial liabilities if the Fund has a legally enforceable right to offset recognized amounts and either intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

### C. Fair Value Measurement

The Fund's own credit risk and the credit risk of the counterparty are taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. Investments and futures contracts are valued at fair value using the policies described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity specific inputs.

### D. Classification of Redeemable Units by the Fund

Under International Accounting Standard ("IAS") 32, *Financial Instruments: Presentation*, the Fund classifies its redeemable units as liabilities. The Fund's redeemable units do not meet the criteria in IAS 32 for classification as equity as the Fund has more than one contractual obligation to its unitholders.

### E. Derivative Transactions

The Fund may use derivatives, such as forward currency contracts to hedge against losses caused by changes in exchange rates. The value of forward currency contracts is the gain or loss that would be realized, if on the valuation date, the positions were to be closed out. The change in value of forward currency contracts is included in the Statements of Comprehensive Income – Net Unrealized Gain (Loss) on Investments. Realized gains and losses from derivative instruments that are specific economic hedges are accounted for in the same manner as the underlying investments being hedged and are included in the Statements of Comprehensive Income – Net Realized Gain (Loss) from Investment Transactions.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 4. Summary of Significant Accounting Policies (continued)

### F. Investment Transactions and Income Recognition

Investment transactions are accounted for as of the trade date and any realized gains or losses from such transactions are calculated on an average cost basis. Average cost does not include amortization of premiums or discounts on fixed income securities with the exception of zero coupon bonds. The change in the difference between fair value and average cost of the investments is recorded as unrealized gain (loss) on investments. Income from investments is recognized on the ex-dividend or ex-distribution date. Interest income for distribution purposes shown on the Statements of Comprehensive Income represents the interest from bank deposits received by the Fund and, if the Fund holds fixed income investments, coupon interest accounted for on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight line basis. The interest income for distribution purposes is the tax basis of calculating the interest received and which is subject to tax. Income distributions received are treated consistently with dividends and interest and recorded in income in the Statements of Comprehensive Income.

### G. Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per Unit

Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units per unit in the Statements of Comprehensive Income represents the increase (decrease) in net assets divided by the average units outstanding during the year.

### H. Taxation

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

The Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are shown separately in the Statements of Comprehensive Income.

Distributions received from investment in trust units that are treated as a return of capital for tax purposes are used to reduce the average cost of the underlying investments on the Schedule of Investment Portfolio.

### I. Foreign Currency Translation

Foreign currency amounts are translated into Canadian dollars as follows: fair value of investments, forward currency contracts and other assets and liabilities, at the closing rate of exchange on each business day; income and expenses, and purchases, sales and settlements of investments, at the rate of exchange prevailing on the respective dates of such transactions.

### J. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

#### Determination of Functional Currency

'Functional currency' is the currency of the primary economic environment in which the Fund operates. If indicators of the primary economic environment are mixed, then management uses its judgment to determine the functional currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The majority of the Fund's investments and transactions are denominated in Canadian dollars. Investor subscriptions and redemptions are also received and paid in Canadian dollars. Accordingly, management has determined that the functional currency of the Fund is Canadian dollars.

#### Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Fund may hold financial instruments that are not quoted in active markets, including derivatives. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 4. Summary of Significant Accounting Policies (continued)

### J. Critical Accounting Estimates and Judgments (continued)

#### Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market (continued)

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 5 for further information about the fair value measurement of the Fund's financial instruments.

### K. Securities Lending

The Fund may enter into securities lending transactions. These transactions involve the temporary exchange of securities as collateral with a commitment to deliver the same securities on a future date. Income is earned from these transactions in the form of fees paid by the counterparty and, in certain circumstances, interest paid on securities held as collateral. Income earned from these transactions is recognized on an accrual basis and is included in the Statements of Comprehensive Income.

## 5. Fair Value Disclosure

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The fair value of the Fund's financial instruments is classified into levels using the following fair value hierarchy:

Level 1	Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
Level 2	Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
Level 3	Inputs that are unobservable and where there is little, if any, market activity. Inputs into the determination of fair value require significant management judgment or estimation.

As at December 31, 2020

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 73,242,719	\$ -	\$ -	\$ 73,242,719

As at December 31, 2019

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 74,683,787	\$ 937,601	\$ -	\$ 75,621,388

All fair value measurements are recurring. The carrying values of cash, income and interest receivable, subscriptions receivable, accounts receivable, prepaid interest, accounts receivable – portfolio securities sold, loan payable, distributions payable, and accounts payable and accrued liabilities, approximate their fair values due to their short-term nature. Fair values of Fund's investments in common shares are classified as Level 1 when the related security is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

No transfers between levels have occurred during the years ended December 31, 2020 and 2019.

## 6. Financial Risk Management

In the normal course of business, the Fund is exposed to a variety of financial risks: price risk, interest rate risk, liquidity risk, foreign exchange rate risk, credit risk and concentration risk. The Fund's primary risk management objective is to protect earnings and cash flow and, ultimately, unitholder value. Risk management strategies, as discussed below, are designed and implemented to ensure the Fund's risks and related exposures are consistent with its objectives and risk tolerance.

Most of the Fund's risks are derived from its investments. The value of the investments within the Fund's portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, commodity prices, the market and company news related to specific securities held by the Fund. The investments are made in accordance with the Fund's risk management policies. The policies establish investment objectives, strategies, criteria and restrictions. The objectives of these policies are to identify and mitigate investment risk through a disciplined investment process and the appropriate structuring of each transaction.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 6. Financial Risk Management (continued)

### A. Price Risk

Price risk is the risk that changes in the prices of the Fund's investments will affect the Fund's income or the value of its financial instruments. The Fund's price risk is driven primarily by volatility in commodity and equity prices. Rising commodity and equity prices may increase the price of an investment while declining commodity and equity prices may have the opposite effect. The Fund mitigates price risk by making investing decisions based upon various factors, including comprehensive fundamental analysis prepared by industry experts to forecast future commodity and equity price movements. The Fund's market positions are monitored on a daily basis by the portfolio manager and regular financial reviews of publicly available information related to the Fund's investments are performed to ensure that any risks are within established levels of risk tolerance. The Fund is exposed to price risk through the following financial instrument:

	2020		2019	
Investments at FVTPL	\$	73,242,719	\$	75,621,388

Based on the above exposure at December 31, 2020, a 10% increase or decrease in the prices of the Fund's investments would result in a \$7,324,272 (December 31, 2019 - \$7,562,139) increase or decrease in net assets of the Fund, with all other factors held constant.

### B. Interest Rate Risk

Interest rate risk describes the Fund's exposure to changes in the general level of interest rates. Interest rate risk arises when the Fund invests in interest-bearing financial assets such as cash and utilizes financial liabilities such as loan payable. In respect of cash balances and loan payable, the Fund's interest income and expense are positively correlated to interest rates in that rising interest rates increase both interest income and expense while the reverse is true in a declining interest rate environment. The Fund has not hedged its exposure to interest rate movements. The Fund seeks to mitigate this risk through active management, which involves analysis of economic indicators to forecast Canadian and global interest rates. The Fund is exposed to interest rate risk through the following financial instruments:

	2020		2019	
Cash	\$	2,815,813	\$	3,704,627

Based on the above exposure at December 31, 2020, a 1% per annum increase or decrease in interest rates would result in a \$28,158 (December 31, 2019 - \$37,046) increase or decrease in net assets of the Fund, with all other factors held constant.

### C. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund is subject to the potential daily net redemptions of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and can be readily sold. The Fund retains sufficient cash to maintain liquidity and comply with liquidity requirements as outlined by securities legislation and its investment policies.

The Fund may invest in securities that are not traded on public stock exchange or that may be illiquid. As a result, the Fund may not be able to dispose of these investments in a timely manner. The Fund mitigates this risk through active management, which includes detailed analysis of such entities to ensure they are financially sound and would be attractive to potential investors if a sale is necessary. The Fund's investment policies and securities legislation limit the amount invested in illiquid securities and these limits are monitored. At December 31, 2020 and 2019, the Fund did not hold any illiquid securities.

The tables below present the Fund's financial liabilities based on the remaining period to the contractual maturity date. The amounts in the tables reflect the contractual undiscounted cash flows.

As at December 31, 2020

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable	\$ 340,926	\$ -	\$ -	\$ 340,926
Accounts Payable and Accrued Liabilities	136,640	-	-	136,640
Total	\$ 477,566	\$ -	\$ -	\$ 477,566

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

### 6. Financial Risk Management (continued)

#### C. Liquidity Risk (continued)

As at December 31, 2019

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Distributions Payable	\$ 372,176	\$ -	\$ -	\$ 372,176
Accounts Payable and Accrued Liabilities	115,865	-	-	115,865
<b>Total</b>	<b>\$ 488,041</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 488,041</b>

The Manager does not expect that the contractual maturity disclosed above will be representative of the actual cash outflows, as holders of these instruments typically retain them for a longer period.

#### D. Foreign Exchange Rate Risk

Foreign exchange rate risk describes the impact on the underlying value of financial instruments due to foreign exchange rate movements. The Canadian dollar is the Fund's functional and reporting currency. Foreign investments, commodities, cash, receivables and payables denominated in foreign currencies are affected by changes in the value of the Canadian dollar compared to foreign currencies. As a result, financial assets may depreciate/appreciate in the short-term due to the strengthening/weakening of the Canadian dollar against other currencies, and the reverse would be true for financial liabilities. The Fund's exposure to foreign exchange rate risk relates primarily to its investment in securities, which are denominated in various foreign currencies. The Fund has not hedged its exposure to currency fluctuations; however, it closely monitors relevant foreign exchange currency movements. The Fund is exposed to foreign exchange rate risk through the following financial instruments denominated in various foreign currencies:

As at December 31, 2020

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 66,688,354	\$ 2,255,929	\$ 61,411	\$ 69,005,694
U.K. Pound Sterling	2,932,813	-	19,853	2,952,666
European Euro	1,840,161	-	-	1,840,161
Swiss Franc	1,781,391	2	-	1,781,393
<b>Total</b>	<b>\$ 73,242,719</b>	<b>\$ 2,255,931</b>	<b>\$ 81,264</b>	<b>\$ 75,579,914</b>

As at December 31, 2019

Currency	Investments at FVTPL	Cash	Income and Interest Receivable	Total Exposure
U.S. Dollar	\$ 60,384,557	\$ 20,089	\$ 29,063	\$ 60,433,709
U.K. Pound Sterling	3,793,805	-	19,584	3,813,389
European Euro	3,164,847	-	-	3,164,847
Swiss Franc	2,102,444	-	-	2,102,444
Danish Krone	1,882,934	-	-	1,882,934
<b>Total</b>	<b>\$ 71,328,587</b>	<b>\$ 20,089</b>	<b>\$ 48,647</b>	<b>\$ 71,397,323</b>

Based on the above exposure at December 31, 2020, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a \$7,557,991 (December 31, 2019 - \$7,139,732) decrease or increase in net assets of the Fund, with all other factors held constant.

#### E. Credit Risk

Credit risk represents the financial loss that the Fund would experience if a counterparty to a financial asset failed to meet its obligations to the Fund. The Fund is exposed to credit risk on its debt instruments, derivative assets, cash and cash equivalents and other short term trade receivables. The Fund measures credit risk and lifetime ECLs related to the trade receivables using historical analysis and forward looking information in determining the ECL. The carrying amounts of financial assets represent the maximum credit exposure. All transactions executed by the Fund in listed securities are settled upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase only once the broker has received the securities. The trade will fail if either party fails to meet its obligations. There is no significant credit risk related to the Fund's receivables.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 6. Financial Risk Management (continued)

### E. Credit Risk (continued)

The Fund has established various internal controls to help mitigate credit risk, including prior approval of all investments by the Advisor whose mandate includes conducting financial and other assessments of these investments on a regular basis. The Fund has also implemented policies which ensure that investments can only be made with counterparties that have a minimum acceptable credit rating.

### F. Concentration Risk

The Fund is exposed to the possible risk inherent in the concentration of the investment portfolio in a small number of industries or investment sectors. The Manager moderates this risk through careful selection of securities in several investment sectors. At December 31, 2020 and 2019, the percentages of the Fund's total equity invested in each investment sector were as follows:

Sector	As a % of Total Equity	
	2020	2019
Healthcare	96.8	86.5
Real Estate	-	9.3
Total	96.8	95.8

## 7. Management Fee and Operating Expenses

The Manager provides investment and administrative services to the Fund. In consideration for such services, the Manager receives a management fee equal to 0.85% (reduced from 1.1% upon its conversion on February 19, 2019) per annum of the NAV, calculated and paid monthly in arrears based on the average NAV of the preceding month. The Manager is reimbursed for reasonable costs related to maintaining the Fund and preparation and distribution of financial statements and other documents to unitholders. The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business.

## 8. Capital Management

The Fund's capital is its net assets attributable to holders of redeemable units. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength. The Fund manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements.

The Fund is not subject to any externally imposed capital requirements. The Fund's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2019.

## 9. Finance Costs

Finance costs primarily relate to loan interest expenses. As an ETF, the Fund is no longer able to borrow for investment purposes.

## 10. Redeemable Units

### Authorized

The Fund is authorized to issue an unlimited number of transferable, redeemable units, each of which represents an equal, undivided interest in the net assets of the Fund. All units have equal rights and privileges. Unitholders may sell units on the TSX; in addition, unitholders may: (a) redeem units of the Fund for cash at a redemption price per unit equal to the lesser of: (i) 95% of the closing price for the applicable units on the TSX; and (ii) the net asset value per unit, on the effective day of redemption less any costs associated with the redemption; or (b) exchange a prescribed number of units (PNU) or a multiple PNU of the fund for Baskets of Securities and/or cash at an exchange price equal to the net asset value of that number of units less any costs associated with the redemption as determined by the Manager in its sole discretion. Unitholders of the Fund can acquire additional units by participating in the Distribution Reinvestment Plan (the "Plan"). The Plan enables unitholders to reinvest their monthly distributions in additional units of the Fund thereby achieving the benefit of compounding returns. The Plan also allows participants to purchase additional units for cash.

On July 21, 2017, the Fund issued 10.2 million units at \$10 per unit for proceeds, net of agents' fees and issue costs, of \$96.6 million. On August 18, 2017, the Fund issued 120,000 units at \$10 per unit for proceeds, net of agents' fees, of \$1.1 million. During the year ended December 31, 2020, the Fund redeemed 850,000 units (2019 – 2,883,109), issued 225,000 units (2019 – 1,200,000) and purchased nil units (2019 – 6,100) pursuant to a normal course issuer bid and nil units (2019 – nil) in the market in accordance with the Declaration of Trust. For the year ended December 31, 2020, 2,374 units (2019 – 1,930) were distributed under the Plan, of which nil units (2019 – 142) were issued from treasury.

# NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

## 10. Redeemable Units (continued)

The average number of units outstanding during the year ended December 31, 2020 was 7,136,759 (2019 – 7,075,380). This number was used to calculate the Net Assets Attributable to Holders of Redeemable Unit per unit.

## 11. Securities Lending

The Fund has entered into a securities lending program with its custodian, RBC Investor Services Trust, in order to earn additional revenue. The aggregate market value of all securities loaned by the Fund will not exceed 50% of the fair value of the assets of the Fund. The Fund will receive collateral of at least 105% of the fair value of the securities on loan. Collateral held is generally comprised of cash and securities of, or guaranteed by, the Government of Canada or a province thereof, or the United States government or its agencies. Securities lending income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

For the years ended December 31, 2020 and 2019, securities lending income was as follows:

	2020	2019
Gross Securities Lending Income	\$ 16,046	\$ 25,355
Securities Lending Charges	(5,616)	(8,874)
Net Securities Lending Income	10,430	16,481
Withholding Taxes on Securities Lending Income	(731)	(1,630)
Net Securities Lending Income Received by the Fund	\$ 9,699	\$ 14,851

Securities lending charges represented 35% (2019 – 35%) of the gross securities lending income, all of which was paid to the Fund's custodian.

The following table summarizes the securities loaned and collateral held as at December 31, 2020 and 2019.

	2020	2019
	(\$000's)	(\$000's)
Securities Loaned	\$ -	\$ 11,209
Collateral Received	-	11,769
Collateral Percentage of Securities Loaned	-	105%

## 12. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the year ended December 31, 2020 amounted to \$105,136 (2019 - \$98,938). Included in this amount is \$45,035 (2019 - \$45,755) in brokerage commissions that were paid to MCC. All commissions paid by the Fund to MCC were at or below market rates. Brokerage commissions and other transaction costs are expensed and recorded in the Statements of Comprehensive Income.

## 13. Distributions

The Fund pays monthly distributions to unitholders in accordance with its investment objectives. Effective December 29, 2017, distributions of the Fund, at the discretion of the unitholder, are reinvested in additional units of the Fund under the Distribution Reinvestment Plan, without sales charge. The monthly distribution amount of the Fund was increased from \$0.04167 to \$0.05 per unit with an effective date of April 30, 2019. For the year ended December 31, 2020, distributions amounted to \$0.60 per unit (2019 – \$ 0. 57).

## 14. Loss Carryforwards

At December 31, 2020, the Fund had no capital losses (2019 - \$nil) and had non-capital losses of \$907,844 (2019 - \$907,844) available for carryforward for tax purposes. The expiry date of the non-capital losses is as follows:

Expiry Date	Amount
December 31, 2037	\$ 452,119
December 31, 2039	455,725
	\$ 907,844

15. The outbreak of the novel coronavirus (COVID-19) has led to governments around the world enacting emergency measures that resulted in business disruptions, volatility in markets and a global economic slowdown. The Manager uses judgment in assessing the impact from such events on assumptions and estimates applied in reporting the assets and liabilities in the Fund's financial statements at December 31, 2020. The duration and full extent of impact of the COVID-19 pandemic are unknown at the reporting date and it is therefore not possible to reliably estimate the entire impact on the financial results and position of the Fund in future periods.

## DISTRIBUTIONS (PER UNIT)

### 2017

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30-Nov \$ 0.04167

31-Dec 0.04167

### 2018

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31-Jan \$ 0.04167 31-Mar \$ 0.04167 31-May \$ 0.04167 31-Jul \$ 0.04167 30-Sep \$ 0.04167 30-Nov \$ 0.04167

28-Feb 0.04167 30-Apr 0.04167 30-Jun 0.04167 31-Aug 0.04167 31-Oct 0.04167 31-Dec 0.04167

### 2019

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31-Jan \$ 0.04167 31-Mar \$ 0.04167 31-May \$ 0.05000 31-Jul \$ 0.05000 30-Sep \$ 0.05000 30-Nov \$ 0.05000

28-Feb 0.04167 30-Apr 0.05000 30-Jun 0.05000 31-Aug 0.05000 31-Oct 0.05000 31-Dec 0.05000

### 2020

---

31-Jan \$ 0.05000 31-Mar \$ 0.05000 31-May \$ 0.05000 31-Jul \$ 0.05000 30-Sep \$ 0.05000 30-Nov \$ 0.05000

29-Feb 0.05000 30-Apr 0.05000 30-Jun 0.05000 31-Aug 0.05000 31-Oct 0.05000 31-Dec 0.05000

### 2021

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31-Jan \$ 0.05000

28-Feb 0.05000

#### Distribution Reinvestment Plan:

For information regarding the Distribution Reinvestment Plan, please contact our Investor Relations department, our Transfer Agent or visit our website at [www.middlefield.com](http://www.middlefield.com).

You may voluntarily terminate your participation in the Plan and elect to receive cash instead of Plan units, by delivering to the Plan Agent (or, if you are beneficial owners of units, by having your broker or other nominee deliver to the Plan Agent (through CDS & Co., if applicable) on your behalf) a written notice of termination signed by you or your broker or other nominee, as applicable.



## 2020 TAX INFORMATION (PER UNIT)

Middlefield Healthcare & Life Sciences ETF will be issuing T3 Supplementary slips to registered unitholders by March 31, 2021. The following table outlines the allocation of the 2020 distribution for each Unit.

		<b>Allocation</b>	
Record Date	Payable Date	Distribution Per Unit	Return of Capital
January 31, 2020	February 14, 2020	\$ 0.050000	\$ 0.050000
February 29, 2020	March 13, 2020	0.050000	0.050000
March 31, 2020	April 15, 2020	0.050000	0.050000
April 30, 2020	May 15, 2020	0.050000	0.050000
May 31, 2020	June 15, 2020	0.050000	0.050000
June 30, 2020	July 15, 2020	0.050000	0.050000
July 31, 2020	August 14, 2020	0.050000	0.050000
August 31, 2020	September 15, 2020	0.050000	0.050000
September 30, 2020	October 15, 2020	0.050000	0.050000
October 31, 2020	November 13, 2020	0.050000	0.050000
November 30, 2020	December 15, 2020	0.050000	0.050000
December 31, 2020	January 15, 2021	0.050000	0.050000
TOTAL		\$ 0.600000	\$ 0.600000
		100.00%	100.00%

Holders of Units outside of an RRSP, RRIF or DPSP should have received a T3 tax slip from their investment dealer. T3 tax slips report Capital Gains in Box 21, Other Income in Box 26, Return of Capital in Box 42 and Eligible Dividends in Box 49. Eligible Dividends are subject to the gross-up and federal dividend tax credit rules. The Return of Capital component of the distribution is a non-taxable amount that should be deducted from the adjusted cost base of the Units.

EXCHANGE - TRADED FUNDS (ETFs)	TSX Stock Symbol
• Middlefield American Core Dividend ETF	ACZ
• Middlefield Healthcare & Life Sciences ETF	LS
• Middlefield Health & Wellness ETF	HWF
• Middlefield REIT INDEXPLUS ETF	IDR

**TSX-LISTED FUNDS**

• Digital Consumer Dividend Fund	MDC.UN
• E Split Corp.	ENS   ENS.PR.A
• Global Dividend Growers Income Fund	GDG.UN
• Global Innovation Dividend Fund	BL.UN
• Global Real Estate & E-Commerce Dividend Fund	GEC.UN
• International Clean Power Dividend Fund (commenced March 18, 2021)	CLP.UN
• MBN Corporation	MBN
• Middlefield Can-Global REIT Income Fund	RCO.UN
• Middlefield Global Real Asset Fund	RA.UN
• MINT Income Fund	MID.UN
• Real Estate & E-Commerce Split Corp. (commenced November 19, 2020)	RS   RS.PR.A
• Sustainable Infrastructure Dividend Fund	INF.UN
• Sustainable Innovation & Health Dividend Fund (commenced August 14, 2020)	SIH.UN

**MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS**

	Fund Code
<b>Series A Units</b>	<b>FE/LL/DSC</b>
• ACTIVE Resources Income Fund (formerly ACTIVEnergy Income Fund)	MID 235/237/240
• Global Healthcare Dividend Fund	MID 325/327/330
• INDEXPLUS Income Fund	MID 435/437/440
• Middlefield Global Infrastructure Fund	MID 510/519/520

**Series F Units**

• ACTIVE Resources Income Fund (formerly ACTIVEnergy Income Fund)	MID 236
• Global Healthcare Dividend Fund	MID 326
• INDEXPLUS Income Fund	MID 436
• Middlefield Global Infrastructure Fund	MID 501

**MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS**

	Fund Code
<b>Series A Shares</b>	<b>FE/LL/DSC</b>
• Middlefield Canadian Dividend Growers Class	MID 148/449/450
• Middlefield Global Agriculture Class	MID 161/163/166
• Middlefield Global Dividend Growers Class	MID 181/183/186
• Middlefield Global Real Estate Class	MID 600/649/650
• Middlefield Global Sustainable Energy Class (formerly Middlefield Global Energy Class)	MID 125/127/130
• Middlefield High Interest Income Class (formerly Middlefield Short-Term Income Class)	MID 400/424/425
• Middlefield Income Plus Class	MID 800/849/850
• Middlefield U.S. Dividend Growers Class	MID 710/719/720

**Series F Shares**

• Middlefield Canadian Dividend Growers Class	MID 149
• Middlefield Global Agriculture Class	MID 162
• Middlefield Global Dividend Growers Class	MID 182
• Middlefield Global Real Estate Class	MID 601
• Middlefield Global Sustainable Energy Class (formerly Middlefield Global Energy Class)	MID 126
• Middlefield Income Plus Class	MID 801
• Middlefield U.S. Dividend Growers Class	MID 701

**RESOURCE FUNDS**

• Discovery 2020 Short Duration LP (commenced September 25, 2020)
• MRF 2021 Resource Limited Partnership (commenced February 18, 2021)

**INTERNATIONAL FUNDS**

• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT
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President and  
Chief Executive Officer  
Middlefield Capital Corporation

**Jeremy T. Brasseur**  
President and  
Chief Executive Officer  
Middlefield Group Limited

**Robert F. Lauzon, CFA**  
Managing Director and  
Deputy Chief Investment Officer  
Middlefield Capital Corporation

**Dennis da Silva**  
Managing Director  
Resource Group  
Middlefield Capital Corporation

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Former Vice-Chairman  
RBC Dominion Securities Limited

**H. Roger Garland, CPA, CA**  
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Middlefield Limited  
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