



2023 SEMI-ANNUAL REPORT

**MIDDLEFIELD
GLOBAL REAL
ASSET
FUND**

 **MIDDLEFIELD
CLOSED-END FUNDS**

MIDDLEFIELD CORPORATE PROFILE

The Middlefield Group was established in 1979 and 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, Split Share Corporations, Venture Capital Assets, TSX Publicly Traded Funds and Real Estate Investment Funds and Partnerships.

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

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

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A NOTE ON FORWARD LOOKING STATEMENTS

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



2023 Mid-Year Review and Outlook

Equity market returns were widely dispersed during the first half of 2023 (H1). The sharp recovery in technology stocks has been the biggest driver of relative performance, leading to the best first half of a year for the Nasdaq 100 in history (with data going back to 1985). The hype around artificial intelligence (AI) has fueled this rally and resulted in narrow market leadership. The “magnificent seven” – Apple, Microsoft, Google, Amazon, Meta, Tesla and Nvidia – did most of the heavy lifting, returning ~58% in H1. While market leadership has been narrow, we believe it is well deserved by some of the best companies in the world that will benefit from the AI cycle. Conversely, many core sectors of the market, including energy, utilities, financials and real estate, lagged in H1.

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

Despite inflation trending lower in H1, it remains above most central banks’ long-term targets and monetary policy remains in restrictive territory. Services inflation, which is influenced by the rate of unemployment and wages, represents a bigger risk to overall inflation statistics and increases the likelihood of rates staying higher-for-longer. While economic data steadily improved throughout H1, real yields have risen which should temper further multiple expansion on the broad market and growth stocks in particular.

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

We believe outperformance can be achieved in H2 through exposure to cyclical value sectors such as financials, resources, industrials and real estate. We expect these groups to outperform secular growth industries as the market prices in a soft landing in the economy and market breadth expands. We believe the economy has been going through a rolling recession over the past 18 months, i.e., various sectors are already in a recession while the economy continues to expand as a whole. Looking forward over the next twelve months, our view is that a rolling expansion is likely to take place in sectors that have already experienced earnings declines and share price depreciation.

Real estate had an excellent start to 2023 but was negatively impacted by macro headwinds that surfaced late in Q1. The collapse of several regional banks in the US sparked fears of a credit crunch in commercial real estate, particularly for office assets. We believe the operating environment for office REITs has become more challenging due to ongoing credit issues and uncertain work from home trends. That said, fundamentals across the rest of the sector remain very healthy. REITs continue to act as an effective hedge against inflation as companies can raise rents on expiring leases, particularly in undersupplied asset classes such as industrial, multi-family and retail. REITs have historically outperformed the TSX twelve to twenty-four months after the first Bank of Canada rate hike, which occurred in March 2022. The TSX Capped REIT Index generated a total return of 0.7% in H1, trailing the TSX Composite return of 5.8%. We are optimistic that sentiment is starting to bottom, and the sector is positioned for a catch-up trade in H2. *Middlefield Real Estate ETF* (TSX:MREL) and *Sustainable Real Estate Dividend Fund* (TSX:MSRE.UN) generated total returns of 2.6% and 4.2%, respectively, outperforming the benchmark.

After a year of strong performance in 2022, defensive sectors underperformed in H1 as the market began pricing in a soft landing. Healthcare finished as the third worst performing sector in the S&P 500 and had its worst first half in three decades relative to the broader market. Healthcare equipment companies were a bright spot within the sector, generating a total return of 13.1%. After three years of macro headwinds, including COVID-19 disruptions, supply chain bottlenecks and labour shortages, the operating environment for MedTech companies has improved. Healthcare

facilities are now experiencing elevated utilization as patients return to hospitals and outpatient clinics to receive elective procedures that were deferred during the pandemic. We believe these conditions should persist for the remainder of 2023 and into 2024 as the system works through backlogs, especially for orthopedic and cardio procedures. Low unemployment represents an additional tailwind for MedTech companies as more patients are covered by health insurance. *Middlefield Healthcare Dividend ETF* finished H1 with a ~10% overweight weighting to MedTech companies relative to the benchmark.

We believe that infrastructure will be a highly sought-after asset class under a variety of economic backdrops. Revenues from infrastructure assets are typically guaranteed by long-term contracts that provide high cash flow visibility, even under challenging economic conditions. Infrastructure assets are benefiting from a broad range of secular tailwinds, including decarbonization targets, government support packages and shifting demographics. Our infrastructure strategies, which include *Middlefield Sustainable Infrastructure Dividend ETF* (TSX:MINF), *International Clean Power Dividend Fund* (TSX:CLP.UN) and *Global Real Asset Fund* (TSX:RA.UN) invest across multiple different sectors and industries. Regulated utilities, energy infrastructure, renewable power producers and data infrastructure companies represent core exposures within these funds. Notwithstanding higher interest rates, which makes project financing more expensive, we maintain an optimistic long-term view of companies that own, operate or supply infrastructure projects around the world.

Information technology was the top performing sector in the S&P 500 in H1, generating a total return of 42.8%. In our view, tech's impressive performance was justifiable given the two main headwinds that impacted the sector in 2022 – inflation and higher rates – have been easing. Looking forward, we remain optimistic on the tech sector and innovative companies broadly given fundamental growth underpinnings. The outlook for generative AI is promising and should support continued investment in semiconductors and cloud computing. After five consecutive quarters of weak EPS growth, tech earnings are poised to outpace the broader market in H2 and into 2024. *Middlefield Innovation Dividend ETF* generated a total return of 26.1% in H1, outperforming its benchmark, the NASDAQ Technology Dividend Index, which returned 24.3%.

Dividend stocks underperformed the broader market in H1 which was primarily a function of market rotation into growth from value. Despite the short-term underperformance, we remain confident in the long-term potential for dividend growth stocks, which have outperformed the market over the long run. Within the investment universe of dividend stocks, we continue to see plenty of attractive opportunities across key sectors including technology, healthcare, financials and real estate. *Middlefield Sustainable Global Dividend ETF* generated a total return of 10% in H1, outperforming its benchmark, MSCI World Dividend Growers Quality Select Index, which returned 7.5%. The Fund invests in an actively managed portfolio primarily comprised of global equity income securities with an emphasis on companies that are progressing on ESG initiatives and have grown their dividends over time.

Outlook

Our market outlook is sanguine for the second half of 2023. Recession risks are receding and investor sentiment has started to improve. A huge amount of capital that made its way into money market funds during Q4'22/Q1'23 is now starting to flow back into equities. We have noted a growing list of individual stocks that are starting to break out of recent trends, which supports our view that market breadth is poised to improve. Tech stocks have led the market so far this year, but valuations are beginning to look stretched, requiring a more selective approach to security selection going forward. We believe a rotation out of expensive growth stocks into more reasonably priced value names is likely over the coming months, which bodes well for many of our attractively priced dividend-paying core holdings. In sectoral terms, we are bullish on REITs, Financials, Energy and select areas of Healthcare.

Our focus remains on high-quality, dividend paying companies. We believe central banks are likely to maintain hawkish monetary policy for longer than the market is hoping for, which puts a ceiling on how much multiple expansion can take place going forward. As a result, dividend income should represent a larger portion of total returns in H2 and will be highly coveted by investors. We remain cognizant of the lag effects that higher interest rates have on the consumer and are closely watching economic indicators to gauge the overall health of the economy. We do not expect a recession to manifest in H2 and we currently favour cyclical exposure. If recession risks start to rise later in the year, we would tactically shift our funds' asset allocation towards defensive sectors such as healthcare, utilities and consumer staples.



Dean Orrico
President and CEO
Middlefield Capital Corporation



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

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2023

This interim management report of fund performance contains financial highlights but does not contain the annual financial statements of the investment fund. This report should be read in conjunction with the complete interim financial report of the investment fund that follows this report. The interim financial report has not been reviewed by the investment fund's external auditors.

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

Management's Discussion of Fund Performance

Investment Objectives and Strategies

The investment objectives of Middlefield Global Real Asset Fund (the "Fund") are to provide holders of units with: (i) stable monthly cash distributions; and (ii) enhanced long-term total return through capital appreciation of the Fund's investment portfolio. The Fund utilizes an investment strategy which focuses primarily on investing in dividend-paying securities of global issuers focused on, involved in, or that derive a significant portion of their revenue from physical real estate or infrastructure assets, which the advisor believes will generate attractive risk-adjusted returns for the Fund due to tangible, difficult to replicate, long-term nature of such assets and their ability to shape and support global economic activity.

Results of Operations

Investment Performance

During the first half of 2023, the total equity of the Fund decreased from \$39.2 million at December 31, 2022 to \$36.9 million at June 30, 2023. Total equity on a per unit basis decreased from \$8.43 at December 31, 2022 to \$8.01 at June 30, 2023. During the first half of 2023, the Fund recorded a net loss of \$1.2 million on its investment portfolio or \$0.26 per unit.

Revenue and Expenses

In the first half of 2023, the Fund recorded a loss before expenses of \$0.3 million up from loss of \$5.1 million in the prior year period. Operating expenses during the period ended June 30, 2023 were \$0.4 million, down from \$0.5 million in 2022. The operating expenses contributed to the management expense ratio ("MER") of 2.77% in 2023, up from 2.50% in 2022. Excluding issuance and borrowing costs, the MER was 1.80% in 2023. The loss for the period ended June 30, 2023 amounted to \$0.8 million or \$0.17 per unit. Distributions for the period ended June 30, 2023 amounted to \$0.25 per unit.

Trends

Infrastructure assets are benefiting from a broad range of secular tailwinds, including decarbonization targets, government support packages and shifting demographics.

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 1.25% per annum of the net asset value of the Fund's publicly listed portfolio and are split between the Manager and the Advisor. Allocation fees are calculated at 0.10% of the net asset value of the Fund to compensate the Advisor for its efforts in making decisions regarding the allocation of Fund's portfolio between publicly listed issuers and unlisted real asset issuers. The Manager receives fees for the general administration of the Fund, including maintaining the accounting records, executing securities trades, monitoring compliance with regulatory requirements, and negotiating contractual agreements, among other things. The Advisor receives fees from the Manager for providing investment advice in respect of the portfolio in accordance with the investment objectives and strategies of the Fund.

Credit Facility

The Fund has a revolving demand credit facility that enables the Fund to borrow up to an amount not exceeding 25% of total assets. At June 30, 2023, the Fund had a loan payable in the amount of \$9 million representing approximately 19.5% of total assets and 24.4% of total equity. The minimum and maximum amounts borrowed during the period ended June 30, 2023 were \$3 million and \$9 million, respectively. The loan proceeds were used primarily to purchase securities for the investment portfolio. The credit facility provides the lender with a security interest over the assets of the Fund.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Recent Developments

As at June 20, 2023, the Fund terminated the securities lending agreement with RBC Investor Services Trust and exited the securities lending program. There were no securities loaned or collateral held at the time of termination of the agreement.

On July 24, 2023, TSX Trust Company became the transfer agent & registrar for the Fund.

Financial Highlights

Total Equity is calculated in accordance with International Financial Reporting Standards ("IFRS").

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

The Fund's Total Equity per Unit⁽¹⁾

	June 30, 2023 ⁽⁴⁾	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019 ⁽³⁾
Total Equity, Beginning of Period	\$ 8.43	\$ 9.91	\$ 9.73	\$ 9.46	\$ 9.50*
INCREASE (DECREASE) FROM OPERATIONS:					
Total Revenue	0.20	0.29	0.23	0.23	0.02
Total Expenses (excluding distributions)	(0.11)	(0.24)	(0.20)	(0.21)	(0.03)
Realized (Losses) Gains for the Period	(0.05)	0.10	0.67	(0.39)	(0.01)
Unrealized (Losses) Gains for the Period	(0.20)	(1.04)	0.04	1.01	0.01
Transaction Costs on Purchase and Sale of Investments	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
TOTAL (DECREASE) INCREASE FROM OPERATIONS⁽²⁾	(0.17)	(0.98)	0.68	0.69	(0.04)
DISTRIBUTIONS:					
From Net Investment Income	0.09	0.05	0.03	0.02	-
From Capital Gains	-	0.09	0.47	-	-
Return of Capital	0.16	0.36	-	0.40	-
TOTAL DISTRIBUTIONS⁽⁵⁾	0.25	0.50	0.50	0.42	-
Total Equity, End of Period	\$ 8.01	\$ 8.43	\$ 9.91	\$ 9.73	\$ 9.46

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

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

⁽³⁾ For the period November 26, 2019 (date of commencement of operations) to December 31, 2019.

⁽⁴⁾ For the six-month period ended June 30, 2023.

⁽⁵⁾ Distributions were paid in cash/reinvested in additional units of the Fund, or both.

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

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Ratios and Supplemental Data

	June 30, 2023 ⁽⁵⁾	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019 ⁽⁴⁾
Total Assets (000s)	\$ 46,201	\$ 42,594	\$ 77,372	\$ 104,811	\$ 104,713
Total Net Asset Value (000s)	\$ 36,888	\$ 39,242	\$ 63,996	\$ 94,870	\$ 104,498
Number of Units Outstanding	4,606,229	4,653,929	6,456,698	9,749,154	11,050,354
Management Expense Ratio ("MER") ⁽¹⁾	2.75%	2.50%	1.83%	2.27%	8.60%
MER (excluding interest expense and issuance costs) ⁽¹⁾	1.79%	2.15%	1.65%	1.86%	3.08%
Trading Expense Ratio ⁽²⁾	0.19%	0.12%	0.06%	0.12%	1.56%
Portfolio Turnover Rate ⁽³⁾	31.35%	42.88%	17.18%	39.90%	62.98%
Net Asset Value per Unit	\$ 8.01	\$ 8.43	\$ 9.91	\$ 9.73	\$ 9.46

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

⁽²⁾ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average Net Asset Value during the period.

⁽³⁾ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio investments are managed. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁽⁴⁾ For the period November 26, 2019 (date of commencement of operations) to December 31, 2019.

⁽⁵⁾ As at June 30, 2023 or for the six-month period ended June 30, 2023, as applicable.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

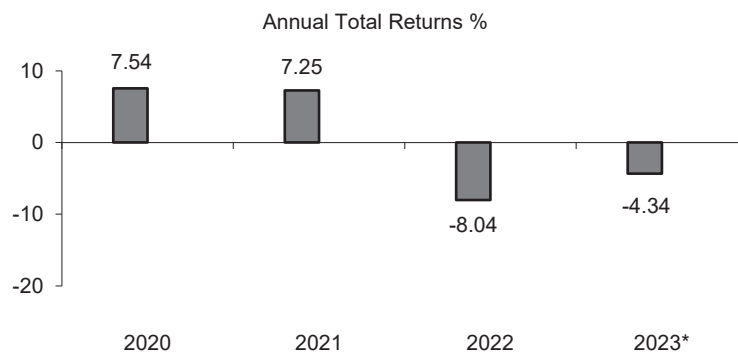
FOR THE SIX MONTHS ENDED JUNE 30, 2023

Past Performance

The performance information shown, which is based on Net Asset Value, assumes that all distributions paid by the Fund in the years 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 year shown. The return for 2019 is not presented since it relates to a partial period. The chart indicates, in percentage terms, how much an investment made the first day of the financial period would have grown or decreased by the last day of the financial period.



*For the six-month period ended June 30, 2023.

INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2023

Summary of Investment Portfolio

AS AT JUNE 30, 2023

Top Twenty-Five Holdings*

DESCRIPTION	% OF NET ASSET VALUE
1 Blackstone Core+ Real Estate LP	28.0
2 New Linde PLC	5.5
3 Granite Real Estate Investment Trust	5.3
4 Chartwell Retirement Residences	5.1
5 Westshore Terminals Investment Corp.	5.1
6 Tourmaline Oil Corp.	5.1
7 Canadian Apartment Properties Real Estate Investment Trust	4.8
8 TransAlta Corp.	4.7
9 Enbridge Inc.	4.7
10 AltaGas Ltd.	4.5
11 Minto Apartment Real Estate Investment Trust	4.5
12 Boardwalk Real Estate Investment Trust	4.2
13 Topaz Energy Corp.	4.2
14 Keyera Corp.	4.1
15 NextEra Energy Inc.	4.0
16 Secure Energy Services Inc.	3.9
17 Parkland Corp.	3.6
18 Gibson Energy Inc.	3.4
19 Nutrien Ltd.	3.2
20 Brookfield Renewable Partners LP	3.2
21 Tidewater Midstream and Infrastructure Ltd.	2.8
22 Brookfield Infrastructure Partners LP	2.6
23 AES Corp.	2.2
24 Enerflex Ltd.	0.7

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

* Fund has only 24 holdings.

ASSET CLASS	% OF NET ASSET VALUE
Real Estate	51.9
Utilities	21.2
Pipelines	15.0
Industrials	14.2
Energy	13.9
Materials	3.2
Cash and Short-Term Investments	5.4
Other Net Liabilities	(24.8)
	100.0

TOTAL NET ASSET VALUE	\$ 36,887,816
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TOTAL ASSETS	\$ 46,201,385
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The Summary of Investment Portfolio may change over time due to ongoing portfolio transactions.
Please visit www.middlefield.com for the most recent quarter-end Summary of Investment Portfolio.

FINANCIAL STATEMENTS





INTERIM FINANCIAL REPORT

NOTICE

The accompanying unaudited financial statements of Middlefield Global Real Asset Fund for the period ended June 30, 2023 have been prepared by management and have not been reviewed by the external auditors of the Fund.



Jeremy Brasseur
Director
Middlefield Limited



Craig Rogers
Director
Middlefield Limited

August 21, 2023

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Financial Position

AS AT (In Canadian Dollars)	June 30, 2023	December 31, 2022
ASSETS		
Current Assets		
Investments at Fair Value through Profit or Loss	\$ 44,044,316	\$ 41,208,920
Cash	1,990,758	1,286,824
Income and Interest Receivable	137,745	91,448
Prepaid Interest	22,753	6,199
Accounts Receivable	5,813	128
Total Assets	46,201,385	42,593,519
LIABILITIES		
Current Liabilities		
Loan Payable (Note 10)	9,000,000	3,000,000
Distribution Payable (Note 13)	192,208	194,396
Accounts Payable - Portfolio Securities Purchased	86,133	-
Accounts Payable and Accrued Liabilities	35,228	157,232
Total Liabilities	9,313,569	3,351,628
Net Assets	\$ 36,887,816	\$ 39,241,891
EQUITY		
Unitholders' Capital (Note 7)	\$ 46,062,206	\$ 46,539,206
Deficit	(9,174,390)	(7,297,315)
Total Equity	\$ 36,887,816	\$ 39,241,891
Units Issued and Outstanding	4,606,229	4,653,929
Total Equity per Unit	\$ 8.01	\$ 8.43

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

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



Director: Jeremy Brasseur



Director: Craig Rogers

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Comprehensive Income

FOR THE SIX MONTHS ENDED JUNE 30

(In Canadian Dollars)

	2023	2022
REVENUE (LOSS)		
Income from Investments	\$ 888,352	\$ 912,919
Interest Income for Distribution Purposes	55,279	12,133
Foreign Exchange Loss on Cash	(6,782)	(10,218)
Other Changes in Fair Value of Financial Assets and Financial Liabilities at Fair Value through Profit or Loss		
Net Realized (Loss) Gain from Investment Transactions excluding Derivatives	(262,407)	1,965,062
Net Realized Loss from Derivatives Transactions	-	(60,471)
Change in Net Unrealized Loss on Investments excluding Derivatives	(953,353)	(7,964,665)
Change in Net Unrealized Gain on Derivatives	-	-
Change in Net Unrealized (Loss) Gain on Foreign Currency Transactions	(118)	46,914
Total Loss	(279,029)	(5,098,326)
OPERATING EXPENSES (Note 8)		
Audit Fees	11,410	20,468
Custodial Fees	1,788	3,244
Fund Administration Costs	86,768	67,955
Legal Fees	4,099	3,801
Management Fee	222,472	369,249
Transaction Costs (Note 8)	36,004	32,683
Unitholder Reporting Costs	21,870	22,113
Total Operating Expenses	384,411	519,513
Operating Loss	(663,440)	(5,617,839)
Finance Costs (Note 10)	188,201	76,267
Loss before Tax	(851,641)	(5,694,106)
Withholding Taxes	(26,807)	45,994
Loss after Tax	\$ (824,834)	\$ (5,740,100)
Loss after Tax per Unit (Note 7)	\$ (0.17)	\$ (0.88)

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

INTERIM FINANCIAL REPORT

UNAUDITED

Statements of Changes in Equity

FOR THE SIX MONTHS ENDED JUNE 30
(In Canadian Dollars)

		Unitholders' Capital		Retained Earnings (Deficit)	Total
Balance at January 1, 2022	\$	64,566,980	\$	(570,543)	\$ 63,996,437
Loss after Tax		-		(5,740,100)	(5,740,100)
Distributions to Unitholders		-		(1,634,525)	(1,634,525)
Repurchase of Trust Units		(750,000)		93,117	(656,883)
Proceeds from Issue of Units		1,585,196		(114,193)	1,471,003
Balance at June 30, 2022		65,402,176		(7,966,244)	57,435,932
Balance at January 1, 2023	\$	46,539,206	\$	(7,297,315)	\$ 39,241,891
Loss after Tax		-		(824,834)	(824,834)
Distributions to Unitholders		-		(1,160,442)	(1,160,442)
Repurchase of Trust Units		(817,000)		169,533	(647,467)
Proceeds from Issue of Units		340,000		(61,332)	278,668
Balance at June 30, 2023	\$	46,062,206	\$	(9,174,390)	\$ 36,887,816

Statements of Cash Flows

FOR THE SIX MONTHS ENDED JUNE 30
(In Canadian Dollars)

		2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES			
Loss after Tax	\$	(824,834)	\$ (5,740,100)
Adjustments:			
Purchases of Investments		(17,554,905)	(46,541,736)
Proceeds from Sale of Investments		13,589,882	43,614,892
Foreign Exchange Loss (Gain)		6,900	(36,696)
Change in Net Realized Loss (Gain) from Investment Transactions		262,407	(1,904,591)
Change in Net Unrealized Loss on Investments		953,353	7,964,665
		(3,567,197)	(2,643,566)
Net Change in Non-Cash Working Capital		14,482	11,553
Net Cash used in Operating Activities		(3,552,715)	(2,632,013)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES			
Proceeds from Issue of Units		278,668	1,471,003
Repurchase of Trust Units		(647,467)	(656,883)
Proceeds from Loans		42,795,245	37,925,993
Repayment of Loans		(37,000,000)	(43,000,000)
Distributions Paid to Unitholders		(1,162,897)	(1,631,023)
Net Cash from (used in) Financing Activities		4,263,549	(5,890,910)
Net Increase (Decrease) in Cash		710,834	(8,522,923)
Foreign Exchange (Loss) Gain		(6,900)	36,696
Cash at Beginning of Period		1,286,824	9,586,033
Cash at End of Period	\$	1,990,758	\$ 1,099,806

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

INTERIM FINANCIAL REPORT

UNAUDITED

Schedule of Investment Portfolio

AS AT JUNE 30, 2023

(In Canadian Dollars)

Description	No. of Securities	Average Cost	Fair Value
Blackstone Core+ Real Estate LP	5,469	\$ 9,515,008	\$ 10,329,631
Boardwalk Real Estate Investment Trust	25,000	1,098,028	1,554,750
Canadian Apartment Properties Real Estate Investment Trust	35,000	1,732,687	1,780,100
Chartwell Retirement Residences	200,000	1,818,094	1,894,000
Granite Real Estate Investment Trust	25,000	1,753,221	1,959,500
Minto Apartment Real Estate Investment Trust	110,000	2,074,058	1,652,200
REAL ESTATE: 41.7%		17,991,096	19,170,181
AES Corp.	30,000	830,439	822,924
AltaGas Ltd.	70,000	1,743,628	1,666,000
Brookfield Infrastructure Partners LP	20,000	894,174	968,400
Brookfield Renewable Partners LP	30,000	1,224,619	1,171,800
NextEra Energy Inc.	15,000	1,161,779	1,472,768
TransAlta Corp.	140,000	1,621,163	1,736,000
UTILITIES: 17.1%		7,475,802	7,837,892
Enbridge Inc.	35,000	1,766,736	1,723,400
Gibson Energy Inc.	60,000	1,270,975	1,249,800
Keyera Corp.	50,000	1,416,925	1,527,500
Tidewater Midstream and Infrastructure Ltd.	1,100,000	1,203,710	1,034,000
PIPELINES: 12.0%		5,658,346	5,534,700
New Linde PLC	4,000	1,181,594	2,017,043
Parkland Corp.	40,000	1,278,566	1,320,000
Westshore Terminals Investment Corp.	60,000	1,328,430	1,874,400
INDUSTRIALS: 11.3%		3,788,590	5,211,443
Enerflex Ltd.	30,000	249,279	270,600
Secure Energy Services Inc.	225,000	1,355,640	1,426,500
Topaz Energy Corp.	75,000	1,163,426	1,547,250
Tourmaline Oil Corp.	30,000	1,971,580	1,872,600
ENERGY: 11.1%		4,739,925	5,116,950
Nutrien Ltd.	15,000	1,093,999	1,173,150
MATERIALS: 2.5%		1,093,999	1,173,150
TRANSACTION COSTS (Note 8)		(40,691)	-
TOTAL INVESTMENTS: 95.7%		40,707,067	44,044,316
CASH: 4.3%		1,990,758	1,990,758
Total Investment Portfolio, Including Cash		\$ 42,697,825	\$ 46,035,074

NOTES TO FINANCIAL STATEMENTS



NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

1. Middlefield Global Real Asset Fund

Middlefield Global Real Asset Fund (the "Fund") is a closed-ended investment trust established under the laws of the Province of Alberta on October 11, 2019. 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 November 26, 2019 when it first issued units through an initial public offering. The address of the Fund's registered office is The Well, 8 Spadina Ave., Suite 3100, Toronto, Ontario. These financial statements, expressed in Canadian Dollars, were authorized for issuance by the board of directors of the Manager on August 21, 2023.

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 dividend-paying securities of global issuers focused on, involved in, or that derive a significant portion of their revenue from physical real estate or infrastructure assets, which the advisor believes will generate attractive risk-adjusted returns for the Fund due to tangible, difficult to replicate, long-term nature of such assets and their ability to shape and support global economic activity.

3. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in accordance with International Financial Reporting Standards 34 Interim Financial Reporting ("IAS 34") 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 the liabilities are classified at fair value through profit and loss ("FVTPL") and amortized cost.

Classification, Measurement, Impairment and Hedge Accounting

The Fund classifies its investments in debt and equity securities based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales. Further, an option to irrevocably designate any equity securities at fair value through other comprehensive income ("FVOCI") was chosen upon adoption. 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. Due to the high quality and short-term nature of the trade receivables, there are no expected credit losses associated with them and they are not considered impaired at the reporting dates.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

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 including investment funds managed by the Manager, 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 is based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

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

D. Unitholders' Capital

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

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

JUNE 30, 2023 | UNAUDITED

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. Profit or Loss after Tax per Unit

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

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 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 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

JUNE 30, 2023 | UNAUDITED

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 June 30, 2023

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 33,714,685	\$ -	\$ 10,329,631	\$ 44,044,316

As at December 31, 2022

Description	Level 1	Level 2	Level 3	Total
Equities	\$ 29,762,876	\$ -	\$ 11,446,044	\$ 41,208,920

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

No transfers between levels have occurred during the period ended June 30, 2023 and the year ended December 31, 2022.

The Fund applies judgment in determining unobservable inputs to calculate the fair value of Level 3 financial instruments. As at June 30, 2023, the Fund held \$10,329,631 of Level 3 securities (December 31, 2022 - \$11,446,044). The unobservable inputs used in the valuation of these financial instruments primarily include key variables, current market conditions and recent financings by the issuer, if any. These securities are affected by market activity in their relevant sectors and therefore generally fluctuate similarly. The Fund's Level 3 investment in Blackstone Core+ Real Estate LP represents 23.5% (December 31, 2022 – 27.8%) of the Fund's investment portfolio and is measured at the NAV of Blackstone Core+ Real Estate LP as at June 30, 2023. The Blackstone Core+ Real Estate LP primarily holds level 2 and level 3 investments and the inputs to the NAV require significant management judgement or estimation. The Fund submitted a redemption request for Blackstone Core+ Real Estate LP on July 20, 2022, and remains in the payment queue as per the Limited Partnership Agreement.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

5. Fair Value Disclosure (continued)

The reconciliation of investments measured at fair value using unobservable inputs (Level 3) for the period ended June 30, 2023 and the year ended December 31, 2022 is as follows:

Period Ended June 30, 2023

Balance at January 1	\$	11,446,044
Investment Purchases during the Period		-
Investment Sales during the Period		(20,048)
Realized Gain		2,749
Unrealized Loss		(1,099,114)
Balance at June 30	\$	10,329,631
Total Change in Unrealized Loss during the period for Assets held at June 30, 2023	\$	(2,726,544)

Year Ended December 31, 2022

Balance at January 1	\$	10,103,474
Investment Purchases during the Year		-
Investment Sales during the Year		(362,406)
Realized Gain		77,546
Unrealized Gain		1,627,430
Balance at December 31	\$	11,446,044

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

6. Financial Risk Management

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

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

A. Price Risk

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

	June 30, 2023	December 31, 2022
Investments at FVTPL	\$ 44,044,316	\$ 41,208,920

Based on the above exposure at June 30, 2023, a 10% increase or decrease in the prices of the Fund's investments would result in a \$4,404,432 (December 31, 2022 - \$4,120,892) increase or decrease in total equity of the Fund, with all other factors held constant.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

6. Financial Risk Management (continued)

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:

	June 30, 2023	December 31, 2022
Cash	\$ 1,990,758	\$ 1,286,824
Loan Payable	(9,000,000)	(3,000,000)
Net Exposure	\$ (7,009,242)	\$ (1,713,176)

Based on the above exposure at June 30, 2023, a 1% per annum increase or decrease in interest rates would result in a \$70,092 (December 31, 2022 - \$17,132) decrease or increase in total equity of the Fund, with all other factors held constant.

C. Liquidity Risk

Liquidity risk is defined as the risk that the Fund may not be able to settle or meet its obligations when due. The Fund is exposed to liquidity risk through its annual and monthly redemptions. The Fund receives 45 business days notice prior to the redemption date and has up to 15 business days after the redemption date to settle the redemption. This enables the Manager to sell securities held by the Fund to generate cash to settle the redemption, if necessary. The Fund's obligations are due within one period. The Fund has a revolving demand credit facility in the amount of \$25 million which is secured by a general security agreement. Borrowed amounts under the credit facility are usually due within 30 to 60 days. 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. The Fund's investment in Blackstone Core+ Real Estate LP is subject to a 24 month period redemption lock-up from the date of the initial capital contribution; however, the Fund has the ability to sell its units of Blackstone Core+ Real Estate LP to certain other purchasers prior to the expiration of the lock-up period. Subsequent to the redemption lock-up period, the Fund can redeem part or all of its investment on a quarterly basis.

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

As at June 30, 2023

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Loan Payable	\$ 9,000,000	\$ -	\$ -	\$ 9,000,000
Distributions Payable	192,208	-	-	192,208
Accounts Payable - Portfolio Securities Purchased	86,133	-	-	86,133
Accounts Payable and Accrued Liabilities	35,228	-	-	35,228
Total	\$ 9,313,569	\$ -	\$ -	\$ 9,313,569

As at December 31, 2022

Financial Liabilities	Less than 1 Month	1 to 3 Months	3 Months to 1 Year	Total
Loan Payable	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000
Distributions Payable	194,396	-	-	194,396
Accounts Payable and Accrued Liabilities	157,232	-	-	157,232
Total	\$ 3,351,628	\$ -	\$ -	\$ 3,351,628

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

6. Financial Risk Management (continued)

D. Foreign Exchange Rate Risk

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

As at June 30, 2023

Currency		Investments at FVTPL		Cash		Income and Interest Receivable		Total Exposure
U.S. Dollar	\$	14,642,366	\$	109,663	\$	10,520	\$	14,762,549

As at December 31, 2022

Currency		Investments at FVTPL		Cash		Income and Interest Receivable		Total Exposure
U.S. Dollar	\$	19,450,570	\$	33,490	\$	-	\$	19,484,060

Based on the above exposure at June 30, 2023, a 10% increase or decrease in the Canadian dollar against the respective foreign currencies would result in a \$1,476,255 (December 31, 2022 - \$1,948,406) decrease or increase in total equity 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.

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. As at June 30, 2023 and December 31, 2022, the percentages of the Fund's total equity invested in each investment sector were as follows:

Sector	As a % of Total Equity	
	June 30, 2023	December 31, 2022
Real Estate	51.9	52.4
Utilities	21.2	25.1
Pipelines	15.0	9.4
Industrials	14.2	6.4
Energy	13.9	4.0
Materials	3.2	4.5
Technology	-	3.2
Total	119.4	105.0

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

7. Unitholders' Equity

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

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

In 2019, the Fund issued 11,050,354 units at \$10 per unit for proceeds, net of agents' fees and issue costs, of \$104.8 million. During the six months ended June 30, 2023, the Fund issued 34,000 units (June 30, 2022 – 158,400) and purchased 66,500 units (June 30, 2022 – 68,900) pursuant to a normal course issuer bid and 15,200 units (June 30, 2022 – 6,100) in the market in accordance with the Declaration of Trust. For the period ended June 30, 2023, 1,096 (June 30, 2022 – 717) were distributed under the Plan, of which nil units (June 30, 2022 - 128) were issued from treasury.

The average number of units outstanding during the period ended June 30, 2023 was 4,641,767 (June 30, 2022 – 6,534,109). This number was used to calculate the Profit (Loss) after Tax per Unit.

8. Related Party Transactions

A. Management Fee

The Manager provides investment and administrative services to the Fund. In consideration for such services, the Manager receives a management fee equal to 1.25% per annum of the NAV of the Fund's publicly listed portfolio, as well as an allocation fee 0.10% of the Fund's overall NAV, calculated and paid monthly in arrears based on the average NAV of the preceding month. For the period ended June 30, 2023, management fees before the absorption of expenses amounted to \$0.2 million (June 30, 2022 - \$0.4 million).

B. Transaction Costs

Brokerage commissions and other transaction costs paid in connection with securities transactions during the period ended June 30, 2023 amounted to \$36,004 (June 30, 2022 - \$32,683) Included in this amount is \$12,999 (June 30, 2022 - \$10,849) 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.

C. Other Expenses

The Fund is responsible for the payment of all expenses relating to the operation of the Fund and the carrying on of its business, including, among other things, audit and legal fees and expenses, custodian and transfer agency fees, and costs relating to securityholder reporting. Certain services in the normal course of business may be provided by the Manager or an affiliate of the Manager in accordance with National Instrument 81-107 – *Independent Review Committee for Investment Funds*. Examples of these services include the preparation and filing of tax returns, the preparation and filing of financial statements and related reports, acting as transfer agent and registrar for the funds, and maintaining and updating the Fund's website. In aggregate, these fees amounted to \$19,270 throughout the period. In addition, the Fund would be responsible for reimbursing the Manager for any reasonable out of pocket expenses incurred on the Fund's behalf.

9. Securities Lending

The Fund had 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. Securities lending income reported in the Statements of Comprehensive Income is net of a securities lending charge which the Fund's custodian, RBC Investor Services Trust, is entitled to receive.

As at June 20, 2023, the Fund terminated the securities lending agreement with RBC Investor Services Trust and exited the program. There were no securities loaned or collateral held at the time of termination or as at December 31, 2022.

During the period ended June 30, 2023 and the year ended December 31, 2022, the Fund did not earn any securities lending income.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 | UNAUDITED

10. Loan Payable

The Fund's revolving term credit facility in the maximum principal amount of \$25 million (December 31, 2022 – \$25 million) is secured by a general security agreement. As at June 30, 2023, loans outstanding included bankers' acceptances with a face value of \$9 million (December 31, 2023 – \$3 million). The minimum and maximum loans outstanding during the first half of 2023 were \$3 million and \$9 million (December 31, 2022 – \$3 million and \$13 million), respectively. Finance costs primarily relate to loan interest expenses.

11. Capital Management

The Fund's capital is its total equity. The Fund's objective when managing capital is to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders, maximize unitholder value and maintain financial strength. The Fund manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets and working capital requirements. 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 is not subject to externally imposed capital requirements; however, the Fund is subject to bank covenants in respect of leverage and is in compliance with these covenants in both 2023 and 2022. The Fund's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2022.

12. Loss Carryforwards

At December 31, 2022, the Fund had capital losses of \$7,098,986 (2021 - \$7,098,986) and had non-capital losses of \$550,294 (2021 - \$197,309) available for carryforward for tax purposes. The capital losses can be carried forward indefinitely. The expiry date of the non-capital losses is as follows:

Expiry Date	Amount
December 31, 2039	\$ 197,309
December 31, 2042	352,985
	<u>\$ 550,294</u>

13. Distributions

The Fund pays monthly distributions to unitholders in accordance with its investment objectives. Distributions of the Fund, at the discretion of the unitholder, are reinvested in additional units of the Fund under the Distribution Reinvestment Plan, without sales charge. For the six months ended June 30, 2023, distributions amounted to \$0.25 per unit (June 30, 2022 - \$0.25).

MIDDLEFIELD FUNDS FAMILY |

EXCHANGE - TRADED FUNDS (ETFs)		TSX Stock Symbol
• Middlefield Healthcare Dividend ETF		MHCD
• Middlefield Innovation Dividend ETF		MINN
• Middlefield Sustainable Global Dividend ETF		MDIV
• Middlefield Sustainable Infrastructure Dividend ETF		MINF
• Middlefield Real Estate Dividend ETF		MREL
• Middlefield U.S. Equity Dividend ETF		MUSA
TSX-LISTED FUNDS		
• E Split Corp.	ENS ENS.PR.A	
• International Clean Power Dividend Fund	CLP.UN	
• Middlefield Global Real Asset Fund	RA.UN	
• MINT Income Fund	MID.UN	
• Real Estate Split Corp.	RS RS.PR.A	
• Sustainable Innovation & Health Dividend Fund	SIH.UN	
• Sustainable Real Estate Dividend Fund	MSRE.UN	
MIDDLEFIELD MUTUAL FUNDS TRUST FUNDS		Fund Code
Series A Units		FE/LL/DSC
• Middlefield 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		
• Middlefield Healthcare Dividend Fund		MID 326
• INDEXPLUS Income Fund		MID 436
• Middlefield Global Infrastructure Fund		MID 501
MIDDLEFIELD MUTUAL FUNDS CORPORATE CLASS FUNDS		Fund Code
Series A Shares		FE/LL/DSC
• Middlefield Canadian Dividend Growers Class		MID 148/449/450
• Middlefield Global Agriculture Class		MID 161/163/166
• Middlefield Global Dividend Growers Class		MID 181/183/186
• Middlefield Real Estate Dividend Class		MID 600/649/650
• Middlefield Global Energy Transition Class		MID 265
• Middlefield Innovation Dividend Class		MID 925
• Middlefield High Interest Income Class		MID 400/424/425
• Middlefield Income Plus Class		MID 800/849/850
• Middlefield U.S. Equity Dividend Class		MID 710/719/720
Series F Shares		
• Middlefield Canadian Dividend Growers Class		MID 149
• Middlefield Global Agriculture Class		MID 162
• Middlefield Global Dividend Growers Class		MID 182
• Middlefield Real Estate Dividend Class		MID 601
• Middlefield Global Energy Transition Class		MID 266
• Middlefield Innovation Dividend Class		MID 926
• Middlefield Income Plus Class		MID 801
• Middlefield U.S. Equity Dividend Class		MID 701
RESOURCE FUNDS		
• Discovery 2022 Short Duration LP		
• MRF 2022 Resource Limited Partnership		
• MRF 2023 Resource Limited Partnership (commenced February 23, 2023)		
INTERNATIONAL FUNDS		
• Middlefield Canadian Income PCC	London UK Stock Exchange (LSE) Symbol:MCT	



MIDDLEFIELD

INVESTMENTS THAT WORK FOR YOU

TORONTO, CANADA

The Well
8 Spadina Avenue
Suite 3100
Toronto, Ontario M5V 0S8
Telephone (416) 362-0714

SAN FRANCISCO, USA

Middlefield Financial Services Inc
50 California Street, Suite 1500
San Francisco, California USA
94111
Telephone (415) 835-1308
Fax (415) 835-1350

LONDON, ENGLAND

Middlefield International Limited
288 Bishopsgate London,
England EC2M 4QP
Telephone (0207) 814-6644
Fax (0207) 814-6611

www.middlefield.com
invest@middlefield.com
(888) 890-1868